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## RE: South March Lands, Ottawa - Ministry of Finance Population Forecasts

Parcel Economics Inc. ("Parcel") has been retained on behalf of the South March Landowners Group, which includes Claridge Homes (Second Line) Inc., Claridge Homes (1221 March Road) Inc., 2721334 Ontario Limited, Mattamy (Kanata North) Limited, Minto (Old Carp Road) Inc., Second Line Regional Inc., Kanata North Regional Inc., and Uniform Urban Developments Ltd. The purpose of our retainer has been, in part, to determine if it is reasonable to use the population projections prepared by the Ontario Ministry of Finance ("MoF") in assessing land needs in the City of Ottawa to 2046.

## Key Findings

- The population growth forecasts prepared by the City of Ottawa in 2007 and 2019 are generally consistent with the population growth projections prepared by the MoF around the same time (difference of 0.3% to 0.7% in 2007 and 2019, respectively). The consistency between the forecasts suggests that if the City of Ottawa were to update their population forecasts today, they would be in line with the MoF Summer 2023 forecasts.
- A review of historical MoF forecasts between 2005 and 2018 demonstrates that these forecasts have been reasonably accurate in forecasting population growth in Ottawa over the proceeding 5-year period. Further, any revisions to the long-term forecasts generally resulted in MoF anticipating a larger population in the City of Ottawa.
- As summarized in the following analysis, overall, it is our professional opinion that the MoF population projections have historically been consistent with population forecasts prepared by the City of Ottawa up to 2019 and the longer-term population forecasts do not change significantly year-to-year. **This supports the recommendation in our earlier February 2024 Peer Review that the Summer 2023 MoF forecasts should be used in assessing land needs in Ottawa to 2046.**

## MoF Forecast Methodology

The MoF prepares population forecasts for the province and each of the 49 Census Divisions annually. These forecasts are based on the most up-to-date trends and historical data. The MoF uses a cohort-component methodology that provides projections of births, deaths and five migration components (immigration, emigration, net change in non-permanent residents, interprovincial in-migration and out-migration and intraprovincial in- and out-migration).

The immigration levels used in preparing the MoF forecasts are based on federal government policy. The significant increase in federal immigration targets since 2020 has had an impact on population growth in the province and the City of Ottawa. In 2020 the federal Minister of Immigration, Refugees and Citizenship Canada set a target of 401,000 new immigrants to the country in 2021, increasing to 421,000 new immigrants in 2023. More recently, the planned immigration target has been increased to 485,000 persons in 2024, increasing to 500,000 new immigrants in 2025 and 2026.

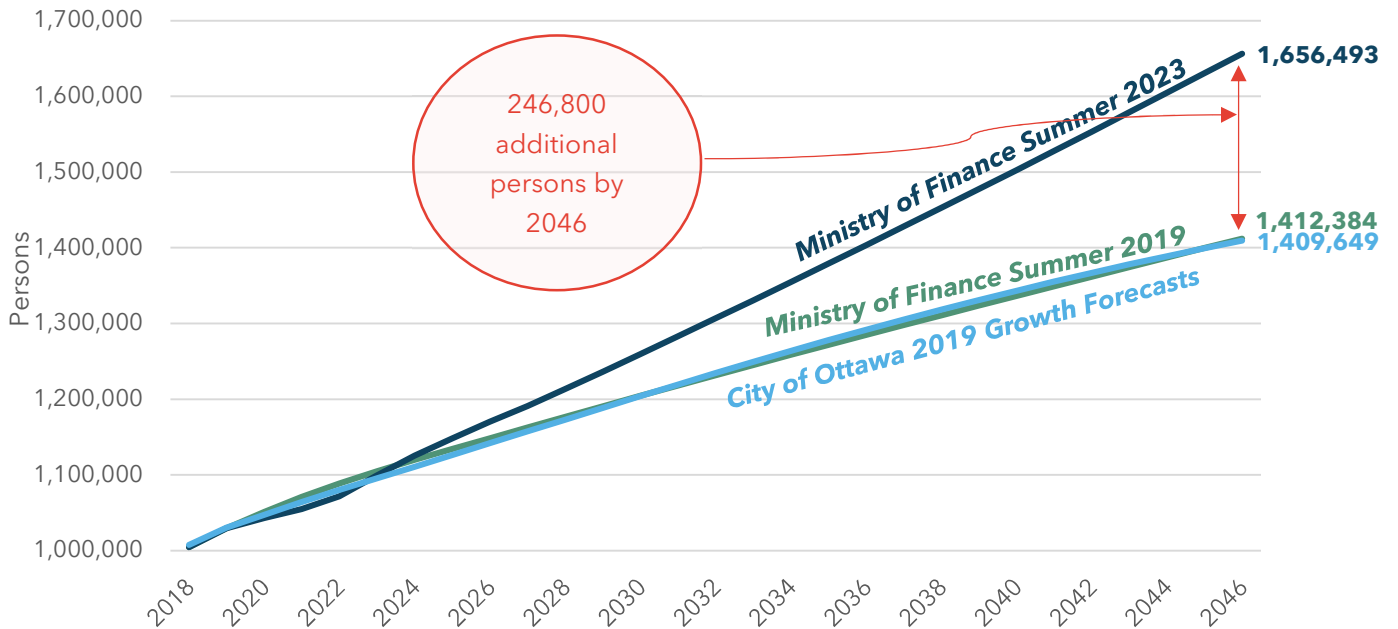
The population projections prepared by the City of Ottawa in 2019 were prepared before the announced immigration targets in 2020. Due to the significant increase in the targets set in recent years, the MoF Summer 2023 forecasts represent a more accurate estimation of future population growth in the City of Ottawa.

