



Economic Development Update – Q3 2024

The City of Ottawa Economic Development Update provides an overview of quarterly and annual economic indicators to the city's economy. The Q3 2024 update covers the months of July, August, and September 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 Q4 2024: October, November, December 2024

- **Ottawa's GDP Growth Hits 2.5% in Q4 2024:** Ottawa's economy grew by 2.5% in the fourth quarter of 2024, outperforming the national average. The technology sector, tourism, and retail industries were key drivers of growth and analysts attribute this success to strategic public investments and a resilient workforce. Some factors cited as insulating the city from global economic uncertainties were Ottawa's diversified economy and strong governance. Continued growth is anticipated in 2025, supported by ongoing infrastructure projects
- **Unemployment Rate Falls to 4.6%:** Ottawa's unemployment rate fell to 4.6% in Q4 2024, the lowest in five years. The decline reflects robust job creation in healthcare, technology, and clean energy sectors. Workforce development programs and incentives for businesses relocating to Ottawa have played a significant role in this achievement. Economists predict that the trend will continue into 2025, further solidifying Ottawa's economic stability.
- **Federal Funding Secured for Ottawa's Tourism Recovery:** Ottawa secured \$30 million in federal funding to support its tourism recovery strategy. Funds will be allocated to marketing campaigns, infrastructure upgrades, and new events. Tourism officials project the funding will generate \$100 million in economic activity over two years, boosting hotel occupancy and local business revenues.
- **Tech Giant Opens Quantum Computing Lab in Ottawa:** A major technology corporation announced the opening of a state-of-the-art Quantum Computing Lab in Ottawa. The \$60 million investment will focus on advancing quantum algorithms for artificial intelligence and cybersecurity. This initiative will generate 200 high-paying jobs and foster partnerships with academic institutions in the region.

What Happened in Q3 2024: July, August, and September 2024

- **City Approves Comprehensive Green Building Policy:** The City of Ottawa unveiled a new Green Building Policy to promote sustainable construction practices across municipal and private developments. The policy mandates energy-efficient designs, low-carbon materials, and renewable energy integration for all new municipal buildings. The initiative aims to reduce greenhouse gas emissions by 50% by 2030, aligning with Ottawa's Climate Change Master Plan. Economic analysts forecast long-term savings on operational costs and significant job creation in the green construction sector. Industry stakeholders have lauded the policy as a critical step in positioning Ottawa as a leader in sustainable urban development.
- **Federal Housing Accelerator Fund Allocates \$30M to Ottawa:** The Federal Housing Accelerator Fund awarded Ottawa \$30 million to expedite affordable housing projects. The funding will streamline approval processes, enhance infrastructure in high-demand areas, and finance the construction of over 800 new units. Ottawa's initiative focuses on addressing homelessness and providing affordable housing for low-income families and seniors. Local leaders highlighted this as a pivotal moment for achieving housing equity while boosting the local economy through construction-related employment.
- **Lansdowne Park Redevelopment Plan Approved:** The City of Ottawa approved a \$300 million redevelopment plan for Lansdowne Park, including new residential units, retail spaces, and public amenities. The project is expected to create 2,000 construction jobs and drive long-term economic benefits through increased tourism and local spending.
- **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.

Snapshot

| | <u>Q3-2023</u> | Q2-2024 | <u>Q3-2024</u> | Year-over-year Status: <u>Q3 2024</u> Compared to <u>Q3-2023</u> |
|--|----------------|-----------|----------------|--|
| Employed Labour Force | 650,100 | 646,133 | 658,133 | Positive ✓ |
| Unemployment Rate | 4.9% | 5.6% | 6.4% | Negative ✗ |
| Participation Rate | 70.0% | 68.0% | 69.1% | Negative ✗ |
| Housing Starts | 2,797 | 1,450 | 2,500 | Negative ✗ |
| Average Resale Price | \$666,023 | \$694,112 | \$675,167 | Positive ✓ |
| Resale Units Sold | 3,405 | 4,440 | 3,388 | Negative ✗ |
| Population* | N/A | 1,094,340 | N/A | Neutral ○ |
| Inflation | 3.1% | 2.6% | 2.4% | Positive ✓ |
| Average Weekly Earning | \$1,400 | \$1,455 | \$1,445 | Positive ✓ |
| Construction Permit Value (seasonally adjusted) | \$726,036 | \$991,874 | \$843,79 | Positive ✓ |
| Office Vacancy Rate | 12.6% | 11.5% | 11.5% | Positive ✓ |
| Retail Vacancy Rate | 1.7% | 1.9% | 2.1% | Negative ✗ |
| Industrial Vacancy Rate | 2.6% | 3.5% | 4.4% | 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

