



## Economic Development Update Q4 2022

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q4 2022 update covers the months of October, November, and December 2022. This report will be available on a quarterly basis on [Ottawa.ca](https://ottawa.ca) and via an [email subscription](#).

### New and Noteworthy in Q1 2023: January, February, March 2023

- **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.
- **Vacant Unit Tax:** Housing sale prices and rents have increased as Ottawa's housing supply hasn't kept up with demand, making finding a place to live difficult for many residents. The Vacant Unit Tax is an incentive to get existing properties on the market to rent or sell in an effort to increase Ottawa's housing stock. All revenues are to go directly into the City's fund for more affordable housing. The tax will be applicable starting in 2023 and the deadline to declare the occupancy status of a residential property is March 16, 2023. Declarations can be made at [Ottawa.ca/vut](https://ottawa.ca/vut)
- **First time the Rideau Canal did not open:** Due to this winter's fluctuating temperatures, the ice on the Rideau Canal Skateway has not been able to get thick enough to safely open for skating. This is the first year the canal has not been able to open in its 53-year history, which has been hard on the local tourism economy as a main attraction during Winterlude. A climate change risk assessment commissioned by the NCC warns that later and shorter skating seasons on the canal could become the norm with warmer and wetter weather. The NCC has been experimenting with new ice-making methods in response.

- **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.

#### **What Happened in Q4 2022: October, November, December 2022**

- **Ottawa's Municipal Election:** Mark Sutcliffe became Ottawa's new mayor with over 51% of the votes. A broadcaster and entrepreneur, he campaigned on fiscal frugality and "cross-partisan" support. He promises to keep property tax increases at 2.5% in 2023 and 2024 and to cut \$35 million in municipal spending. There were also a number of new faces elected to city council, with 11 new city councillors who weren't in office at the end of the previous term.
- **Nokia Canada to Construct 'World-Leading' Facility in Kanata:** In October, Nokia Canada announced it would replace its existing facility in the Kanata North Business Park with a new "world-leading, sustainable research and development hub" starting in 2023. The new hub would include an office complex with ground-floor commercial and retail space as well as 11 residential high-rises containing up to 1,900 units. Slated to open in 2026, it is expected to create over 340 jobs and draw global talent to Ottawa's tech sector.

## Snapshot

|                                                 | Q4-2021   | Q3-2022     | Q4-2022   | Status Compared to Q4-2021 |
|-------------------------------------------------|-----------|-------------|-----------|----------------------------|
| Employed Labour Force                           | 584,633   | 610,800     | 619,100   | Positive ✓                 |
| Unemployment Rate                               | 4.7%      | 3.9%        | 4.0%      | Positive ✓                 |
| Participation Rate                              | 65.9%     | 67.1%       | 67.7%     | Positive ✓                 |
| Housing Starts                                  | 2,815     | 4,598       | 1,814     | Negative ✗                 |
| Average Resale Price                            | \$732,904 | \$710,241   | \$671,248 | Positive ✓                 |
| Resale Units Sold                               | 2,950     | 2,506       | 1,882     | Negative ✗                 |
| Population                                      | 1,046,440 | N/A         | 1,067,310 | Positive ✓                 |
| Inflation                                       | 5.5%      | 7.2%        | 6.5%      | Negative ✗                 |
| Average Weekly Earning                          | \$1,289   | \$1,308     | \$1,318   | Positive ✓                 |
| Construction Permit Value (seasonally adjusted) | \$995,573 | \$1,063,341 | \$856,911 | Negative ✗                 |
| Office Vacancy Rate                             | 9.7%      | 10.6%       | 11.2%     | Negative ✗                 |
| Retail Vacancy Rate                             | 3.1%      | N/A         | 3.6%      | Negative ✗                 |
| Industrial Vacancy Rate                         | 2.0%      | 2.0%        | 2.5%      | 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

