

**MEMO / NOTE DE SERVICE****Information previously distributed / Information distribué auparavant****TO: Chair and members of the Finance and Corporate Services Committee****DESTINATAIRE: Président et membres du Comité des finances et des services organisationnels****FROM: David Wise, Acting Director
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Fernandes@ottawa.ca****DATE: August 29, 2023****29 août 2023****FILE NUMBER: ACS2023-PRE-EDP-0033****SUBJECT: Economic Development Update – Q2 2023****OBJET : Le point sur le développement économique – T2 de 2023**

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 Q2 2023, which covers April, May, and June, is attached for information purposes.

DISCUSSION

Summary of Q2 2023 Update

The update below analyzes data for Q2 2023 against Q1 2023 and year-over-year. Overall, the city saw an improvement when it came to inflation and average weekly earnings. The retail vacancy rate has also decreased year-over-year. Meanwhile, the office vacancy rate has continued to climb and there was a year-over-year decrease in construction permit values and housing starts.

Economy

The unemployment rate increased 0.4 percentage points from 3.9 per cent the previous quarter to ultimately return to the same 4.3 per cent rate as a year prior in Q2 2022. The employed labour force increased by 3.7 per cent from Q2 2022 to hit 632,000 employed residents in Q2 2023.

Year-over-year, the Agriculture, Transportation and warehousing, and Utilities sectors experienced the most growth in employed labour force, while Information, culture and recreation saw the largest decrease. The inflation rate decreased 1.6 percentage points from Q1 2023 and 3.6 percentage points year-over-year to hit 3.8 per cent in Q2 2023. Average weekly earnings increased 10.5 per cent year-over-year to sit at \$1,413 in Q2 2023.

Residential

In Q2 2023, there was a 21.3 per cent decrease in housing starts from Q2 2022 from 2,144 to 1,688 housing starts. All dwelling types, except for apartments, experienced a decrease in starts year-over-year, with single detached starts down 47.1 per cent from 643 to 340 starts, semi-detached starts down 35.7 per cent from 56 to 36 starts, and rowhouse starts down 36.5 percent from 805 to 511 starts. Meanwhile, apartment starts were up 25.2 per cent from 640 to 801 starts.

The average resale price for a home decreased year-over-year by 6.9 per cent to sit at \$746,490 in Q2 2023, although it has also increased 6.9 per cent from \$698,437 in the previous quarter. A total of 3,867 units were sold in Q2 2023, an increase of 94.7 per cent from 1,986 the previous quarter and approaching the 3,941 units sold in Q2 of last year.

Permits and Vacancies

Total construction permit value decreased by 14.7 per cent year-over-year, largely due to a 27.6 per cent decrease in residential permit value while non-residential permit value increased 26.2 per cent. Compared to the Q1 2023, construction permits in Q2 2023 increased slightly by 2.6 per cent, primarily due to a 33.1 per cent increase in non-residential permit value while there was an 8.8 per cent decrease in residential permit value.

The office vacancy rate increased 3.2 percentage points to 12.9 per cent in Q2 2023 from Q2 2022. The industrial vacancy rate also increased 0.4 percentage points year-over-year to reach 2.2 per cent in Q2 2023, while the retail vacancy rate dropped 0.8 percentage points from Q2 2022 to sit at 2.9 per cent in Q2 of this year.

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, City Manager

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

SUPPORTING DOCUMENTATION

Document 1 – Economic Development Update – Q2 2023