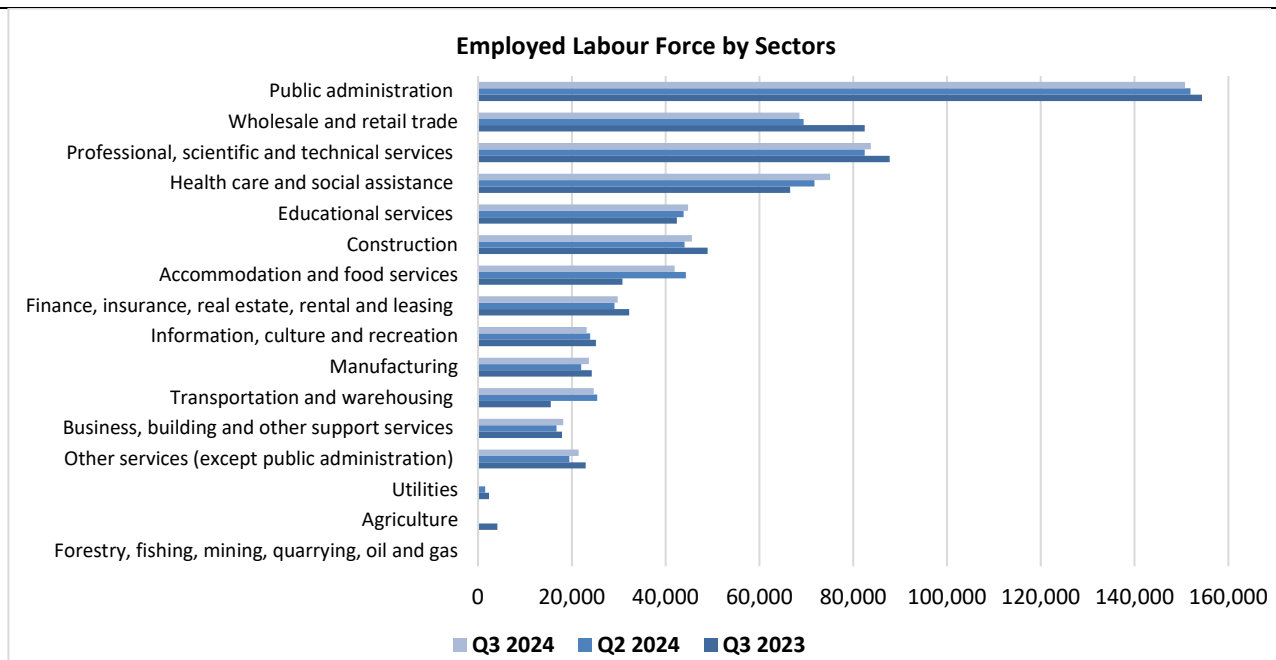
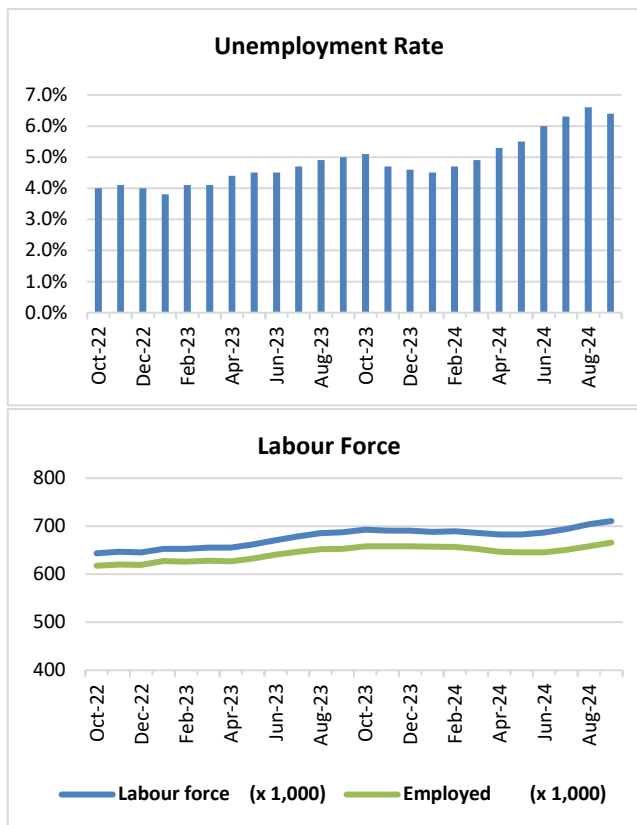
| Ottawa, CMA (ON pt.)* | Q3-23 | Q2-24 | Q3-24 |
|------------------------|-------|-------|-------|
| Labour Force (x 1,000) | 683.5 | 684.2 | 702.8 |
| Employed (x 1,000) | 650.1 | 646.1 | 658.1 |
| Unemployed (x 1,000) | 33.4 | 38.1 | 44.7 |
| Unemployment Rate | 4.9% | 5.6% | 6.4% |
| Participation Rate | 70.0% | 68.0% | 69.1% |

