



Economic Development Update – Q3 2023

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q3 2023 update covers the months of July, August, and September 2023. This report will be available on a quarterly basis on [Ottawa.ca](https://ottawa.ca) and via an [email subscription](#).

New and Noteworthy in Q4 2023: October, November, December 2023

- **Plans to boost housing supply announced by the City and federal government:** The City's Planning and Housing Committee approved a plan to lower fees and streamline the approval process to convert vacant office space to residential units to boost housing supply. The federal government has also announced that it would build over 1,600 homes across three of its properties in Ottawa, of which 221 affordable units are planned. In addition, the fall federal fiscal update included \$15 billion in new loan funding for the Apartment Construction Loan Program, \$1 billion in direct funding over three years for the Affordable Housing Fund, and measures to crack down on short-term rentals to free up existing housing supply.
- **More direct flights, increased service, and a new budget airline coming to Ottawa:** In response to high demand, Porter Airlines has announced that it will be increasing service on eight routes to destinations in Canada and the U.S. next spring and summer as well as offering new direct routes to Calgary and Winnipeg starting in February and May 2024. A new budget airline, Lynx Air, will also be launching service to Ottawa starting next spring.
- **Council approves Lansdowne 2.0 renewal plan:** On November 9th, City Council approved the Lansdowne 2.0 plan which includes the construction of two residential towers, a two-storey retail space, a new mid-size event centre, and new north-side stadium stands. The existing north-side stands and arena are functionally obsolete and would require costly maintenance. By replacing these facilities, the hope is that it will attract major events to Ottawa, increasing potential City revenues and supporting Lansdowne businesses. Taxpayers will pay about a third of the \$419-million-dollar capital cost and the approved plan will deliver new City-owned facilities for a net cost of about \$5 million a year after factoring in revenues from the sale of

subterranean and air rights, of which 50 per cent of the revenue will be directed to the affordable housing reserve.

What Happened in Q3 2023: July, August, September 2023

- **GST and HST to be removed from new rental developments:** A new bill was passed by the federal government in September that will remove GST charges from new purpose-built rentals to help address the housing and affordability crisis. Projects that began construction on or after September 14th until the end of 2030 will be eligible as long as construction is completed by 2035. Following suit, the provincial government has also agreed to remove its eight per cent portion of HST from new purpose-built rentals.
- **Bank of Canada interest rate hike:** The Bank of Canada raised the key interest rate to 5% in July, the highest it's been since 2001, in an effort to bring inflation back down to 2%. It has been kept steady at 5% for the remainder of 2023 as signs of economic softening, such as rising unemployment rates and a decrease in GDP, have been observed.

Snapshot

	Q3-2022	Q2-2023	Q3-2023	Status Compared to Q3-2022
Employed Labour Force	610,800	632,000	650,100	Positive ✓
Unemployment Rate	3.9%	4.3%	4.9%	Negative ✗
Participation Rate	67.1%	68.3%	70.0%	Positive ✓
Housing Starts	4,598	1,688	2,797	Negative ✗
Average Resale Price	\$641,800	\$673,865	\$666,023	Negative ✗
Resale Units Sold	3,327	5,085	3,405	Positive ✓
Population	N/A	1,077,900	N/A	Neutral ○
Inflation	7.2%	3.8%	3.2%	Positive ✓
Average Weekly Earning	\$1,308	\$1,413	\$1,400	Positive ✓
Construction Permit Value (seasonally adjusted)	\$1,048,035	\$844,745	\$719,242	Negative ✗
Office Vacancy Rate	10.6%	12.9%	12.6%	Negative ✗
Retail Vacancy Rate	N/A	2.9%	N/A	Neutral ○
Industrial Vacancy Rate	2.0%	2.2%	2.6%	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