## Comparison of City of Ottawa and MoF Forecasts

The most recent MoF forecasts prepared in Summer 2023 forecast a population of 1.66 million persons in the City of Ottawa by 2046. **This is approximately 246,800 persons more, or nearly 18% higher,** than the 2046 population forecasts contained in the City of Ottawa 2019 Growth Forecasts, as shown in Figure 1.

It is also important to note that the population forecast prepared by the MoF in Summer 2019 (around the same time the Ottawa 2019 Growth Forecasts were prepared), forecast a population of 1.4 million persons in the City of Ottawa by 2046. The MoF Summer 2019 forecasts are nearly the same as the forecasts prepared by the City in 2019 (a difference of only 2,735 persons between 2018 and 2046, or a 0.7% difference in growth). **As the MoF has revisited their population forecasts to recognize increased immigration to Canada, the City of Ottawa should be taking the same approach to help address the housing crisis.**

Figure 1  
 City of Ottawa Population Forecast, 2018-2046



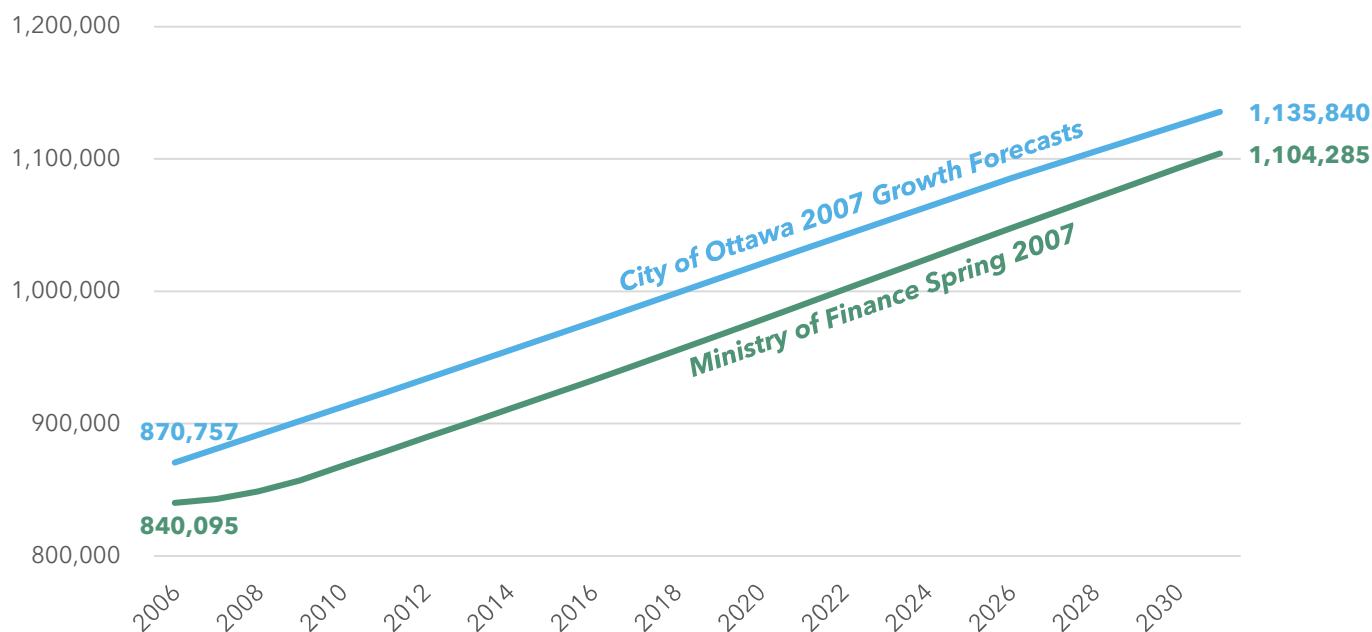
Source: Parcel based on Ontario Ministry of Finance Annual Population Projections, various years.

