



City of Winnipeg Economic, Demographic, and Fiscal Outlook **2023 Update**

Table of Contents

| | |
|--------------------------------------|-----------|
| Economic Outlook | 3 |
| GDP and Labour Force by Sector | 4 |
| Labour Force Outlook | 5 |
| GDP Outlook | 6 |
| Inflation Outlook | 7 |
| Demographic Outlook | 9 |
| Population | 11 |
| Visible Minorities | 12 |
| Indigenous Identity | 13 |
| Household Income | 14 |
| Housing | 15 |
| Fiscal Outlook | 16 |
| Municipal Revenue | 18 |
| Property Taxation | 19 |
| Municipal Expenditure | 21 |



Economic Outlook



| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| GDP | 100.0 | 101.2 | 102.5 | 103.8 | 105.1 | 106.4 | 107.7 | 109.0 | 110.3 | 111.6 | 112.9 | 114.2 |
| Population | 700,000 | 705,000 | 710,000 | 715,000 | 720,000 | 725,000 | 730,000 | 735,000 | 740,000 | 745,000 | 750,000 | 755,000 |
| Unemployment | 10.0% | 9.8% | 9.6% | 9.4% | 9.2% | 9.0% | 8.8% | 8.6% | 8.4% | 8.2% | 8.0% | 7.8% |
| Government Spending | 15.0% | 15.2% | 15.4% | 15.6% | 15.8% | 16.0% | 16.2% | 16.4% | 16.6% | 16.8% | 17.0% | 17.2% |
| Private Investment | 12.0% | 12.1% | 12.2% | 12.3% | 12.4% | 12.5% | 12.6% | 12.7% | 12.8% | 12.9% | 13.0% | 13.1% |
| Exports | 8.0% | 8.1% | 8.2% | 8.3% | 8.4% | 8.5% | 8.6% | 8.7% | 8.8% | 8.9% | 9.0% | 9.1% |
| Imports | 7.0% | 7.1% | 7.2% | 7.3% | 7.4% | 7.5% | 7.6% | 7.7% | 7.8% | 7.9% | 8.0% | 8.1% |
| Trade Balance | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |



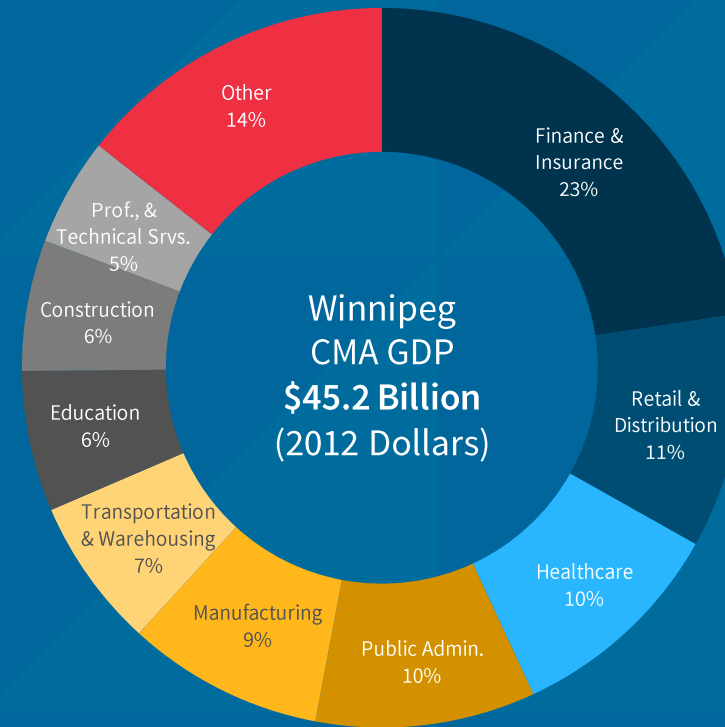
Winnipeg CMA Economic Outlook

In 2022, the Winnipeg CMA's GDP was \$45.2 billion, making up 64.3% of Manitoba's economy and 2.1% of the national economy.

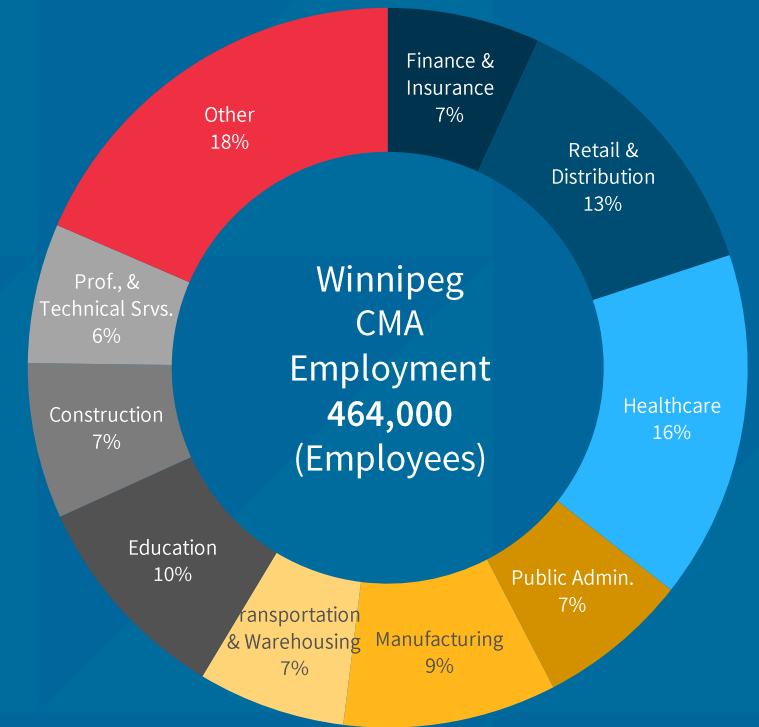
The Winnipeg Census Metropolitan Area's (CMA) economy is well-diversified, with the finance and insurance, retail and distribution, healthcare, public administration, and manufacturing sectors making up over half the regional economy in terms of both economic output and employment.

Looking forward, several global macroeconomic headwinds are anticipated to impact both local and national economic growth. The effects of rising interest rates, high household debt, and tightening financial conditions may lead to an economic slowdown that could reduce both output and employment.

2022 GDP by Industry



2022 Employment by Industry



Source: Oxford Economics June 2023 National Outlook, Haver Analytics, Statistics Canada

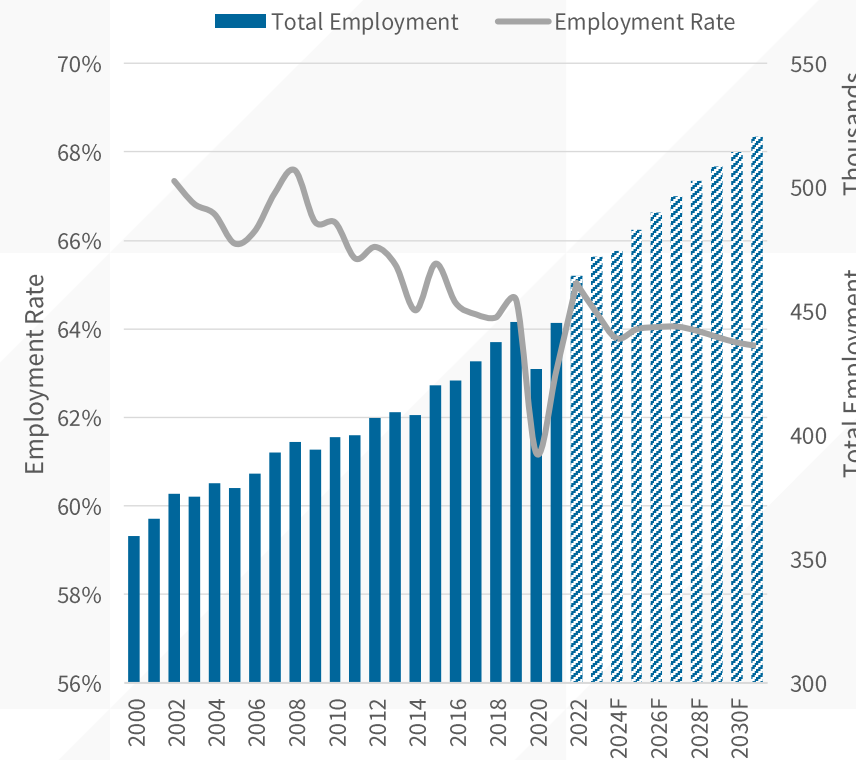
Labour Force

The local labour market in the Winnipeg CMA has largely rebounded from the effects of the COVID-19 pandemic, with a **65% employment rate observed in 2022**.

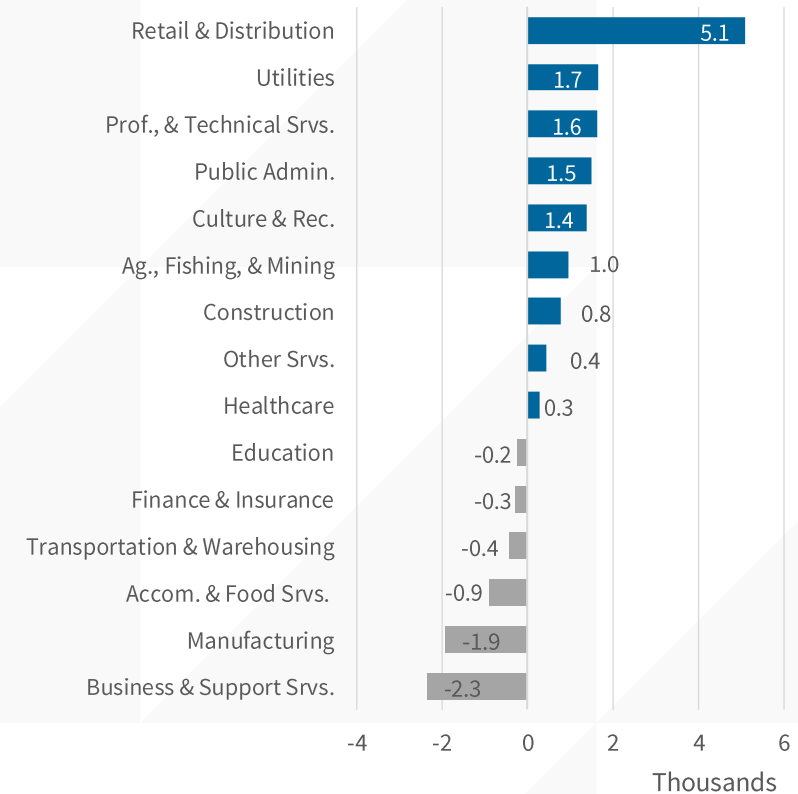
Despite resilient labour markets in Canada, rising debt servicing and borrowing costs from recent interest rate increases are expected to squeeze household budgets and business investment.