*2021 boundaries

Year-over-year, the overall labour force increased 2.8% while employed residents increased by 3.9%. Meanwhile, the unemployment rate also increased 2.0% percentage points from Q3 2023. Transportation and warehousing; as well as Accommodation and food services saw the largest increases in employment growth year-over-year. Meanwhile, Wholesale and retail trade; 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 | 4.4% | 5.6% |
| Participation Rate | 68.9% | 68.7% |

*2021 boundaries



Housing

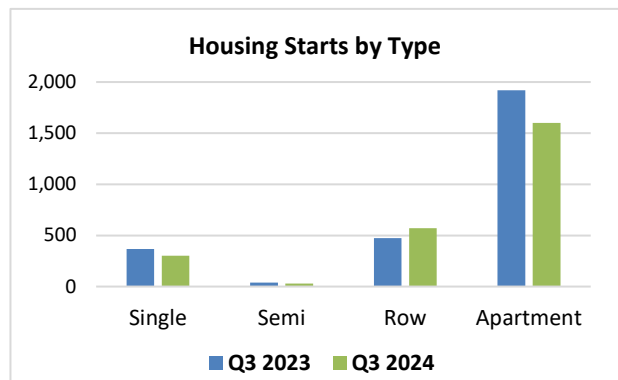
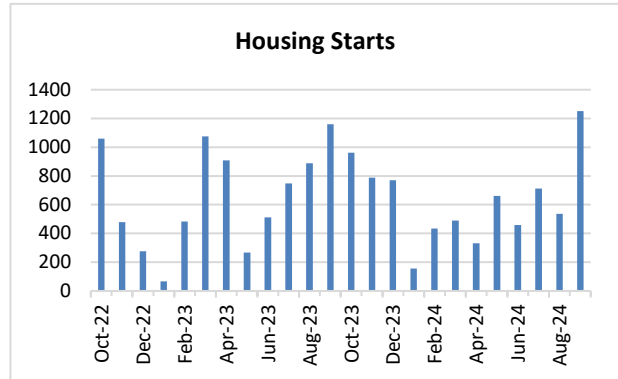
Housing Starts

Source: CMHC Housing Market Information Portal

| Ottawa, City | Q3-23 | Q2-24 | Q3-24 |
|----------------|--------------|-------|--------------|
| Housing Starts | 2,797 | 1,450 | 2,500 |
| Single | 366 | 330 | 301 |
| Semi | 38 | 24 | 28 |
| Row | 474 | 445 | 570 |
| Apartment | 1,919 | 651 | 1,601 |

