

City of Winnipeg Economic Situation and Outlook

Presentation to the Manitoba Association
of Business Economists (MABE)

April 2023



City of Winnipeg Treaty Acknowledgement

We gratefully acknowledge that we work and reside in Treaty 1 Territory, the home and traditional lands of the Anishinabe (Ojibwe), Ininew (Cree), and Dakota peoples, and in the National Homeland of the Red River Métis. Our clean drinking water comes from Shoal Lake 40 First Nation in Treaty 3 Territory.

Presentation Outline



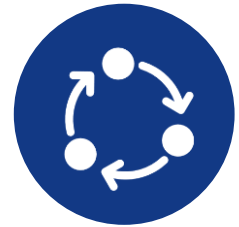
Population
and
Households



Municipal
Budget



Economic
Outlook



Conclusion

Disclaimer: Any opinions expressed are solely our own and do not express the views or opinions of our employer.

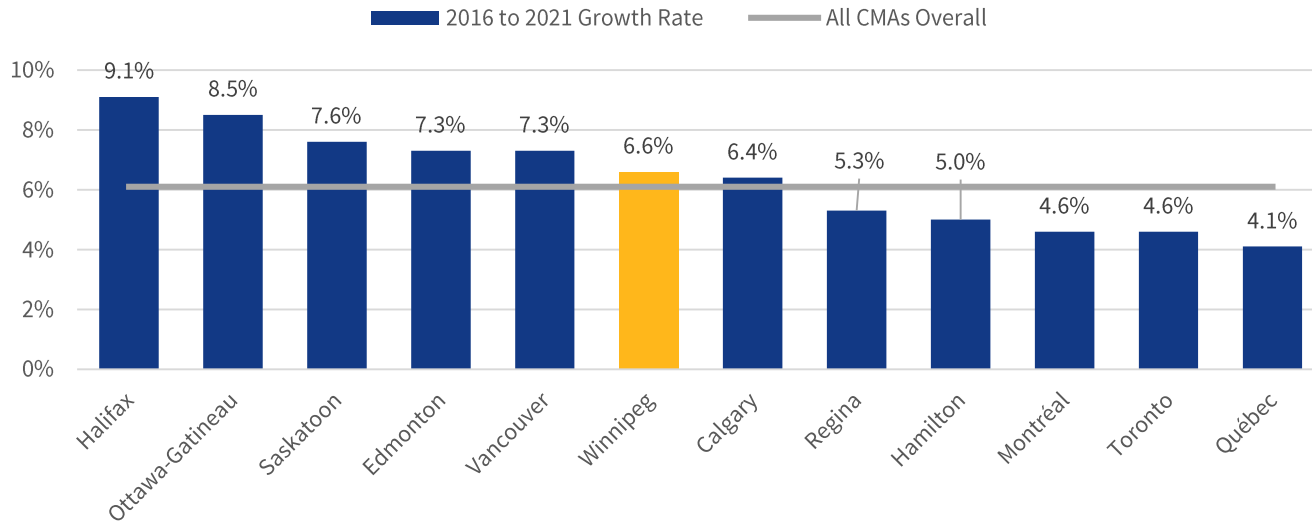


Population and Households

Photo Credit: Tyler Walsh / Tourism Winnipeg

Population: 2016 to 2021 Growth

Census Population Growth Across Canadian CMA's



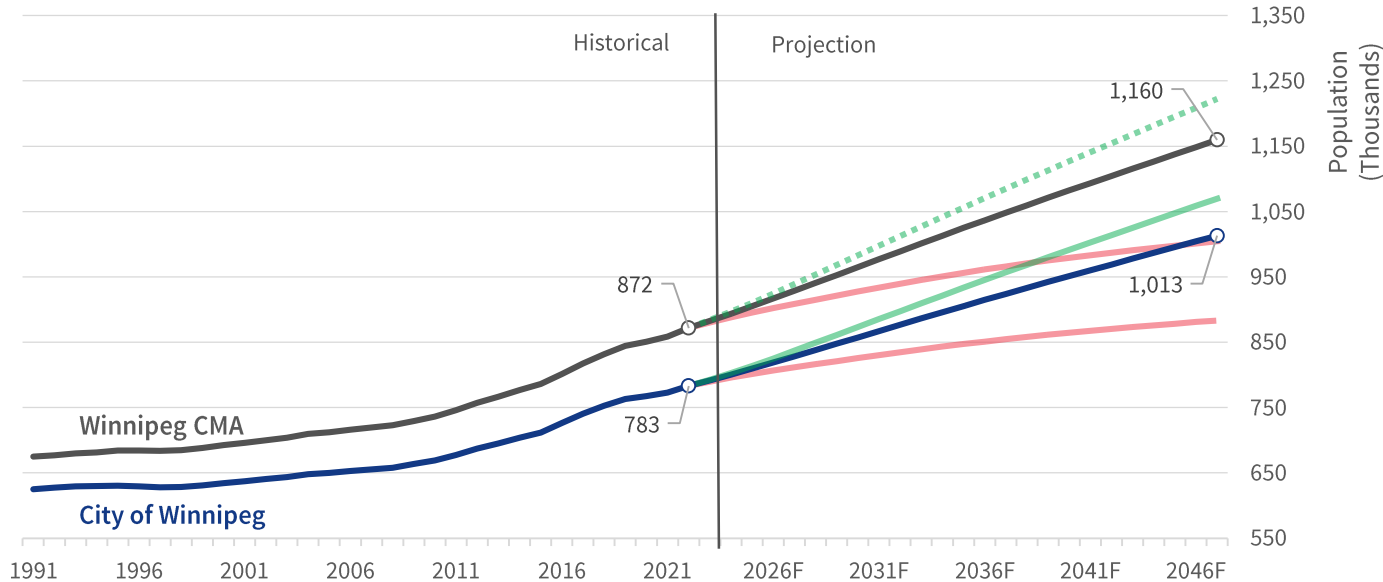
Source: Statistics Canada, 2016 and 2021 Census of Population

Winnipeg CMA ranked in the middle among major cities for population growth

- From 2016 to 2021 the Winnipeg CMA population grew by 6.6%
- This is equivalent to a 1.2% compound annual growth rate per year
- This was slightly above the overall growth rate of all Canadian CMA's, which was 6.1%

Population: Projections

City and CMA 25-Year Population Forecast, by Scenario



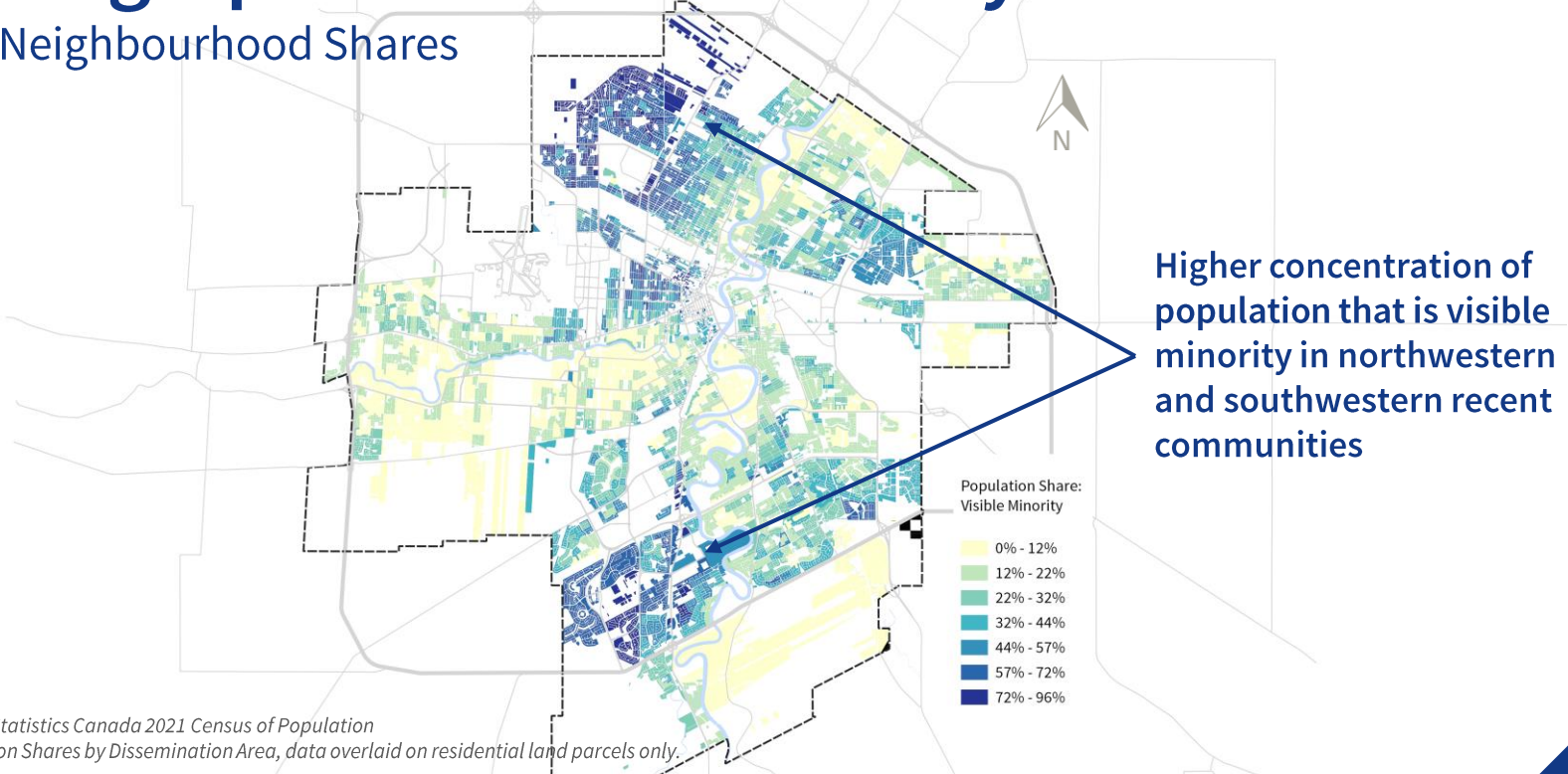
Source: Statistics Canada, City of Winnipeg Economic Research calculations

Population growth dependent on migration scenarios

- Baseline scenario projects the City of Winnipeg's population will grow by 230,000 over the next 25 years
- In a low immigration low fertility scenario, Winnipeg's population could begin declining in three decades
- The CMA could reach one million by 2033

Demographics: Visible Minority

2021 Neighbourhood Shares



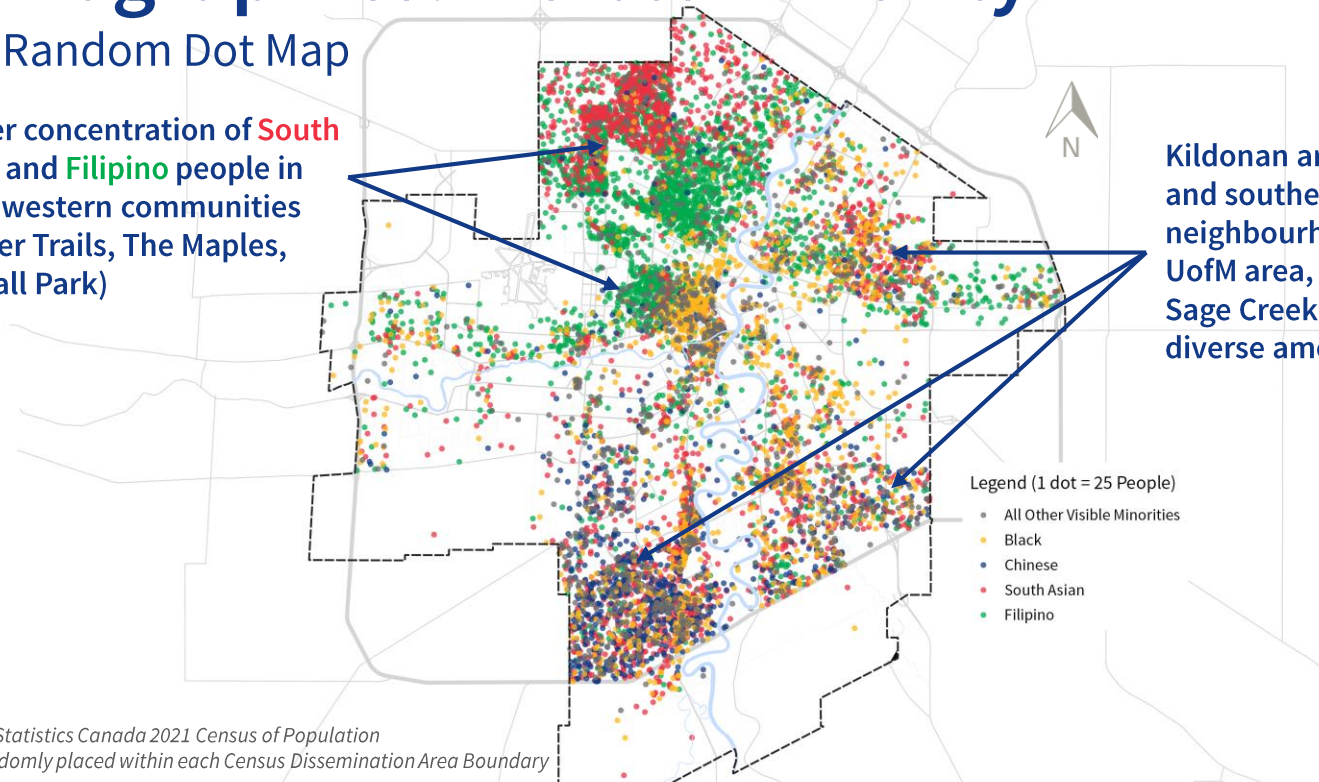
Source: Statistics Canada 2021 Census of Population
Population Shares by Dissemination Area, data overlaid on residential land parcels only.

