



## Economic Development Update Q1 2023

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q1 2023 update covers the months of January, February, and March 2023. This report will be available on a quarterly basis on Ottawa.ca and via an [email subscription](#).

### New and Noteworthy in Q2 2023: April, May, June 2023

- **Federal government releases a 'disposal list' properties:** As federal public servants shift to a hybrid work model and office vacancy rates hit 12.3% in Q1 2023, the federal government released a list of 10 buildings that it is planning to dispose of in the National Capital Region. Public Services and Procurement Canada suggested that the properties listed could be used for affordable housing or community or commercial space. However, real estate experts note that the majority of the properties listed are older and would require extensive work and cost to be repurposed.
- **Council approves the City's first nightlife economy action plan:** On May 10, 2023, Council approved the nightlife economy action plan to develop and promote activities and experiences from 6 pm to 6 am. The action plan includes a framework for a nightlife commissioner's or "night mayor's" office to launch in 2024 and will consider changes to City by-laws, policies, procedures, and services that support the nightlife economy. The goal is to improve job creation, attract talent and investment, promote economic growth, and foster tourism and city branding.
- **Federal public servant strike:** Over 150,000 federal public servants across 30 departments and agencies went on strike between April 19<sup>th</sup> to early May after the federal government and the Public Service Alliance of Canada (PSAC) failed to reach a deal over issues such as wage increases to keep up with inflation and remote work policies. Now that tentative agreements have been reached, some small businesses in the downtown core are missing the extra foot traffic of workers on the picket lines as they return to hybrid work.

## What Happened in Q1 2023: January, February, March 2023

- **City of Ottawa named one of Canada's Best Diversity Employers:** In March 2023, the City of Ottawa was named one of Canada's Best Diversity Employers for the 11<sup>th</sup> time for the work done to create an equitable, inclusive, and diverse workplace. The City was also recognized for its first [Anti-Racism Strategy](#), which is a five-year plan to proactively identify and remove systemic barriers from City policies, programs and services.
- **Federal employees return to the office:** By March 31, 2023, federal public servants will be required to return to the office 2-3 days per week. The move to a hybrid work arrangement will be a phased transition starting January 16<sup>th</sup>, 2023, in order to ensure fairness and equity to hybrid work across the federal government. Unions have opposed the mandate, saying it is unjustified and that taxpayer money is saved having employees work from home, while Mayor Mark Sutcliffe and businesses downtown applaud the decision that is expected to benefit the public transit system and local economy.
- **New direct flight route between Europe and Ottawa:** On February 2<sup>nd</sup>, 2023, Air France announced that it will launch flights between the Ottawa International Airport and Paris Charles de Gaulle Airport starting in June. This will be the first direct route between Ottawa and Europe since 2020 with the hope to restore international business and leisure travel to the National Capital Region and boost the local tourism economy.

## Snapshot

	Q1-2022	Q4-2022	Q1-2023	Status Compared to Q1-2022
Employed Labour Force	591,167	619,100	625,867	Positive ✓
Unemployment Rate	4.6%	4.0%	3.9%	Positive ✓
Participation Rate	66.2%	67.7%	67.9%	Positive ✓
Housing Starts	1,521	1,814	1,626	Positive ✓
Average Resale Price	\$820,957	\$671,248	\$698,437	Positive ✓
Resale Units Sold	3,249	1,882	1,986	Negative ✗
Population	N/A	1,067,310	N/A	Neutral ○
Inflation	6.6%	6.5%	5.4%	Positive ✓
Average Weekly Earning	\$1,279	\$1,318	\$1,387	Positive ✓
Construction Permit Value (seasonally adjusted)	\$957,009	\$836,409	\$844,920	Negative ✗
Office Vacancy Rate	9.8%	11.2%	12.3%	Negative ✗
Retail Vacancy Rate	N/A	3.6%	N/A	Neutral ○
Industrial Vacancy Rate	2.3%	2.5%	2.9%	Negative ✗

Please refer to individual tables below for more details.

