



Economic Development Update Q3 2022

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q3 2022 update covers the months of July, August, and September 2022. This report will be available on a quarterly basis on Ottawa.ca and via an [email subscription](#).

New and Noteworthy 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.
- **Ontario businesses can now pass credit card fees onto customers:** In response to a class-action lawsuit by merchants against Visa, MasterCard, and other financial institutions, businesses across Canada (with the exception of Quebec) can now add surcharges to customer bills when they choose to pay by credit card. The average credit card transaction fee is 1.4 percent with a cap of 2.4 percent for small merchants and more expensive cards like American Express. Businesses were previously forbidden from passing on these costs onto customers. Small business advocates welcome the change and 1-in-5 small businesses plan to implement the fee as credit cards are one of the most expensive methods of payment for merchants.

What Happened in Q3 2022: July, August, September 2022

- **Nationwide Rogers Outage:** On July 8th, 2022, Rogers customers lost cell service and internet access across Canada as a result of a massive network outage. The outage cost some small businesses thousands of dollars as they were unable to process Interac payments and online orders. It also raised concerns over national security and public safety as 9-1-1 calls were unable to be made and other government services, hospital emergency systems, and border crossings were impacted. Rogers explained that the outage was a result of a network system failure following an update in its core IP network and that they would explore how they could work with other Canadian carriers to avoid future widespread outages. They would also credit all customers with the equivalent of five days of service fees.
- **Bank of Canada Interest Rate Hikes:** The Bank of Canada increased its key interest rate by a full percentage point on July 13th, 2022 and another 0.75 points on September 7th, 2022 to sit at 3.25%. This was following three previous rate hikes in March, April, and June in an effort to curb rising inflation and cool a hot market by discouraging consumer spending. We've already seen housing prices and sales decrease in Q2 and Q3 as mortgage and loan rates rise. Further interest rate hikes are expected to hit 4.0% by the end of the year.

Snapshot

	Q3-2021	Q2-2022	Q3-2022	Status Compared to Q3-2021
Employed Labour Force	596,200	609,800	607,600	Positive ✓
Unemployment Rate	6.2%	4.7%	3.7%	Positive ✓
Participation Rate	68.7%	67.8%	66.6%	Negative ✗
Housing Starts	2,097	2,144	4,598	Positive ✓
Average Resale Price	\$687,343	\$801,524	\$710,241	Negative ✗
Resale Units Sold	4,903	3,941	2,506	Negative ✗
Population	N/A	1,056,750	N/A	Neutral ○
Inflation	4.9%	7.4%	7.2%	Negative ✗
Average Weekly Earning	\$1,293	\$1,279	\$1,308	Positive ✓
Construction Permit Value (seasonally adjusted)	\$972,757	\$958,568	\$1,066,447	Positive ✓
Office Vacancy Rate	9.3%	9.7%	10.6%	Negative ✗
Retail Vacancy Rate	N/A	3.7%	N/A	Neutral ○
Industrial Vacancy Rate	4.5%	1.8%	2.0%	Positive ✓