These effects could lead to a marginal decline in the local employment rate, to **64.4%** in 2023. Transportation and warehousing, retail, and accommodation sectors are expected to post declines in employment as consumer spending falls, while the culture and recreation, professional and technical services, construction, and healthcare sectors could see employment gains.

Employment Projections



Employment Change - 2022 to 2023



Source: Oxford Economics June 2023 National Outlook, Haver Analytics, Statistics Canada

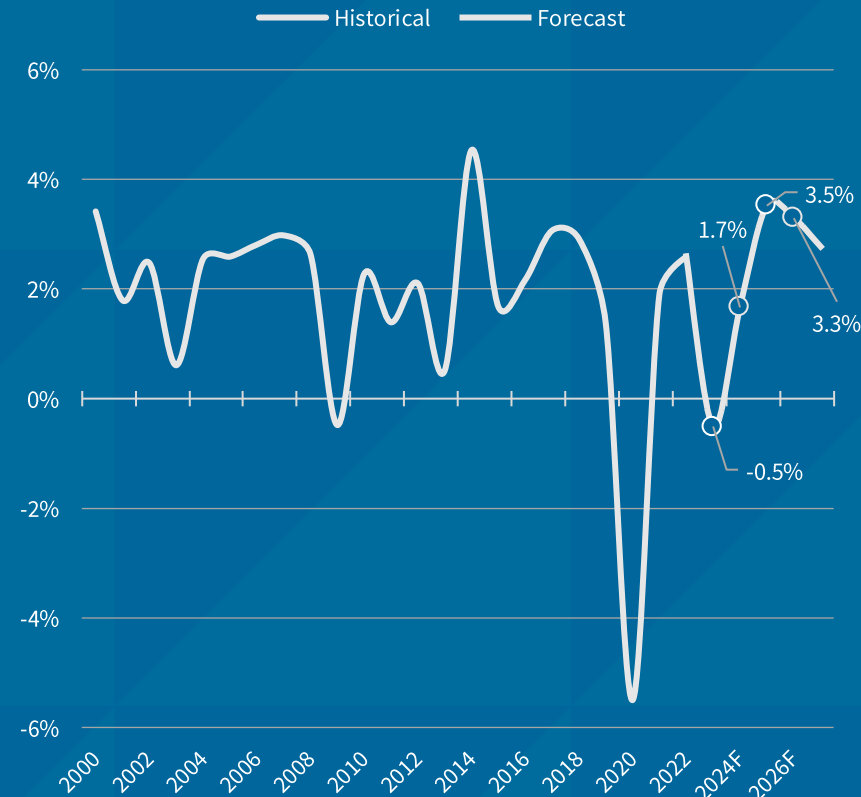
Gross Domestic Product (GDP)

The Winnipeg CMA economy grew by 2.6% in 2022, up from a 1.9% gain in 2021 and a record 5.5% decline in 2020 from the COVID-19 pandemic.

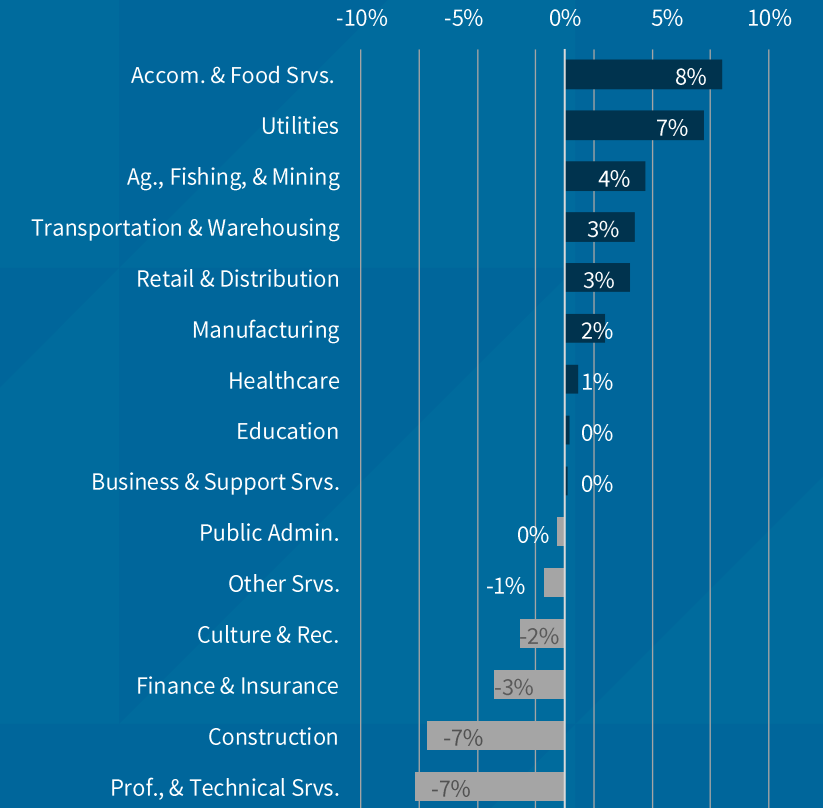
While the resurgence in gross domestic product has brought the local economy back to pre-pandemic levels, a mild recession in Canada and locally is expected, with Winnipeg's GDP anticipated to decline by 0.5% for 2023, followed by 1.7% growth in 2024.

For this year, sectors such as utilities are expected to do well whereas sectors such as construction may decline as business and household investment in building stock may fall in higher interest rate environment.

GDP Growth Rate Projections



GDP Change - 2022 to 2023



Source: Oxford Economics June 2023 National Outlook, Haver Analytics, Statistics Canada

Consumer Price Index (CPI) Inflation

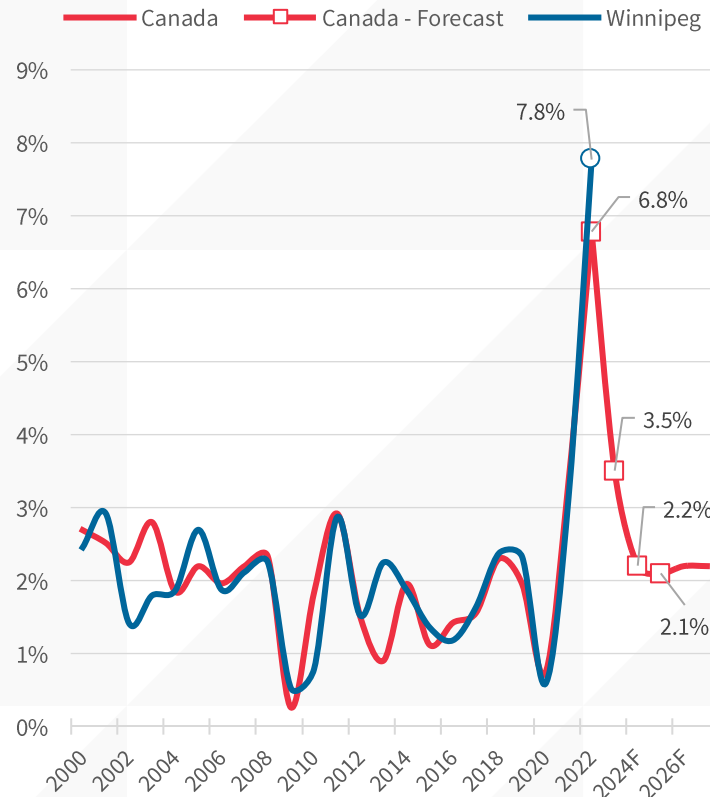
Inflation has been a major concern across the world following the impacts of the COVID-19 pandemic. In Winnipeg, Consumer Price Index (CPI) inflation was **7.8% in 2022**.

As a response, the Bank of Canada has raised interest rates **4.80%** between February 2022 and July 2023, representing the second-most aggressive hiking cycle in history.

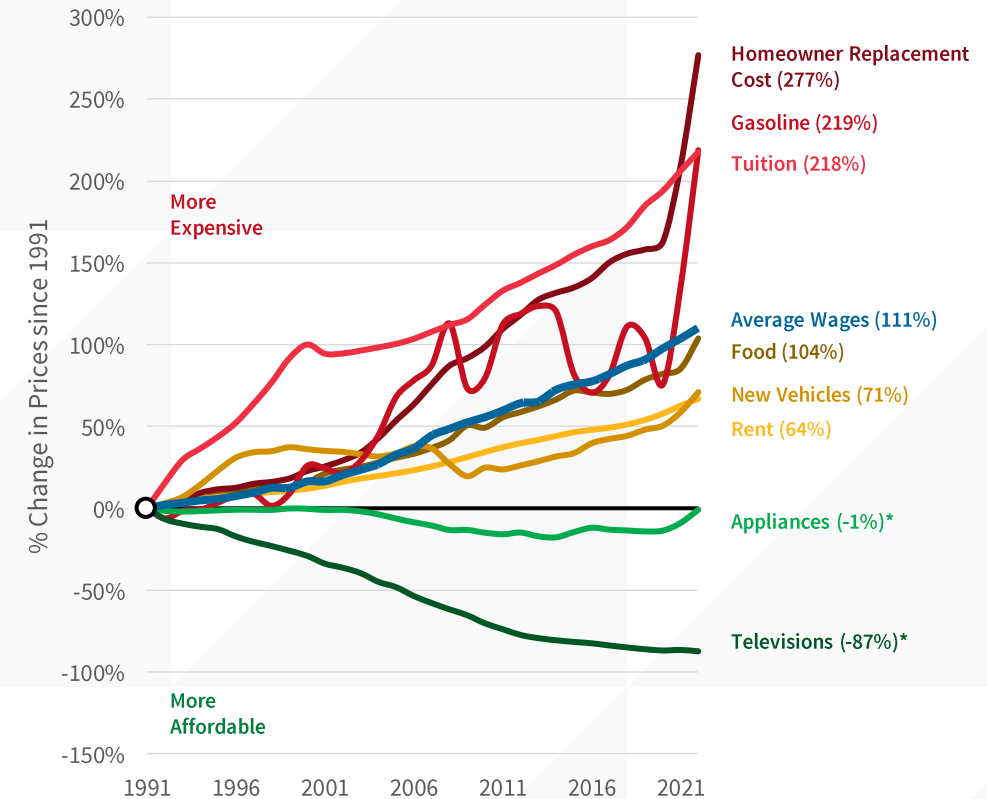
In 2022, consumers have faced significant increases in the prices of food, homes and rent, energy, and other consumer goods.

