

	YoY Chg	12-Mo. Forecast
10.6% Vacancy Rate	▲	▲
-567,356 Net Absorption, SF	▼	▼
\$36.38 Gross Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2021

	YoY Chg	12-Mo. Forecast
587.5K Ottawa Employment	▲	▲
6.3% Ottawa Unemployment Rate	▲	▼
7.5% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY

Lockdown measures became less restrictive, albeit short-lived, as Ottawa moved into the red zone in the Ontario provincial framework in March. Despite COVID-19 precautions, Ottawa projects a healthy outlook for 2021 fuelled by strength within the high-tech and construction sectors. Ottawa-Gatineau's public administration sector is set to cool as large-scale government growth comes to an end with the focus turning to deficit containment. Ottawa benefits from a diverse economy and expected growth in other services will act to counterweight the modest outlook within public administration. The construction industry is forecast to have a strong performance throughout 2021 with a combination of strong residential and commercial investment. Stage 2 of the LRT project to extend south and west of the city is underway with completion slated for 2022 and 2024, respectively. The LeBreton Flats redevelopment project is also scheduled to begin after several delays with the construction of a new central library.

Source: Conference Board of Canada

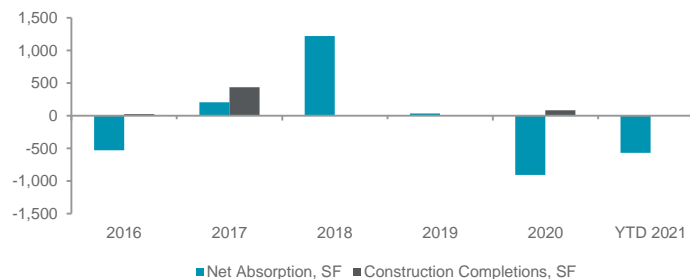
DEMAND: Class A Sublet Space Continues to Rise

Sublease space continues to rise in Ottawa, accounting for 30.3% of all available Class A space within the office market. Bell Canada's release of just over 105,000 square feet (sf) at 160 Elgin Street this quarter has increased sublet space within the downtown core to more than half of all available Class A space. Additional space coming to market and minimal leasing activity has resulted in Ottawa's vacancy rate to increase 130 basis points from last quarter to 10.6%. The majority of space coming back to the market is Class A and totaled a little over 516,000 sf of negative absorption. Of this square footage, 66% is from Ottawa's Central market. While the bulk of space being surrendered to the market is Class A space, much of the space being leased within the market is also Class A. Of the 146,000 sf leased this quarter, 100,800 sf was Class A space.

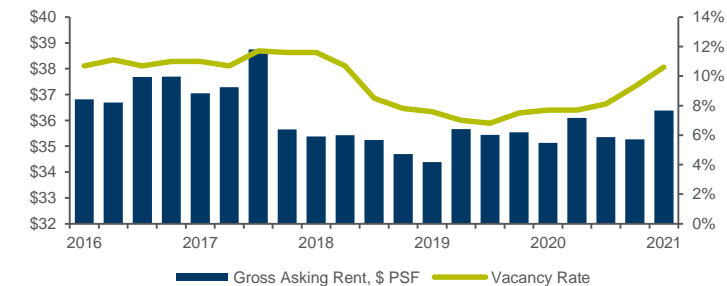
PRICING: Rental Rates Remain Stable Despite Rising Vacancy

Despite the ample amounts of space coming to market, asking net rental rates have remained stable throughout 2020 and into 2021. It is expected that landlords will compete for prospective tenants through incentives and free rent. It should be noted that sublet pricing may drive asking rents down as empty offices sit on the market.

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	546,249	1,288,710	11.1%	-387,348	-387,348	27,980	183,540	\$42.18	\$47.32
Centretown	1,739,326	9,466	175,571	10.6%	18,969	18,969	13,100	0	\$30.14	N/A
Byward Market	842,861	25,319	159,329	21.9%	-5,629	-5,629	0	0	\$36.53	\$41.96
CENTRAL AREA TOTALS	18,655,282	582,784	1,563,610	11.5%	-374,008	-374,008	41,080	183,540	\$40.76	\$47.63
Kanata	6,737,948	153,866	582,121	10.9%	-171,862	-171,862	40,892	150,000	\$28.57	\$28.94
Ottawa West	3,972,145	40,654	238,094	7.0%	-26,645	-26,645	40,515	0	\$32.71	\$36.95
Nepean	5,564,642	33,560	259,713	5.3%	-9,275	-9,275	5,850	0	\$29.03	\$33.31
Ottawa East	5,065,445	60,083	386,103	8.8%	-3,217	-3,217	200	0	\$30.39	\$30.50
Gloucester	1,532,201	6,893	493,009	32.6%	17,651	17,651	17,651	0	\$29.19	N/A
TOTAL SUBURBAN TOTALS	22,872,381	295,056	1,959,040	9.9%	-193,348	-193,348	105,108	150,000	\$30.22	\$31.47
OTTAWA TOTALS	41,527,663	877,840	3,522,650	10.6%	-567,356	-567,356	146,188	333,540	\$36.38	\$40.60
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	26,618,333	780,707	1,792,778	9.7%	-516,007	-516,007	100,843	333,540	\$20.64	\$40.60
Class B	12,208,056	80,209	1,472,070	12.7%	-33,631	-33,631	37,070	0	\$15.55	\$31.59
Class C	2,701,274	16,924	257,802	10.2%	-17,718	-17,718	8,275	0	\$13.65	\$28.29

*Rental rates reflect direct full service asking

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1870 Alta Vista Drive	Ottawa South	Bank of Nova Scotia	112,000	Renewal
1000 Innovation Drive	Kanata	TSMC Design Technology	34,146	New Direct
343 Preston Street	Ottawa West	Adobe	N/A	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
2220 Walkley Road	Ottawa South	The Properties Group / 2220 Walkley Road Ltd	83,275	\$18,250,000 / \$219
2430 – 2440 Bank Street	Ottawa South	Wantage Developments Inc / Rahal Hair Transplant	40,000	\$15,500,000 / \$388

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