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Résumé de l'article

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INTERURBAN CORPORATE HEADQUARTERS RELOCATION IN CANADA

by

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ABSTRACT

This study examines the interurban migration of corporate headquarters in Canada for the period 1970-1982 by investigating the premise that changing socio-economic and political conditions are contributing to the relocation of corporate headquarters. The paper demonstrates that in Canada corporate relocations are tending to create a spatially more concentrated location pattern.

KEY WORDS: Headquarters, corporate relocation, headquarters migration, mergers, interurban moves, regional inequality, Canada.

RÉSUMÉ

Déplacements interurbains des sièges sociaux au Canada

Cette étude explore la migration interurbaine des sièges sociaux au Canada à partir de 1970 jusqu'en 1982, en examinant le principe que les conditions changeantes, tant sur les plans socio-économique que politique, contribuent au déplacement des sièges sociaux. Cet article démontre qu'au Canada les migrations des sièges sociaux ont tendance à établir un système spatialement plus concentré.

MOTS-CLÉS: Sièges sociaux, déplacements des corporations, migration des sièges sociaux, fusions, déplacements interurbains, inégalités régionales, Canada.

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The increasing importance of the quaternary sector in Western economies has led to a parallel increase in interest in the economic geography of such activities. It is generally accepted that the modern corporation yields tremendous influence over the economic, social, and political institutions of society. Corporate influence can be said to be spatially concentrated in the corporate headquarters location. These headquarters are located invariably in urban areas due to a number of factors discussed

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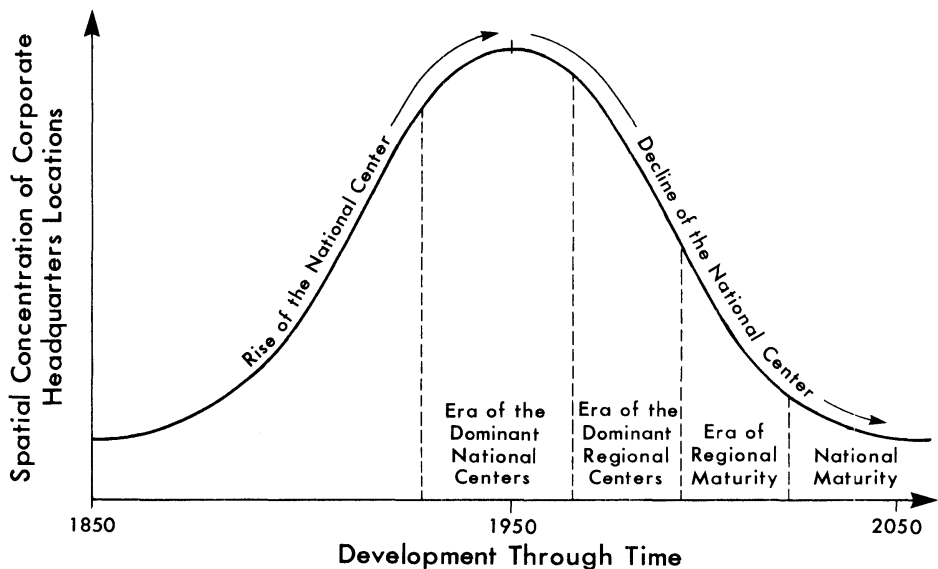
later. The importance of an urban area is in part due to the economic power it wields. The extent of such economic power is partially a function of the number and sizes of corporate headquarters located there. Consequently, one way to study the evolution of economic power in the Canadian urban system is to undertake an analysis of corporate headquarters relocations. The period chosen, 1970-1981, is one of exceptional locational rationalization. This paper examines the premise, that with respect to corporate headquarters locations, the evolution of the Canadian urban system is in the era of the dominant national center. That is, in general, most corporate headquarters are located within a dominant national center and, in particular, relocations of corporate headquarters have reinforced this center over the past decade. This premise is analyzed by examining all major corporate headquarters relocations, bankruptcies, incorporations and mergers in which effective corporate control was transferred from one center in the urban system to another. All moves are examined with the context of six major sectors of the economy. A series of sector flow cartograms and bar graphs for resource, manufacturing, service, utility, real estate and financial corporation depicts all relocation activity. Two tables complement these flow chart cartograms and provide a detailed comparison of inter-urban corporate headquarters moves over the past decade for the Canadian urban system.

