



Economic Development Update Q4 2016

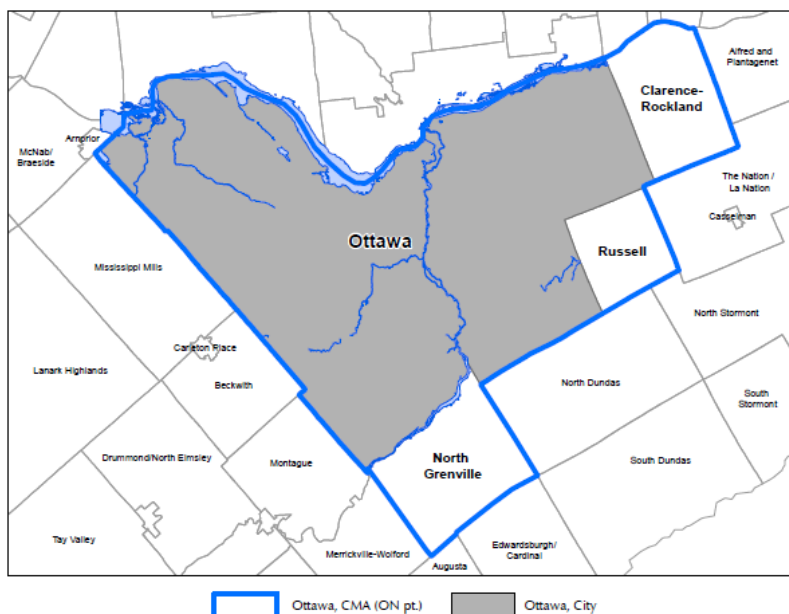
About

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. This is a continuation of the previous monthly economic development update (last updated on September 2016) with modifications to the report format and frequency. This report will be available on a quarterly basis on Ottawa.ca and via an email subscription:

<https://app06.ottawa.ca/esubscriptions/signup-form-en.html>

<https://app06.ottawa.ca/esubscriptions/signup-form-fr.html>

Most of the numbers are based on two geographic boundaries depending on the source data. The applicable geography for each dataset is indicated on the top left corner of each table highlighted in green.



“Ottawa, City” represents the City of Ottawa;

“Ottawa CMA (ON pt.)” represents the Ontario portion of the Ottawa-Gatineau Census Metropolitan Area, which includes City of Ottawa, Township of Russell, City of Clarence-Rockland and the Municipality of North Grenville.

New and Noteworthy in Q1 2017

- **Invest Ottawa:** In January, the city's economic development agency, Invest Ottawa, announced Michael Tremblay as its new President and CEO. Mr. Tremblay brings more than 30 years of executive leadership experience with multi-national corporations, including most recently Microsoft Canada where he served as Vice-President, Public Services for over ten years.
- **Shopify Looking to Triple the Size of its Ottawa Headquarters:** Shopify Inc. has signed a lease to take over an additional 325,000 square feet of office space at 234 Laurier, and plans to increase its headquarters staff in Ottawa to about 3,000 employees by year-end 2021.
- **First ever Autonomous Vehicle Test Track on Live Streets:** Planning is underway to launch the first "Active Streets Autonomous Vehicle Test Bed" in Kanata in June. This innovative project, collaboration with QNX, Nokia, Kanata North BIA, Invest Ottawa, and Ottawa Traffic Operations, will permit autonomous and connected vehicle testing on stretches of active public roadways.
- **Vintage Stock Theatre to Receive \$40,000 Grant to Purchase a New Portable Theatrical Stage**

What Happened in Q4 2016

- **Education and Economy Summit:** In October 2016, the City of Ottawa, in collaboration with its education and industry partners, hosted an Education and the Economy Summit. Close to 250 representatives from the education sector (including students, teachers, and administrators), government, and the local business community attended the event.
- **Annual Economic Outlook Event:** The fifth annual Economic Outlook Event was held in November 2016, with nearly 300 local business and community leaders in attendance. The event provides an in-depth analysis of Ottawa's economy and examines trends and opportunities in the city's business sector.
- **Innovation Centre Bayview Yards:** The Innovation Centre at Bayview Yards welcomed its anchor tenant Invest Ottawa in November 2016. The building is a former City public works garage that was restored and adapted into a community innovation hub, providing business development resources and support for entrepreneurs and start-ups. The project was funded by the three levels of government and the official opening is slated for spring of 2017.
- **QNX to add 650 Jobs in Kanata:** In December, 2016, BlackBerry CEO John Chen and Prime Minister Justin Trudeau announced the new BlackBerry QNX Autonomous Vehicle Innovation Centre at the company's Kanata facilities. It is expected that this hub will result in QNX adding an additional 650 Ottawa jobs amid a \$100M autonomous vehicle expansion.