Recent CPI data suggests price increases may be decelerating, and it is anticipated inflation may fall to **3.5%** at a national level in 2023, and moderate to **2.2%** in the following year.

Annual Inflation Forecast



Price Changes in Manitoba Since 1991



Source: Oxford Economics June 2023 National Outlook, Haver Analytics, Statistics Canada
 * National CPI data used in the absence of data available at the provincial level.

Construction Inflation

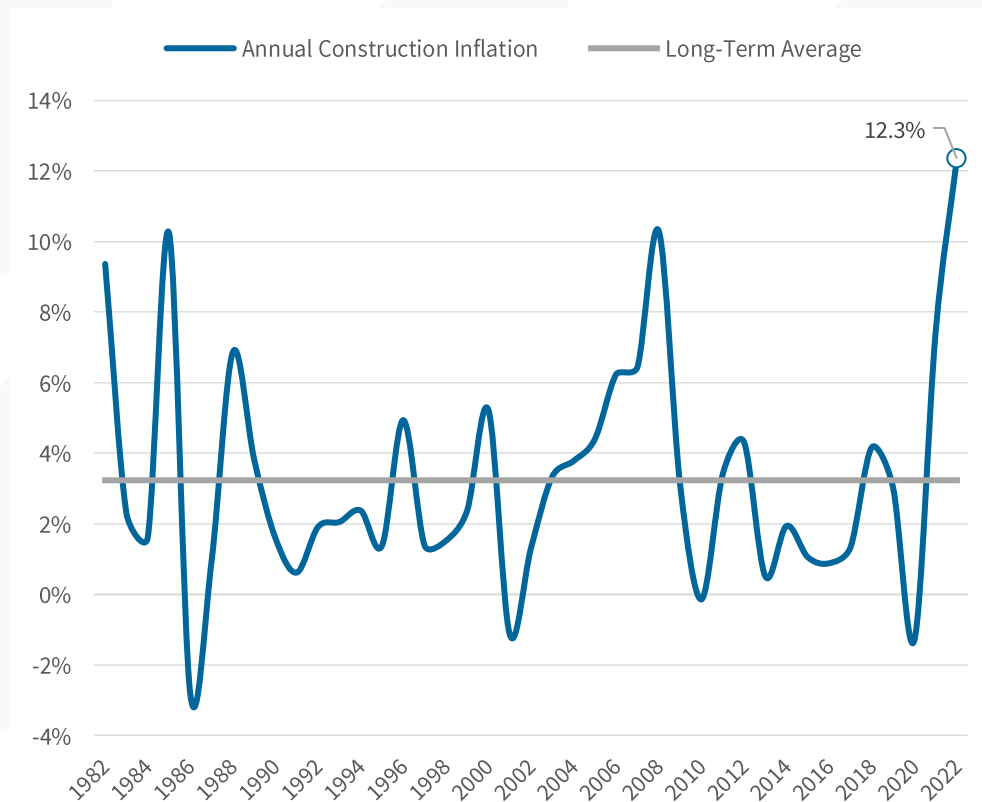
Between 1981 and 2019, construction inflation on all assets purchased by Manitoba municipalities averaged 3% per year.

Construction inflation is much more volatile on an annual basis when compared to inflation observed in the consumer price index. Inflation on assets purchased by municipalities has ranged from as high as 12% in 2022 to as low as -3% in 1986. However, the long-term average is around 3%.

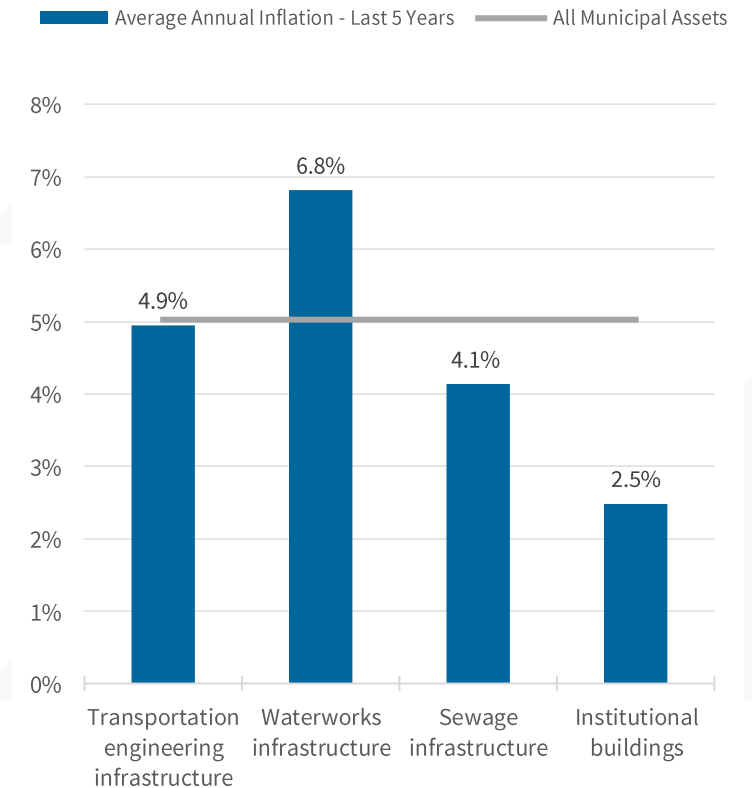
The majority of assets purchased by Manitoba municipalities are transportation engineering infrastructure (roads, bridges, and highways), sewage infrastructure, and waterworks infrastructure.

Prices paid for these assets will be strongly influenced by the price of labour, energy, and raw materials such as concrete, metal, and asphalt.

Construction Inflation in Manitoba*



Inflation by Asset Type, Last 5 Years



Source: Statistics Canada, Table 36-10-0608-01, Infrastructure Economic Accounts, Investment and Net Stock by Asset, Industry, and Asset Function
 *Data represents all assets purchased by Manitoba municipalities excluding educational services.



Demographic Outlook

Winnipeg Demographic Outlook

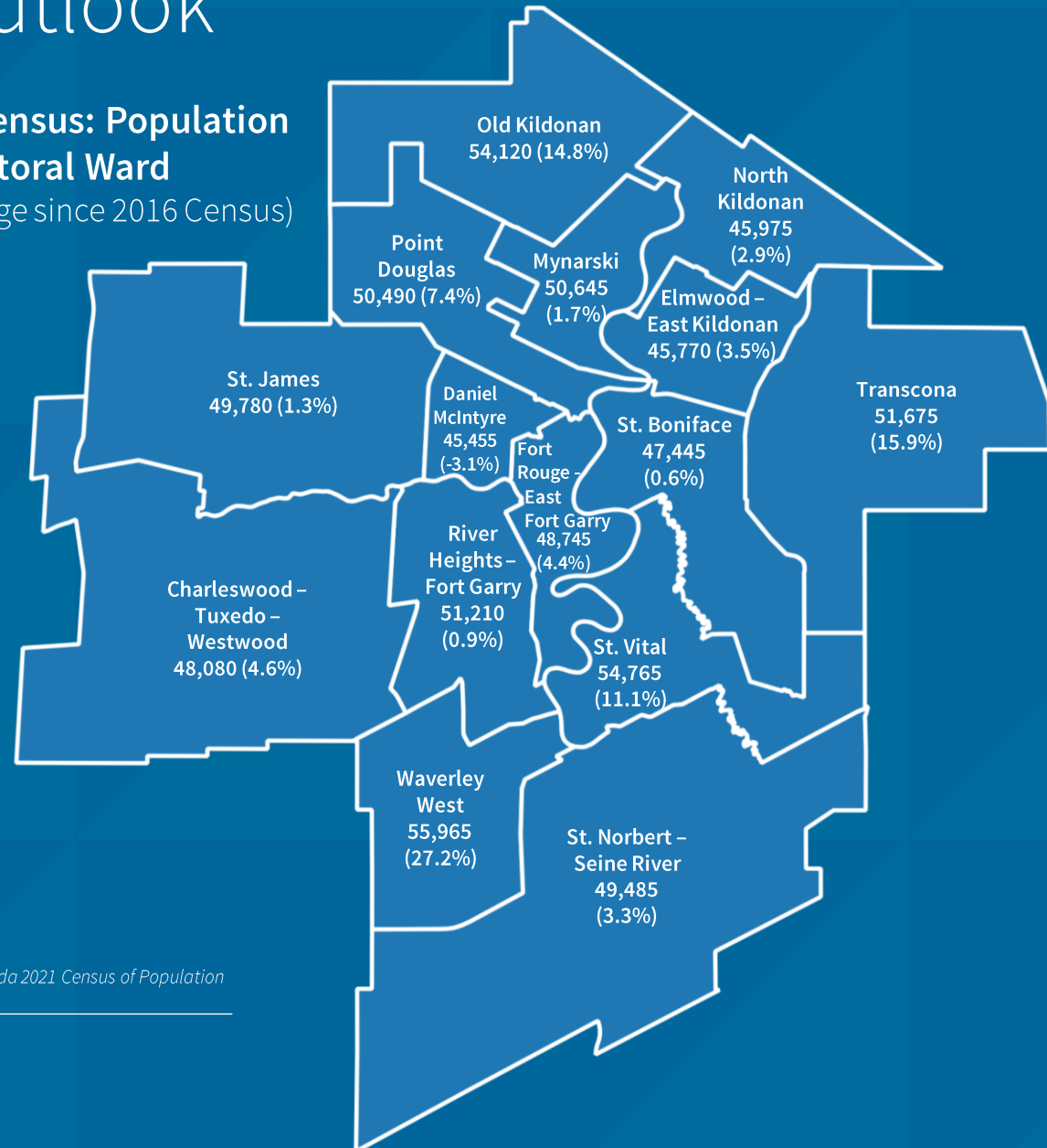
The City of Winnipeg's enumerated population in the 2021 Census was 749,607, representing an increase of 44,363 residents or 6.3% compared to the 2016 census.

For the same year, the city's total estimated population was 772,900 – a figure that also includes the estimated number of people not counted in the census for a variety of reasons.

Over the last two decades in particular, international migration has been a strong source of population growth. At the same time, the natural increase in population (births minus deaths) has decreased due to falling birth rates.

It is anticipated that international migration will be a continued source of population growth as the existing population ages and retires out of the labour force.

