

# Greater Montréal's Booming VFX Industry



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# Montréal's VFX industry

## Key facts



### A leading edge ecosystem

- One of the largest hubs in the world with the highest industry concentration in Canada
- Full-service industry made up of tool developers, animation, production and post-production studios, etc.
- Global success of VFX made in Montréal: *1917*, 2020 Oscar winner for best visual effects; *Blade Runner 2049*, 2018 Oscar winner for best visual effects; *X-Men Apocalypse*; *Arrival*; *Star Wars – The Force Awakens*; *Game of Thrones*



### A very specialized workforce

- 6,250 2D/3D animation and VFX workers in the audiovisual sector
- Nearly 18,000 university students in IT related programs and more than 3,600 in arts and cinema
- More than 3,500 college students in arts and cinema related programs



### Competitive costs & tailor-made incentives

- 28% cost advantage compared to the average of the 20 largest metropolitan areas in Canada and the U.S. for IT
- Competitive employee salaries paired with an affordable cost of living
- Up to 43% tax incentives for film production services

# 01

## A Leading Edge Ecosystem





# Montréal's VFX industry

## Key metrics



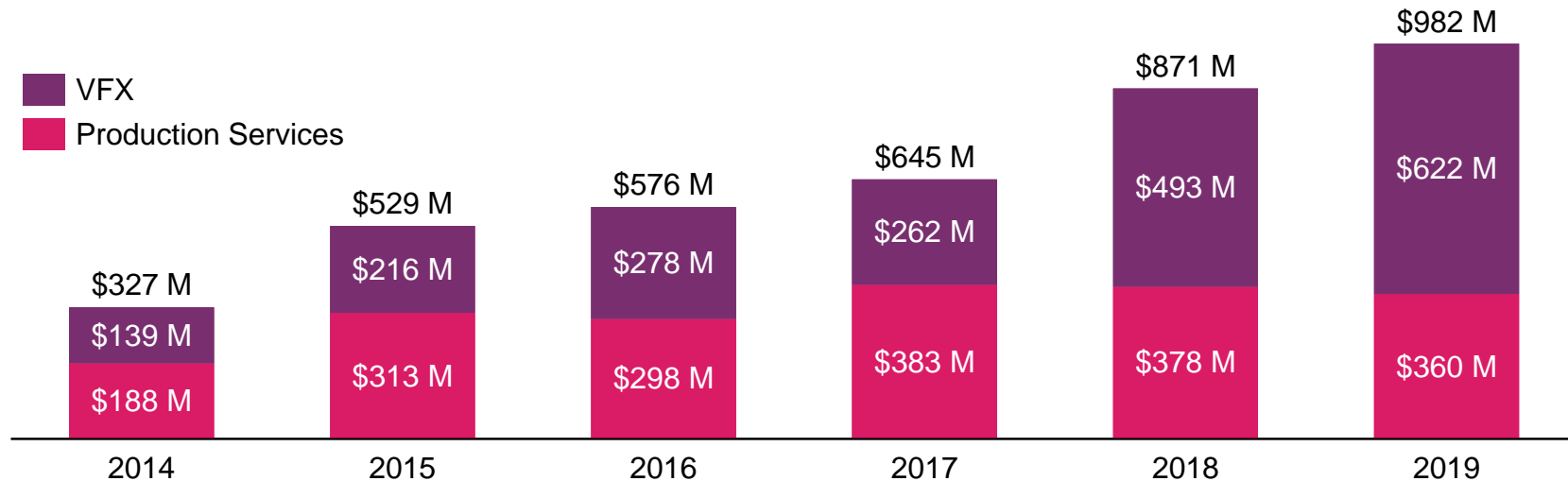
**1<sup>st</sup> city**

in Canada and a world leader in digital creativity

- **6,250 2D/3D animation and VFX workers**
- **35 animation and VFX studios** in Montréal
- More than **185 projects** completed in Québec in 2020
- **Global success of VFX made in Montréal:**
  - *1917*  
*2020 Oscar winner for best visual effects*
  - *Blade Runner 2049*,  
*2018 Oscar winner for best visual effects*
  - *X-Men: Apocalypse*
  - *Arrival*
  - *Star Wars - The Force Awakens*
  - *Game of Thrones*
- **Winner of the Gaming and Visual Effects Specialism Award** from the *Financial Times' fDi Strategy Awards 2019*