# Labour Force

## Labour Force, Seasonally Adjusted, 3-Month Moving Average

Source: Statistics Canada, Table 14-10-0380-01

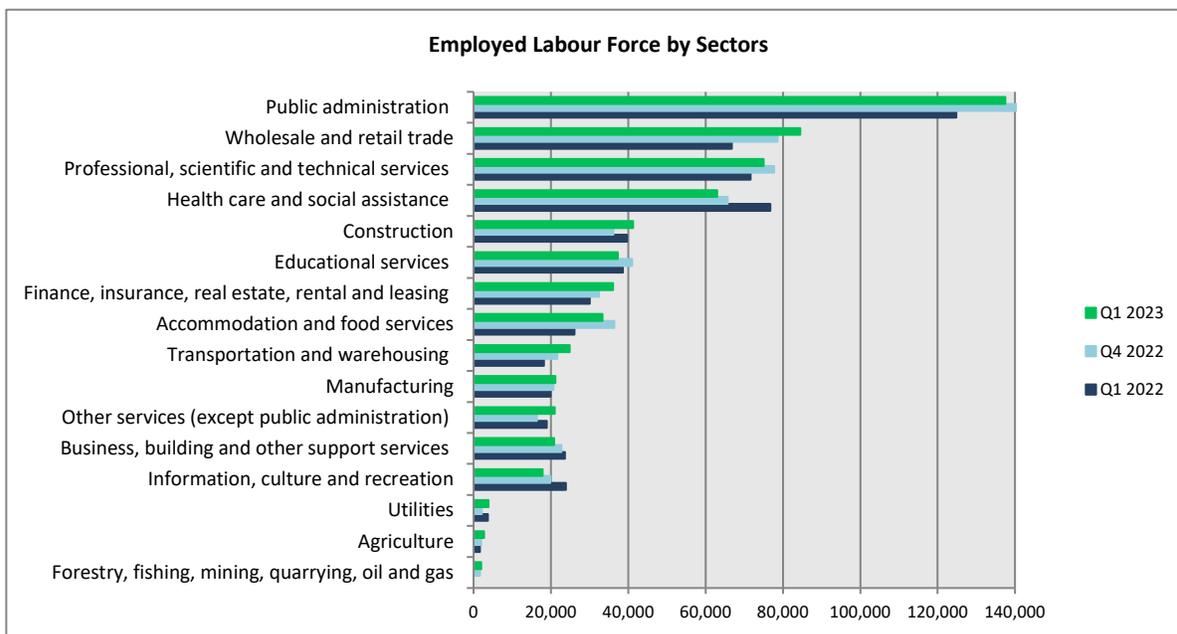
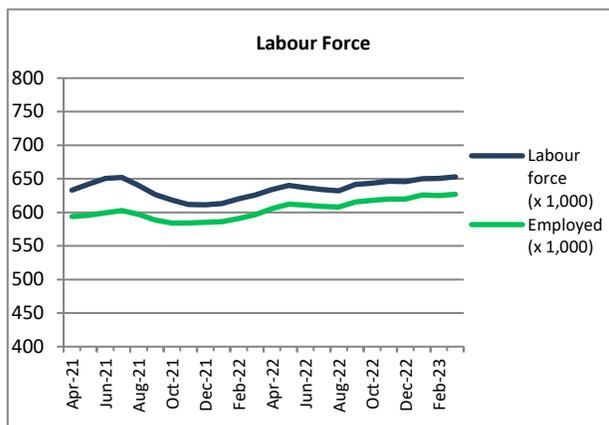
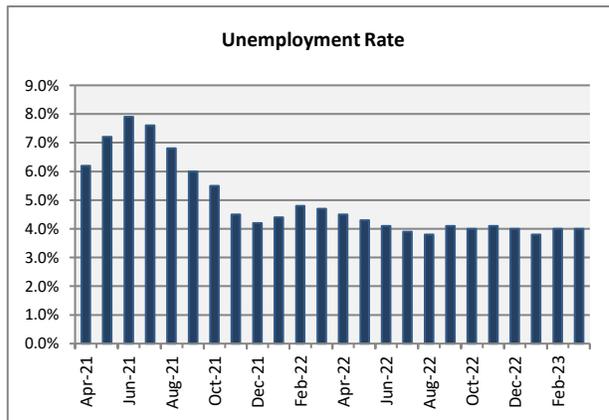
Ottawa, CMA (ON pt.)*	Q1-22	Q4-22	Q1-23
Labour Force (x 1,000)	619.9	645.2	651.3
Employed (x 1,000)	591.2	619.1	625.9
Unemployed (x 1,000)	28.8	26.1	25.5
Unemployment Rate	4.6%	4.0%	3.9%
Participation Rate	66.2%	67.7%	67.9%