2021 Census: Population By Electoral Ward
(% Change since 2016 Census)



Source: Statistics Canada 2021 Census of Population

Population

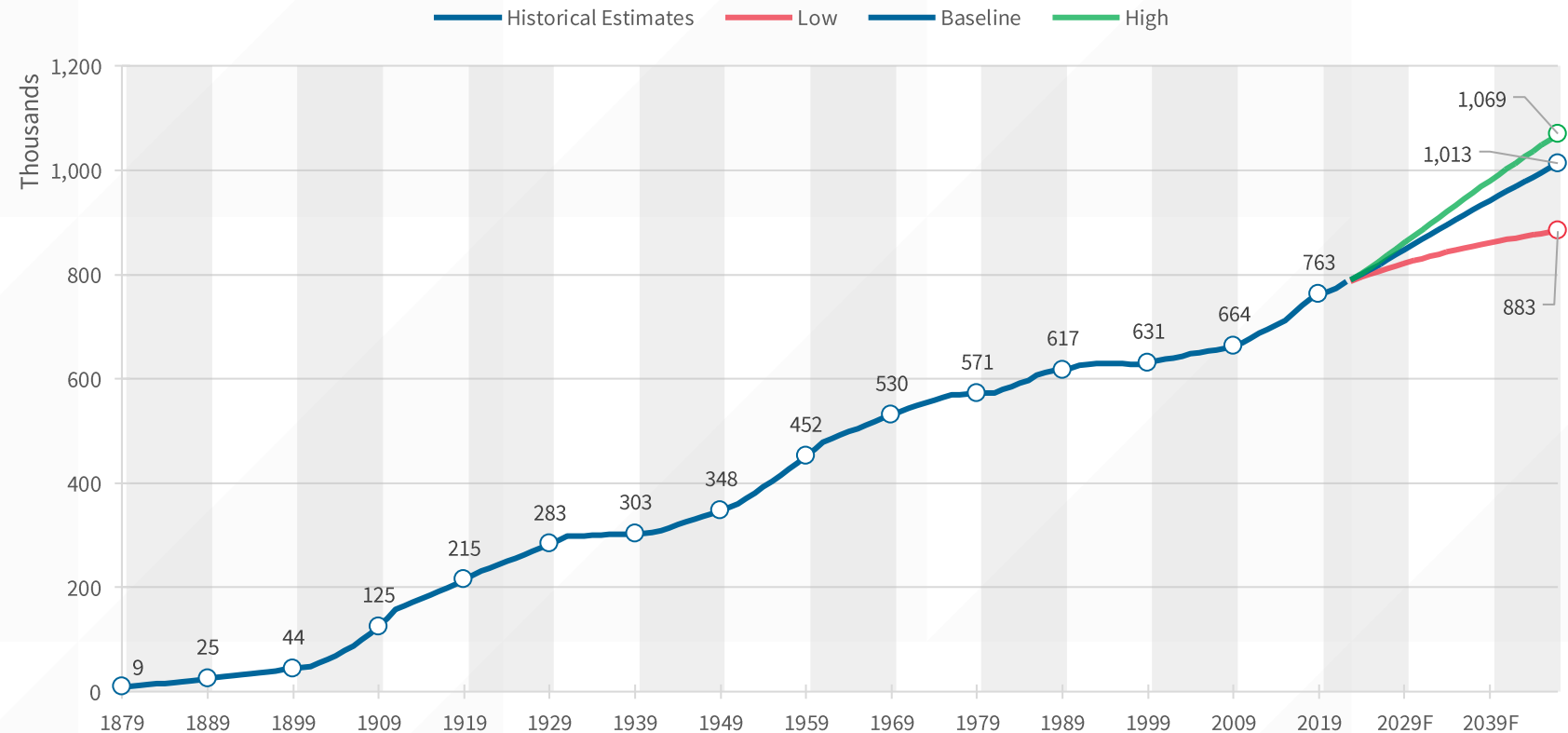
Winnipeg's population is currently anticipated to reach **1 million residents over the next 25 years.**

Winnipeg has seen periods of significant population growth, and periods where growth was slow or even absent such as the 1990s.

Winnipeg saw significant growth during the two decades that followed the second world war (1949 to 1969), where population grew by an estimated **182 thousand** people. Winnipeg also saw significant growth from 2009 to 2019, with the City growing by **nearly 100,000** people during this decade, a strong contrast to the nearly non-existent population growth observed in the 1990s.

Looking forward, a variety of scenarios have been produced to project where population may be 25 years from now, with international migration being a continued source of growth.

City of Winnipeg Historical Population Estimates and 2023 Projections

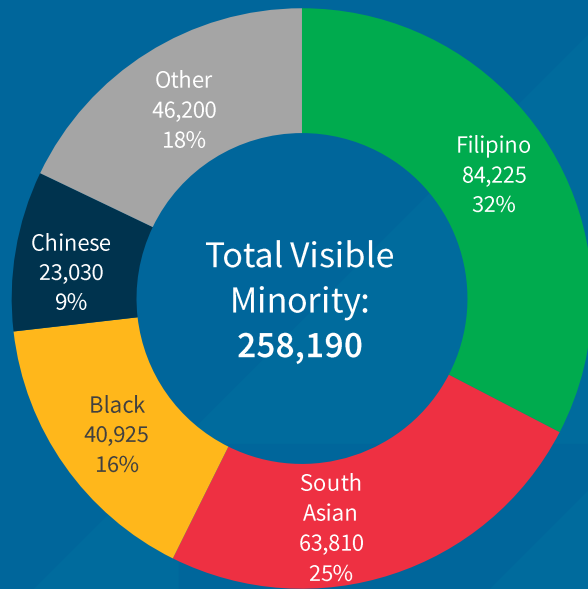


Source: City of Winnipeg 2023 25-Year Population Projections by Scenario

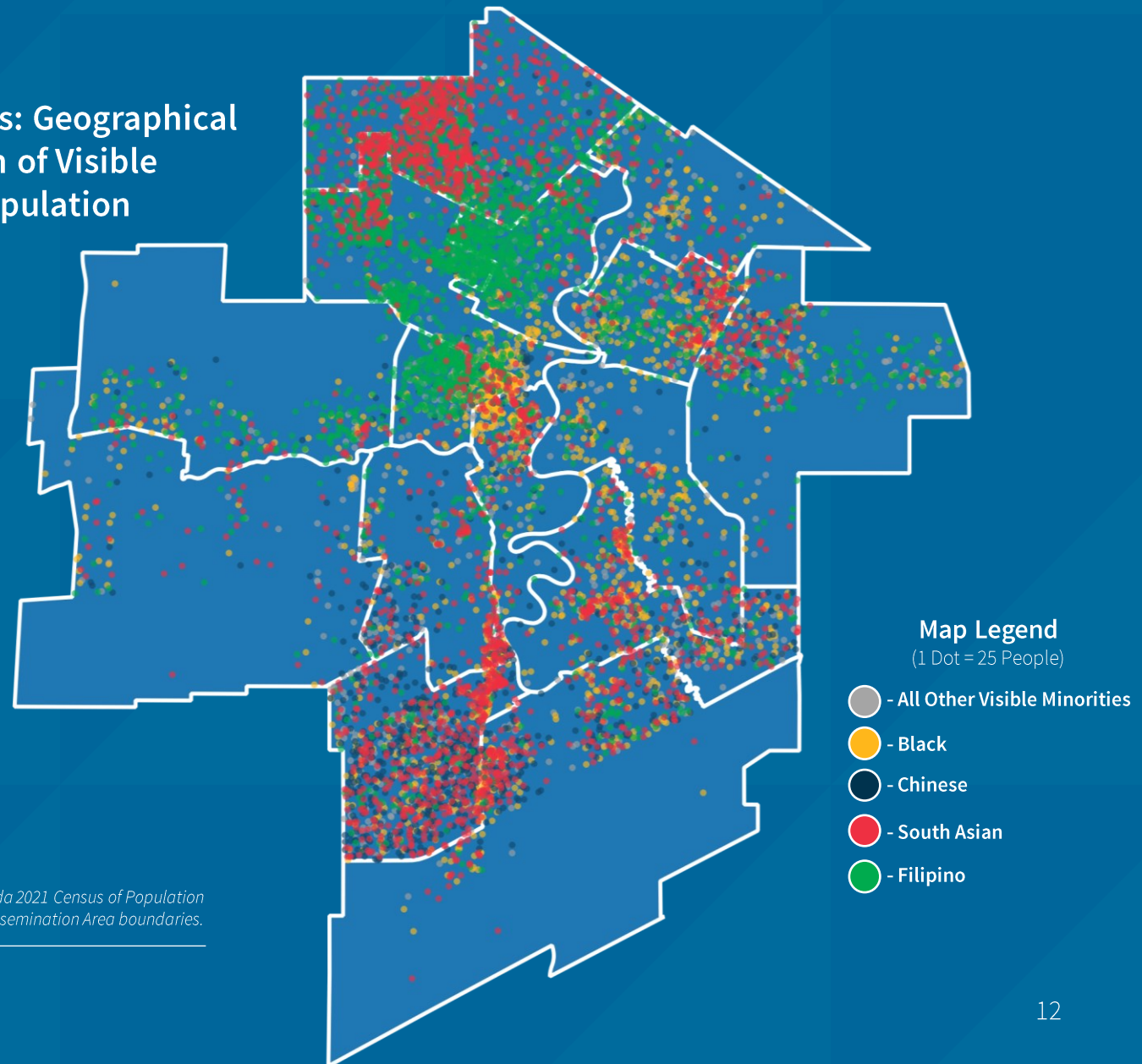
Visible Minorities

In 2021, visible minorities made up 31.5% of Winnipeg's total population, up from 12.5% in 2001.

As international migration remains a significant source of population growth, it is anticipated the share of population that are visible minorities will continue to increase.



2021 Census: Geographical Distribution of Visible Minority Population

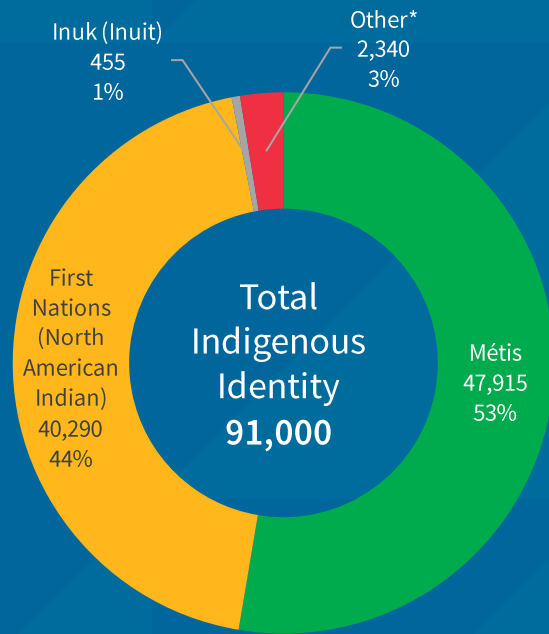


Source: Statistics Canada 2021 Census of Population
Note: Dots placed randomly within Census Dissemination Area boundaries.

