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# Ottawa-Gatineau's Economic Outlook: 2017 Promises to be a Good Year

**Pedro Antunes**

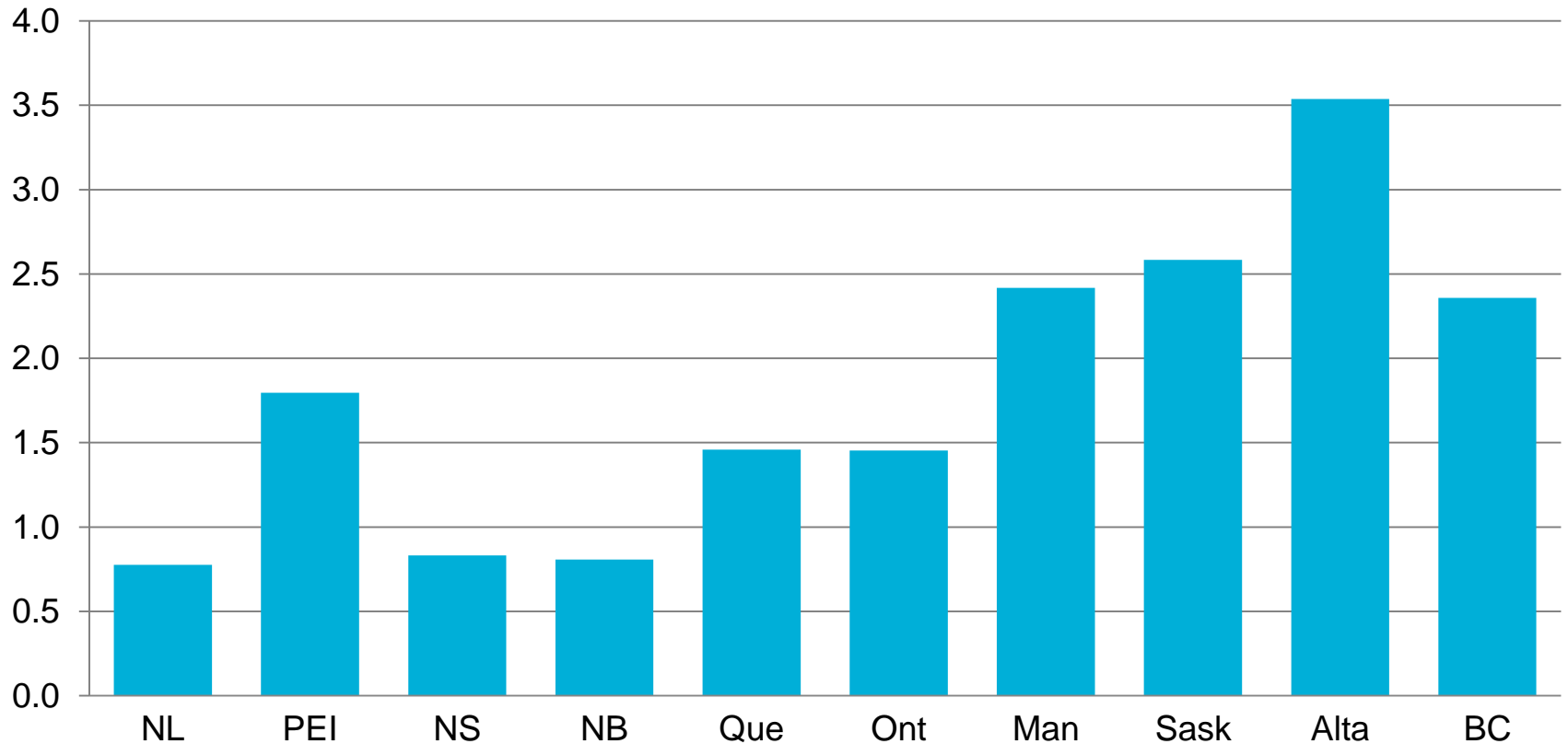
Deputy Chief Economist, The Conference Board of Canada

October 19, 2016

# The Resource Decade—Real GDP by Province

average annual compound growth, per cent

■ 2004-14



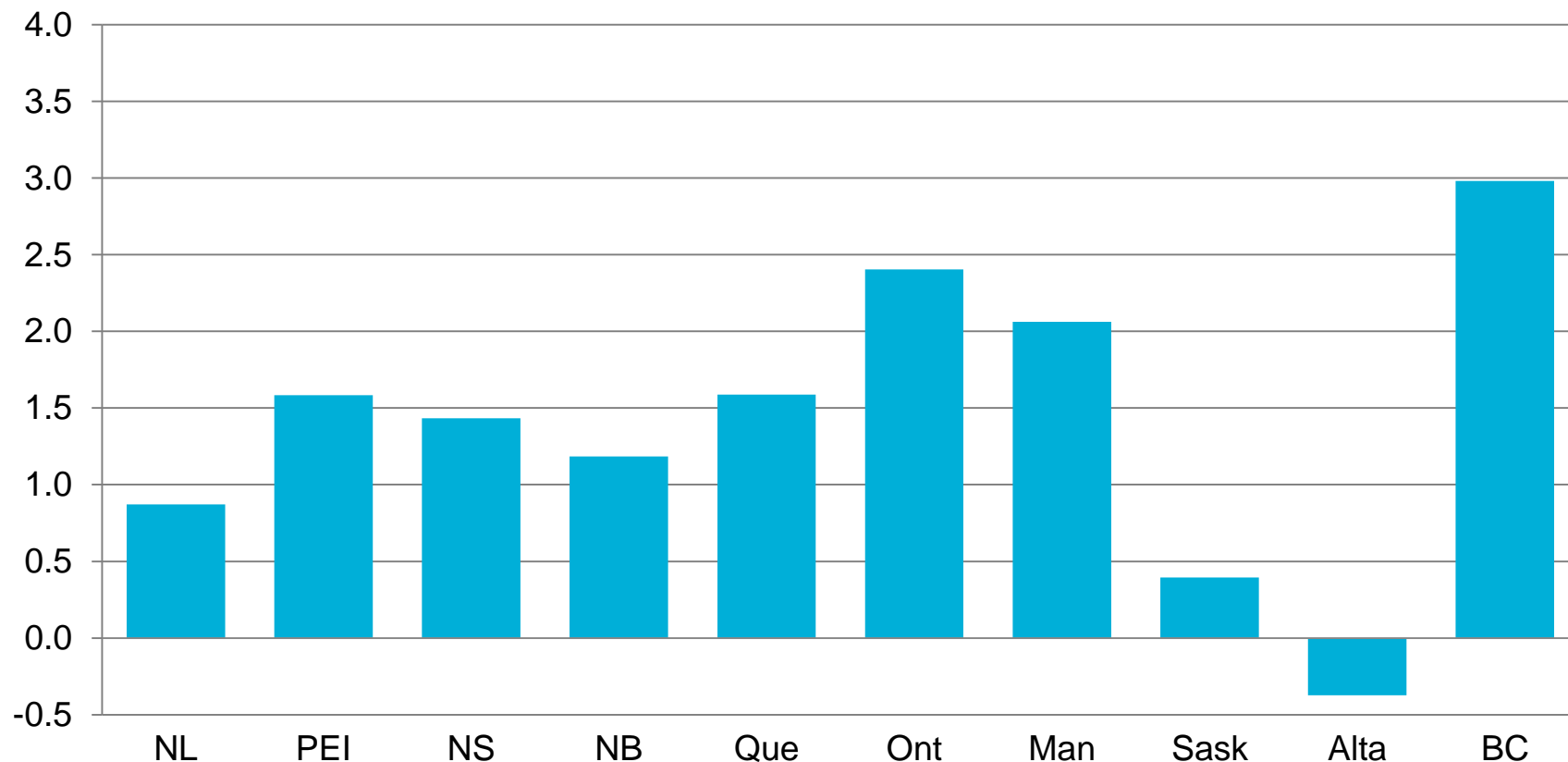
Sources: Statistics Canada; The Conference Board of Canada.



# The Resource Crash—Real GDP by Province

average annual compound growth, per cent

■ 2015-18



Sources: Statistics Canada; The Conference Board of Canada.





# Why are Business not Investing in Canada?

- Difficulty finding skilled labour/high labour costs
- Manufacturing sector competing with southern U.S. and Mexico
- Lower dollar results in high import prices for retooling investment
- Lower oil prices do not make Canadian firms more competitive
- Elevated electricity prices (Ontario)
- Others? government policies, long approval process, uncertainty about environmental policies, soft domestic demand, fiscal situation (future tax burden).





