



## Economic Development Update – Q1 2024

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q1 2024 update covers the months of January, February, and March 2024. This report will be available on a quarterly basis on [Ottawa.ca](https://ottawa.ca) and via an [email subscription](#).

### New and Noteworthy in Q2 2024: April, May, June 2024

- **New downtown action plan proposes strategies to create \$1.3B in annual economic benefit:** A new report from the Ottawa Board of Trade sets out an actionable path forward for the downtown. According to the report, developed in collaboration with the Canadian Urban Institute, the \$1.3 billion would come from an annual revenue increase of \$1.2 billion in new local spending, and more than \$133 million in annual property tax revenues. The report calls for the addition of 40,000 new residents and the creation of 50,000 jobs by 2034. The plan also proposes a joint \$500-million fund to kickstart a series of catalytic projects, including significant enhancements to the public realms of Sparks Street and ByWard Market and the establishment of a new business incubation district and an arts/culture corridor.
- **Porter eyeing direct flights from Ottawa to California, the Caribbean and other destinations:** Porter Airlines plans to add direct flights from Ottawa to Florida's Gulf Coast, California, the Caribbean and other destinations over the next two years as it looks to cement the capital's status as a major hub for the carrier. The airline is targeting cities such as Los Angeles, San Francisco and Las Vegas as well as the west coast of Florida and the Caribbean for its next direct routes from the Ottawa International Airport (YOW), as it expects to become YOW's top carrier in terms of daily flights and passenger traffic. Porter also expects to nearly double its number of Ottawa-based employees to 450 from the current total of 250 by the end of 2024.
- **Ottawa home sales rose 8.9% in April:** According to the Ottawa Real Estate Board (OREB), home sales in Ottawa jumped 8.9 percent in April compared with the same month last year as mutual confidence among both buyers and sellers gave the market a lift. OREB said 1,456 homes changed hands last month, two percent fewer than the five-year average. However, the

industry's recent recovery continued, with a total of 4,132 transactions in the first four months of 2024, an increase of 11.5 percent from the same period last year.

### **What Happened in Q1 2024: January, February, March 2024**

- **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. 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 its annual housing target for 2023 with 10,313 new units.
- **Major development projects proposed by Brigil to bring over 4,000 units:** Brigil 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. The site will 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 in the Orléans community. 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 travel offerings.

## Snapshot

|  | <u>Q1-2023</u> | Q4-2023   | <u>Q1-2024</u> | Year-over-year Status:<br><u>Q1 2024</u> Compared to<br><u>Q1-2023</u> |
|--|----------------|-----------|----------------|--|
| Employed Labour Force                              | 627,367        | 658,067   | 655,833        | Positive ✓   |
| Unemployment Rate                                  | 4.0%           | 4.8%      | 4.7%           | Negative ✗   |
| Participation Rate                                 | 68.1%          | 70.1%     | 69.1%          | Positive ✓   |
| Housing Starts                                     | 1,626          | 2,521     | 1,080          | Negative ✗   |
| Average Resale Price                               | \$626,951      | \$642,154 | \$655,047      | Negative ✗   |
| Resale Units Sold                                  | 2,655          | 2,105     | 2,680          | Positive ✓   |
| Population   | N/A            | 1,083,550 | N/A            | Neutral ○  |
| Inflation  | 5.4%           | 2.7%      | 2.0%           | Positive ✓   |
| Average Weekly Earning                             | \$1,387        | \$1,405   | \$1,436        | Positive ✓   |
| Construction Permit Value<br>(seasonally adjusted) | \$878,698      | \$961,460 | \$704,307      | Negative ✗   |
| Office Vacancy Rate                                | 12.3%          | 12.2%     | 12.0%          | Positive ✓   |
| Retail Vacancy Rate*                               | N/A            | N/A       | N/A            | Neutral ○  |
| Industrial Vacancy Rate                            | 2.9%           | 2.8%      | 3.0%           | Negative ✗   |

Please refer to individual tables below for more details.