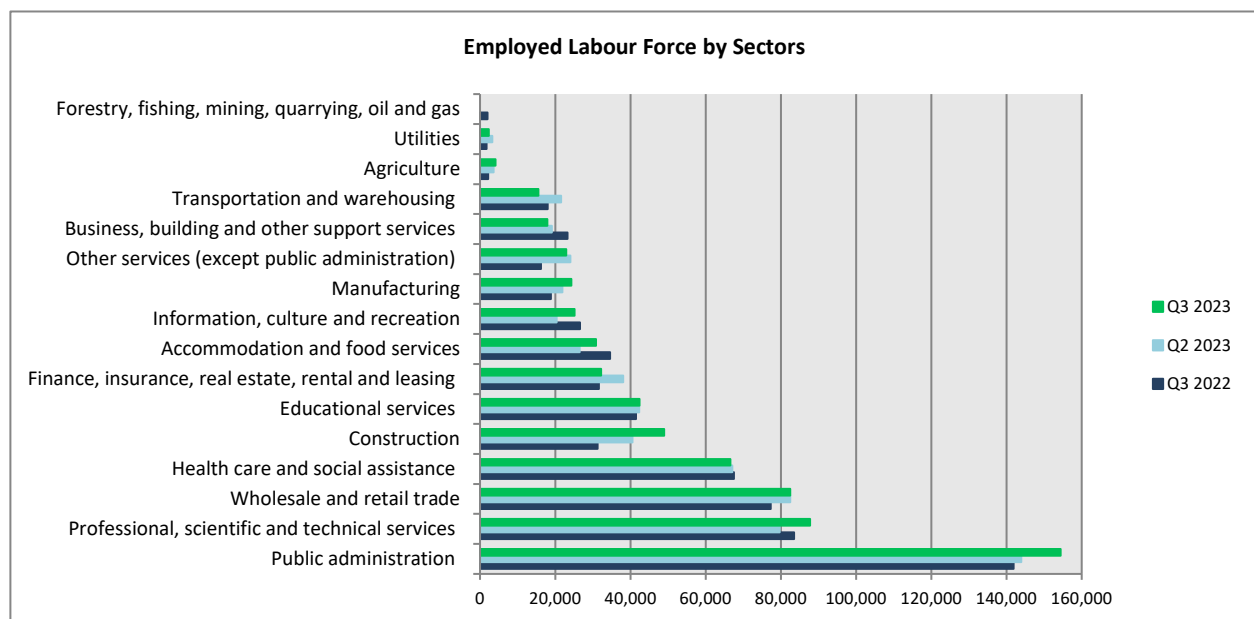
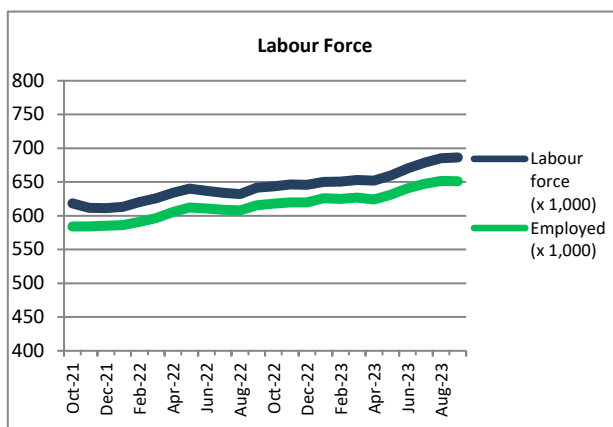
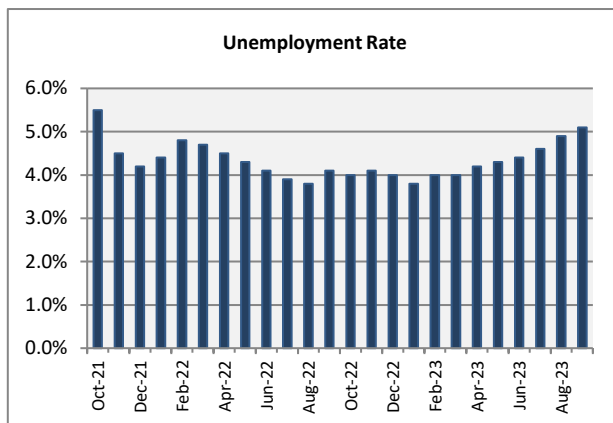
Ottawa, CMA (ON pt.)*	Q3-22	Q2-23	Q3-23
Labour Force (x 1,000)	635.9	660.5	683.5
Employed (x 1,000)	610.8	632.0	650.1
Unemployed (x 1,000)	25.1	28.5	33.4
Unemployment Rate	3.9%	4.3%	4.9%
Participation Rate	67.1%	68.3%	70.0%