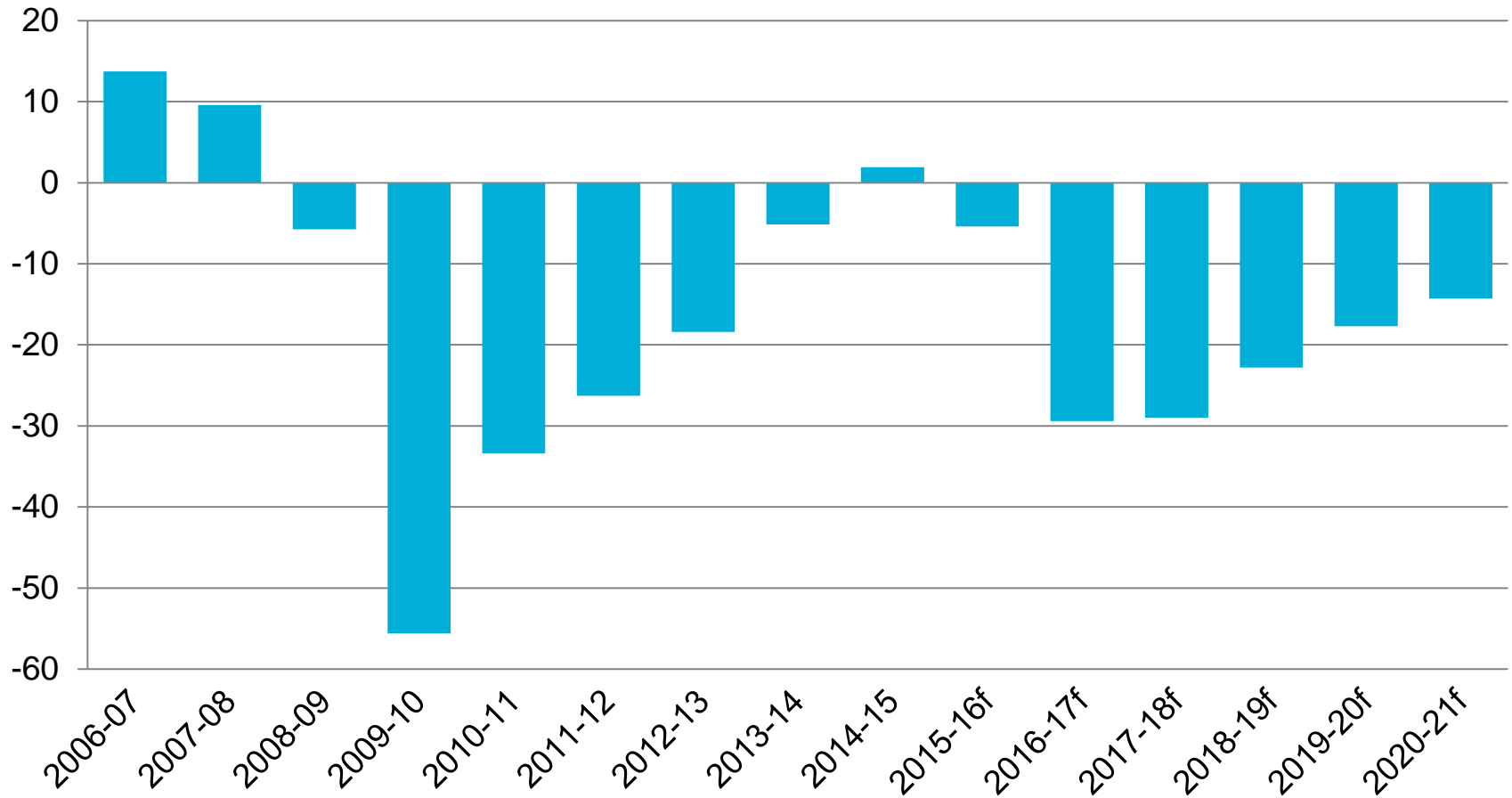
# Budget 2016

- Federal budget tabled in an environment of weak revenue growth.
- Balancing the books not a near term priority with sizeable spending increases over the next two fiscal years.
- New measures total \$11.6b in 2016-17 and \$14.9b in 2017-18.
- Key initiatives: infrastructure and housing investments and the Canada Child Benefit.
- Weak revenue and accelerating expenditures have led to a string of deficits over the budget timeframe.



# No Balance in Sight.

Federal government balance, public accounts basis, \$ billions.



Source: Department of Finance.

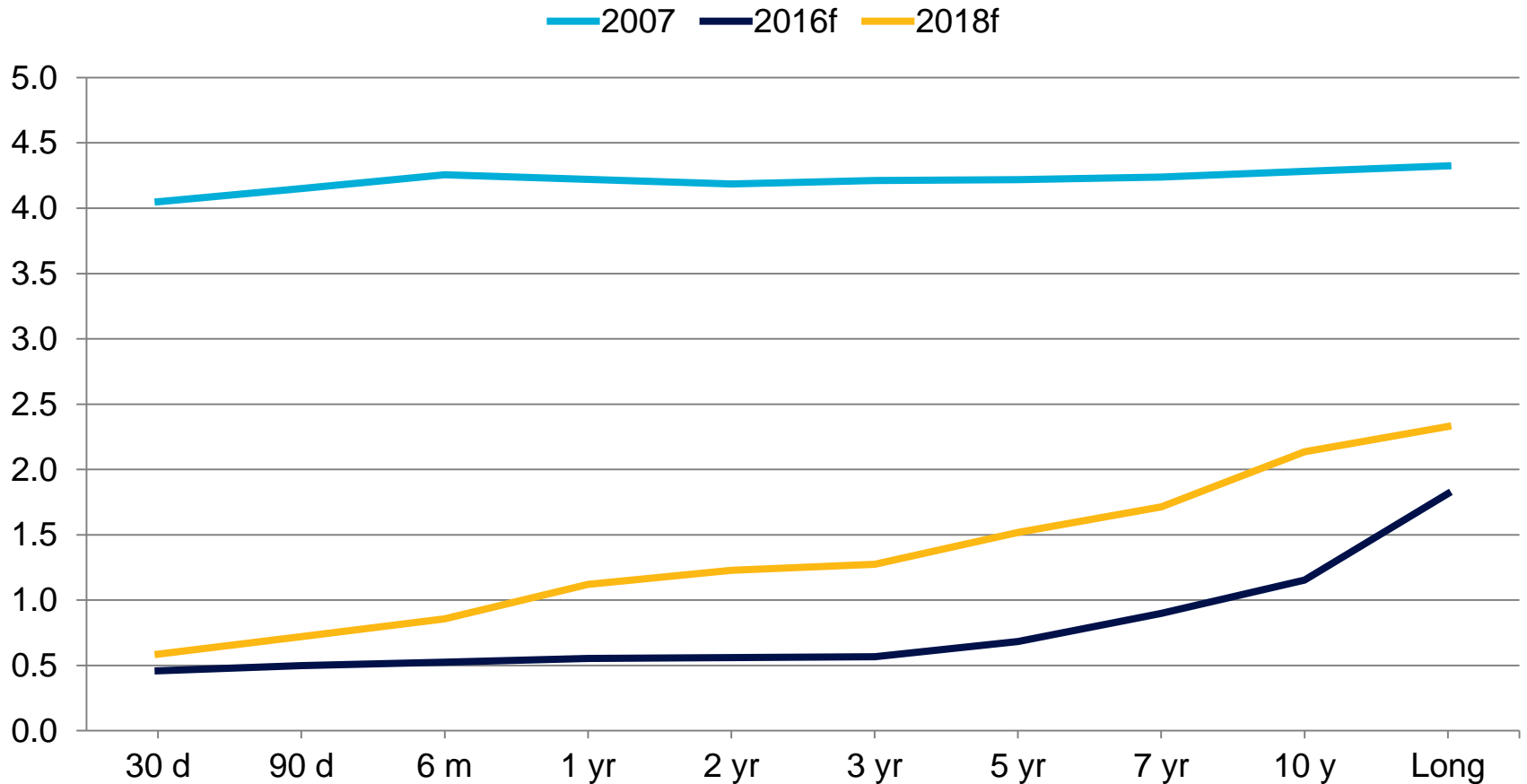


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# Canadian Yield Curve

per cent.



Source: The Conference Board of Canada.



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# Ottawa-Gatineau Outlook

- The federal government is hiring again
- Tourism sector set for huge year in 2017
- The area's non-residential construction sector remains very busy
- Unsold inventories of new homes continue to fall from record highs, allowing starts to stabilize





# Ottawa-Gatineau 2015 Employment and Employment Shares by Industry

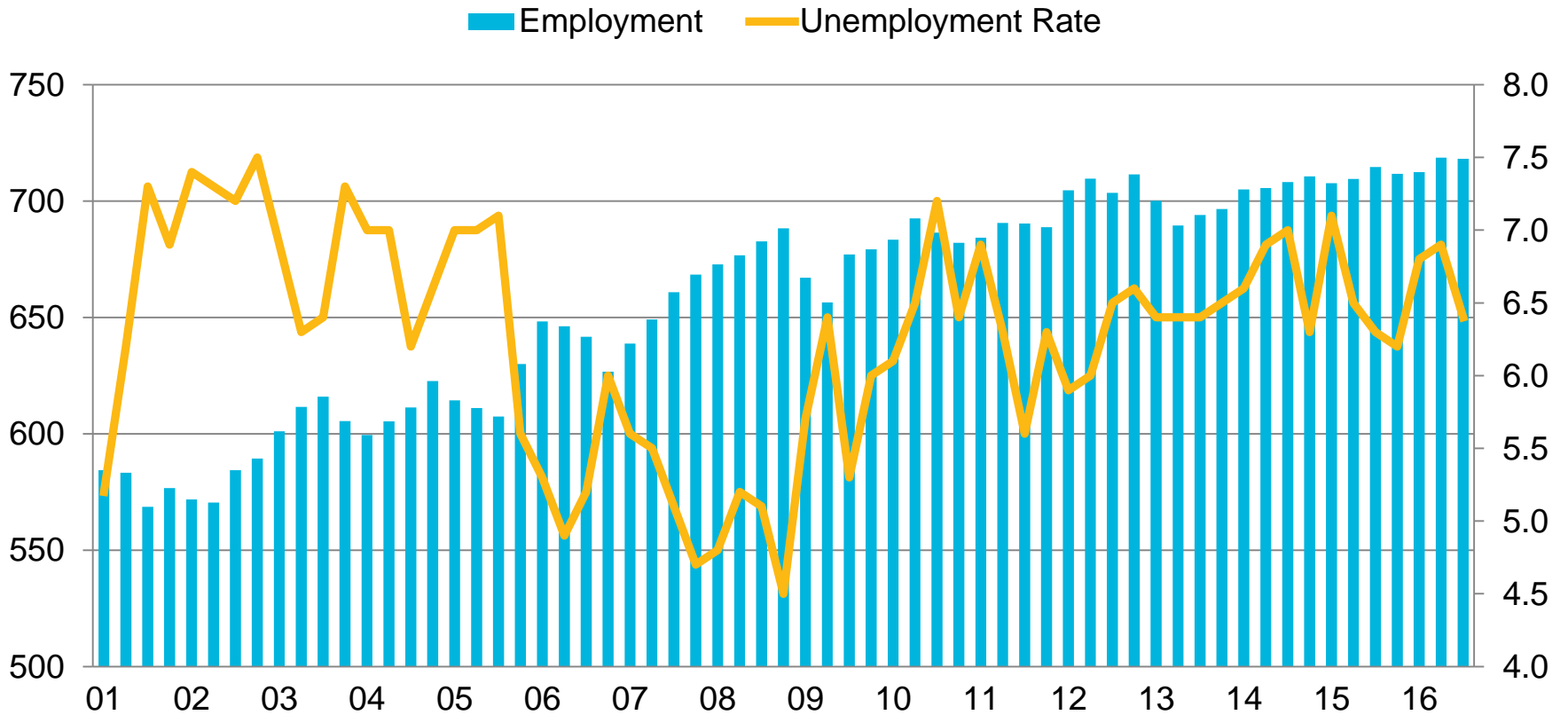
	employees (000s)	share
Federal government	127.5	18.0
Health and social services	75.9	10.7
Retail trade	75.5	10.6
Education (primary through to post-secondary)	57.9	8.2
Construction	47.3	6.7
Food and beverage services	37.9	5.3
Other management and administration	27.4	3.9
Other industries	260.8	36.7
<b>Total</b>	<b>710.2</b>	<b>100</b>

Source: Statistics Canada.



