



Economic Development Update – Q2 2024

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q2 2024 update covers the months of April, May, and June 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 Q3 2024: July, August, September 2024

- **The federal government identified 56 properties for conversion to affordable housing, including 22 properties in Ottawa:** The Canada Public Land Bank, launched on August 25, 2024, features 56 federal properties across Canada, including 22 in the city of Ottawa, that have been identified as being able to support housing. Former military bases, Canada Post sites and federal office buildings are among the properties currently included in the public lands bank, many of which were previously set aside for sale as they are no longer in use. The new plan is to offer most of the properties for long-term lease rather than one-time sale to keep the lands in public hands and ensure housing built on them remains affordable. The current list includes properties in 28 municipalities in seven provinces but will grow over time through an ongoing review of underused or vacant federal land and buildings.
- **Canada's inflation rate fell to 2.5% in July, which is the lowest since March 2021:** Canada's annual inflation rate fell to 2.5 percent in July 2024, matching economists' forecasts, and solidifying expectations for a third consecutive interest rate cut in September. The consumer price index report published in August by Statistics Canada notes that prices for travel tours, passenger vehicles and electricity helped drive the headline figure lower. Meanwhile, shelter costs are still the main driver of inflation as Canadians face significantly higher rents and mortgage payments. The report also noted, however, that shelter price growth slowed in July 2024 to 5.7 percent year-over-year, down from 6.2 percent in June of 2023. Inflation has remained below three percent since January 2024 and has steadily trended lower, highlighting the significant progress made in the fight against high inflation.

- **Sparks Street Business Improvement Area (BIA) expansion to aid in downtown revitalization efforts:** The Sparks Street BIA association announced plans to expand its boundaries beyond the traditional pedestrian mall into a broader part of the downtown core. The decision to pursue expansion was originally prompted by the pandemic, since the organization realized that many downtown businesses are outside the boundaries of existing BIAs. The value of the expansion has also been bolstered in the past year by the efforts of local business leaders to revitalize the downtown. As per the schedule, the expansion is said to come into effect on January 1, 2025.

What Happened in Q2 2024: April, May, June 2024

- **Ottawa-Gatineau unemployment rate soars to 6% in June:** Ottawa-Gatineau's unemployment rate climbed to its highest level in nearly three years last month as the local economy shed more than 2,000 jobs and more people entered the labour force (as reported by Statistics Canada in its monthly labour force survey report for June).
- **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.

Snapshot

	<u>Q2-2023</u>	Q1-2024	<u>Q2-2024</u>	Year-over-year Status: <u>Q2 2024</u> Compared to <u>Q2-2023</u>
Employed Labour Force	633,233	655,833	646,100	Positive ✓
Unemployment Rate	4.5%	4.7%	5.6%	Negative ✗
Participation Rate	68.5%	69.1%	68.0%	Negative ✗
Housing Starts	1,688	1,080	1,450	Negative ✗
Average Resale Price	\$673,865	\$655,047	\$694,112	Negative ✗
Resale Units Sold	5,085	2,680	4,440	Negative ✗
Population	1,077,900	1,083,550*	1,094,340	Positive ✓
Inflation	3.8%	2.0%	2.6%	Positive ✓
Average Weekly Earning	\$1,413	\$1,436	\$1,455	Positive ✓
Construction Permit Value (seasonally adjusted)	\$817,028	\$714,463	\$976,375	Positive ✓
Office Vacancy Rate	12.9%	12.0%	11.5%	Positive ✓
Retail Vacancy Rate	1.9%	1.9%	1.9%	Neutral ○
Industrial Vacancy Rate	2.2%	3.0%	3.5%	Negative ✗

Please refer to individual tables below for more details.

*Population data is available bi-annually for quarters Q2 and Q4.

