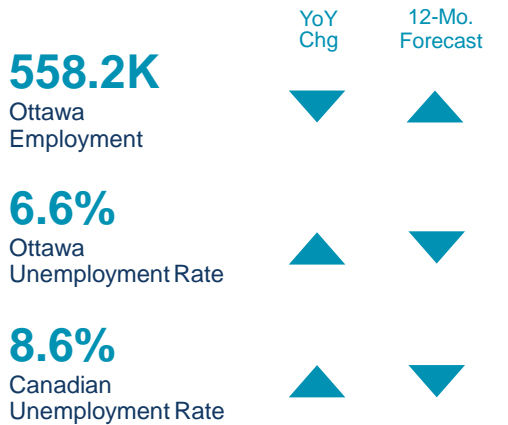


**ECONOMIC INDICATORS Q4 2020**



Source: Statistics Canada

**ECONOMY**

The National Capital Region (NCR) benefits from the presence of the federal government, often insulating it from dips in the economy. While this still remains true as Ottawa-Gatineau's GDP will not drop as much as the national level due to growth within public administration, it is still projected to fall by 5.7% in 2020, the first decline since 1996. The economy is set to rebound in the coming years, with average growth of 2.1% annually from 2022 to 2024. Despite a boost from the area's largest industry, the NCR is not immune to the impacts of the COVID-19 pandemic. Consumer-driven sectors that were beginning to bounce back in the third quarter of 2020 have had to revert to more stringent lockdown measures, in a pre-emptive response to a projected spike in cases from holiday gatherings.

Source: Conference Board of Canada

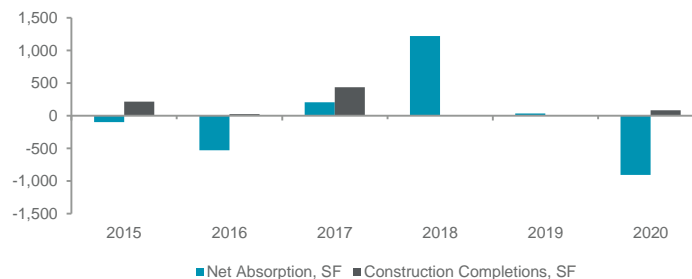
**DEMAND: Class A Space Most Impacted by Recession**

The COVID-19 pandemic has had a significant impact on vacancy in the Ottawa office market. Most notable of this is Class A space. Ottawa's Class A availability has steadily risen quarter-over-quarter over the course of 2020, with Class A Central and Suburban availability increasing by 180 basis points to 6.8% and 260 basis points to 8.4%, respectively. The NCR closed out an unprecedented year with close to negative 905,000 square feet (sf) of overall absorption. Large pockets of sublet space coming to market contributed to this significant negative absorption, with more projected for the first quarter of 2021. Available space for sublease now accounts for 14.7% of the overall vacancy in the city, with Class A space accounting for 23%. Despite vacancy rate highs within the nation's capital, Ottawa office availability still remains below the national average of 12.2%.

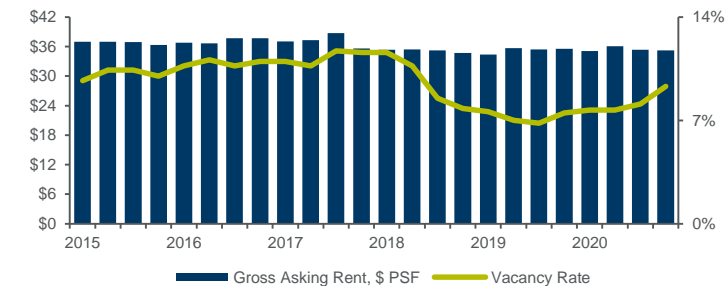
**PRICING**

COVID-19 has had little influence over asking net rental rates, despite the large influx of vacant space coming to market in 2020. Overall net rental rates continue to hover in the \$17.00 per square foot range, while landlords focus on free rent and fit-up costs to induce tenants. Rates may be more favourable and flexible with the ample amounts of sublet space that has come to the market in 2020. The rates of subletted Class A space may contend with direct Class B rates, causing vacancy within Class B buildings to rise moving into 2021.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & GROSS ASKING RENT**



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Core	16,073,095	248,869	1,153,292	8.7%	-42,951	-215,692	370,353	183,540	\$41.53	\$47.32
Centretown	1,739,326	9,466	194,540	11.7%	-22,364	-28,797	63,261	0	\$30.79	\$31.36
Byward Market	842,861	25,319	153,700	21.2%	-13,043	-60,775	36,521	0	\$36.91	\$41.51
<b>CENTRAL AREA TOTALS</b>	<b>18,655,282</b>	<b>283,654</b>	<b>1,501,532</b>	<b>9.6%</b>	<b>-78,358</b>	<b>-305,264</b>	<b>470,135</b>	<b>183,540</b>	<b>\$40.12</b>	<b>\$47.08</b>
Kanata	6,737,948	151,655	412,470	8.4%	-38,064	-183,610	310,031	0	\$28.25	\$29.00
Ottawa West	3,972,145	35,654	216,449	6.3%	-44,155	-20,820	117,297	0	\$32.58	\$36.28
Nepean	5,564,642	27,536	256,482	5.1%	-58,101	-36,552	122,342	0	\$29.12	\$33.50
Ottawa East	5,059,065	60,073	442,296	8.7%	-85,465	-87,706	90,757	0	\$26.18	\$29.64
Gloucester	1,532,201	6,893	510,660	33.8%	-116,040	-271,036	30,807	0	\$29.12	N/A
<b>TOTAL SUBURBAN TOTALS</b>	<b>22,866,001</b>	<b>281,811</b>	<b>1,778,284</b>	<b>9.0%</b>	<b>-341,825</b>	<b>-599,724</b>	<b>671,234</b>	<b>0</b>	<b>\$29.33</b>	<b>\$31.13</b>
<b>OTTAWA TOTALS</b>	<b>41,521,283</b>	<b>565,465</b>	<b>3,279,816</b>	<b>9.3%</b>	<b>-420,183</b>	<b>-904,988</b>	<b>1,141,369</b>	<b>183,540</b>	<b>\$35.26</b>	<b>\$39.34</b>
SUMMARY BY CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING NET RENT	OVERALL AVG ASKING GROSS RENT
Class A	26,611,953	475,240	1,581,565	7.7%	-220,964	-760,448	655,142	183,540	\$19.89	\$39.34
Class B	12,208,056	75,051	1,456,417	12.5%	-234,277	-189,726	388,522	0	\$15.00	\$30.51
Class C	2,701,274	15,174	241,834	9.5%	35,058	45,186	97,705	0	\$13.70	\$28.67

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
555 Legget Drive	Kanata	Fidus Systems Inc.	14,248	New Direct
340 Legget Drive	Kanata	Rianta	27,397	New Direct
1-3 Iber Road	Kanata	DA Integrated	13,200	Renewal

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
233 Argyle Avenue	Centretown	Named Individuals / Smart Living Properties	3,850	\$1,320,000 / \$343
81 Metcalfe Street	Downtown Core	CMHC / Metcalfe Holdings Ltd.	57,170	\$12,450,000 / \$218

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