We have also compared the City of Ottawa forecasts prepared in September 2007<sup>1</sup> to the MoF forecasts prepared around the same time<sup>2</sup>. The comparison of these forecasts is shown in Figure 2. As shown, in the base year 2006, the City of Ottawa population is estimated to be 870,757 persons, which is 30,662 persons more than reported by Statistics Canada in the Annual Demographic Estimates and the MoF (840,095 persons). *The Growth Projections for Ottawa, Prospects for Population, Housing and Jobs, 2006-2031* note that “for the base year of the new projections, 2006, a mid-year 2006 population of 870,800 was used since staff believe this figure most accurately represents the population for which the City provides services” (page iv).

<sup>1</sup> Growth Projections for Ottawa, Prospects for Population, Housing and Jobs, 2006-2031, September 2007, Publication #9-22, City of Ottawa Department of Planning, Transit and the Environment, Research and Forecasting Section.

<sup>2</sup> Ontario Population Projections Update, Spring 2007, 2006-2031.

Figure 2  
City of Ottawa Population Forecast, 2006-2031



Source: Parcel based on Growth Projections for Ottawa, Prospects for Population, Housing and Jobs, 2006-2031, September 2007 and Ontario Population Projections Update, Spring 2007.

Putting aside this adjustment to the base year 2006, the City of Ottawa forecasts growth of 265,083 persons between 2006 and 2031. By comparison, the MoF Ontario Population Projections Update, Spring 2007, forecasts population growth of 264,190 persons in Ottawa between 2006 and 2031. Therefore, in terms of growth over the 2006 to 2031 period, there is only a difference of 900 persons between the forecasts prepared by the City of Ottawa and MoF (a difference of only 0.3%).

We note that the City of Ottawa has not updated their population projections since 2019, to account for the higher Federal immigration targets, which were announced in 2020 and more recently in 2023. As the population forecasts prepared by the City of Ottawa in 2007 and 2019 closely match the MoF forecasts prepared around the same time, it is reasonable to assume that if the City of Ottawa were to update their population forecasts today, they would be consistent with the MoF Summer 2023 forecasts, which anticipate 1,656,500 persons in Ottawa by 2046. **For this reason, we recommend that the Province use the MoF Summer 2023 forecasts for the City of Ottawa to address these lands needs now, rather than when the forecasts are updated as part of the next Official Plan Review.**

To determine the reasonableness of using the MoF forecasts in assessing land needs in the City of Ottawa, Appendix A compares historical MoF forecasts to the actual population in the City, as reported by Statistics Canada 5 years after the MoF forecast was prepared. Although some releases overestimate the population 5 years later by up to 2.5%, others underestimate it by as much as 4.4%. **On average the MoF projections are about 0.5% lower than actual population growth over the 5 year period following the projections. Therefore, the MoF forecasts are reasonably accurate over the short term.**