\*2016 boundaries

Over the past year, the labour force increased by 5.1% while employed residents increased by 5.9%. The unemployment rate decreased by 0.7 percentage points. The Agriculture; Transportation and warehousing; and Accommodation and food service sectors, in that order, saw the largest increases in employment growth year-over-year. Meanwhile, Information, culture and recreation; Health care and social assistance; and Business, building and other support services saw the largest decreases in employment growth over the same period.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Unemployment Rate	4.6%	3.9%
Participation Rate	66.2%	67.9%

\*2016 boundaries



# Housing

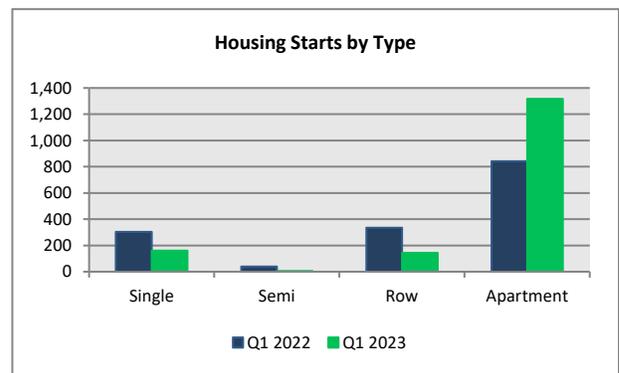
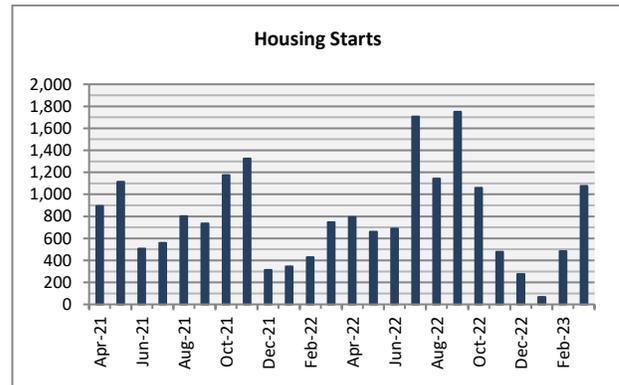
## Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q1-22	Q4-22	Q1-23
Housing Starts	<b>1,521</b>	1,814	<b>1,626</b>
Single	<b>304</b>	562	<b>160</b>
Semi	<b>40</b>	44	<b>6</b>
Row	<b>334</b>	496	<b>144</b>
Apartment	<b>843</b>	712	<b>1,316</b>

Overall, we saw a 6.9% increase in housing starts from Q1 2022 to Q1 2023, primarily due to an increase in apartment starts (up 56.1%). All other dwelling types saw a decrease in starts year-over-year, with single detached starts down 47.4%, semi-detached starts down 85.0%, and rowhouse starts down 56.9%.

Ottawa, City	YTD-22	YTD-23
Housing Starts	<b>1,521</b>	<b>1,626</b>
Single	<b>304</b>	<b>160</b>
Semi	<b>40</b>	<b>6</b>
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## Housing Sales, Resale Market

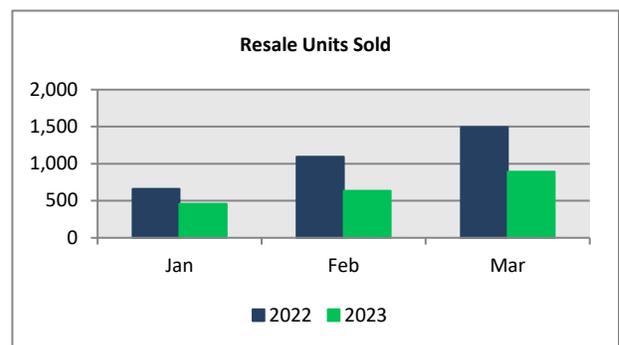
Source: Ottawa Real Estate Board

Ottawa Area*	Q1-22	Q4-22	Q1-23
Average Resale Price	<b>\$820,957</b>	\$671,248	<b>\$698,437</b>
Resale Units Sold	<b>3,249</b>	1,882	<b>1,986</b>

A total of 1,986 units were sold through the MLS system in Q1 2023, down 38.9% from Q1 2022. The average resale price also decreased 14.9% from Q1 2022 to \$698,437 in Q1 2023, although increased slightly from the previous quarter by 4.1%.

