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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: ACS2024-PDB-PS-0100

SUBJECT: Economic Development Update – Q2 2024

OBJET : Le point sur le développement économique – T2 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 Q2 2024, which covers April, May, and June, is attached for information purposes.

DISCUSSION

Summary of Q2 2024 Update

The update below analyzes data for Q2 2024 against Q1 2024 and year-over-year (Q2 2023). Overall, the city saw improvements when it came to inflation, the number of employed residents, average weekly earnings, office vacancy rates, construction permit value, and population. Meanwhile, housing starts, labour participation rate and resale units sold have decreased, and the unemployment rate as well as industrial vacancy rates have increased.

Economy

Year-over-year, the overall labour force increased 3.2 per cent while employed residents increased 2.0 per cent to hit 646,100 employed residents in Q2 2024. While the unemployment rate increased 1.1 percentage points since Q2 2023 and increased by 0.9 percentage points since last quarter to reach 5.6 per cent in Q2 2024.

Compared to Q2 2023, the Information, culture, and recreation; Accommodation and food services; and Transportation and warehousing service sectors saw the largest increases in employment growth year-over-year. While Utilities; Finance, insurance, real estate, rental and leasing; and other services (except public administration) sectors saw the largest decreases in employment growth over the same period. The inflation rate increased 0.6 percentage points from the previous quarter (Q1 2024) and decreased 1.2 percentage points since Q2 2023. Average weekly earnings increased 3.0 per cent year-over-year and 1.3 per cent from the previous quarter to sit at \$1,455 in Q2 2024.

Residential

In Q2 2024, there was a 14.1 per cent decrease in housing starts from Q2 2023 from 1,688 to 1,450 housing starts. All four dwelling types experienced a decrease in starts year-over-year, with single detached starts down 2.9 per cent from 340 to 330 starts, apartment starts down 18.7 per cent from 801 to 651 starts, rowhouse starts decreased

by 12.9 per cent from 511 to 445 starts, and semi-detached starts decreased by 33.3 per cent from 36 to 24 starts.

The average resale price for housing increased year-over-year by 3.0 per cent to sit at \$694,112 in Q2 2024 and increased by 6.0 per cent from \$655,047 in the previous quarter. A total of 4,440 units were sold in Q2 2024, which is an increase of 65.7 per cent from the previous quarter, however, it decreased by 12.7 per cent year-over-year.

Permits and Vacancies

Total construction permit value decreased by 19.5 per cent year-over-year, largely due to a 26.6 per cent decrease in non-residential permits. Compared to Q1 2024, construction permit value in Q2 2024 increased by 36.7 per cent, where residential permit value increased 55.5 per cent and non-residential permit values decreased 4.2 per cent.

The office vacancy rate decreased 1.4 percentage points from Q2 2023 to reach 11.5 per cent in Q2 2024 and is also down from 12.0 per cent last quarter. The industrial vacancy rate increased by 0.5 percentage points year-over-year to reach 3.5 per cent in Q2 2024. Meanwhile, the retail vacancy rate remained consistent at 1.9 per cent in Q2 2024 compared to the previous quarter (Q1 2024), as well as Q2 of last 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

Derrick Moodie

Director, Planning, Development and Building Services Department

CC: Wendy Stephanson, City Manager

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

SUPPORTING DOCUMENTATION

Document 1 – Economic Development Update – Q2 2024