

The Economic Impacts of the COVID-19 Pandemic on the City of Winnipeg

A Summary of Local and Global Economic Challenges

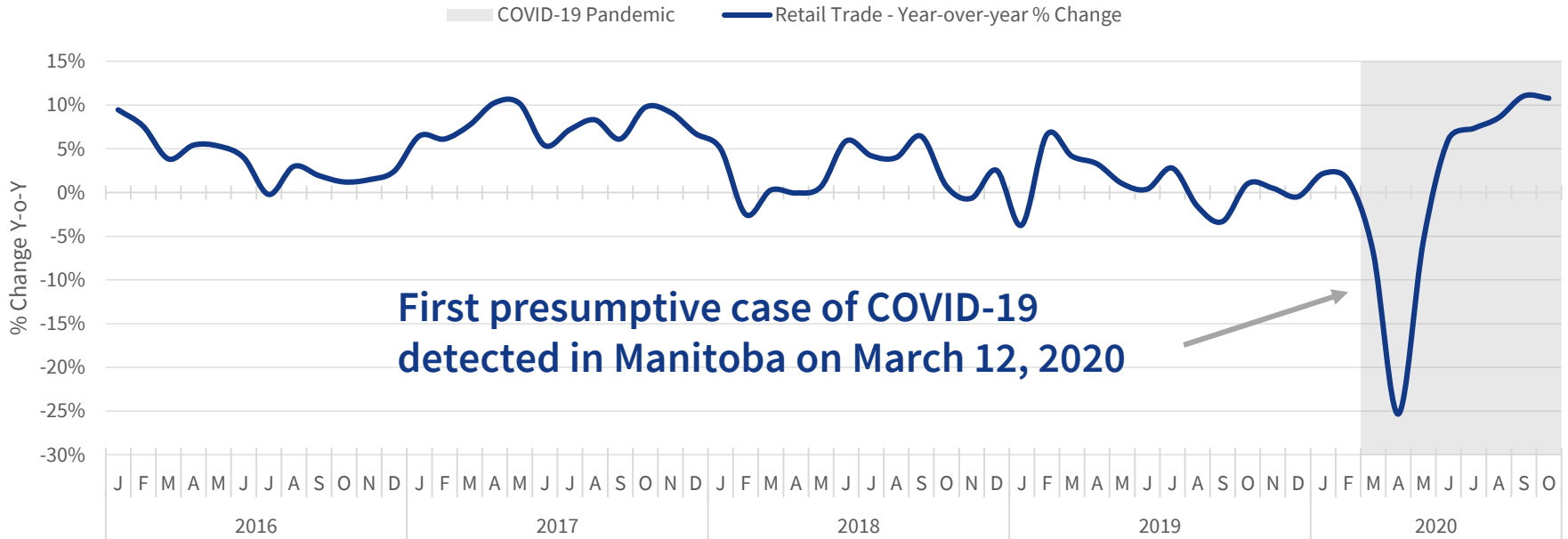
Paul Beckta and Tyler Kroeker
Manitoba Planning Conference
January 21, 2021

Presentation Outline

- The Initial Impact of COVID-19 on the Local Economy
- What Others Are Saying
- Our Approach
- Scenario Results
- Plausible Implications for the City of Winnipeg

Manitoba Retail Sales and COVID-19

Sharp decrease in March and April coincides with pandemic

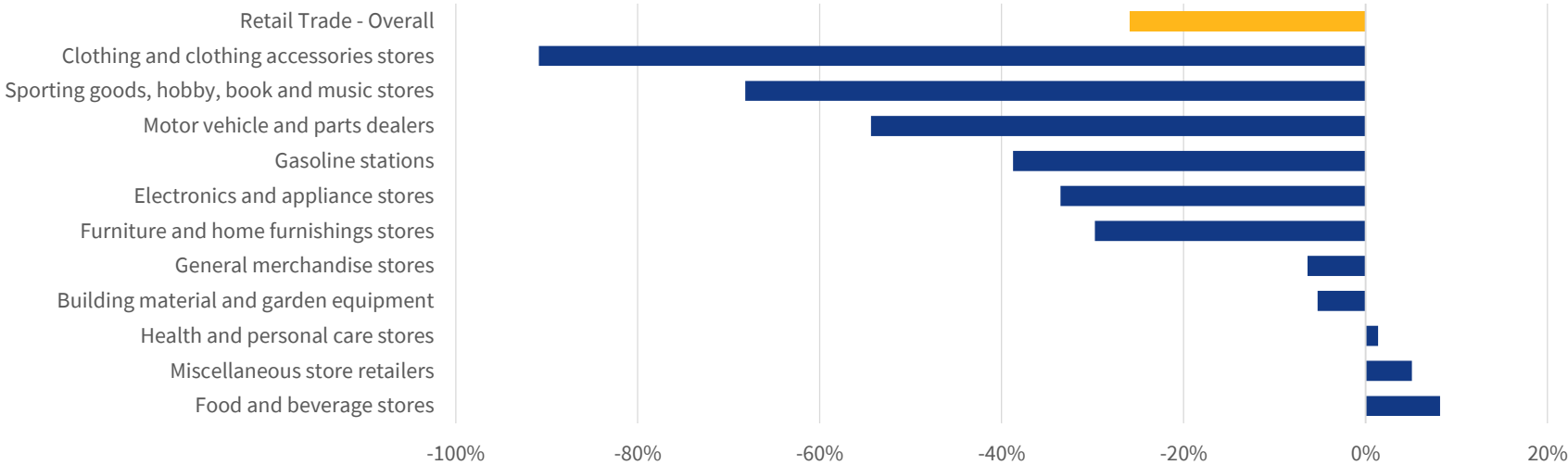


Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory (x 1,000). For Manitoba, Seasonally Adjusted

Manitoba Retail Sales: Lowest point in April

Clothing, Sporting Goods, Music, Books, and Vehicle sales hit the hardest

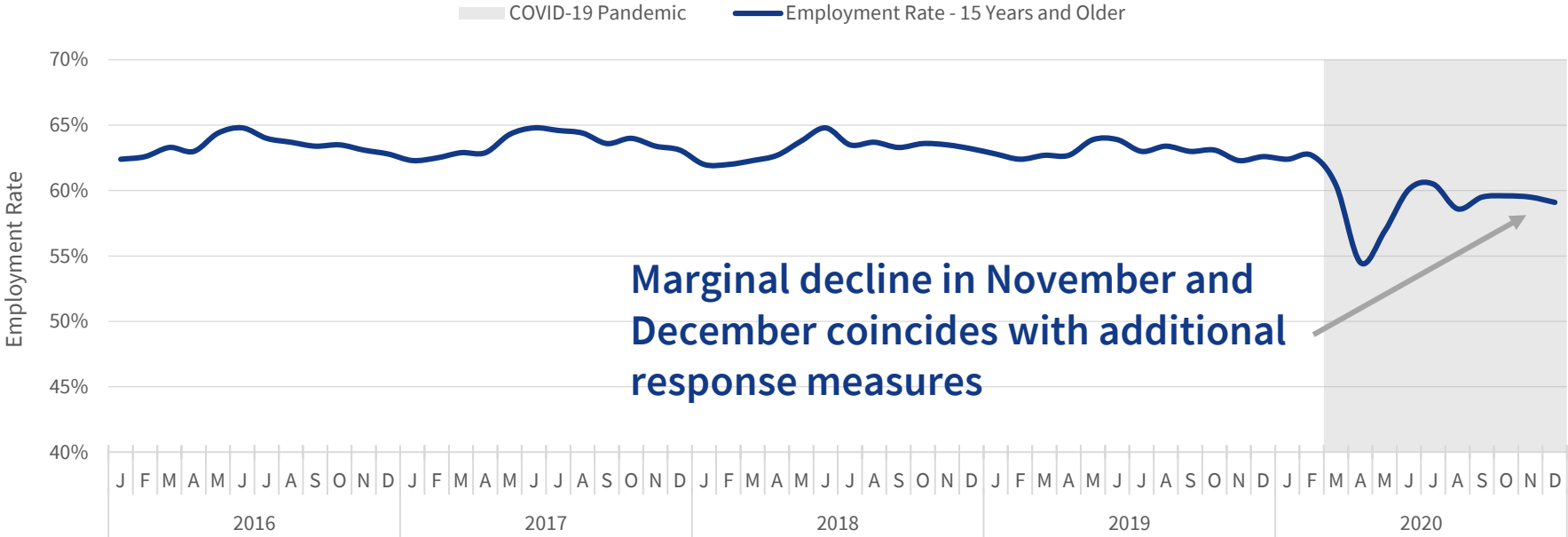
Manitoba Retail Sales % Change in April 2020 over April 2019