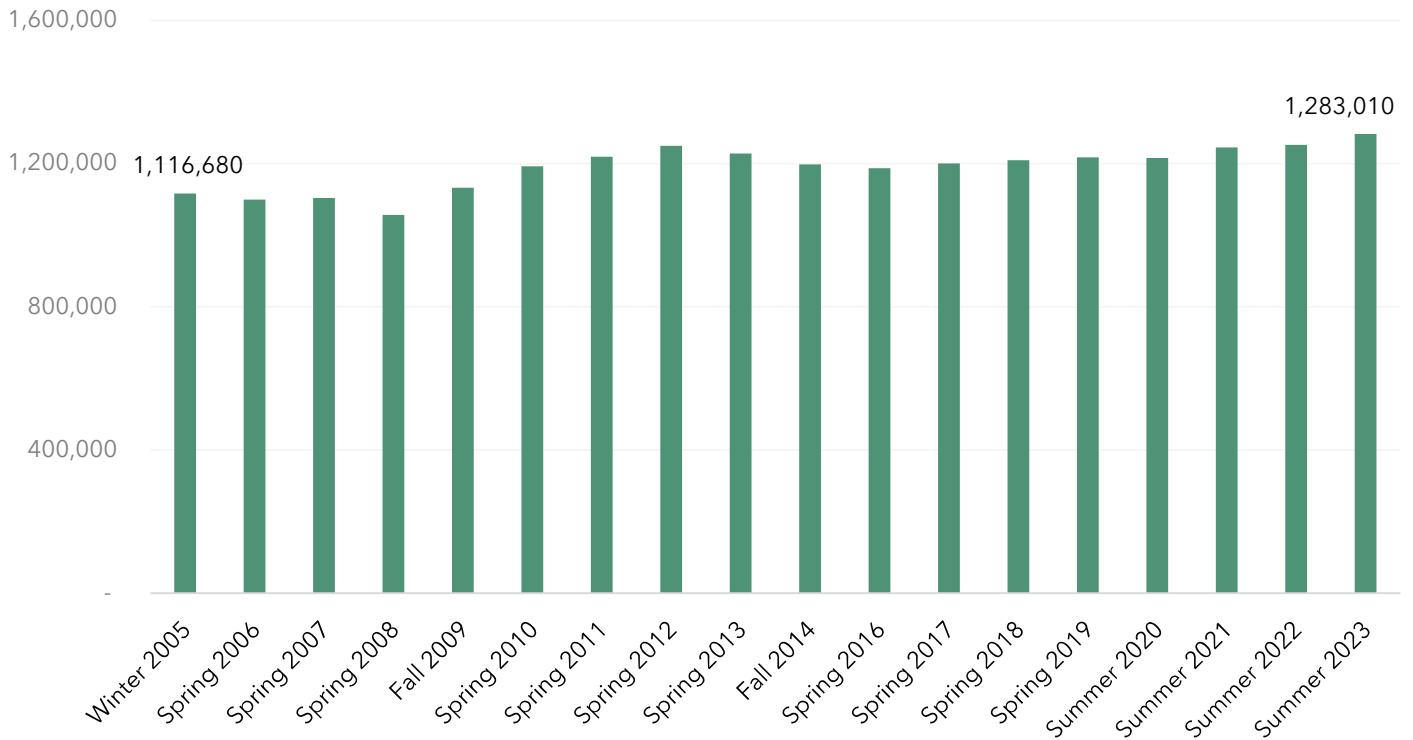
## MoF Long-term Forecast for the City of Ottawa

Finally, we have also considered how much the MoF revise their forecasts on a year-to-year basis. In general, the stability of population forecasts is important in assessing land needs, as a significant reduction in population forecasts could result in the over-designation of lands and unnecessary boundary expansions. However, underestimating population growth can lead to housing affordability issues and land shortages, as identified in the *Land Needs Assessment Methodology for the Greater Golden Horseshoe*. Focusing on the key long-term planning dates of 2031 and 2041, we have assessed how the MoF revises their projected population with each subsequent release to determine if these longer-term forecasts are relatively stable.