Demographics: Visible Minority

2021 Random Dot Map

Higher concentration of **South Asian** and **Filipino** people in northwestern communities (Amber Trails, The Maples, Tyndall Park)

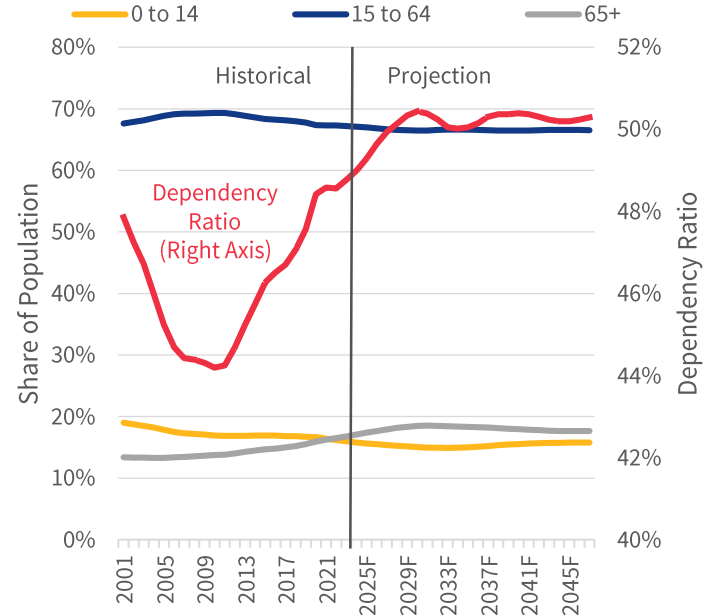
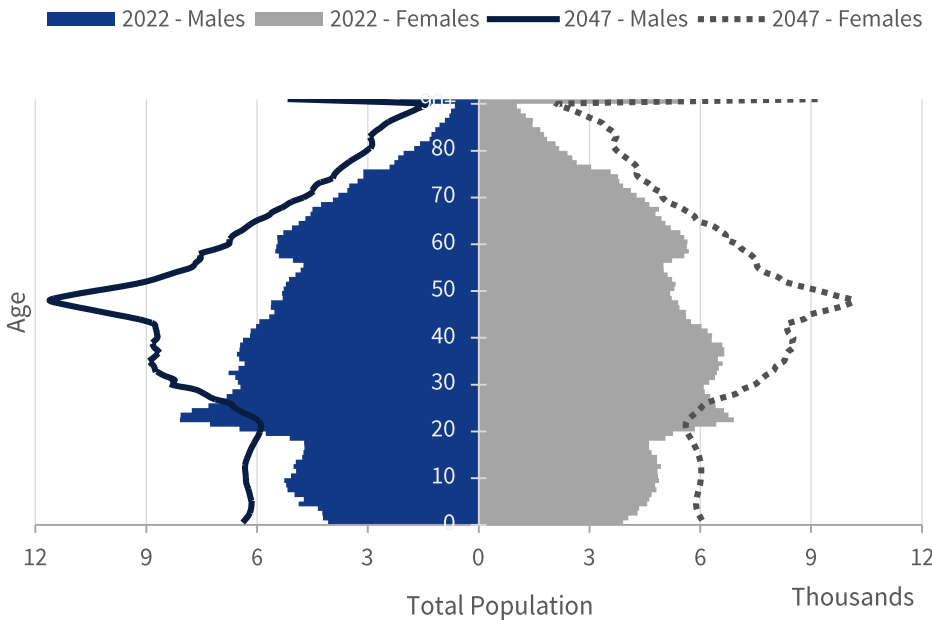
Kildonan area, southwestern, and southeastern neighbourhoods (Bridgwater, UofM area, River Park South, Sage Creek) are highly diverse among all groups



Source: Statistics Canada 2021 Census of Population
Dots randomly placed within each Census Dissemination Area Boundary

Demographics: Age Groups

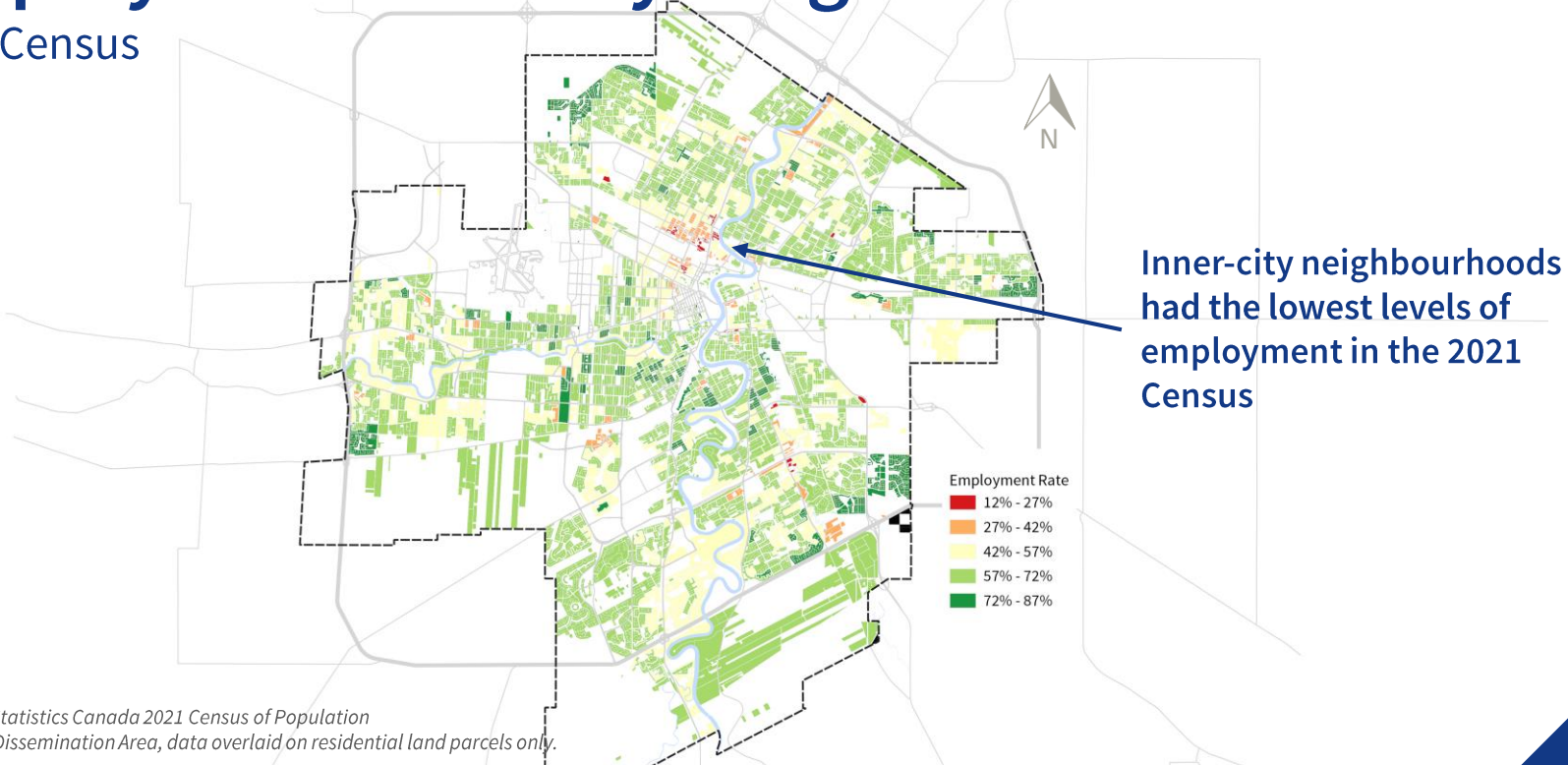
Illustrating an Aging Population in the Winnipeg CMA



Source: Statistics Canada, 2021 Census of Population, City of Winnipeg Economic Research

Employment Rate: By Neighbourhood

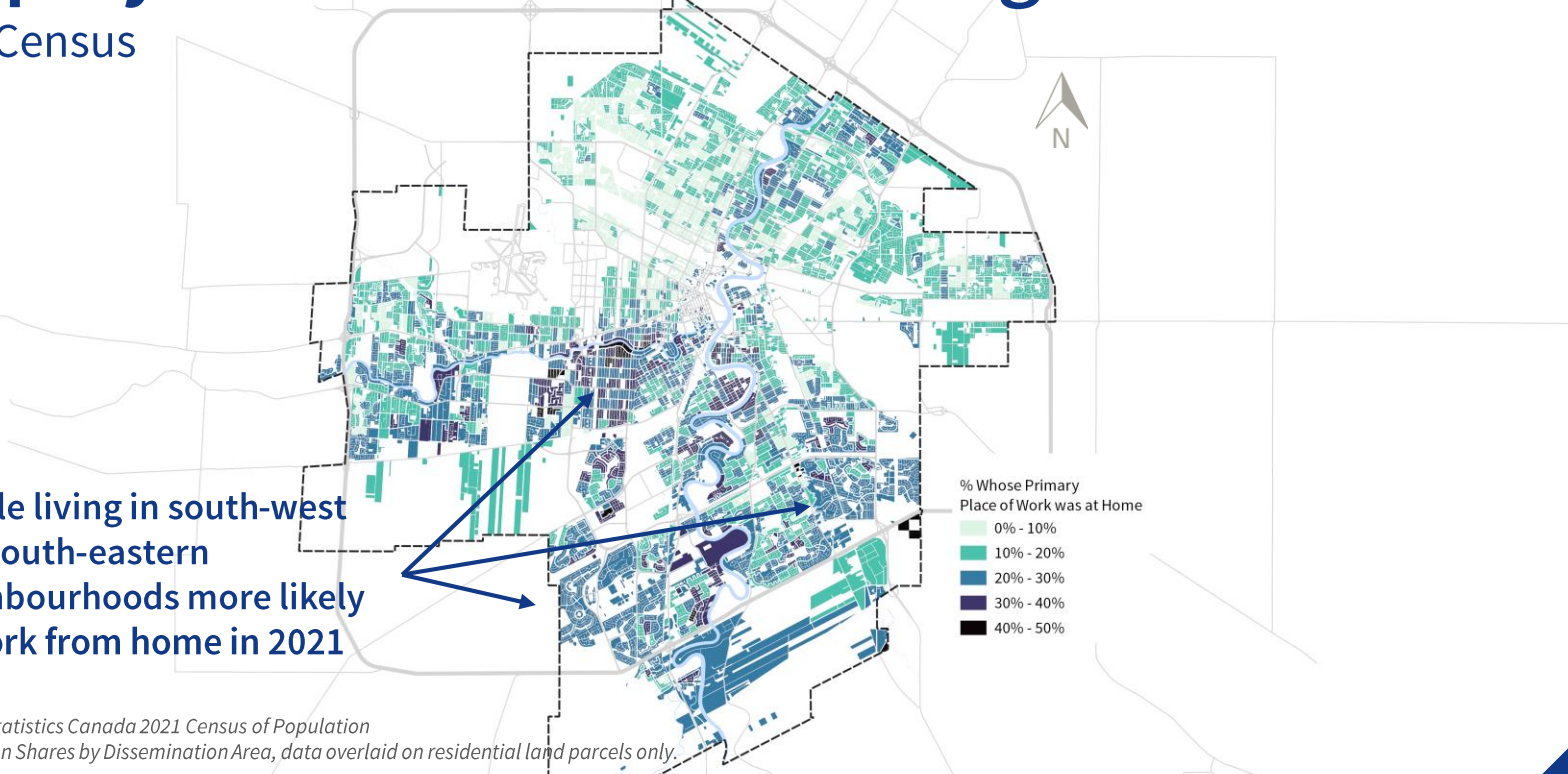
2021 Census



Source: Statistics Canada 2021 Census of Population
Data by Dissemination Area, data overlaid on residential land parcels only.

Employment Location: Working From Home

2021 Census

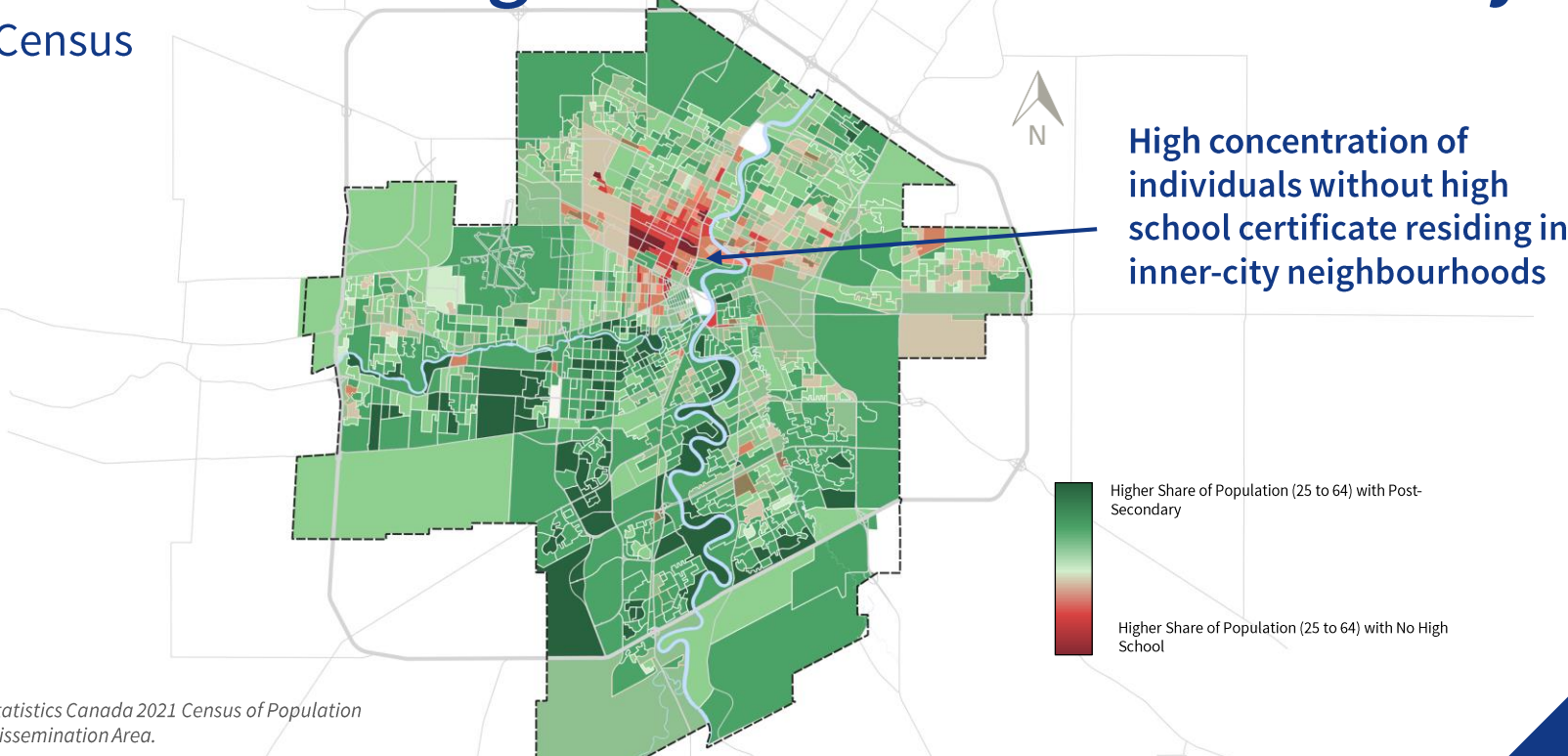


People living in south-west and south-eastern neighbourhoods more likely to work from home in 2021

Source: Statistics Canada 2021 Census of Population Population Shares by Dissemination Area, data overlaid on residential land parcels only.

