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

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DATE: June 19, 2024

19 juin 2024

FILE NUMBER: ACS2024-PDB-PS-0072

SUBJECT: Economic Development Update – Q1 2024

OBJET : Le point sur le développement économique – T1 de 2024

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 Q1 2024, which covers January, February, and March, is attached for information purposes.

DISCUSSION

Summary of Q1 2024 Update

The update below analyzes data for Q1 2024 against Q4 2023 and year-over-year (Q1 2023). Overall, the City saw improvements when it came to inflation, the number of employed residents, average weekly earnings, office vacancy rates and labour participation rate. Meanwhile, housing starts and construction permit values have decreased, and the unemployment rate has increased.

Economy

Year-over-year, the overall labour force increased 5.3 per cent while employed residents increased 4.5 per cent to hit 655,833 employed residents in Q1 2024. While the unemployment rate increased 0.7 percentage points since Q1 2023, it decreased by 0.1 percentage points since last quarter to reach 4.7 per cent in Q1 2024.

Compared to Q1 2023, the Information, culture and recreation, Accommodation and food services, and educational service sectors experienced the most growth in employed labour force, while other services (except public administration), Utilities, and Agriculture services saw the largest decrease. The inflation rate decreased 0.7 percentage points from Q4 2023 and 3.4 percentage points year-over-year to hit 2.0 per cent in Q1 2024. Average weekly earnings increased 3.5 per cent year-over-year and 2.2 per cent from the previous quarter to sit at \$1,436 in Q1 2024.

Residential

In Q1 2024, there was a 33.6 per cent decrease in housing starts from Q1 2023 from 1,626 to 1,080 housing starts. Single-detached and apartment dwelling types experienced a decrease in starts year-over-year, with single detached starts down 31.9 per cent from 160 to 109 starts and apartment starts down 44.4 per cent from 1,316 to 732 starts. Rowhouse starts increased by 56.2 per cent from 144 to 225 starts and semi-detached starts increased by 133.3 per cent from six to 14 starts.

The average resale price for housing increased year-over-year by 4.5 per cent to sit at \$655,047 in Q1 2024 and increased by 2.0 per cent from \$642,154 in the previous quarter. A total of 2,680 units were sold in Q1 2024, an increase of 27.3 per cent from 2,105 in the previous quarter and a slight increase of 0.9 per cent from 2,655 units sold in Q1 of last year.

Permits and Vacancies

Total construction permit value decreased by 19.8 per cent year-over-year, largely due to a 23.0 per cent decrease in residential permit value and a 12.5 per cent decrease in non-residential permit value. Compared to Q4 2023, construction permits in Q1 2024 decreased by 26.7 per cent, with a 31.4 per cent decrease in residential permit value and a 14.6 per cent decrease in non-residential permit values.

The office vacancy rate decreased 0.3 percentage points from Q1 2023 to reach 12.0 per cent in Q1 2024 and is also slightly down from 12.2 per cent last quarter. The industrial vacancy rate increased slightly by 0.1 percentage points year-over-year to reach 3.0 per cent in Q1 2024.

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

Derrick Moodie

Director, Planning, Development and Building Services Department

CC: Wendy Stephanson, City Manager

Vivi Chi, Interim General Manager, Planning, Development & Building Services Department