### MoF Population Forecast to 2031

As shown in Figure 3, the MoF Winter 2005 forecasts projected Ottawa's population would be 1,116,680 persons in 2031. On average, **each subsequent release by the MoF raised this projection on average 0.8%**, most recently projecting 1,283,010 Ottawa residents in the Summer 2023 forecast. Therefore, on average, these population forecasts have been revised higher in the City of Ottawa. This is consistent with the population forecasts prepared by the City of Ottawa. In *Growth Projections for Ottawa, Prospects for Population, Housing and Jobs, 2006-2031*, September 2007, the city staff anticipated that the population in Ottawa would reach 1,135,840 persons by 2031. In the more recently prepared forecasts from 2019, city staff now anticipate that the City will reach a population of 1,219,232 persons by 2031, or an increase of approximately 7%.

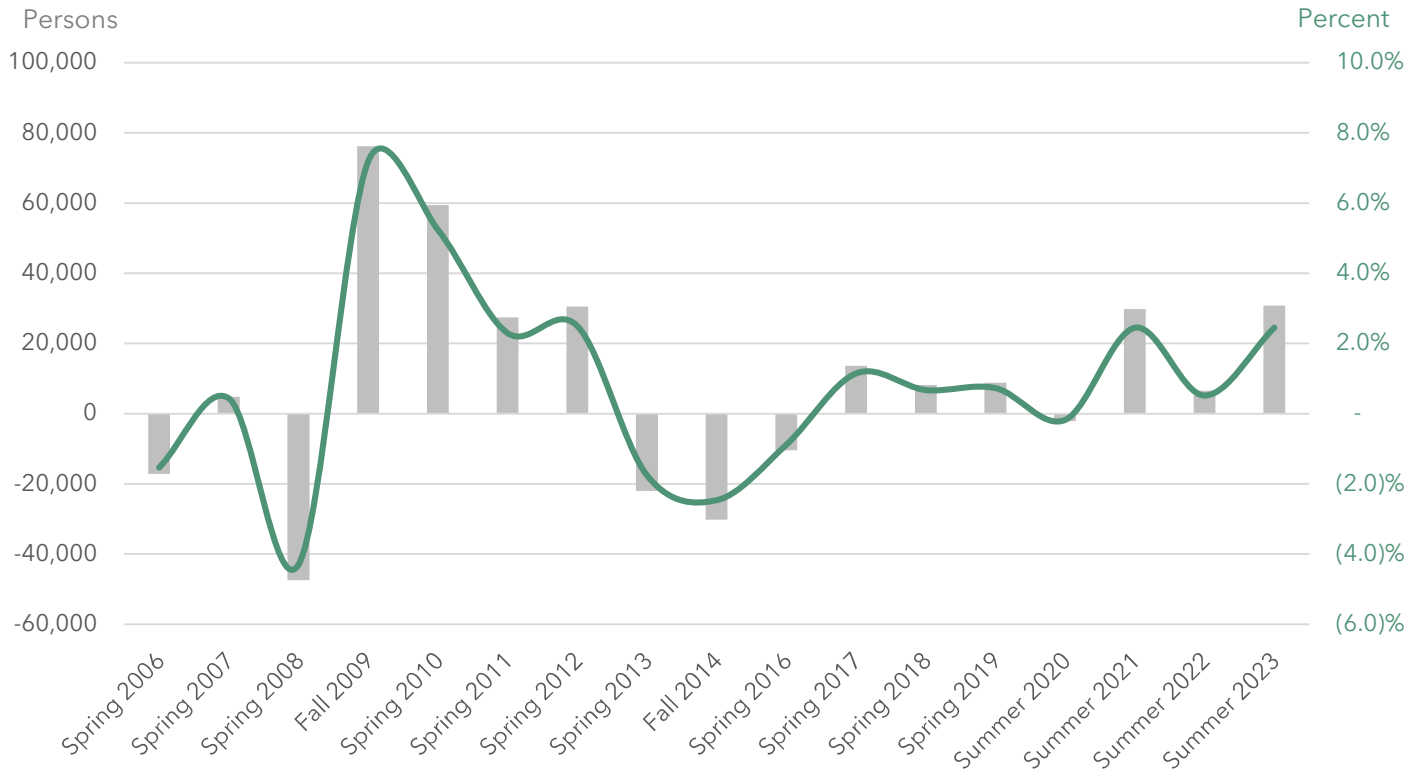
Figure 3  
MoF 2031 Projected Population, City of Ottawa



Source: Parcel, based on Ministry of Finance population projections published 2005 to 2023.