\* Retail vacancy rate data is reported twice a year, for Q1 and Q4, however Cushman Wakefield last updated their retail market data in Q2 2023 and has not released the Q4 2023 data.

# Labour Force

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

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

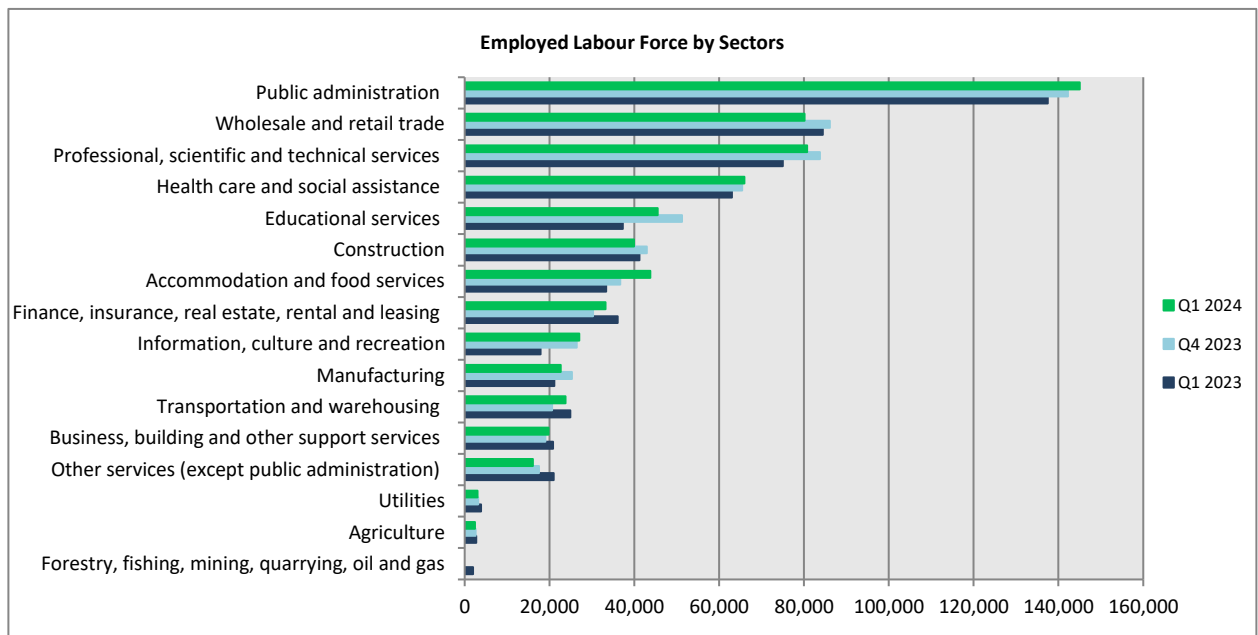
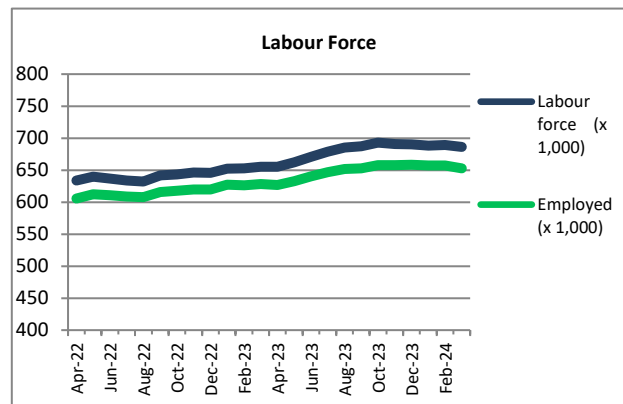
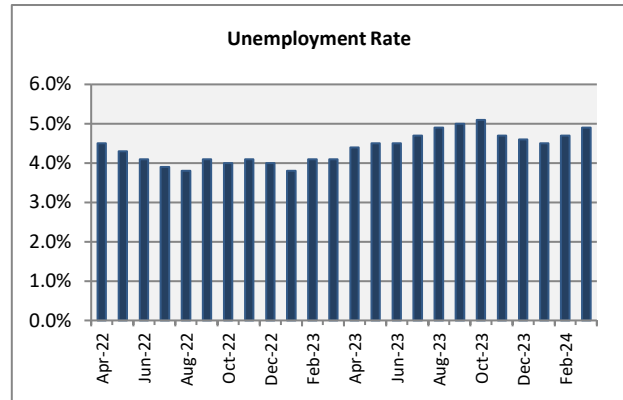
| Ottawa, CMA (ON pt.)*  | Q1-23 | Q4-23 | Q1-24 |
|------------------------|-------|-------|-------|
| Labour Force (x 1,000) | 653.6 | 691.4 | 688.0 |
| Employed (x 1,000)     | 627.4 | 658.1 | 655.8 |
| Unemployed (x 1,000)   | 26.2  | 33.3  | 32.1  |
| Unemployment Rate      | 4.0%  | 4.8%  | 4.7%  |
| Participation Rate     | 68.1% | 70.1% | 69.1% |