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

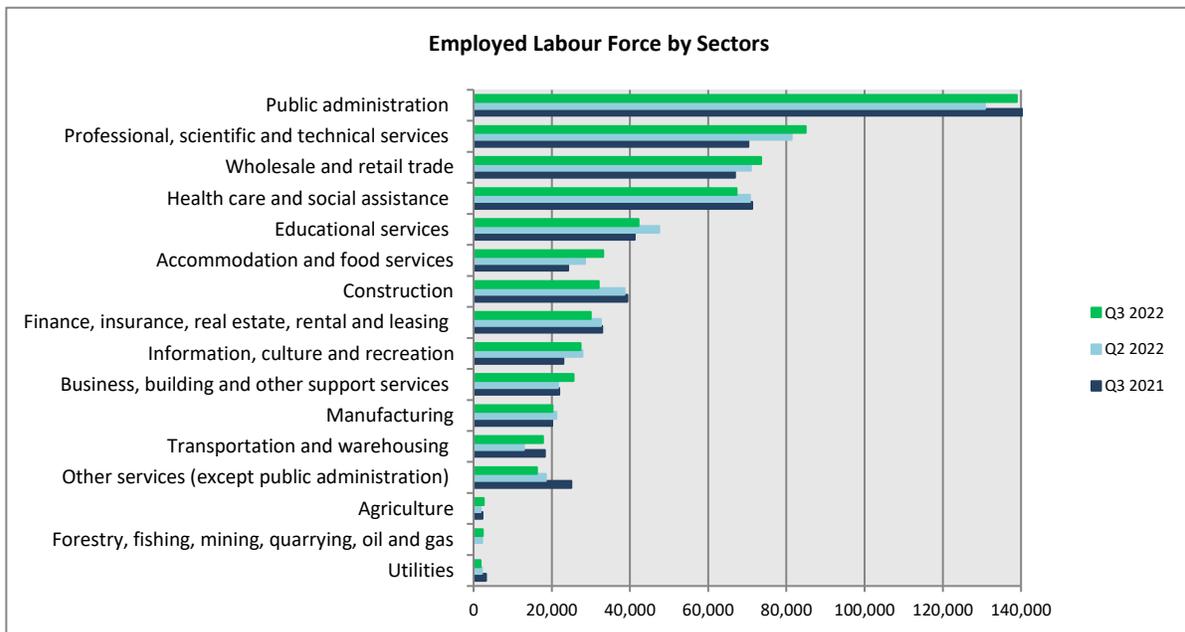
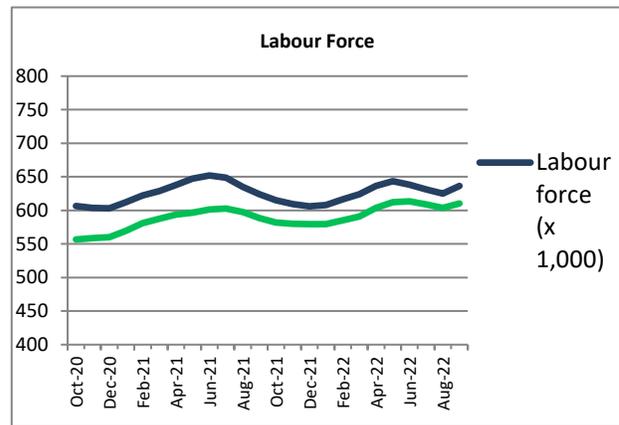
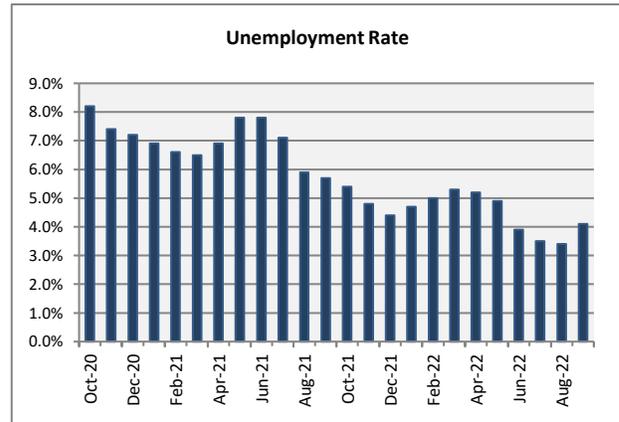
Ottawa, CMA (ON pt.)*	Q3-21	Q2-22	Q3-22
Labour Force (x 1,000)	635.9	639.4	630.7
Employed (x 1,000)	596.2	609.8	607.6
Unemployed (x 1,000)	39.7	29.7	23.2
Unemployment Rate	6.2%	4.7%	3.7%
Participation Rate	68.7%	67.8%	66.6%

*2016 boundaries

Since Q3 last year, the labour force decreased by 0.8% while employed residents increased by 1.9%. The unemployment rate decreased by 2.5 percentage points between Q3 2021 and Q3 2022. The Professional, scientific and technical services; Accommodation and food services; and Wholesale and retail trade sectors, in that order, saw the largest increases in employment year-over-year. Meanwhile, Other services (except Public Administration); Construction; and Health care and social assistance saw the largest decreases in employment over the same period.

Ottawa, CMA (ON pt.)*	YTD-21	YTD-22
Unemployment Rate	6.8%	4.4%
Participation Rate	68.8%	66.7%

*2016 boundaries



Housing

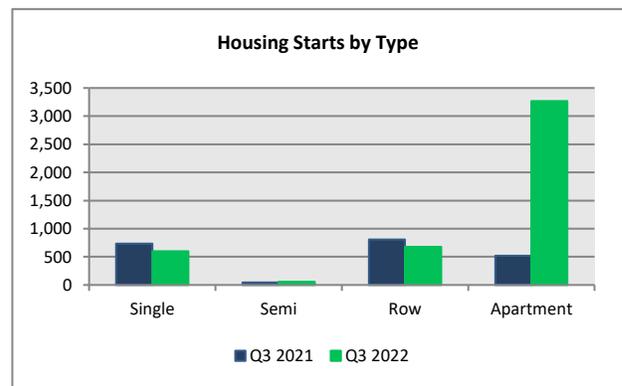
Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q3-21	Q2-22	Q3-22
Housing Starts	2,097	2,144	4,598
Single	732	643	596
Semi	42	56	54
Row	806	805	680
Apartment	517	640	3,268

