

## ECONOMIC INDICATORS

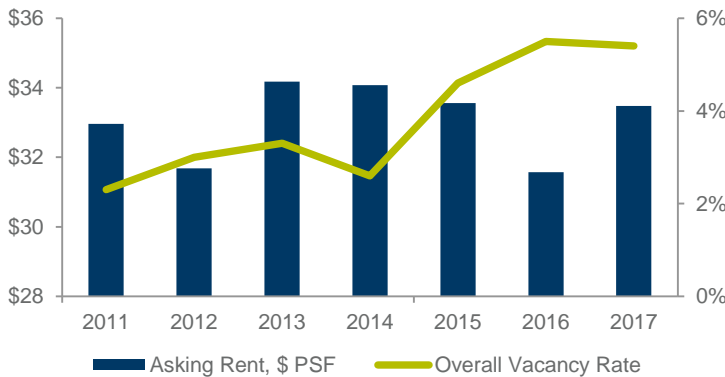
National	2016	2017	12-Month Forecast
GDP Growth	1.3%	2.9%	▲
CPI Growth	1.6%	2.1%	▲
Consumer Spending Growth	2.3%	3.5%	▼
Retail Sales Growth	3.8%	1.5%	▲

Regional (Ottawa)	2016	2017	12-Month Forecast
Personal Income per Capita	\$45,400	\$45,900	▲
Population Growth	1.5%	1.5%	■
Unemployment	6.6%	5.7%	▼

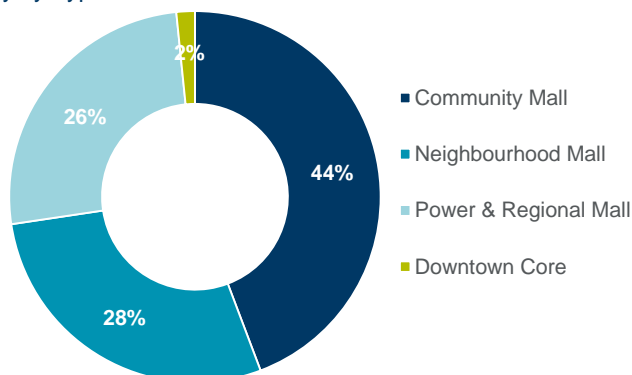
Source: Statistics Canada  
/Conference Board of Canada/  
RBC Economics

## Rental Rate vs. Overall Vacancy



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

## Availability by Type



## Economy

The Canadian economy continues to show strength, with Ontario leading the charge in provincial growth, primarily led by continuing growth in the Greater Toronto Area. The Conference Board of Canada has reported that 329,000 new jobs were created in 2017, making Canada the fastest growing of the G7 countries. Canadian job creation is anticipated to slow down as Canada's 150th birthday celebrations come to a close. Despite the proverbial "hangover", it appears that the year-long celebrations helped put Canada on the list of top destinations in the world, with the New York Times and the Lonely Planet ranking Canada as the number one place to visit in 2017.

There is no shortage of construction projects in Ottawa's pipeline. The Ottawa Light Rail Transit (LRT) Project is the city's largest transportation infrastructure project since construction of the Rideau Canal in the 1860s. Stage one of the project which features a tunnel through the Central Business District is projected to be completed in summer of 2018. Construction of stage two is set to begin in 2019, expanding the Confederation Line west to Moodie Drive, east to Trim Road, and will feature expansion south of the existing Trillium Line, including a spur to the Ottawa International Airport. Dream REIT has kicked-off its first phase of the Zibi mixed-use development, and Trinity's development at 900 Albert Street, a mixed-used complex featuring condos, office and retail space is currently undergoing a sewer relocation before beginning construction later in 2018.

## Market Overview

The retail market continues to evolve, as growth in ecommerce may result in the "brick and mortar" retail market facing higher vacancy rates. Although the rise in ecommerce was not the sole reason, Sears announced it was closing all of its Canadian stores, leaving 591,344 square feet (sf) of vacancy in the National Capital Region. Like Target before it, the departure of Sears will create some significant pockets of space across the city. However there have been some transactions occurring in an effort to backfill these spaces. For example Québec retailer Aubainerie leased 24,000 sf at Place d'Orléans in the former Target space, with Mark's clothing store leasing 18,000 sf right next door.