Education: No High School vs. Post-secondary

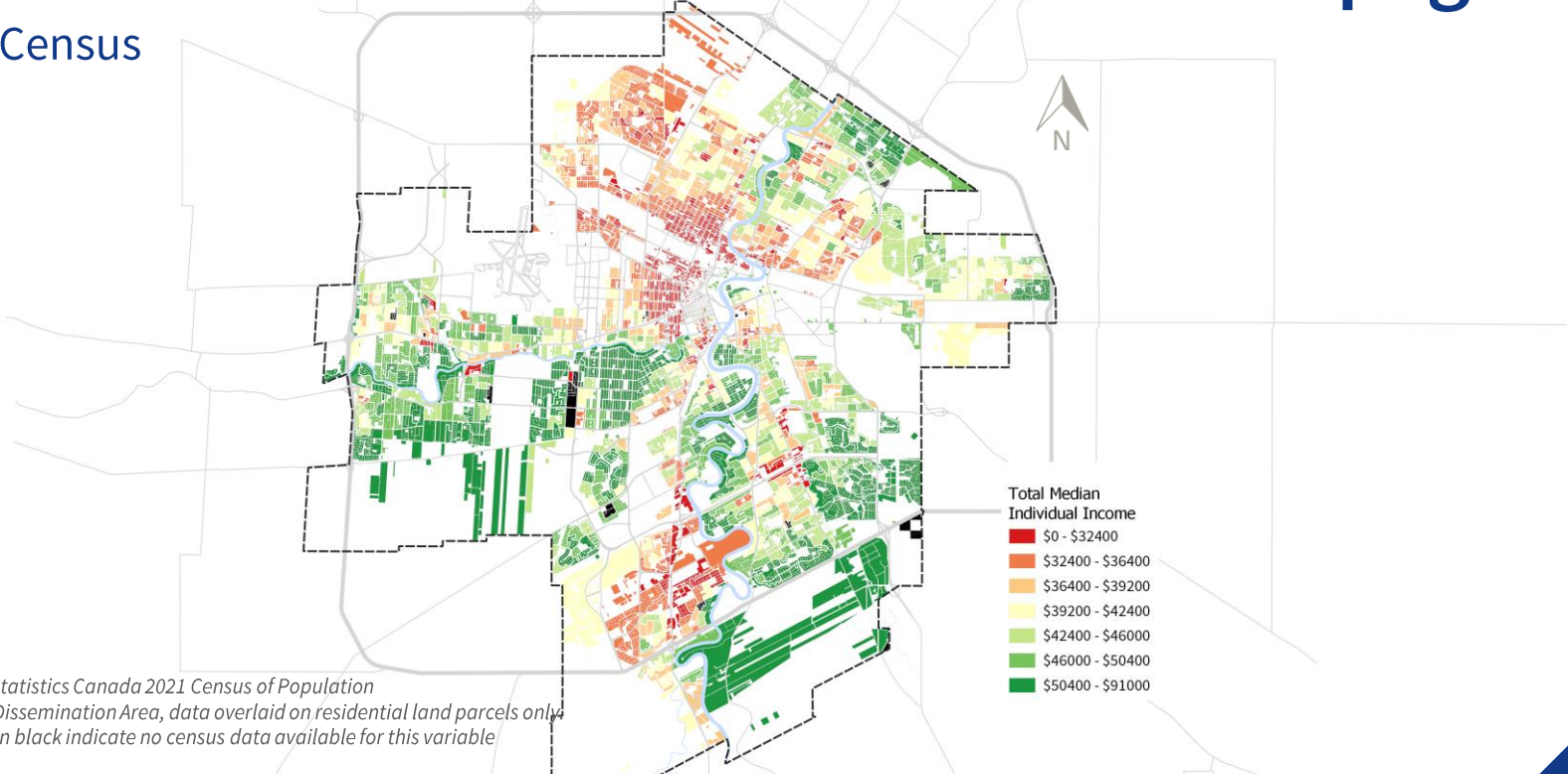
2021 Census



Source: Statistics Canada 2021 Census of Population Data by Dissemination Area.

Income: Individual Income Across Winnipeg

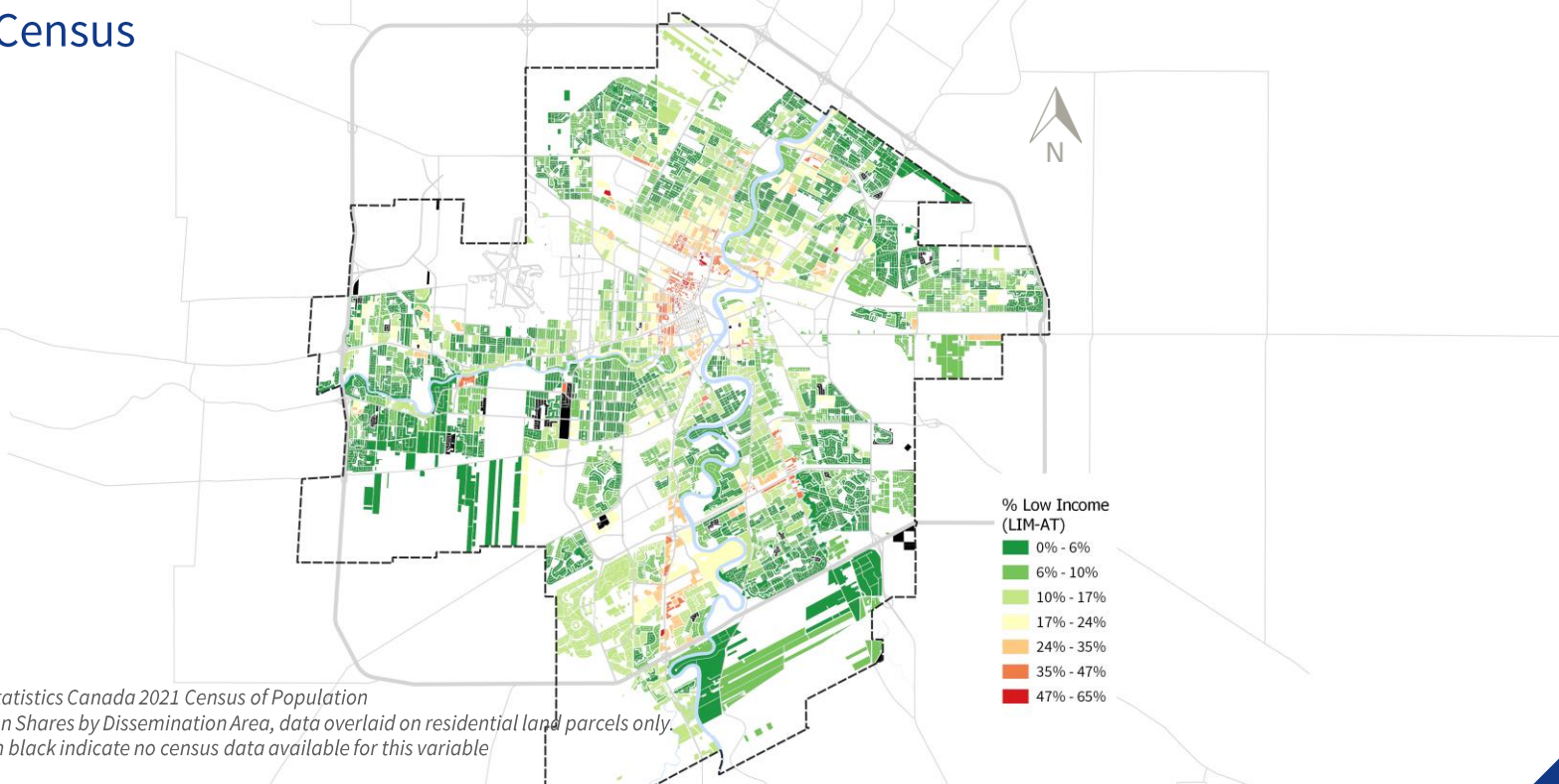
2021 Census



Source: Statistics Canada 2021 Census of Population
Data by Dissemination Area, data overlaid on residential land parcels only
Regions in black indicate no census data available for this variable

Low Income: % below Low-income Measure, After Tax (LIM-AT)

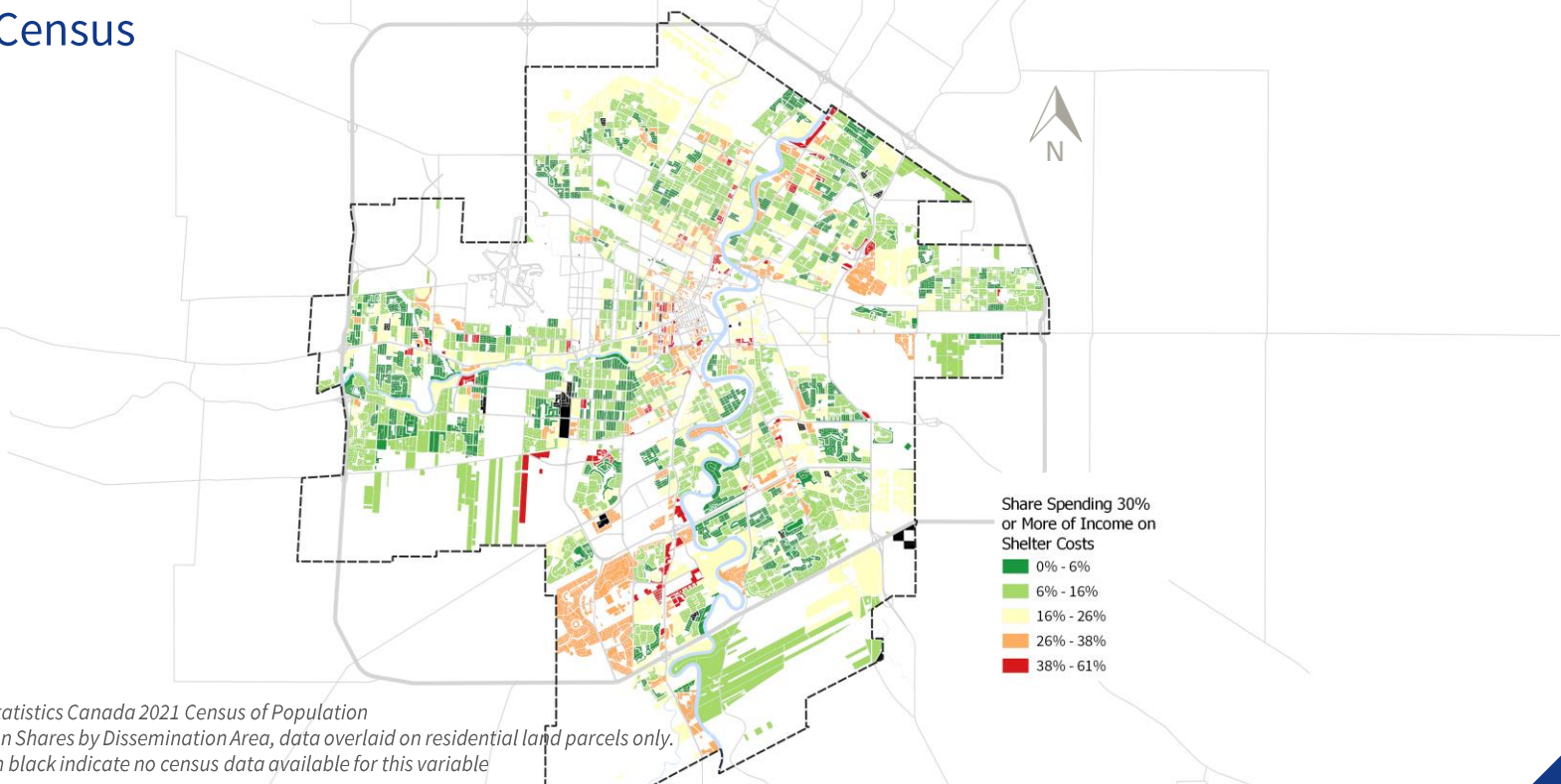
2021 Census



Source: Statistics Canada 2021 Census of Population
Population Shares by Dissemination Area, data overlaid on residential land parcels only.
Regions in black indicate no census data available for this variable