Ottawa Area*	YTD-22	YTD-23
Average Resale Price	<b>\$820,957</b>	<b>\$698,437</b>
Resale Units Sold	<b>3,249</b>	<b>1,986</b>

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



# Living

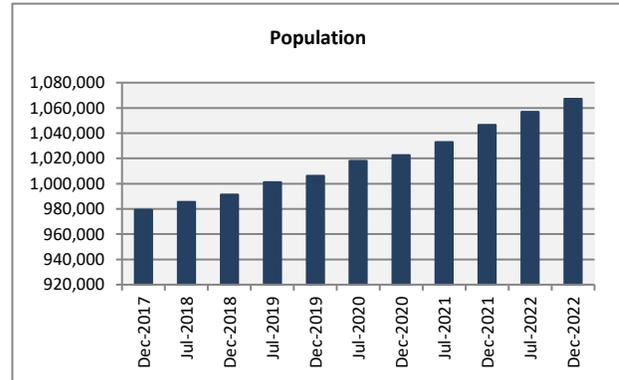
## Population

Source: City of Ottawa estimate\*

Ottawa, City	Q4-21	Q2-22	Q4-22
Population	<b>1,046,440</b>	1,056,750	<b>1,067,310</b>

\*Population estimate reported twice per year

The City of Ottawa population increased by 2.0% year-over-year to reach 1,067,310 by year-end 2022.



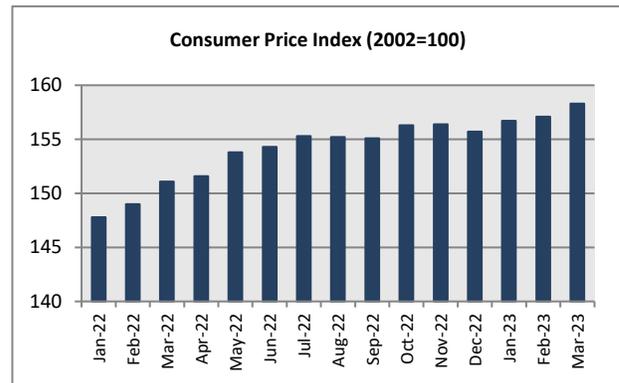
## Consumer Price Index (2002=100)

Source: Statistics Canada, Table 18-10-0004-01

Ottawa, CMA (ON pt.)*	Q1-22	Q4-22	Q1-23
Consumer Price Index	<b>149.3</b>	156.1	<b>157.4</b>
Inflation	<b>6.6%</b>	6.5%	<b>5.4%</b>

\*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 5.4% to 157.4 in Q1 2023. The inflation rate decreased 1.1 percentage points from the previous quarter and 1.2 percentage points year-over-year.



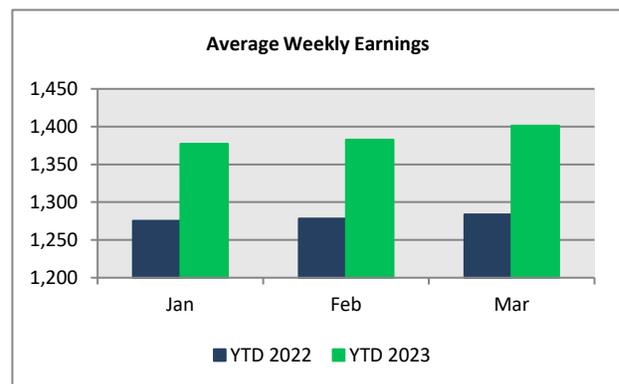
## Average Weekly Earning

Source: CMHC Custom Data

Ottawa, CMA (ON pt.)*	Q1-22	Q4-22	Q1-23
Avg. Weekly Earning	<b>\$1,279</b>	\$1,318	<b>\$1,387</b>

\*2016 boundaries

The average weekly earning increased 8.4% year-over-year and 5.2% from the previous quarter to reach \$1,387 in Q1 2023.



