

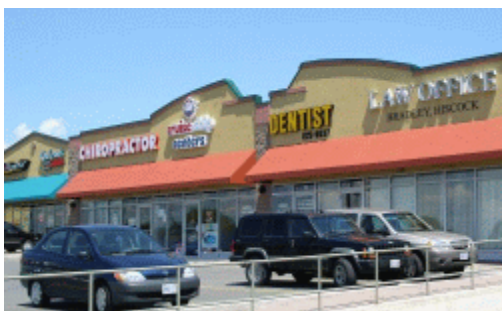
Specialization in Commercial Services

The degree of specialization in commercial services is based on the amount of employment for each service industry, relative to the level expected according to the city's market size. These six maps show that some cities are specialized (or deficient) in certain services, and that other cities appear to have an advantage in almost all services.

Commercial services are service activities customarily provided by the private sector. The commercial services represented approximately 44% of the total employment in Canada in 1996, and contributed approximately three-quarters of all jobs created during the preceding decade. As a result, the location decisions of commercial firms now largely determine the size and growth of urban centres, with the increases in employment opportunities causing increases in population. In the past, it was simply assumed that these commercial activities emerged in response to the needs of local markets. In recent years, however, the different service sectors have grown at different rates, which has impacted differently upon urban centres across Canada.

Patterns of Service Specialization and their Implications for Growth

In general, many of the patterns of service specialization resemble one another. Population centres that are especially suitable for retailing are also likely to attract financial services or restaurants. Nevertheless, the largest cities tend to have average values for most specializations, in the sense that they have nearly proportional specialization in all of the service sectors. The most extreme values, both high and low, are found in the smallest cities. Some of them are service centres that serve an extended agricultural trade area (for example, Swift Current, Saskatchewan); others have developed around a single activity, such as recreation or insurance. Muskoka (Ontario) is an example of an urban centre evolving around recreation. The other most highly specialized places are small urban centres located close to larger cities (for example, Varennes, near Montréal, or Bradford, near Toronto). These small urban centres carry out specialized roles within the metropolitan economy. Varennes specializes in financial services and Bradford in wholesaling. Both serve the larger urban region in which they are embedded.



Photograph of various services (chiropractors, travel agent, dentist, and law office), Ottawa, Ontario

Future variations in growth rates of Canadian cities may well depend on how these various patterns of service specialization continue to evolve. Table 1 shows the upward trend in employment growth rates between 1985 and 1999 in commercial-service activities.

Table 1. Commercial-Service Activities

Activity	Employment, 1999	Employment Growth Rate 1985 to 1999 (%)
Commercial Services		
Wholesale	766 000	41.1
Retail	1 435 000	4.1
Finance	723 000	17.0
Business Services	860 000	75.3
Consumer Services	1 550 000	7.7
Public Services		
Public Administration	677 000	-2.1
Education and Health	2 143 000	15.1
Total Services	8 154 000	25.5
Non-Services	3 526 000	5.2
All Industrial Sectors	11 680 000	10.8

Source: Statistics Canada. Employment, Earnings and Hours: Annual Estimates, 1985 to 1999.

In recent years, the growth of commercial services, especially business services, has increased the concentration of Canada's population in the largest cities. Soon we will be asking questions such as: How much concentration of commercial services in the larger centres is possible? How much local specialization in commercial activity will remain? Will those services that are free to relocate prefer regions with scenic or climatic amenities?

Definition of underlined term

Market: The potential for sales in a defined area.