Overall, there was a 10.6% decrease in housing starts from Q3 2023 to Q3 2024. Single-detached, semi-detached, and apartment dwelling types experienced a decrease in starts year-over-year, with apartment starts down by 16.6%, single detached starts down by 17.8%, and semi-detached down by 26.3%, however, rowhouse starts were up by 20.3%.

| Ottawa, City | YTD-23 | YTD-24 |
|----------------|--------------|--------------|
| Housing Starts | 6,111 | 5,030 |
| Single | 866 | 740 |
| Semi | 80 | 66 |
| Row | 1,129 | 1,240 |
| Apartment | 4,036 | 2,984 |



Housing Sales, Resale Market

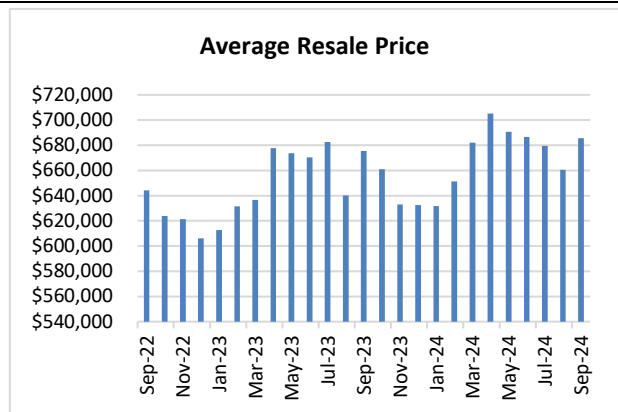
Source: Ottawa Real Estate Board

| Ottawa Area* | Q3-23 | Q2-24 | Q3-24 |
|----------------------|-------------------|------------|-------------------|
| Average Resale Price | \$ 666,023 | \$ 694,112 | \$ 675,167 |
| Resale Units Sold | 3,405 | 4,440 | 3,388 |

A total of 3,388 units were sold through the MLS system in Q3 2024, a decrease of 23.7% from the previous quarter, and a decrease of 6.9% year-over-year. The average resale price decreased by 2.7% from the previous quarter and increased by 1.4% year-over-year.

| Ottawa Area* | YTD-23 | YTD-24 |
|------------------------|------------------|------------------|
| Average Resale Price** | \$655,613 | \$674,775 |
| Resale Units Sold | 11,145 | 10,508 |

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



Living

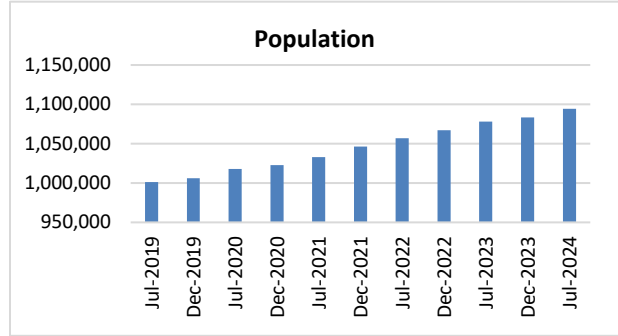
Population

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.



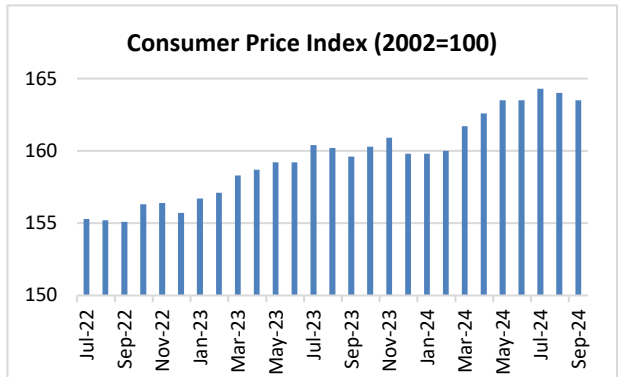
Consumer Price Index (2002=100)

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

| Ottawa, CMA (ON pt.)* | Q3-23 | Q2-24 | Q3-24 |
|-----------------------|--------------|-------|--------------|
| Consumer Price Index | 160.1 | 163.2 | 163.9 |
| Inflation | 3.1% | 2.6% | 2.4% |

*2006 boundaries

The Consumer Price Index saw a year-over-year increase of 2.4% to 163.9 in Q3 2024. The inflation rate decreased 0.2 percentage points from the previous quarter and decreased 0.7 percentage points since Q3 of last year.