*2016 boundaries

Year-over-year, the overall labour force increased 7.5% while employed residents increased by 6.4%. Meanwhile, the unemployment rate also increased 1.0 percentage points from Q3 2022. Agriculture, Construction, and other services (except public administration) saw the largest increases in employment growth year-over-year. Meanwhile, Business, building and other support services; Transportation and warehousing; and Accommodation and food services saw the largest decreases in employment growth over the same period.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Unemployment Rate	4.3%	4.4%
Participation Rate	66.9%	68.7%

*2016 boundaries



Housing

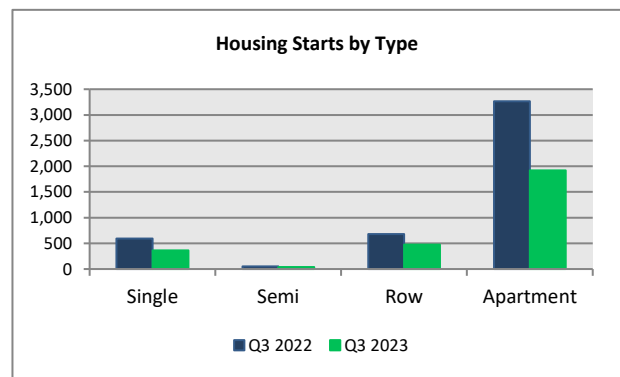
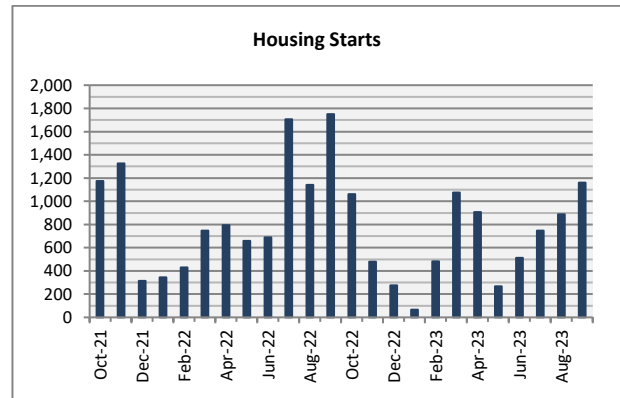
Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q3-22	Q2-23	Q3-23
Housing Starts	4,598	1,688	2,797
Single	596	340	366
Semi	54	36	38
Row	680	511	474
Apartment	3,268	801	1,919

Overall, we saw a 39.2% decrease in housing starts from Q3 2022 to Q3 2023. All dwelling types experienced a decrease in starts year-over-year, with single detached starts down 38.6%, semi-detached starts down 29.6%, rowhouse starts down 30.3%, and apartment starts down 41.3%.

Ottawa, City	YTD-22	YTD-23
Housing Starts	8,263	6,111
Single	1,543	866
Semi	150	80
Row	1,819	1,129
Apartment	4,751	4,036



Housing Sales, Resale Market

Source: Ottawa Real Estate Board

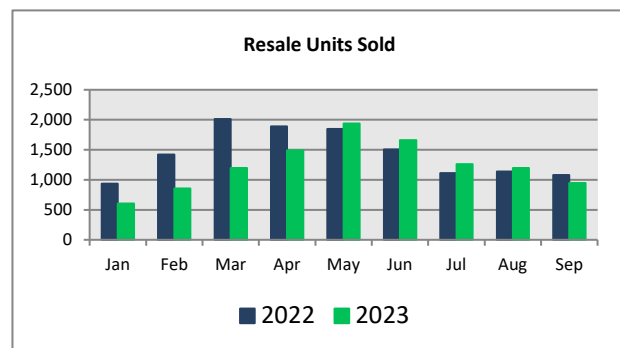
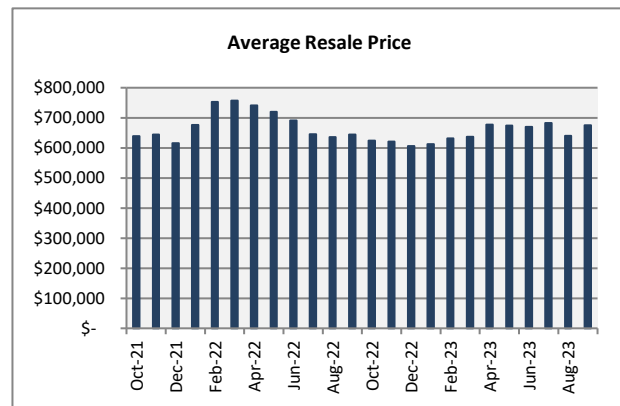
Ottawa Area*	Q3-22	Q2-23	Q3-23
Average Resale Price**	\$641,800	\$673,865	\$666,023
Resale Units Sold**	3,327	5,085	3,405

