

Office Snapshot Q3 2015

Ottawa, ON



OTTAWA OFFICE

Economic Indicators

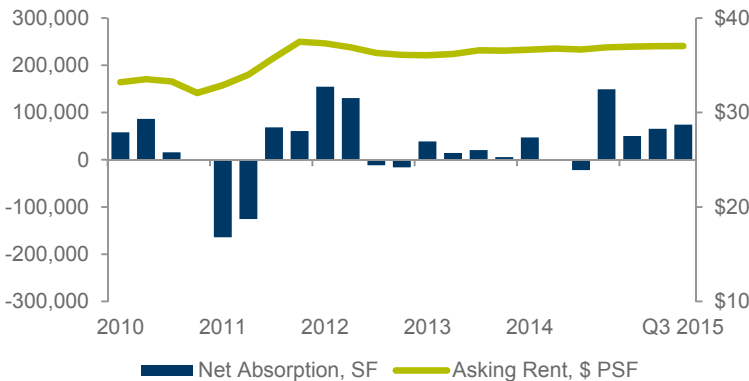
	Q3 14	Q3 15	12-Month Forecast
Ottawa Employment	533k	529k	▲
Ottawa Unemployment	6.7%	6.4%	▼
Canada Unemployment	6.9%	7.0%	■

Market Indicators

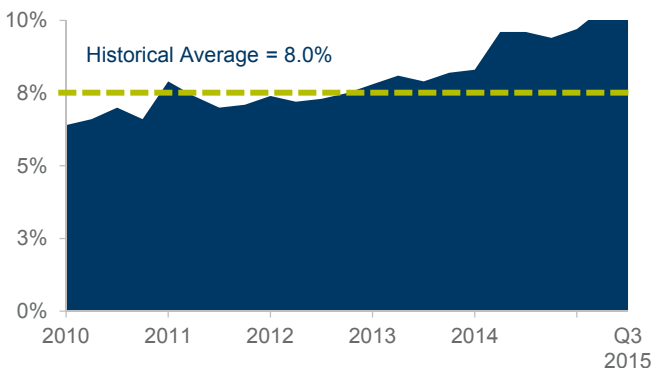
	Q3 14	Q3 15	12-Month Forecast
Overall Vacancy	9.6%	10.4%	▼
Net Absorption	(29)k	6k	▲
Under Construction	803k	391k	▼
Overall Average Asking Rent	\$36.86	\$36.89	■

Net Absorption/Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

The unemployment rate in the City of Ottawa reached 6.4% in August 2015, an increase of 0.3 percentage points from July but lower compared to one year ago. Although the Canadian economy gained 12,000 jobs in August, more people looking for work nudged the unemployment rate to 7.0%. The region's economy has struggled over the past 3 years; in large part due to the federal government's austerity measures and the impact that it had on the region's sizeable public administration sector. Improvement is expected in the region's economy for 2016 due to the significant cuts in the public administration sector being largely complete along with continuing robust non-residential construction and the improving high-tech services sector.

Market Overview

The Ottawa market in the third quarter can best be characterized as static. Overall vacancy in Ottawa currently sits at 10.4%; unchanged from last quarter. Central vacancy climbed slightly to 9.0%; largely resulting from the downtown core vacancy hitting 9.1% on account of 1.46 million square feet (msf) of available space. There was also little movement in the overall Suburban vacancy rate this quarter, edging down one-tenth of a percentage point to reach 11.6%. With little movement in vacancy from the second quarter, in combination with overall absorption this quarter reaching a negligible 6,000 square feet (sf) indicates that both the public and private sectors were content to stay on the sidelines in the third quarter; likely attributable to the federal election in October. The Kanata area was one of the more dynamic submarkets in the third quarter with both sizeable blocks being taken off of the market, as well as becoming available. Some notable examples of new availability include 36,000 sf formerly occupied by Hewlett Packard, and Avaya placing 23,000 sf on the sublet market.

Outlook

The Ottawa office market has for the most part been stagnant in 2015. Depending on the results of the federal election, traction for any expected momentum in the Ottawa office market likely won't happen until mid-2016, once the private and public sectors determine their space requirements going forward. With that said, it is not anticipated that the public administration sector will see any significant growth in 2016. Later in 2016, the Department of National Defense will begin the process of consolidating their space at 3500 Carling Avenue. Vacancy will likely be impacted but it is currently unclear to what extent.

MARKETBEAT

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CUSHMAN & WAKEFIELD
Ottawa

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION	YTD NET OVERALL ABSORPTION	UNDER CNSTR	AVERAGE ASKING RENT (ALL CLASSES)*	AVERAGE ASKING RENT (CLASS A)*
Downtown Core	86	16,050,498	134,347	1,329,296	9.1%	3,536	11,067	0	\$43.57	\$49.54
Centretown	34	1,769,448	1,753	171,093	9.8%	8,407	(39,336)	0	\$29.67	N/A
Byward Market	12	842,861	7,094	36,467	5.4%	(15,623)	(25,688)	0	\$37.00	\$43.53
Central Area	132	18,662,807	143,194	1,538,856	9.0%	(3,660)	(53,960)	0	\$42.58	\$49.31
Kanata	73	5,869,098	87,827	683,467	13.1%	24,303	(122,232)	276,092	\$24.95	\$25.85
Ottawa West	60	3,804,207	16,575	459,894	12.5%	5,578	(76,891)	152,555	\$31.03	\$33.68
Nepean	83	5,541,988	0	359,177	6.5%	(41,557)	77,444	0	\$28.33	\$31.54
Ottawa East	61	4,624,138	87,943	628,027	15.5%	21,390	(73,011)	0	\$29.42	\$31.49
Gloucester	14	1,397,799	20,119	113,014	9.5%	253	(10,102)	0	\$37.36	\$37.71
Total Suburban Area	291	21,237,230	212,464	2,243,579	11.6%	9,967	(204,792)	428,647	\$29.26	\$31.48
OTTAWA TOTALS	423	39,900,037	355,658	3,782,435	10.4%	6,287	(258,752)	428,647	\$36.89	\$41.36

*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET OVERALL ABSORPTION	YTD NET OVERALL ABSORPTION	UNDER CNSTR	YTD CNSTR COMPLETIONS	AVERAGE ASKING RENT *
Class A	190	25,375,011	278,626	2,034,151	9.1%	27,356	(56,202)	428,647	102,911	\$41.36
Class B	161	11,530,844	71,518	1,417,872	12.9%	(24,949)	(199,983)	0	0	\$30.42
Class C	72	2,994,182	5,514	330,412	11.2%	3,880	(2,567)	0	0	\$28.33

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions Q3 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2650 Queensview Drive	6,432	Taske Technology	Lease	Ottawa West
310 Hunt Club Road	5,294	Bayshore Healthcare Ltd.	Lease	Ottawa East
2270 St. Laurent Blvd.	2,260	Medical Council of Canada	Lease	Ottawa East

Key Sales Transactions Q3 2015

PROPERTY	SF	SELLER/BUYER	PRICE	SUBMARKET
26 Auriga Drive	31,163	6413889 Canada Ltd./The Redeemer Christian Church of God	\$4,100,000	Nepean
1209 Michael Street	25,000	1750830 Ontario Inc./Government of Canada	\$4,185,000	Ottawa East
30 Murray Street	12,500	30 Murray Street Ltd./L.Sipolins Ltd.	\$2,850,000	Byward Market

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