



## Economic Development Update – Q4 2023

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q4 2023 update covers the months of October, November, December 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 Q1 2023: January, February, March 2023

- **City to receive funding to boost housing supply from the federal and provincial governments:** Following the City of Ottawa's application to the Housing Accelerator Fund, the federal government has pledged to provide \$176 million to fast-track over 4,400 residential units over the next three years and over 32,000 units over the next decade. In order to receive the funding, the City has committed to nine separate actions to boost housing construction, including using funds to support non-profit affordable housing and removing barriers to converting office space into residential units. The provincial government has also announced on its online housing tracker that Ottawa will be eligible to receive funding from the \$1.2 billion Building Faster Fund after having surpassed 80% of our annual housing target for 2023 with 10,313 new units.
- **Major development projects proposed by Brigid to bring over 4,000 units:** Brigid is hoping to start construction later this year on a mixed-use development at the site of the former Greyhound bus terminal on Catherine Street. It is to eventually contain three high-rises with over 1,000 residential units. The developer has also proposed to create a complete neighbourhood with over 3,000 residential units and 100,000 sq m of commercial space for phase 3 of Petrie's Landing. Both projects are currently going through the approval process.
- **Porter, Air France, and United Airlines plan to increase service to Ottawa:** Passenger traffic is expected to return to pre-pandemic levels this year at the Ottawa International Airport as airlines continue to increase service. Air France is to increase the number of Ottawa-Paris flights, United Airlines is to increase the number of flights between Ottawa and Washington, and Porter Airlines has also announced that it intends to continue expanding its offerings.

## What Happened 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.
- **Council approves Lansdowne 2.0 renewal plan:** On November 9<sup>th</sup>, 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. Fifty per cent of the revenue will be directed to the affordable housing reserve.

## Snapshot

	Q4-2022	Q3-2023	Q4-2023	Status Compared to Q4-2022
Employed Labour Force	619,100	650,100	657,300	Positive ✓
Unemployment Rate	4.0%	4.9%	4.8%	Negative ✗
Participation Rate	67.7%	70.0%	70.1%	Positive ✓
Housing Starts	1,814	2,797	2,521	Positive ✓
Average Resale Price	\$617,161	\$666,023	\$642,154	Negative ✗
Resale Units Sold	2,434	3,405	2,105	Negative ✗
Population	1,067,310	N/A	1,083,550	Positive ✓
Inflation	6.5%	3.2%	2.7%	Positive ✓
Average Weekly Earning	\$1,318	\$1,400	\$1,405	Positive ✓
Construction Permit Value (seasonally adjusted)	\$826,170	\$719,242	\$1,129,613	Positive ✓
Office Vacancy Rate	11.2%	12.6%	12.2%	Negative ✗
Retail Vacancy Rate	3.6%	N/A	N/A*	Neutral ○
Industrial Vacancy Rate	2.5%	2.6%	2.8%	Negative ✗

Please refer to individual tables below for more details.

\*Q4 2023 retail vacancy rates are not available from Cushman & Wakefield, the most recent retail vacancy rate available is for Q2 2023 which is 2.9%