A total of 3,405 units were sold through the MLS system in Q3 2023, a decrease of 33.0% from the previous quarter but a slight 2.3% increase year-over-year. The average resale price also decreased 1.2% from the previous quarter while it increased 3.8% year-over-year.

Ottawa Area*	YTD-22	YTD-23
Average Resale Price**	\$695,932	\$655,613
Resale Units Sold**	12,938	11,145

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

** Now includes condominium resales as of Q3 2023



Living

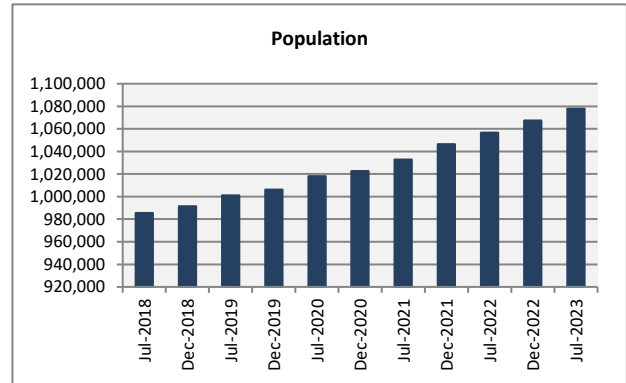
Population

Source: City of Ottawa estimate*

Ottawa, City	Q2-22	Q4-22	Q2-23
Population	1,056,750	1,067,310	1,077,900

*Population estimate reported twice per year

The population estimate for the city of Ottawa increased by 2.0% from Q2 2022 to reach 1,077,900 by mid-2023.



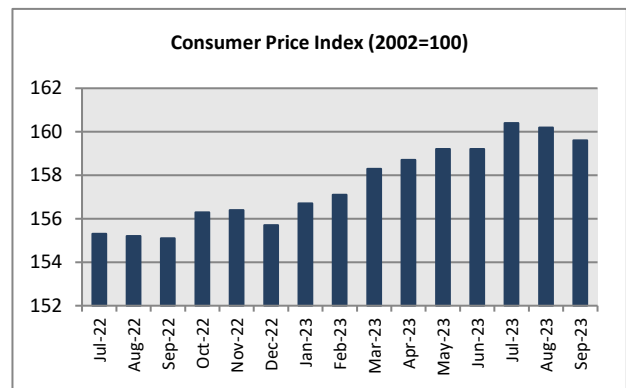
Consumer Price Index (2002=100)

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

Ottawa, CMA (ON pt.)*	Q3-22	Q2-23	Q3-23
Consumer Price Index	155.2	159.0	160.1
Inflation	7.2%	3.8%	3.2%

*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 3.2% to 160.1 in Q3 2023. The inflation rate decreased 0.6 percentage points from the previous quarter and 4.0 percentage points since Q3 of last year.



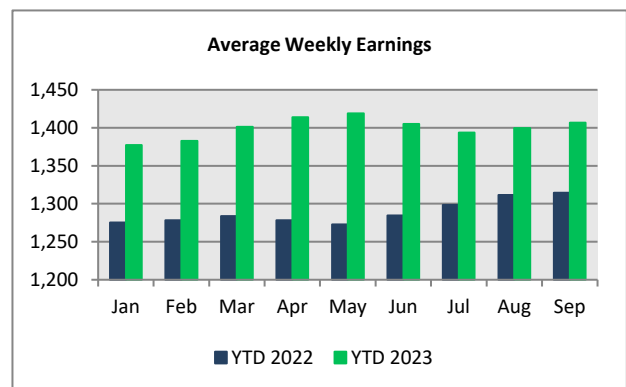
Average Weekly Earning

Source: CMHC Custom Data

Ottawa, CMA (ON pt.)*	Q3-22	Q2-23	Q3-23
Avg. Weekly Earning	\$1,308	\$1,413	\$1,400

*2016 boundaries

As of last year, the average weekly earning increased 7.0% while decreasing 0.9% from the previous quarter to reach \$1,400 in Q3 2023.



