

MEMO / NOTE DE SERVICE



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TO: Chair and members of the Finance and Economic Development Committee

DESTINATAIRE : Président et membres du Comité de finance et développement

FROM: Don Herweyer, Director
Economic Development and Long
Range Planning/ Infrastructure and
Economic Development Department

Contact:
Natalie Pulcine, Planner I
Economic Development and Long
Range Planning
613-580-2424, 12976
Natalie.Pulcine@ottawa.ca

EXPÉDITEUR : Don Herweyer,
Directeur
Développement économique et
Planification à long terme / Direction
générale de la planification, de
l'infrastructure et du développement
économique

Personne ressource :
Natalie Pulcine, Urbaniste I
Développement économique et
Planification à long terme
613-580-2424, 12976
Natalie.Pulcine@ottawa.ca

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SUBJECT: **Economic Development Update Q3 2020**

OBJET : **Le point sur le développement économique –T3 de 2020**

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 Q3 2020, which covers July, August, and September, is attached for information purposes.

DISCUSSION

Summary of Q3 2020 Update

Overall, the city performed relatively well in Q3 2020 in terms of the economy, residential development, permits and vacancies. The update below provides a comparative data analysis of Q3 2020 to Q2 2020. The purpose of this memo is to show the impact of COVID-19 on the indicators tracked in the update. The indicators show a higher unemployment rate, and an increase in the office availability rate. This comparative analysis also demonstrates that COVID-19 did not impact housing starts, construction permit value, or the industrial vacancy rate in Q3 2020 compared to Q2 2020.

Economy

Year-over-year, the unemployment rate increased by 4.3 percentage points to sit at 9.1 per cent in Q3 2020. Ottawa's unemployment rate of 9.1 per cent remains lower than the provincial rate of 11.4 per cent and the national rate of 11.1 per cent. The employed labour force decreased by 6.6 per cent in Q3 2020 from Q3 2019. By sector, the agriculture and construction sectors experienced the largest increases in employed labour force. The inflation rate decreased 0.7 percentage points year-over-year to sit at 1.2 per cent in Q3 2020.

Compared to Q2 2020, the unemployment rate increased 1.4 percentage points in Q3 2020. The employed labour force increased 1.2 per cent in Q3 2020 from Q2 2020. By sector, the other services (except public administration) and the business, building and other support services sectors experienced the largest decreases in employed labour force from Q1 2020, while accommodation and food services and educational services sectors experienced the largest increase. The inflation rate was steady at 1.2 per cent from the previous quarter.

Residential

In Q3 2020, there was a 46.4 per cent increase in housing starts from Q3 2019. Apartments had the largest increase (98.4 per cent) in starts, followed by semi-detached (51.9 per cent), rowhouse units (28.6 per cent) and single-detached (10.1 per cent).

Compared to Q2 2020, housing starts increased 69.3 per cent to 3,287 total housing starts in Q3 2020 from 1,942 housing starts in Q2. Apartments had the largest increase (151.7 per cent; from 580 starts to 1,460 starts) in starts, followed by semi-detached (48.7 per cent; from 52 starts to 82 starts), rowhouse units (48.7 per cent; from 671 starts to 998 starts), and single-detached (16.9 per cent; from 639 starts to 747 starts).

Permits and vacancies

Total construction permit value increased by 21.0 per cent in Q3 2020 from Q3 2019. Non-residential permits increased by 170.5 per cent while residential permits decreased 19.3 per cent. The office availability rate increased 1.4 percentage points from Q3 2019 to Q3 2020 to sit at 9.9 per cent. A new “availability rate” indicator substitutes for the “vacancy rate”, which was not available for the office market in current and past quarters. The office “availability rate” is the amount of available space that is available for lease and may or may not be vacant. The vacancy rate was available for the industrial market, which decreased 0.6 percentage points year-over-year to sit at 4.0 per cent in Q3 2020.

Compared to Q2 2020, total construction permit value increased by 55.9 per cent from \$839,363 in Q2 2020 to \$1,308,928 in Q3 2020. Residential permits increased 6.4 per cent from \$646,395 to \$687,648 and non-residential permits increased 222.0 per cent from \$192,968 in Q2 2020 to \$621,280 in Q3 2020. Between quarters, the office availability rate increased 0.6 percentage points from 9.3 per cent in Q2 2020 to sit at 9.9 per cent in Q3 2020. The industrial vacancy rate decreased 0.2 percentage points from 4.2 per cent in Q2 2020 to sit at 4.0 per cent in Q3 2020.

CONCLUSION

Staff will continue monitoring the economic conditions of the city and report back to the Finance and Economic Development Committee on a quarterly basis.

Original signed by

Don Herweyer

Director, Economic Development and Long Range Planning

CC: Steve Kanellakos, City Manager

Stephen Willis, General Manager, Planning, Infrastructure and Economic
Development Department

SUPPORTING DOCUMENTATION

Document 1 – Economic Development Update Q3 2020