Labour Force

Labour Force, Seasonally Adjusted, 3-Month Moving Average

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

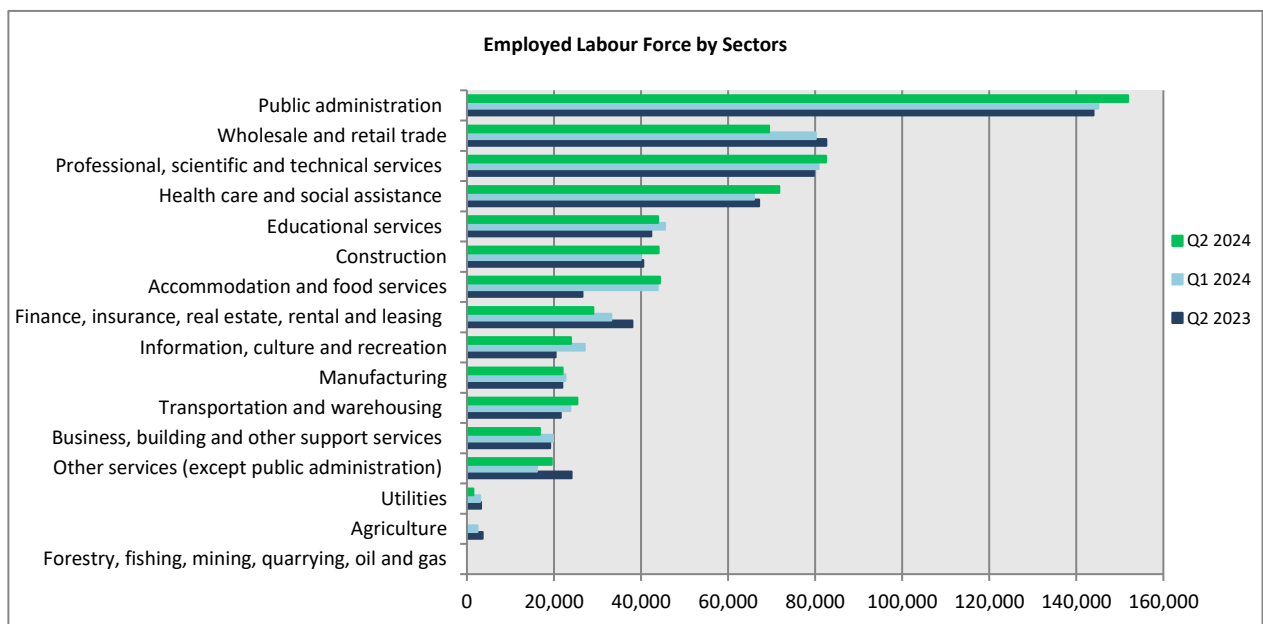
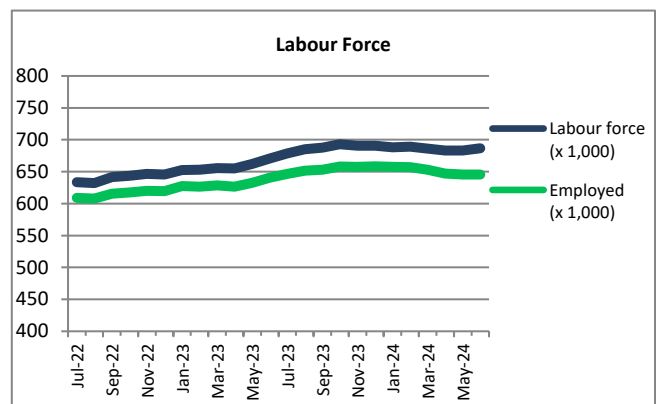
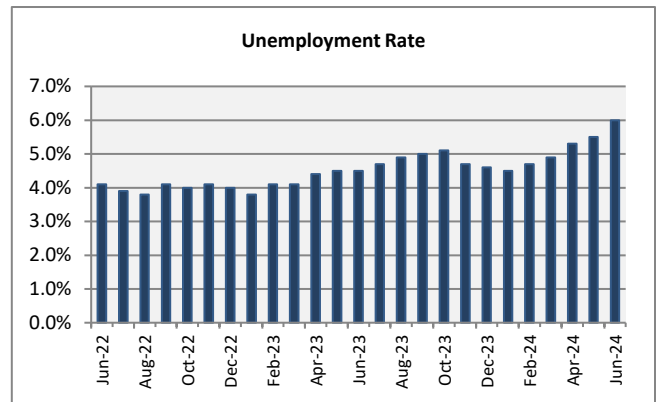
Ottawa, CMA (ON pt.)*	Q2-23	Q1-24	Q2-24
Labour Force (x 1,000)	662.7	688.0	684.2
Employed (x 1,000)	633.2	655.8	646.1
Unemployed (x 1,000)	29.4	32.1	38.1
Unemployment Rate	4.5%	4.7%	5.6%
Participation Rate	68.5%	69.1%	68.0%