# Economy

## Construction Permits, Seasonally Adjusted

Source: Statistics Canada, Table 34-10-0066-01

Ottawa, CMA (ON pt.)*	Q1-22	Q4-22	Q1-23
Total Permits	<b>\$957,009</b>	\$836,409	<b>\$844,920</b>
Residential	<b>\$730,021</b>	\$686,283	<b>\$623,477</b>
Non-residential	<b>\$226,988</b>	\$150,125	<b>\$221,445</b>

(x \$1,000)

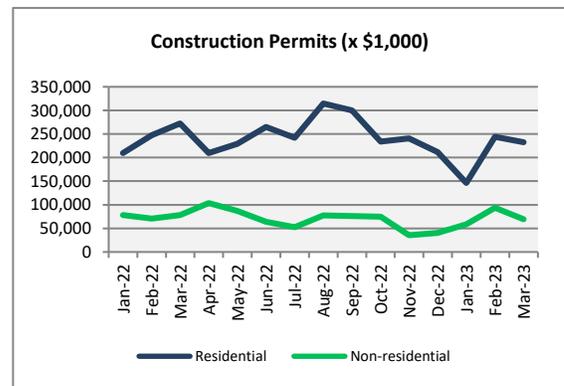
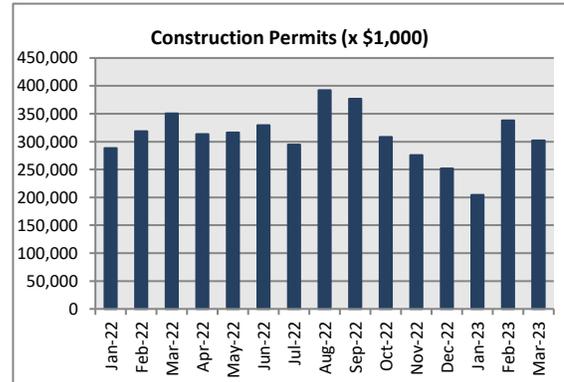
\*2006 boundaries

Compared to Q1 2022, total construction permits decreased by 11.7% in Q1 2023, with a 14.6% decrease in residential permit value and 2.4% decrease in non-residential permit value. Compared to the last quarter, construction permits in Q1 2023 increased slightly by 1.0%. This was largely due to a 47.5% increase in non-residential permit value, while there was a 9.2% decrease in residential permit value.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Total Permits	<b>\$957,009</b>	<b>\$844,920</b>
Residential	<b>\$730,021</b>	<b>\$623,477</b>
Non-residential	<b>\$226,988</b>	<b>\$221,445</b>

(x \$1,000)

\*2006 boundaries

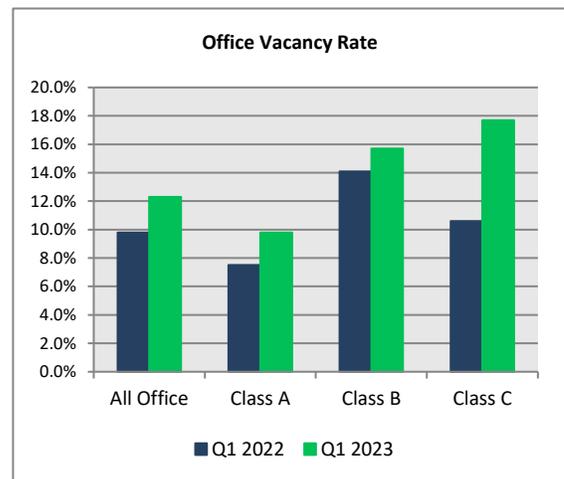


## Office Vacancy Rate

Source: Colliers Canada

Ottawa, City	Q1-22	Q4-22	Q1-23
All Office	<b>9.8%</b>	11.2%	<b>12.3%</b>
Class A	<b>7.5%</b>	8.6%	<b>9.8%</b>
Class B	<b>14.1%</b>	15.8%	<b>15.7%</b>
Class C	<b>10.6%</b>	13.6%	<b>17.7%</b>

Ottawa's office vacancy rate increased 2.5 percentage points from Q1 2022 to Q1 2023. All office classes experienced increases in vacancy rates year-over-year, with Class C buildings experiencing the greatest increase by 7.1 percentage points.