Economy

Construction Permits, Seasonally Adjusted

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

Ottawa, CMA (ON pt.)*	Q3-22	Q2-23	Q3-23
Total Permits	\$1,048,035	\$844,745	\$719,242
Residential	\$850,621	\$551,013	\$443,631
Non-residential	\$197,414	\$293,731	\$275,611

(x \$1,000)

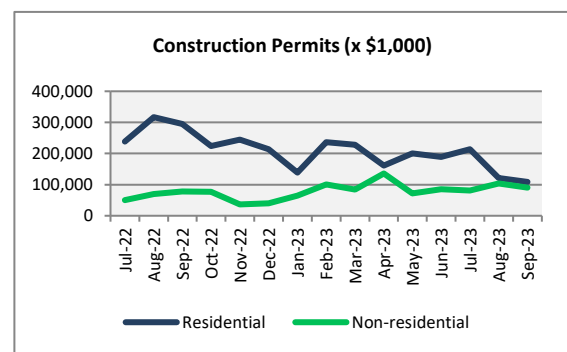
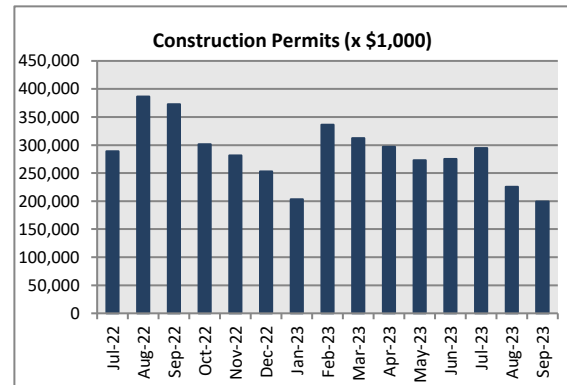
*2006 boundaries

Compared to Q3 of last year, total construction permit value decreased by 31.4% in Q3 2023, largely due to a 47.8% decrease in residential permit value while non-residential permit value increased 39.6%. Since last quarter, total construction permit value decreased by 14.9%, where residential permit value decreased 19.5% and non-residential permit values decreased 6.2%.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Total Permits	\$3,048,916	\$2,416,089
Residential	\$2,397,027	\$1,597,664
Non-residential	\$651,890	\$818,425

(x \$1,000)

*2006 boundaries

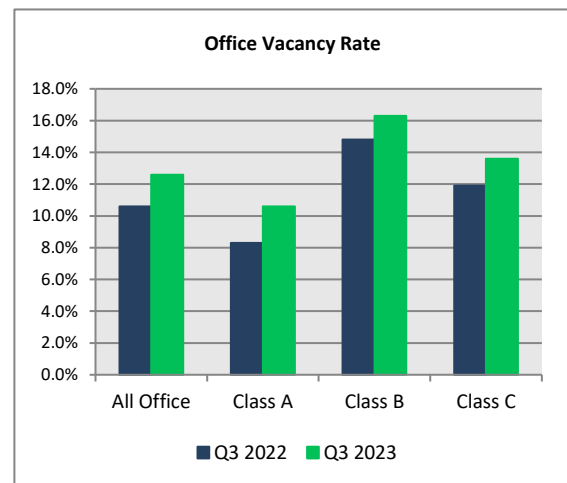


Office Vacancy Rate

Source: Colliers Canada

Ottawa, City	Q3-22	Q2-23	Q3-23
All Office	10.6%	12.9%	12.6%
Class A	8.3%	10.6%	10.6%
Class B	14.8%	16.2%	16.3%
Class C	11.9%	17.5%	13.6%

Year-over-year, Ottawa's office vacancy rate increased 2.0 percentage points. All office classes experienced increases in vacancy rates year-over-year, with Class A buildings experiencing the greatest increase by 2.3 percentage points.