Housing Costs: Share spending 30% or More on Shelter Costs

2021 Census



Source: Statistics Canada 2021 Census of Population
Population Shares by Dissemination Area, data overlaid on residential land parcels only.
Regions in black indicate no census data available for this variable



Municipal Finance

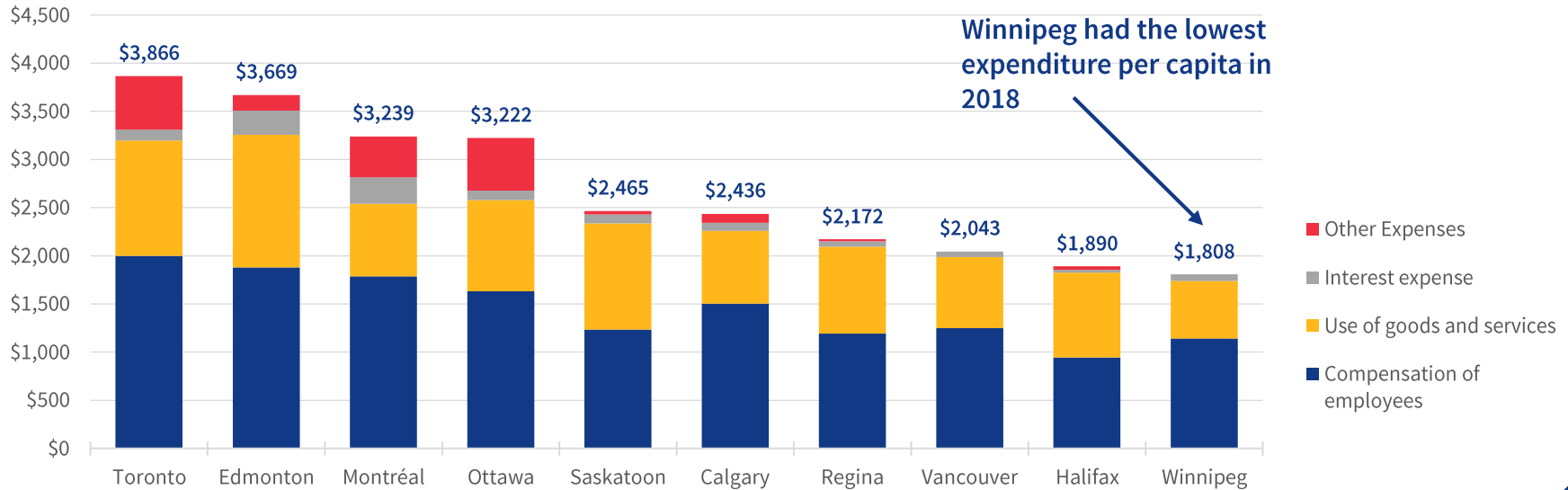
Photo Credit: City of Winnipeg

2023 Municipal Budget Highlights

1. Rebuild the City's Financial Stabilization Reserve
2. Provide key investments in areas such as:
 - Improving 311 staff retention and recruitment
 - Adding Neighbourhood Action Teams to complement Public Works
 - Transit Safety and Security
 - Additional Staff for Permit Processing

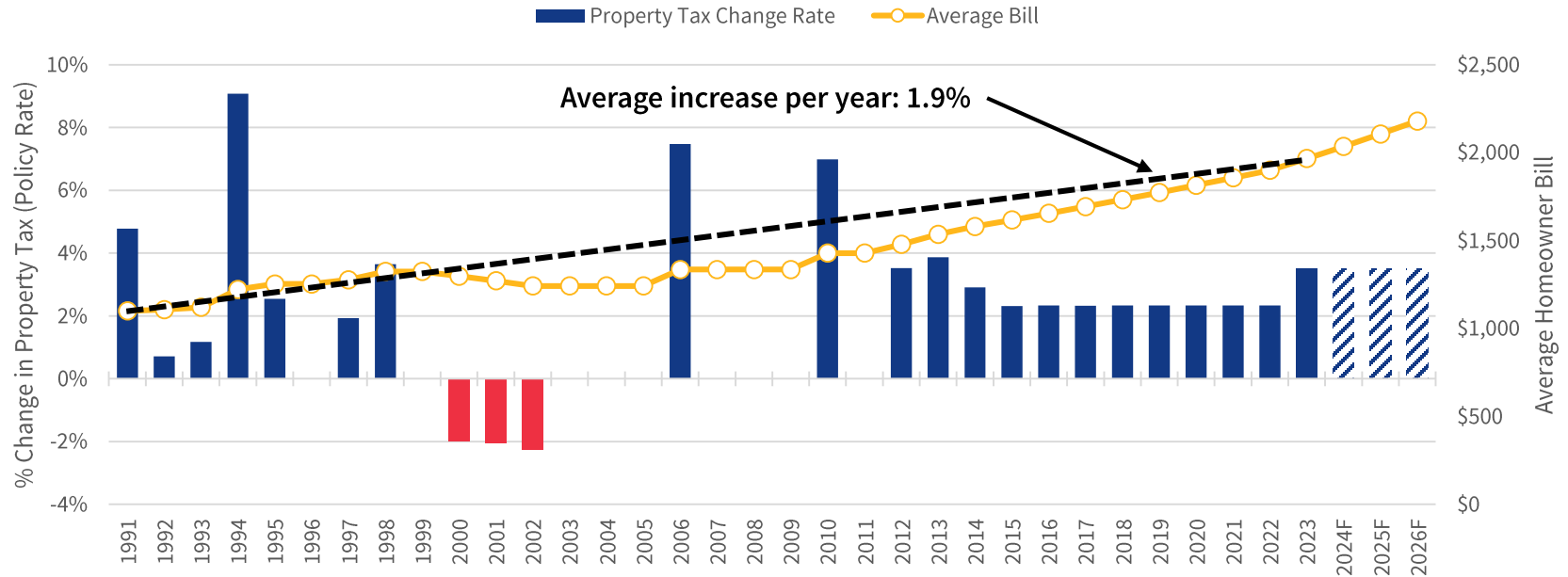
Municipal Expenditure: Across Canada

2018 Consolidated Expenditure Per Capita



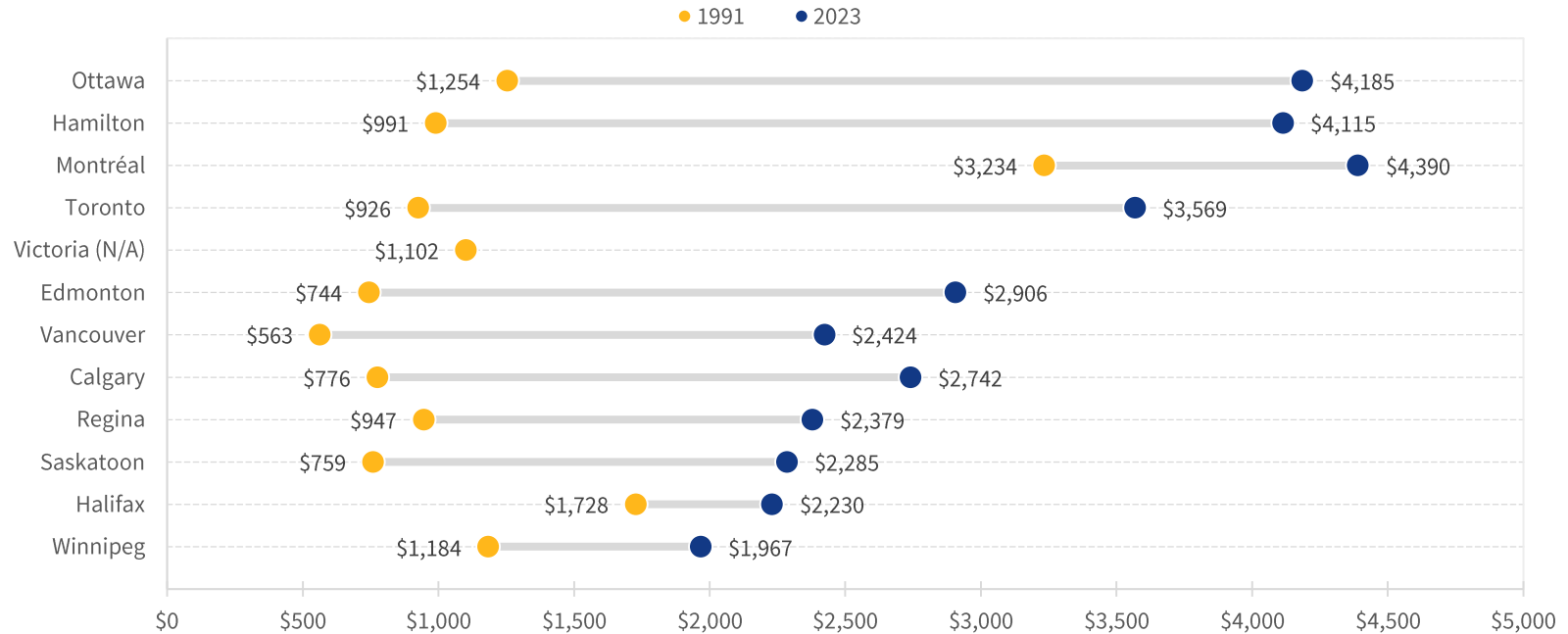
Source: Sources: Statistics Canada Table 10-10-0162-01 Canadian government finance statistics for individual municipalities and other local public administrations; Statistics Canada Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries

Property Tax: Historical Changes Over 3 Decades



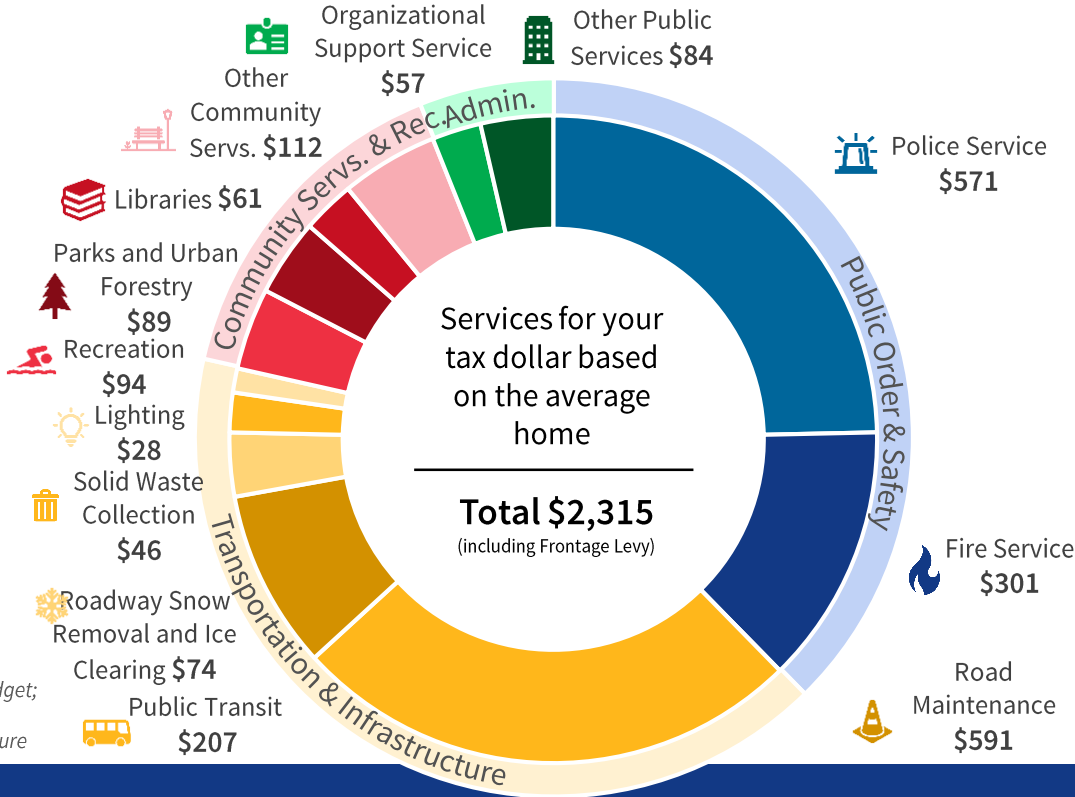
Source: City of Winnipeg Assessment and Taxation Department

Property Tax: Changes in Canada Since 1991



Source: 1991 City of Edmonton Property Tax survey, various media and municipal websites; City of Winnipeg Economic Research Calculations
Note: 2023 data based on preliminary budget information for many cities; data for Victoria not yet available.