# Production volume in Québec has seen phenomenal growth in the last few years

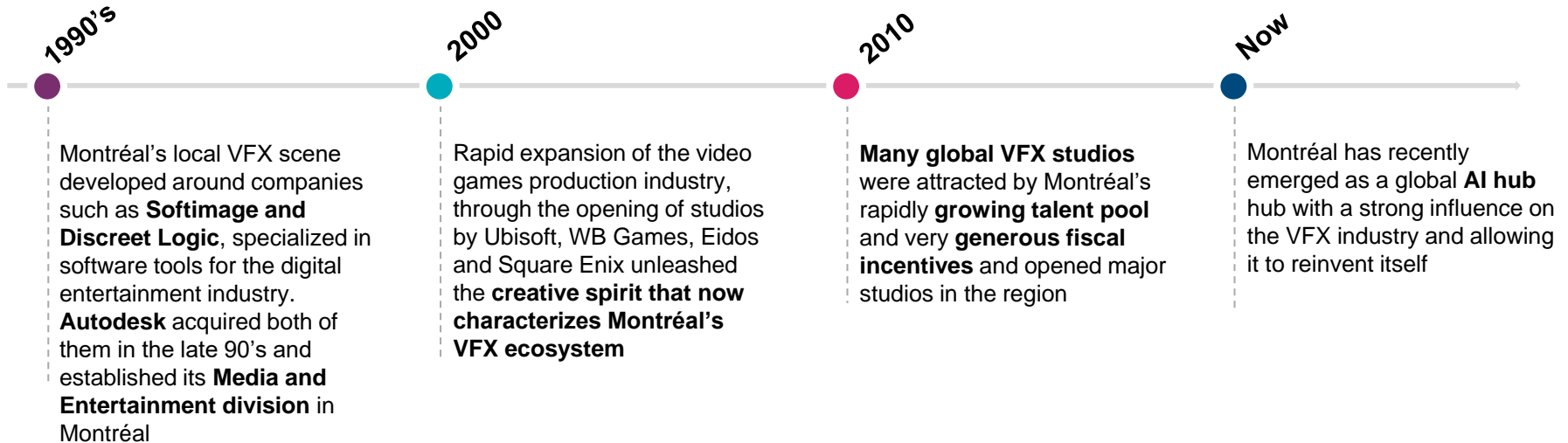
Québec industry turnover:  
Production services and VFX from 2014 to 2019 (CA\$)



The VFX services turnover almost quintupled from 2014 to 2019, going from \$139M to \$622M

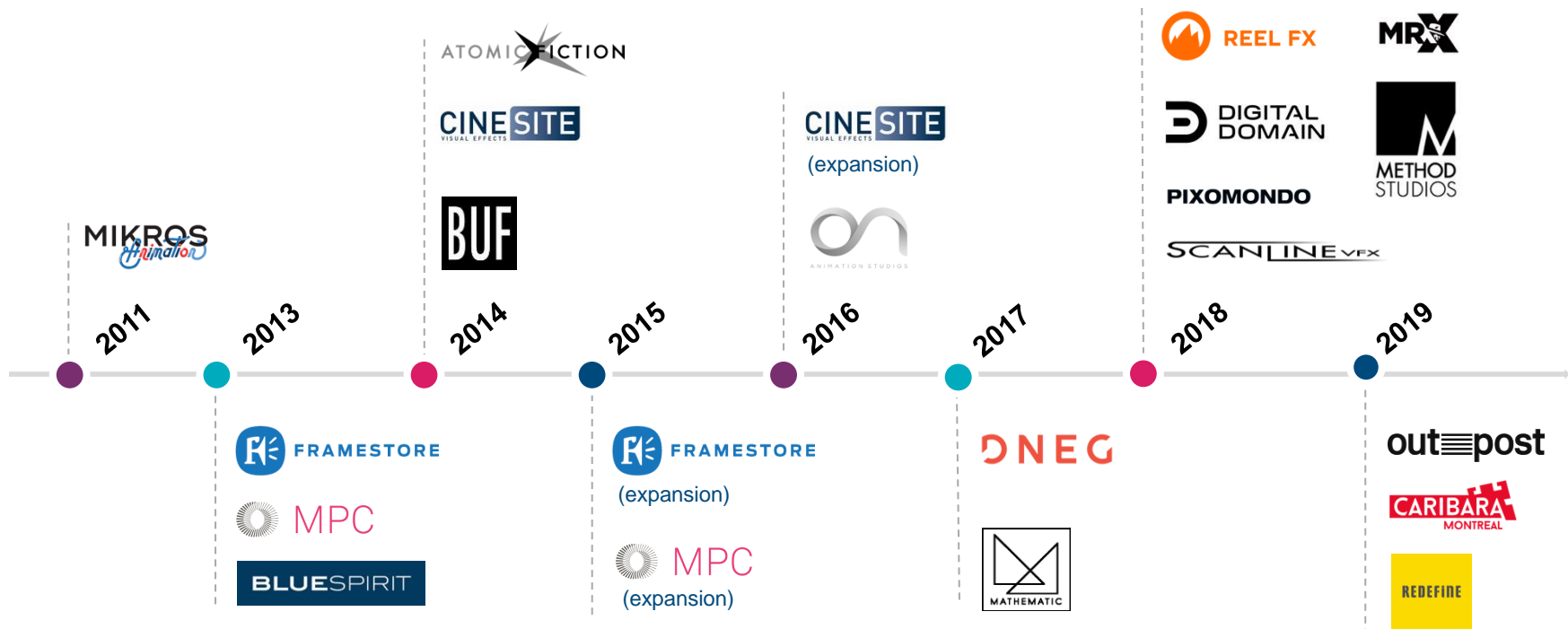
# Birth and growth of the VFX industry in Montréal

Over the past 25 years, Montréal has become Canada's most important video game, VFX and 3D animation hub