Community malls saw vacancy rise 80 basis points over the course of 2017 as sizeable blocks of space became available in a handful of centres, while the Regional malls / Power Centres category saw a decline of vacancy by 30 basis points through 2017 primarily due to the removal of 100,000 sf at Place D'Orleans.

This year saw the completion of the redevelopment of the fully leased Shopper's City East with the soon to be relocated Costco. Trinity Common at Citigate has also been largely completed, which also features a Costco.

## Outlook

The retail market is anticipated to soften in 2018 as higher interest rates and a weakened Canadian dollar will impact the economy. With the increasing prices of hydro, ingredients, and the rise in minimum wage, restaurants may face more barriers to enter the market. Discount stores and high-end retailers are projected to remain strong tenants throughout 2018.

MARKETBEAT

# Ottawa, ON

Retail Q4 2017



**CUSHMAN & WAKEFIELD**  
Ottawa

MARKETS/SUBMARKETS	TOTAL BLDGS	INVENTORY (SF)	Q4 2016 VACANCY RATE	Q4 2017 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	OVERALL AVERAGE ASKING RENT *
<b>Regional Malls &amp; Larger Power Centres</b>	14	9,801,443	3.7%	3.6%	349,626	N/A
<b>Community Malls &amp; Smaller Power Centres</b>	37	7,646,230	7.2%	7.9%	-32,533	\$37.48
<b>Downtown Core</b>	21	728,047	4.9%	3.0%	13,860	\$52.46
Ottawa East	14	480,083	6.8%	8.7%	-9,304	\$31.77
Gloucester	14	397,321	13.8%	10.4%	13,229	\$28.65
Orleans	21	834,064	5.0%	4.0%	9,952	\$32.52
Ottawa South	28	1,020,134	3.8%	3.3%	5,675	\$32.55
Kanata/Stittsville	33	1,554,345	4.5%	4.9%	-7,873	\$36.42
Bell's Corners	10	338,302	5.4%	9.0%	-12,334	\$21.42
Nepean (Merivale Road Area)	19	657,301	8.1%	12.9%	-31,563	\$29.78
Nepean/Other/Barrhaven	19	740,491	2.9%	3.7%	-5,360	\$35.31
Ottawa West/Westboro	25	649,039	2.1%	3.0%	-17,380	\$32.99
<b>NEIGHBOURHOOD MALLS TOTAL</b>	183	6,671,080	5.2%	5.8%	-54,958	\$31.94
<b>OTTAWA TOTALS</b>	255	24,846,800	5.3%	5.5%	275,995	\$33.43

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

## Key Lease Transactions 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
110 Place d'Orléans Drive	24,000	Aubainerie	New Lease	Regional Mall/ Larger Power Centre
110 Place d'Orléans Drive	18,000	Mark's	New Lease	Regional Mall/Larger Power Centre
1392 Cyrville Road	17,051	All Africa Market	New Lease	Community Mall/Smaller Power Centre

## Key Construction Completions 2017

PROPERTY	SF	KEY TENANT(S)	PROPERTY TYPE	SUBMARKET
Shopper's City East (Redevelopment)	209,000	Costco, Shopper's Drug Mart, The Beer Store	Community Mall	Ottawa East
Trinity Common at Citigate	380,000	Costco, Value Village, Marshalls	Power Centre	Nepean/Barrhaven

## Key Projects Under Construction 2017

PROPERTY	SF	KEY TENANT(S)	PROPERTY TYPE	SUBMARKET
160 Elgin Street	44,402	Green Rebel, Booster Juice, Bridgehead, Gabriel Pizza	Core Office Tower	Downtown
457 Hazeldean Road	9,700	Starbucks, Chocolat Favoris	Neighbourhood Mall	Kanata

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