In terms of the stability of the MoF forecasts, as shown in Figure 4, aside from a 4% reduction in the Spring 2008 forecasts and 7% increase in the following Fall 2009 forecasts, the MoF forecasts have been relatively stable, only increasing or decreasing by 3% per year or less. Across the 17 forecasts prepared by the MoF, the 2031 population forecast in Ottawa was revised higher two-thirds of the time.

Figure 4  
Change in MoF 2031 Forecasts, City of Ottawa

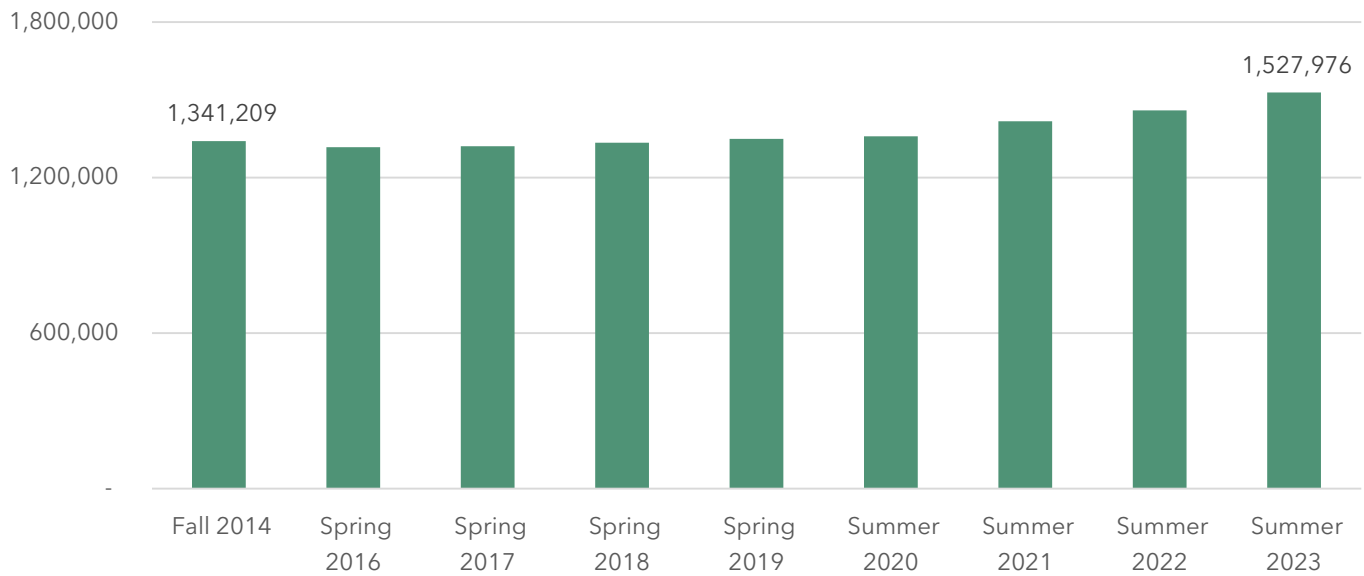


Source: Parcel, based on Ministry of Finance population projections published 2005 to 2023.

## MoF 2041 Forecast for the City of Ottawa

The MoF first released 2041 population projections for the City of Ottawa in Fall 2014. From their initial 2041 projection of 1,341,209 persons in the City of Ottawa, **MoF has raised their projection on average 1.5% annually** to its most recent projection of 1,527,976 persons in the City by 2041.