Snapshot

	Q4-2015	Q3-2016	Q4-2016	Status Compared to Q4-2015
Employed Labour Force	530,200	543,200	546,100	Positive ✓
Unemployment Rate	6.4%	6.0%	6.1%	Positive ✓
Participation Rate	68.3%	68.9%	69.1%	Positive ✓
Housing Starts	1,550	1,538	1,439	Negative ✗
Average Resale Price	\$381,809	\$390,957	\$403,689	Positive ✓
Resale Units Sold	2,288	3,505	2,272	Neutral ○
Population	960,754	963,857	967,580	Positive ✓
Inflation	1.3%	1.3%	1.4%	Neutral ○
Average Weekly Earning	\$1,020	\$1,086	\$1,094	Positive ✓
Construction Permit Value	\$568,716	\$799,165	\$554,594	Negative ✗
Office Vacancy Rate	11.4%	12.7%	12.4%	Negative ✗
Retail Vacancy Rate	4.6%	5.1%	5.3%	Negative ✗
Industrial Vacancy Rate	7.1%	7.7%	7.7%	Negative ✗

Please refer to individual tables below for more details.

Labour Force

Labour Force, Seasonally Adjusted, 3-Month Moving Average

Source: Statistics Canada, CANSIM 282-0135

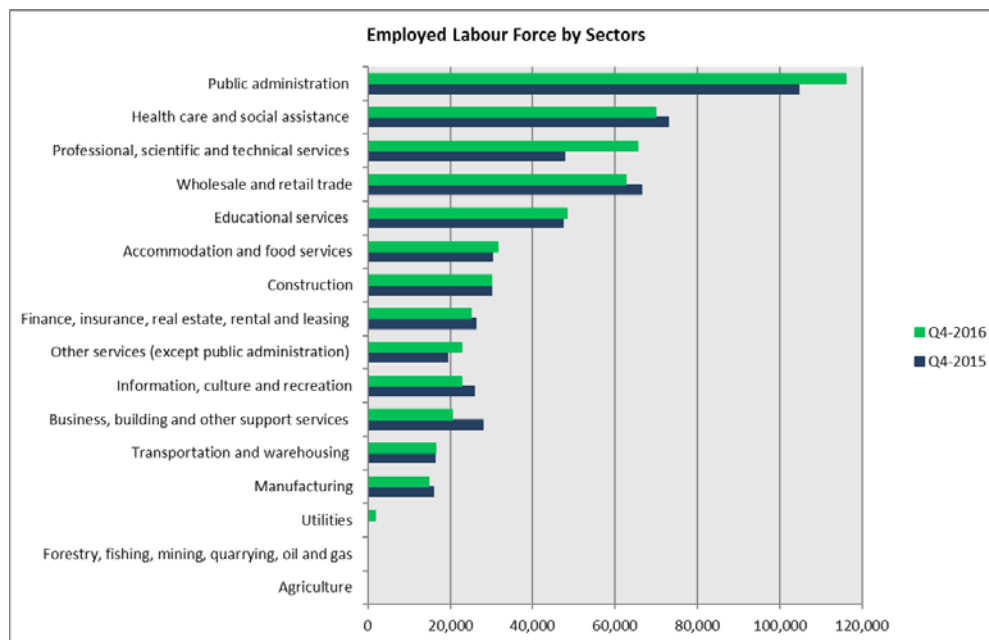
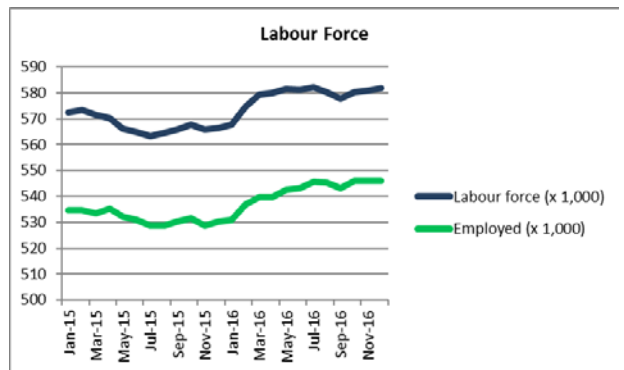
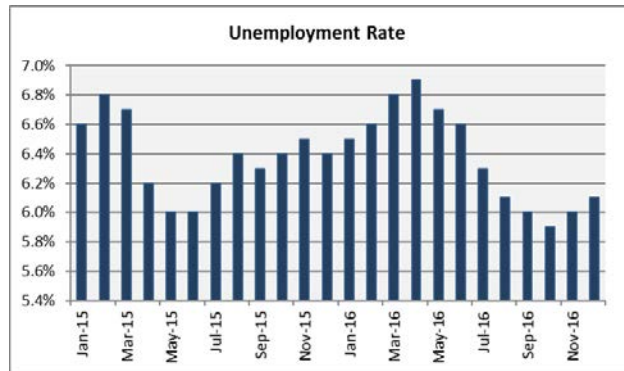
Ottawa, CMA (ON pt.)	Q4-15	Q3-16	Q4-16
Labour Force*	566.5	577.8	581.7
Employed*	530.2	543.2	546.1
Unemployed*	36.3	34.6	35.6
Unemployment Rate	6.4%	6.0%	6.1%
Participation Rate	68.3%	68.9%	69.1%