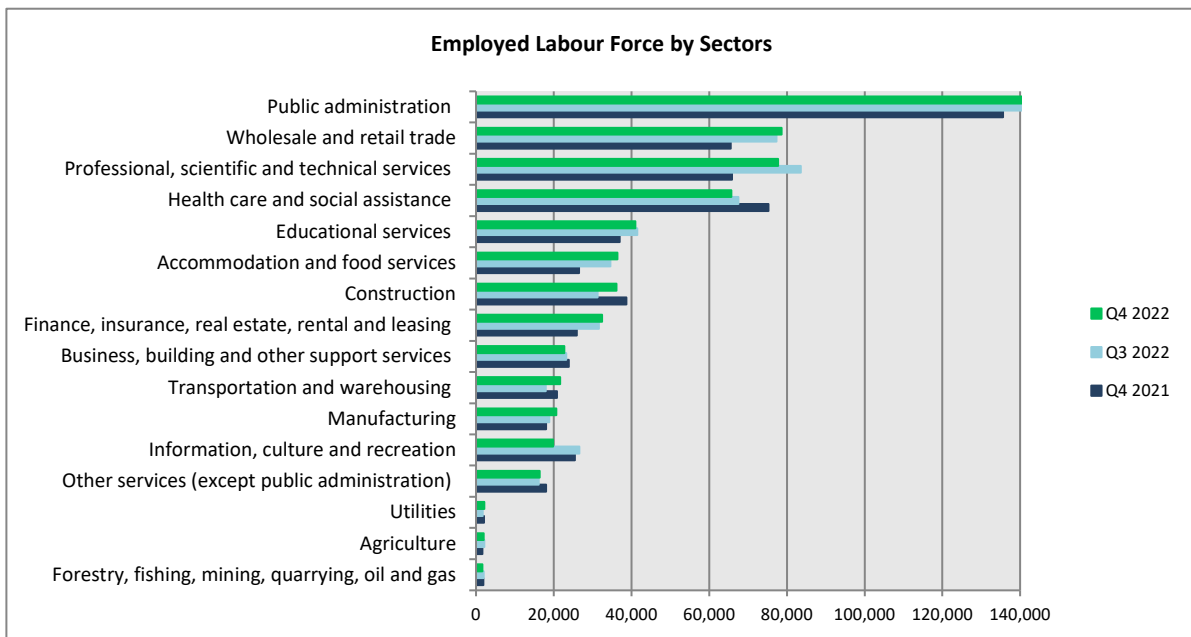
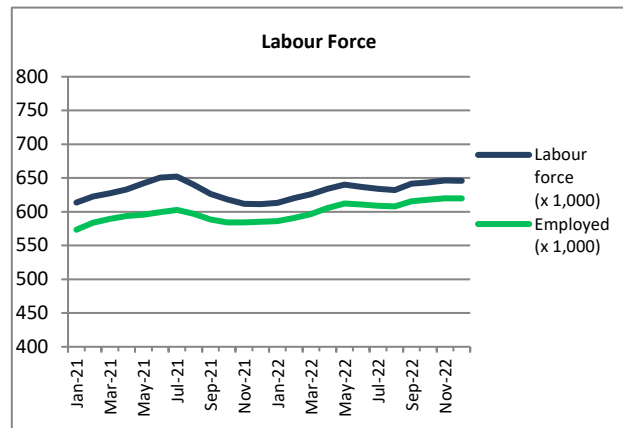
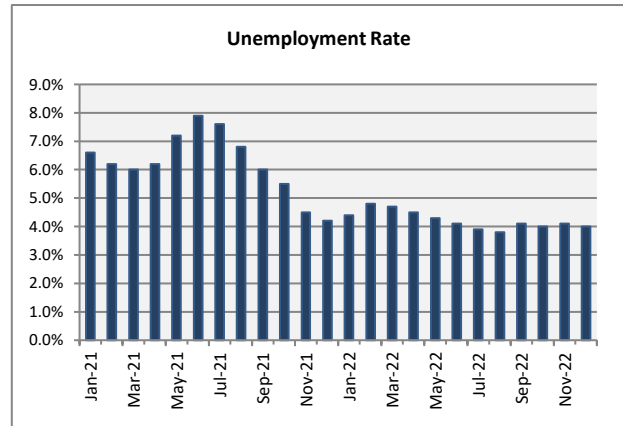
| Ottawa, CMA (ON pt.)*  | Q4-21        | Q3-22 | Q4-22        |
|------------------------|--------------|-------|--------------|
| Labour Force (x 1,000) | <b>613.9</b> | 635.9 | <b>645.2</b> |
| Employed (x 1,000)     | <b>584.6</b> | 610.8 | <b>619.1</b> |
| Unemployed (x 1,000)   | <b>29.2</b>  | 25.1  | <b>26.1</b>  |
| Unemployment Rate      | <b>4.7%</b>  | 3.9%  | <b>4.0%</b>  |
| Participation Rate     | <b>65.9%</b> | 67.1% | <b>67.7%</b> |