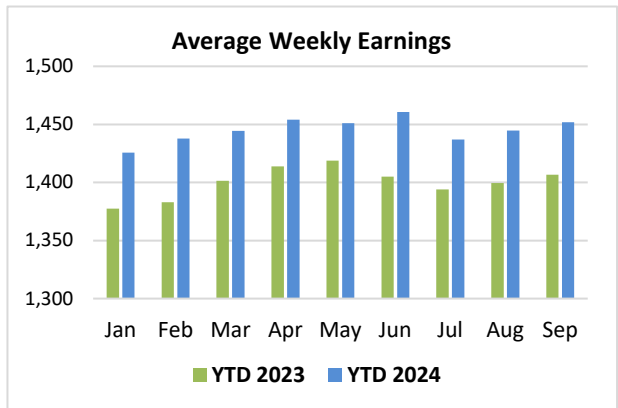
Average Weekly Earning

Source: CMHC Custom Data

| Ottawa, CMA (ON pt.)* | Q3-23 | Q2-24 | Q3-24 |
|-----------------------|----------------|---------|----------------|
| Avg. Weekly Earning | \$1,400 | \$1,455 | \$1,445 |

*2016 boundaries

The average weekly earning increased 3.2% year-over-year and decreased 0.7% from the previous quarter to reach \$1,455 in Q3 2024.



Economy

Construction Permits, Seasonally Adjusted

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

| Ottawa, CMA (ON pt.)* | Q3-23 | Q2-24 | Q3-24 |
|-----------------------|------------------|-----------|------------------|
| Total Permits | \$726,036 | \$991,874 | \$843,679 |
| Residential | \$445,219 | \$761,889 | \$578,239 |
| Non-residential | \$280,818 | \$229,985 | \$265,440 |

(x \$1,000)

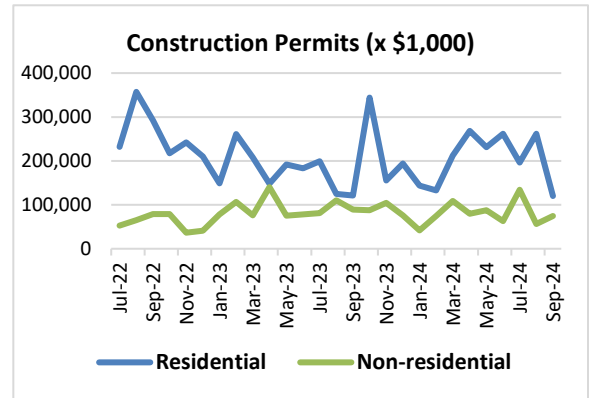
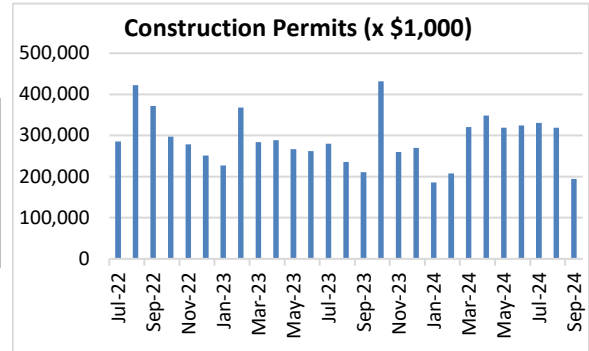
*2006 boundaries

Compared to Q3 of last year, total construction permit value increased by 16.2% in Q3 2024, largely due to a 29.9% increase in residential permit value and a 5.5% decrease in non-residential permits. Since last quarter, total construction permit value decreased by 14.9%, where residential permit value decreased by 24.1% and non-residential permit values increased 15.4%.