# Labour Force

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

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

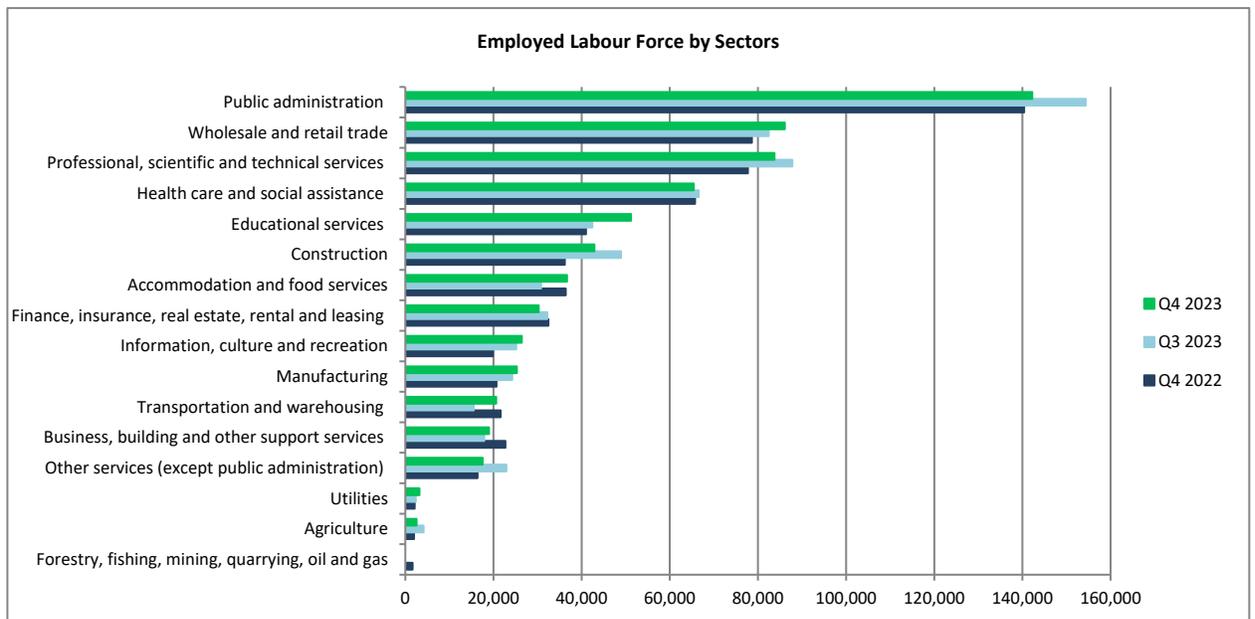
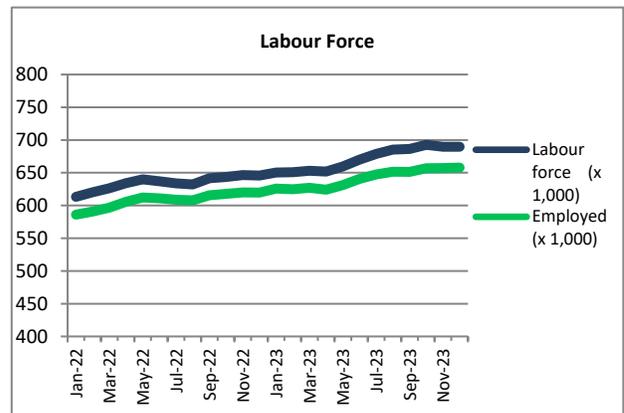
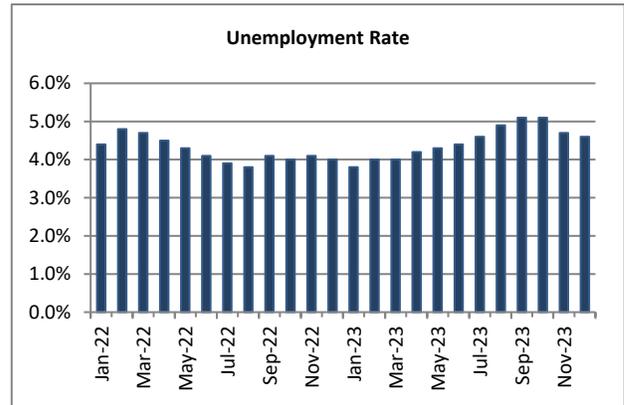
Ottawa, CMA (ON pt.)*	Q4-22	Q3-23	Q4-23
Labour Force (x 1,000)	<b>645.2</b>	683.5	<b>690.7</b>
Employed (x 1,000)	<b>619.1</b>	650.1	<b>657.3</b>
Unemployed (x 1,000)	<b>26.1</b>	33.4	<b>33.4</b>
Unemployment Rate	<b>4.0%</b>	4.9%	<b>4.8%</b>
Participation Rate	<b>67.7%</b>	70.0%	<b>70.1%</b>

