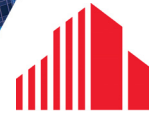


# Office Snapshot Q4 2015

Ottawa, ON



## OTTAWA OFFICE

### Economic Indicators

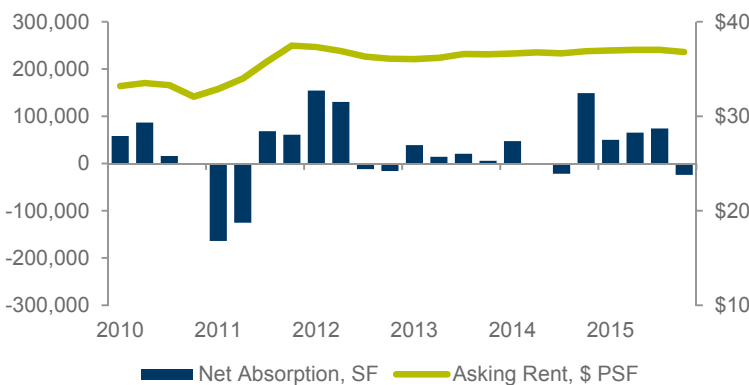
	2014	2015	12-Month Forecast
Ottawa Employment	540k	530k	■
Ottawa Unemployment	5.9%	6.3%	■
Canada Unemployment	6.6%	7.1%	■

### Market Indicators (Overall, All Classes)

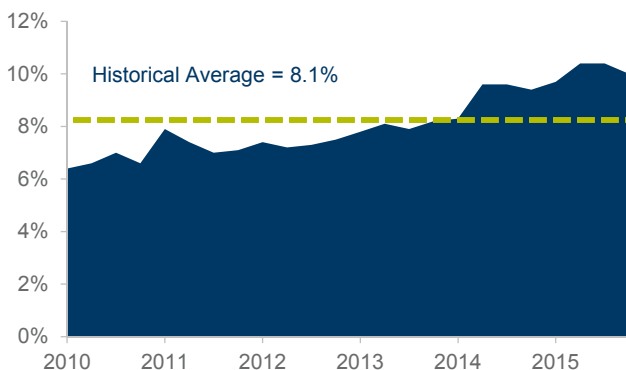
	2014	2015	12-Month Forecast
Overall Vacancy	9.4%	10.1%	■
Net Absorption (sf)	596,136	(96,556)	▼
Under Construction (sf)	216,063	391,092	■
Average Asking Rent*	\$37.25	\$36.36	■

\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The unemployment rate in the City of Ottawa reached 6.3% in November 2015, a minimal decrease of 0.1 percentage points from the third quarter. The country's unemployment rate bumped up to 7.1% from last month as the economy lost 35,700 jobs; largely thought to be a decline in the temporary work that was generated by the federal election. Now that the federal election is over, it will be interesting to see how a Liberal majority will impact the region's economy as we head into 2016. Campaign promises that were made that would directly impact the local economy include a promised increase in funding for infrastructure, a pledge to contribute significant funds to expand the Light Rail Transit network in the region, and most importantly a promise to public servants to help mend the, at times, strained relationship between the public service and the Conservative government.

## Market Overview

The Ottawa office market finished 2015 on a stable note with overall vacancy in Ottawa declining to 10.1%, 0.3 percentage points lower than the last two quarters. Central area vacancy remained unchanged at 9.0%; the result of vacant space only climbing by 1,100 square feet (sf) from last quarter and continued soft demand in all three Central area submarkets. A bit more movement occurred in the overall Suburban market with vacancy edging down 0.5 percentage points to reach 11.1%. The completion of 319 McRae Avenue in the Ottawa West submarket provided a significant boost to overall absorption figures for both the Suburban market and the city overall for this quarter as the vast majority of the office portion of the building was pre-leased by The Pythian Group and Alterna Savings. However, for the overall year the lack of expansionary demand lead to an overall negative absorption total of 96,000 sf.