BACKGROUND

During the last decade people and economic activities have been moving away from established urban centers in the United States in a distinctively new process of decentralization (Alonso, 1980). Semple and Phipps (1982) provide an ideal hypothetical model against which the trends in the location of one type of economic activity that of corporate headquarters may be compared. For Canada (Semple and

Figure 1

THE IDEALIZED EVOLUTION OF CORPORATE HEADQUARTERS CONCENTRATION IN COUNTRIES OF CONTINENTAL SIZE



Smith, 1981) have shown that corporate headquarters location activity is becoming ever more concentrated in Toronto. These findings confirm earlier works by Semple, 1977. That is, Canada and the Canadian urban system is at an early stage of evolution. Figure 1 portrays the idealized evolution of corporate headquarters concentration in a country of continental size like Canada or the United States (Semple and Green, 1983). The diagram indicates that as development takes place, the spatial concentration of corporate headquarters increases as one center emerges as nationally dominant. Then as dominant regional centers begin to compete successfully with the national center the spatial concentration of corporate decision making declines. By the time that subregional centers grow enough to compete, the national and regional centers begin to lose headquarters, the overall concentration declines and an era of regional maturity exists. When all regions are ideally equally mature a state of national maturity with the lowest level of concentration of headquarters location becomes theoretically possible. In 1982 it is evident that Canada, and the Canadian urban system, is at an early stage of evolution, the "Era of the Dominant National Center." The evolution of corporate headquarters locations in Canada today is quite comparable to what existed in the United States in the mid 1950s. Other nations at the same stage as Canada are Great Britain (Westaway, 1974; Parsons, 1972), Australia (Stewart, 1977) and New Zealand (LeHeron, 1977).

CORPORATE RELOCATIONS

The relocations of corporate headquarters may be characterized as "migratory" or "stationary". Migratory relocation occurs with the physical migration of the head-office staff from one city to another, or from a central city location to one in the suburbs. Stationary relocations occur when no true staff migrations take place. Events such as mergers, bankruptcies and incorporation of new businesses produce concentration and dispersion effects similar to migratory relocations. Other business activities, such as the public incorporation of a private company, the formation of a crown corporation, or a shift in the classification of a corporation's principal function may also appear as statistical relocations when no migration takes place.

The statistical gain or loss of a corporate headquarters office can occur in a variety of ways. One of the most significant migratory relocations in the study is the 1977 move of the Sun Life Assurance Company from Montreal to Toronto. This represented the move of the largest life insurance company in Canada and the transfer of the decision making power of a financial corporation that in 1980 was valued at almost eight billion dollars. This represents a significant gain for Toronto and a corresponding loss for Montreal. The 1978 bankruptcy of Abacus Cities Ltd., a 250 million dollars in assets real estate developer appears as a large stationary relocation in the study and a significant loss to Calgary. At the same time, the formation of the Potash Corporation of Saskatchewan in 1975 appears as a stationary relocation and a 1980 gain for Saskatoon of 392 million dollars in resource sales. The same is true for Ottawa based Mitel, a high technology electronics producer that was formed in 1971 as a private company and in 1980 is an incorporated public corporation nearing 200 million in sales. Statistically this is perceived as a gain for Ottawa. Under the 1980 Bank Act nearly fifty foreign banks have been chartered to operate as full banks in Canada. Typical of these new banks in Barclays Bank of Canada with over one billion dollars in assets that has located its headquarters in Toronto.

Mergers represent an important "stationary" relocation process that permits the transfer of corporate power from one urban center to another. The 1976 Price Co. Ltd. merger with Abitibi Paper Co. Ltd. of Toronto saw the transfer of control of close to 350 million dollars in paper revenues from Quebec City. In 1976 a more complicated relocation merger process occurred in the airline industry. The Alberta government purchased Pacific Western Airlines of Vancouver and moved the headquarters to Calgary. In 1977, TransAir Ltd. of Winnipeg was merged with Pacific Western to form part of the enlarged quarter billion dollar airline. An even more complicated chain of mergers began in 1973 when Marshall Wells Ltd. of Winnipeg merged with Field's Stores Ltd. of Vancouver. In 1976, Field's merged with Zellers Ltd. of Montreal. By 1977 Zellers merged with Hudsons Bay Co. Ltd. of Winnipeg as did Simpson's Ltd. of Toronto in 1978. Then in 1979 the International Thompson Organization Ltd. purchased control of Hudson's Bay. The Thompson Organization allows Hudsons Bay to operate independently from its headquarters in Winnipeg but it is ultimately controlled from Toronto.

On occasion relocations and mergers are associated with conglomerate activity which involves more than one sector of the economy. In 1979 Home Oil Co. Ltd. of Calgary merged with Consumers Gas Co. Ltd. of Toronto. Then Hiram-Walker Gooderham and Worts Ltd. of Windsor, the second largest distiller, merged with Consumer's-Home Ltd. to form Hiram-Walker-Consumer's Home Ltd. and relocated the head office to Toronto. The present name of the corporation is Hiram Walker Resources Ltd., Toronto, with annual sales of over two and one-half billion dollars.

For purposes of this study mergers between companies with headquarters in the same urban center are not considered as relocations, migratory or otherwise. Two types of migratory corporate relocation activity may be identified. The first is the interurban move which involves the transfer of staff from one city to another. The second is the intraurban move which usually involves the transfer of a corporate head office from a central city location to one in the suburbs. This study examines only interurban moves of corporate headquarters and attempts to determine why it takes place.