\*2016 boundaries

Year-over-year, the overall labour force increased 5.3% while employed residents increased by 4.5%. Meanwhile, the unemployment rate also increased 0.7 percentage points from Q1 2023. Information, culture and recreation; Accommodation and food services; and Educational service sectors saw the largest increases in employment growth year-over-year. Meanwhile, other services (except public administration); Utilities; and Agriculture sectors saw the largest decreases in employment growth over the same period.

| Ottawa, CMA (ON pt.)* | YTD-23 | YTD-24 |
|-----------------------|--------|--------|
| Unemployment Rate     | 4.0%   | 4.7%   |
| Participation Rate    | 68.1%  | 69.1%  |

\*2016 boundaries



# Housing

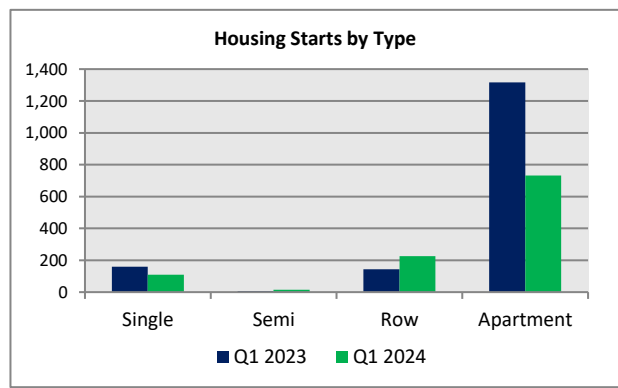
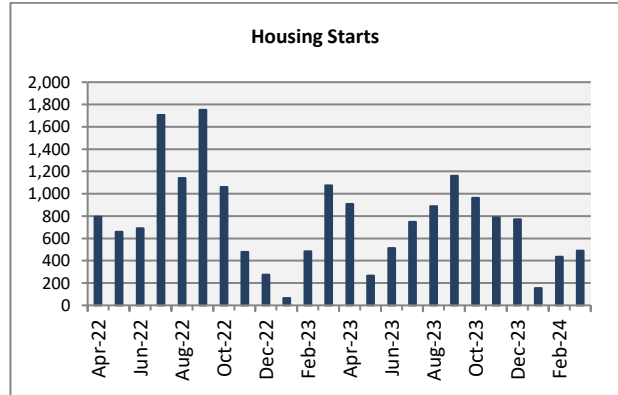
## Housing Starts