Housing starts increased 119.3% from Q3 2021 to Q3 2022. This is largely due to an increase in apartment starts (532.1%), followed by semi-detached starts (28.6%). Meanwhile, single detached and rowhouse starts saw decreases of 18.6% and 15.6%, respectively.

Ottawa, City	YTD-21	YTD-22
Housing Starts	6,587	8,263
Single	2,079	1,543
Semi	155	150
Row	1,874	1,189
Apartment	2,479	4,751



Housing Sales, Resale Market

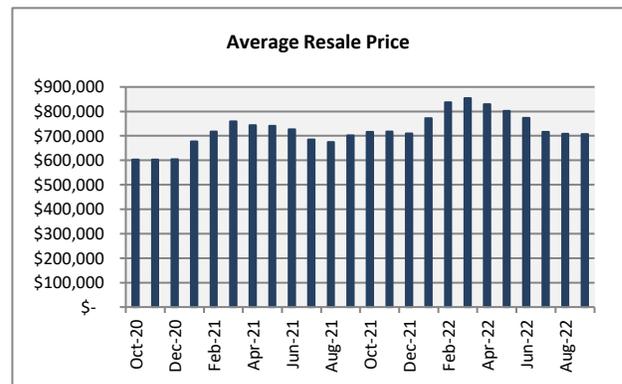
Source: Ottawa Real Estate Board

Ottawa Area*	Q3-21	Q2-22	Q3-22
Average Resale Price	\$687,343	\$801,524	\$710,241
Resale Units Sold	4,903	3,941	2,506

A total of 2,506 units were sold through the MLS system in Q3 2022, down 48.9% from Q3 2021. The average resale price increased 3.3% from Q3 2021 to reach \$710,241 in Q3 2022, although prices have decreased 11.4% from Q2 2022.

Ottawa Area*	YTD-21	YTD-22
Average Resale Price	\$714,036	\$777,574
Resale Units Sold	13,595	9,696

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



Living

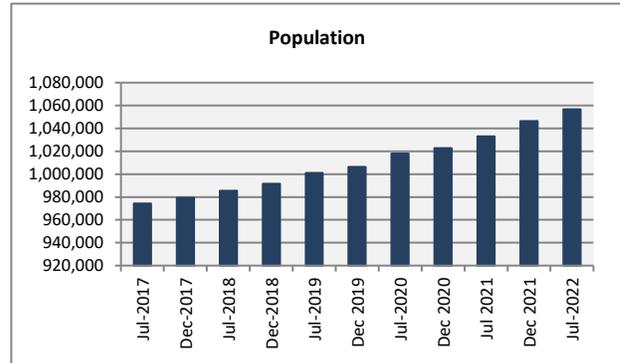
Population

Source: City of Ottawa estimate*

Ottawa, City	Q2-21	Q4-21	Q2-22
Population	1,032,910	1,046,440	1,056,750

*Population estimate reported twice a year

The City of Ottawa population increased by 2.3% from Q2-21 to reach 1,056,750 by mid-2022.



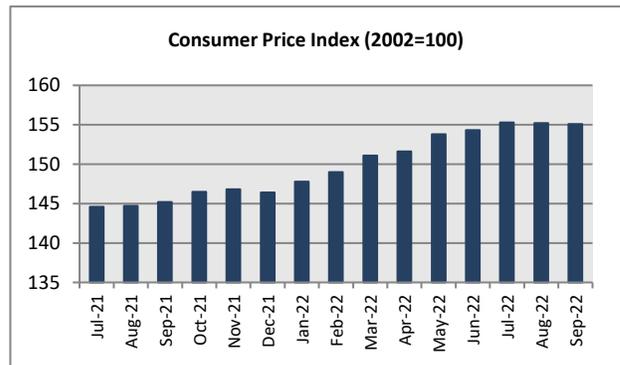
Consumer Price Index (2002=100)

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

Ottawa, CMA (ON pt.)*	Q3-21	Q2-22	Q3-22
Consumer Price Index	144.8	153.2	155.2
Inflation	4.9%	7.4%	7.2%

*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 7.2% to 155.2 in Q3 2022. Inflation increased by 2.3 percentage points from Q3 2021, although decreased by 0.2 percentage points from the previous quarter.