The Montréal region now represents **half the country's** 3D animation, VFX and video game **industry**

# Spectacular growth in foreign investment into Montréal's VFX and animation industries



Montréal's industry has experienced **phenomenal growth** in recent years, through both the expansion and setting up of international subsidiaries. Especially in 2018 and 2019, a total of **9 new VFX and animation studios** decided to settle in Montréal

# Examples of Montréal-based companies

**R O D E O**  
*Visual Effects Company*

**Rodeo FX:** full-service, award-winning visual effects studio



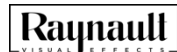
**Felix & Paul:** Emmy Award-winning immersive entertainment studio, creating VR, AR and mixed experiences

**MELS**

**Mels:** Canada's largest provider of services to the film and television industry with 18 purpose built stages, visual effects, video and audio post-production, etc



**Digital Dimension:** animation studio specialized in creating and delivering content from the very start of designs to storyboards to animatics through full 3D production & animation



**Raynault FX:** VFX services such as CG environments, Concept Art, Compositing, Digital Matte Painting, FX, VFX, CG Crowd, CG Asset Creation

**L'ATELIER**  
ANIMATION

**L'Atelier Animation:** studio specialized in series and feature-length 3D animation



**Folks VFX:** high-end visual effects studios offering full spectrum of VFX services for films and TV Series

**MOMENT  
FACTORY**

**Moment Factory:** multimedia entertainment studio specializing in the conception and production of immersive environments combining video, lighting, architecture, sound and special effects

**Squeeze**

**Squeeze Studio Animation:** 3D animation services for creators and producers of animated films, TV series, commercials and video games (cinematics, trailers, in-game scripted scenes)

**REALBY  
FAKE**

**Real by Fake:** cinematic production company offering an integrated workflow of digital invisible VFX and post-production worldwide services for films and series

# Montréal is reinventing VFX, thanks to its expertise in AI and gaming

## Examples of tech tool developers based in Montréal



A leading software development company specialized in 3D design software and technology. HQ of Autodesk's media & entertainment division is based in Montréal



Widely-used real-time 3D development platform. Montréal office is at the core of Unity's animation systems and emerging AI technology



Advanced real-time 3D creation platform for photoreal visuals and immersive experiences created by Epic Games and used in real-time in-camera VFX for next-gen filmmaking



2D animation & storyboarding software for creatives and professionals

## Greater Montréal is among the world leaders in AI and in the top five largest video game development hubs in the world