Source: Statistics Canada. Table 20-10-0008-01 Retail trade sales by province and territory (x 1,000)

Manitoba Employment Rate and COVID-19

Sharp decrease in March and April coincides with pandemic

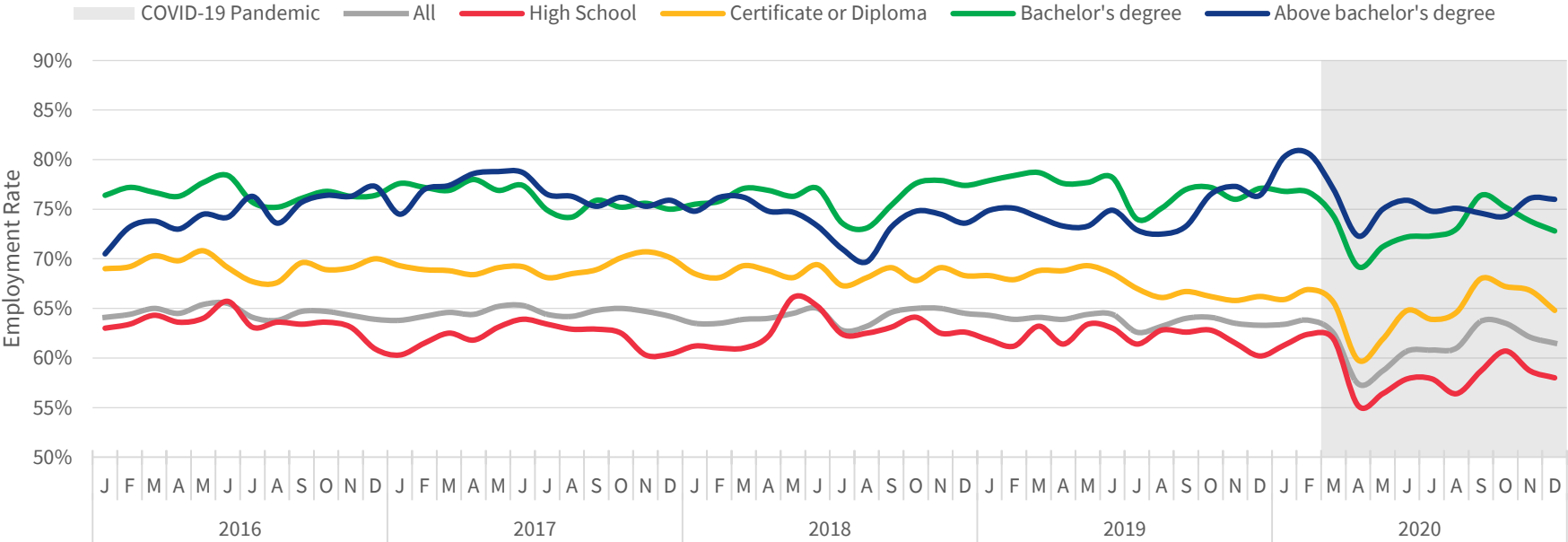


Marginal decline in November and December coincides with additional response measures

Source: Statistics Canada. Table 14-10-0017-01 Labour force characteristics by sex and detailed age group, monthly, unadjusted for seasonality

Manitoba Employment Rate by Education Level

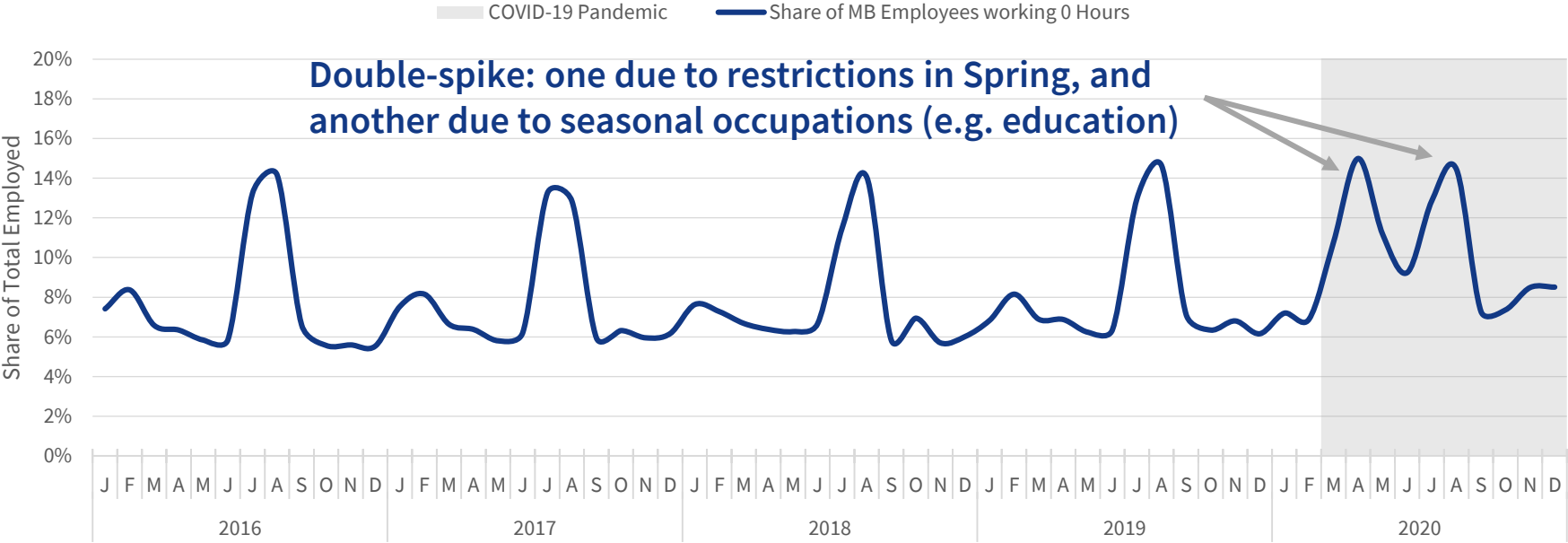
Those with higher levels of education have fared better in the labour force



Source: Statistics Canada. Table 14-10-0019-01 Labour force characteristics by educational attainment, monthly, unadjusted for seasonality