Source: CMHC Housing Market Information Portal

| Ottawa, City   | Q1-23        | Q4-23 | Q1-24        |
|----------------|--------------|-------|--------------|
| Housing Starts | <b>1,626</b> | 2,521 | <b>1,080</b> |
| Single         | <b>160</b>   | 345   | <b>109</b>   |
| Semi           | <b>6</b>     | 34    | <b>14</b>    |
| Row            | <b>144</b>   | 445   | <b>225</b>   |
| Apartment      | <b>1,316</b> | 1,697 | <b>732</b>   |

Overall, there was a 33.6% decrease in housing starts from Q1 2023 to Q1 2024. Single-detached and apartment dwelling types experienced a decrease in starts year-over-year, with single detached starts down 31.9% and apartment starts down 44.4%, whereas rowhouse starts increased 56.2% and semi-detached starts increased 133.3%.

| Ottawa, City   | YTD-23       | YTD-24       |
|----------------|--------------|--------------|
| Housing Starts | <b>1,626</b> | <b>1,080</b> |
| Single         | <b>160</b>   | <b>109</b>   |
| Semi           | <b>6</b>     | <b>14</b>    |
| Row            | <b>144</b>   | <b>225</b>   |
| Apartment      | <b>1,316</b> | <b>732</b>   |



## Housing Sales, Resale Market

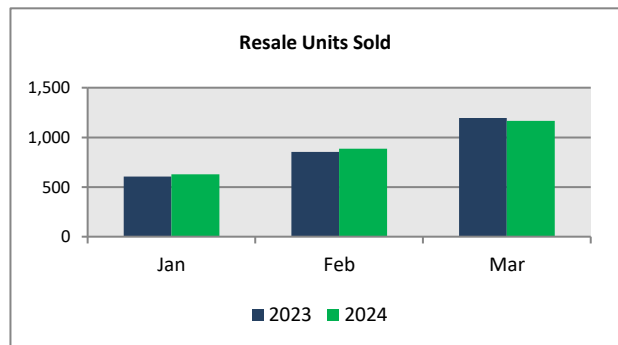
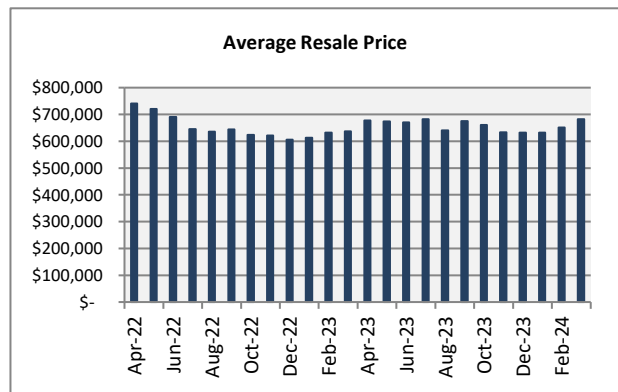
Source: Ottawa Real Estate Board

| Ottawa Area*         | Q1-23            | Q4-23     | Q1-24            |
|----------------------|------------------|-----------|------------------|
| Average Resale Price | <b>\$626,951</b> | \$642,154 | <b>\$655,047</b> |
| Resale Units Sold    | <b>2,655</b>     | 2,105     | <b>2,680</b>     |

A total of 2,680 units were sold through the MLS system in Q4 2024, an increase of 27.3% from the previous quarter as well as a slight 0.9% increase year-over-year. The average resale price also increased 2.0% from the previous quarter while it increased 4.5% year-over-year.

| Ottawa Area*           | YTD-23           | YTD-24           |
|------------------------|------------------|------------------|
| Average Resale Price** | <b>\$626,951</b> | <b>\$655,047</b> |
| Resale Units Sold      | <b>2,655</b>     | <b>2,680</b>     |

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



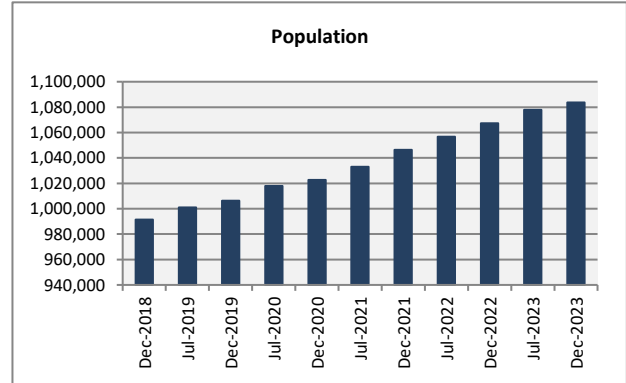
## Population

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 at year-end 2023.