| Ottawa, CMA (ON pt.)* | YTD-23 | YTD-24 |
|-----------------------|--------------------|--------------------|
| Total Permits | \$2,421,762 | \$2,550,016 |
| Residential | \$1,585,595 | \$1,829,235 |
| Non-residential | \$836,169 | \$720,781 |

(x \$1,000)

*2006 boundaries

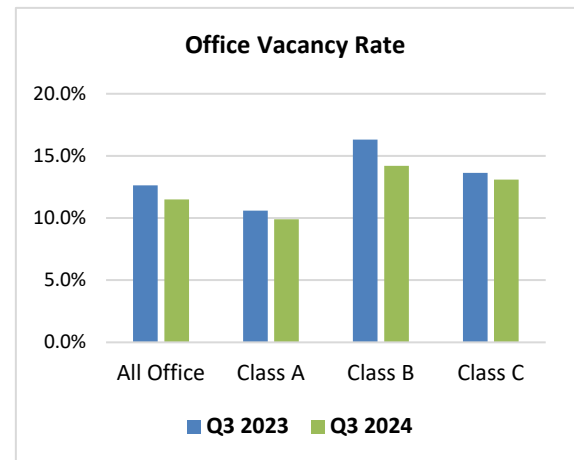


Office Vacancy Rate

Source: Colliers Canada

| Ottawa, City | Q3-23 | Q2-24 | Q3-24 |
|--------------|--------------|-------|--------------|
| All Office | 12.6% | 11.5% | 11.5% |
| Class A | 10.6% | 10.0% | 9.9% |
| Class B | 16.3% | 14.2% | 14.2% |
| Class C | 13.6% | 12.5% | 13.1% |

Year-over-year, Ottawa's office vacancy rate decreased 1.1 percentage points. Office class A experienced a decrease of 0.6 percentage points in vacancy rates year-over-year, while office class B experienced a decrease of 2.1 percentage points and office class C experienced a decrease of 0.5 percentage points.



Economy

Industrial and Retail Vacancy Rates

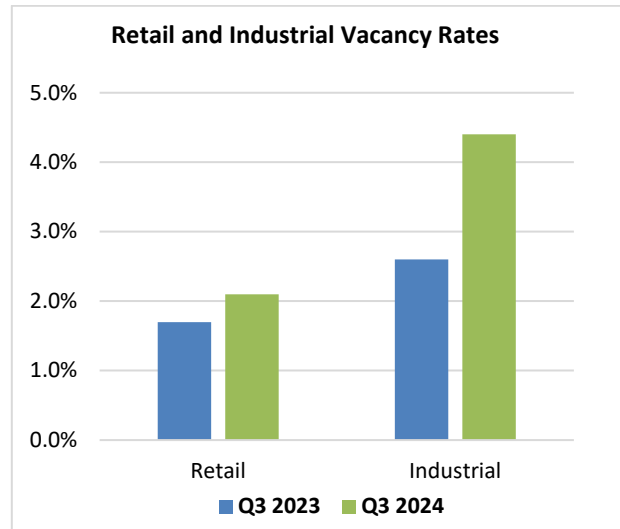
Source: Cushman & Wakefield for Industrial Reports, and Marcus & Millichap for Retail Market Reports

| Ottawa, City | Q3-23 | Q2-24 | Q3-24 |
|-------------------|-------------|-------|-------------|
| Ind. Vacancy Rate | 2.6% | 3.5% | 4.4% |

The industrial vacancy rate increased 1.8 percentage points year-over-year and increased 0.9 percentage points from the last quarter to reach 4.4% in Q3 2024.

| Ottawa, City | Q3-23 | Q2-24 | Q3-24 |
|---------------------|-------------|-------|-------------|
| Retail Vacancy Rate | 1.7% | 1.9% | 2.1% |

In Q3, 2024, the retail vacancy rate has increased by 0.4 points year-over-year, and increased by 0.2 points from the previous quarter to reach 2.1% in Q3 2024.