*2016 boundaries

Year-over-year, the overall labour force increased 3.2% while employed residents increased by 2.0%. Meanwhile, the unemployment rate also increased 1.1 percentage points from Q2 2023. Information, culture and recreation; Accommodation and food services; and Transportation and warehousing service sectors saw the largest increases in employment growth year-over-year. Meanwhile, 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.

Ottawa, CMA (ON pt.)*	YTD-23	YTD-24
Unemployment Rate	4.2%	5.2%
Participation Rate	68.3%	68.5%

*2016 boundaries



Housing

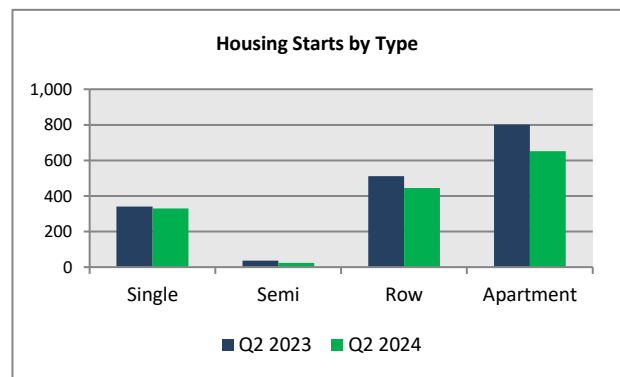
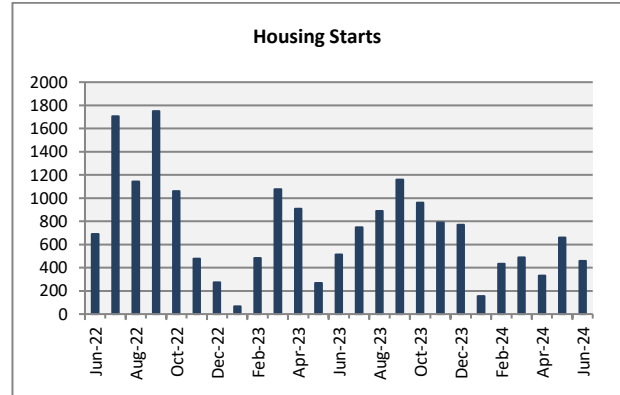
Housing Starts

Source: CMHC Housing Market Information Portal

Ottawa, City	Q2-23	Q4-23	Q2-24
Housing Starts	1,688	1,080	1,450
Single	340	109	330
Semi	36	14	24
Row	511	225	445
Apartment	801	732	651

Overall, there was a 14.1% decrease in housing starts from Q2 2023 to Q2 2024. All four dwelling types experienced a decrease in starts year-over-year, with single detached starts down 2.9%, semi-detached starts down 33.3%, rowhouse starts down 12.9%, and apartment starts down 18.7%.