MIGRATORY AND STATIONARY RELOCATIONS

Migratory Relocations

The office complex, in general, and the headquarters complex, in particular, seek locations that minimize the time, distance and cost of interacting with other units (Pred, 1977; Watts, 1980:85). Since the city is the point most suitable for complex interactions to take place, it is not surprising that all corporate headquarters are located in urban places, in general, and large metropolitan centers, in particular. Cities offer access to a large labour force, to availability of professional services, to internal and external linkages with bankers and the rest of the world, and provide for a varied social and cultural life.

Quite often prestige considerations such as a national city's business address has in itself been a strong pull factor. It is then not surprising that cities such as Toronto, Montreal, Vancouver and Calgary are centers of substantial corporate activity and the home of many of the largest domestic and foreign corporations.¹ These cities thrive on images of superiority as both the nation's management and social centers. Consequently, any impairment of this favorable image will not be without effects on any city's future (Porter, 1956).

Economic restructuring

What forces encourage management to relocate themselves and their corporate headquarters? Quante (1976, pp. 81-131) reports some important findings. Generally, strong financial institutions and managerial expertise concentrated in a national center like Toronto will encourage regional corporations to seek these institutions and expertise and to move their headquarters to the national center. However, as the national economy becomes restructured in such a way that dependence is reduced and expertise is developed throughout the country, other centers like Vancouver become natural candidates for corporate relocations. At the same time a more balanced distribution of markets, resources as well as service production facilities, will induce some firms to reassess their headquarters location on the basis of all their resource, manufacturing, distribution and research facilities.

Regional development

As diversified labour pools become available outside the national center they provide an important alternate place for a corporate location (Quante, 1976: 106). As the regions removed from the national center have grown and matured, they have built up superb public and private institutions, sometimes of international renown. This development has led to a strong sense of self-confidence and local pride which tends to project a positive image of that city as a possible alternate headquarters site. In most cases large corporations recruit their managers on a national basis with many coming from centers of growing importance. Quite often talented people prefer positions outside places like Montreal or Toronto, in places like Calgary where increased opportunities exist and in places where cities are more tractable in size like Saskatoon or climatic extremes are less severe such as Vancouver. In areas of the country where population growth is rapid and sustained, certain corporations, such as construction companies and real estate developers, find they must relocate to remain viable and close to centers of development.

Political motivation

As regions of a country become stronger and a sense of local pride grows it becomes politically feasible for governments to create provincial crown corporations. These governmental corporations create stability through local control, reduce dependence and economic interference from the national center and promote local nodes of opportunity. The same process is possible at the national level. The federal government may create crown corporations for the sole purpose of reducing foreign control over strategic resources or promoting various national development policies. The headquarters of any new corporations may be located far from traditional centers of national policy decision.

Social constraints

An unfavorable perception of social and cultural conditions may induce corporations to seek alternate headquarters locations. This permits corporations to escape unnecessary pressures that interfere with their longrun viability. When it becomes

increasingly difficult to recruit appropriate management because of widespread perception of political unrest, heavy taxes, restrictive language laws or educational practices, corporations begin to migrate. At first the process is usually gradual. For example, a vice-president moves from the national headquarters to a regional office and takes with him, the international, legal or financial staff. If conditions deteriorate further more headquarters staff and other divisions move to alternate centers until ultimately senior management is forced to follow. A skeletal staff is left behind to direct regional activities. On occasion, however, the relocation of the corporate headquarters is dramatic and sudden. The lease expires on an office tower in a city with a poor environment and an option is taken on another in an urban center where the perception of the social environment is appropriate.

Stationary Relocations

Stationary relocations are defined to take place when mergers, births or deaths of firms occur. Mergers are the major type of stationary relocation. Although a number of attempts to build a theory of merger activity have been undertaken, as of now no completely satisfactory theory exists (Green and Cromley, 1982). A number of recurring motivations, however, do appear in the literature. Among the more important of these are: differential evaluations of a firm's worth by outsiders versus insiders, attempts to stabilize the environment and to attain scale economics, and other factors such as taxes and the antitrust activity (Hughes, Mueller and Singh, 1980). It is evident that stationary relocations, like actual relocations, occur primarily for economic reasons.

Unpredictable forces

A dynamic set of forces is always working in any economy that is unpredictable or random. New laws are created, international monetary conditions change, the value of a currency deteriorates or a nation's traditional trade pattern is interrupted. These forces and many others can lead to hostile corporate takeovers, or necessitate merger activity that effectively transfers corporate power and decision making from one urban center to another without any clear evidence of why the move took place. The same forces permit the birth or incorporation of new businesses, while forcing others into bankruptcy. These corporate births and deaths give the impression of a real loss or gain to the power structure of any center. The loss to a particular city could be simply the result of bad management (Canadian Admiral), while a gain could be the result of technological innovation (Mitel). The random forces associated with corporate acquisitions, mergers, births and deaths add complexity to the neverending process of corporate relocations. A series of six cartograms and associated bargraphs and two tables provide the basis for an examination of this spatial relocation process for the Canadian urban system.