Manitoba: Share of Employees Working Zero Hours per Week

While cyclical, sustained increase observed during pandemic

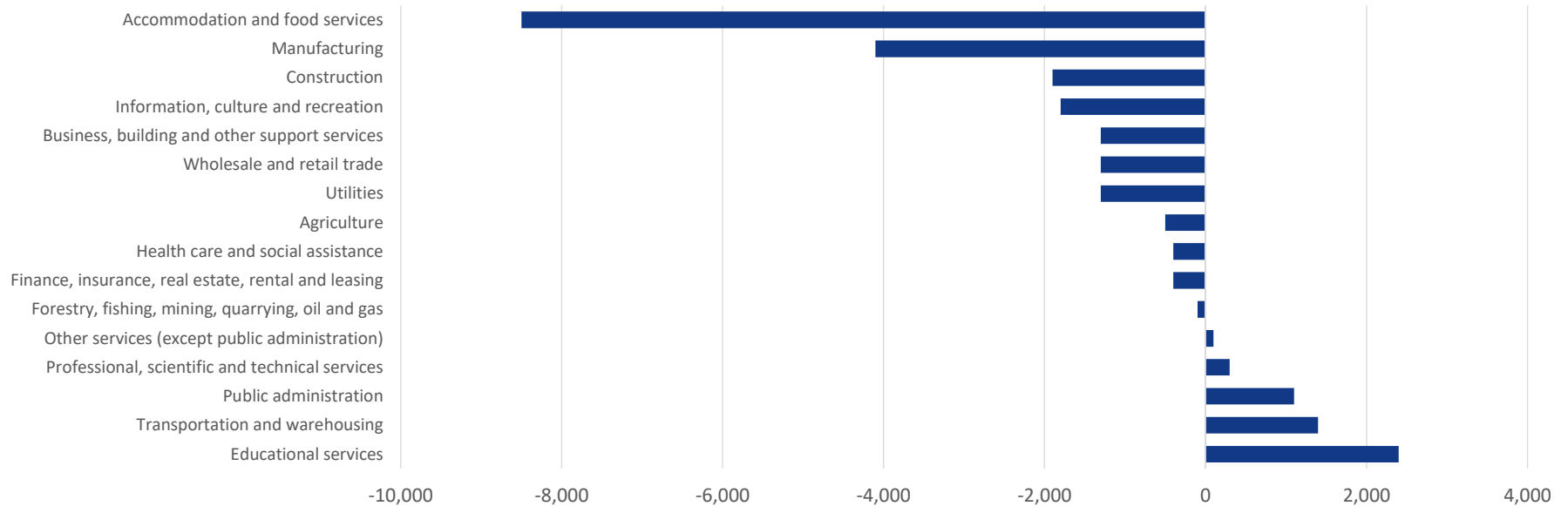


Source: Statistics Canada. Table 14-10-0036-01 Actual hours worked by industry, monthly, unadjusted for seasonality (x 1,000)

Winnipeg Employment by Industry

Recovery taking place, but Accommodation/Food Services and Manufacturing still severely affected

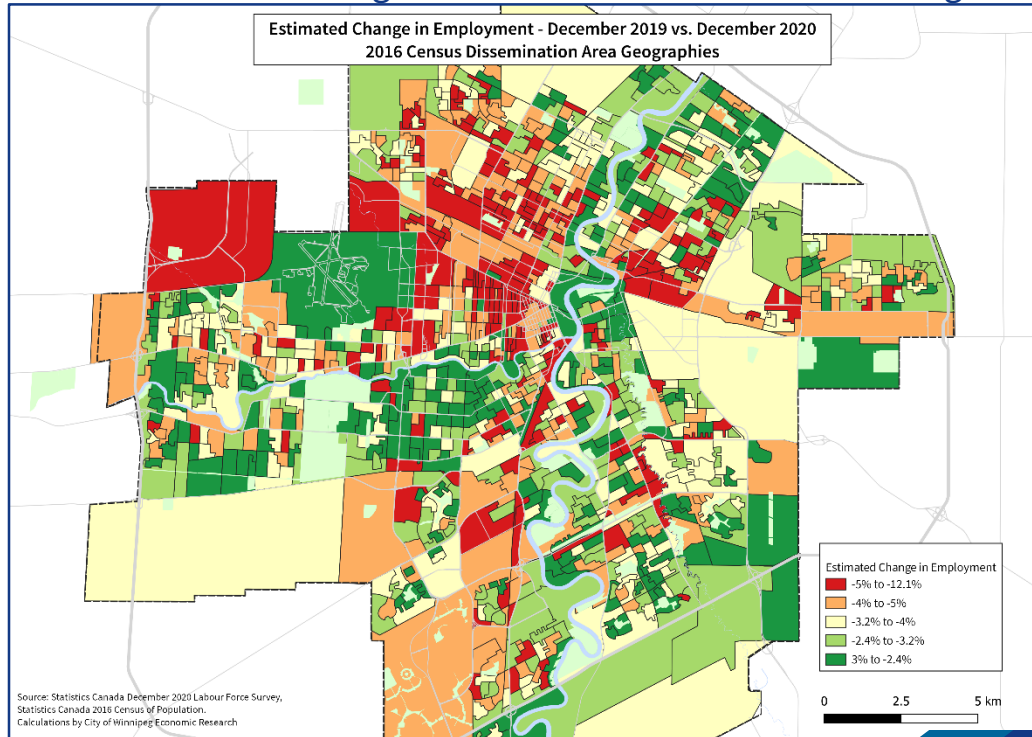
Winnipeg CMA Employment Gains/Losses by Industry Oct. to Dec. average 2020 versus 2019



Source: Statistics Canada. Table 14-10-0097-01 Employment by industry, three-month moving average, unadjusted for seasonality, census metropolitan areas

Winnipeg Employment Change by Neighborhood

Declines in Employed Estimated to be More Significant in Central and Northern Neighborhoods



Winnipeg Labour Market Summary

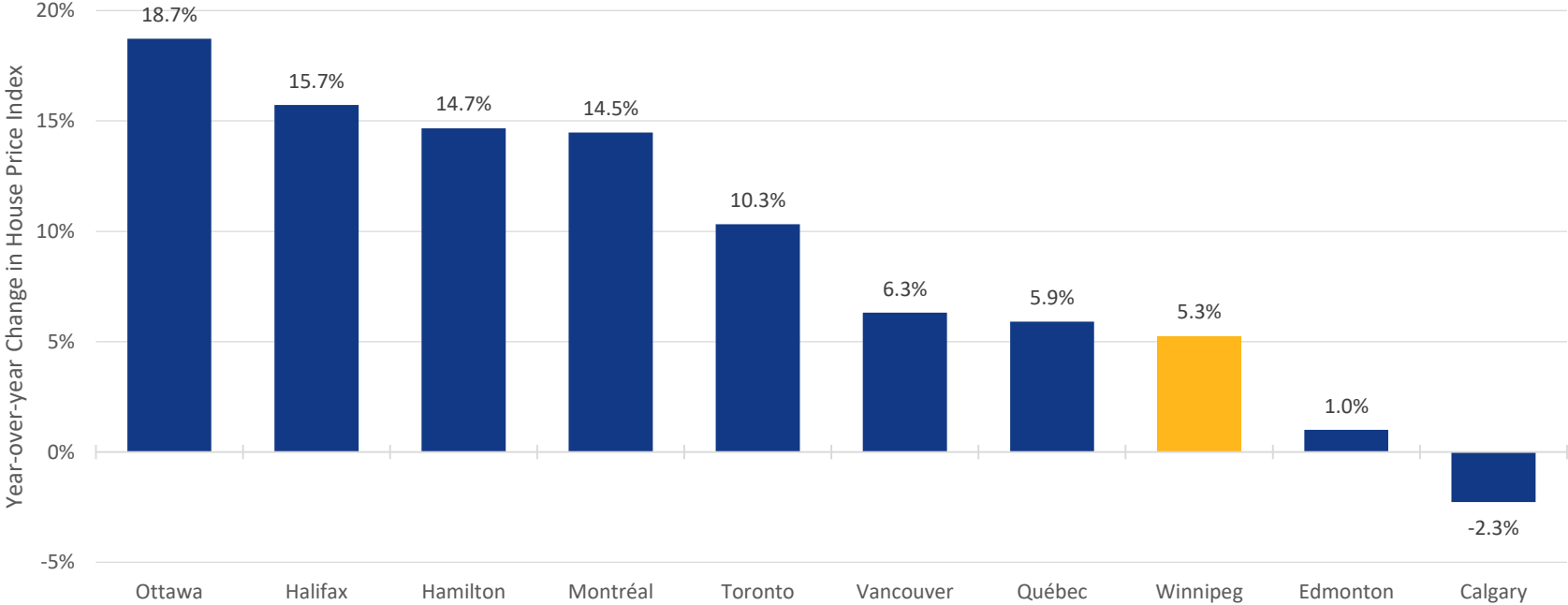
Statistics Canada Labour Market Summary - Winnipeg CMA (Three-month Moving Average)

Category	Indicator – Winnipeg CMA	December 2019	December 2020	% Change
Labour Force	Labour Force	469,200	468,200	-0.2%
	Not in Labour Force	232,600	240,200	+3.3%
Employment	Total Employed	447,000	430,800	-3.6%
	Employment Rate	63.7%	60.8%	-2.9%
Unemployment	Total Unemployed	22,200	37,400	+68.5%
	Unemployment Rate	4.7%	8.0%	+3.3%