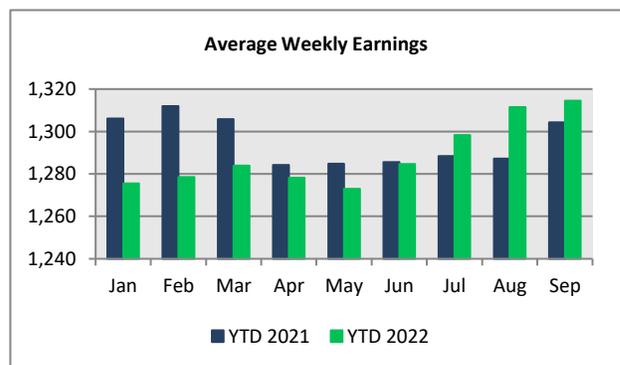
Average Weekly Earning

Source: CMHC Custom Data

Ottawa, CMA (ON pt.)*	Q3-21	Q2-22	Q3-22
Avg. Weekly Earning	\$1,293	\$1,279	\$1,308

*2016 boundaries

The average weekly earning increased 1.2% year-over-year and 2.3% from the previous quarter to reach \$1,308 in Q3 2022.



Economy

Construction Permits, Seasonally Adjusted

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

Ottawa, CMA (ON pt.)*	Q3-21	Q2-22	Q3-22
Total Permits	\$972,757	\$958,568	\$1,066,447
Residential	\$799,952	\$703,866	\$858,746
Non-residential	\$172,806	\$254,702	\$207,701

(x \$1,000)

*2006 boundaries

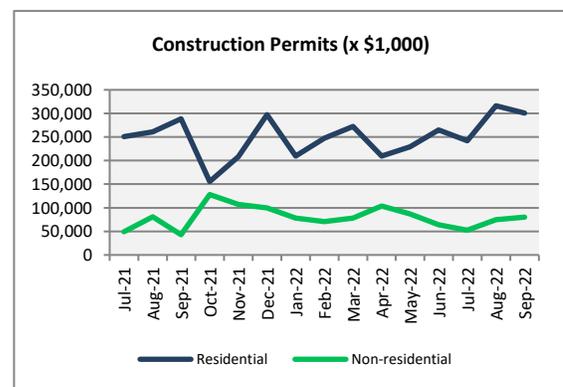
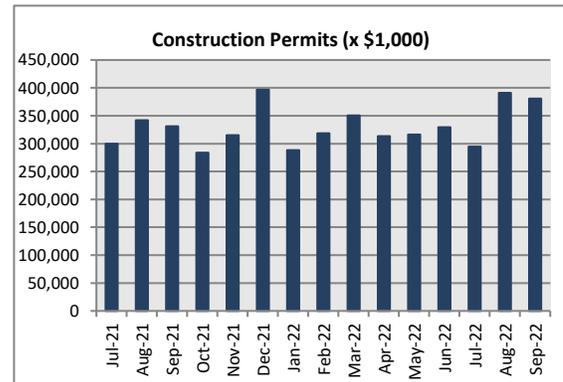
Compared to Q3 2021, total construction permits increased by 9.6% in Q3 2022. Residential permit value increased 7.3% and non-residential permit value increased 20.2%.

Compared to the last quarter, construction permits in Q3 2022 increased by 11.3%, with a 22.0% increase in residential permit value and a 18.5% decrease in non-residential permit value.

Ottawa, CMA (ON pt.)*	YTD-21	YTD-22
Total Permits	\$3,065,642	\$2,982,024
Residential	\$2,420,849	\$2,292,633
Non-residential	\$644,794	\$689,391

(x \$1,000)

