

ECONOMIC INDICATORS

National

	2015	2016	12-Month Forecast
GDP Growth	1.1%	1.3%	▲
CPI Growth	1.1%	1.6%	▲
Consumer Spending Growth	1.9%	2.2%	■
Retail Sales Growth	1.7%	3.8%	▲

Regional (Ottawa/Gatineau)

	2015	2016F	12-Month Forecast
Personal Income per Capita	\$49,463	\$50,082	▲
Population Growth	1.2%	1.1%	■
Unemployment	6.5%	6.6%	▼

Source: Statistics Canada
/Conference Board of Canada/
RBC Economics

Economy

Statistics Canada reported that there were 400 net new jobs created in Ottawa in November 2016, but with the size of the labour force increasing by approximately 1,200, the unemployment rate rose slightly to 6.0%. The public administration sector saw the largest gains in November, adding approximately 4,900 jobs in the Ottawa-Gatineau region. Nearly all of these jobs were within the federal government and employment now sits at 139,200 - the highest level since mid-2012. The Conference Board of Canada is projecting GDP growth of 1.7% in 2016; accelerating to 2.2% in 2017.

Market Overview

Although overall vacancy rose in the city to reach 5.3% from 5.1% at the mid-point of 2016; this increase was largely the result of Walmart closing their 116,000-sf location at Lincoln Fields mall. It was this closure that also drove absorption to a negative 144,000 square feet (SF). The remaining retail categories were fairly balanced this quarter in terms of supply and demand.

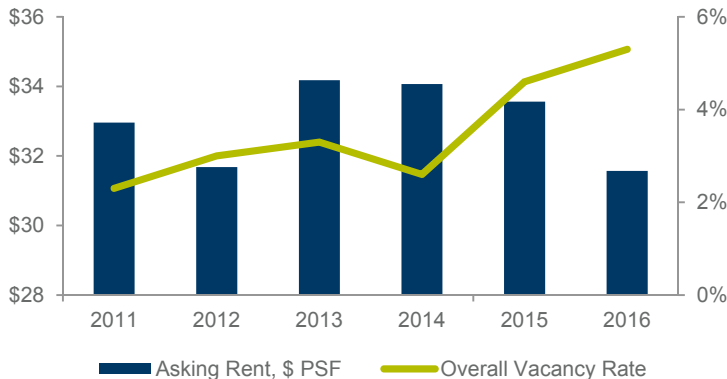
The retail market recently saw yet another retail chain closure announcement with HMV Canada being the latest casualty. HMV will be closing 102 stores; six of which are located in the region. On the flip side of the closures, there were retailers that recently opened new stores in Ottawa. Cabela's opened a 70,000-SF location in the suburb of Kanata; just its second location in Ontario. Buybuy Baby opened their first stand-alone location in Ottawa this past quarter; located at the Ottawa Train Yards. The Ottawa Train Yards will also be the site of the city's first Nordstrom Rack which is scheduled to open in 2018. Lastly Costco opened its fourth location in the city; a 148,000-SF store that will be anchor for a new retail development in the suburb of Barrhaven. Costco will also be relocating to a new location in the eastern area of Ottawa in the later part of 2017 which will enable the store to expand and provide better access to the store in terms of access points and parking. This development known as Shopper's City East is currently undergoing a redevelopment and once complete in mid-2017 will total 209,000 SF.

Redevelopment projects are becoming increasingly popular with developers within the city. These redevelopments include giving aging malls/plazas a facelift to revitalize the centre and attract new tenants – such as the aforementioned Shopper's City East, or in one case tearing down a section of an existing plaza such as Silver City Gloucester – a neighbourhood plaza that mainly housed fashion retailers who have permanently closed their doors – to make room for multi-residential development.