Source: Statistics Canada. Table 14-10-0095-01 Labour force characteristics by census metropolitan area, three-month moving average, unadjusted for seasonality

Change in Housing Prices Across Canada

November 2020 versus November 2019 via Teranet House Price Index

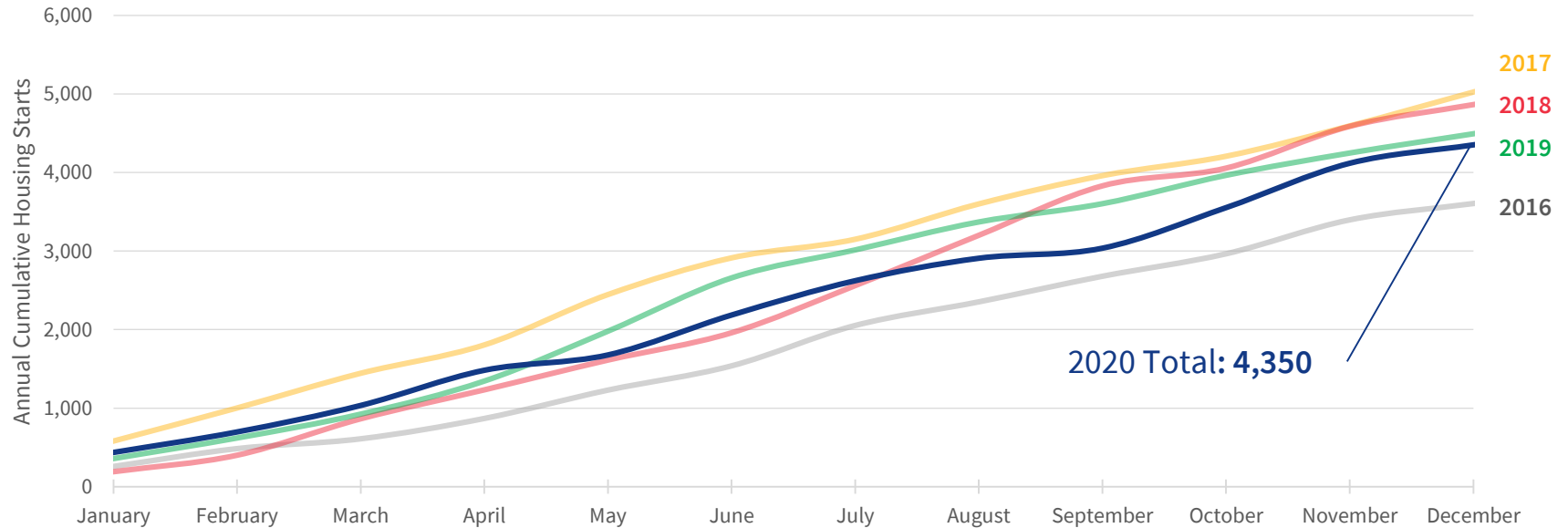


Source: Teranet and National Bank of Canada House Price Index. Data accessed January 8, 2021.

Winnipeg Housing Starts

Starts down compared to 2017 and 2019, but still on track with recent historical averages

Cumulative Housing Starts by Year and Month – All Dwelling Types



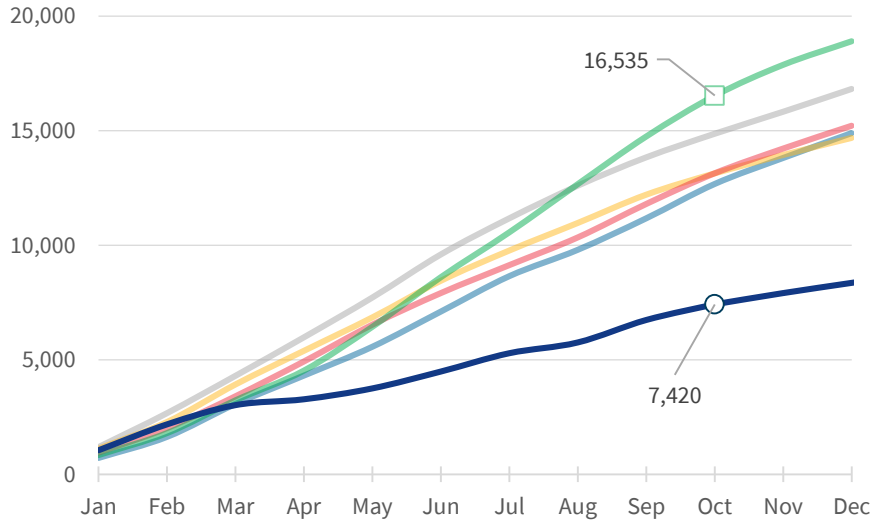
Source: CMHC Starts and Completions Survey. City of Winnipeg (CY) geography used.

Manitoba's Population: Immigration

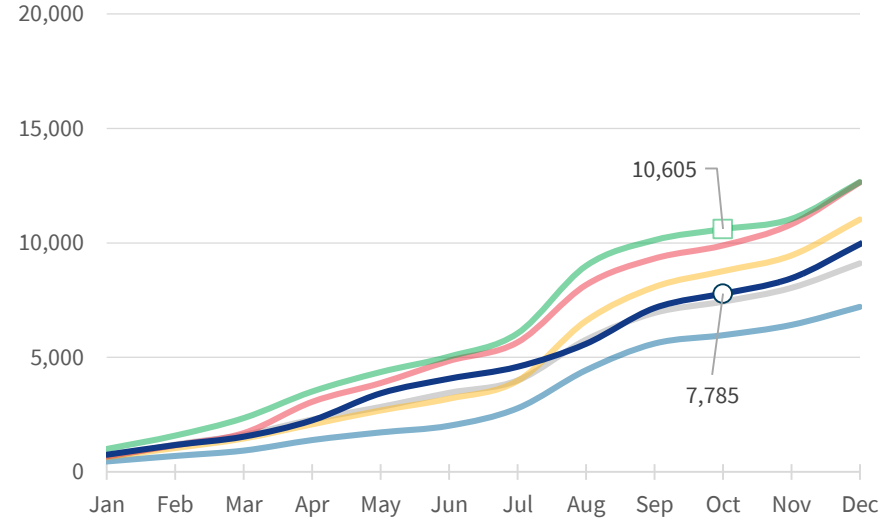
Severe decline in Permanent Residents to Manitoba; Study Permits in-line with Historical Averages