\*2016 boundaries

Year-over-year, the overall labour force increased 7.1% while employed residents increased by 6.2%. Meanwhile, the unemployment rate also increased 0.8 percentage points from Q4 2022. Utilities; Information, culture and recreation; Agriculture sectors saw the largest increases in employment growth year-over-year. Meanwhile, Business, building and other support services; Finance, insurance, real estate and leasing; and Transportation and warehousing saw the largest decreases in employment growth over the same period.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Unemployment Rate	<b>4.2%</b>	<b>4.5%</b>
Participation Rate	<b>67.1%</b>	<b>69.1%</b>

\*2016 boundaries



# Housing

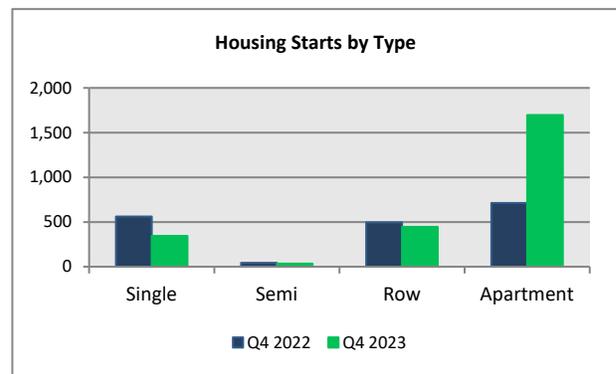
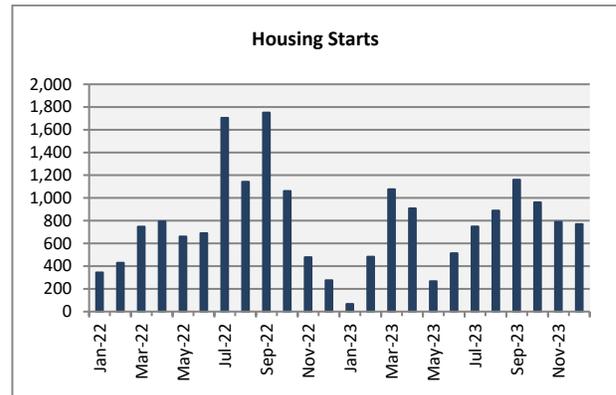
## Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q4-22	Q3-23	Q4-23
Housing Starts	<b>1,814</b>	2,797	<b>2,521</b>
Single	<b>562</b>	366	<b>345</b>
Semi	<b>44</b>	38	<b>34</b>
Row	<b>496</b>	474	<b>445</b>
Apartment	<b>712</b>	1,919	<b>1,697</b>

Overall, there was a 39.0% increase in housing starts from Q4 2022 to Q4 2023. All dwelling types except apartments experienced a decrease in starts year-over-year, with single detached starts down 38.6%, semi-detached starts down 22.7%, and rowhouse starts down 10.3%, while apartment starts were up by 138.3%.

Ottawa, City	YTD-22	YTD-23
Housing Starts	<b>10,077</b>	<b>8,632</b>
Single	<b>2,105</b>	<b>1,211</b>
Semi	<b>194</b>	<b>144</b>
Row	<b>2,315</b>	<b>1,574</b>
Apartment	<b>5,463</b>	<b>5,733</b>



## Housing Sales, Resale Market

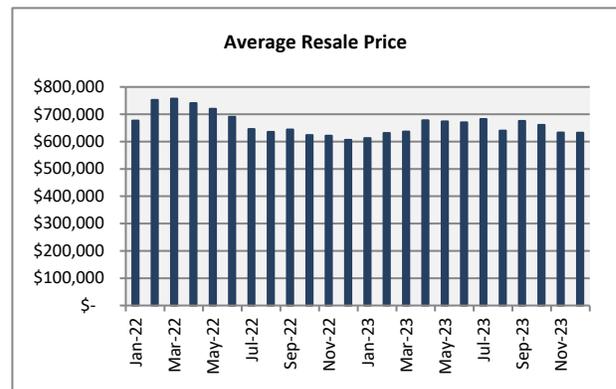
Source: Ottawa Real Estate Board

Ottawa Area*	Q4-22	Q3-23	Q4-23
Average Resale Price	<b>\$617,161</b>	\$666,023	<b>\$642,154</b>
Resale Units Sold	<b>2,434</b>	3,405	<b>2,105</b>

A total of 2,105 units were sold through the MLS system in Q4 2023, a decrease of 38.2% from the previous quarter, and a 13.5% decrease year-over-year. The average resale price also decreased 3.6% from the previous quarter while it increased 4.0% year-over-year.