# Labour Market

Ottawa-Gatineau (2001-16)

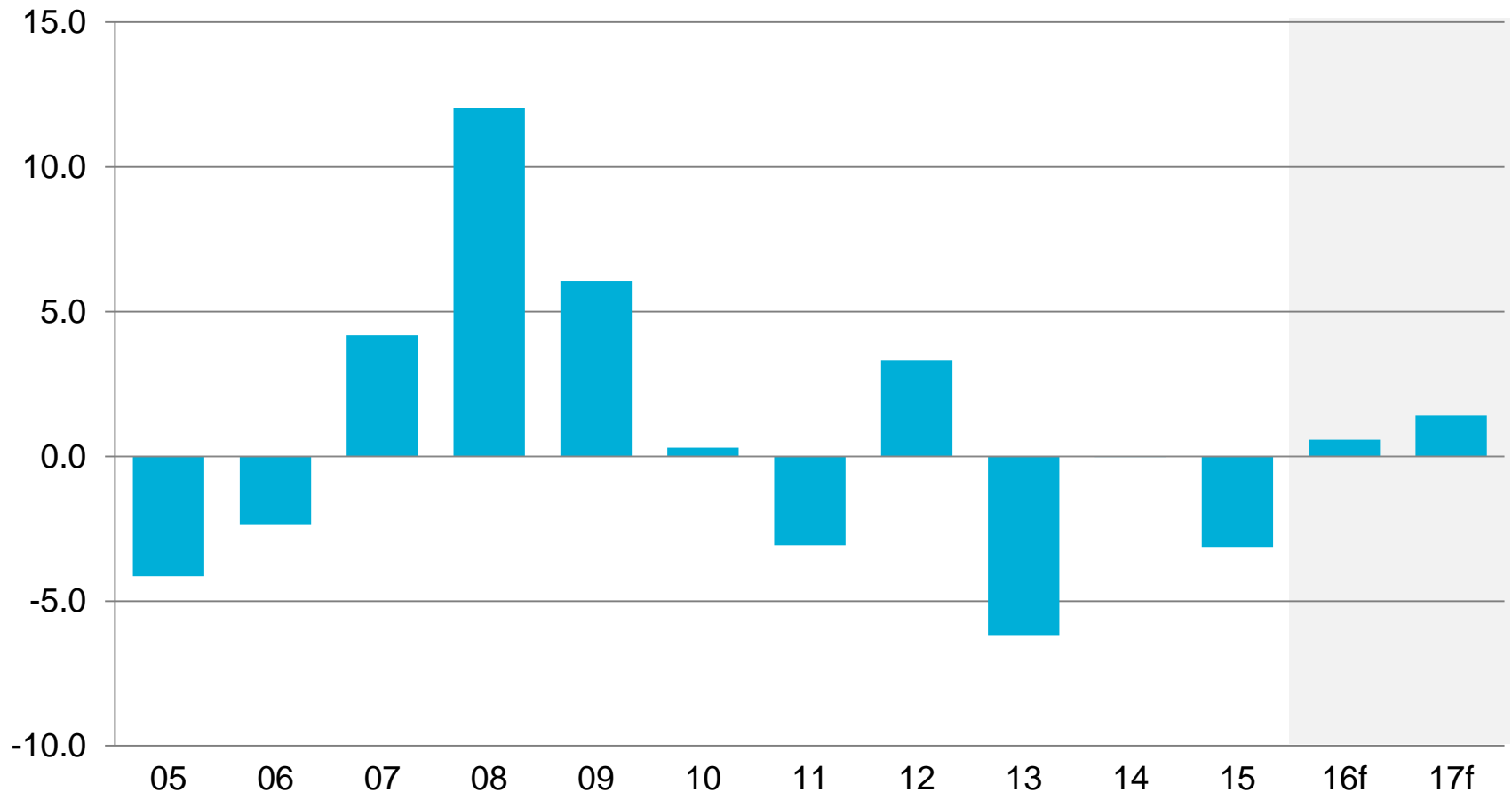


Source: Statistics Canada.



# Public Administration Employment Growth

Ottawa-Gatineau

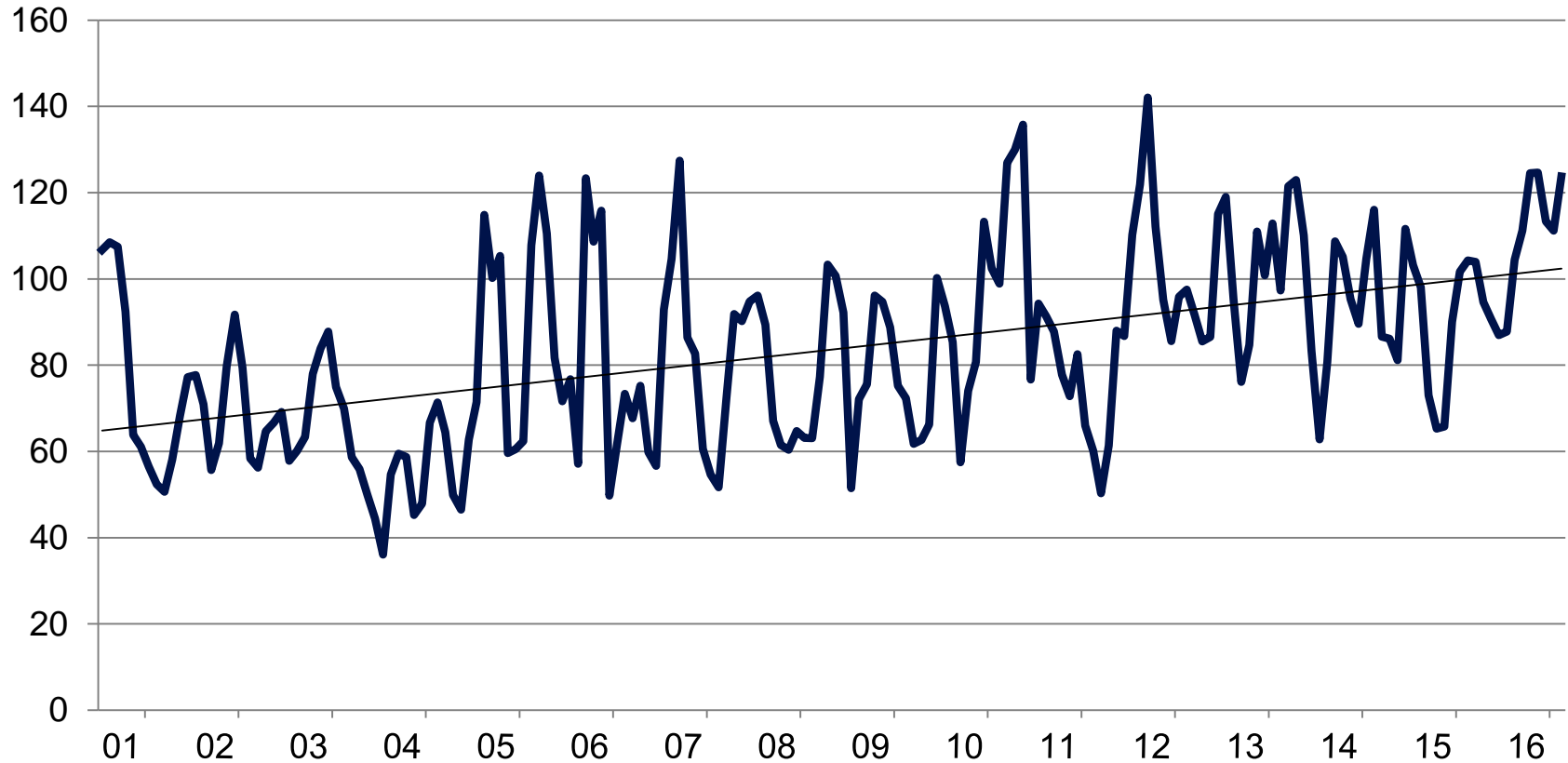


Sources: Statistics Canada; The Conference Board of Canada.



# Non-Residential Building Permits

Ottawa-Gatineau (millions \$, seasonally adjusted, 3MMA)



Source: Statistics Canada.