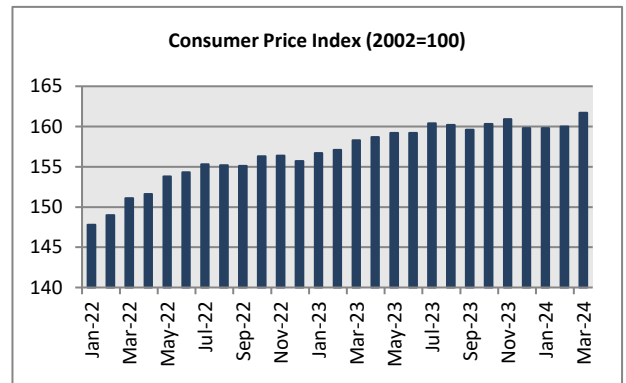
## Consumer Price Index (2002=100)

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

| Ottawa, CMA (ON pt.)* | Q1-23        | Q4-23 | Q1-24        |
|-----------------------|--------------|-------|--------------|
| Consumer Price Index  | <b>157.4</b> | 160.3 | <b>160.5</b> |
| Inflation             | <b>5.4%</b>  | 2.7%  | <b>2.0%</b>  |

\*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 2.0% to 160.5 in Q1 2024. The inflation rate decreased 0.7 percentage points from the previous quarter and 3.4 percentage points since Q1 of last year.



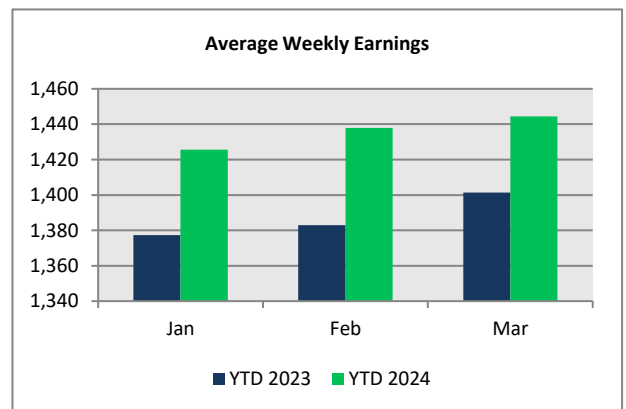
## Average Weekly Earning

Source: CMHC Custom Data

| Ottawa, CMA (ON pt.)* | Q1-23          | Q4-23   | Q1-24          |
|-----------------------|----------------|---------|----------------|
| Avg. Weekly Earning   | <b>\$1,387</b> | \$1,405 | <b>\$1,436</b> |

\*2016 boundaries

The average weekly earning increased 3.5% year-over-year and 2.2% from the previous quarter to reach \$1,436 in Q1 2024.



# Economy

## Construction Permits, Seasonally Adjusted

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

| Ottawa, CMA (ON pt.)* | Q1-23            | Q4-23     | Q1-24            |
|-----------------------|------------------|-----------|------------------|
| Total Permits         | <b>\$878,698</b> | \$961,460 | <b>\$704,307</b> |
| Residential           | <b>\$617,522</b> | \$693,766 | <b>\$475,765</b> |
| Non-residential       | <b>\$261,177</b> | \$267,693 | <b>\$228,543</b> |

(x \$1,000)