\*2016 boundaries

Between Q4 2021 and Q4 2022, the labour force increased by 5.1% while employed residents increased by 5.9%. The unemployment rate decreased by 0.7 percentage points. The Wholesale and retail trade sector; Professional, scientific and technical services; and Accommodation and food services, in that order, saw the largest increases in employment year-over-year. Meanwhile, Health care and social assistance; Information, culture and recreation; and Construction saw the largest decreases in employment over the same period.

| Ottawa, CMA (ON pt.)* | YTD-21       | YTD-22       |
|-----------------------|--------------|--------------|
| Unemployment Rate     | <b>6.2%</b>  | <b>4.2%</b>  |
| Participation Rate    | <b>68.1%</b> | <b>67.1%</b> |

\*2016 boundaries



# Housing

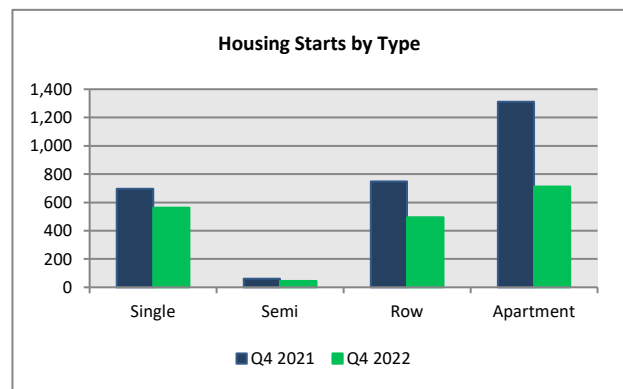
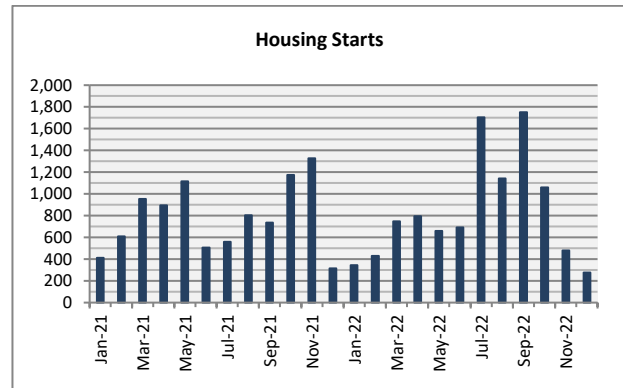
## Housing Starts

Source: CMHC Housing Market Information Portal

| Ottawa, City   | Q4-21        | Q3-22 | Q4-22        |
|----------------|--------------|-------|--------------|
| Housing Starts | <b>2,815</b> | 4,598 | <b>1,814</b> |
| Single         | <b>696</b>   | 596   | <b>562</b>   |
| Semi           | <b>60</b>    | 54    | <b>44</b>    |
| Row            | <b>748</b>   | 680   | <b>496</b>   |
| Apartment      | <b>1,311</b> | 3,268 | <b>712</b>   |