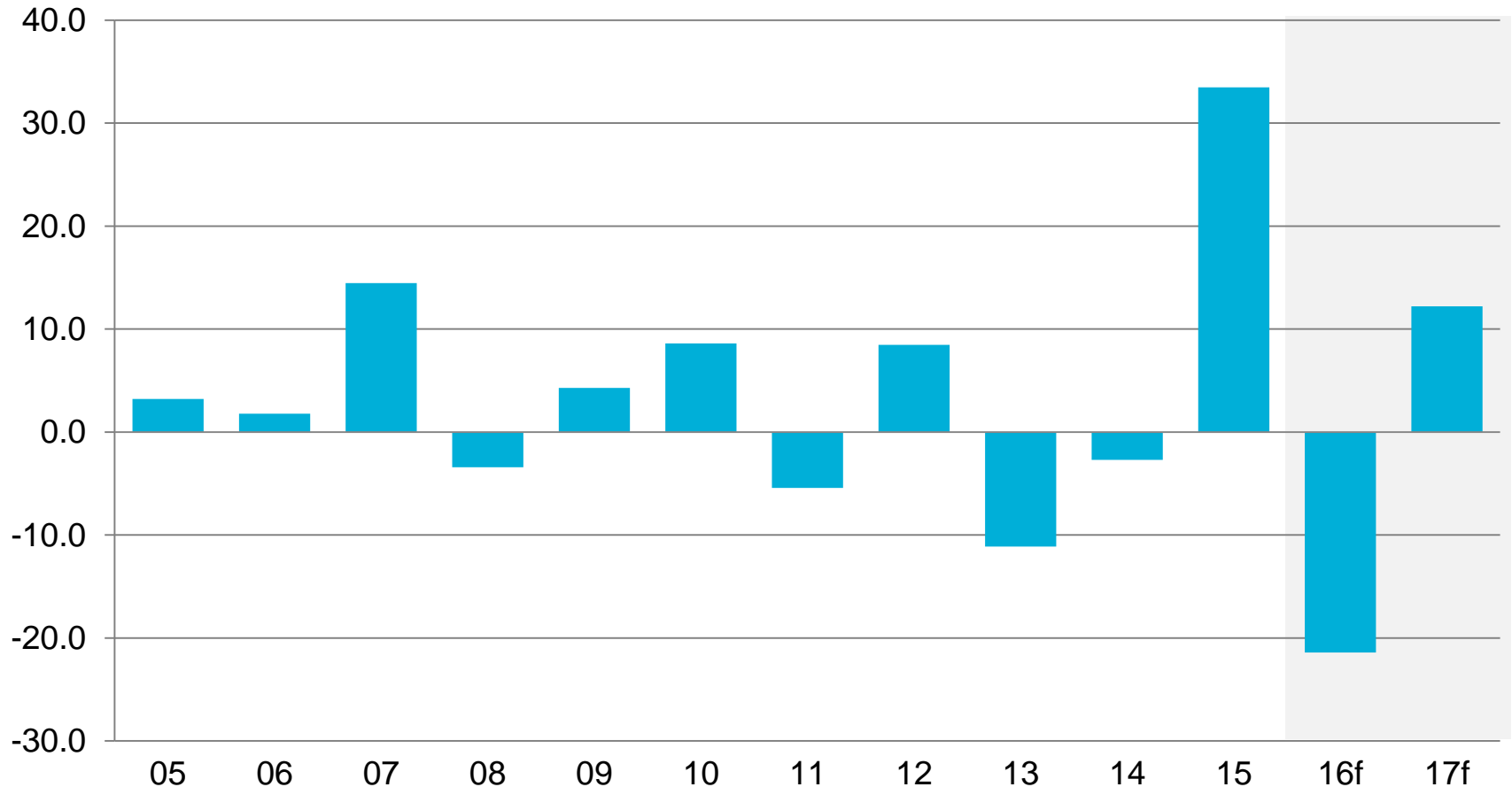


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# Construction Employment Growth

Ottawa-Gatineau



Source: The Conference Board of Canada.

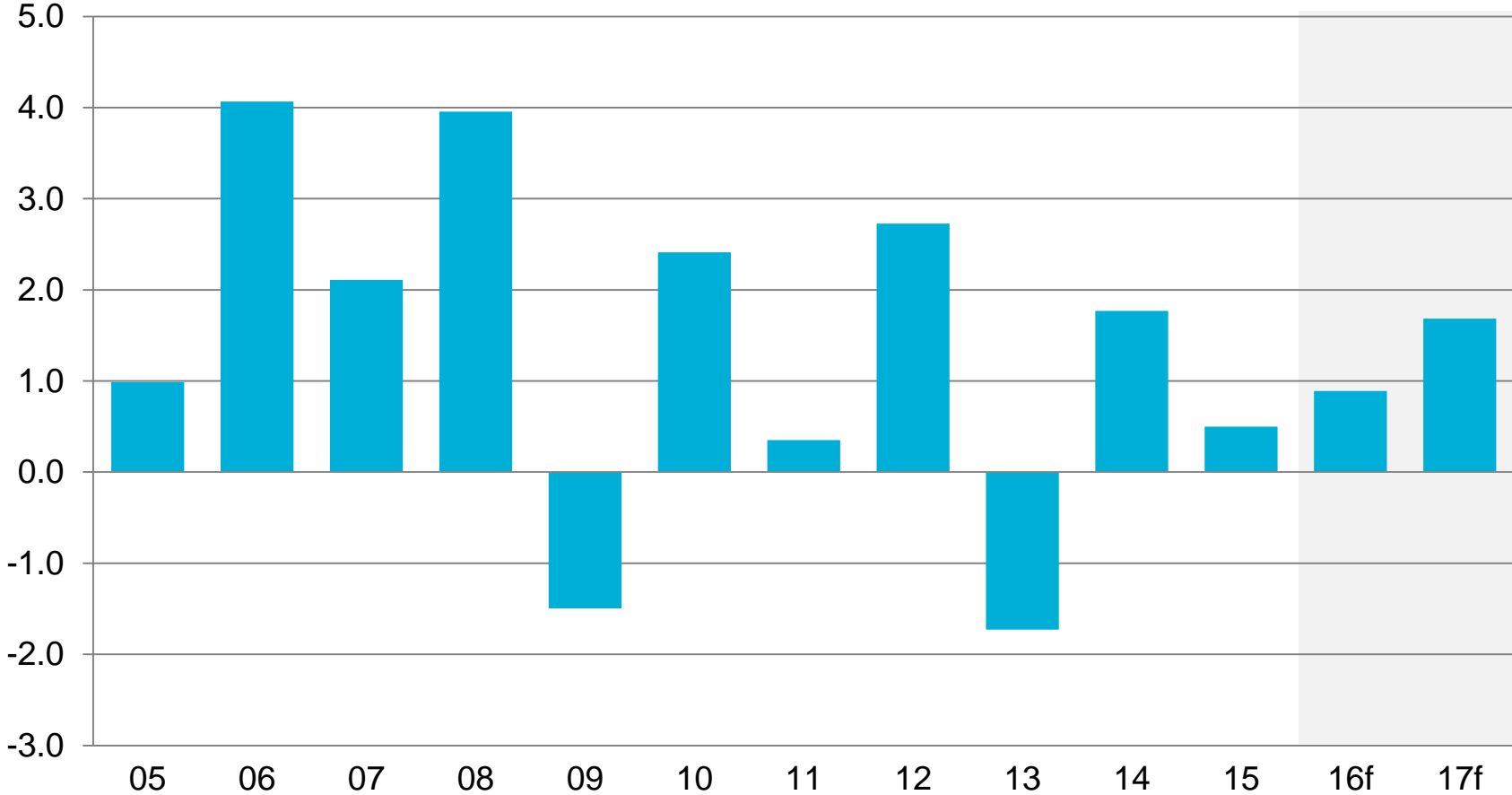


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# Total Employment Growth

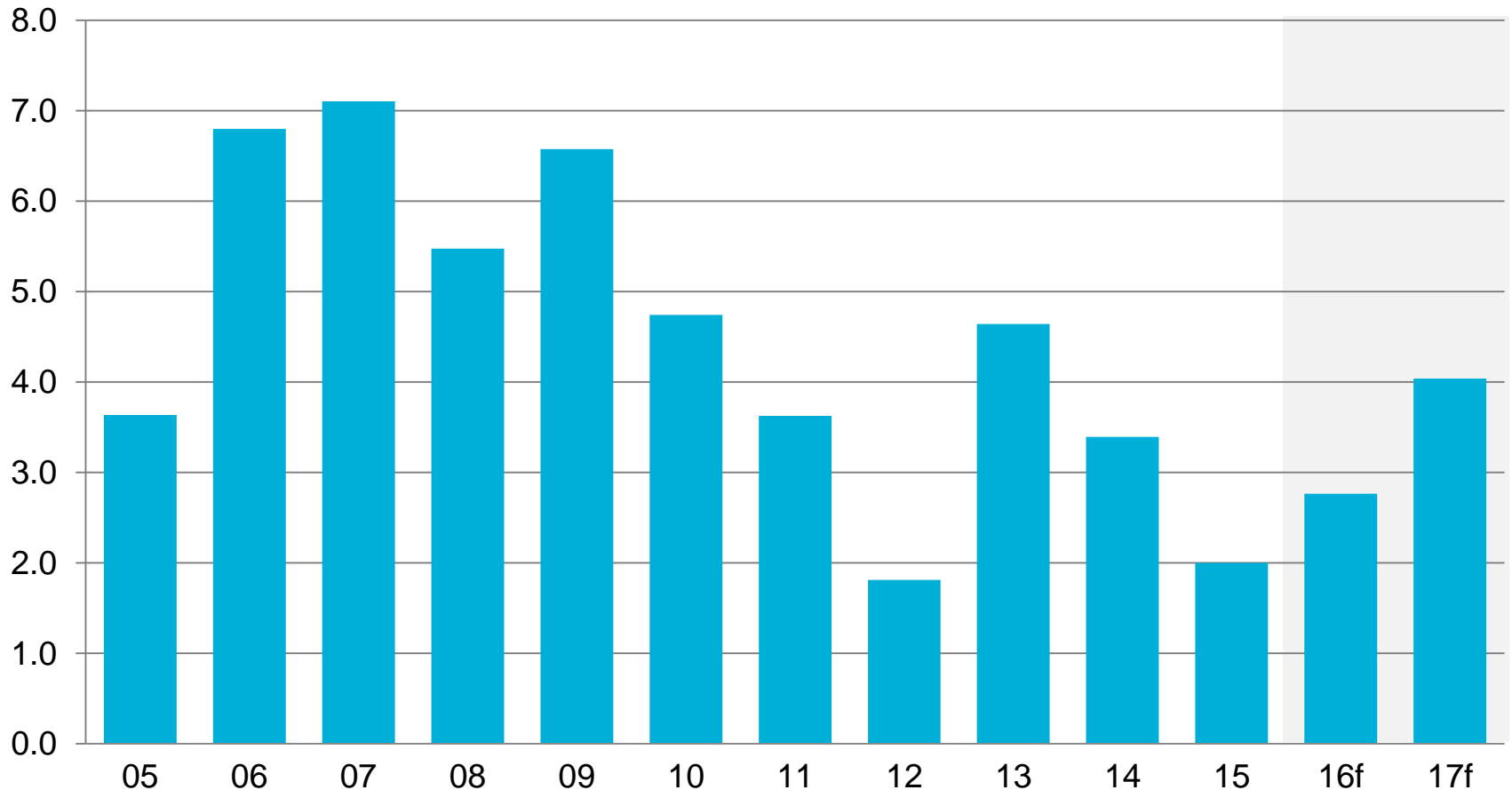
Ottawa-Gatineau



Sources: Statistics Canada; The Conference Board of Canada.