Figure 5  
MoF 2041 Projected Ottawa Population

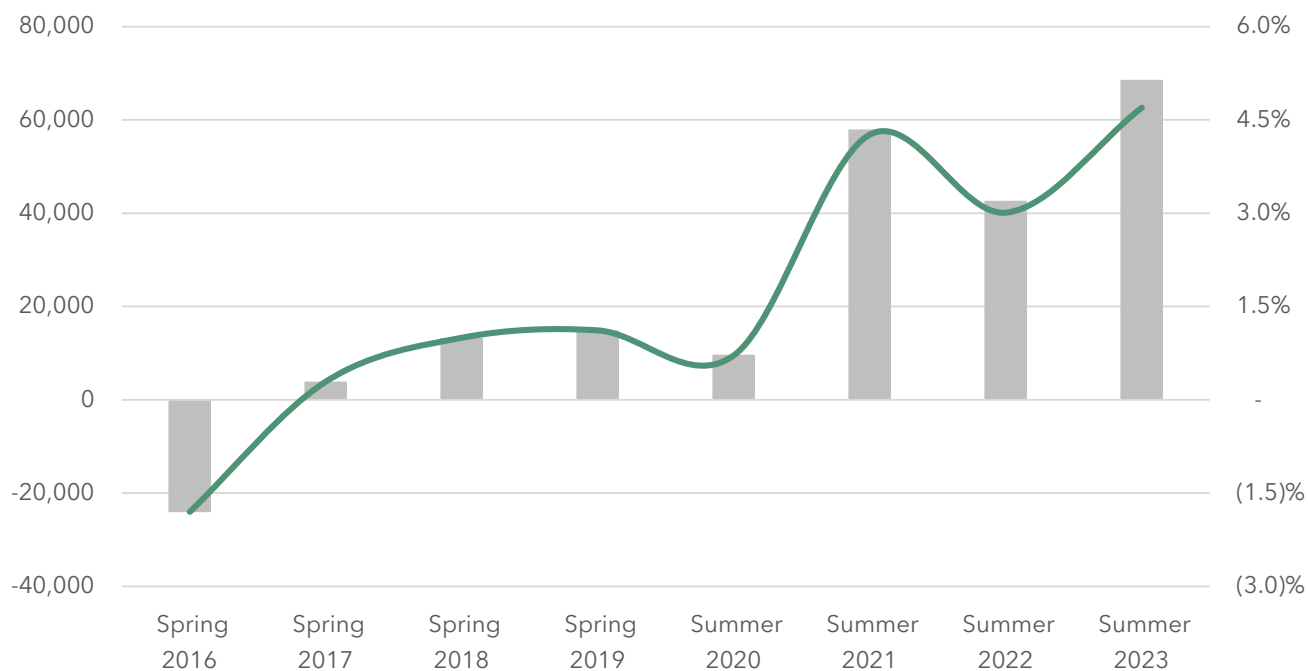


Source: Parcel, based on Ministry of Finance population projections published 2014 to 2023.

In terms of the stability of the MoF forecasts, as shown in Figure 6, aside from a 1.7% reduction in the Spring 2016 forecasts, the MoF has revised their 2041 forecasts for the City of Ottawa higher in each subsequent release, with the most recent 2041 forecasts increasing by over 3% every year, due in part, to increased immigration to Canada.



Figure 6  
Change in MoF 2041 Forecasts, City of Ottawa



Source: Parcel, based on Ministry of Finance population projections published 2014 to 2023.

## MoF 2046 Forecast for the City of Ottawa

The MoF only extended their population projections to 2046 in their Spring 2019 release. In each subsequent release between 2019 and 2023, the MoF has increased their 2046 projection for the City of Ottawa, adding more than 244,000 additional future residents to Ottawa over just 4 revisions. To put this in context, the population forecasts prepared by the MoF for the City of Ottawa are now 18% higher than their projections from Spring 2019 and the forecasts prepared by the City of Ottawa and contained in *Growth Projections for the New Official Plan: Methods and Assumptions for Population, Housing and Employment, 2018 to 2046*.

## Summary

Overall, it is our professional opinion that the MoF population projections have historically been consistent with population forecasts prepared by the City of Ottawa around the same time period and the longer-term population forecasts prepared by the MoF do not change significantly year-over-year. **This supports the recommendation in our earlier February 2024 Peer Review that the Summer 2023 MoF forecasts should be used in assessing**

**land needs in Ottawa to 2046.** While the MoF does revise its population forecasts from year-to-year for the City of Ottawa, the revised forecasts typically result in the 2046 population in the city being larger than estimated in the previous years' projection. This reduces the risk that the city would expand their Urban Boundary beyond what is needed to 2046.