DATA AND METHODOLOGY

A number of business publications provide information on the financial resources administered by the headquarters of Canadian corporations. The primary data source for this research is the *Financial Post* manuals, supplemented by those of *Moody*, and

Dun and Bradstreet and the statistics provided by the Department of Consumer and Corporate Affairs and the *Globe and Mail*. The sample of companies examined in the study consists of the top 2000 public and private corporations. It includes the unconsolidated subsidiaries of a few corporations. These businesses represent over 90 per cent of the economy.

Each corporation is assigned, on the basis of its primary business activity as determined by the *Financial Post*, to one of the following six sectors: resources, manufacturing, service, utility, finance, and real estate. Revenue flows controlled by particular companies determine the magnitude of interurban corporate headquarters moves for resources, services, and manufacturing sectors whereas assets are used for finance, utility, and real estate firms. The migratory revenue or asset changes for a particular urban center are based on 1980 data. The stationary changes (mergers, or bankruptcies) are recorded for the year that a firm ceased as an independent entity. This procedure allows for comparability of corporate relocations whether migratory or stationary for the entire 1970-1981 period.

Each time a corporation relocates one urban center gains the other loses. The net gains and losses for each city by sector are summed for the period under investigation. This procedure provides a measure for the shift of corporate control among cities. The cartograms illustrate control shifts by migratory and stationary relocations within Canada and indicate the relative attractiveness of a city over the past decade, while the bargraphs illustrate total merger and migratory relocation activity by city.

HEADQUARTERS RELOCATIONS IN CANADA

Table 1 provides a summary of corporate headquarters relocations for the resource, manufacturing and service sectors of the economy. The gains and losses are recorded as the 1980 revenues that were transferred in corporate relocations among a subsystem of Canadian urban centers. Table 2 provides a similar summary for the assets associated with the utility, real estate and financial sectors. The cities in both tables are ranked according to the magnitude of their total gains or losses in each of the three sectors. The findings indicate that the dominant national corporate headquarter center, Toronto, is continuing to grow and increase its domination over the entire urban system. Both tables indicate that more corporate relocations went to Toronto than all other centers combined. Of equal significance is the fact that Montreal lost more headquarters than all other centers combined. In the mid-fifties both were co-equal rivals; by 1980 Toronto had far outdistanced Montreal as a corporate decision making center (Semple and Smith, 1981). The relocation data show that major corporations truly perceive Toronto as the city that provides the greatest national and international exposure, while Montreal, a center of rapid outmigration, now occupies the unaccustomed position of major regional center. The data also indicate that Calgary gained the most real estate developers, Windsor lost the most manufacturers, while Winnipeg lost the most service sector headquarters.

To put these relocations in a different perspective one can examine gains or losses caused by corporate headquarters relocations for the period 1970-1981, to the total dollar value of the corporations headquartered in selected cities in 1979, multiplied by 100 (Table 3). Only cities with ratios in two or more sectors are included in the table. It is clear that Toronto has gained by corporate relocations, with a positive ratio in five of the six sectors. The largest relative increase was in the resource sector with a ratio of .20. The table shows that in relative terms Toronto's gains are not

Table 1
Corporate Headquarters Relocations 1970-1981 in the Resource,
Manufacturing and Service Sectors *

City Rank	Resource Sector		Net Total	Manufacturing Sector		Net Total	Service Sector		Net Total	Grand Total
	Gains	Losses		Gains	Losses		Gains	Losses		
1. Toronto	6167		6167	6521	1448	5073	3907	1842	2065	13 305
2. Vancouver	676	90	586	131	145	-14	2348	401	1947	2 519
3. Saskatoon	392		392							392
4. Hamilton				294		294	65		65	359
5. Calgary	1901	2025	-124	122		122	279		279	277
6. Edmonton				618		618	96	460	-364	254
7. St. John's							250		250	250
8. St. John				149		149				149
9. Temiscaming				74		74				74
10. Sherbrooke								34	-34	-34
11. Chicoutimi								42	-42	-42
12. Lethbridge					65	-65				-65
13. Sudbury								97	-97	-97
14. Buckingham					128	-128				-128
15. Edmonton					156	-156				-156
16. London		80	-80	153	57	96		197	-197	-181
17. Thunder Bay					277	-277				-277
18. Ft. Francis					342	-342				-342
19. Cambridge					401	-401				-401
20. Québec					497	-497				-497
21. Ottawa				112		112	367	1164	-797	-675
22. London		2495	-2495							-2 495
23. Windsor					2563	-2563				-2 563
24. Winnipeg					131	-131	1374	3902	-2528	-2 656
25. Montréal	197	3202	-3005	1226	3203	-1977	2434	2981	-547	-5 529

* \$ 1 000 000 revenues as calculated by the authors.