# Disposable Income Growth

Ottawa-Gatineau



Source: The Conference Board of Canada.

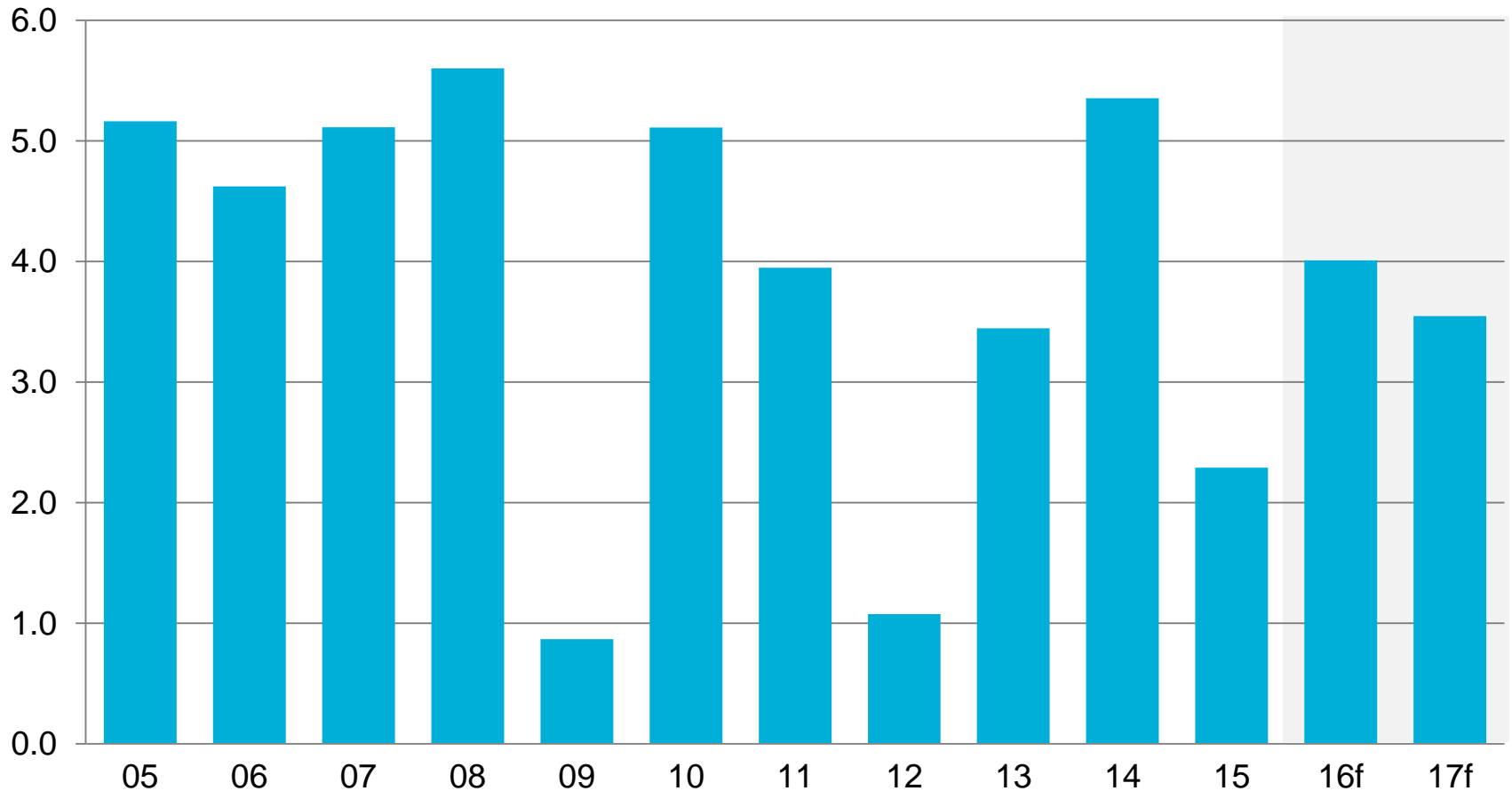


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# Retail Sales Growth

Ottawa-Gatineau



Source: The Conference Board of Canada.





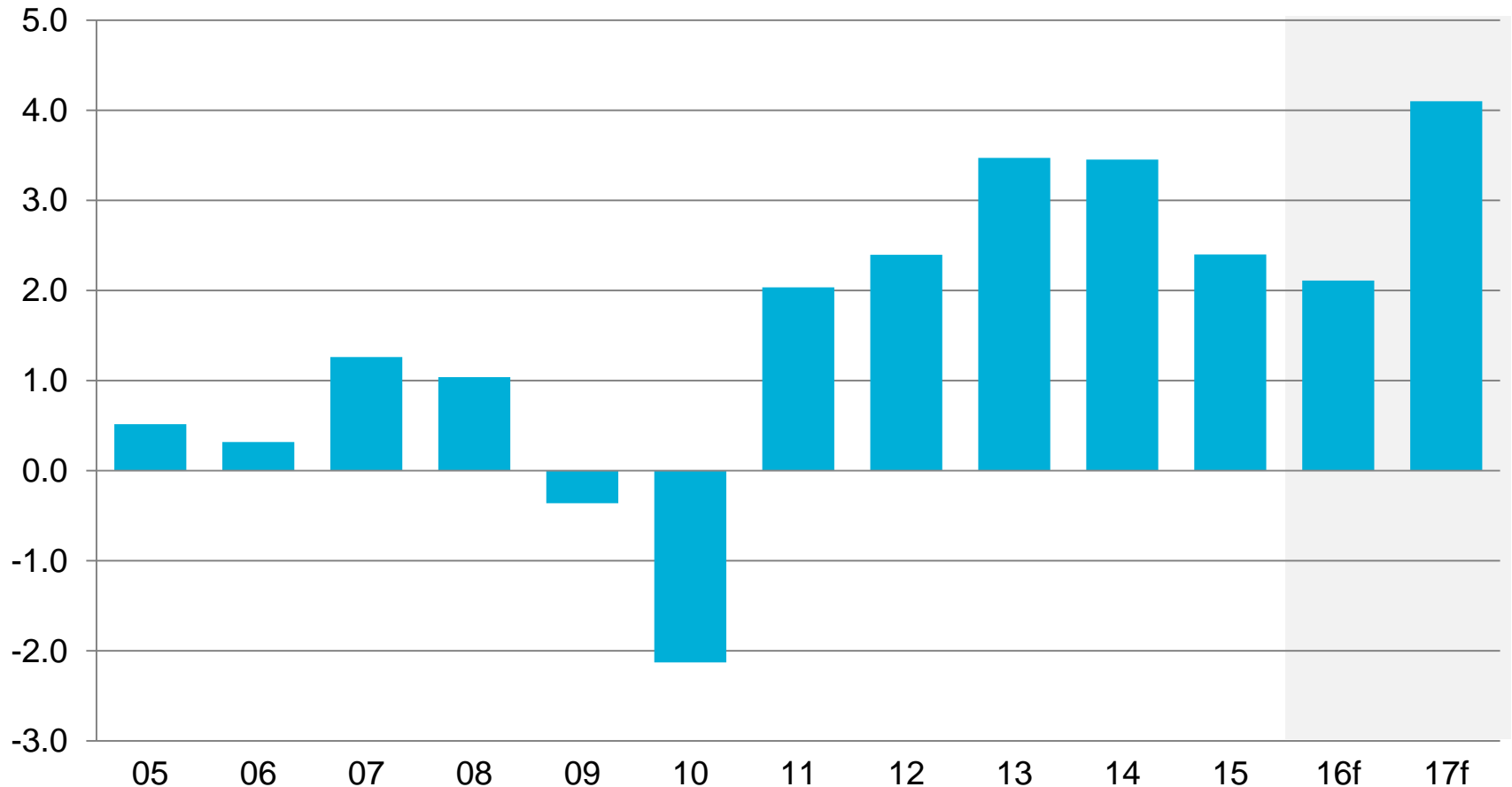
# Sesquicentennial Celebrations

- Canada's 150<sup>th</sup> will bring big tourism numbers to Ottawa-Gatineau
- We are estimating approximately 125,000 to 150,000 additional overnight visitors
- Even stronger numbers for same-day visitors—possibly in the 150,000 to 200,000 range
- The additional spending associated with overnight visitors could add \$70-85 million in direct spending



# Personal Services Output Growth

Ottawa-Gatineau



Source: The Conference Board of Canada.