A record-breaking 10,077 housing starts were built in 2022, despite a 35.6% decrease in starts year-over-year in the last quarter. This decrease could be seen across all dwelling types, with apartment starts experiencing the greatest decrease by 45.7% from Q4 2021. Rowhouse starts saw a decline of 33.7%, semi-detached starts 26.7%, and single detached starts 19.3%.

| Ottawa, City   | YTD-21       | YTD-22        |
|----------------|--------------|---------------|
| Housing Starts | <b>9,402</b> | <b>10,077</b> |
| Single         | <b>2,775</b> | <b>2,105</b>  |
| Semi           | <b>215</b>   | <b>194</b>    |
| Row            | <b>2,622</b> | <b>2,315</b>  |
| Apartment      | <b>3,790</b> | <b>5,463</b>  |



## Housing Sales, Resale Market

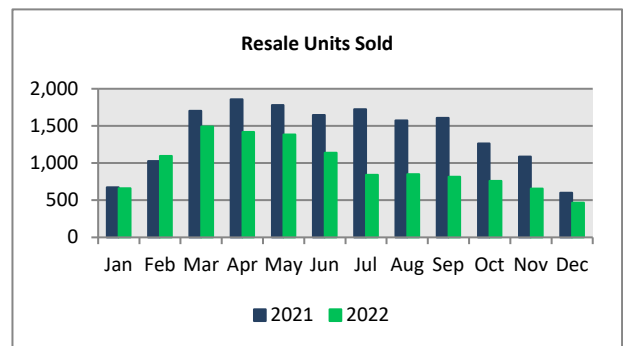
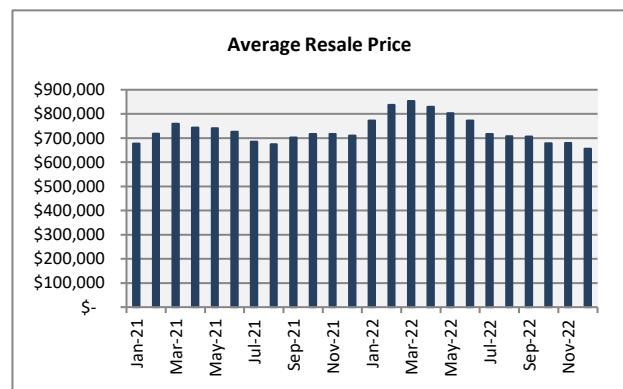
Source: Ottawa Real Estate Board

| Ottawa Area*         | Q4-21            | Q3-22     | Q4-22            |
|----------------------|------------------|-----------|------------------|
| Average Resale Price | <b>\$714,450</b> | \$710,241 | <b>\$671,248</b> |
| Resale Units Sold    | <b>2,950</b>     | 2,506     | <b>1,882</b>     |

A total of 1,882 units were sold through the MLS system in Q4 2022, down 36.2% from Q4 2021. The average resale price decreased 6.0% from Q4 2021 to \$671,248 in Q4 2022.

| Ottawa Area*         | YTD-21           | YTD-22           |
|----------------------|------------------|------------------|
| Average Resale Price | <b>\$714,139</b> | <b>\$750,993</b> |
| Resale Units Sold    | <b>16,545</b>    | <b>11,578</b>    |

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



# Living

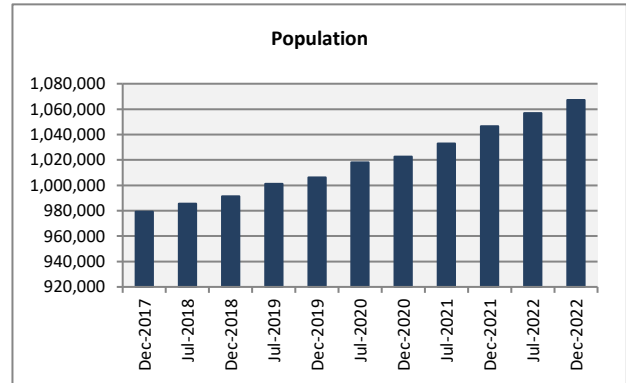
## Population

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 a year

The City of Ottawa population increased by 2.0% from Q4-21 to reach 1,067,310 by year-end 2022.