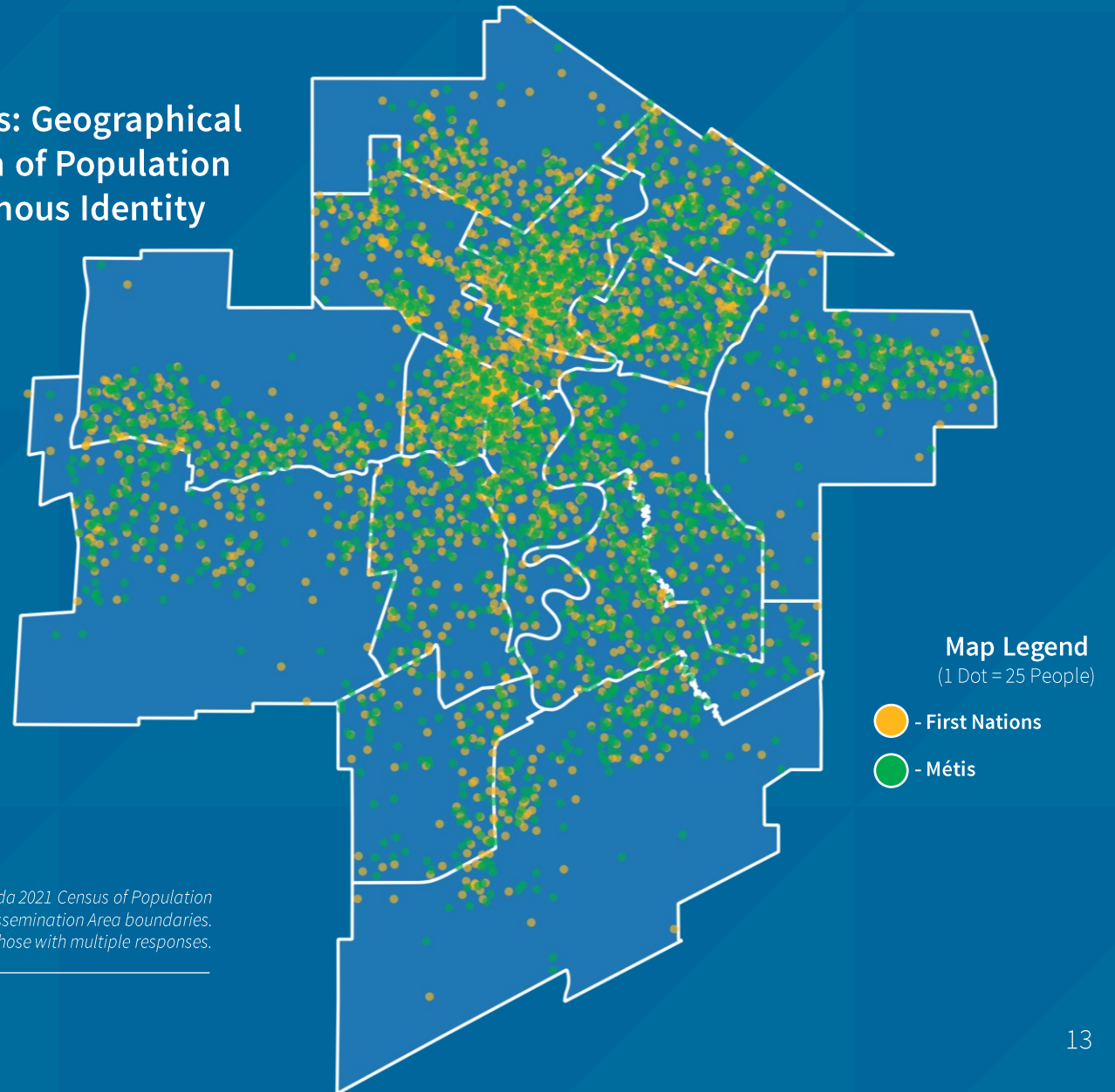
Indigenous Identity

In 2021, 12.4% of the population in Winnipeg had Indigenous identity, representing 91,000 people.

The largest group was Métis, representing 53% of those with Indigenous identity, followed by First Nations which represented 44%.



2021 Census: Geographical Distribution of Population with Indigenous Identity



Source: Statistics Canada 2021 Census of Population
Note: Dots placed randomly within Census Dissemination Area boundaries.
*Other category includes those with multiple responses.

Household Income

In 2021, the median household income for all census family types in the Winnipeg CMA was **\$77,000**.

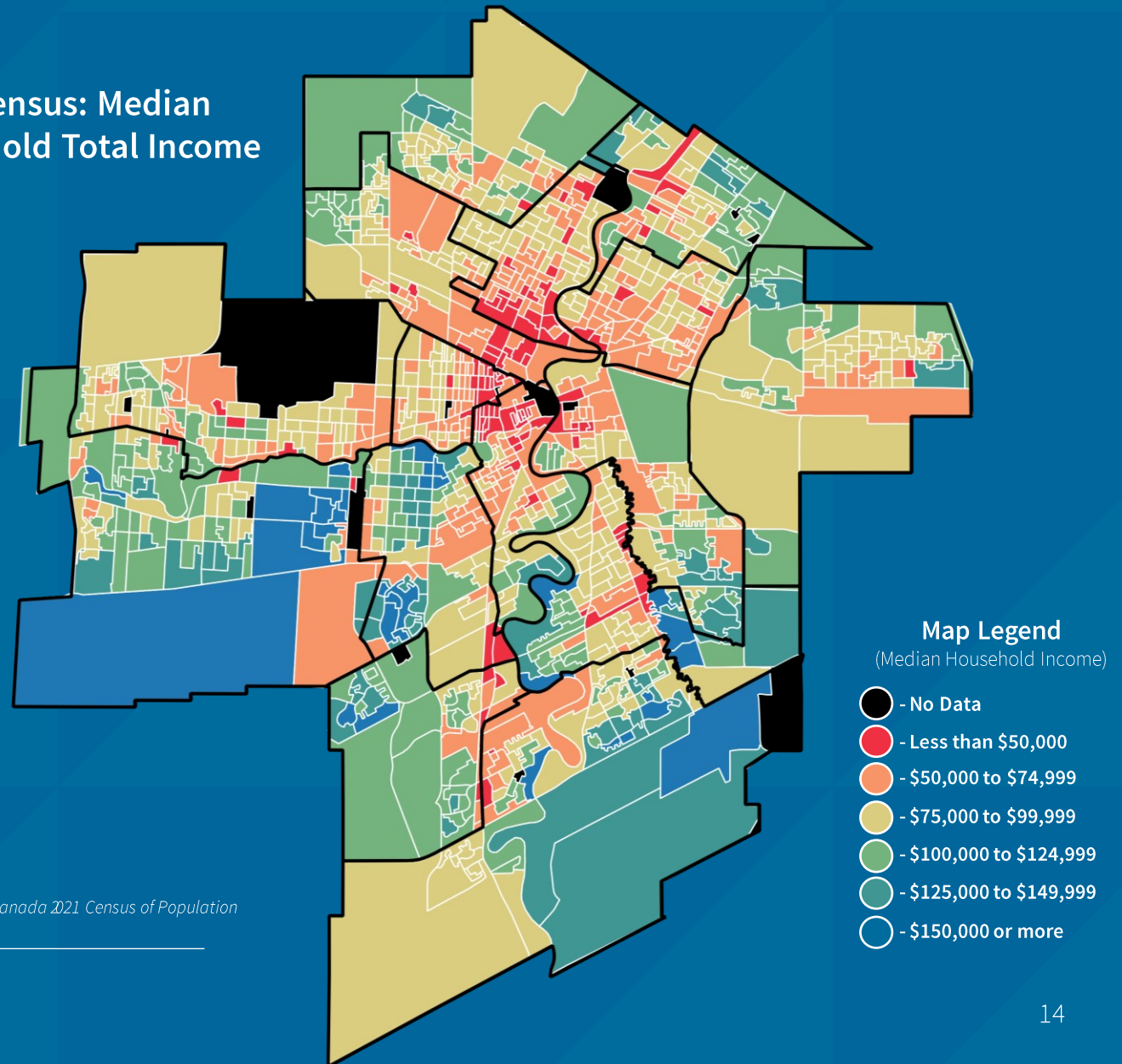
Real median employment income has increased from **\$61,000** in 1990 to **\$66,900** in 2021, representing an increase in real income of **9.7%** over 31 years.

Median Income: All Census Families



Source: Statistics Canada, Table 11-10-0191-01 Income statistics by economic family type and income source; Statistics Canada 2021 Census of Population
 Note: Data displayed by Census Dissemination Area boundaries

2021 Census: Median Household Total Income



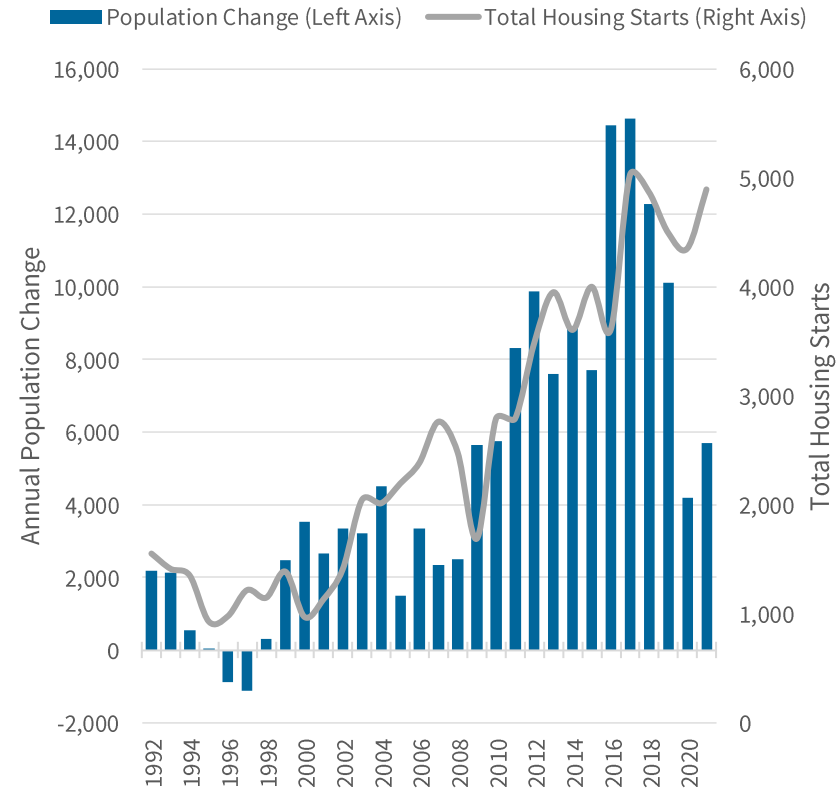
Housing

Winnipeg's housing market remains one of the most affordable in the country, with the price of an average single detached home being \$406,200 in the resale market and \$619,400 for brand new units in July 2023.

