

OTTAWA, ON

Retail Q4 2019

CUSHMAN & WAKEFIELD

1.8%

Disposable HH Income

YoY
Chg12-Mo.
Forecast

25,700

Population Growth



4.3%

Unemployment Rate



Source: Statistics Canada / Oxford Economics

CANADIAN ECONOMIC INDICATORS
Q4 2019

1.7%

GDP Growth

YoY
Chg12-Mo.
Forecast

1.6%

Consumer Spending
Growth

0.7%

Retail Sales Growth



Source: Statistics Canada / Oxford Economics

ECONOMY: Ottawa Looks to Tech Sector for Job Growth

After posting the lowest unemployment rate in decades in October 2019, at 4.2%, the Ottawa unemployment rate edged up slightly to 4.3% in November 2019. Ottawa's employment numbers have grown by 59,000 year-over-year; however, that pace is anticipated to slow in 2020 as the economy shifts in a lower gear. The recent return of the Liberal government to power gives reassurance to public servants, along with the expectation of little to no downsizing within the federal government. This coupled with a vibrant tech sector promises a steady economy and job growth rate.

SUPPLY AND DEMAND: Residential Real Estate to Push Retail Success

The Retail Council of Canada predicts that shopping centres will start to see a dramatic change in 2020 and beyond, as approximately 87% of Canadian adults surveyed in a recent poll stated that they would consider residing in an area/neighbourhood that offers the "live, work, shop, play" lifestyle. Locally, this was apparent with the excitement of the Lebreton Flats redevelopment and the public's dismay at its dissolution. Dream REIT's Zibi, the "Waterfront City", will be a 34-acre mixed-use development, with 250,000 square feet (sf) designated to retail opportunities. Another example of this retail upheaval and its dependency on close-proximity residential units is RioCan's plan to demolish Lincoln Fields Shopping Centre and replace it with a mix of commercial and retail space. Over the next few years Ottawa will see a modernization of the retail landscape.

The Pinecrest Shopping Centre, located in the west end of Ottawa, has leased out 78,000 sf to home furniture retailer Maison Corbeil. The space, formerly occupied by a Sears Home Store, was one of many large spaces within the city that was vacated by the demise of big-box stores such as Sears and Target. This latest lease shows that the state of the retail market within Ottawa may not be fizzling out.

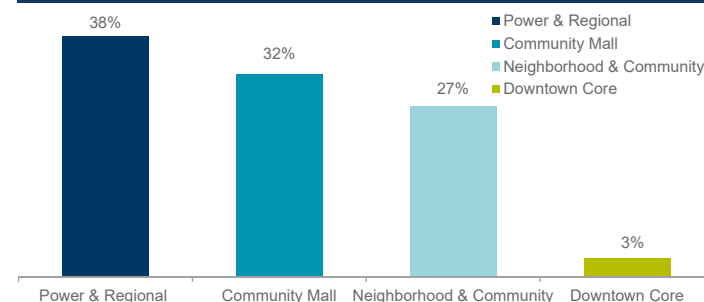
PRICING: Asking Rents on the Rise

Retail rents are on the rise, increasing a little over \$2.00 per square foot in 2019 overall. Over the past year, gross rents have increased significantly, particularly in Community Malls. This could be a result of the "live, work, shop, play" mentality and the demand for space within those communities. It is expected that rents will continue to rise to offset modernization costs in order to appeal to consumers.

RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



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MARKETS/SUBMARKETS	INVENTORY (SF)	TOTAL BUILDINGS	Q2 2018 VACANCY RATE	Q4 2019 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	OVERALL ASKING RENT
REGIONAL MALLS & LARGER POWER CENTRES	9,300,079	13	4.1%	3.8%	29,545	N/A
COMMUNITY MALLS & SMALLER POWER CENTRES	7,701,317	37	5.3%	4.5%	63,837	\$47.48
DOWNTOWN CORE	728,047	21	5.0%	3.1%	14,170	\$42.26
Ottawa East	480,083	14	6.1%	4.4%	8,156	\$26.70
Gloucester	397,321	14	13.1%	11.9%	3,388	\$27.69
Orleans	834,064	21	4.0%	4.6%	-5,045	\$25.66
Ottawa South	1,020,134	28	2.8%	2.2%	6,557	\$36.78
Kanata / Stittsville	1,554,345	33	3.9%	4.4%	-8,605	\$32.97
Bell's Corners	337,360	10	10.3%	11.4%	-7,637	\$32.98
Nepean (Merivale Road Area)	657,301	19	6.6%	10.5%	-25,902	\$33.43
Nepean / Other / Barrhaven	740,491	19	1.0%	6.1%	-37,593	\$43.73
Ottawa West / Westboro	649,039	25	3.0%	3.1%	-39,780	\$35.82
NEIGHBOURHOOD MALLS TOTAL	6,670,138	183	4.6%	5.6%	-106,461	\$32.76
OTTAWA TOTALS	24,399,581	254	5.2%	4.5%	1,091	\$39.86

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS H2 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Pinecrest Shopping Centre	Nepean	Masion Corbeil	78,000	Regional Mall

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KEY SALES TRANSACTIONS H2 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Hazeldean Mall	Kanata / Stittsville	Bentall Kennedy Prime / Hazeldean Mall Regional Inc	223,740	\$14,250,000 / \$64
Strandherd Central	Nepean / Other / Barrhaven	Minto Inc / 3091 Strandherd Inc	32,022	\$15,250,000 / \$476
Riverside Mall	Ottawa South	561266 Ontario Inc / Brigil Construction Inc	28,346	\$5,450,000 / \$192

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