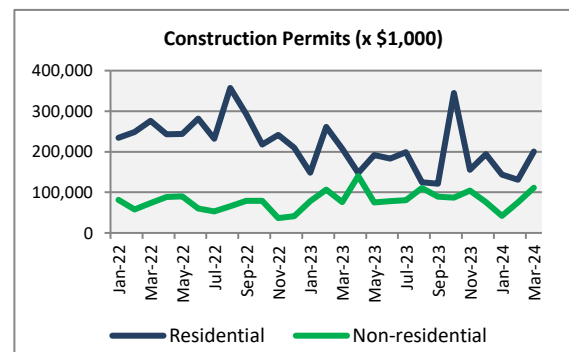
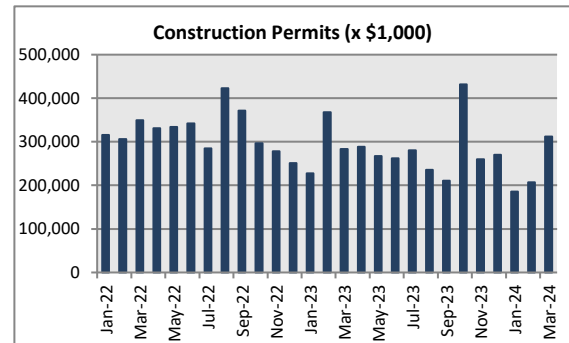
\*2006 boundaries

Compared to Q1 of last year, total construction permit value decreased by 19.8% in Q1 2024, largely due to a 23.0% decrease in residential permit value and a 12.5% decrease in non-residential permit. Since last quarter, total construction permit value decreased by 26.7%, where residential permit value decreased 31.4% and non-residential permit values decreased 14.6%.

| Ottawa, CMA (ON pt.)* | YTD-23           | YTD-24           |
|-----------------------|------------------|------------------|
| Total Permits         | <b>\$878,698</b> | <b>\$704,307</b> |
| Residential           | <b>\$617,522</b> | <b>\$475,765</b> |
| Non-residential       | <b>\$261,177</b> | <b>\$228,543</b> |

(x \$1,000)

\*2006 boundaries

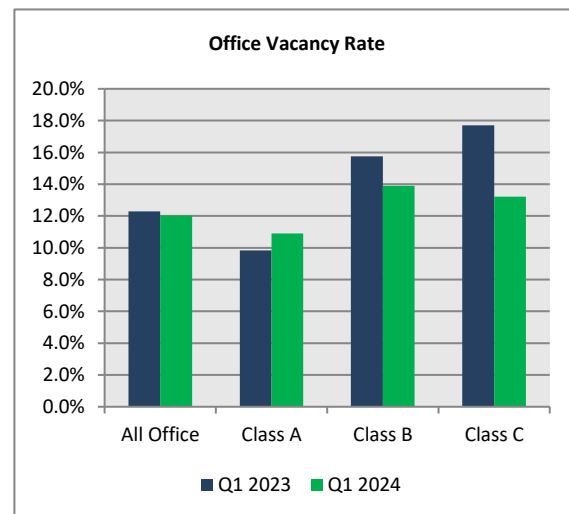


## Office Vacancy Rate

Source: Colliers Canada

| Ottawa, City | Q1-23        | Q4-23 | Q1-24        |
|--------------|--------------|-------|--------------|
| All Office   | <b>12.3%</b> | 12.2% | <b>12.0%</b> |
| Class A      | <b>9.8%</b>  | 11.1% | <b>10.9%</b> |
| Class B      | <b>15.7%</b> | 13.8% | <b>13.9%</b> |
| Class C      | <b>17.7%</b> | 14.5% | <b>13.2%</b> |

Year-over-year, Ottawa's office vacancy rate decreased 0.3 percentage points. Office class A experienced an increase of 1.1 percentage points in vacancy rates year-over-year, while office class B experienced a decrease of 1.8 percentage points and office class C experienced a decrease of 4.5 percentage points.