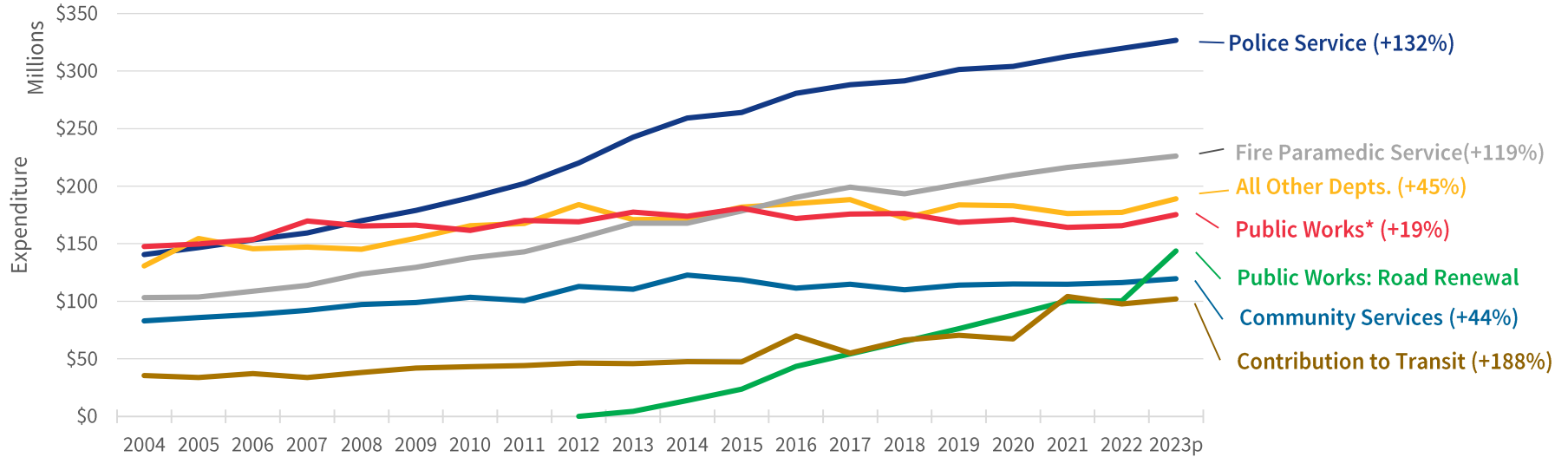
Property Tax: Where Tax Dollars Go in 2023



Source: City of Winnipeg 2023 Preliminary Budget; Economic Research Calculations; Includes Frontage Levy revenue and expenditure

Municipal Expenditure: Trends

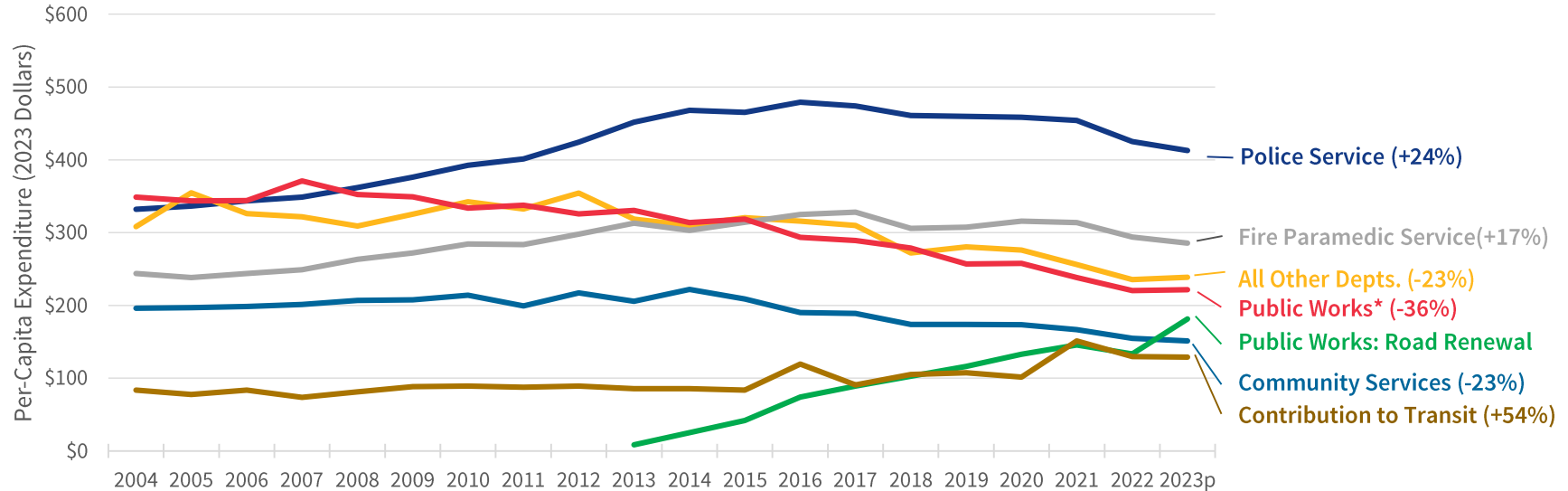
Trends in Adopted Operating Budget by Department, 2004 to 2023 (Nominal Dollars)



Sources: City of Winnipeg Tax Supported Operating Budgets, 2004 to 2022. New in 2022: "All Other Departments" now includes the Property, Planning and Development Department. *Public Works (red line) does not include expenditures on Road Renewal from Frontage Levy and Local and Regional Street reserves; these are shown in the green line. Chart excludes Corporate expenses (not related to Transit) as categorized in the Operating Budget Tax Supported Summary (2022 Budget Volume 2 appendix 1).
 Note: 2023 based on Preliminary budget

Municipal Expenditure: Trends

Per-Capita Inflation-Adjusted Expenditures, 2004 to 2023 (2023 dollars)



Sources: City of Winnipeg Tax Supported Operating Budgets, 2004 to 2022; Statistics Canada, Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted for Winnipeg CMA; Oxford Economics December 2022 Provincial Forecast; Statistics Canada, Table 17-10-0135-01, Population estimates, July 1, by census subdivision, 2016 boundaries; City of Winnipeg Economic Research calculations
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 Note: 2023 based on Preliminary budget



Economic Outlook

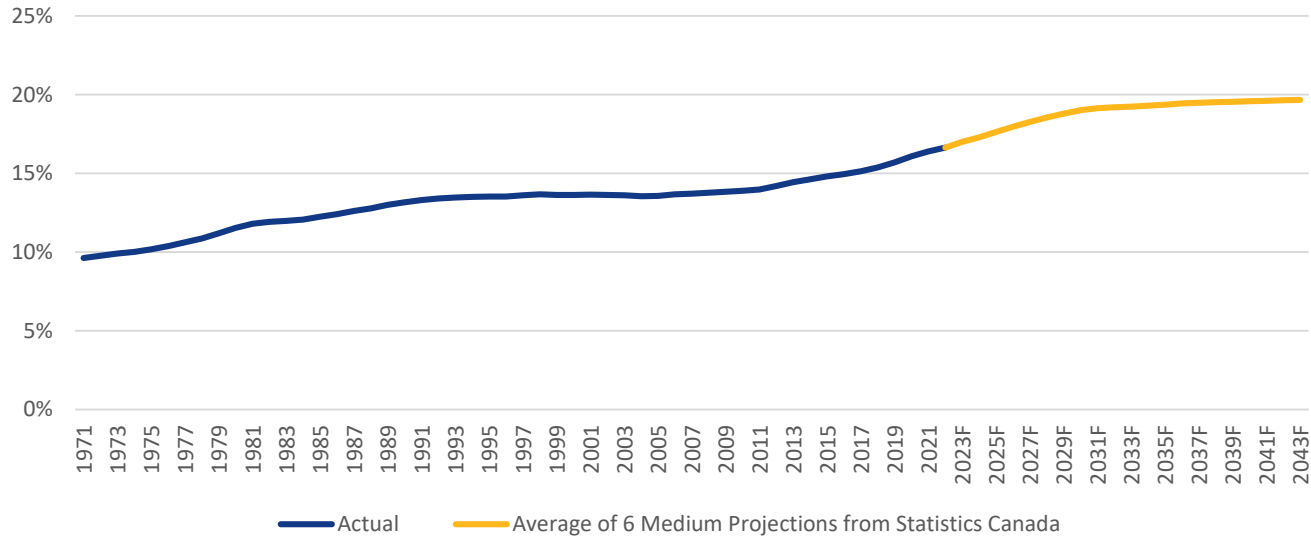
Photo Credit: Tyler Walsh / Economic Development Winnipeg

Economic Outlook

1. Major pre-COVID trends
2. Current issues
3. Outlook

Manitoba has been getting older for a while

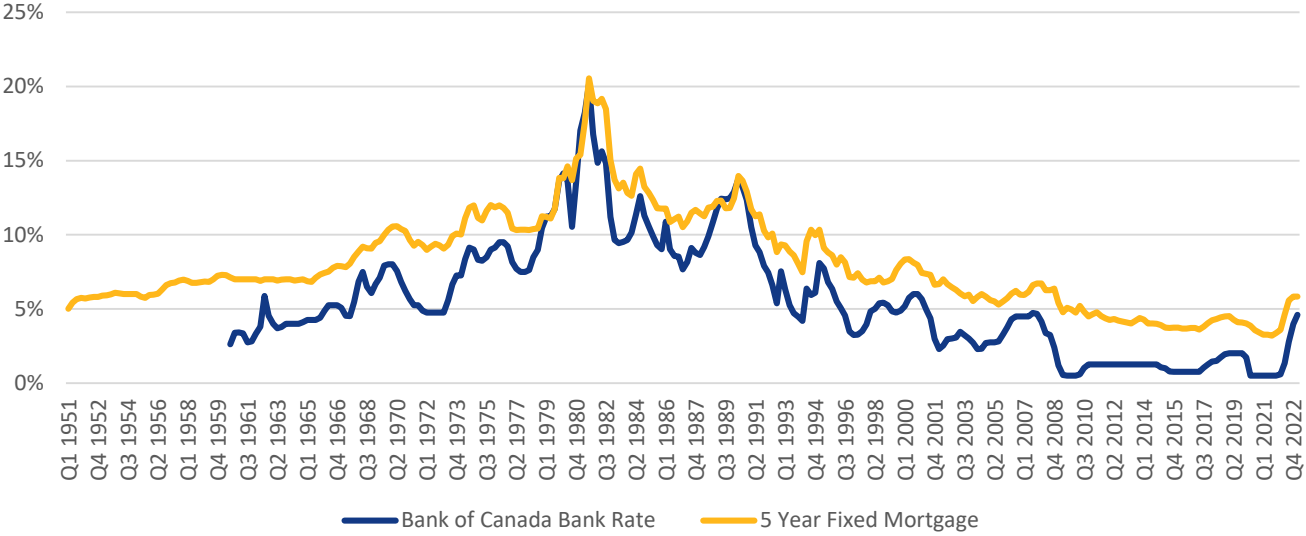
Pre-COVID trends – aging population: share of 65+ persons of Manitoba's population



Source: Statistics Canada, Economic Research Calculations

40 years of falling interest rates

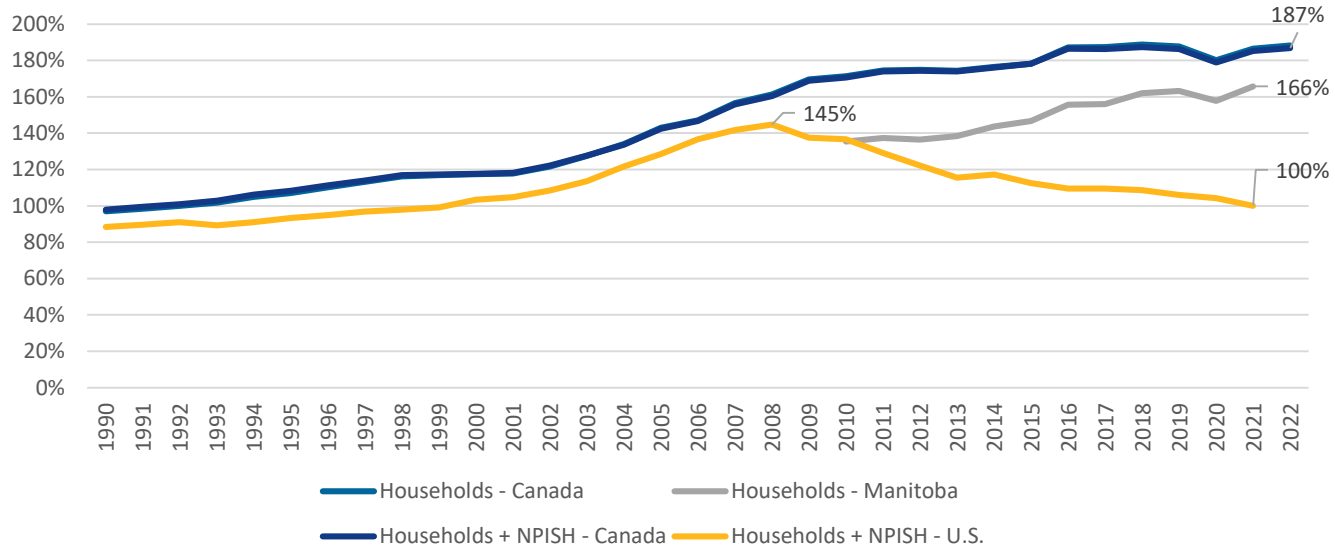
Pre-COVID trends – falling interest rates: CMHC 5 year fixed mortgage rate & BoC bank rate, quarterly average



Source: Statistics Canada, Economic Research Calculations

Manitoba's household debt is higher than most think...

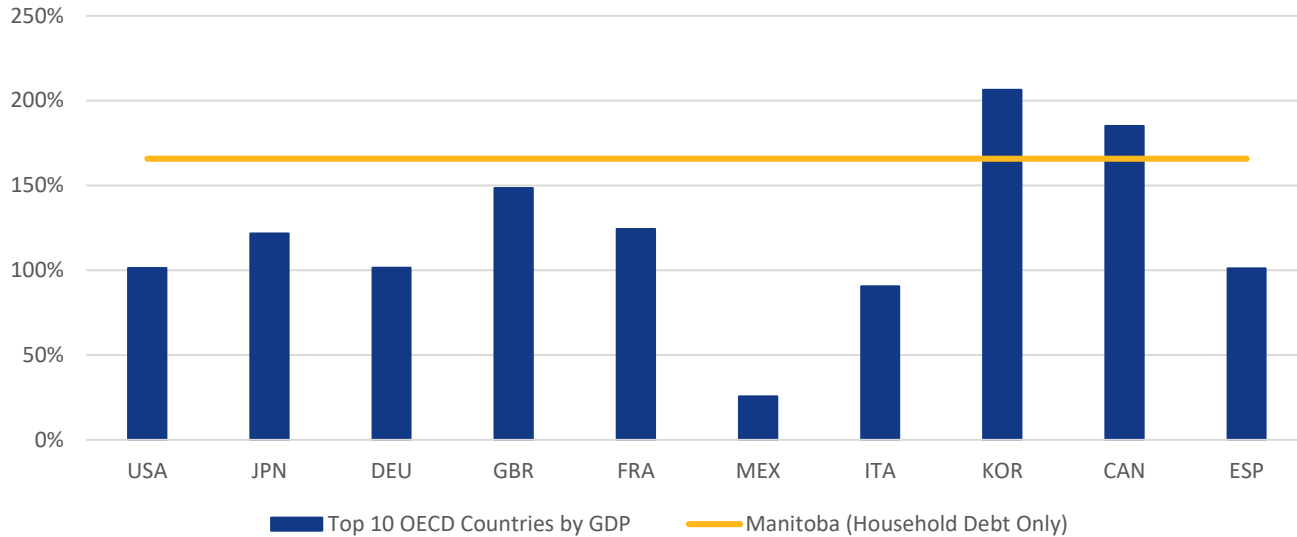
Pre-COVID trends – Household Debt: Canada and Manitoba Household Debt/Disposable Income



Sources: Statistics Canada, OECD, Economic Research Calculations

Manitoba's household debt is higher than most think...