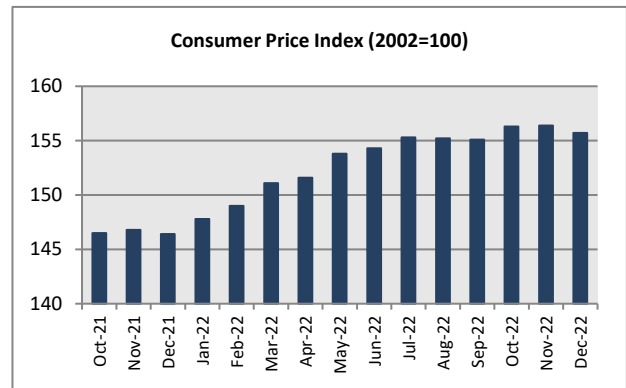
## Consumer Price Index (2002=100)

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

| Ottawa, CMA (ON pt.)* | Q4-21        | Q3-22 | Q4-22        |
|-----------------------|--------------|-------|--------------|
| Consumer Price Index  | <b>146.6</b> | 155.2 | <b>156.1</b> |
| Inflation             | <b>5.5%</b>  | 7.2%  | <b>6.5%</b>  |

\*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 6.5% to 156.1 in Q4 2022. Inflation increased by 1.0 percentage points from Q4 2021, although decreased by 0.7 percentage points from the previous quarter.



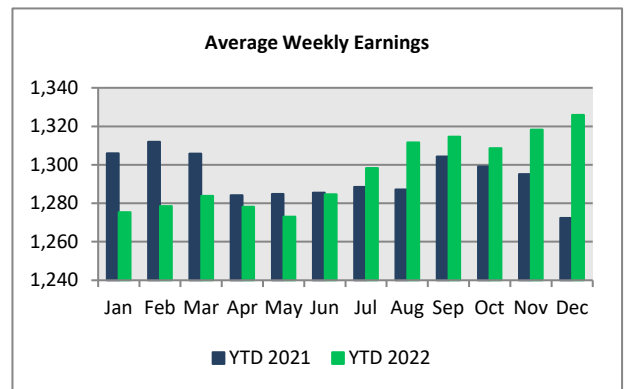
## Average Weekly Earning

Source: CMHC Custom Data

| Ottawa, CMA (ON pt.)* | Q4-21          | Q3-22   | Q4-22          |
|-----------------------|----------------|---------|----------------|
| Avg. Weekly Earning   | <b>\$1,289</b> | \$1,308 | <b>\$1,318</b> |

\*2016 boundaries

The average weekly earning increased 2.2% year-over-year and 0.7% from the previous quarter to reach \$1,318 in Q4 2022.



# Economy

## Construction Permits, Seasonally Adjusted

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

| Ottawa, CMA (ON pt.)* | Q4-21            | Q3-22       | Q4-22            |
|-----------------------|------------------|-------------|------------------|
| Total Permits         | <b>\$995,573</b> | \$1,063,341 | <b>\$856,911</b> |
| Residential           | <b>\$661,153</b> | \$856,516   | <b>\$706,112</b> |
| Non-residential       | <b>\$334,419</b> | \$206,825   | <b>\$150,798</b> |

(x \$1,000)