Ottawa Area*	YTD-22	YTD-23
Average Resale Price	<b>\$676,239</b>	<b>\$652,248</b>
Resale Units Sold	<b>15,372</b>	<b>13,250</b>

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



# Living

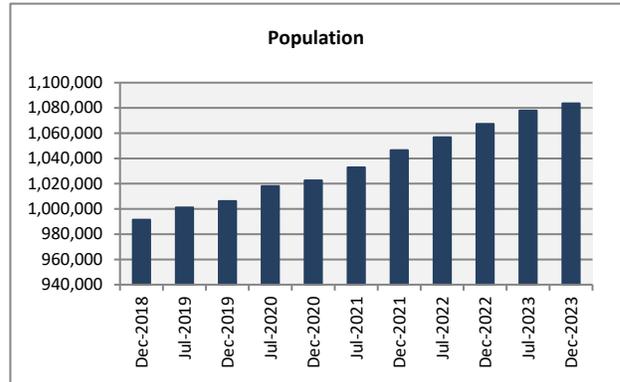
## Population

Source: City of Ottawa estimate\*

Ottawa, City	Q4-22	Q2-23	Q4-23
Population	<b>1,067,310</b>	1,077,900	<b>1,083,550</b>

\*Population estimate reported twice per year

The population estimate for the city of Ottawa increased 1.5% year-over-year to reach 1,083,550 by year-end 2023.



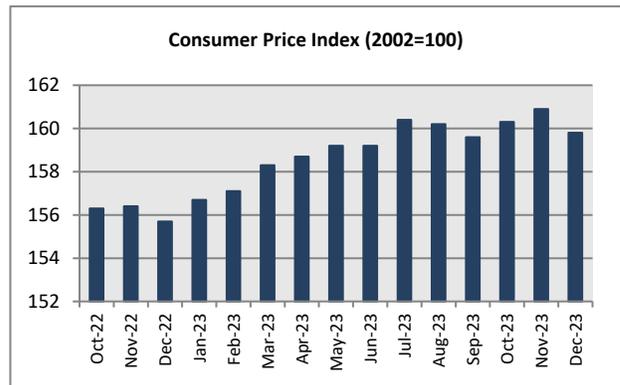
## Consumer Price Index (2002=100)

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

Ottawa, CMA (ON pt.)*	Q4-22	Q3-23	Q4-23
Consumer Price Index	<b>156.1</b>	160.1	<b>160.3</b>
Inflation	<b>6.5%</b>	3.2%	<b>2.7%</b>

\*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 2.7% to 160.3 in Q4 2023. The inflation rate decreased 0.5 percentage points from the previous quarter and 3.8 percentage points since Q4 of last year.



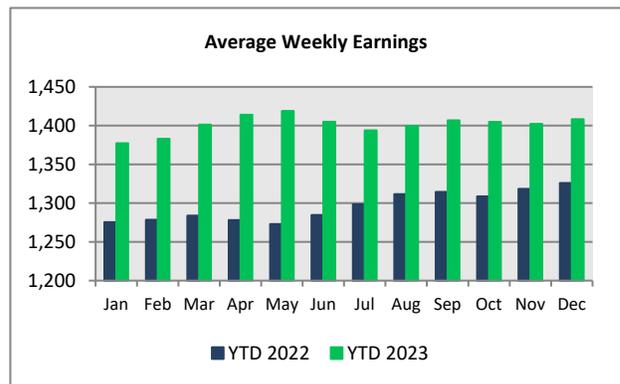
## Average Weekly Earning

Source: CMHC Custom Data

Ottawa, CMA (ON pt.)*	Q4-22	Q3-23	Q4-23
Avg. Weekly Earning	<b>\$1,318</b>	\$1,400	<b>\$1,405</b>

\*2016 boundaries

As of last year, average weekly earnings increased 6.6% and 0.4% from the previous quarter to reach \$1,405 in Q4 2023.