Ottawa, City	YTD-23	YTD-24
Housing Starts	3,314	2,530
Single	500	439
Semi	42	38
Row	655	670
Apartment	2,117	1,383



Housing Sales, Resale Market

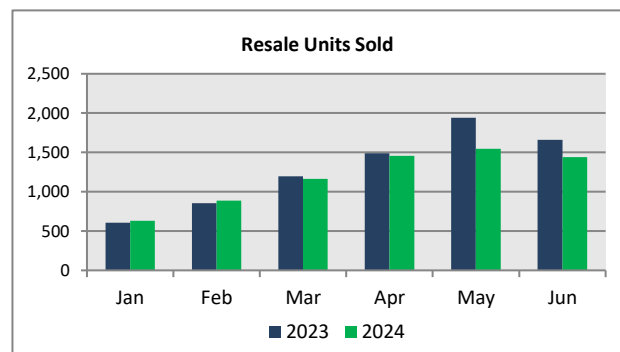
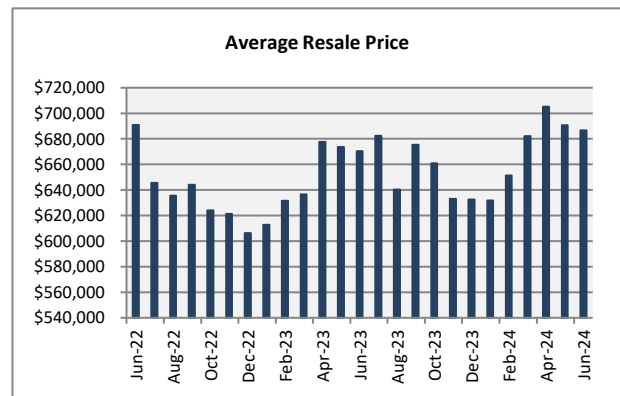
Source: Ottawa Real Estate Board

Ottawa Area*	Q2-23	Q1-24	Q2-24
Average Resale Price	\$673,865	\$655,047	\$694,112
Resale Units Sold	5,085	2,680	4,440

A total of 4,440 units were sold through the MLS system in Q2 2024, an increase of 65.7% from the previous quarter, however, it decreased by 12.7% year-over-year. The average resale price increased 6.0% from the previous quarter and increased 3.0% year-over-year.

Ottawa Area*	YTD-23	YTD-24
Average Resale Price**	\$650,408	\$674,579
Resale Units Sold	7,740	7,120

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



Living

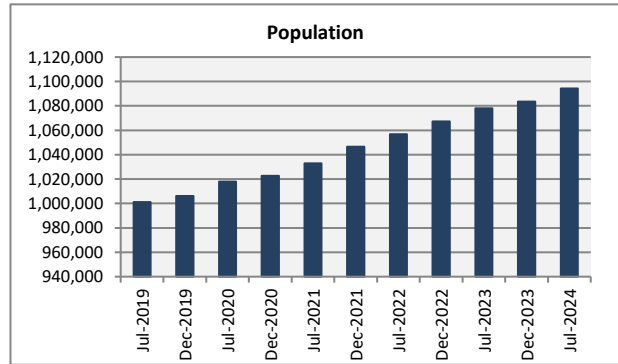
Population

Source: City of Ottawa estimate*

Ottawa, City	Q2-23	Q4-23	Q2-24
Population	1,077,900	1,083,550	1,094,340

*Population estimate reported twice per year

The population estimate for the city of Ottawa increased 1.5% year-over-year to reach 1,094,340 at mid-year 2024.



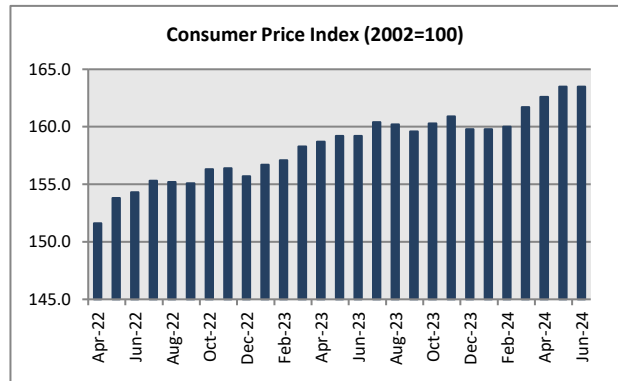
Consumer Price Index (2002=100)

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

Ottawa, CMA (ON pt.)*	Q2-23	Q1-24	Q2-24
Consumer Price Index	159.0	160.5	163.2
Inflation	3.8%	2.0%	2.6%

*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 2.6% to 163.2 in Q2 2024. The inflation rate increased 0.6 percentage points from the previous quarter and decreased 1.2 percentage points since Q2 of last year.