Table 2

**Corporate Headquarters Relocations 1970-1981 in the Utility,
Real Estate and Financial Sectors ***

City Rank	Utility Sector		Net Total	Real Estate Sector		Net Total	Financial Sector		Net Total	Grand Total
	Gains	Losses		Gains	Losses		Gains	Losses		
1. Toronto	227		227	200	535	-335	19991	1747	18244	18136
2. Stratford							3479		3479	3479
3. Halifax							2123		2123	2123
4. Québec							1845		1845	1845
5. Calgary	757	365	392	1734	269	1465		820	-820	1037
6. Winnipeg	365		365	235		235				700
7. London							365	116	249	249
8. Chatham							229		229	229
9. St. Catharines								165	-165	-165
10. Thunder Bay					176	-176				-176
11. Sarnia								178	-178	-178
12. Hamilton								187	-187	-187
13. Kitchener								200	-200	-200
14. Vancouver				128	218	-90	1165	1845	-680	-770
15. Edmonton		757	-757	209	259	-50				-800
16. Moncton								1814	-1814	-1814
17. Lindsay							758	3479	-2721	-2721
18. Montréal		227	-227		1299	-1299	2062	15525	-13463	-14989

* \$ 1 000 000 assets as calculated by authors.

Table 3

**Ratios of Corporate Headquarters Relocation Dollar Values to
Total Corporate Headquarters Values for Selected Cities**

City	Resources	Manufacturing	Service	Financial	Utility	Real Estate
Toronto	.20	.09	.06	.10	.01	-.03
Montréal	-.41	-.07	-.02	-.10	-.01	-1.06
Winnipeg	—	-.22	-.30	—	.12	.36
Vancouver	.18	0	.53	-.08	—	-.06
Edmonton	—	2.90	-.18	—	-.28	-.03
Calgary	-.01	.08	.15	.85	.05	.84
Hamilton	—	.06	.08	-.20	—	—
Ottawa	—	.14	-1.65	—	—	—
London	—	.06	-.39	.02	—	—
Québec	—	-2.42	—	1.38	—	—
Thunder Bay	—	-.61	—	—	—	-1.0

extremely large because of its large economic base. Cities with large relative gains are Calgary in finance and real estate, and Edmonton with a very large increase in manufacturing.

Montreal on the other hand shows losses in all six sectors, specially the real estate sector with a ratio of -1.06. Other major losers were Quebec City in manufacturing, Ottawa in services, and Thunder Bay in real estate. The trend toward greater spatial concentration of corporate power is again evident.

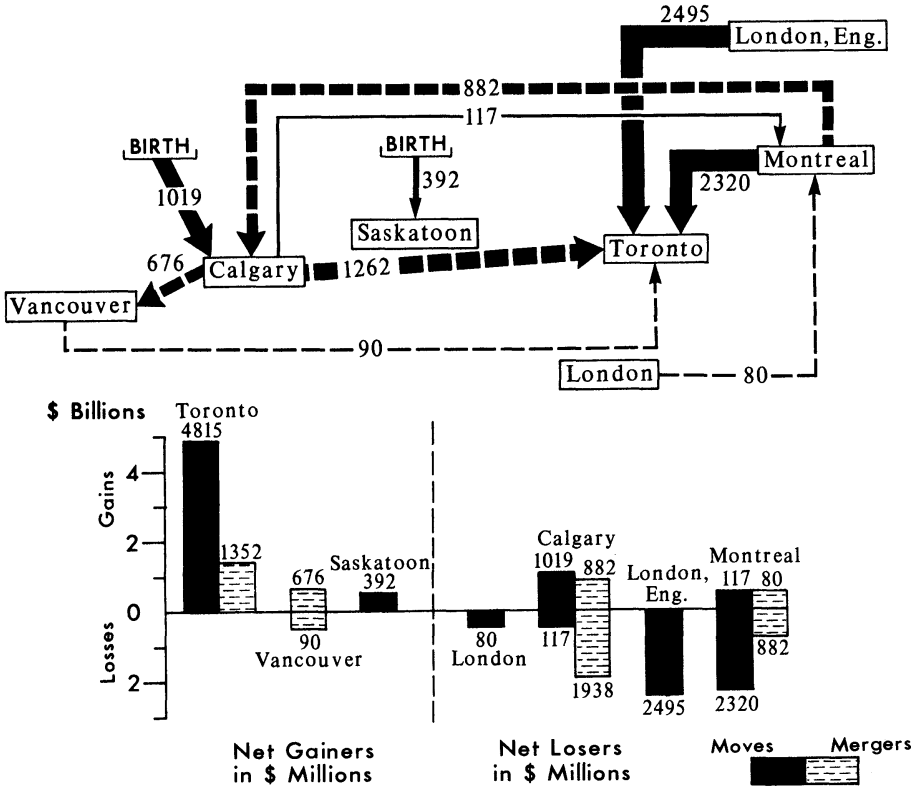
Figures 2 through 7 give moves, mergers, bankruptcies, and incorporations, the magnitude of the relocations along with the origins and destinations of the flows. The solid lines indicate migratory relocations including births and deaths, while the dashed lines indicate other stationary relocations. The bargraphs depict the net gainers and losers and the source of the gains and losses based on merger and nonmerger activity. These cartograms and bargraphs confirm the findings of the tables, but provide more detailed information about each sector.