**3<sup>rd</sup>**

best place to invest  
in AI in North America  
*Close to 19,000 AI workers*

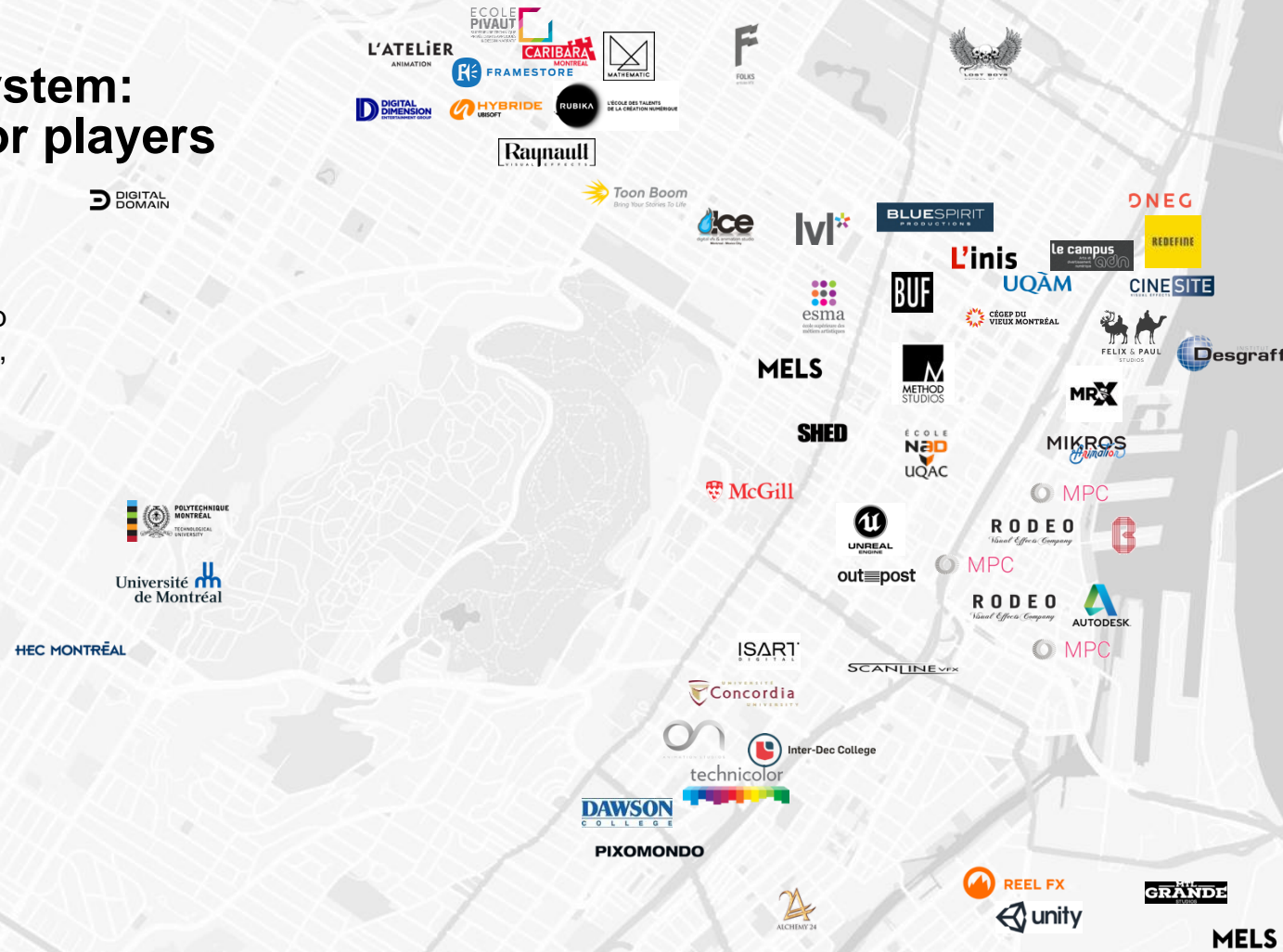


**Top 5**

video game  
development hub in the  
world  
*140+ studios, 15,000  
workers*

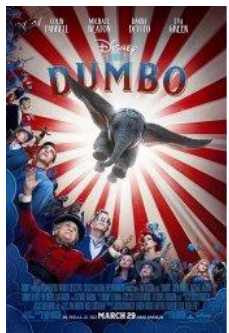
# Montréal's ecosystem: some of the major players

Full-service industry made up of academia, tool developers, animation, sound, production and post-production studios, etc.



Source: Montreal Studio/Tech Mapping, Studio Advisory Services, CBRE, 2018; Montréal International, 2020.

# Sample of VFX produced in Montréal



# Sample of animation produced in Montréal

Greater Montréal also stands out with the production of animation productions



Animation Studio:  
Mikros  
Year: 2020



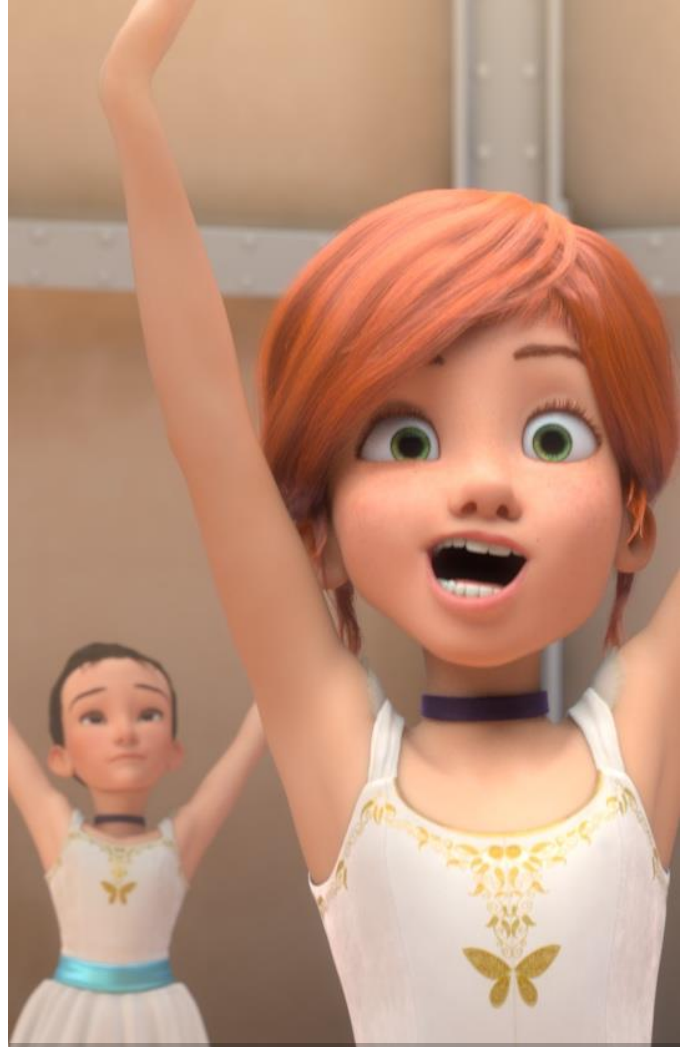
Animation Studio:  
Reel FX  
Year: 2020