— 2015 — 2016 — 2017 — 2018 — 2019 — 2020 — 2020 - Recent Trend Extended

Permanent Residents: Monthly Cumulative, Manitoba



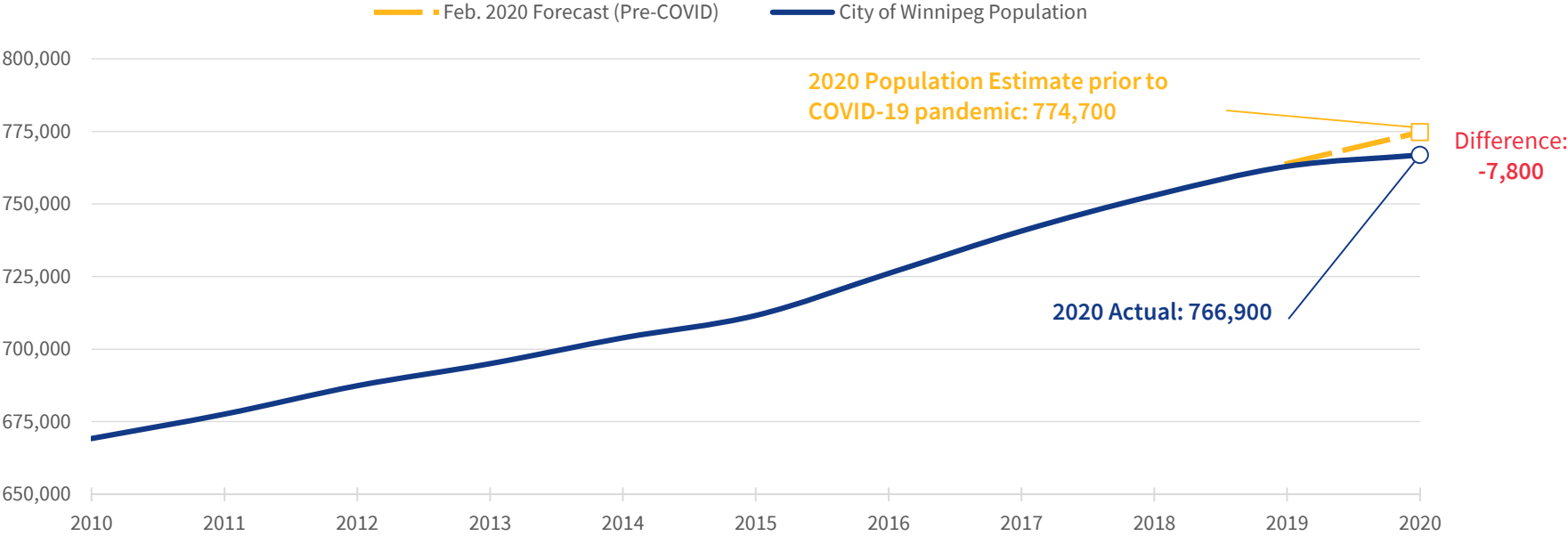
Study Permit Holders: Monthly Cumulative, Manitoba



Source: Immigration, Refugees and Citizenship Canada. Permanent Residents – Monthly IRCC Updates (open data portal, accessed January 8, 2021); Temporary Residents: Study Permit Holders – Monthly IRCC Updates (open data portal, accessed January 8, 2021); City of Winnipeg Economic Research

City of Winnipeg's Population

Decline in non-permanent residents (primarily study permit holders) and increase in provincial out-migration has resulted in reduced population growth in 2020



Source: Statistics Canada, Table 17-10-0142-01 Population estimates, July 1, by census subdivision, 2016 boundaries, City of Winnipeg Economic Research

National Studies of Socio-economic Impacts from COVID-19

Initial job losses were heavily concentrated among the most financially vulnerable

- **Indigenous Peoples:**
 - “36% of Indigenous participants reported that the COVID-19 pandemic had a strong or moderate impact on their ability to meet their financial obligations or essential needs, compared with 25% of non-Indigenous participants” – Statistics Canada, 2020-07-14
- **Visible Minorities:**
 - "Among participants who were employed prior to the shutdown, around one-third in most groups experienced job loss or reduced work hours. Filipinos and West Asians reported a higher share, at 42% and 47%, respectively, compared to 34% among White participants.“ – Statistics Canada, 2020-07-6
- **Peoples with Disabilities:**
 - "Overall, 61% of participants aged 15 to 64 with long-term conditions or disabilities reported a major or moderate impact from COVID-19 on at least one type of financial obligation or essential need.“ – Statistics Canada, 2020-08-27

Source: Economic Impact of COVID-19 among Indigenous People, Statistics Canada, 2020-07-14

Economic Impact of COVID-19 among visible minority groups, Statistics Canada, 2020-07-06

Impacts of COVID-19 on persons with disabilities, Statistics Canada, 2020-08-27

Winnipeg Macroeconomic Projections by Scenario

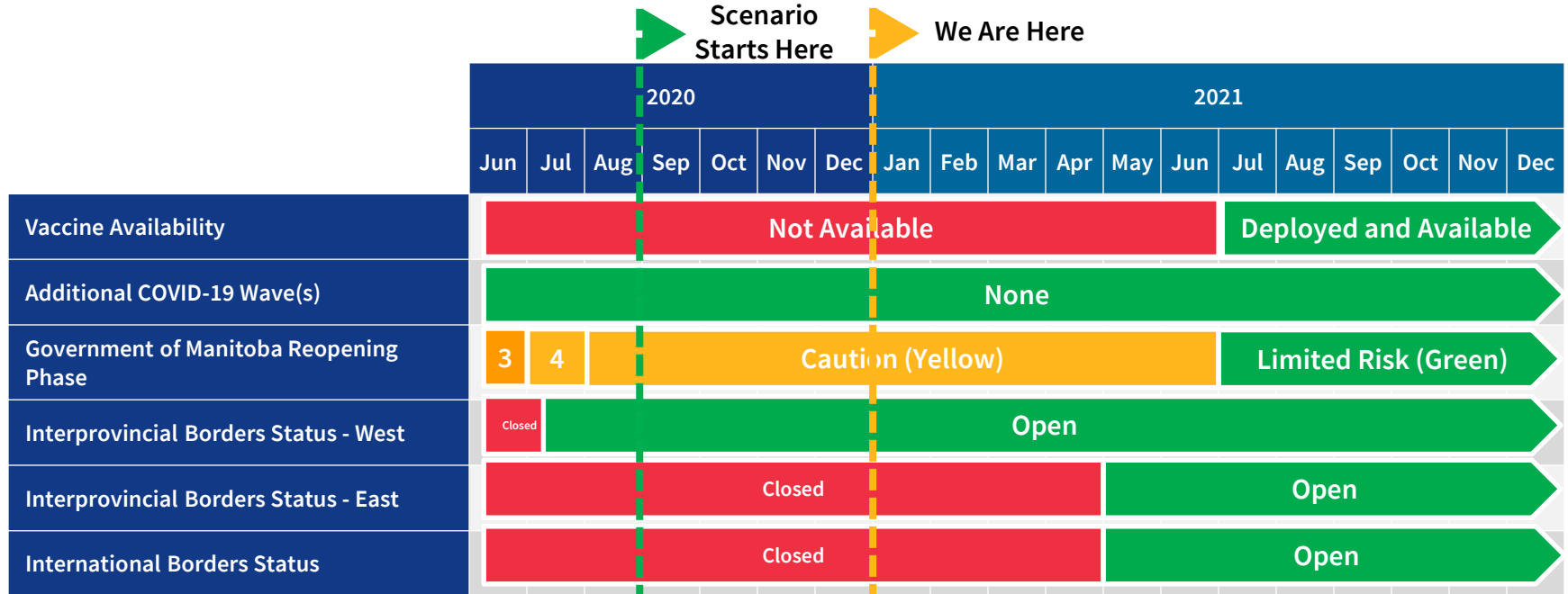
Our Approach to Modelling the Economy

Macroeconomic Projections were generated utilizing a scenario-based approach:

- Three different scenarios on how severely COVID-19 may affect public health and economic output in Manitoba and Winnipeg were developed with a focus on current epidemiological research, provincial government response plans, and internal discussion.
- Approximately 180 expenditures within Manitoba's Gross Domestic Product (GDP) are then linked to each these three scenarios, or are assumed to grow at a recent trend rate.
 - For example, expenditures linked to tourism will be dependent on each scenario's status with respect to international and interprovincial boarder restrictions.
- Economic output is dependent on the variety of social and health measures put in place across time within each scenario (e.g. vaccine deployment and availability, border restrictions, and provincial pandemic response levels).
 - Provincial pandemic response levels are modelled at a provincial level only.
- It is assumed that there will be a reluctance in the population to return to pre-COVID-19 behaviours without a vaccine (or other medical treatment).