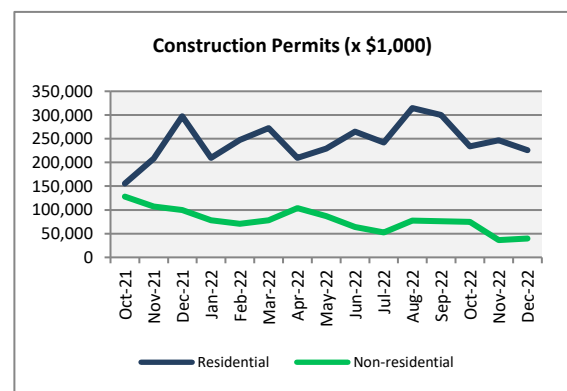
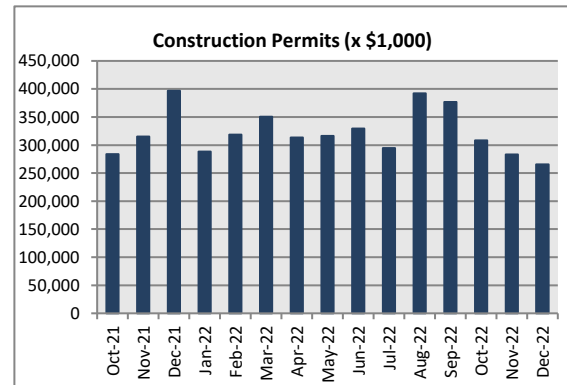
\*2006 boundaries

Compared to Q4 2021, total construction permits decreased by 13.9% in Q4 2022. This is largely due to non-residential permit value decreasing 54.9%, while residential permit value increased 6.8%. Compared to the last quarter, construction permits in Q4 2022 decreased by 19.4%, with a 17.5% decrease in residential permit value and a 27.1% decrease in non-residential permit value.

| Ottawa, CMA (ON pt.)* | YTD-21             | YTD-22             |
|-----------------------|--------------------|--------------------|
| Total Permits         | <b>\$4,061,215</b> | <b>\$3,835,829</b> |
| Residential           | <b>\$3,082,002</b> | <b>\$2,996,515</b> |
| Non-residential       | <b>\$979,213</b>   | <b>\$839,313</b>   |

(x \$1,000)

\*2006 boundaries

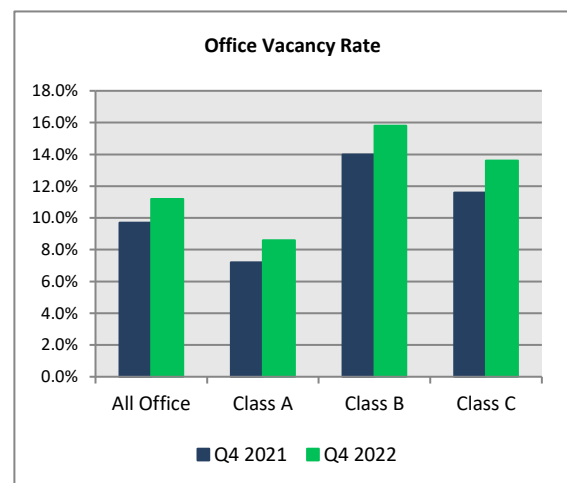


## Office Vacancy Rate

Source: Colliers Canada

| Ottawa, City | Q4-21        | Q3-22 | Q4-22        |
|--------------|--------------|-------|--------------|
| All Office   | <b>9.7%</b>  | 10.6% | <b>11.2%</b> |
| Class A      | <b>7.2%</b>  | 8.3%  | <b>8.6%</b>  |
| Class B      | <b>14.0%</b> | 14.8% | <b>15.8%</b> |
| Class C      | <b>11.6%</b> | 11.9% | <b>13.6%</b> |

Ottawa's office vacancy rate increased 1.5 percentage points from Q4 2021 to Q4 2022. All office classes experienced an increase in vacancy rates year-over-year, with Class C buildings experiencing the greatest increase by 2.0 percentage points.