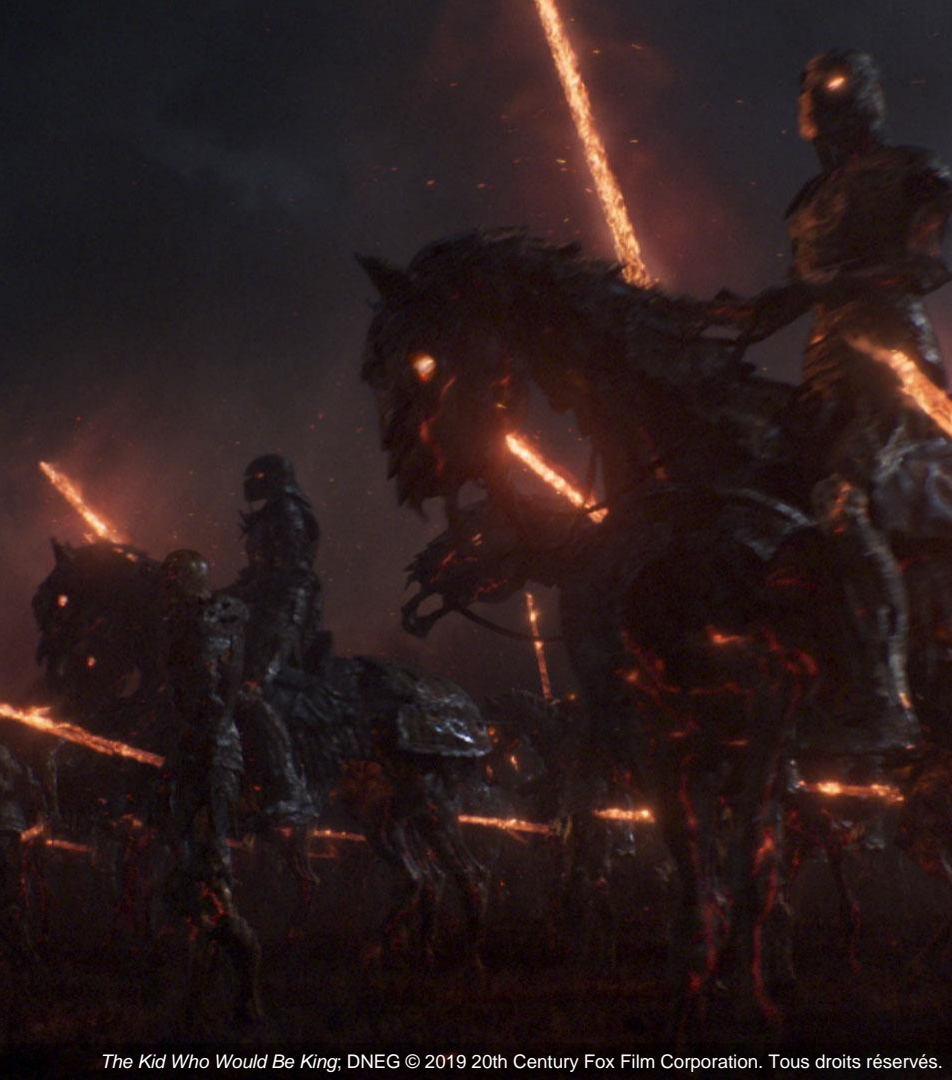


Animation Studio:  
Cinesite  
Year: 2019



Animation Studio:  
Digital Dimension  
Year: 2018





# A collaborative VFX ecosystem



Organization contributing to the development of Québec's competitiveness as a world-class film and television production centre



Government agency promoting and supporting the development of cultural enterprises in Québec and abroad



Platform dedicated to promoting internationally Montréal and Québec's visual-effects production centres and members of the Québec Film and Television Council (QFTC)



Initiative of the Québec Ministry of Education and Higher Education to support the growth and training of cutting-edge expertise in the digital creation sector and to create better synergy between the various players

# Montréal welcomes three major events focused on the VFX and multimedia industry



## May and October

**Montreal Digital Spring** is an international event showcasing the digital arts sector and Montréal's creativity



## June

**Effects Montréal** is the biggest international conference for the VFX & animation industries on the North American East Coast



## November

**HUB Montréal** is an international business accelerator event for creative industries in the entertainment, cultural and experiential marketing sectors



Montréal Digital Spring

# 02

## A Very Creative Workforce



# Montréal, where creativity and technical expertise meet

Greater Montréal counts a large pool of workers with skills in 2D/3D and animation:

**6,250**

**VFX and animation workers**

**15,000**

**workers with video game skills**

These numbers are increasing fast, thanks to the large number of graduates the region's colleges and universities provide every year combining expertise in the digital arts and tech.



# State-of-the-art programs for VFX

Greater Montréal offers both technical and higher education degrees



# A rich pool of technical college students with specific expertise in VFX

Technical college programs related to animation and arts	Students enrolled in 2019-2020	Students graduates in 2018
Animation 2D/3D and Game Design	1,241	408
Visual Arts	1,124	208
Graphic Arts	1,115	374
<b>Total</b>	<b>3,480</b>	<b>990</b>

Technical college programs related to film production	Students enrolled in 2019-2020
Film Production	73
Sound and Audio Studies	21
<b>Total</b>	<b>94</b>

Greater Montréal boasts **3,500+ college students** enrolled in technical programs related to visual effects, animation and film production

The depth of Montréal's talent pool has allowed the region to remain at the avant-garde in the VFX industry, including in new trends such as virtual and augmented reality