# Economy

## Construction Permits, Seasonally Adjusted

Source: Statistics Canada, Table 34-10-0285-01

Ottawa, CMA (ON pt.)*	Q4-22	Q3-23	Q4-23
Total Permits	<b>\$826,170</b>	\$719,242	<b>\$1,129,613</b>
Residential	<b>\$669,742</b>	\$443,631	<b>\$852,551</b>
Non-residential	<b>\$156,427</b>	\$275,611	<b>\$277,060</b>

(x \$1,000)

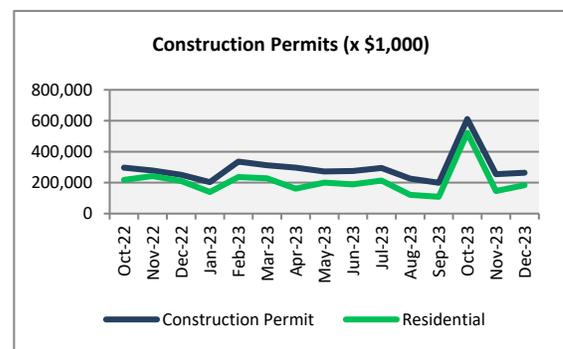
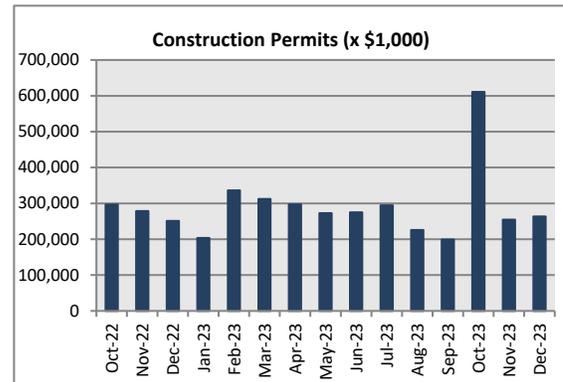
\*2006 boundaries

Compared to Q4 of last year, total construction permit value increased by 36.7% in Q4 2023 due to a 27.3% increase in residential permit value and a 77.1% increase in non-residential permit value. Since last quarter, total construction permit value increased by 57.1%, largely due to a 92.2% increase in residential permit value while non-residential permit value increased 0.5%.

Ottawa, CMA (ON pt.)*	YTD-22	YTD-23
Total Permits	<b>\$3,884,716</b>	<b>\$3,545,702</b>
Residential	<b>\$3,079,256</b>	<b>\$2,450,215</b>
Non-residential	<b>\$805,459</b>	<b>\$1,095,485</b>

(x \$1,000)

\*2006 boundaries

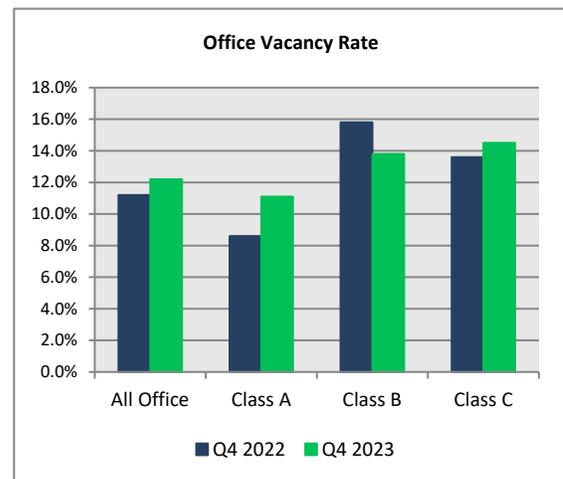


## Office Vacancy Rate

Source: Colliers Canada

Ottawa, City	Q4-22	Q3-23	Q4-23
All Office	<b>11.2%</b>	12.6%	<b>12.2%</b>
Class A	<b>8.6%</b>	10.6%	<b>11.1%</b>
Class B	<b>15.8%</b>	16.3%	<b>13.8%</b>
Class C	<b>13.6%</b>	13.6%	<b>14.5%</b>

Year-over-year, Ottawa's office vacancy rate increased 1.0 percentage points, although it decreased 0.4 percentage points from the previous quarter. As of Q4 2022, the Class A and Class C office vacancy rate experienced a 2.5 and 0.9 percentage point increase, respectively, while the Class B office vacancy rate decreased 2.0 percentage points.



