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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

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SUBJECT: **Economic Development Update Q3 2019 and Q4 2019**

OBJET : **Le point sur le développement économique – T3 de 2019 et T4 de 2019**

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 for both Q3 2019 and Q4 2019 are proceeding at the same time, as the release of Q3 2019 was delayed for data availability reasons and Q4 2019 was completed to have it proceed simultaneously

with Q3 2019. The third quarter update for 2019, which covers July, August and September, and the fourth quarter update for 2019, which covers October, November and December, are attached for information purposes. This report is an ongoing reporting obligation for PIED, and it reflects the last two quarters of 2019. The department notes that conditions have changed dramatically in the context of COVID19. The data in this report is historic in nature and is not indicative of trends in 2020.

DISCUSSION

Summary of Q3 2019 Update

Overall, the city performed well in Q3 2019 in terms of the economy, residential development, permits and vacancies.

Economy

Year-over-year, the unemployment rate increased by 0.3 percentage points to sit at 4.8 per cent in Q3 2019. Ottawa's unemployment rate of 4.8 per cent remains lower than the provincial rate of 5.5 per cent and the national rate of 5.6 per cent. An unemployment rate of 4.8 per cent indicates Ottawa has full employment, meaning that almost all workers who are looking for employment are working. The employed labour force increased by 5.9 per cent in Q3 2019 from Q3 2018. The inflation rate decreased 0.7 percentage points year-over-year to sit at 1.9 per cent in Q3 2019.

Residential

In Q3 2019, there was a 16.9 per cent increase in housing starts from Q3 2018. Apartments had the largest increase (56.9 per cent) in starts followed by row units (35.9 per cent) while singles (-11.1 per cent) and semis (-53.4 per cent) decreased.

Permits and vacancies

Total construction permit value increased 26.0 per cent from Q3 2018, led by an increase of 34.7 per cent in residential permits while non-residential permits decreased 0.2 per cent. The office vacancy rate decreased 1.2 percentage points in Q3 2019 from Q3 2018 to sit at 4.9 per cent. The industrial vacancy rate increased 0.1 percentage point year-over-year to sit at 2.2 per cent in Q3 2019.

Summary of Q4 2019 Update

Overall, the city performed well in Q4 2019 in terms of the economy, residential development, permits and vacancies.

Economy

Year-over-year, the unemployment rate decreased by 0.6 percentage points to sit at 4.2 per cent in Q4 2019. Ottawa's unemployment rate of 4.2 per cent remains lower than the provincial rate of 5.4 per cent and the national rate of 5.6 per cent. An unemployment rate of 4.2 per cent indicates Ottawa has full employment, meaning that almost all workers who are looking for employment are working. The employed labour force increased by 10.4 per cent in Q4 2019 from Q4 2018. The inflation rate increased 0.2 percentage points year-over-year to sit at 2.7 per cent in Q4 2019.

Residential

In Q4 2019 there was a 13.3 per cent decrease in housing starts from Q4 2018. Apartments had the largest decrease (-56.6 per cent) in starts, while row units (80.7 per cent) and singles (12.0 per cent) increased and semis remained steady.

Permits and vacancies

Total construction permit value decreased by 1.8 per cent in Q4 2019 from Q4 2018. Residential permits decreased by 5.5 per cent while non-residential permits increased 5.9 per cent. Both the office and the industrial vacancy rates decreased from Q4 2018 to sit at 4.6 per cent (-1.0 percentage points) and 2.4 per cent (-0.2 percentage points) respectively in Q4 2019.

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 2019

Document 2 – Economic Development Update Q4 2019