# A rich pool of university students that combines creativity and technical knowledge

Greater Montréal boasts more than

**3,600** university students in arts and cinema related programs

As well as close to

**18,000** university students enrolled in IT related programs

A large contingent of new university graduates in arts and IT joins this growing visual effects and animation workforce every year

University programs related to arts and cinema	Students enrolled in 2019-2020	University graduates in 2019
Cinema	1,366	326
Fine Arts	900	175
Plastic Arts	544	159
Graphic Arts	683	170
Arts (pluridisciplinary)	144	35
<b>Total</b>	<b>3,637</b>	<b>865</b>

University programs related to IT	Students enrolled in 2019-2020	University graduates in 2019
Computer Sciences	10,181	2,061
Electric and Electronic Engineering	3,613	842
Computer Engineering and Computer Science	2,328	464
Mathematics	1,416	313
Applied Mathematics	203	51
Probabilities and Statistics	195	42
<b>Total</b>	<b>17,909</b>	<b>3,763</b>

# Multiple international mobility programs to attract the best international talents

Temporary immigration programs*		1 – Obtain a LMIA** and CAQ***	Approximate processing time****	2 – Submission of the work permit application****	Approximate processing time****
LMIA exempt	<a href="#">Intra-company transferees</a>	N/A (LMIA exempt program)	-	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	<a href="#">Free trade agreements</a> - ex. : CUSMA, Colombia, Chile, Peru	N/A (LMIA exempt program)	-	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	<a href="#">International Experience Canada</a>	N/A (LMIA exempt program)	-	Online	4 to 8 weeks
With LMIA	<a href="#">Global Talent Stream</a>	Exemption from the obligation to make efforts to hire and recruit locally. 12 eligible professions	2 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	0 to 2 weeks*****
	Québec Simplified Process	Process offered exclusively to businesses in Quebec. Exemption from the requirement to demonstrate that efforts to hire locally were unsuccessful. 200+ professions are on the list of <a href="#">eligible professions</a>	6 to 8 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	Canadian Visa Office (BVC) timelines
	Regular process	Demonstrate that reasonable efforts have been made to hire locally	8 to 10 weeks	Online or at Canada Customs if the candidate is exempt from the temporary resident visa requirements	Canadian Visa Office (BVC) timelines

\* Examples of programs: the eligibility conditions specific to each program must be met

\*\* LMIA: Labour Market Impact Assessment

\*\*\* CAQ: Québec Acceptance Certificate

\*\*\*\* **Pre-COVID-19 deadlines. During the pandemic**, with some exceptions, work permit applications must be submitted online to the visa office abroad and it is **impossible to assess processing times**

\*\*\*\*\* Priority treatment in 14 days (in 80% of cases) only for a qualified position at level 0 or A according to the National Occupational Classification

“Cinesite Montréal’s success has exceeded all our expectations. And five years later, the things that make Montréal so great are still there. The city’s got talent, creative potential and a vibrant tech culture. Add to that business cost competitiveness and Montréal International’s constant support and you’ve got a perfect ecosystem for innovative businesses like ours.”

– François Sansregret, COO, Cinesite



“After a year of planning and coordination, we’re very proud to finally have a studio in Montréal, a city known worldwide for its unique culture. We considered other cities before choosing Montréal, where we received a welcome second to none and where we already have a number of friends.”

– Steve O’Brien, President and CEO of Reel FX



“Montréal is fueled by creativity and innovation, and was an obvious choice for the next studio location for Digital Domain. Given the strong animation and visual effects talent pool in Montréal, we are stacking the deck to make this studio location an attractive offering to partners, molding the future of Digital Domain.”

Daniel Seah, Executive Director and CEO, Digital Domain



“We’re very excited to be setting up our new studio in Montréal. There is an amazing creative and technical community in this city, and the quality of the work that is being created here is on a par with the work we are seeing coming out of London, Vancouver and LA. Our new Montréal studio will work closely with our other international locations on our biggest film projects, and will provide a cutting-edge working environment for our staff.”

– Ellen Walder, COO, Double Negative



“Having a studio in Greater Montréal means we can reach a larger market, especially movie production houses in North America, and grow our international customer base, which currently accounts for about 30% of our business.”

– Guillaume Marien, Founder and Executive Producer, Mathematic Studio



“Montréal has a lot of visual effects artists and technological architects with unprecedented talent.”

– Thilo Kuther, founder and CEO, Pixomodo

“We can only applaud the governments’ efforts and support to encourage foreign investors, while providing VFX film tax credits and incentives for companies like Pixomondo... The decision to enter the Montréal market was a no-brainer for us.”