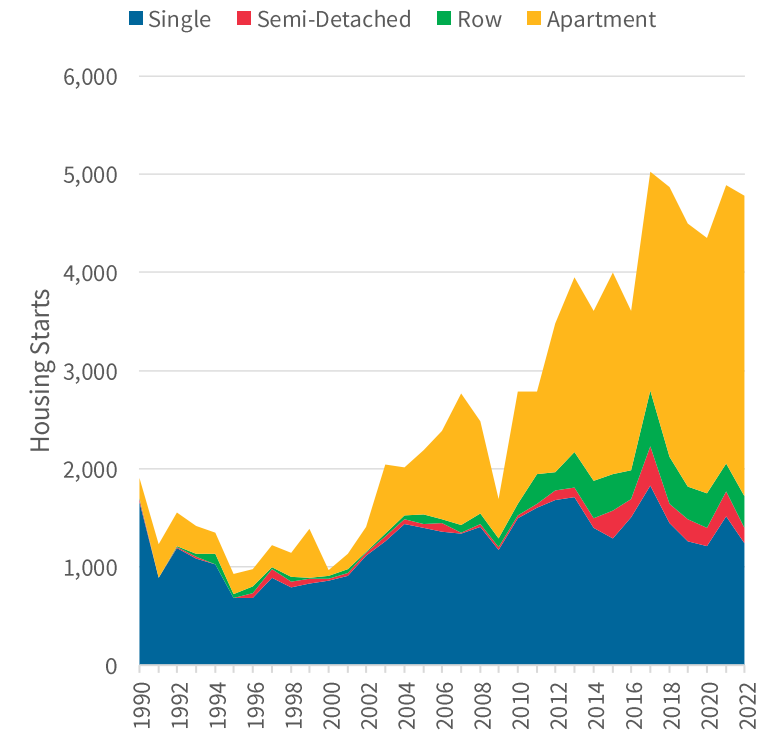
While housing starts have increased with population growth, the type of unit has changed significantly since 1990. Multi-family units comprised only 13% of housing starts in 1990, but by 2022 they made up 74% of all housing starts.

Housing starts are expected to moderate over the coming months as the effect of interest rate increases are anticipated to cool demand as borrowing costs increase, but high immigration levels and rising rents may offset some of the effect of increasing mortgage rates.

Housing Starts & Population Growth



Winnipeg Housing Starts by Type



Source: Winnipeg Regional Real Estate Board, CMHC Starts and Completions Survey, Statistics Canada, Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries



Fiscal Outlook



City of Winnipeg Fiscal Outlook

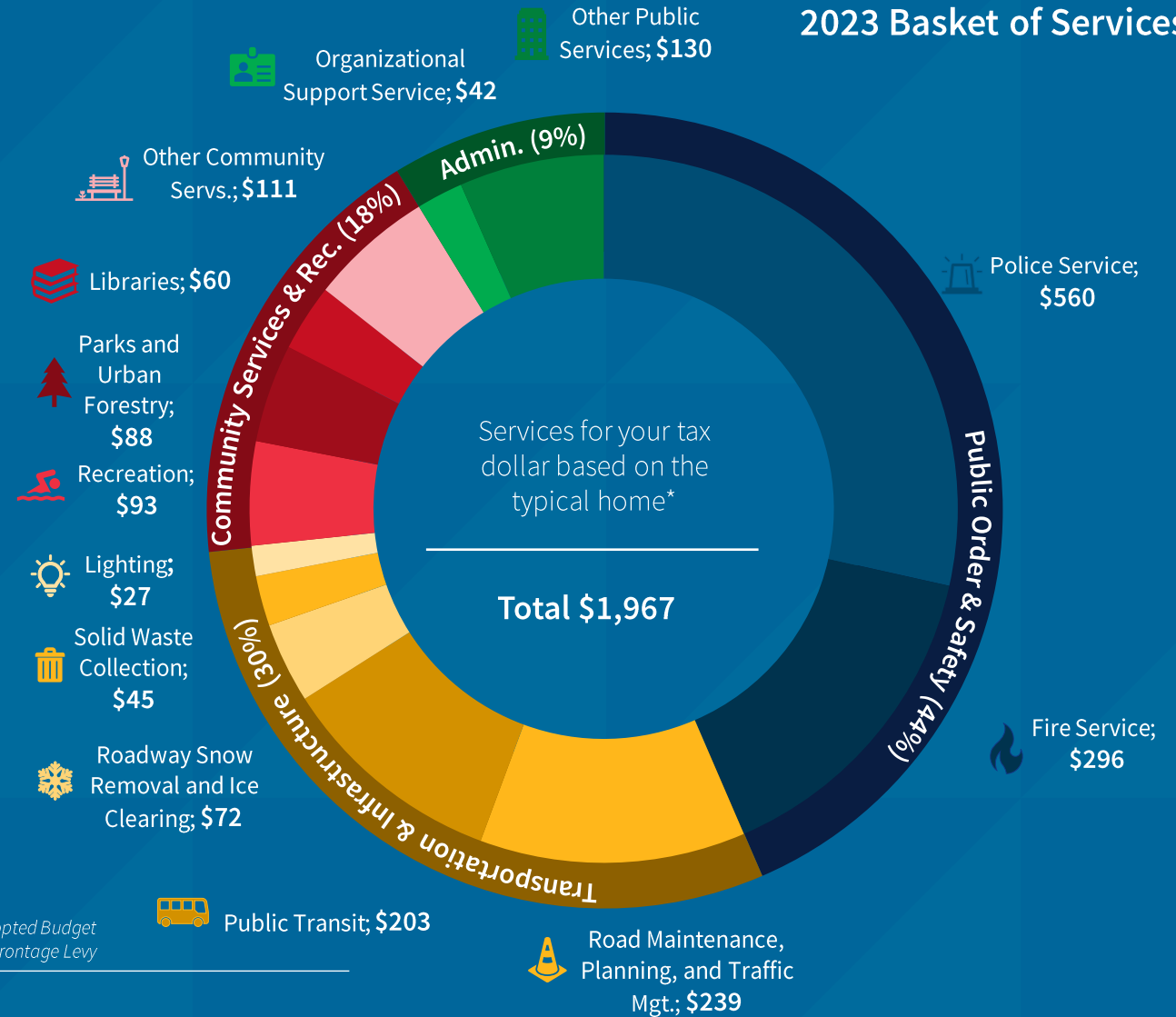
In 2023, the municipal property tax bill was \$1,967 for the typical homeowner, an increase of \$67 or 3.5%, relative to 2022. The typical frontage levy was \$348, an increase of \$75, or 27.5%, relative to 2022.

Property taxes are used to pay for a variety of municipal public services, including police, fire, public transit, road maintenance, snow removal, and recreation.

44% of property taxes are used to pay for public order and safety, 30% for transportation and infrastructure, 18% for community services and recreation, and 9% for general administration and other corporate functions.

The funds generated from the frontage levy are primarily used to also support investments in transportation and infrastructure, including road renewal and active transportation projects.

2023 Basket of Services



Source: 2023 Adopted Budget
* Excludes \$348 Street Renewal Frontage Levy

Municipal Revenue

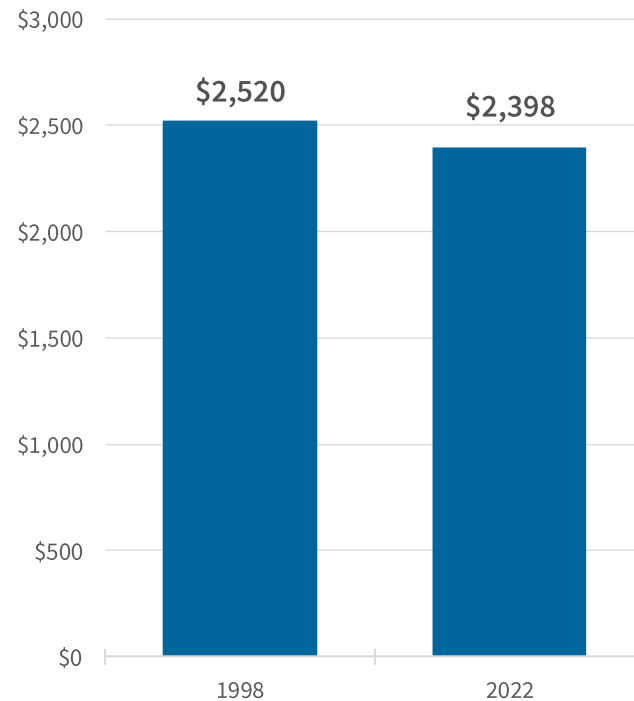
Real per-capita municipal revenue has fallen by 5% since 1998.

In 1998, total consolidated revenue to the City was **\$952.3** million and in 2022, it was **\$1,877.8** million, which represents an increase of **97%**.

However, over the same time period the City's population has grown by **25%** and the local Consumer Price Index (CPI) has increased by **66%**. The result is that real municipal revenue per-capita has decreased from **\$2,520** in 1998 to **\$2,398** in 2022.