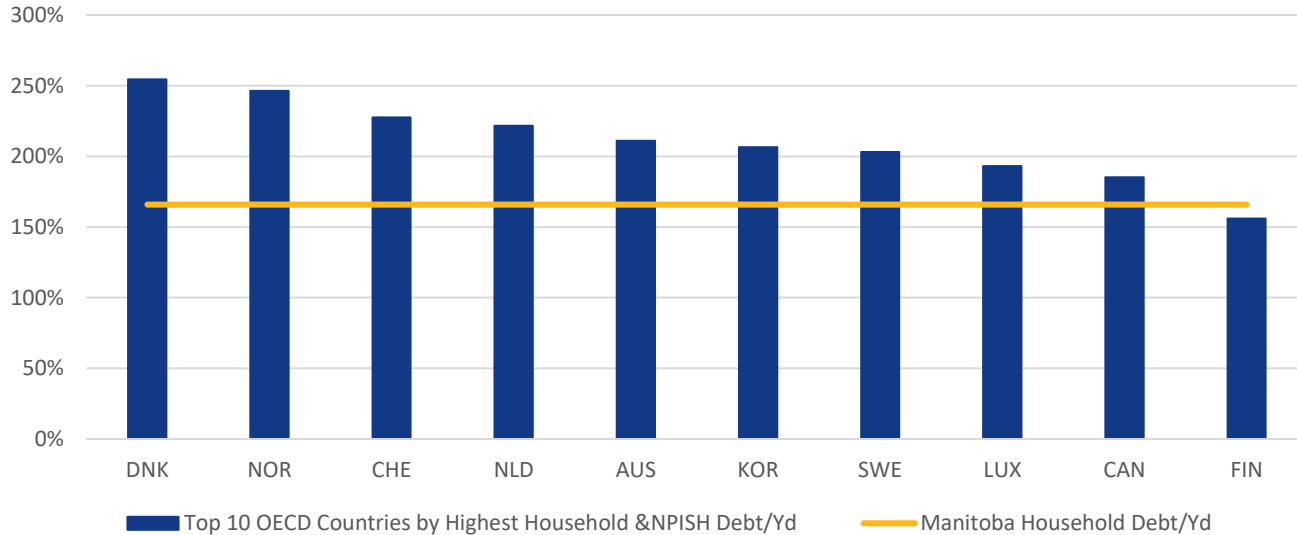
Pre-COVID trends – Household Debt: Household & NPISH Debt/Disposable Income Ratios, 10 largest OECD economies by GDP, 2021



Sources: Statistics Canada, OECD, Economic Research Calculations

Manitoba's household debt is higher than most think...

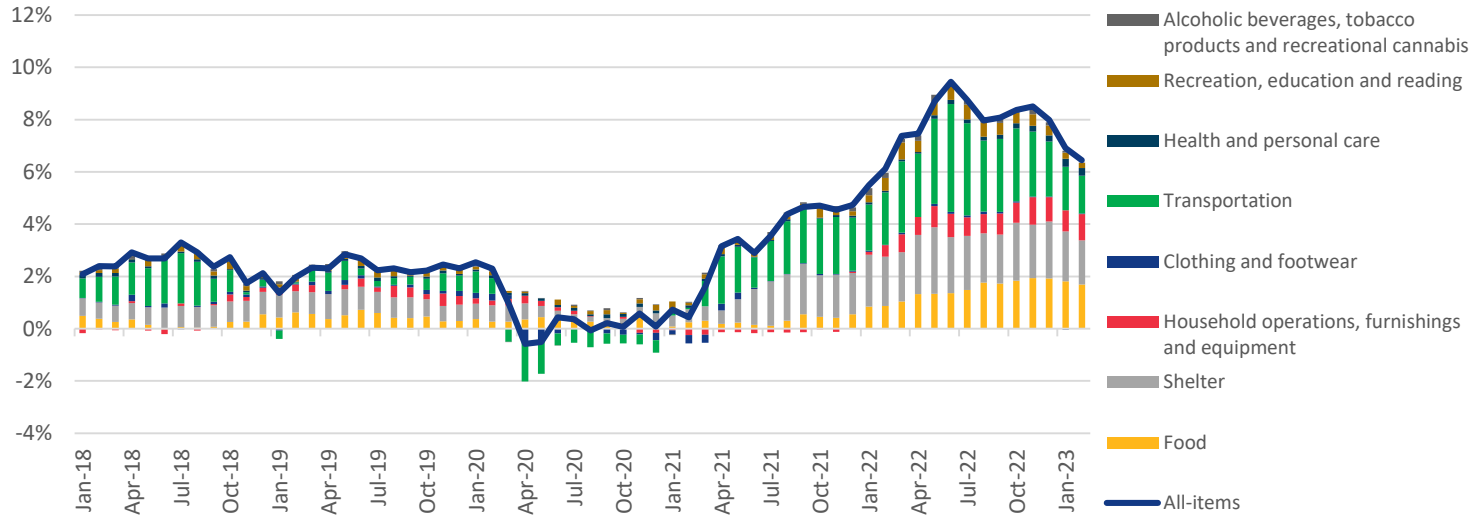
Pre-COVID trends – Household Debt: Top 10 Highest Household & NPISH Debt/Disposable Income OECD Countries, 2021



Sources: Statistics Canada, OECD, Economic Research Calculations

Inflation is rolling over

Current Issues – Inflation: CPI inflation, monthly year-over-year, Manitoba



Source: Statistics Canada, Economic Research Calculations

One reason for high inflation in MB & WPG

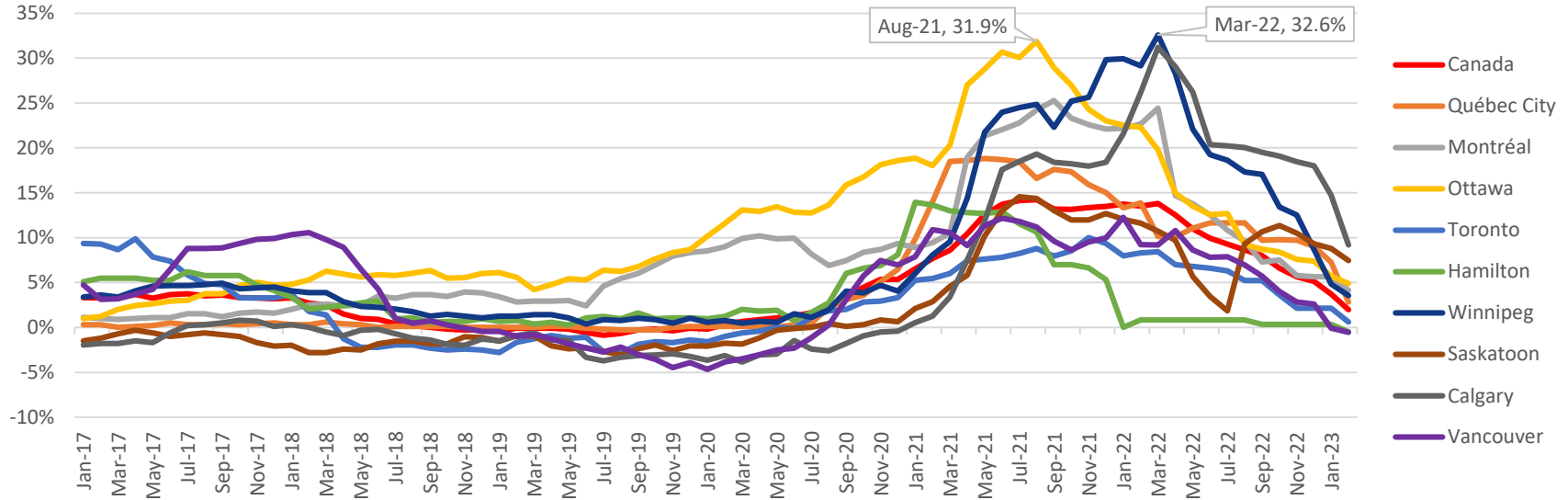
Current Issues – Inflation: New house price inflation (house only), monthly year-over-year, Winnipeg



Source: Statistics Canada, Economic Research Calculations

Winnipeg saw the highest inflation for building a new house

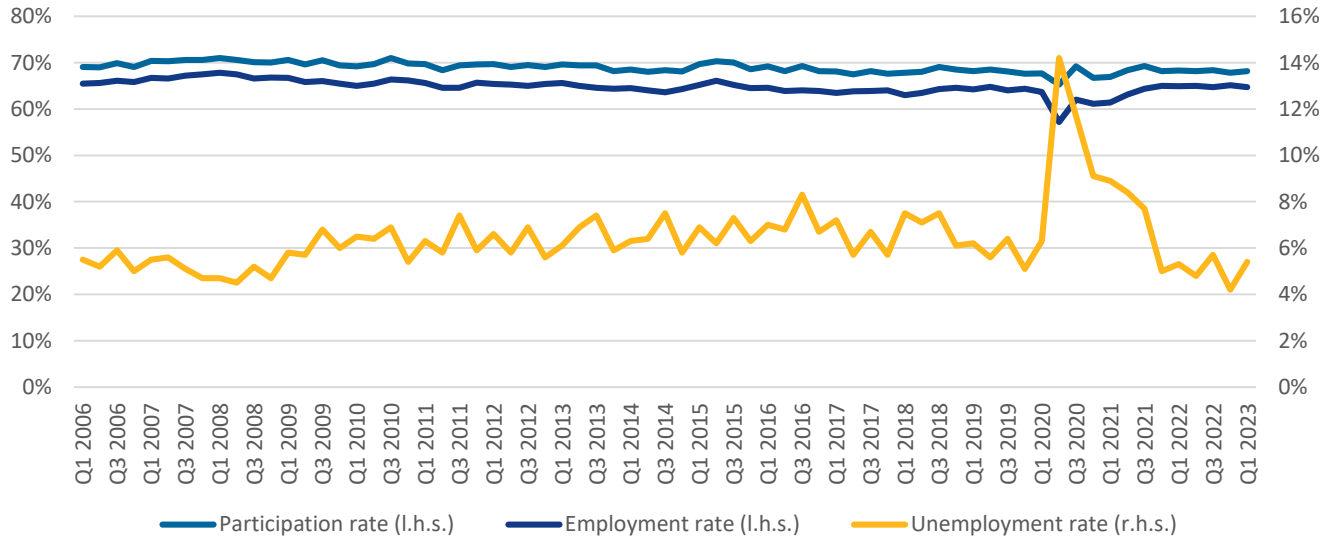
Current Issues – Inflation: New house price inflation (house only), monthly year-over-year, select Canadian cities



Source: Statistics Canada, Economic Research Calculations

Labour market may be tight, but we have been here before

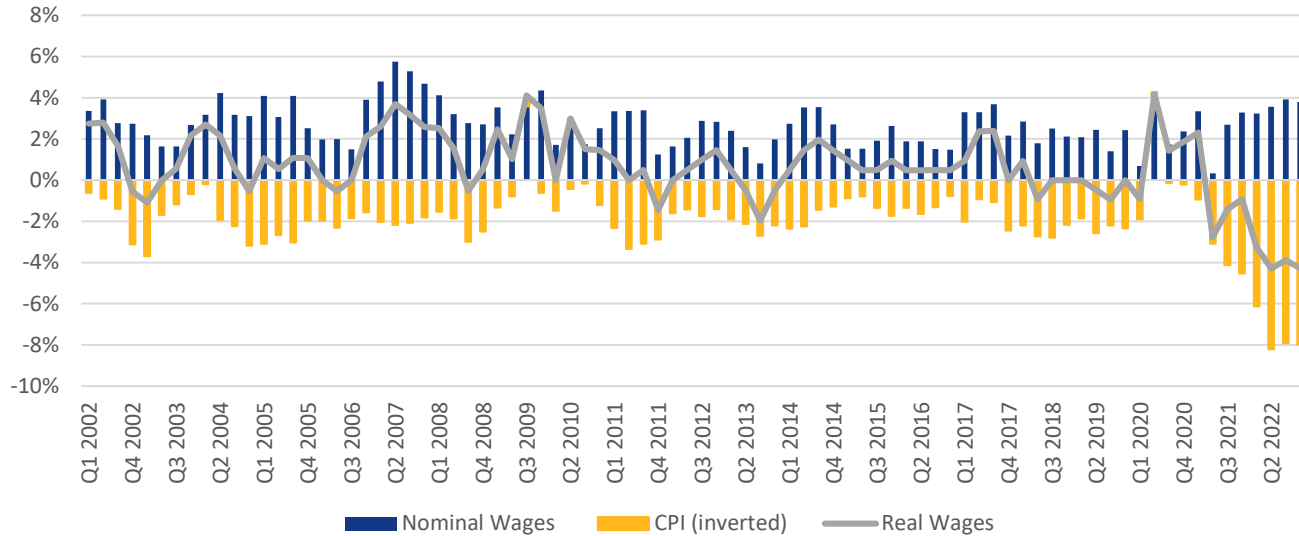
Current Issues – Inflation: Headline labour market indicators, Winnipeg, seasonally adjusted