Economy

Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

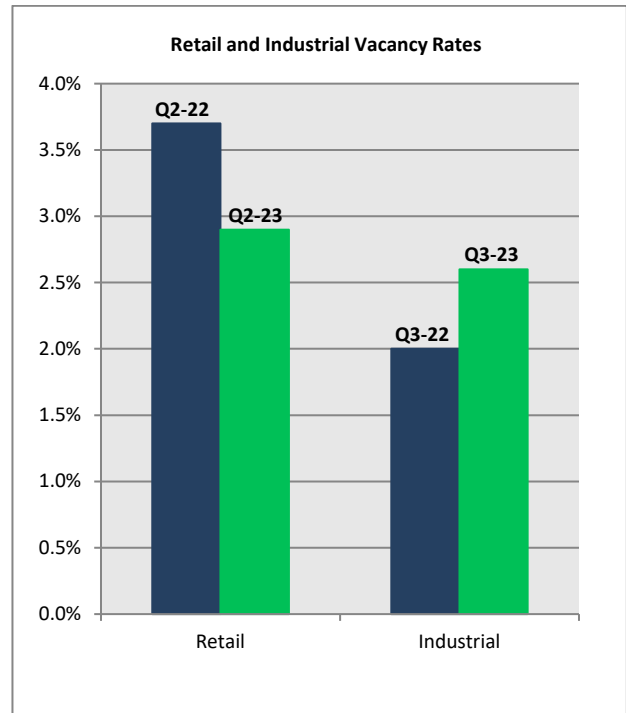
Ottawa, City	Q3-22	Q2-23	Q3-23
Ind. Vacancy Rate	2.0%	2.2%	2.6%

The industrial vacancy rate increased 0.6 percentage points year-over-year and increased 0.2 percentage points from the last quarter to reach 2.6% in Q3 2023.

Ottawa, City	Q2-22	Q4-22	Q2-23
Retail Vacancy Rate	3.7%	3.6%	2.9%

* Retail is reported twice a year.

Retail vacancy rates are not available for Q3. In Q2, 2023, the retail vacancy rate decreased 0.7 percentage points from Q4 2022 and 0.8 percentage points year-over-year to sit at 2.9%.



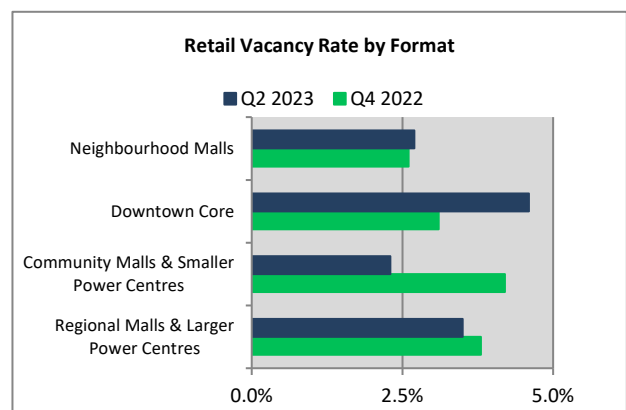
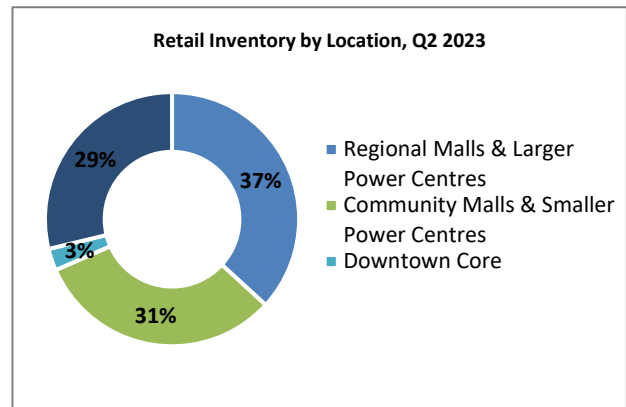
Retail Vacancy by Format