Resource sector

Figure 2 indicates that Toronto is the largest net gainer of resource corporate headquarters. The International Thompson Organization moved from London, England; BP Canada Inc. and Canadian Ultramar Ltd., from Montreal; Texaco Exploration Canada Ltd. and Home Oil Co. from Calgary. Calgary is an important regional center in the resource sector. It gained Petrofina Canada Ltd. from Montreal and saw the birth of Petro Canada Inc., while Vancouver acquired Aquitaine Co. of Canada Ltd. from Calgary. Saskatoon profited from the birth of Potash Corp. which was made up of mines of twelve other corporations. This is an instance of a restoration of control to Canada since ten of the twelve companies involved were headquartered outside of Canada.

Figure 2

**CORPORATE MOVES AND MERGERS IN THE RESOURCE SECTOR
1970 - 1981**



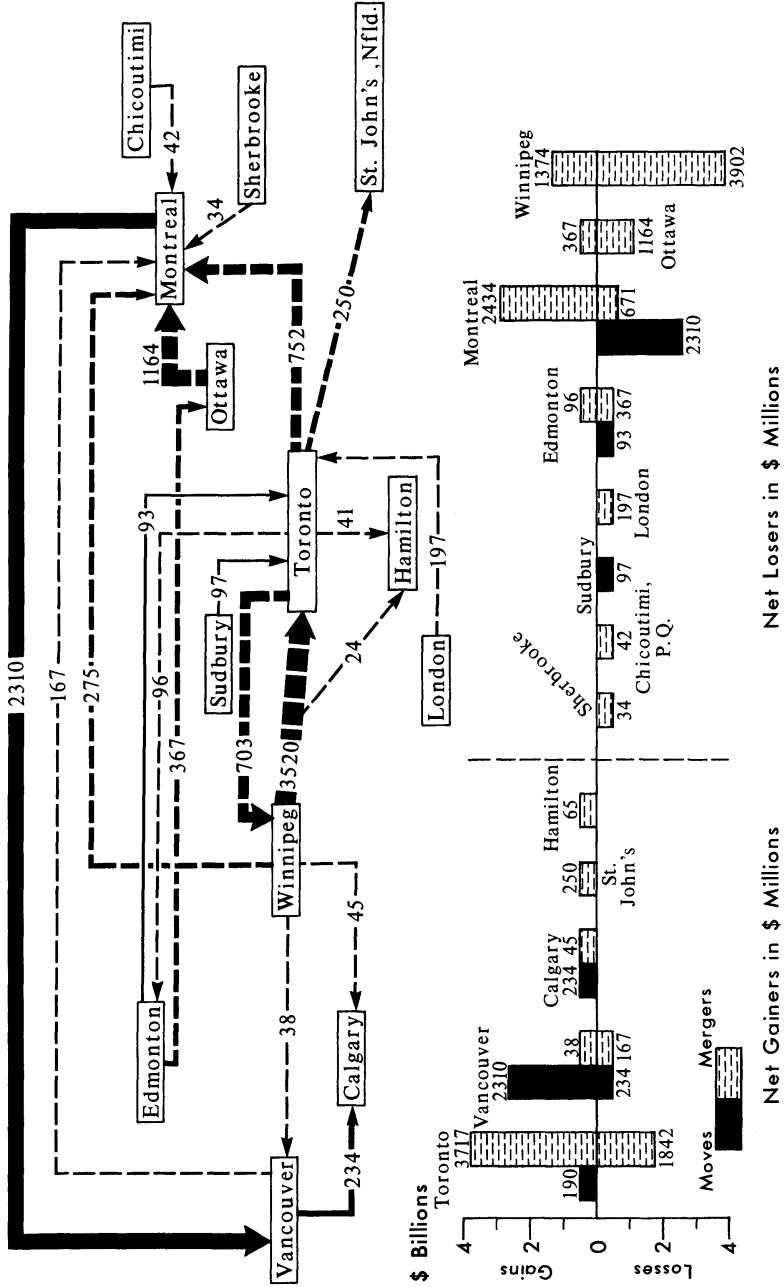
Manufacturing sector

Figure 3 demonstrates that Toronto is the largest beneficiary of large corporate moves in manufacturing. During the period Hiram Walker moved from Windsor, while a number of foreign controlled Canadian subsidiaries such as John Manville, Allied Chemical, Cyanamid, CIL Inc. and Avon moved from Montreal. Other foreign subsidiaries such as Bowater moved its Montreal headquarters to Hamilton, while Brooke Bond Inc. went to St. John. Many of the moves from Montreal can be attributed to economic conditions, but social and cultural factors are also very important. Maple Leaf Mills Ltd. of Toronto was taken over by Canadian Pacific Ltd. of Montreal and Swift Canadian Ltd. of Toronto was bought out by Gainers Foods of Edmonton. Other moves of significance was Price Co. Ltd.'s, Quebec City, merger with Abitibi of Toronto and Boise Cascade's move from Ft. Francis, Ontario to Toronto. The birth of the Mitel Corp. of Ottawa and the bankruptcy of Canadian Admiral of Montreal were important events in the electronics industry.

Figure 4

CORPORATE MOVES AND MERGERS IN THE SERVICE SECTOR

1970 - 1981



Service sector

Figure 4 illustrates once again the overwhelming gains made by Toronto and the significant losses incurred by Montreal, this time in the service sector. Winnipeg and Ottawa suffer major losses also, while Vancouver gains at the expense of Montreal. The two most notable flows on the cartogram are the result of the move of Genstar Ltd., a Montreal based construction-developer, to Vancouver and the takeover of Hudson's Bay of Winnipeg by the Toronto based