# Economy

## Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

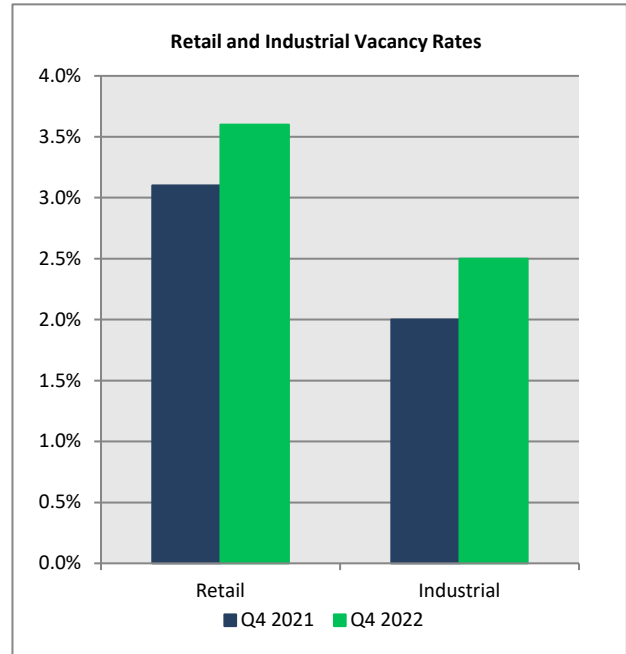
| Ottawa, City      | Q4-21       | Q3-22 | Q4-22       |
|-------------------|-------------|-------|-------------|
| Ind. Vacancy Rate | <b>2.0%</b> | 2.0%  | <b>2.5%</b> |

Year-over-year and compared to the last quarter, the industrial vacancy rate increased 0.5 percentage points to reach 2.5% in Q4 2022.

| Ottawa, City        | Q4-21       | Q3-22 | Q4-22       |
|---------------------|-------------|-------|-------------|
| Retail Vacancy Rate | <b>3.1%</b> | 3.7%  | <b>3.6%</b> |

\* Retail is reported twice a year.

The retail vacancy rate increased year-over-year by 0.5 percentage points in Q4 2022. However, compared to Q3 2022, the retail vacancy rate decreased slightly by 0.1 percentage points to sit at 3.6% in Q4 2022.



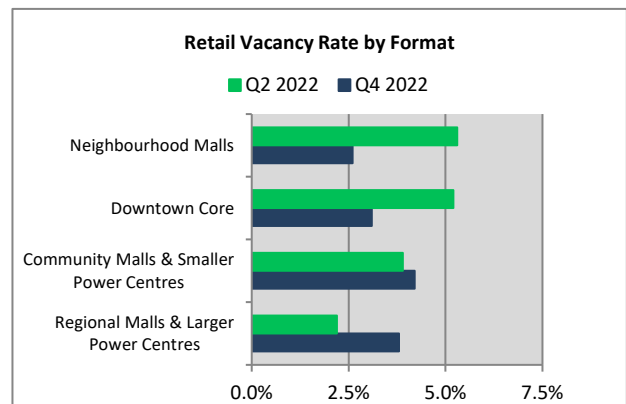
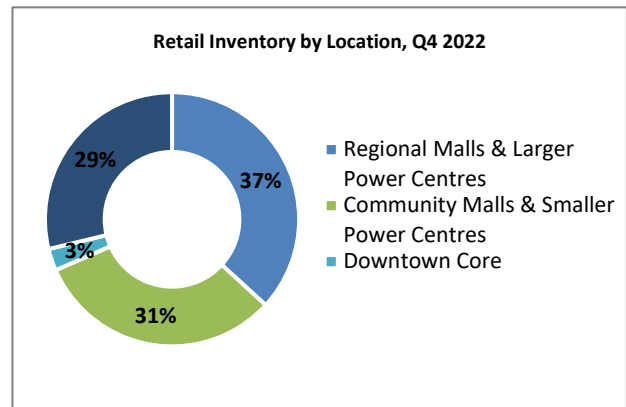
## Retail Vacancy by Format

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.