*2006 boundaries

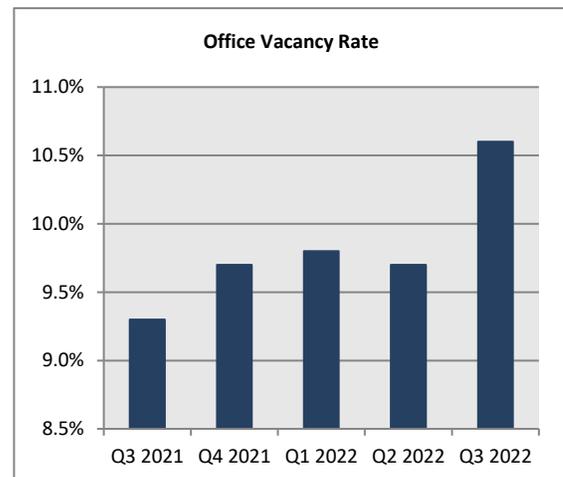


Office Vacancy Rate

Source: Colliers Canada

Ottawa, City	Q3-21	Q2-22	Q3-22
All Office	9.3%	9.7%	10.6%

Ottawa's office vacancy rate increased 1.3 percentage points year-over-year in Q3 2022 from Q3 2021. Compared to Q2 2022, the office vacancy rate increased 0.9 percentage points to sit at 10.6% in Q3 2022.



Economy

Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

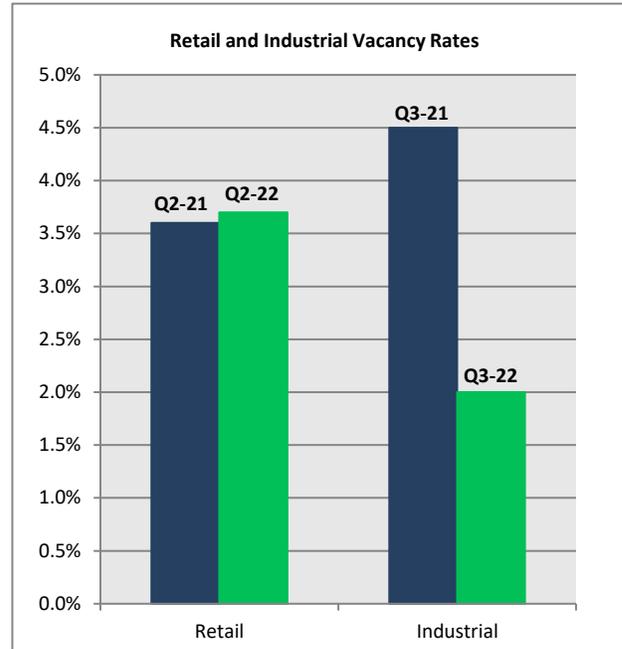
Ottawa, City	Q3-21	Q2-22	Q3-22
Ind. Vacancy Rate	4.5%	1.8%	2.0%

The industrial vacancy rate decreased 2.5 percentage points year-over-year in Q3 2022. Compared to Q2 2022, the industrial vacancy rate increased slightly to 2.0% in Q3 2022.

Ottawa, City	Q2-21	Q4-21	Q2-22
Retail Vacancy Rate	3.6%	3.1%	3.7%

* Retail is reported twice a year.

Retail vacancy rates are not available for Q3. Compared to Q4 2021, the retail vacancy rate increased 0.6 percentage points to sit at 3.7% in Q2 2022. The retail vacancy rate increased slightly year-over-year by 0.1 percentage points in Q2 2022.



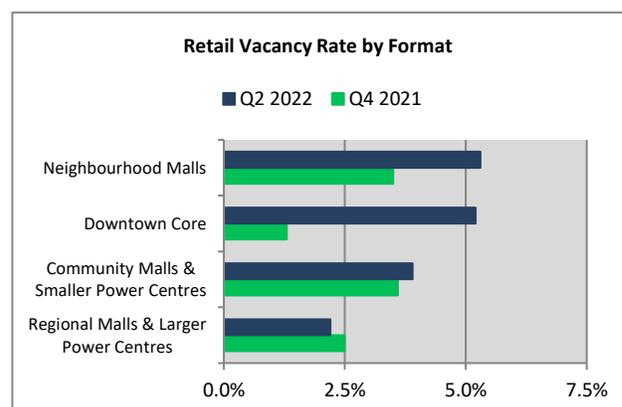
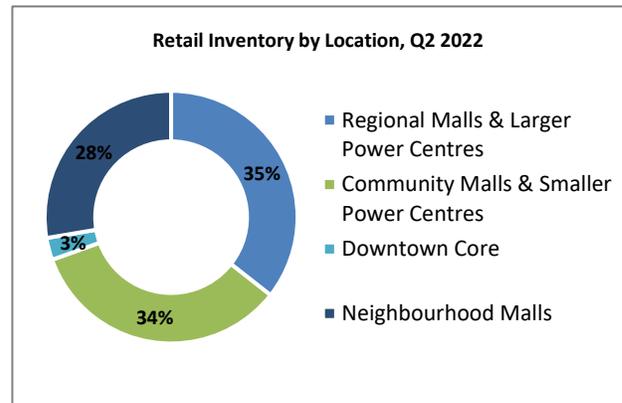
Retail Vacancy by Format