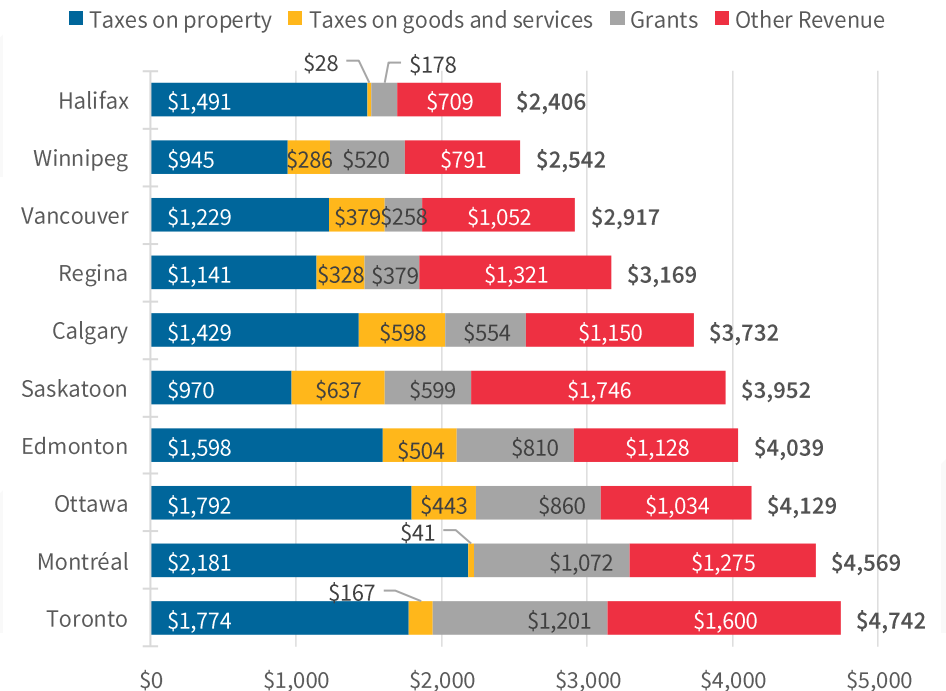
When comparing consolidated revenue across Canadian municipalities, in 2018 Winnipeg had the second lowest per-capita revenue at **\$2,542**.

Real Consolidated Revenue Per-Capita, 2022 Dollars



Source: City of Winnipeg 1998 and 2022 Annual Financial Reports; Statistics Canada Table 18-10-0005-01, Consumer Price Index, annual average, not seasonally adjusted for Winnipeg CMA; Statistics Canada, Table 17-10-0142-01, Population Estimates, July 1, by Census Subdivision, 2016 Boundaries

Consolidated Revenue by Source Across Canadian Cities, 2018

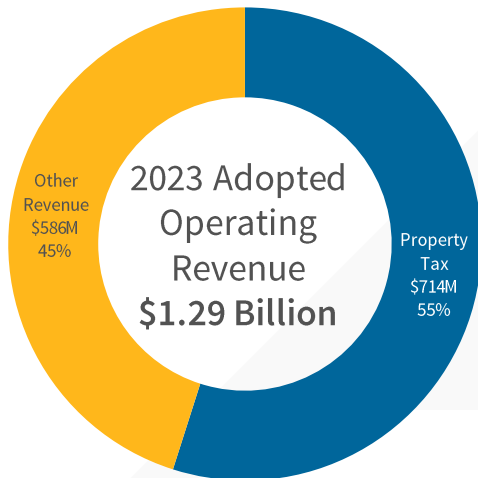


Source: Statistics Canada, Table 10-10-0162-01 Canadian government finance statistics for individual municipalities and other local public administrations; Canada, Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries

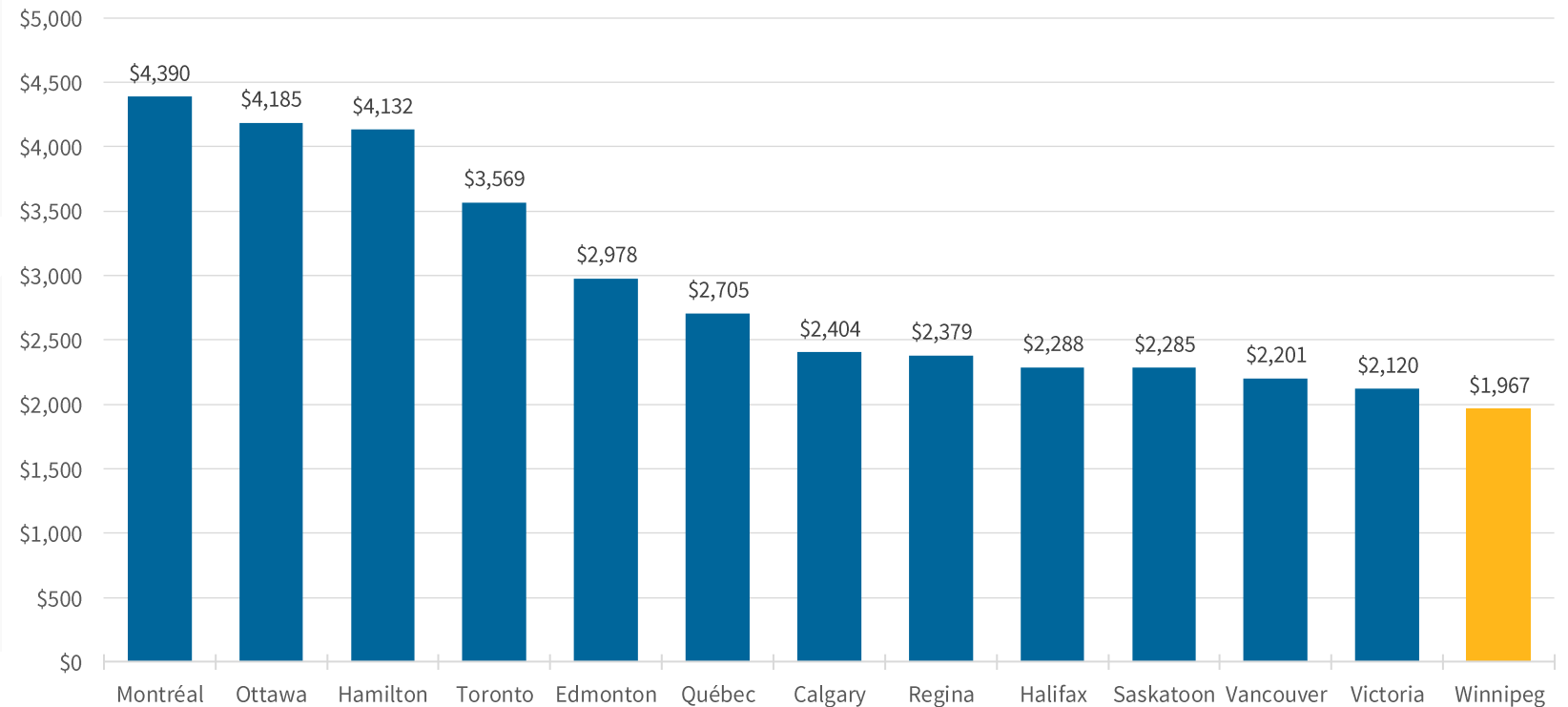
Property Taxation: Current Year

In 2023, Winnipeg had the lowest municipal property tax bill for the typical homeowner among major cities in Canada.

Winnipeg's property taxes were increased by **3.50%** in 2023, after several years of **2.33%** increases. Property taxes account for **55%** of total operating revenue.



2023 Typical Municipal Residential Property Tax Bill Across Canada



Source: Each city's budget documents and/or taxation websites.
 Note: Chart Excludes other fees and charges on property, such as frontage levies.

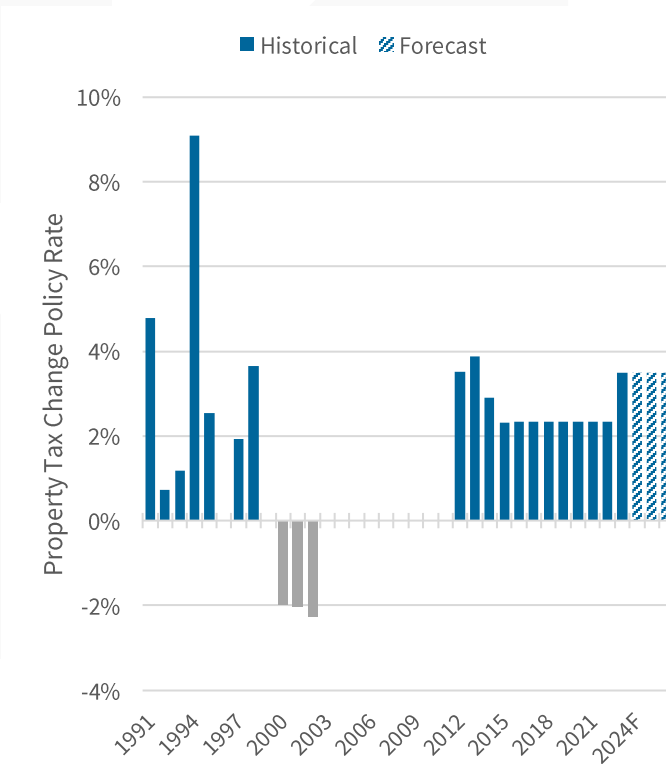
Property Taxation: History

Since 1991, property tax increases have averaged **1.9% per year.***

The property tax change policy rate has varied significantly since 1991. Policy rates have been as high as **9%** increase in 1994 and as low as a **2%** decrease in 2002, with several years of property tax freezes in the mid 2000s.

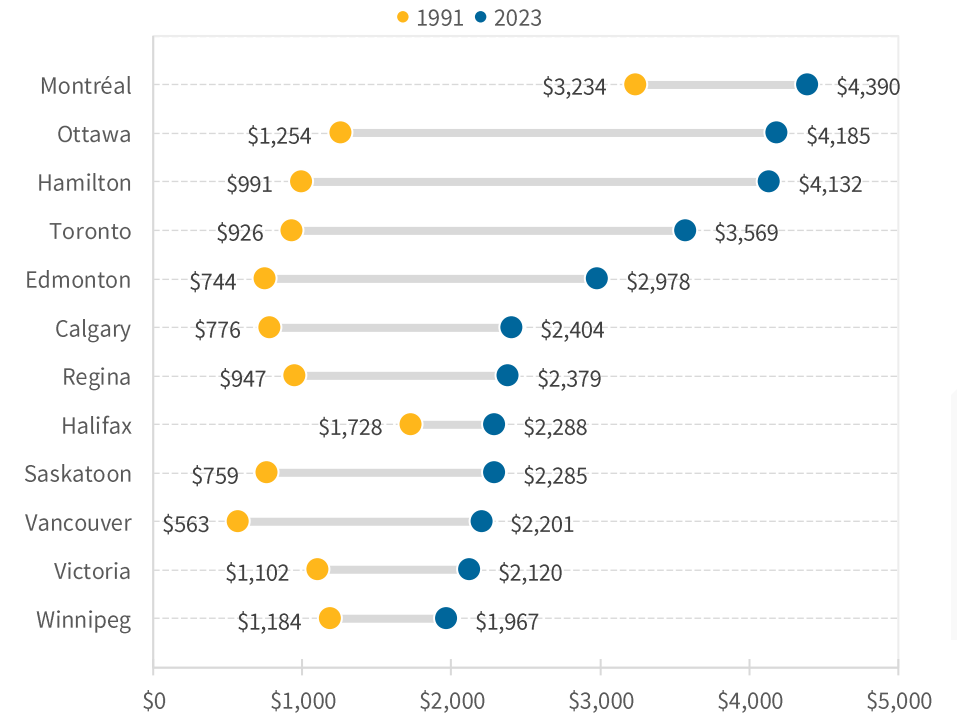
Winnipeg had a relatively high typical property tax bill of **\$1,184** in 1991 according to the City of Edmonton property tax survey. It has since kept property tax increases modest, resulting in one of the smallest increases in taxes for the average homeowner over the last three decades, with the typical bill increasing to **\$1,967** in 2023.

