

**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: February 27, 2024****27 février 2024****FILE NUMBER: ACS2024-PRE-EDP-0029****SUBJECT: Economic Development Update – Q4 2023****OBJET : Le point sur le développement économique – T4 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 Q4 2023, which covers October, November, and December, is attached for information purposes.

DISCUSSION

Summary of Q4 2023 Update

The update below analyzes data for Q4 2023 against Q3 2023 and Q4 2022. Overall, the city continued to see improvements to the inflation rate, the number of employed residents, and labour participation rate. We also saw year-over-year increases in housing starts and construction permit values. Meanwhile, the number of housing units sold was low compared to the previous quarter and year-over-year.

Economy

Year-over-year, the overall labour force increased 7.1 per cent while employed residents increased 6.2 per cent to hit 657,300 employed residents in Q4 2023. Meanwhile, the unemployment rate increased 0.8 percentage points since last year as the growing workforce continues to outpace the number of jobs being created, however, the unemployment rate decreased slightly from last quarter by 0.1 percentage points to reach 4.8 per cent in Q4 2023.

Compared to Q4 2022, the Utilities; Information, culture and recreation; Agriculture sectors experienced the most growth in their labour force, while Business, building and other support services saw the largest decrease. The inflation rate decreased 0.5 percentage points from Q3 2023 and 3.8 percentage points year-over-year to hit 2.7 per cent in Q4 2023. Average weekly earnings increased 0.4 per cent since last quarter and 6.6 per cent year-over-year to sit at \$1,405 in Q4 2023.

Residential

In Q4 2023, there was a 39.0 per cent increase in housing starts from Q4 2022 from 1,814 to 2,521 housing starts. This is primarily due to a 138.3 per cent increase in apartment starts year-over-year from 712 to 1,697. All other dwelling types experienced a decrease in starts year-over-year, with single detached starts down 38.6 per cent from

562 to 345 starts, semi-detached starts down 22.7 per cent from 44 to 34 starts, and rowhouse starts down 10.3 per cent from 496 to 445 starts.

The average resale price for housing increased year-over-year by 4.0 per cent to sit at \$642,154 in Q4 2023, although it has decreased 3.6 per cent from \$666,023 in the previous quarter. A total of 2,105 units were sold in Q4 2023, a decrease of 38.2 per cent from 3,405 the previous quarter and 13.5 per cent from 2,434 a year before.

Permits and Vacancies

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

The office vacancy rate increased 1.0 percentage points from Q4 2022 to reach 12.2 per cent in Q4 2023, although it is slightly down from 12.6 per cent last quarter. The industrial vacancy rate increased 0.3 percentage points year-over-year to reach 2.8 per cent in Q4 2023.

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

Vivi Chi, Interim General Manager, Planning, Real Estate and Economic
Development Department

SUPPORTING DOCUMENTATION

Document 1 – Economic Development Update – Q4 2023