Retail Vacancy by Square Footage

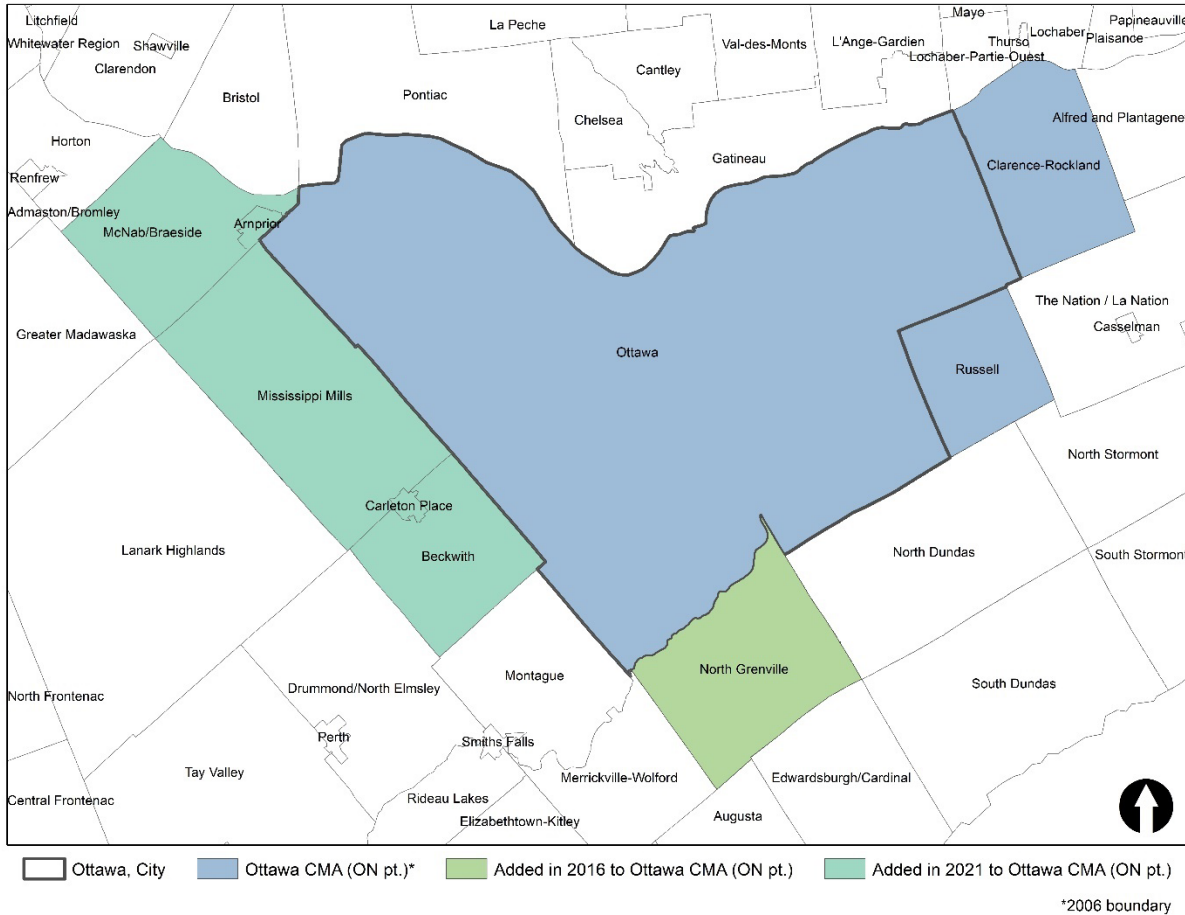
Source: Marcus & Millichap for Retail Market Reports

| Ottawa, City | Q3-23 | Q2-24 | Q3-24 |
|------------------------|-------------------|------------|-------------------|
| Rentable Building Area | 49,299,763 | 49,282,842 | 49,347,169 |
| Vacant (sq ft) | 833,629 | 956,815 | 1,050,169 |

Rentable Building Area (RBA), for retail uses increased by 47,406 sq. ft between Q3 2023 and Q3 2024 and 64,327 sq. ft when compared to Q2 2024. The retail vacancy area increased 5.0% year-over-year and increased by 9.8% from the previous quarter to reach 1,050,169 sq.ft in Q3 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.