Source: Cushman & Wakefield, Retail and Industrial Reports

Ottawa, City	Q2-21	Q4-21	Q2-22
Regional Malls & Larger Power Centres	2.7%	2.5%	2.2%
Community Malls & Smaller Power Centres	3.9%	3.6%	3.9%
Downtown Core	1.0%	1.3%	5.2%
Neighbourhood Malls	4.8%	3.5%	5.3%

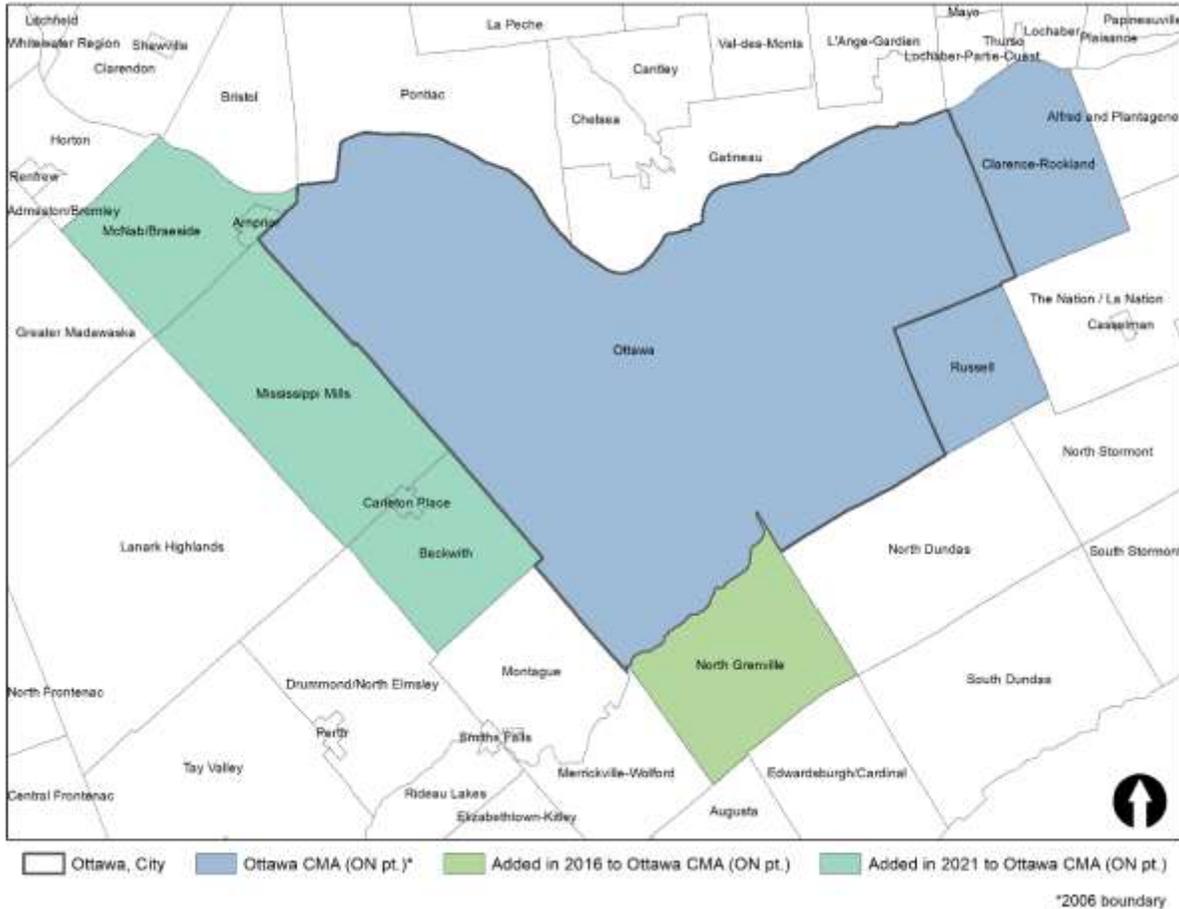
*Retail is reported twice a year.

Retail vacancy rates are not available for Q3. Compared to Q2 2021, Regional Malls & Larger Power Centres were the only retail format to experience a year-over-year decrease in vacancy by 0.5 percentage points. Community Malls & Smaller Power Centres had vacancy rates stay the same, while Downtown Core and Neighbourhood Mall formats saw increases of 4.2 and 0.5 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.