# Economy

## Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

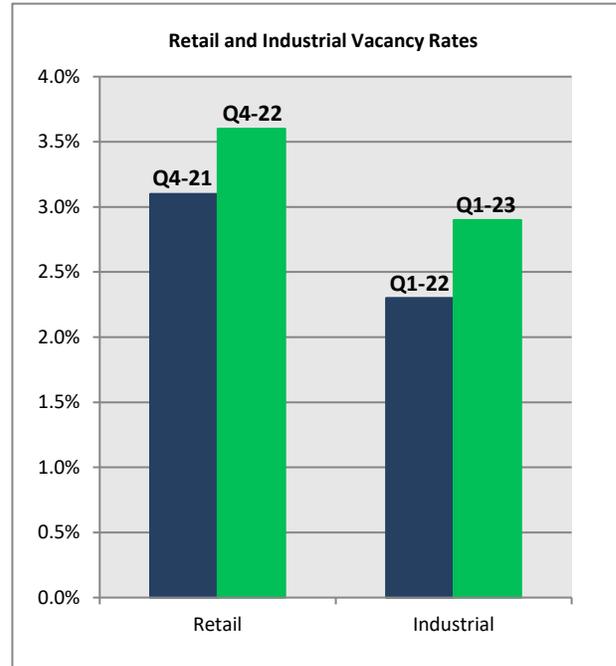
Ottawa, City	Q1-22	Q4-22	Q1-23
Ind. Vacancy Rate	<b>2.3%</b>	2.5%	<b>2.9%</b>

Year-over-year the industrial vacancy rate increased 0.6 percentage points and 0.4 percentage points from the last quarter to reach 2.9% in Q1 2023.

Ottawa, City	Q4-21	Q2-22	Q4-22
Retail Vacancy Rate	<b>3.1%</b>	3.7%	<b>3.6%</b>

\* Retail is reported twice a year.

Retail vacancy rates are not available for Q1. The retail vacancy rate increased 0.5 percentage points from Q4 2021 to Q4 2022. However, compared to Q2 2022, the retail vacancy rate decreased slightly by 0.1 percentage points to sit at 3.6% in Q4 2022.



## Retail Vacancy by Format

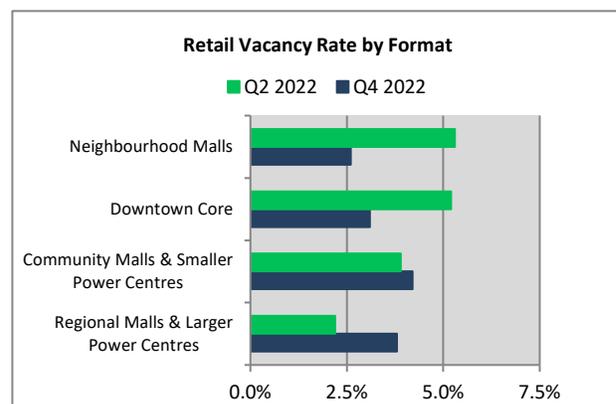
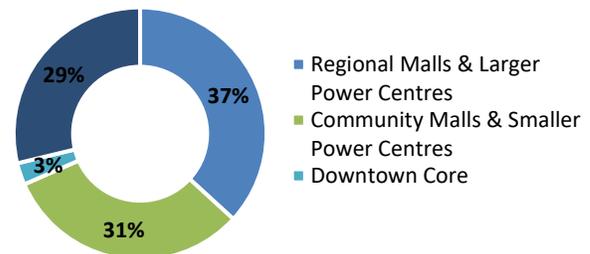
Source: Cushman & Wakefield, Retail and Industrial Reports

Ottawa, City	Q4-21	Q2-22	Q4-22
Regional Malls & Larger Power Centres	<b>2.5%</b>	2.2%	<b>3.8%</b>
Community Malls & Smaller Power Centres	<b>3.6%</b>	3.9%	<b>4.2%</b>
Downtown Core	<b>1.3%</b>	5.2%	<b>3.1%</b>
Neighbourhood Malls	<b>3.5%</b>	5.3%	<b>2.6%</b>

\*Retail is reported twice a year.