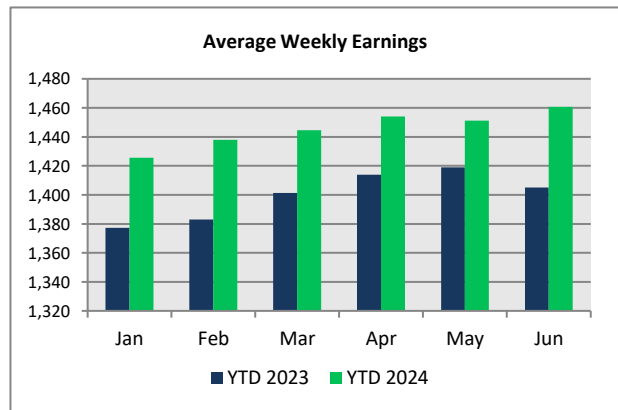
Average Weekly Earning

Source: CMHC Custom Data

Ottawa, CMA (ON pt.)*	Q2-23	Q1-24	Q2-24
Avg. Weekly Earning	\$1,413	\$1,436	\$1,455

*2016 boundaries

The average weekly earning increased 3.0% year-over-year and 1.3% from the previous quarter to reach \$1,455 in Q2 2024.



Economy

Construction Permits, Seasonally Adjusted

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

Ottawa, CMA (ON pt.)*	Q2-23	Q1-24	Q2-24
Total Permits	\$817,028	\$714,463	\$976,375
Residential	\$522,854	\$489,107	\$760,407
Non-residential	\$294,174	\$225,356	\$215,968

(x \$1,000)

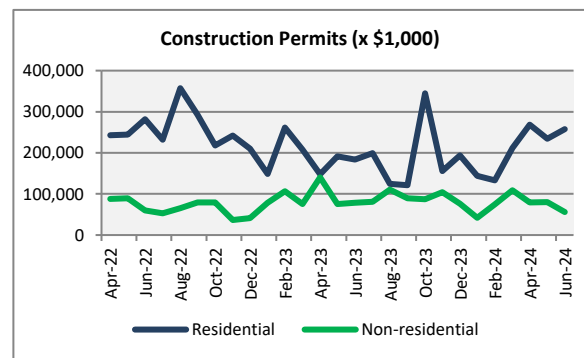
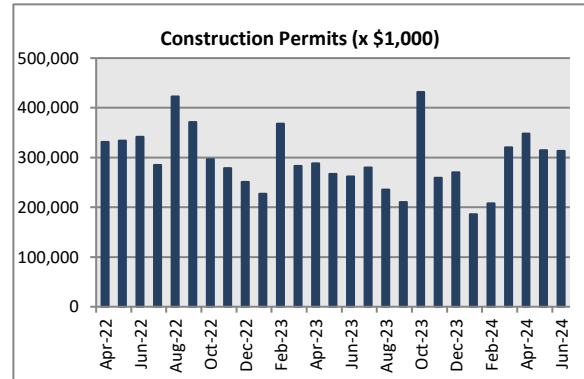
*2006 boundaries

Compared to Q2 of last year, total construction permit value increased by 19.5% in Q2 2024, largely due to a 45.4% increase in residential permit value and a 26.6% decrease in non-residential permit. Since last quarter, total construction permit value increased by 36.7%, where residential permit value increased 55.5% and non-residential permit values decreased 4.2%.