- Sara Mustafa , COO, Pixomondo



# 03

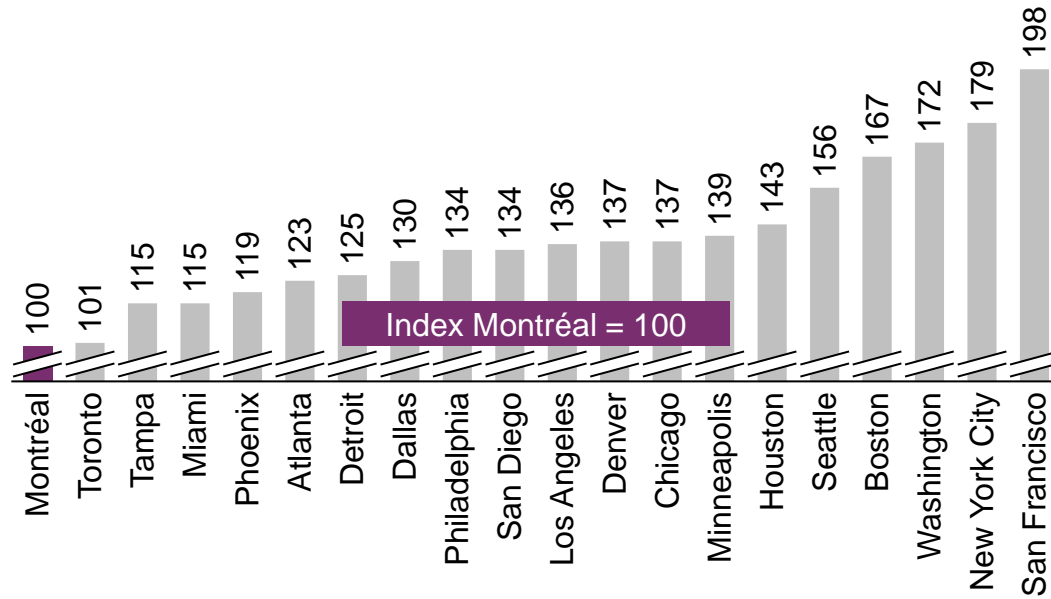
## Attractive Operating Costs and Incentives



# Operating a business costs less in Greater Montréal than in any other major metropolitan area in Canada and the U.S.

## Operating costs index for software development

20 largest metropolitan areas in Canada and the U.S., 2021



**28% cost advantage**

for **software development** compared to the average 20 largest metropolitan areas in Canada and the U.S.

# Competitive salaries

## Mean annual salaries \* (US\$) for 8 typical professions in VFX

	Montréal**	Vancouver	Los Angeles
<b>Composer</b>	<b>\$37,068</b>	\$40,250	\$44,974
<b>VFX Artist***</b>	<b>\$40,160</b>	\$46,109	\$83,000
<b>Illustrator</b>	<b>\$50,479</b>	\$53,720	\$70,704
<b>3D Motion Designer</b>	<b>\$59,881</b>	\$63,414	\$84,064
<b>3D Animator</b>	<b>\$63,877</b>	\$67,523	\$94,031
<b>UX Designer</b>	<b>\$67,488</b>	\$73,451	\$86,269
<b>Art Director</b>	<b>\$85,915</b>	\$90,086	\$134,308
<b>CG Supervisor***</b>	<b>\$95,854</b>	\$100,978	\$169,000

Note: \*Base salaries on five years of experience, Computer systems design and related services (NAICS 541510)

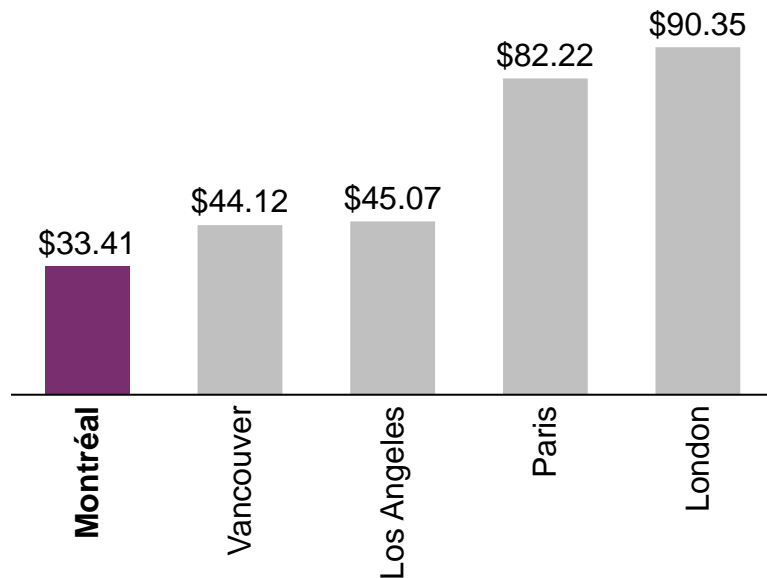
Currency exchange based on the monthly average of June 2021: US\$1.00 = CA\$1.2219.

\*\*Before tax credits.

Source: Economic Research Institute, Inc., July 2021, \*\*\*Glassdoor, 2021.

# Affordable office rent

**Average asking rent**  
(All classes – US\$/sq.ft/yr)\*



\* Annual gross rent in Central Business District.

Currency exchange: CA\$1.00 = US\$0.81, GBP1.00 = US\$1.39, EUR1.00 = US\$1.18.

Source: Cushman & Wakefield, Q2 2021.



# Generous government support for film production services

Québec offers some of the most advantageous cash rebates available: up to 43%.

Companies are eligible to 2 tax credits for Film Production Services (at the provincial and federal levels).