Outlook

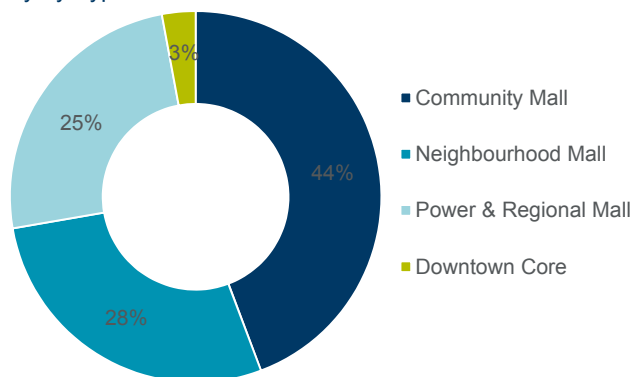
The retail market is anticipated to have a strong 2017 due to a number of factors - a strengthening economy which will be boosted by the influx of tourism that is expected as Ottawa plays host to numerous events and celebrations, a strong non-residential sector, a slight strengthening in housing starts, and finally growth in public administration employment – the region's largest employer.

Rental Rate vs. Overall Vacancy



*Rental rates reflect gross asking \$psf/year

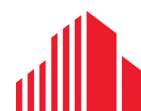
Availability by Type



MARKETBEAT

Ottawa, ON

Retail Q4 2016


**CUSHMAN &
WAKEFIELD**
Ottawa

MARKETS/SUBMARKETS	TOTAL BLDGS	INVENTORY (SF)	Q2 2016 VACANCY RATE	Q4 2016 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	OVERALL AVERAGE ASKING RENT *
Regional Malls & Larger Power Centres	13	8,245,555	4.1%	3.7%	28,121	(7,792)	n/a
Community Malls & Smaller Power Centres	37	7,522,699	5.1%	7.2%	(207,956)	(86,402)	\$29.33
Downtown Core	21	728,047	7.0%	4.9%	14,960	36,417	\$53.98
Ottawa East	14	480,083	7.3%	6.8%	2,443	(5,610)	\$20.77
Gloucester	14	397,321	14.1%	13.8%	1,257	(36,028)	\$29.39
Orleans	21	834,064	3.5%	5.0%	(12,532)	(13,709)	\$29.58
Ottawa South	28	1,020,134	5.6%	3.8%	17,869	(11,881)	\$34.10
Kanata/Stittsville	33	1,532,361	5.3%	4.5%	12,940	73,085	\$33.41
Bell's Corners	10	338,302	6.8%	5.4%	5,033	9,334	\$29.91
Nepean (Merivale Road Area)	19	657,301	7.7%	8.1%	(2,530)	(9,603)	\$31.25
Nepean/Other/Barrhaven	19	740,491	1.9%	2.9%	(7,275)	3,646	\$31.35
Ottawa West/Westboro	25	649,039	2.7%	2.1%	3,596	20,541	\$33.65
NEIGHBOURHOOD MALLS TOTAL	183	6,649,096	6.1%	5.2%	20,801	29,775	\$30.94
OTTAWA TOTALS	254	23,145,397	5.1%	5.3%	(144,074)	(28,002)	\$31.57

*Rental rates reflect gross asking \$psf/year

Key Lease Transactions 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Hunt Club Plaza	19,542	Ashley Furniture	New Lease	Nepean – Neighbourhood Malls
Innes Road Plaza	8,084	Dollar Tree Canada Inc.	New Lease	Orleans – Community Malls

Key Construction Completions 2016

PROPERTY	SF	KEY TENANT(S)	PROPERTY TYPE	SUBMARKET
Citigate	148,000	Costco	Power Centre	Nepean/Barrhaven
CF Rideau Centre	100,000	Simon's	Regional Mall	Downtown
Kanata West Centre	70,000	Cabela's Canada	Community Mall	Nepean/Barrhaven

Key Projects Under Construction 2016

PROPERTY	SF	KEY TENANT(S)	PROPERTY TYPE	SUBMARKET
Citigate	380,000	Costco, Value Village, Marshalls	Power Centre	Nepean / Barrhaven
Kanata West Centre	250,000	Cabela's Canada, Princess Auto	Community Mall	Kanata
Shopper's City East	209,000	Costco, Shopper's Drug Mart, The Beer Store	Community Mall	Gloucester

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