Source: Cushman & Wakefield, Retail and Industrial Reports

Ottawa, City	Q2-22	Q4-22	Q2-23
Regional Malls & Larger Power Centres	2.2%	3.8%	3.5%
Community Malls & Smaller Power Centres	3.9%	4.2%	2.3%
Downtown Core	5.2%	3.1%	4.6%
Neighbourhood Malls	5.3%	2.6%	2.7%

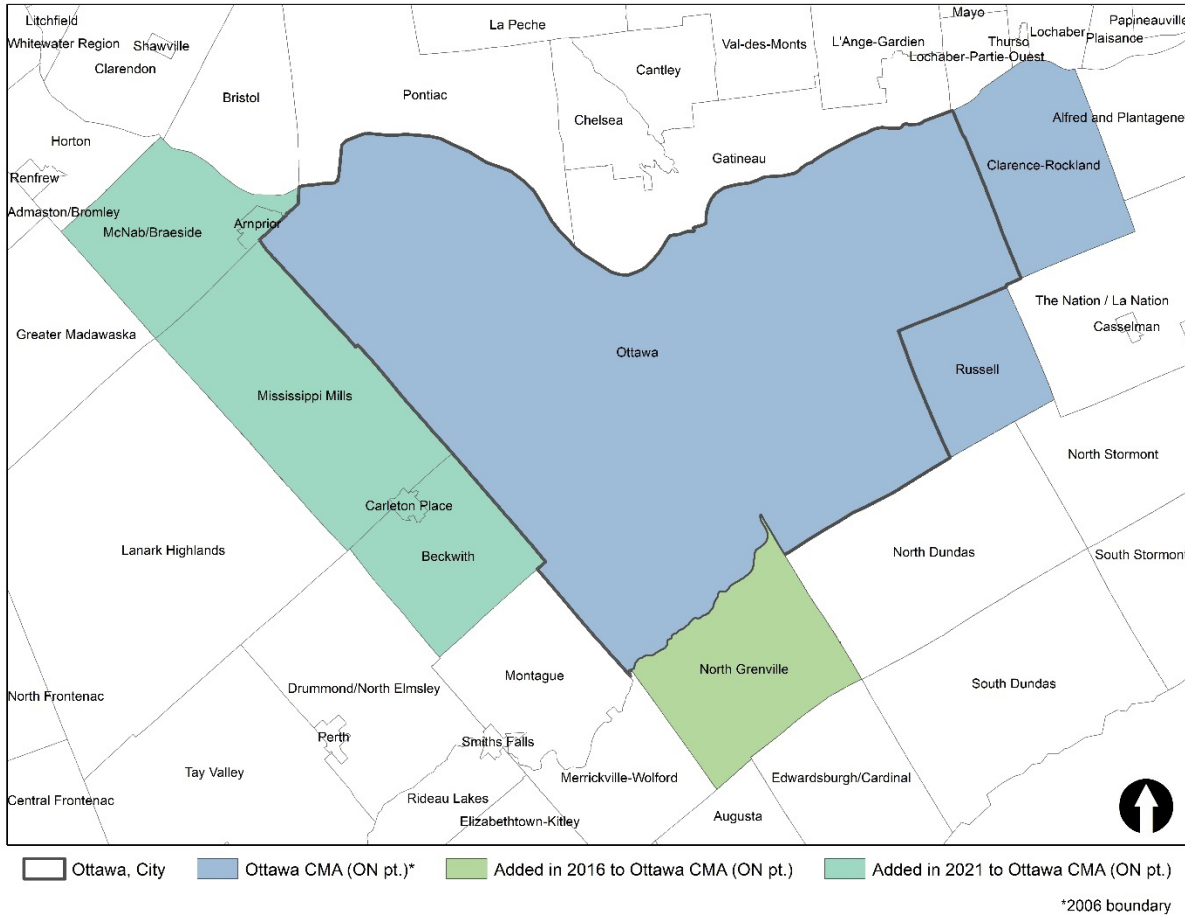
*Retail is reported twice a year.

Retail vacancy rates are not available for Q3. Compared to Q2 2022, Regional Malls & Larger Power Centres were the only retail format to experience an increase in vacancy rates by 1.3 percentage points. Neighbourhood Malls saw vacancy rates decrease 2.6 percentage points, while Community Malls & Smaller Power Centres and the Downtown Core saw decreases of 1.6 and 0.6 percentage points, respectively.



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.