# Economy

## Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

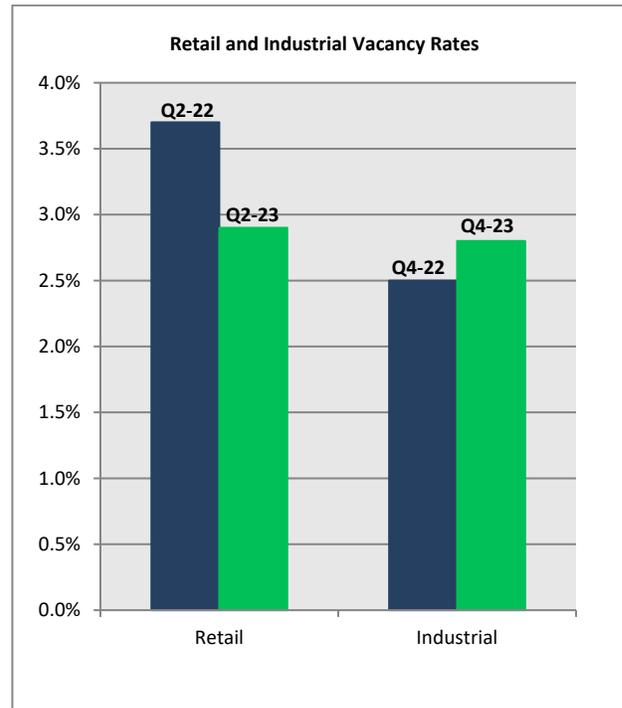
Ottawa, City	Q4-22	Q3-23	Q4-23
Ind. Vacancy Rate	<b>2.5%</b>	2.6%	<b>2.8%</b>

The industrial vacancy rate increased 0.3 percentage points year-over-year and 0.2 percentage points from the last quarter to reach 2.8% in Q4 2023.

Ottawa, City	Q2-22	Q4-22	Q2-23
Retail Vacancy Rate	<b>3.7%</b>	3.6%	<b>2.9%</b>

\* Retail is reported twice a year.

Retail vacancy rates are not available for Q4. 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%.



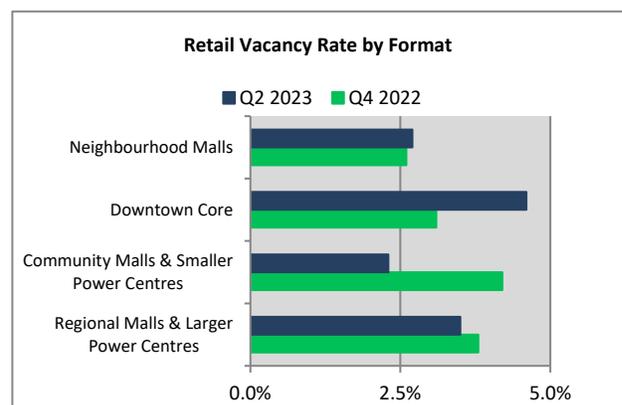
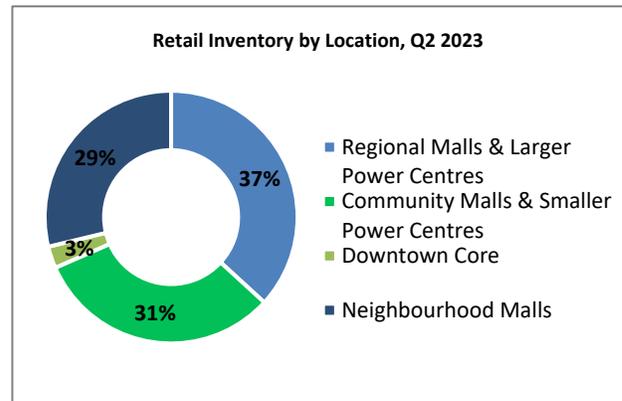
## Retail Vacancy by Format