*(x 1,000)

Both the labour force (+2.6%) and employed residents (+3.0%) increased over the past year. Despite a +0.8% change in the participation rate, the unemployment rate still managed a -0.3% change from the previous year. Public administration and Professional services led the growth as the liberal government ramps up spending in 2016.

Source: Statistics Canada, CANSIM 282-0129

Ottawa, CMA (ON pt.)	YTD-15	YTD-16
Unemployment Rate	6.3%	6.3%
Participation Rate	68.7%	69.3%



Housing

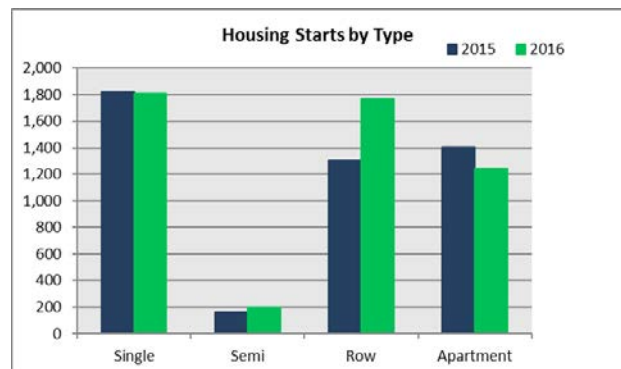
Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q4-15	Q3-16	Q4-16
Housing Starts	1,550	1,538	1,439
Single	637	495	549
Semi	44	68	58
Row	461	536	472
Apartment	408	439	360

Housing starts decreased 6.4% in Q4 2016 from Q4 2015. Except for row units, all unit types experienced a decrease over the year.

Ottawa, City	YTD-15	YTD-16
Housing Starts	4,696	5,019
Single	1,820	1,809
Semi	163	202
Row	1,308	1,764
Apartment	1,405	1,244



Housing Sales

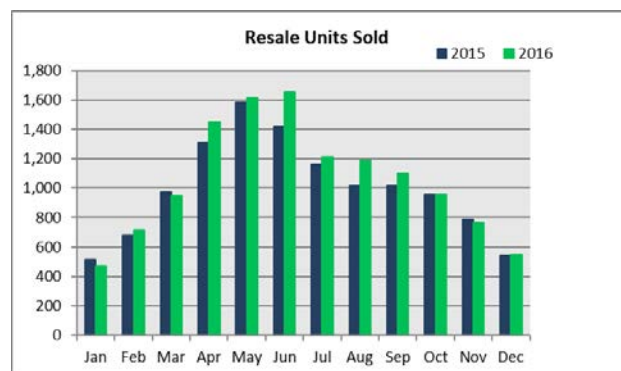
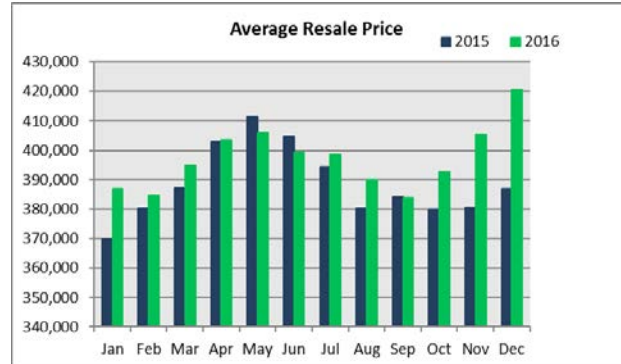
Source: Ottawa Real Estate Board

Ottawa, City*	Q4-15	Q3-16	Q4-16
Average Resale Price	\$381,809	\$390,957	\$403,689
Resale Units Sold	2,288	3,505	2,272

A total of 2,272 units were sold through the MLS system in Q4 2016, a slight decrease from Q4 2015. However, the average resale price increased 6.0% to reach \$403,689 in Q4 2016 compared to the same period last year.