Source: Statistics Canada, Economic Research Calculations

Inflation is not being driven by wages

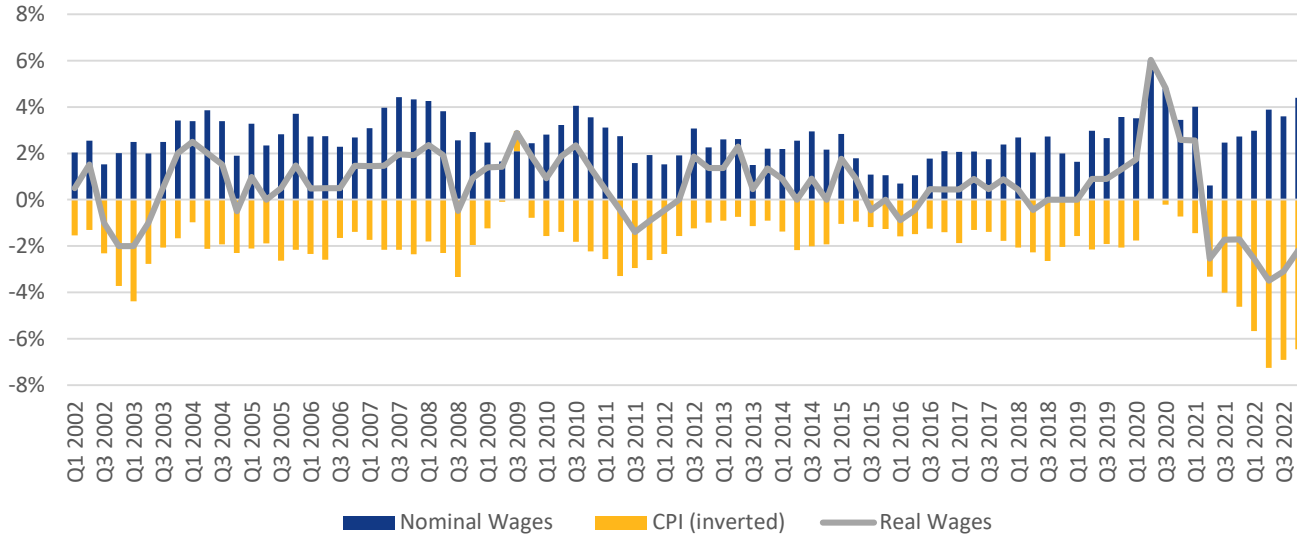
Current Issues – Inflation: Real wage growth, quarterly year-over-year, Manitoba



Source: Statistics Canada, Economic Research Calculations

Inflation is not being driven by wages

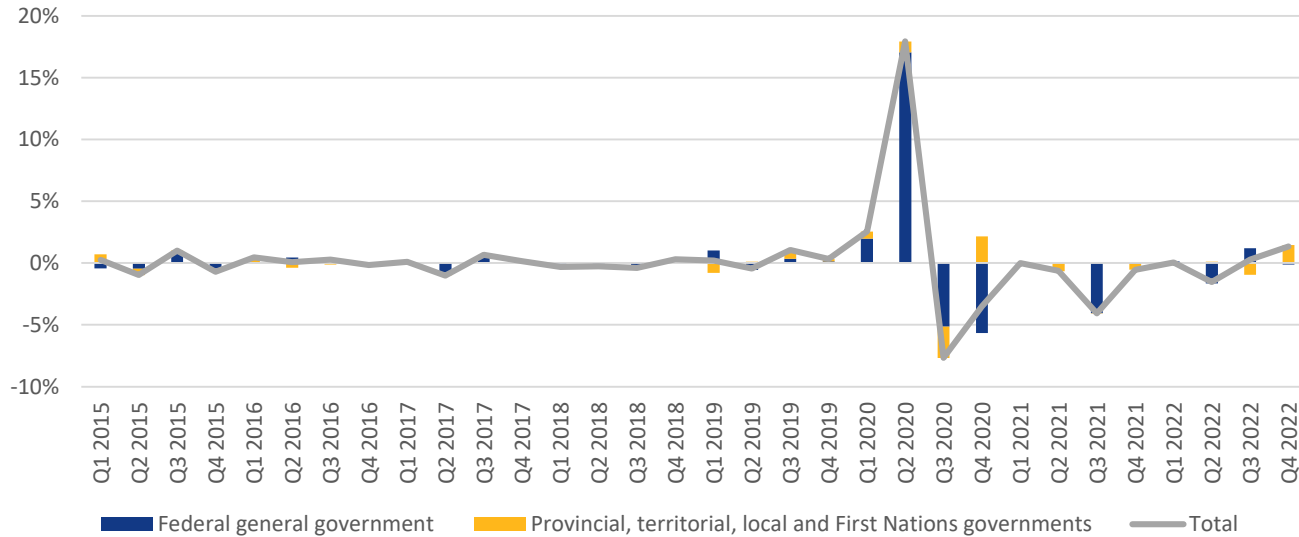
Current Issues – Inflation: Real wage growth, quarterly year-over-year, Canada



Source: Statistics Canada, Economic Research Calculations

Inflation is not being driven by governments

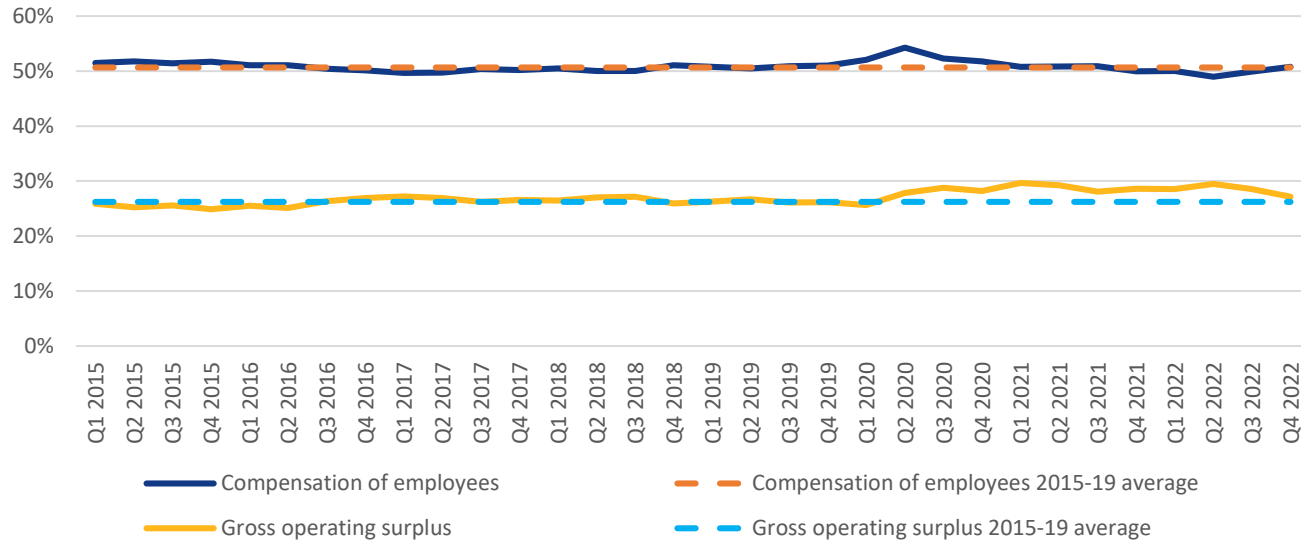
Current Issues – Inflation: Fiscal impulse as % of GDP (credit expansion (+), credit contraction (-)), Canada



Source: Statistics Canada, Economic Research Calculations

Inflation is being driven by rising profit margins

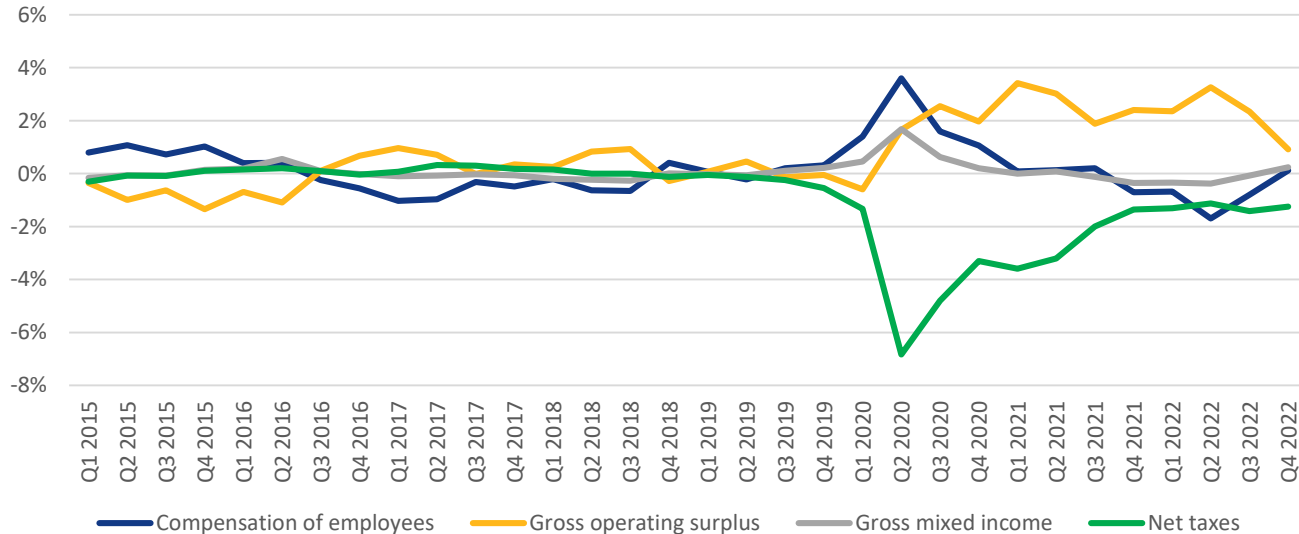
Current Issues – Inflation: Compensation of employees and gross operating surplus shares of GDP, actuals and 2015-2019 averages



Source: Statistics Canada, Economic Research Calculations

Inflation is being driven by rising profit margins

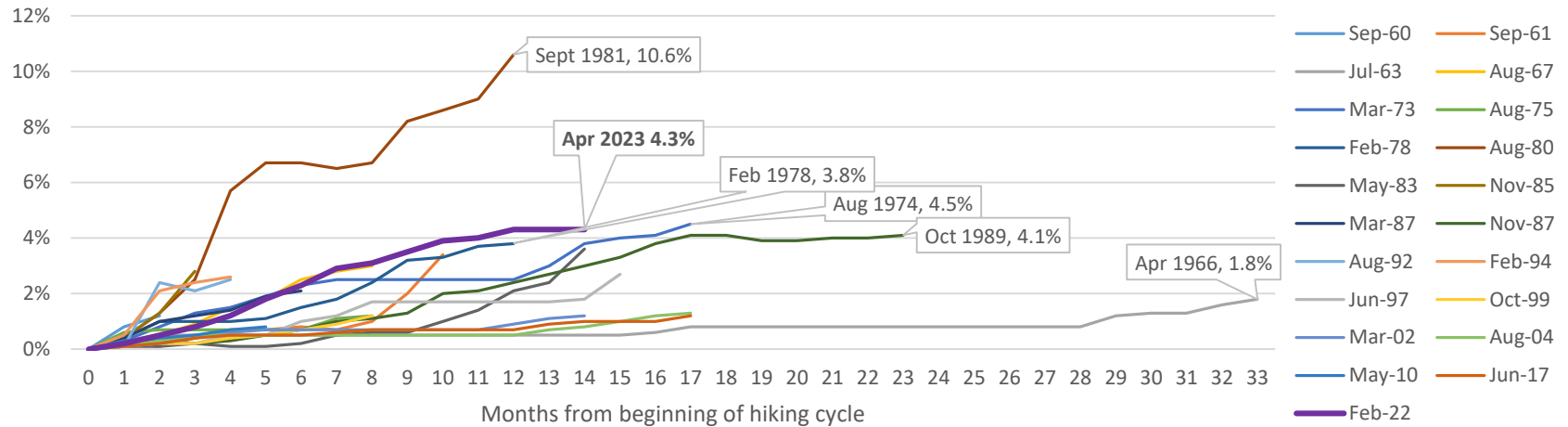
Current Issues – Inflation: Income GDP component shares, actuals less 2015-2019 averages, Canada



Source: Statistics Canada, Economic Research Calculations

We are in the second fast cumulative tightening cycle going back to 1960

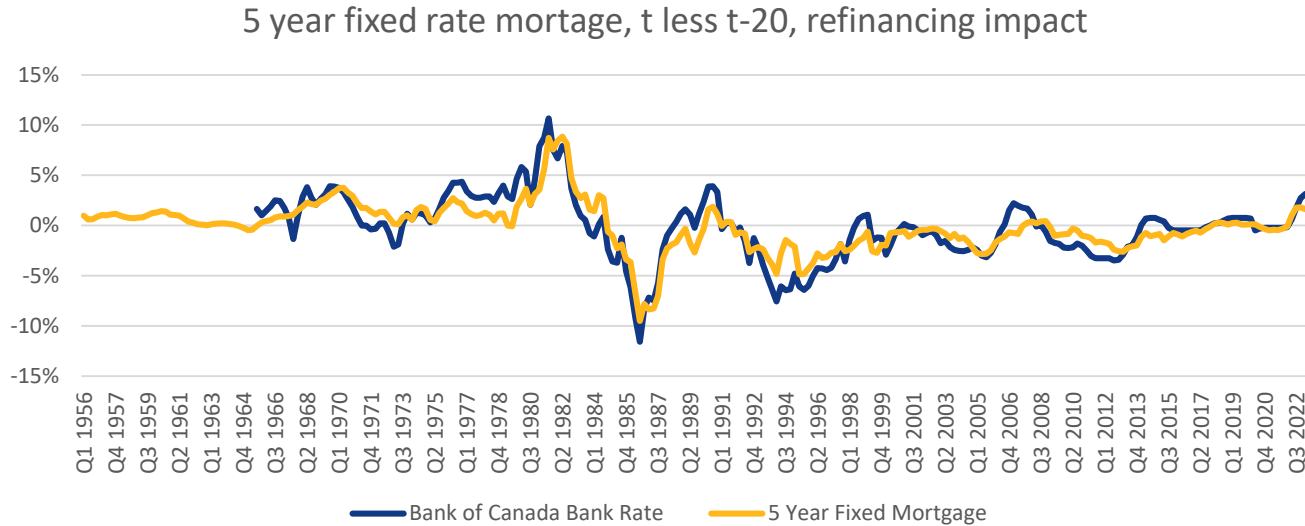
Policy Response – Inflation: Bank of Canada hiking cycles (bank rate), monthly