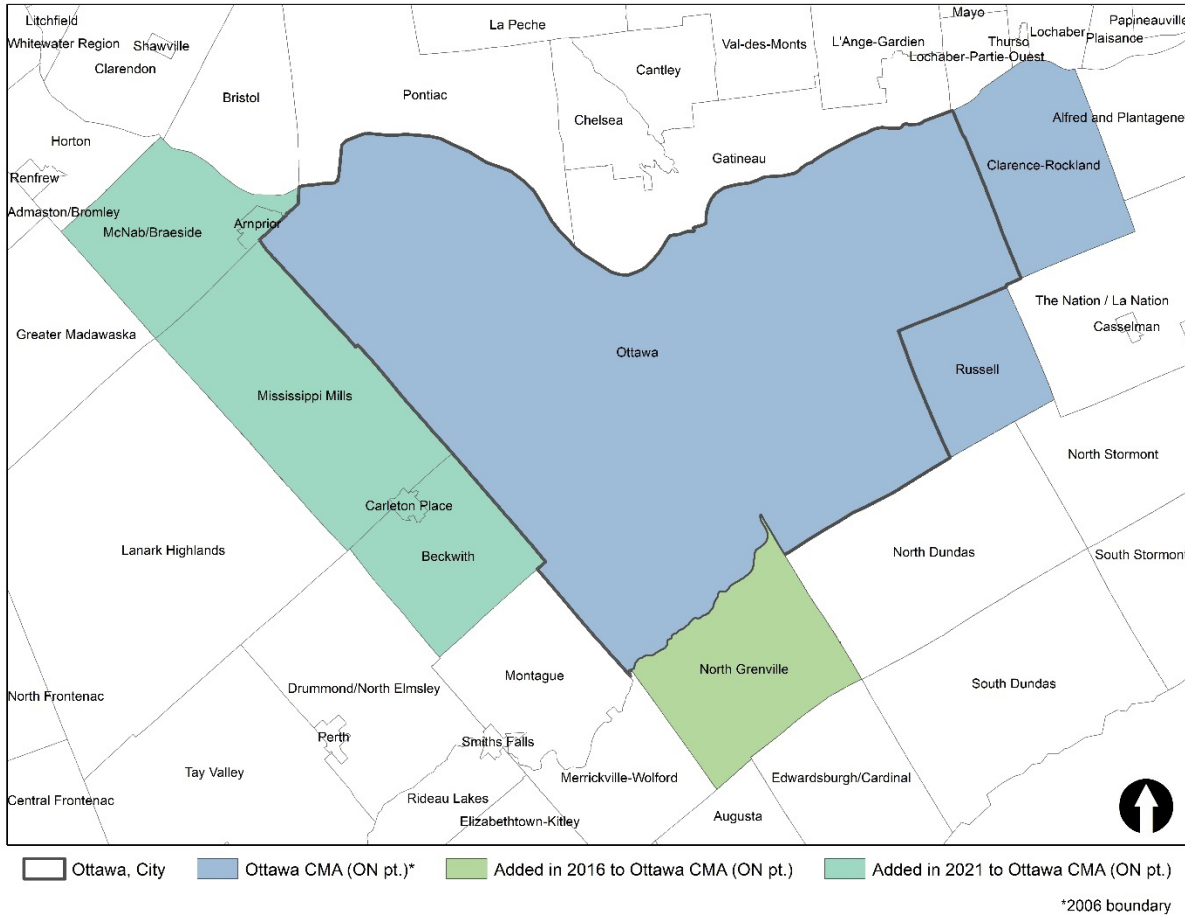
Compared to Q4 2021, Neighbourhood Malls were the only retail format to experience a year-over-year decrease in vacancy rates by 0.9 percentage points. The Downtown Core saw vacancy rates increase 1.8 percentage points, while Regional Malls & Larger Power Centres and Community Malls & Smaller Power Centres saw increases of 1.3 and 0.6 percentage points, respectively.





**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.