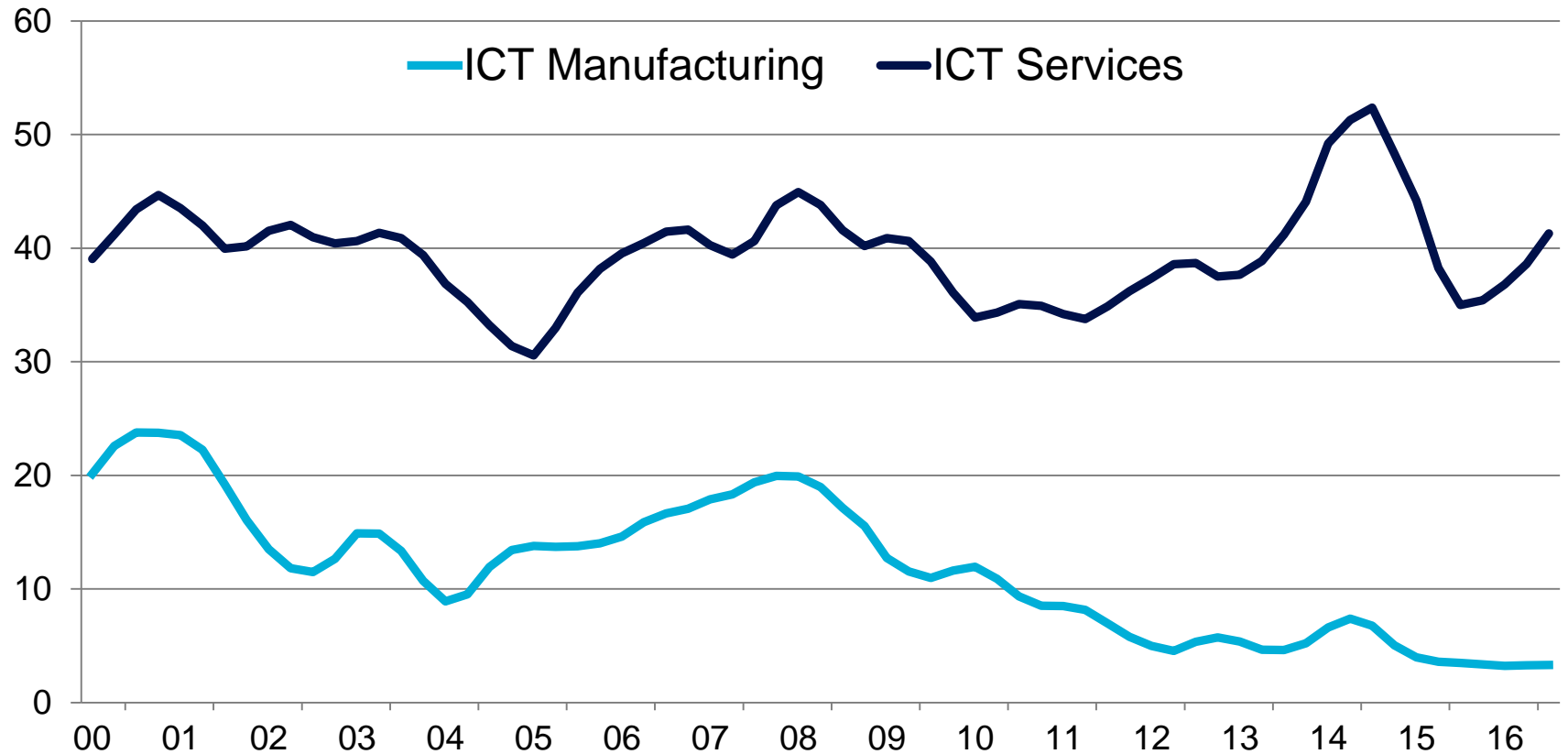


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# ICT Employment

Ottawa-Gatineau (3MMA, Jan. 2000 – Sept. 2016)

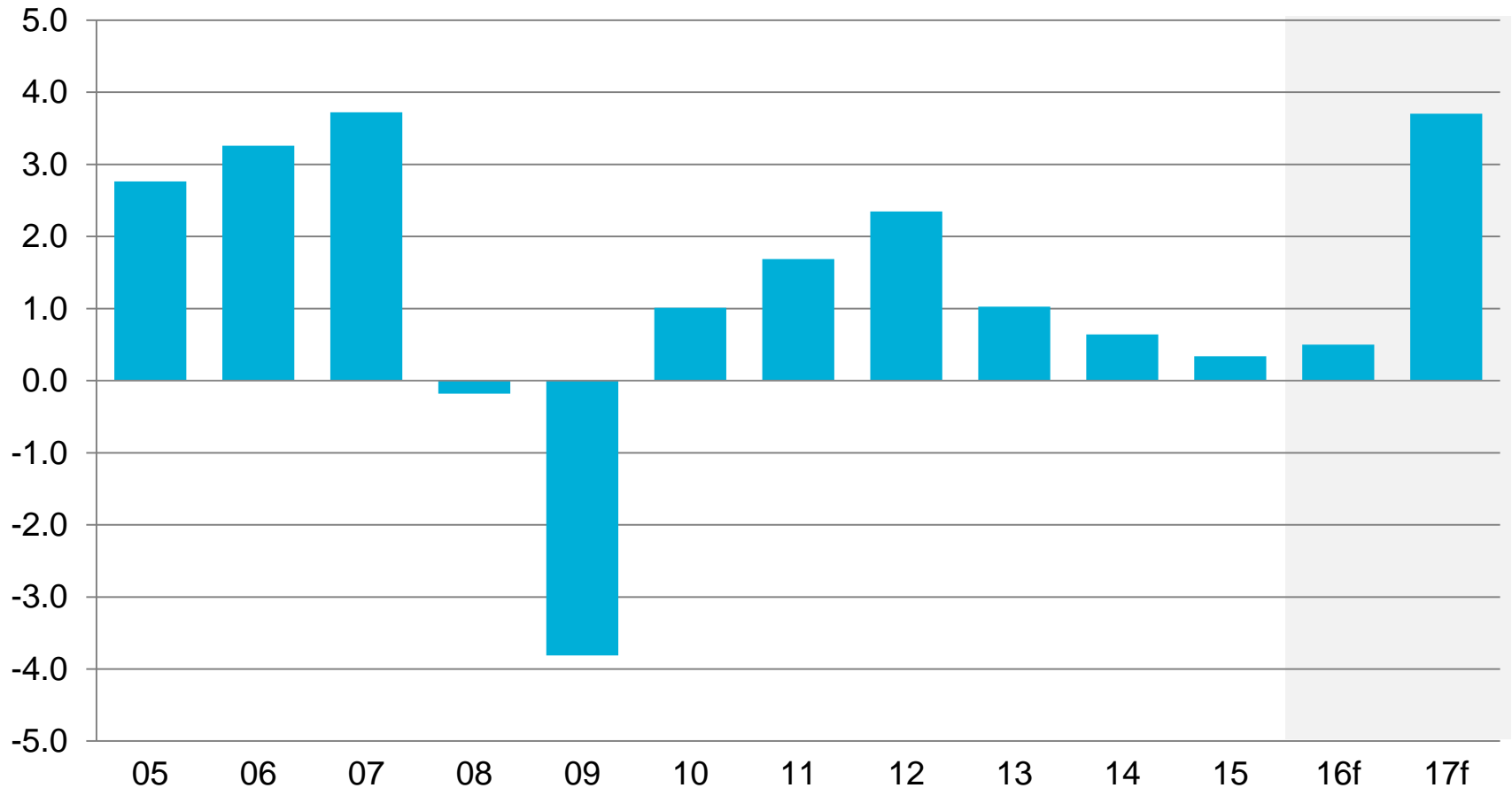


Sources: The Conference Board of Canada; Statistics Canada.



# Business Services Output Growth

Ottawa-Gatineau



Source: The Conference Board of Canada.

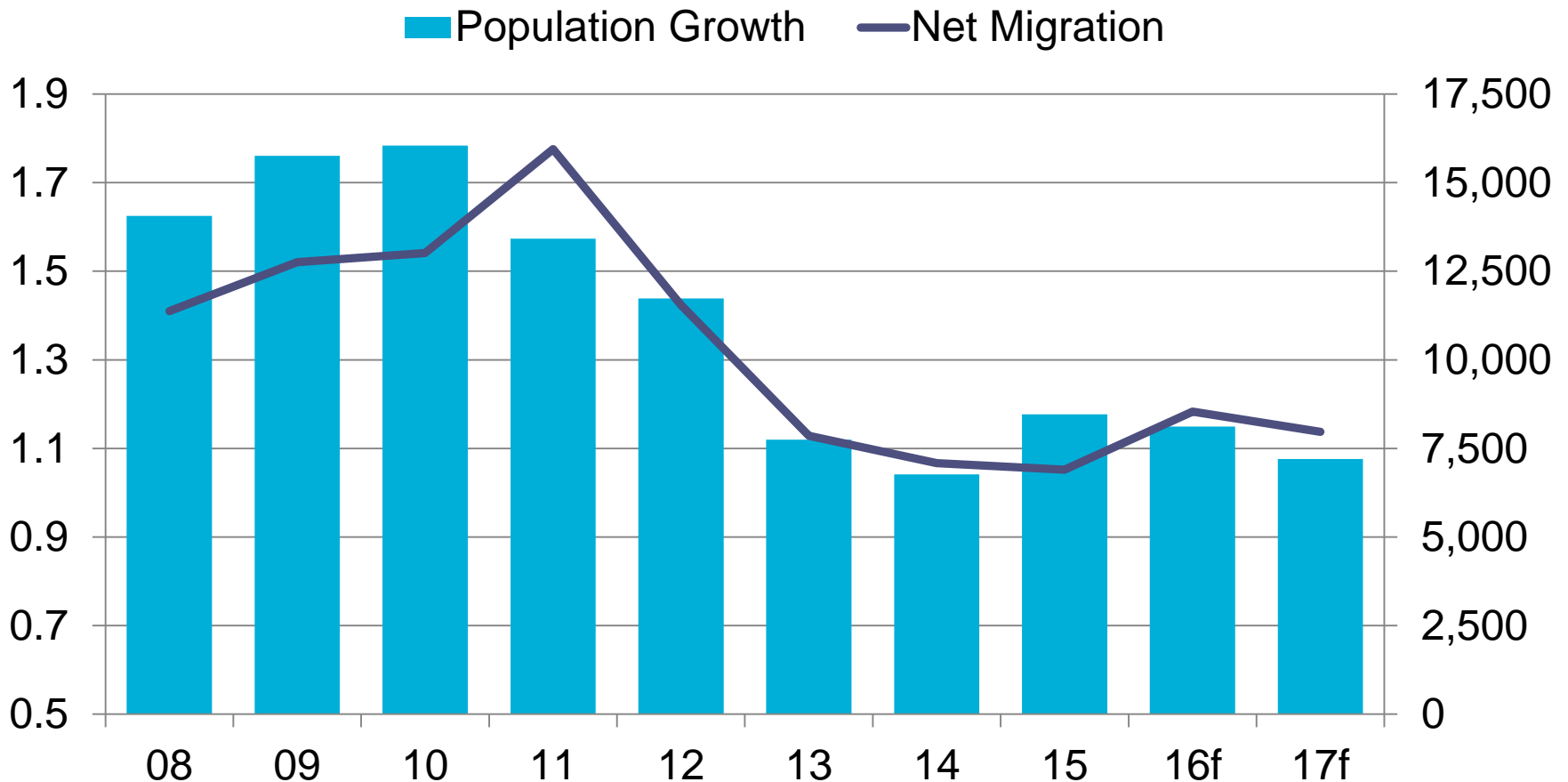


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# Net Migration and Population Growth

Ottawa-Gatineau; population growth left scale; net migration, right scale.