# Economy

## Industrial and Retail Vacancy Rates

Source: Cushman & Wakefield, Retail and Industrial Reports

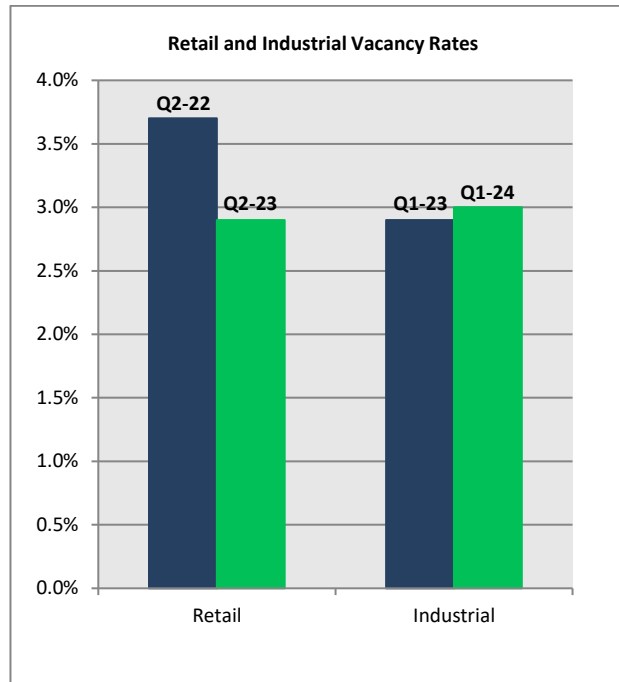
| Ottawa, City      | Q1-23       | Q4-23 | Q1-24       |
|-------------------|-------------|-------|-------------|
| Ind. Vacancy Rate | <b>2.9%</b> | 2.8%  | <b>3.0%</b> |

The industrial vacancy rate increased 0.1 percentage points year-over-year and increased 0.2 percentage points from the last quarter to reach 3.0% in Q1 2024.

| 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 (for Q1 and Q4, it was not reported for Q4 of 2024)

Retail vacancy rates are not available for Q1, since Cushman Wakefield (who provides the data) hasn't released their Rental Market Report since Q2 2023. 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%.



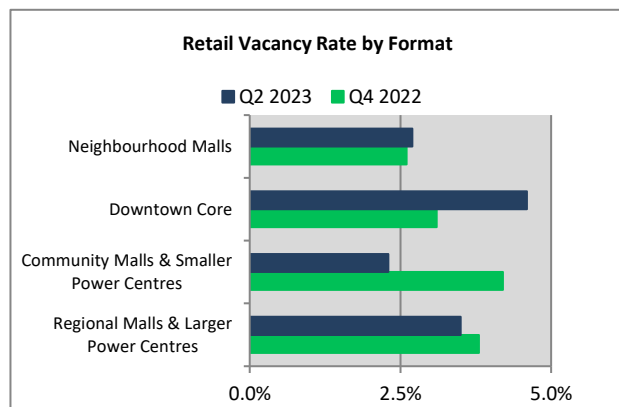
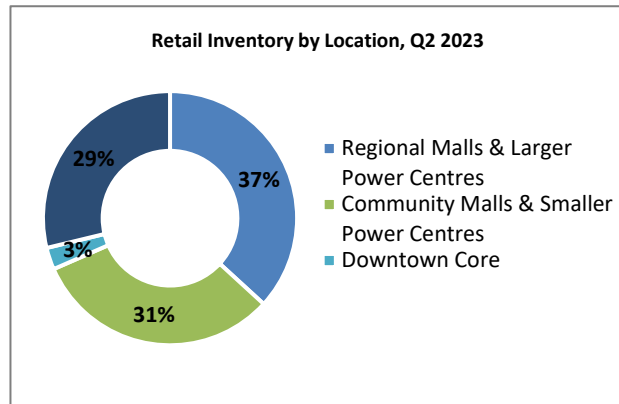
## Retail Vacancy by Format

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 (for Q1 and Q4, it was not reported for Q4 of 2024)