Winnipeg Macroeconomic Projections by Scenario

Best-Case Scenario (Low) Timeline Assumptions



Winnipeg Macroeconomic Projections by Scenario

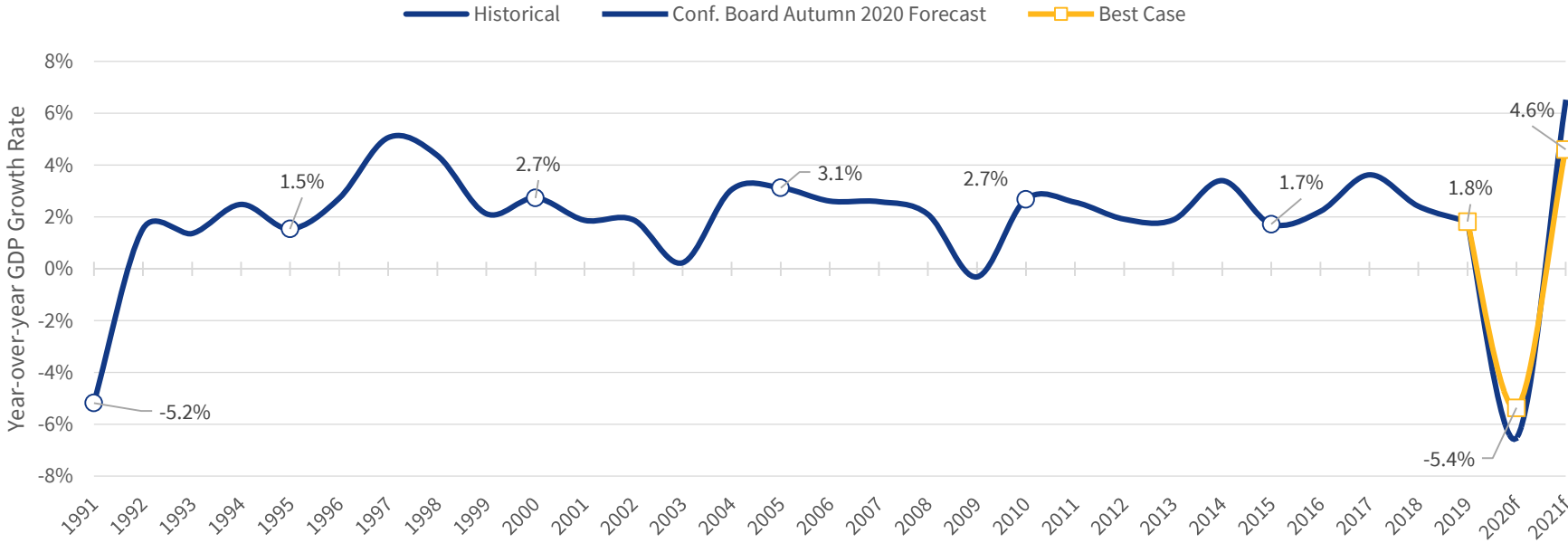
Best-Case Scenario (Low) Results

Indicator - Winnipeg CMA	2020F	2021F
GDP Growth Rate	-5.4%	+4.6%
Change in Employment	-28,700	+23,300
Unemployment Rate	8.9%	8.0%

Source: City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

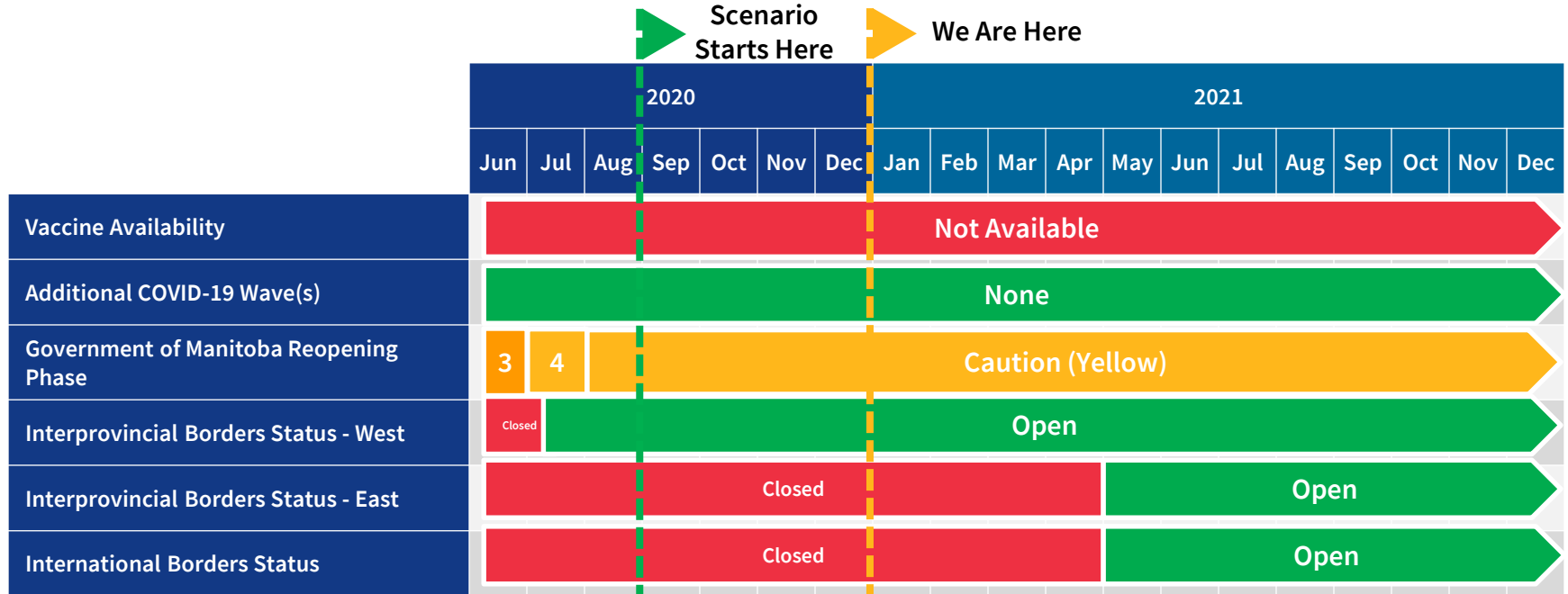
Best-Case Scenario (Low) Results – CMA GDP Growth Rate



Source: Conference Board of Canada, Autumn 2020 Metropolitan 1 Outlook; City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

Medium-Case Scenario Timeline Assumptions



Winnipeg Macroeconomic Projections by Scenario

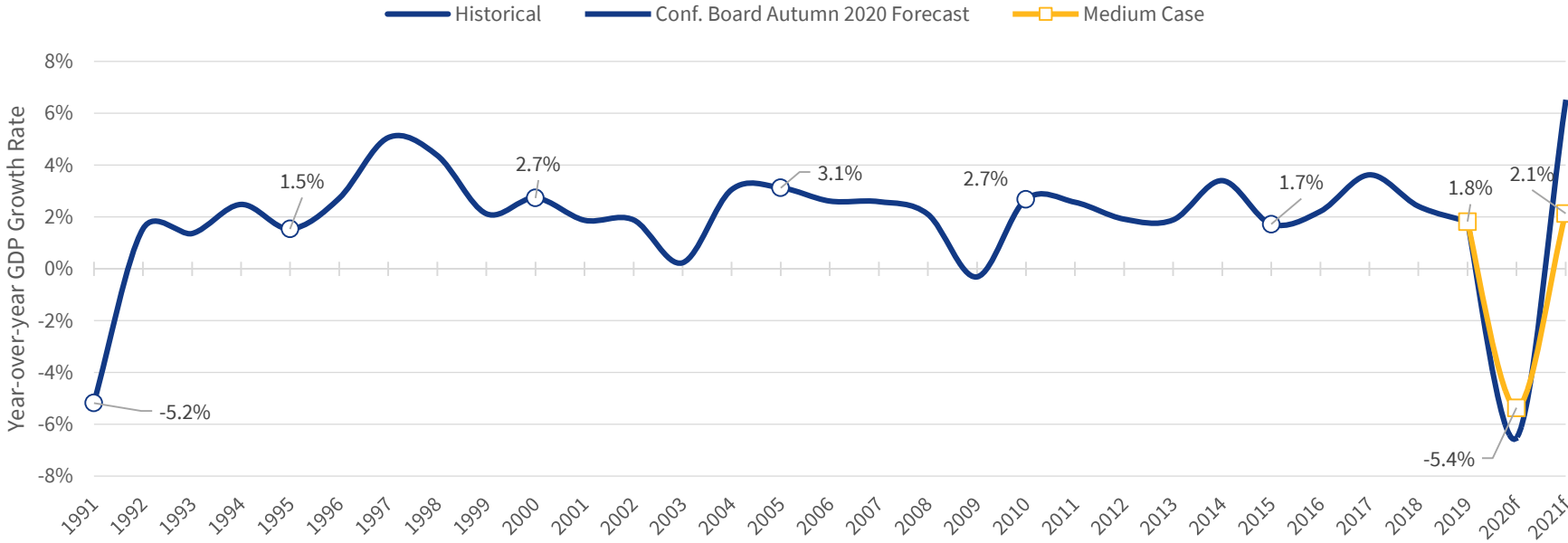
Medium-Case Scenario Results

Indicator - Winnipeg CMA	2020F	2021F
GDP Growth Rate	-5.4%	+2.1%
Change in Employment	-28,700	+9,600
Unemployment Rate	8.9%	8.5%