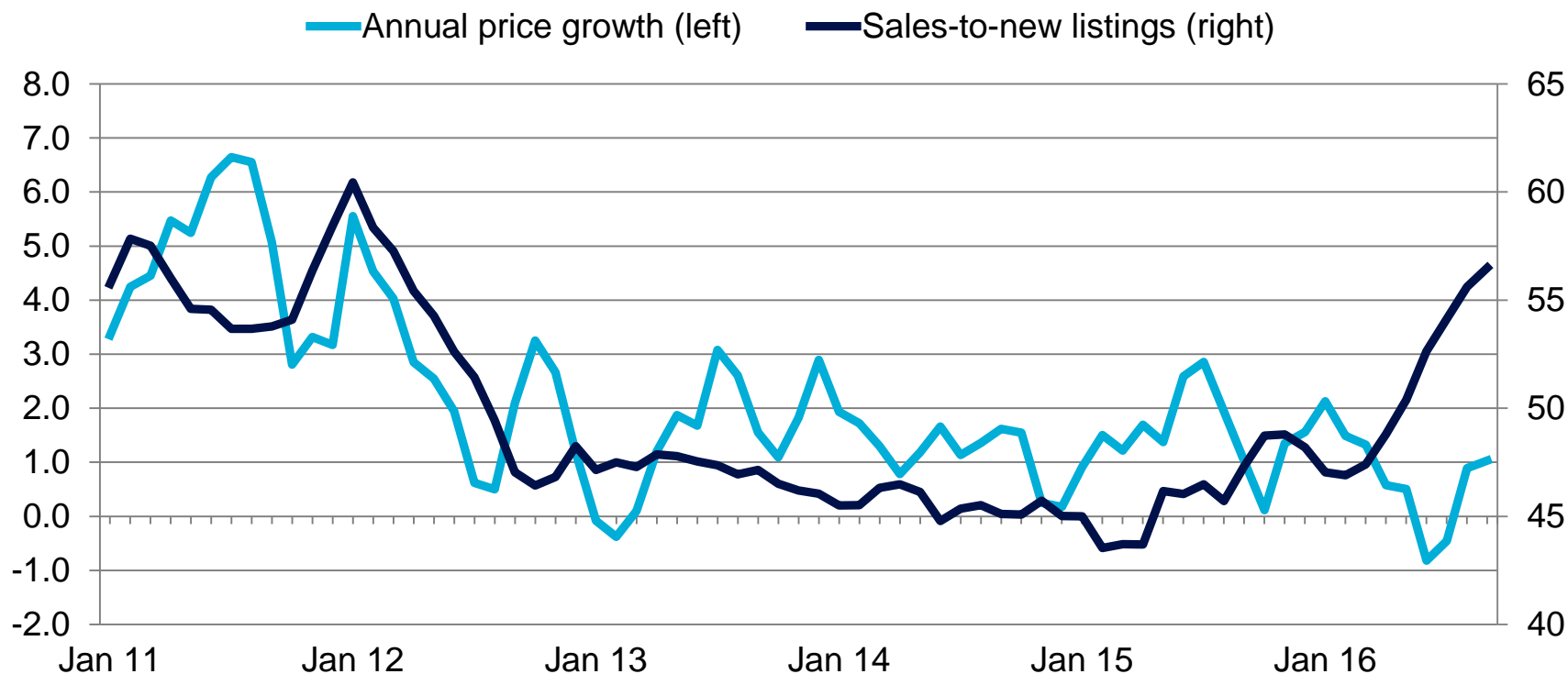


Sources : The Conference Board of Canada; Statistics Canada.



# Sales-to-New Listings Ratio and Price Growth

Ottawa (3MMA, January 2011 – September 2016)



Source: CREA.



# New Housing Inventory

Ottawa



Source: CMHC Housing Time Series Database.