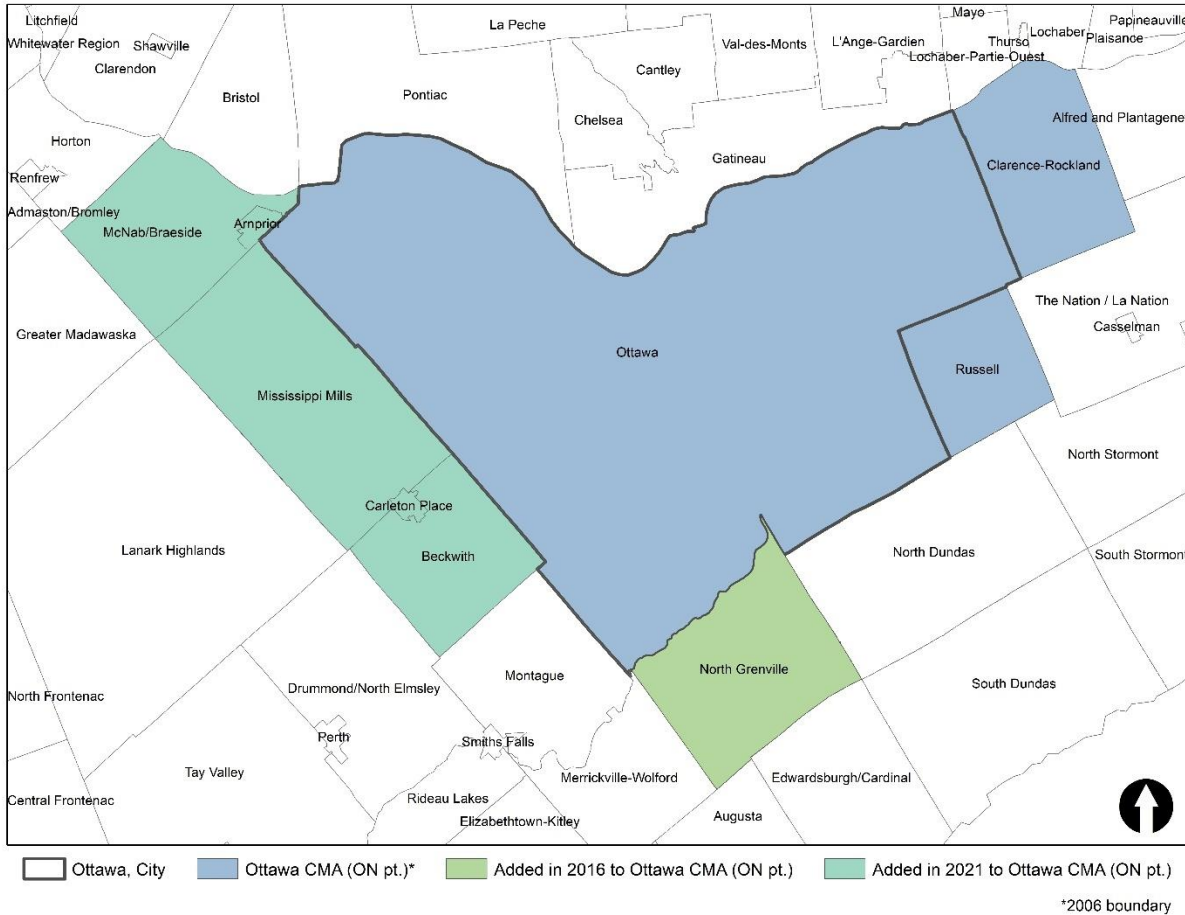
Retail vacancy rates are not available for Q1. Compared to Q2 2022, Regional Malls & Larger Power Centres were the only retail format to experience an increase in vacancy rates by 1.3 percentage points in Q2 2023. Neighbourhood Malls saw vacancy rates decrease 2.6 percentage points, while Community Malls & 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.