**Québec**  
Level (provincial)

- 20% of qualified expenditures (total of the qualified labor cost and the cost of qualified properties);
- 16% labor-based computer-aided special effects and animation & shooting of scenes in front of a chroma-key screen activities<sup>1</sup>;
- No minimum spending, no caps.



**Canada**  
Level (federal)

- Additional 16% refundable tax credits for eligible labour costs from the government of Canada.<sup>2</sup>

## Financial requirements:

While it is true that there is no cap, there is a minimum total worldwide budget amount:

- **Québec** : CA\$250,000;

## ▪ Canada :

- Film: CA\$1,000,000;
- Series : Over CA\$100,000 per episode (less than 30 minutes);
- Series: Over CA\$200,000 per episode (exceeding 30 minutes).

Note:

1: For the purposes of calculating the combined rate of the credit, the tax credit from the government of Québec is applied against the federal tax credit.

2: Labor expenses must be paid to persons who were resident in Canada at the time the payments were made in order to be eligible for tax credit purposes.

Source: Raymond Chabot Grant Thornton, 2019.

# Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

## Case 1

### Production services tax credits analysis example

	Montréal	Toronto	Vancouver
Cost of contract	\$1,000,000	\$1,000,000	\$1,000,000
Labour included in the contract	\$650,000	\$650,000	\$650,000
Labour related to VFX/Animation*	\$650,000	\$650,000	\$650,000
Provincial tax credit	(\$360,000)	(\$332,000)	(\$286,000)
Federal tax credit	(\$66,560)	(\$62,920)	(\$58,240)
<b>Total tax credit</b>	<b>\$426,560</b>	<b>\$394,920</b>	<b>\$344,240</b>
<b>Effective total tax credit rate</b>	<b>42.66%</b>	<b>39.49%</b>	<b>34.42%</b>

\* Assumption that 100% of the labour is related to VFX/Animation.

Source: Raymond Chabot Grant Thornton, 2019.

Case 1 - Producer is incorporated in Québec and claims the tax credit:

Up to  
**43%**  
tax credit

# Comparison Montréal, Toronto & Vancouver – tax credits

Live action production with bonification (VFX, Green screen or animation)

## Case 2

### Production services tax credits analysis example

	Montréal	Toronto	Vancouver
Cost of contract	\$1,000,000	\$1,000,000	\$1,000,000
Labour included in the contract	\$650,000	\$650,000	\$650,000
Labour related to VFX/Animation*	\$650,000	\$650,000	\$650,000
Provincial tax credit	(\$234,000)	(\$256,750)	(\$286,000)
Federal tax credit	(\$66,560)	(\$62,920)	(\$58,240)
<b>Total tax credit</b>	<b>\$300,560</b>	<b>\$319,670</b>	<b>\$344,240</b>
<b>Effective total tax credit rate</b>	<b>30.06%</b>	<b>31.97%</b>	<b>34.42%</b>

**Case 2 – Producer is not incorporated in Québec** so the tax credit is claimed by the VFX/animation studio

\* Assumption that 100% of the labour is related to VFX/Animation.

Source: Raymond Chabot Grant Thornton, 2019.

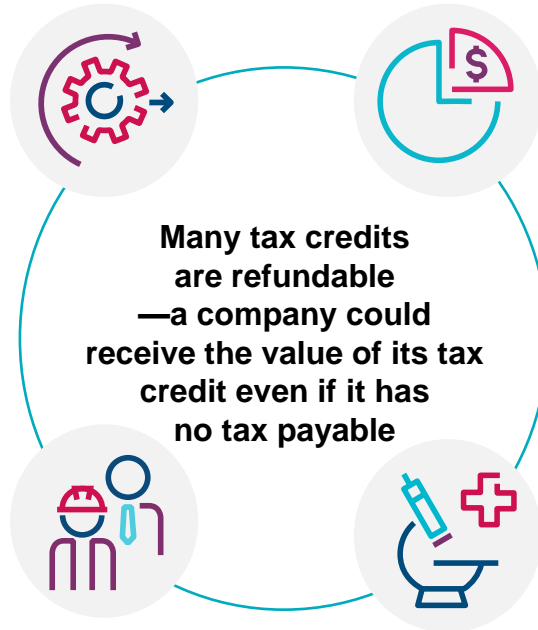
# An easy access to highly advantageous Incentives

## Major projects and innovations

Grants and interest-free loans  
such as **ESSOR** and **Canada Economic Development** Programs

## Labour development

*Example of grant:*  
**Up to 50% of eligible costs\*** to support HR management and training



## Sector tax credits

*Such as:*

- **Up to 37.5%** for multimedia production
- **Up to 32% of eligible labor costs** and an effective rate of 16% of total eligible production costs for co-production

## Research and development

- **Up to 30%** tax credit on R&D

# 04

## Montréal International's Personalized, Free and Confidential Services



# Montréal international, a single point of access to a series of personalized, free and confidential services



**Long-term  
strategic support**



**Economic data  
and communication  
services**



**Government  
relations facilitation**



**Incentive programs  
assistance**



**Foreign workers  
immigration  
assistance**



**International  
recruiting solutions**



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