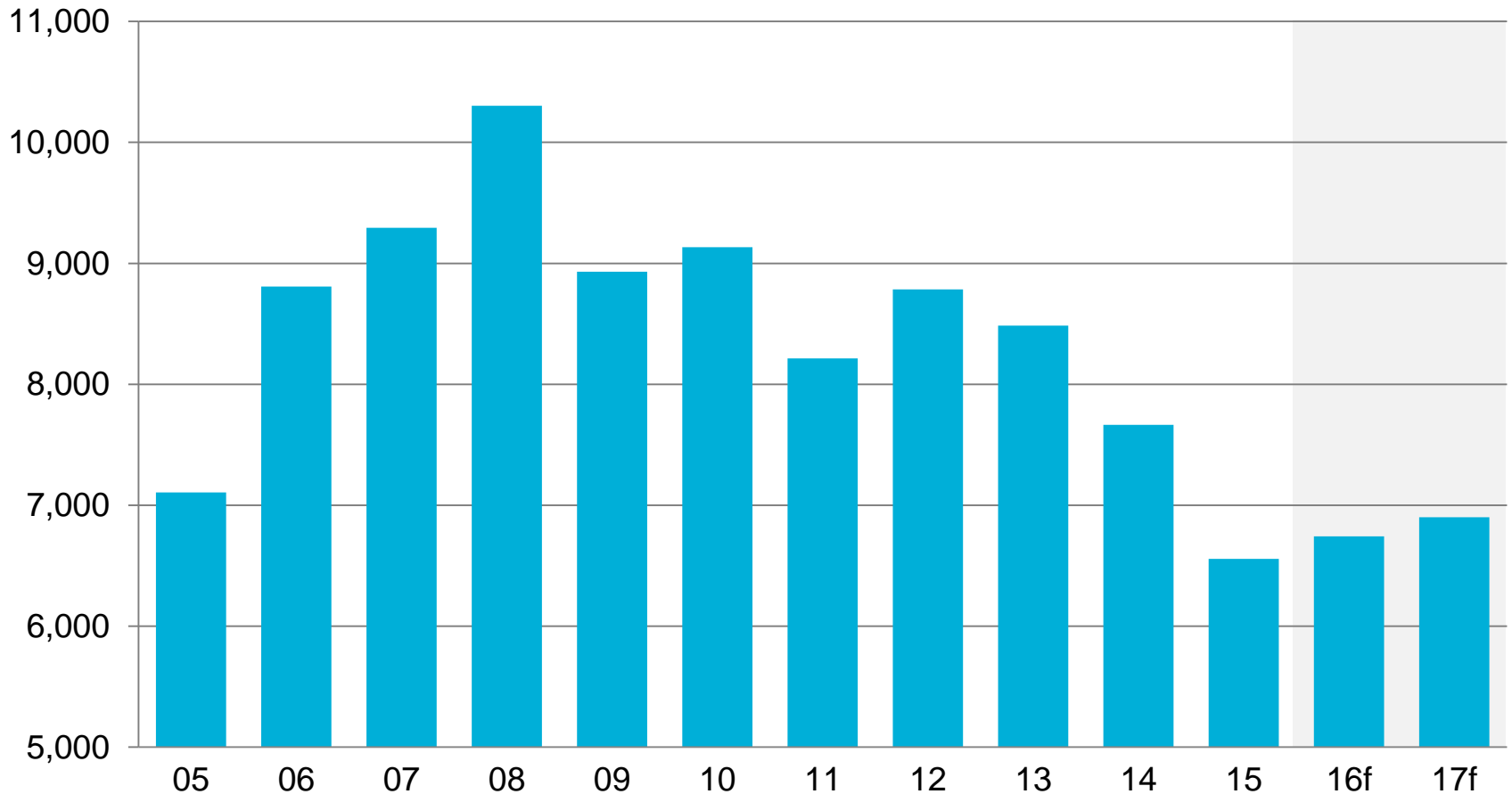


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# Housing Starts

## Ottawa-Gatineau



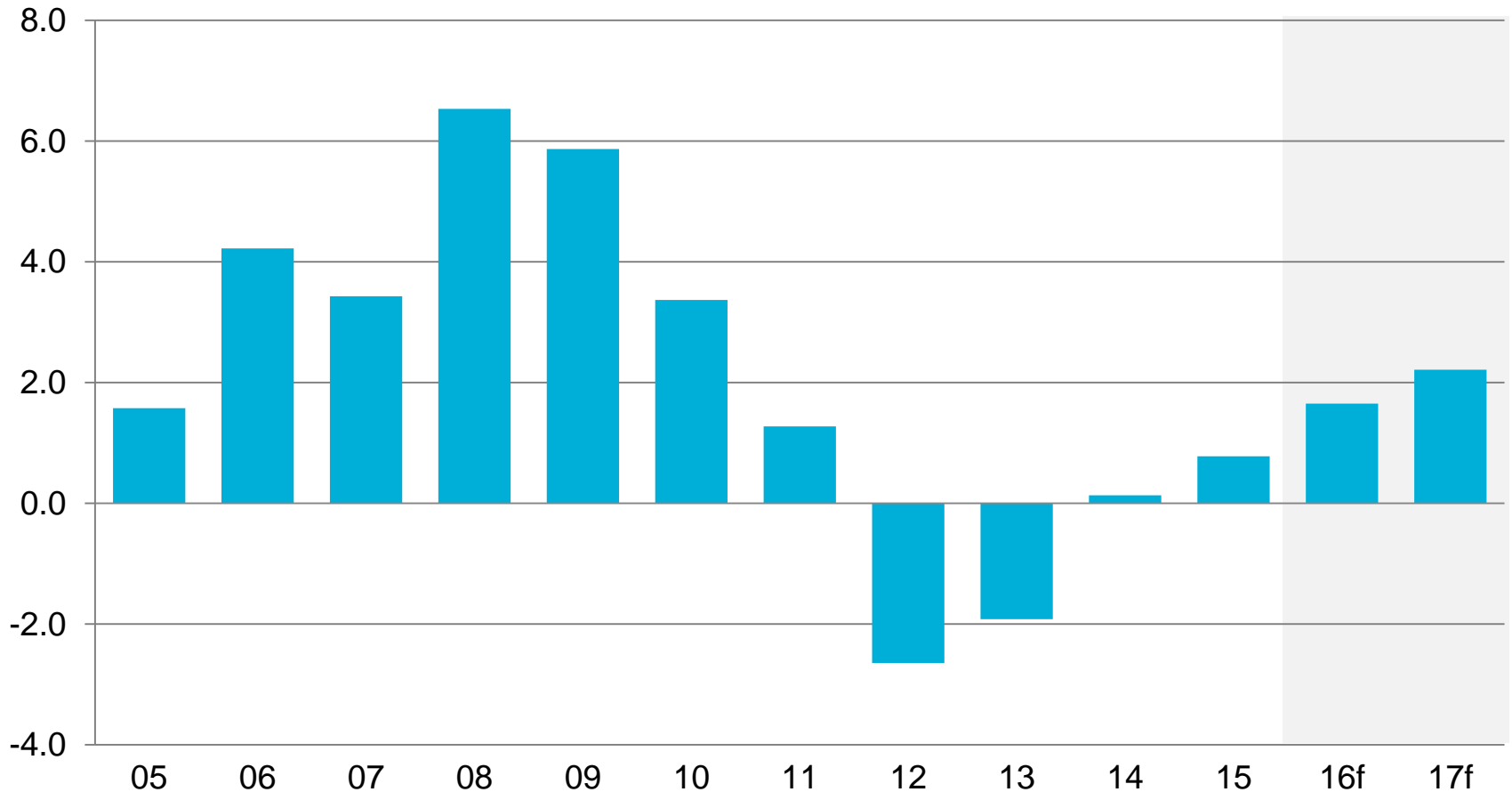
Sources: CMHC Housing Time Series Database; The Conference Board of Canada.





# Real GDP Growth

Ottawa-Gatineau

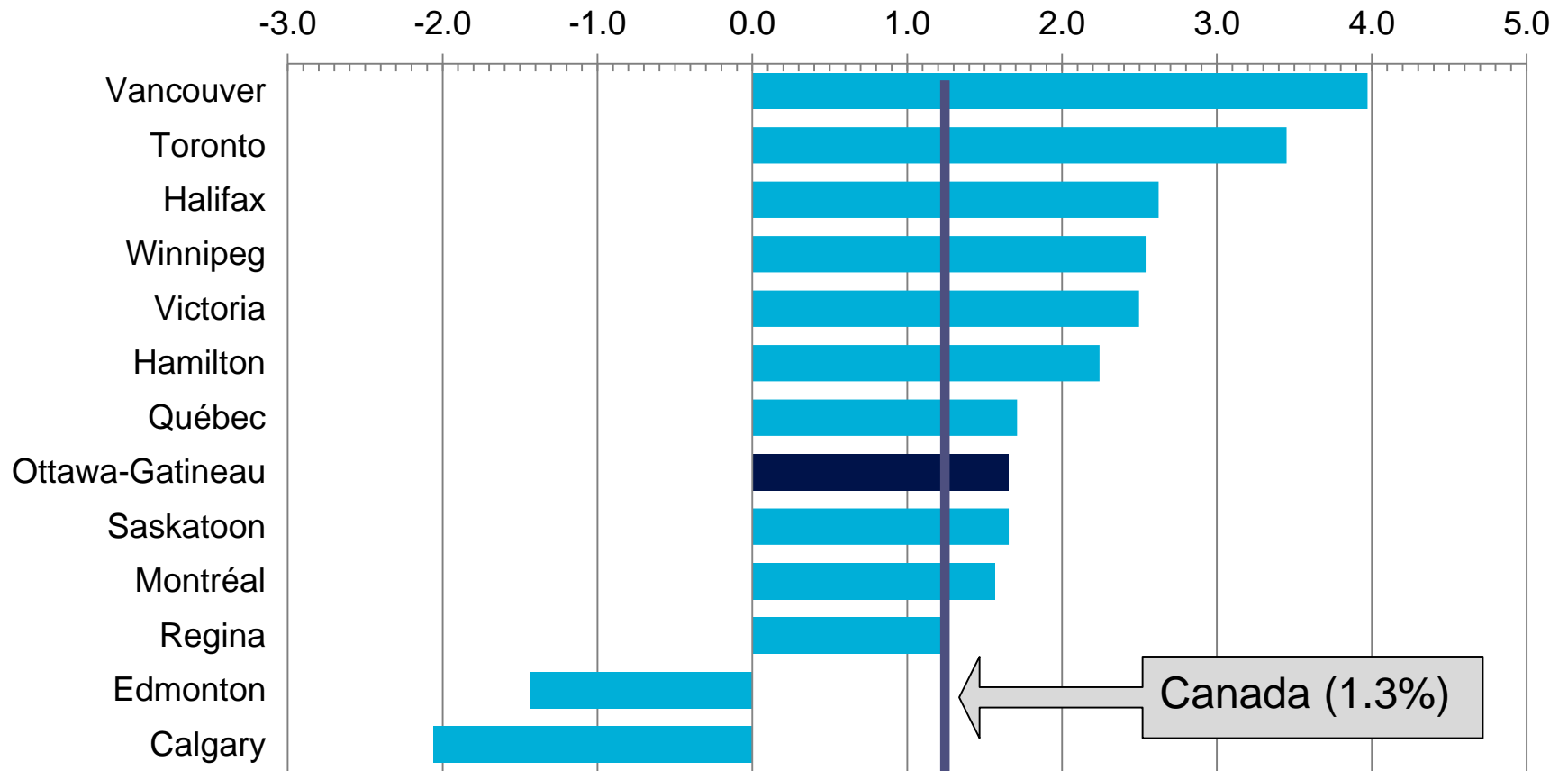


Source: The Conference Board of Canada.



# 2016 Real GDP by CMA

Annual average growth

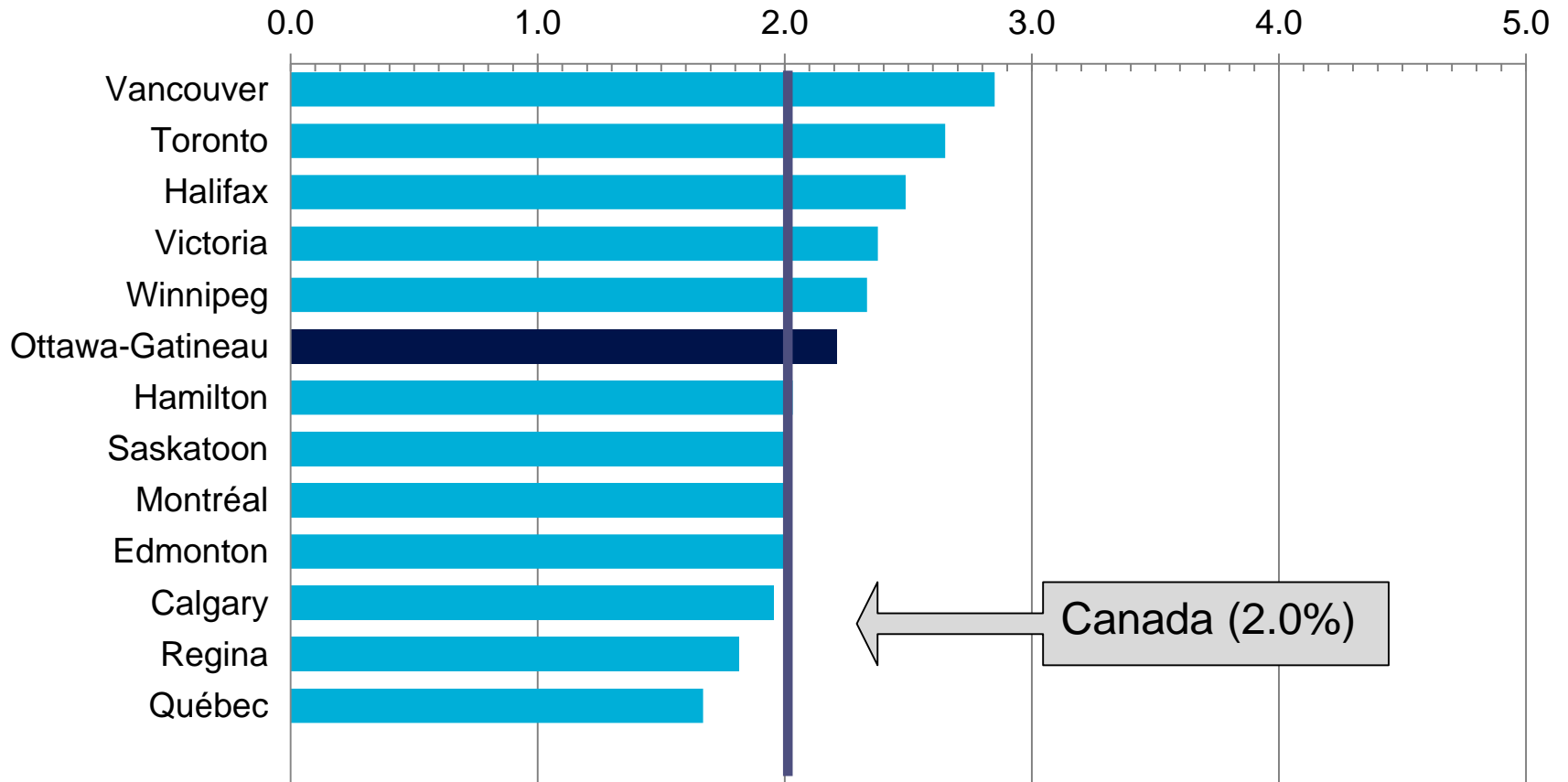


Source: The Conference Board of Canada.



# 2017 Real GDP by CMA

Annual average growth



Source: The Conference Board of Canada.





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