## Outlook

The Ottawa office market remained steady throughout 2015; particularly during the last three quarters of the year as vacancy remained largely unchanged and demand as a whole was fairly weak. Now that the federal election is over and hopefully along with it some of the market uncertainty, it is anticipated that both the public and private sectors will slowly wade back into the office market and begin to make decisions concerning future space requirements. What could potentially be on the radar for the new Liberal government is shifting more government jobs out of the downtown core and into the suburbs. What is certain is that later in 2016 the Department of National Defense will begin the process of consolidating into 3500 Carling Avenue – Carling Campus; a move which will certainly have an impact on the market.

## MARKETBEAT

## Office Snapshot Q4 2015

Ottawa, ON

CUSHMAN &  
WAKEFIELD

Ottawa

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Downtown Core	16,050,498	134,179	1,309,383	9.0%	(13,460)	(2,393)	577,666	0	\$43.23	\$47.80
Centretown	1,769,448	0	183,469	10.4%	(10,623)	(49,962)	29,326	0	\$28.63	N/A
Byward Market	842,861	9,594	44,293	6.4%	(8,326)	(34,014)	26,926	0	\$36.73	\$40.92
<b>Central Area</b>	<b>18,662,807</b>	<b>143,773</b>	<b>1,537,145</b>	<b>9.0%</b>	<b>(32,409)</b>	<b>(86,369)</b>	<b>633,918</b>	<b>0</b>	<b>\$41.94</b>	<b>\$47.61</b>
Kanata	5,869,098	109,377	639,458	12.8%	22,459	(99,773)	362,852	276,092	\$24.77	\$25.45
Ottawa West	3,918,724	32,898	405,114	11.2%	152,974	76,083	254,915	0	\$30.60	\$33.18
Nepean	5,541,988	0	367,622	6.6%	(8,445)	68,999	125,047	0	\$29.57	\$32.50
Ottawa East	4,624,138	87,893	616,553	15.2%	11,524	(61,487)	106,803	0	\$29.62	\$31.97
Gloucester	1,397,799	14,977	102,063	8.4%	16,093	5,991	27,279	0	\$37.45	\$37.83
<b>Total Suburban Area</b>	<b>21,351,747</b>	<b>245,145</b>	<b>2,130,810</b>	<b>11.1%</b>	<b>194,605</b>	<b>(10,187)</b>	<b>876,896</b>	<b>276,092</b>	<b>\$28.87</b>	<b>\$30.72</b>
<b>OTTAWA TOTALS</b>	<b>40,014,554</b>	<b>388,918</b>	<b>3,667,955</b>	<b>10.1%</b>	<b>162,196</b>	<b>(96,556)</b>	<b>1,510,814</b>	<b>276,092</b>	<b>\$36.36</b>	<b>\$40.18</b>

\*Rental rates reflect gross asking \$psf/year

SUMMARY BY CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL AVERAGE ASKING RENT *
Class A	25,489,528	299,176	1,927,400	8.7%	200,718	144,516	895,736	276,092	217,428	\$40.18
Class B	11,530,844	75,762	1,404,245	12.8%	(24,158)	(224,141)	467,159	0	0	\$30.19
Class C	2,994,182	13,980	336,310	11.7%	(14,364)	(16,931)	147,919	0	0	\$28.56

\*Rental rates reflect gross asking \$psf/year

## Key Lease Transactions Q4 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
855 Brookfield Road	77,002	Epocal	New Lease	Ottawa West
1548 Merivale Road	17,642	Costco Wholesale Canada	New Lease	Nepean

## Key Sales Transactions Q4 2015

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
770 Broadview Avenue	40,257	Carling-Broadview Medical Holdings Ltd./Mohawk Medical Acquisitions	\$12,888,000 / \$320	Ottawa West
2283 St. Laurent Blvd.	30,000	Medical Council of Canada/Takoi Real Estate Inc.	\$4,869,000 / \$162	Ottawa East

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