International Thompson Organization. Loeb, the Ottawa merchandiser, merged with its counterpart Provigo of Montreal, while Pacific Western Airlines of Vancouver, was moved to Calgary by the Alberta government, Commonwealth Holiday Inns of London merged with Scotts Hospitality of Toronto. At the same time, Comstock, the Toronto based construction firm was purchased by Lundrigans of St. John's. The bargraphs portray the net gains and losses by city and illustrate the growing strength of Toronto.

Utility sector

Most utility corporations in Canada are governmentally controlled. Figure 5 shows that with respect to publicly traded companies three intercity transfers of control took place. Canadian Utilities of Edmonton merged with Atco Ltd. of Calgary, while Canadian Hydrocarbons of Calgary merged with Intercity Gas of Winnipeg, and Gaz-Metropolitan Inc. of Montreal merged with the major customer Norcen Corp. of Toronto. Utility corporate headquarters are necessarily tied to their service areas which are not national in scope. Consequently, utilities are unable to respond to relocation pressures as freely as other corporations.

Real estate sector

Figure 6 indicates that real estate developers are moving West in response to faster rates of population increase than are occurring in the East. Montreal again is the single largest loser, while Calgary, in particular, is the focus of the westward relocations. The most notable move was Trizec Corp. of Montreal to Calgary. Of significance was the merger of Allarco of Edmonton with Carma of Calgary and Headway of Thunder Bay with Nu-west of Calgary. Hudson Bay Properties of Winnipeg acquired Markborough of Toronto, while Olympia and York of Toronto merged with Block Brothers in 1979. Cambridge Leaseholds and Y and R properties merged with Oxford of Edmonton, as did Delta Hotels of Vancouver. And finally, Consolidated Building Corp. of Toronto merged with First City Finance of Vancouver. This sector, more than the others because of sensitivity to population shifts reflects contemporary the east-west economic restructuring that has been taking place for the past decade.

Financial sector

Figure 7 summarizes more than any other the trend toward the domination of the Canadian economy by Toronto and the unprecedented losses in stature suffered by Montreal. In 1977, the nation's largest life insurer, the eight billion dollar Sun Life Assurance Co. reacted to the election of a Parti Quebecois government by uprooting