Source: Cushman & Wakefield, Retail and Industrial Reports

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

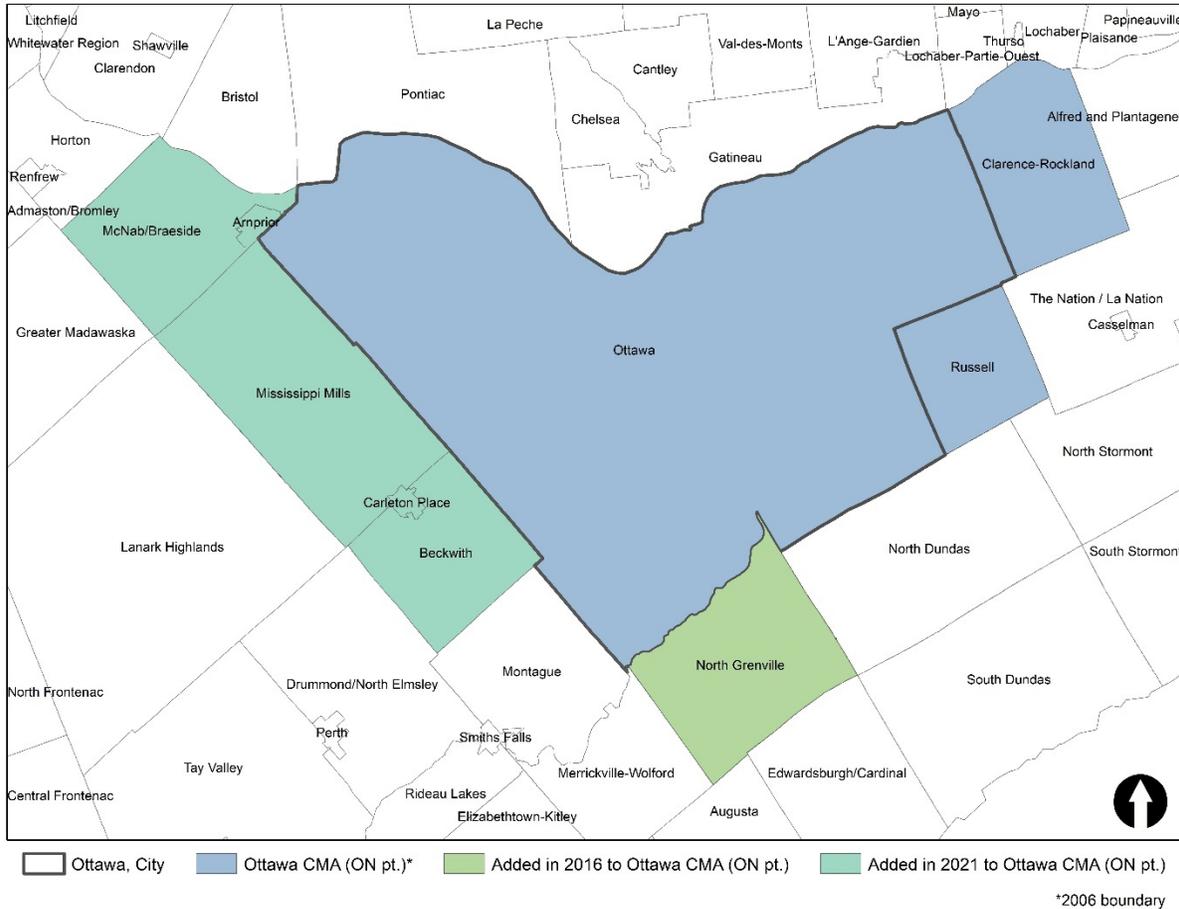
\*Retail is reported twice a year.

Retail vacancy rates are not available for Q4. 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 in Q2 2023. 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.