Ottawa, CMA (ON pt.)*	YTD-23	YTD-24
Total Permits	\$1,695,726	\$1,690,838
Residential	\$1,140,376	\$1,249,514
Non-residential	\$555,351	\$441,324

(x \$1,000)

*2006 boundaries

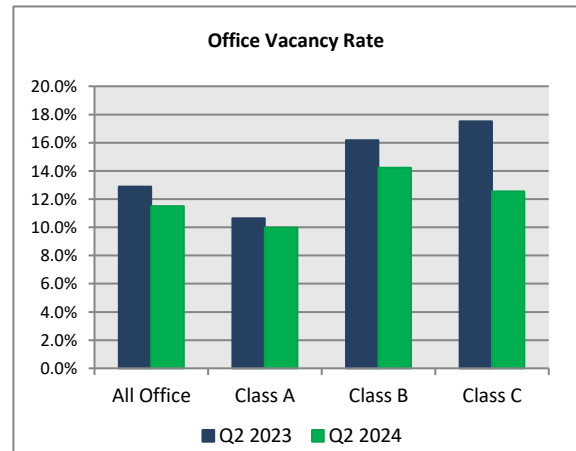


Office Vacancy Rate

Source: Colliers Canada

Ottawa, City	Q2-23	Q1-24	Q2-24
All Office	12.9%	12.0%	11.5%
Class A	10.6%	10.9%	10.0%
Class B	16.2%	13.9%	14.2%
Class C	17.5%	13.2%	12.5%

Year-over-year, Ottawa's office vacancy rate decreased 1.4 percentage points. Office class A experienced a decrease of 0.7 percentage points in vacancy rates year-over-year, while office class B experienced a decrease of 2.0 percentage points and office class C experienced a decrease of 5.0 percentage points.



Economy

Industrial and Retail Vacancy Rates

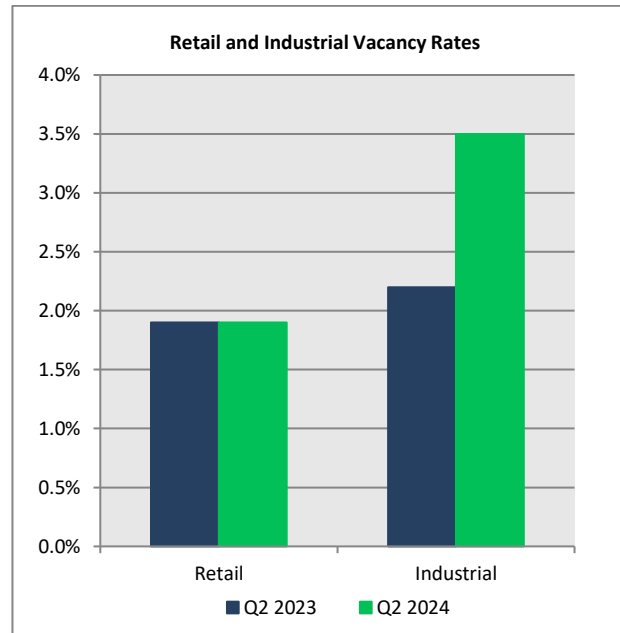
Source: Cushman & Wakefield for Industrial Reports, and Marcus & Millichap for Retail Market Reports

Ottawa, City	Q2-23	Q4-23	Q2-24
Ind. Vacancy Rate	2.2%	3.0%	3.5%

The industrial vacancy rate increased 0.5 percentage points year-over-year and increased 1.3 percentage points from the last quarter to reach 3.5% in Q2 2024.

Ottawa, City	Q2-23	Q1-24	Q2-24
Retail Vacancy Rate	1.9%	1.9%	1.9%

In Q2, 2024, the retail vacancy rate remained consistent at 1.9% compared to the previous quarter (Q1 2024), as well as Q2 of last year.