Source: City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

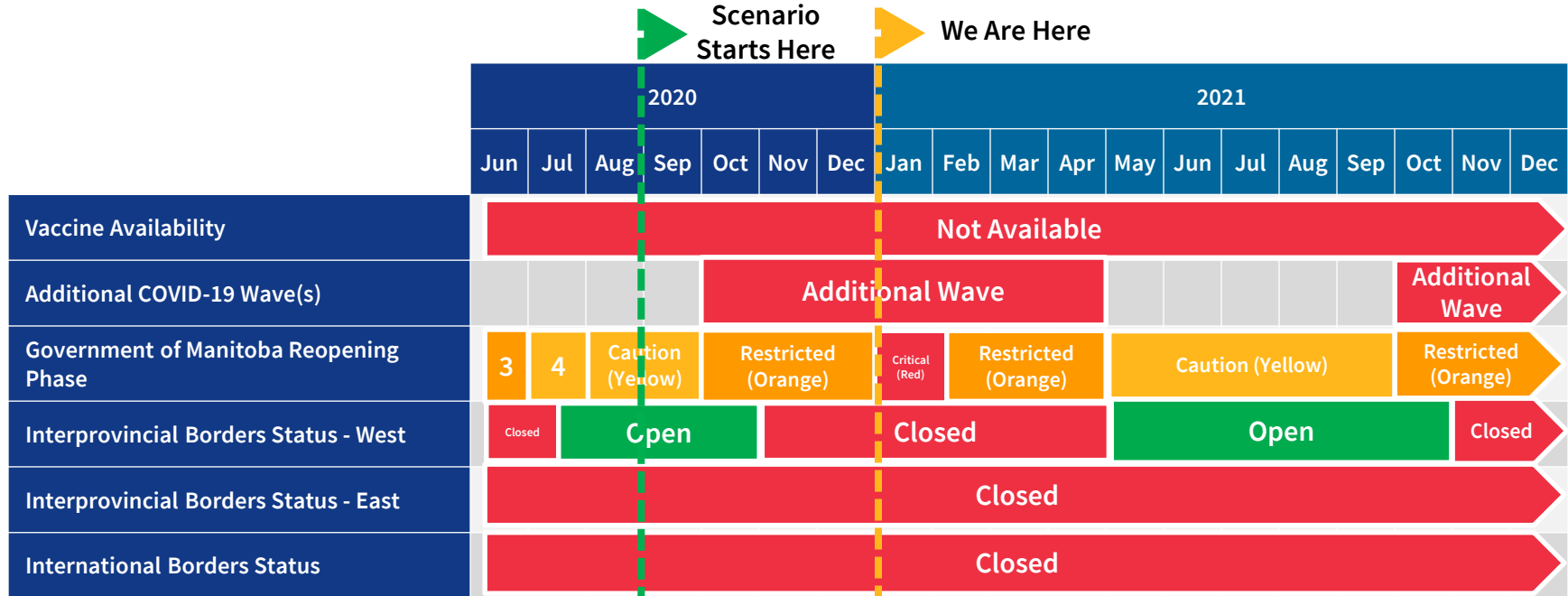
Medium-Case Scenario Results – CMA GDP Growth Rate



Source: Conference Board of Canada, Autumn 2020 Metropolitan 1 Outlook; City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

Worst-Case (High) Scenario Timeline Assumptions



Winnipeg Macroeconomic Projections by Scenario

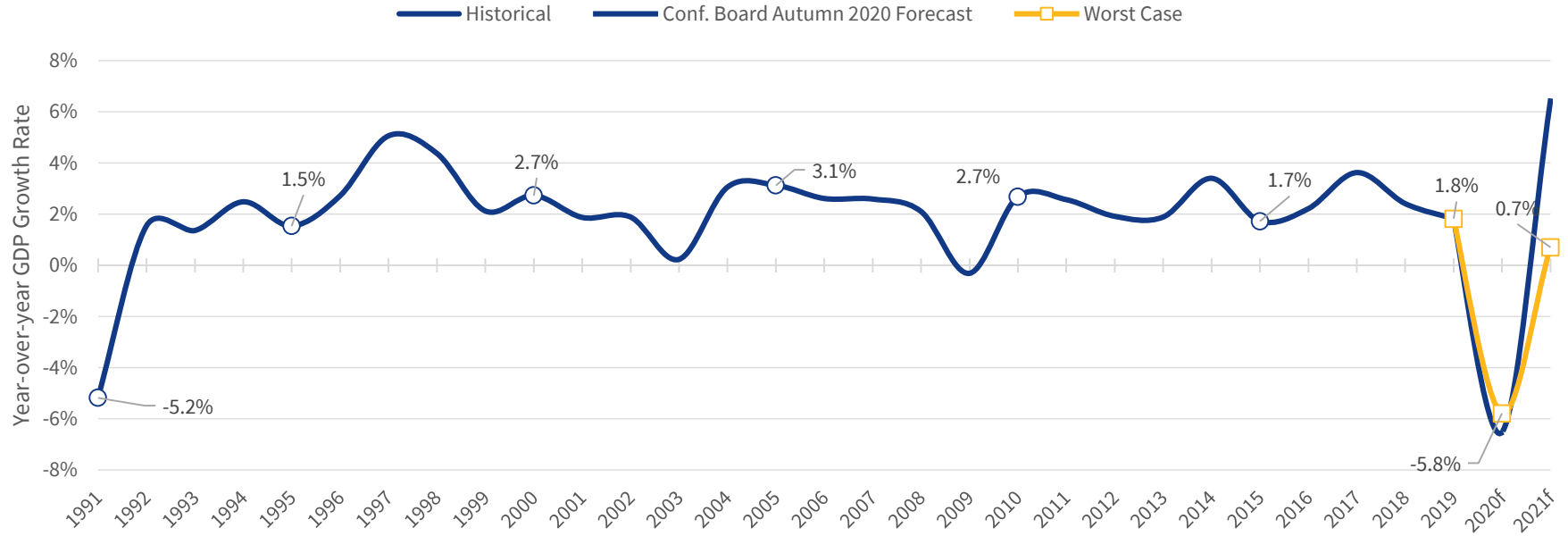
Worst-Case (High) Scenario Results

Indicator - Winnipeg CMA	2020F	2021F
GDP Growth Rate	-5.8%	+0.7%
Change in Employment	-32,200	+100
Unemployment Rate	9.4%	9.5%