Property Tax Change Policy History



* Represents the compound annual growth rate in the average municipal property tax bill since 1991, including years of property tax decreases and freezes.

Typical Property Tax Across Canada, 1991 vs. 2023

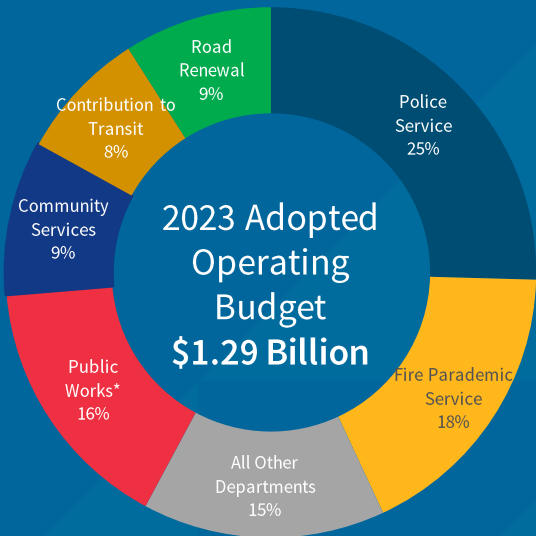


Sources:
1991 data - 1991 City of Edmonton Property Tax Survey
2023 data - Each city's budget documents and/or taxation websites.

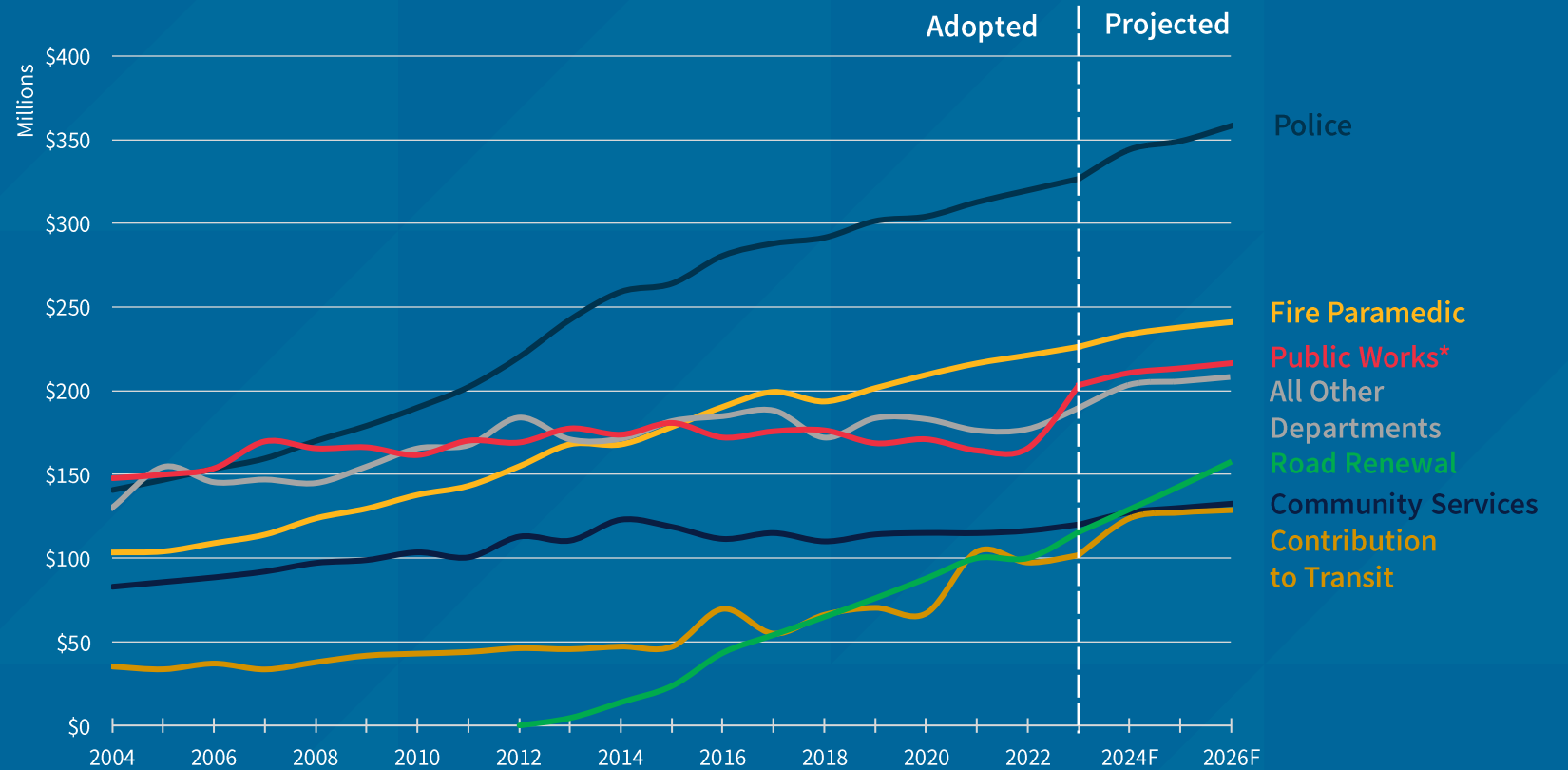
Municipal Expenditure

Operating expenditures have increased by \$605 million, or 87% since 2004.

Significant increases have been seen in the Contribution to Transit (188%), Police Service (132%), and Fire Paramedic Service (119%) since 2004. The road renewal budget has also been a source of significant budgetary expenditure.



Municipal Expenditure History and Projection (2023 Adopted Budget)



Source: 2004 to 2023 City of Winnipeg Adopted Budgets
 * Public Works excludes Road Renewals, which are displayed separately

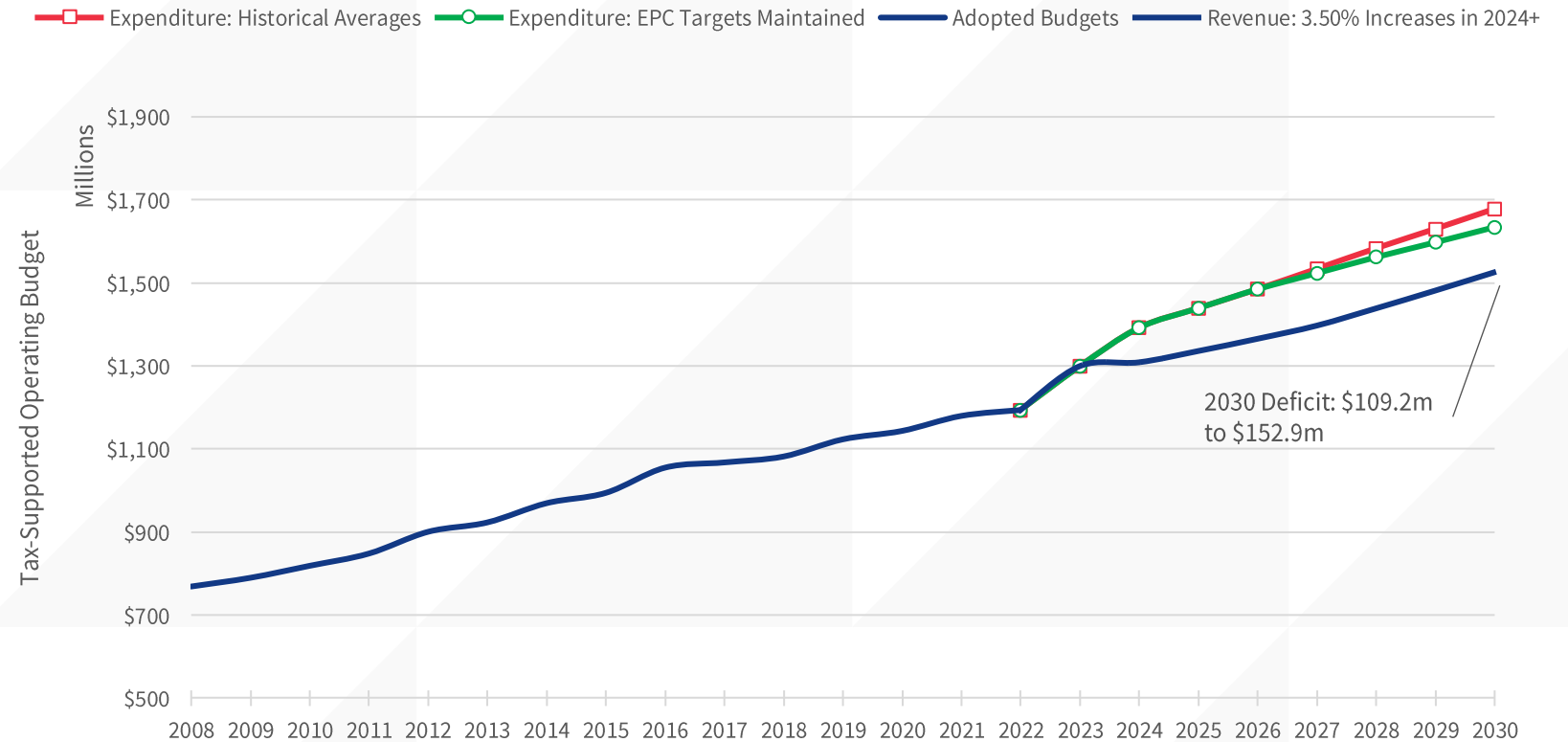
Tax-Supported Revenue and Expenditure Projections

A \$109 to \$153 million deficit is projected for 2030 based on the 2023 adopted budget.

Assuming continued 3.5% property tax increases through to 2030, current projections based on the 2023 adopted budget indicate a shortfall of revenue that could result in a \$109 to \$153 million deficit by 2030.

These projections assume a frontage levy increase of \$1.50 per frontage foot in 2023 budget, \$27.6 million in cash to capital beginning in 2028, and do not include unfunded capital projects.

2023 Zipper Chart Based on 2023 Adopted Budget



Source: City of Winnipeg Adopted Budgets, Economic Research Calculations



510 Main Street | Winnipeg | Manitoba | Canada | R3B 1B9 | winnipeg.ca