Ottawa, City*	YTD-15	YTD-16
Average Resale Price	\$391,745	\$397,778
Resale Units Sold	11,962	12,598

* Includes City of Ottawa and surrounding areas where OREB members sold properties (i.e. Carleton Place, Kemptville, Clarence-Rockland, etc)

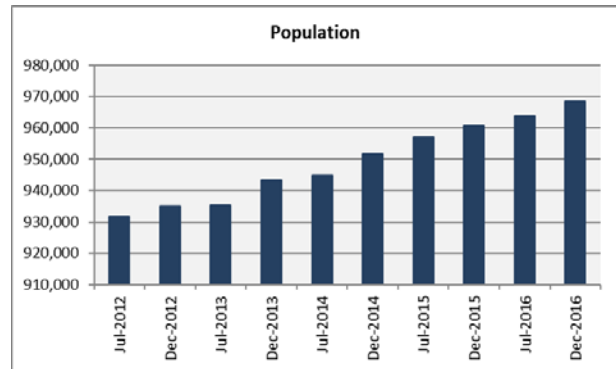


Population

Source: City of Ottawa estimate

Ottawa, City	Q4-15	Q2-16	Q4-16
Population	960,754	963,857	968,580

The City of Ottawa population increased by 0.8% over the past year to reach 968,580. Over the long term, the City's population is projected to reach the one million mark in 2019 and 1.2 million people by 2036. This differs from the 2016 Census preliminary population of 934,243 because Statistics Canada has yet to provide an estimate for those missed on Census Day (known as the undercoverage).



Consumer Price Index (2002=100)

Source: Statistics Canada, CANSIM 326-0020

Ottawa, CMA (ON pt.)	Q4-15	Q3-16	Q4-16
Consumer Price Index	124.5	128.4	128.1
Inflation	1.3%	1.3%	1.4%

The Consumer Price Index was steady at 128.1 in Q4 2016, down 0.2% from Q3 2016. Inflation edged up 0.1% from the previous quarter.

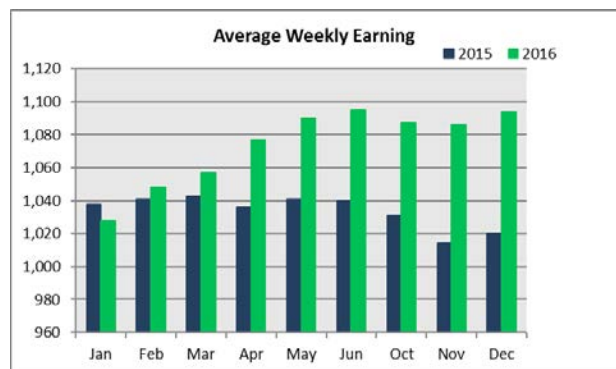


Average Weekly Earning

Source: CMHC Housing Now Report

Ottawa, CMA (ON pt.)	Q4-15	Q3-16	Q4-16
Avg. Weekly Earning	\$1,020	\$1,086	\$1,094

The average weekly earning increased 7.3% from the previous year.



Economy

Construction Permits, Seasonally Adjusted

Source: Statistics Canada, CANSIM 026-0006

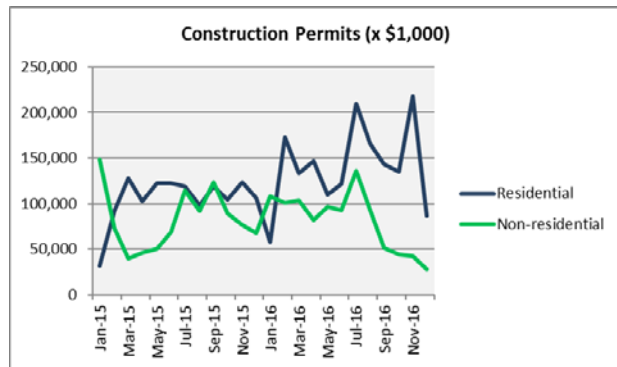
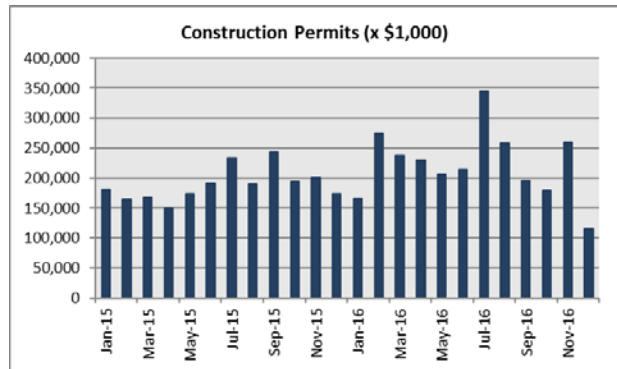
Ottawa, CMA (ON pt.)	Q4-15	Q3-16	Q4-16
Total Permits	\$568,716	\$799,165	\$554,594
Residential	\$234,564	\$518,585	\$439,551
Non-residential	\$234,152	\$280,580	\$115,043

