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TO: Chair and members of the Finance and Corporate Services Committee

DESTINATAIRE : Président et membres du Comité des finances et des services organisationnels

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FILE NUMBER: ACS2023-PRE-EDP-0012

SUBJECT: Economic Development Update Q4 2022

OBJET : Le point sur le développement économique –T4 de 2022

PURPOSE

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators of the city's economy.

BACKGROUND

This report will be available on a quarterly basis on ottawa.ca and via an email subscription. The City of Ottawa Economic Development Update Q4 2022, which covers October, November, and December, is attached for information purposes.

DISCUSSION

Summary of Q4 2022 Update

The update below analyzes data for Q4 2022, both against Q3 2022 and year-over-year. Overall, the city continued to perform well in terms of employment metrics. Housing resale prices have decreased from the previous quarter and year-over-year. However, indicators have also showed a year-over year decrease in housing units sold and housing starts as well as an increase in office, retail, and industrial vacancy rates.

Economy

Year-over-year, the unemployment rate decreased by 0.7 percentage points to sit at 4.0 per cent in Q4 2022. Compared to Q3 2022, the unemployment rate has largely stayed the same, increasing 0.1 percentage points from 3.9 per cent. The employed labour force increased by 5.9 per cent from Q4 2021 to hit 619,100 employed residents in Q4 2022.

Year-over-year, the accommodation and food service; finance, insurance, real estate, rental and leasing; and wholesale and retail trade sectors experienced the most growth in employed labour force, while information, culture and recreation saw the largest decrease. The inflation rate increased 1.0 percentage point year-over-year, although it decreased 0.7 percentage points from Q3 2022 to hit 6.5 per cent in Q4 2022.

Meanwhile, average weekly earnings increased 2.2 per cent year-over-year to sit at \$1,318 in Q4 2022.

Residential

While 2022 saw a record-breaking 10,077 housing starts, Q4 2022 saw a year-over-year 35.6 per cent decrease from 2,815 down to 1,814 housing starts. This decrease was observed across all dwelling types, with apartment starts experiencing the greatest decline from 1,311 to 712 starts (down 45.7 per cent) from Q4 2021. Rowhouse starts decreased from 748 to 496 starts (down 33.7 per cent), semi-detached starts decreased from 60 to 44 starts (down 26.7), and single detached starts decreased 19.3 per cent from 696 to 562 starts.

The average resale price for a home decreased year-over-year by 6.0 per cent to sit at \$671,248 in Q4 2022. The number of resale units sold also decreased 36.2 per cent from Q4 2021 to Q4 2022 to a total of 1,882 units.

Permits and Vacancies

Total construction permit value decreased by 13.9 per cent year-over-year, largely due to a 54.9 per cent decrease in non-residential permit values, while residential permit values increased by 6.8 per cent. Compared to the Q3 2022, construction permit value in Q4 2022 decreased by 19.4 per cent, with a 27.1 per cent decrease in non-residential permit value and a 17.5 per cent decrease in residential permit value.

The office vacancy rate increased 1.5 percentage points to 11.2 per cent in Q4 2022 from Q4 2021. Retail and industrial vacancy rates also increased 0.5 percentage points each year-over-year, with the retail vacancy rate at 3.6 per cent and the industrial vacancy rate at 2.5 per cent in Q4 2022.

CONCLUSION

Staff will continue monitoring the economic conditions of the city and report back to the Finance and Corporate Services Committee on a quarterly basis.

Original signed by

David Wise

Acting Director, Economic Development and Long Range Planning

CC: Wendy Stephanson, Interim City Manager

Don Herweyer, Interim General Manager, Planning, Real Estate and Economic Development Department

SUPPORTING DOCUMENTATION

Document 1 – Economic Development Update Q4 2022