Source: City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

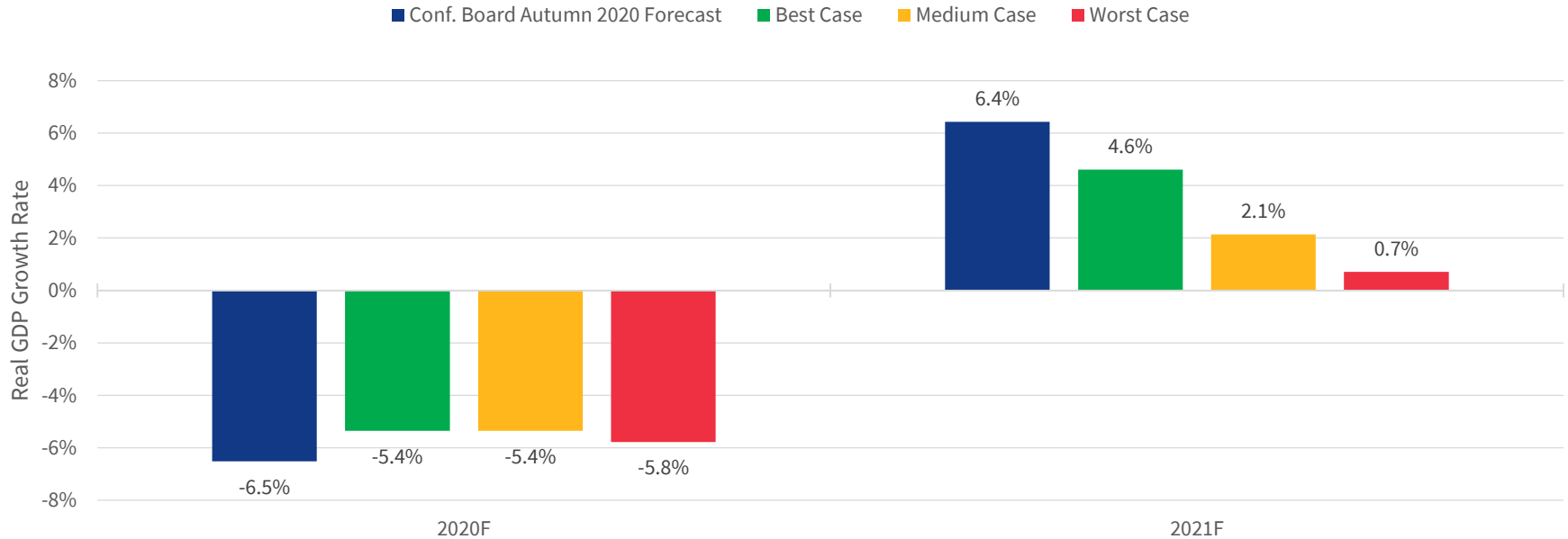
Worst-Case (High) Scenario Results – CMA GDP Growth Rate



Source: Conference Board of Canada, Autumn 2020 Metropolitan 1 Outlook; City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

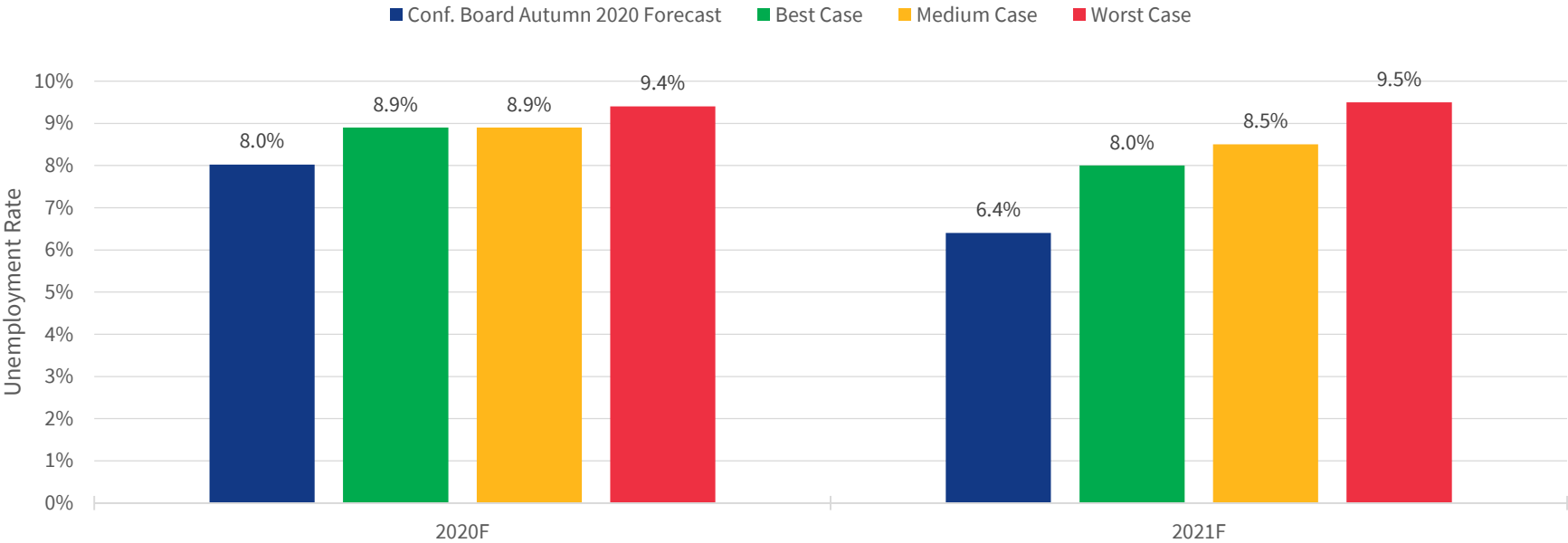
GDP Growth Rate by Scenario Comparison



Source: Conference Board of Canada, Autumn 2020 Metropolitan 1 Outlook; City of Winnipeg Economic Research

Winnipeg Macroeconomic Projections by Scenario

Unemployment Rate by Scenario Comparison

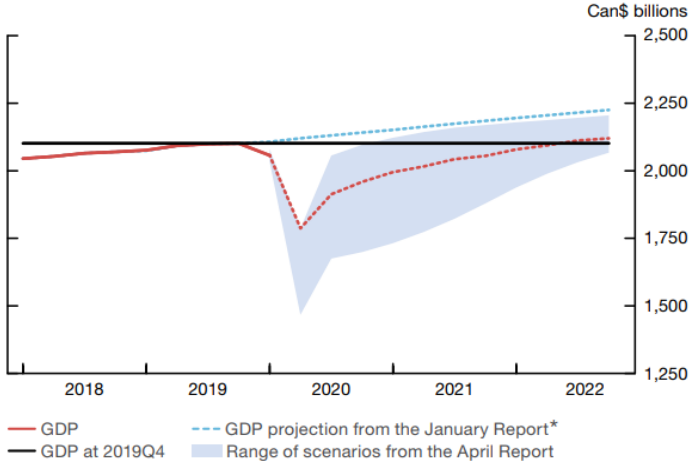


Source: Conference Board of Canada, Autumn 2020 Metropolitan 1 Outlook; City of Winnipeg Economic Research

Other Organizations: Also Taking a Scenario-Based Approach

Chart 13: The central scenario shows a gradual recovery in GDP

Real gross domestic product (GDP), chained 2012 dollars, quarterly data



* In this chart, the January projection for real GDP is extended by one year to 2022 using the potential output growth estimate for 2021 provided in the January Report.

Sources: Statistics Canada and Bank of Canada calculations and projections

Source: Bank of Canada, July 2020 Monetary Policy Report

Other Organizations: Also Taking a Scenario-Based Approach

Other Organization's Projections for Canada's Real GDP Growth Rate

Organization	Scenario	2020F	2021F
Parliamentary Budget Office (PBO)	COVID-19 + Oil Shock	-6.8%	N/A
Organisation for Economic Co-operation and Development (OECD)	COVID-19 Single-wave	-8.0%	+3.9%
	COVID-19 Double-wave	-9.4%	+1.5%

Source: Canadian Parliamentary Budget Office (PBO), Organisation for Economic Co-operation and Development (OECD)

Plausible Implications for the Municipality

As a municipality, the primary risks to our revenue and services would be in the following areas:

- Transit
 - Reduced ridership from social distancing guidelines, employers transitioning to work-from-home policies either temporarily or permanently, and risk-aversion even after pandemic subsidies
- Community Services
 - Reduced users from social distancing guidelines, temporary closures, and general apprehension among health-conscious population could reduce demand for services over the short term
- Accommodation Tax and Convention Centre Revenue
 - A decline in tourism and conventions, and the subsequent decline in accommodation taxes pose a risk to this revenue stream

Summary

- The impact of COVID-19 on lives and livelihood in Winnipeg is real and quite substantial.
- Overall the economy has seen a historic shock, and specific industries have been hit at a historic rate.
- Because of this uncertainty, Economic Research has produced three scenarios of varying impacts of COVID-19 on the economy.
- Our first round of scenarios were used as part of navigating the crisis early on and our second round results were used for planning the 2021 budget.



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