Retail Vacancy by Square Footage

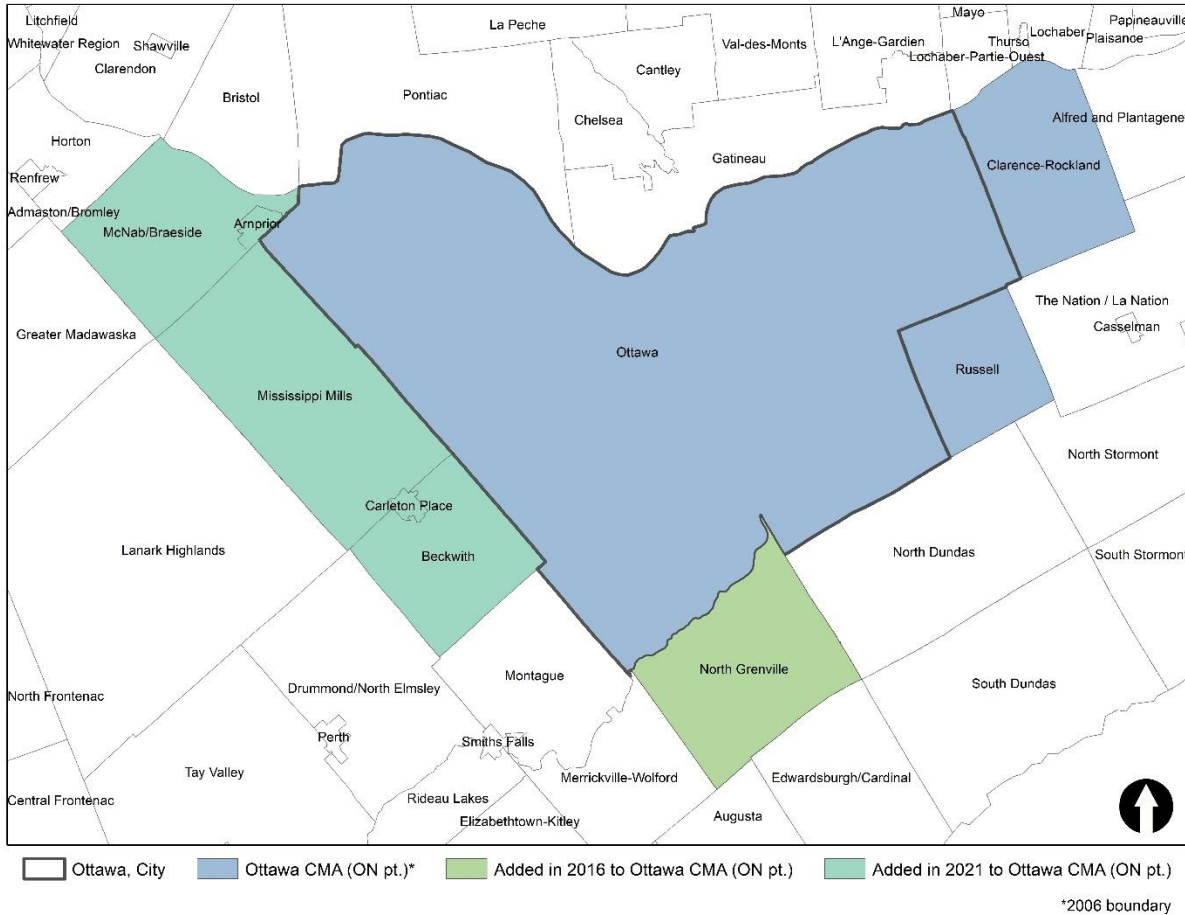
Source: Marcus & Millichap for Retail Market Reports

Ottawa, City	Q2-23	Q1-24	Q2-24
Rentable Building Area	49,281,367	49,282,842	49,282,842
Vacant (sq ft)	920,033	958,862	956,815

Rentable Building Area (RBA), for retail uses increased by 1,475 sq. ft year-over-year and remained consistent when compared to the previous quarter. The retail vacancy area increased 4.0% year-over-year and decreased by 0.2% from the previous quarter to reach 956,815 sq.ft in Q2 2024.

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.