(x \$1,000)

Total construction permits decreased by 2.5% from Q4 2015. This drop was due to non-residential permits as residential permits recorded an 87.4% increase. Overall, construction permits issued in 2016 reached 2.7 billion dollars, a 18.5% increase from the previous year.

Ottawa, CMA (ON pt.)	YTD-15	YTD-16
Total Permits	\$2,262,191	\$2,681,785
Residential	\$1,271,449	\$1,701,477
Non-residential	\$990,742	\$980,308

(x \$1,000)

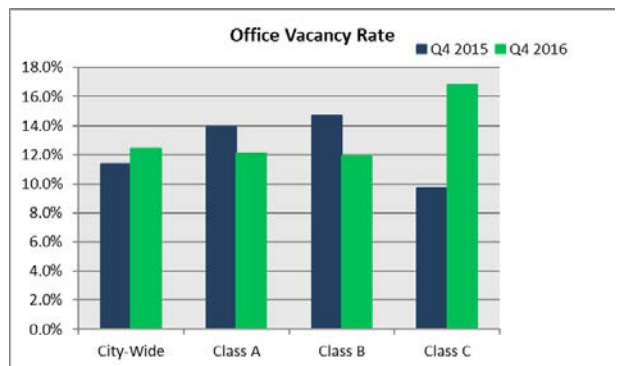


Office Vacancy Rate

Source: Colliers International, Ottawa Office Market Report

Ottawa, City	Q4-15	Q3-16	Q4-16
All Office	11.4%	12.7%	12.4%
Class A	13.9%	18.3%	12.1%
Class B	14.7%	13.6%	11.9%
Class C	9.7%	11.4%	16.8%

The City's office vacancy rate decreased 0.3% from the previous quarter. However, compared to 11.4% in Q4 2015, the City experienced a 1.0% year-over-year increase. This increase is mainly a result from vacancies in Class C buildings, exploding from 9.7% to 16.8%, while Class A and B vacancies declined from 2015.



Economy

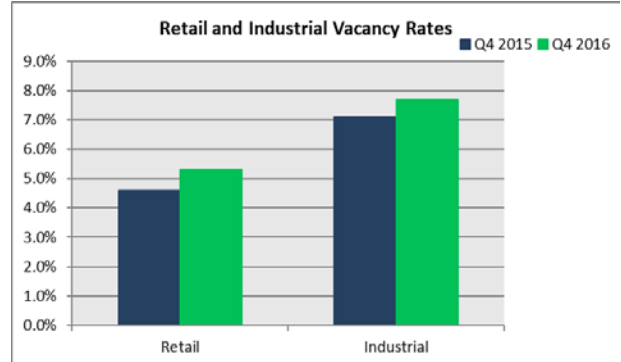
Retail and Industrial Vacancy Rates*

Source: Cushman & Wakefield, Retail and Industrial Report

Ottawa, City	Q4-15	Q2-16	Q4-16
Retail Vacancy Rate	4.6%	5.1%*	5.3%
Ind. Vacancy Rate	7.1%	7.7%	7.7%

* Retail is reported twice a year.

Overall, both retail and industrial vacancy rates remained steady from Q2 2016, but both increased compared to Q4 2015. The retail vacancy rate is currently at 5.3%, with the industrial vacancy rate sitting at 7.7%.



Retail Vacancy by Format*

Source: Cushman & Wakefield, Retail and Industrial Report

Ottawa, City	Q4-15	Q2-16	Q4-16
Regional Malls & Larger Power Centres	3.6%	4.1%	3.7%
Community Malls & Smaller Power Centre	5.4%	5.1%	7.2%
Downtown Core	9.9%	7.0%	4.9%
Neighbourhood Malls	4.4%	6.1%	5.2%

* Retail is reported twice a year.

Except for the downtown core, all other locations experienced an increase in the vacancy rate compared to Q4 2015. Out of the four different retail formats, regional malls and larger power centres had the lowest vacancy with 3.7%.