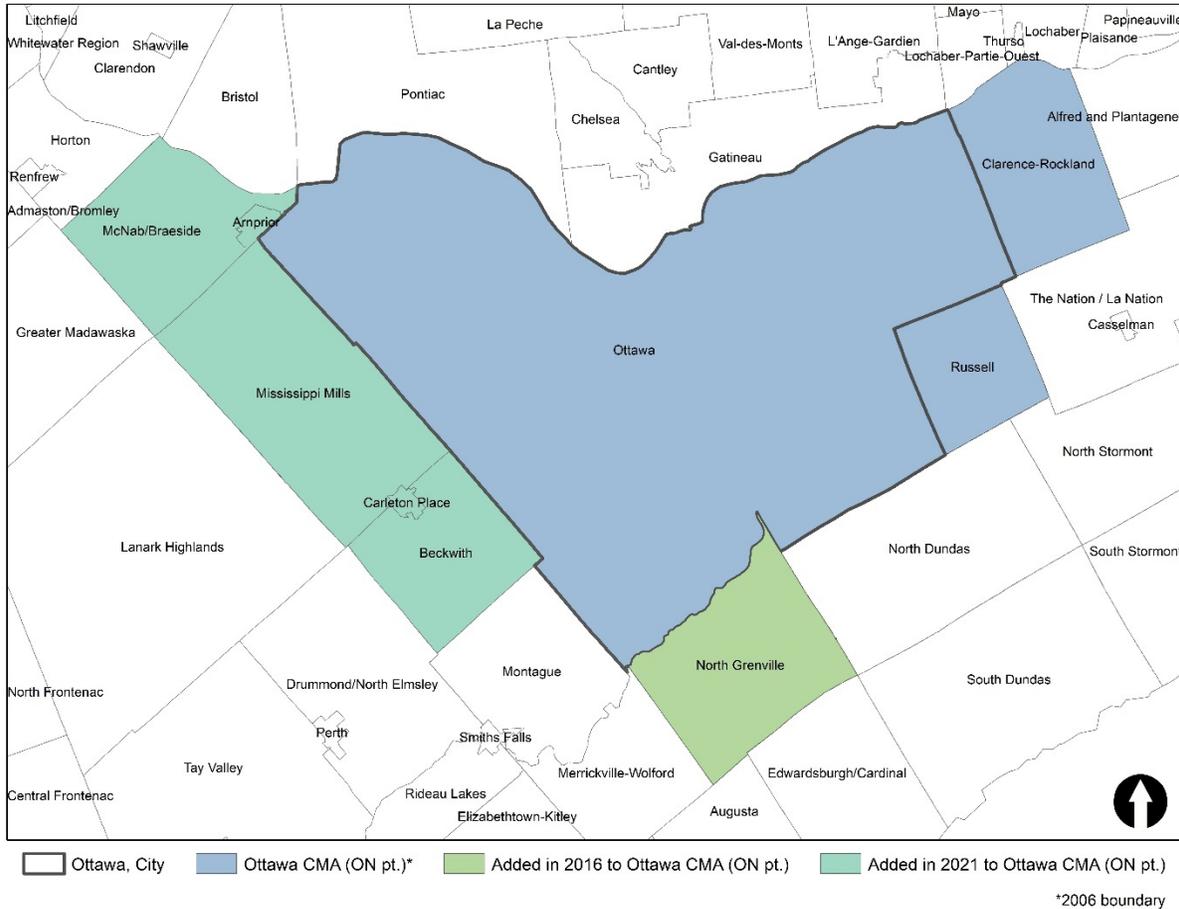
Retail vacancy rates are not available for Q1. Compared to Q4 2021, Neighbourhood Malls were the only retail format to experience a decrease in vacancy rates by 0.9 percentage points in Q4 2022. The Downtown Core saw vacancy rates increase 1.8 percentage points, while Regional Malls & Larger Power Centres and Community Malls & Smaller Power Centres saw increases of 1.3 and 0.6 percentage points, respectively.

## Retail Inventory by Location, Q4 2022



**Note:**

Most of the indicators 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.



**“Ottawa, City”** represents the City of Ottawa;

**“Ottawa CMA (ON pt.)”** represents the Ontario portion of the Ottawa-Gatineau Census Metropolitan Area. Geographical boundaries vary depending on census year.