Figure 5

**CORPORATE MOVES AND MERGERS IN THE UTILITY SECTOR
1970 - 1981**

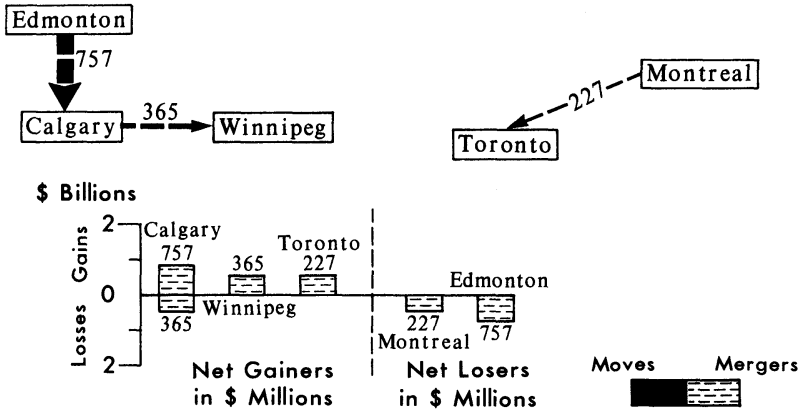
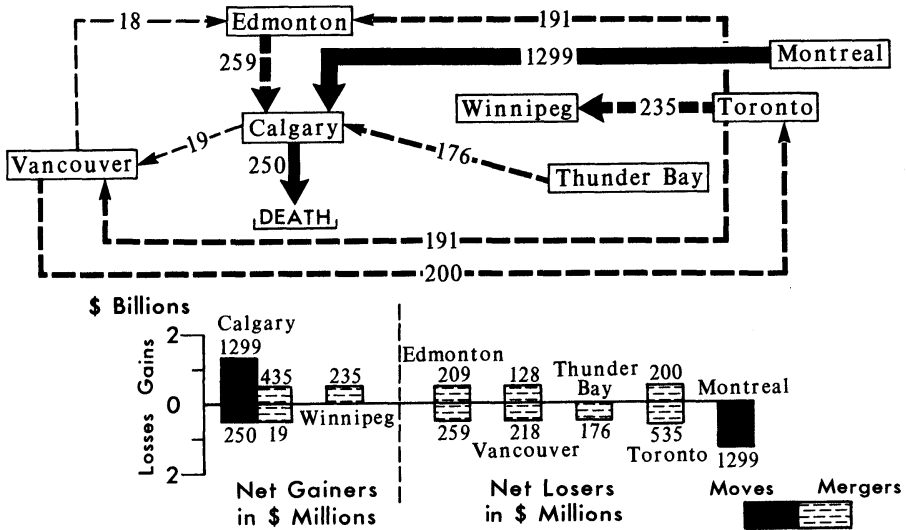


Figure 6

**CORPORATE MOVES AND MERGERS IN THE REAL ESTATE SECTOR
1970 - 1981**



itself from the once secure fortress of its Montreal home and moved to Toronto. A year later, Royal Trustco., the nation's largest trust company, at seven billion dollars in assets, followed. The economic strength of Toronto associated with the social instability of Quebec has clearly reduced Montreal to a second tier financial center. Other major moves saw Victoria and Grey Trust move its nominal headquarters from Lindsay to Stratford, although many of the trust's corporate decisions still emanate from Toronto. As of 1980, Central Trust of Moncton officially resides in Halifax, while the Laurentian Group of Vancouver is now controlled from Quebec City and City Savings and Trust of Calgary has merged with First City of Vancouver.

An interesting development in the financial sector has witnessed the granting by February, 1982, of forty-seven Canadian charters to subsidiaries of foreign financial institutions under the 1980 Bank Act. Foreign banks chartered in Canada have a ceiling imposed on their size which limits them to eight per cent of the assets of the domestic banking industry. By October of 1981, the first fourteen new overseas banks presented formal financial statements and set up corporate headquarters. Eleven located in Toronto, two in Montreal and one in Vancouver. The largest bank to set up offices in Toronto was Barclays Bank of Canada (1.2 billion dollars in assets), in Montreal was Banque Nationale de Paris (Canada) at (1.1 billion dollars) and in Vancouver was Hong Kong Bank of Canada (0.25 billion dollars).

CONCLUSIONS

This paper examines the general premise that with respect to corporate headquarter locations, the evolution of the Canadian urban system is in the era of dominant national center and the specific premise that with respect to corporate headquarters relocations, the dominant national center concept is being reinforced. Prior to the 1960's, Toronto and Montreal vied for dominance. By 1980, Toronto was recognized as more important than Montreal. Today, Toronto is the metropolitan center of Canada. Corporate relocations, mergers, bankruptcies, new incorporations and charters are reinforcing this fact. In every sector, with the exception of real estate, Toronto is gaining at the expense of other centers, especially Montreal. In real estate development it comes as no surprise that the West, in general, and Calgary, in particular, are growing in importance. Real power, however, still rests in Toronto and the financial establishment.

The Toronto of 1983, within a Canadian context, is not unlike the New York of 1953 within an American setting. In 1983 Toronto is the acknowledged center for the location of any large corporation that has aspirations of gaining access to the national economy or interest in making contact with or expanding into the international market place. The stock exchange is in Toronto, all major financial institutions are located there. The city is the social, cultural, educational and entertainment hub of the country. Economic growth is the norm, cosmopolitan viewpoints dominate, stable governments taken for granted and opportunities abound in all sectors of the economy. Toronto, in short, is big, wealthy, well-run, efficient, innovative, powerful and perceived by Canadians as well as the international community as a good place to live, work and do business. In 1983, no other Canadian city can offer so much. This also was true of New York in 1953. Today, New York's fortunes have changed and that cities' position in the American urban hierarchy is in relative decline (Semple and Green, 1983). With the current regional unrest in Canada, precipitated in part by the dominance of the periphery by the center, could Toronto's fortunes in the coming decades follow those of New York?

NOTE

In the past few years sixty-seven foreign banks received Canadian charters and located their headquarters at prestige addresses in these four cities. Over ninety percent of the banks had located in Toronto by February 28, 1983.

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