Source: Statistics Canada, Economic Research Calculations

Going through the strongest refinancing cycle since 1990

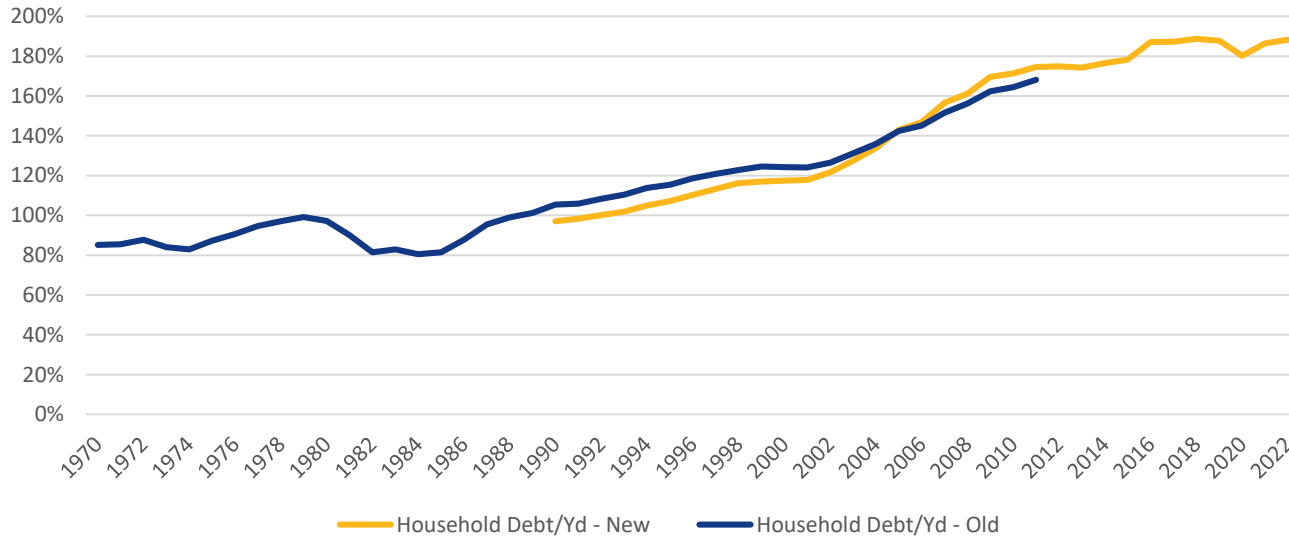
Policy Response – Inflation: CMHC 5 year fixed mortgage rate & BoC bank rate, 5 Year difference, quarterly average



Source: Statistics Canada, Economic Research Calculations

Household debt/disposable income was significantly lower in past aggressive rate hiking cycles

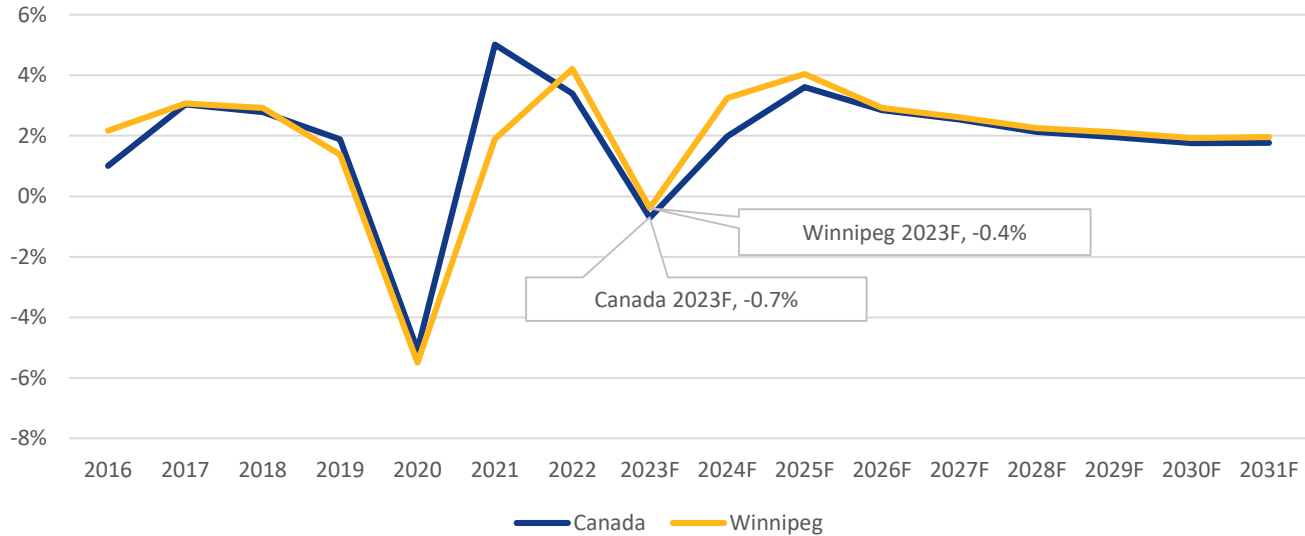
Policy Response – Inflation: Historical household debt/disposable income, Canada



Source: Statistics Canada, Economic Research Calculations

Modest Recession in 2023

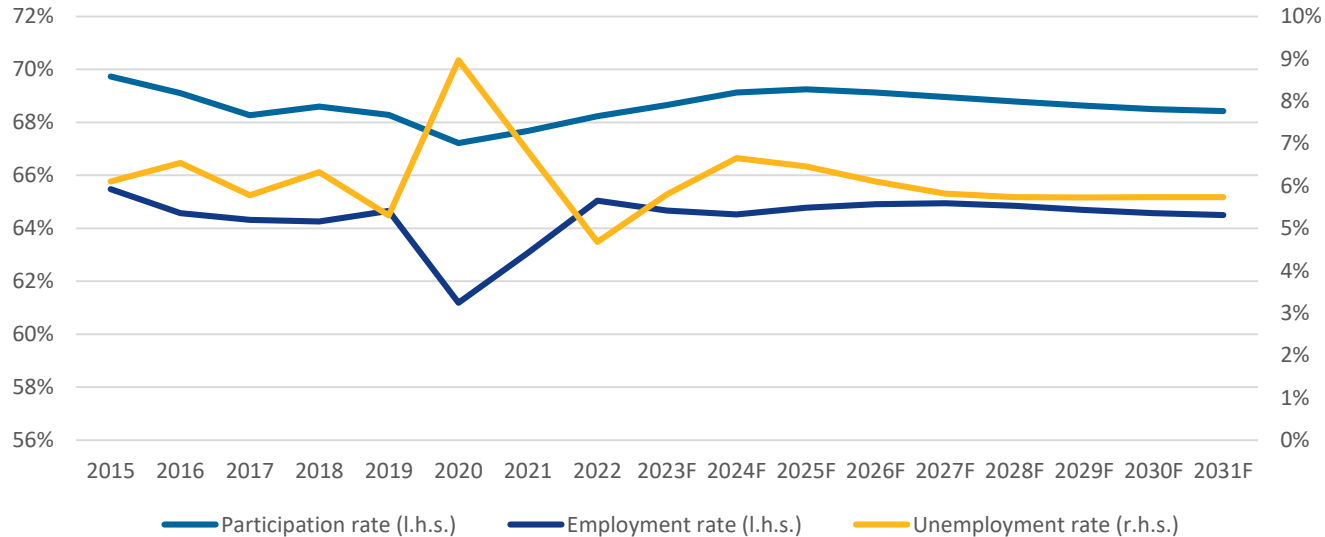
Oxford Economics Forecast – Real GDP, Winnipeg CMA & Canada



Sources: Statistics Canada, Oxford Economics, Economic Research Calculations

Labour market is anticipated to loosen

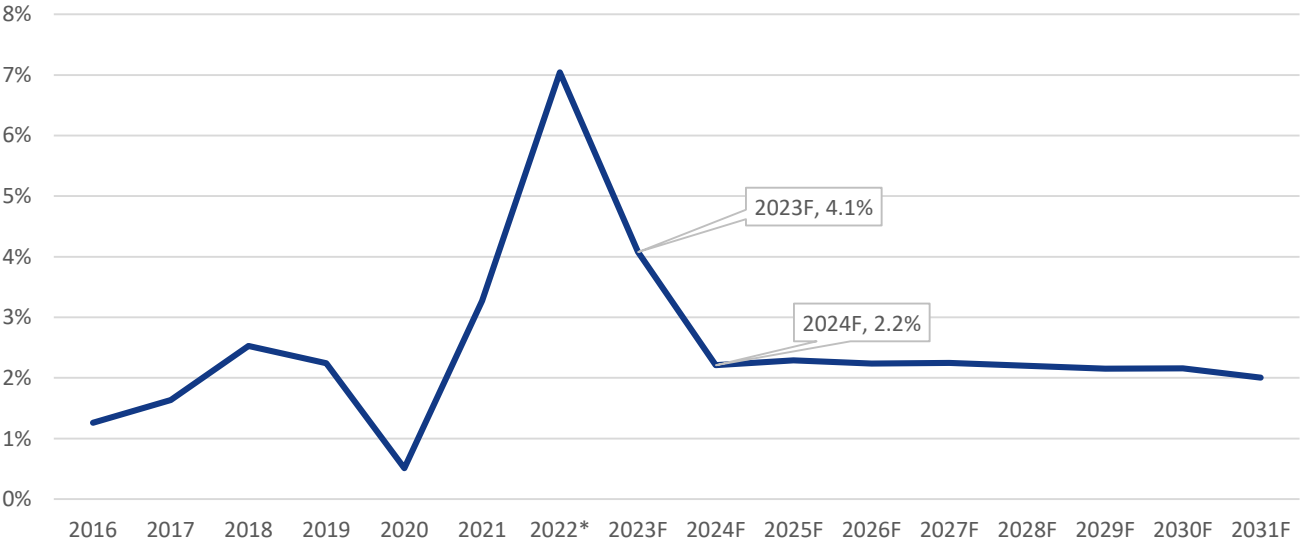
Oxford Economics Forecast – Labour market indicators, Winnipeg CMA



Source: Statistics Canada, Oxford Economics, Economic Research Calculations

CPI inflation forecasted to be back to target in 2024

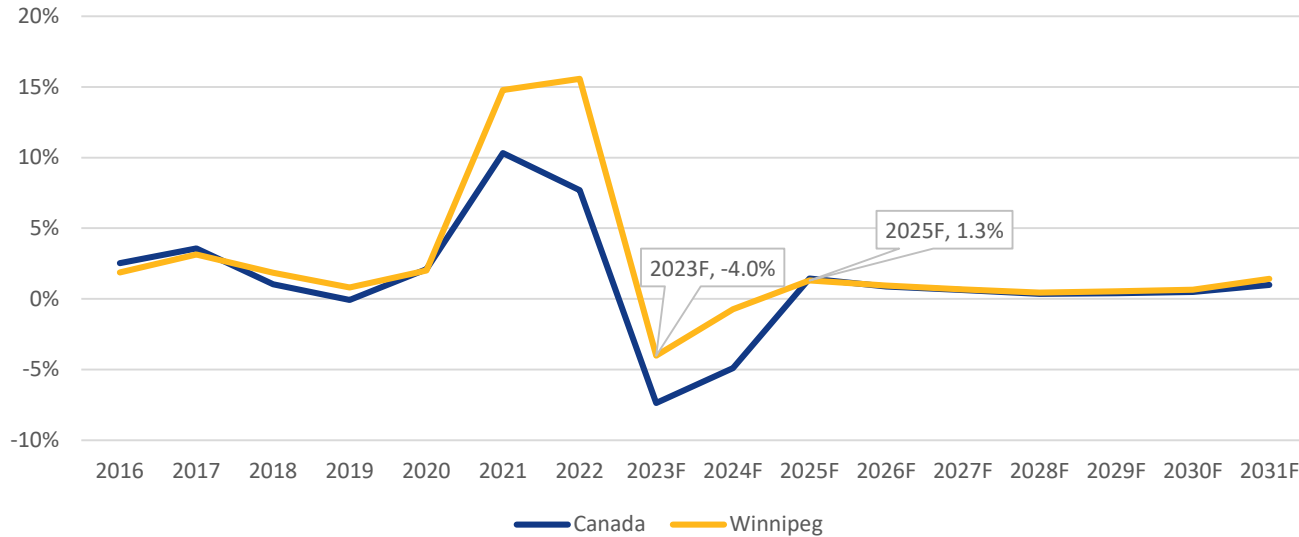
Oxford Economics Forecast – CPI Inflation: Manitoba



Source: Statistics Canada, Oxford Economics, Economic Research Calculations

New house price inflation is expected to moderate

Oxford Economics Forecast – New house price inflation (house & land): Winnipeg



Source: Statistics Canada, Oxford Economics, Economic Research Calculations



Conclusion

Photo Credit: Tyler Walsh / Economic Development Winnipeg

Conclusion

1. **Population:** Population growth is expected to continue, driven primarily by international migration
2. **Demographics:** Population is aging and dependency ratio is expected to rise slightly
3. **Municipal Finance:** Spending less on operating costs in real per-capita dollar terms in 2023 (\$1,620) relative to 2016 (\$1,801)
4. **Macroeconomic Outlook:** Elevated risk for recession in 2023



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