Sincerely,

**Parcel**

**Parcel Economics Inc.**

A handwritten signature in black ink, appearing to read "Craig Ferguson". The signature is fluid and cursive, with a large initial "C" and "F".

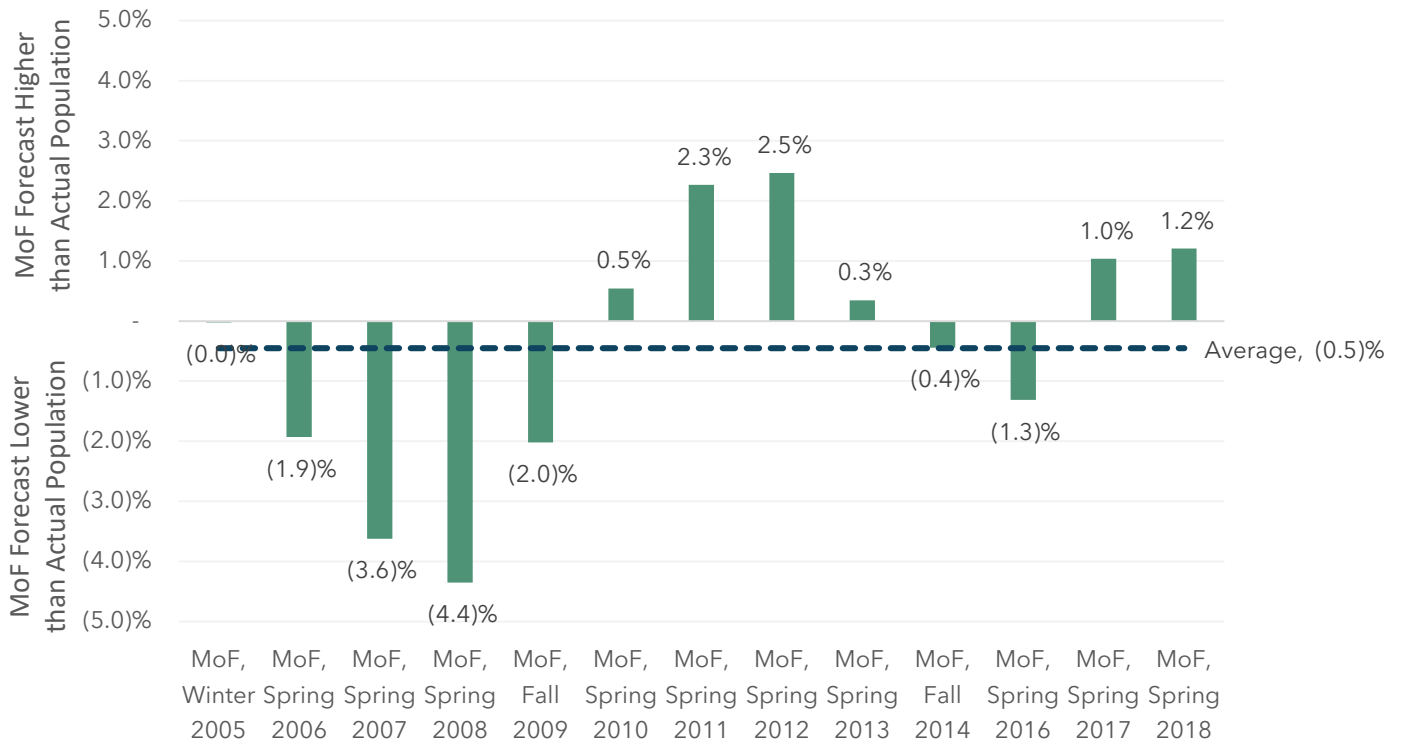
Craig Ferguson  
Principal



**Appendix A:**  
**Comparison of Short Term  
Forecasts**

Figure 7

MoF Projected vs. Actual Population 5 Years After Publish Date



Source: Parcel, based on Ministry of Finance population projections published 2005 to 2018 and Statistics Canada Population Estimates, July 1 (Table 17-10-0139-01) for the Ottawa census division.