

	YoY Chg	12-Mo. Forecast
<b>10.2%</b> Vacancy Rate	▲	▼
<b>-129,205</b> Net Absorption, SF	▲	▲
<b>\$36.22</b> Gross Asking Rent, PSF	▲	—

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
<b>589K</b> Ottawa Employment	▲	▲
<b>5.9%</b> Ottawa Unemployment Rate	▼	▼
<b>6.9%</b> Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

## ECONOMY

Originally companies that had planned on a broad return to the office this summer and fall are having to rethink their plans due to the rise of the Delta variant. Some have chosen to postpone their plans as they await a decline in virus cases and are now estimating a return to the office in the first quarter of 2022. The federal government, a large user of office space in Ottawa and main contributor to the liveliness of the downtown core, has started the process on a gradual return to work. As of August 3rd, 2021 a small number of federal public servants returned to the office as part of a test project. As restrictions ease, companies have been able to reopen, along with increased capacity. This has allowed companies to strive towards a rapid recovery after severe shutdowns in key sectors of the economy during the last year. The construction industry will continue to strengthen over the short term as the city focuses on expanding Light Rail transit throughout the city as part of its second stage.

Source: Conference Board of Canada

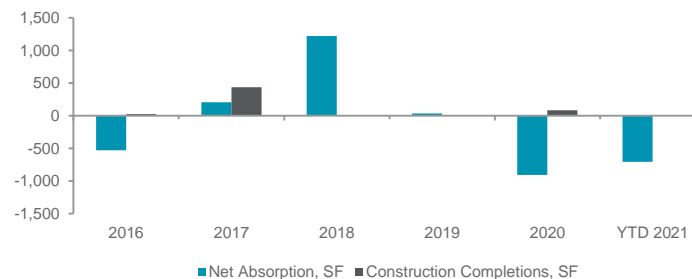
## DEMAND: Overall Vacancy Declines While Sublet Space Rises

Vaccination rates have continued to increase throughout Ontario as the province strives to revert to pre-pandemic ways. However, there is caution surrounding what impact the Delta variant may have on the market with cases due to the variant projected to peak from October through November 2021. Despite being faced with uncertainty, many companies have decided to push forward. Demand continued to increase from the previous quarter, as overall vacancy declined by 40 basis points (bps) from last quarter to 10.2%. The decline was primarily the result of a 150-bps decline in vacancy in the suburban market, with the central market countering its efforts, having an uptick of 80 bps in overall vacancy. Sublet space increased in both the suburban and central market, with four submarkets contributing to the 181k-square foot (sf) rise. Direct vacant space declined by nearly 400k sf from the previous quarter, solely due to declines in the suburban market. The third quarter closed at 129k sf negative absorption compared to 11k sf of negative absorption last quarter. While this is a drastic shift from the last quarter, the market has been progressing in a strongly positive direction since the first quarter of 2021, which posted 567k sf of negative absorption.

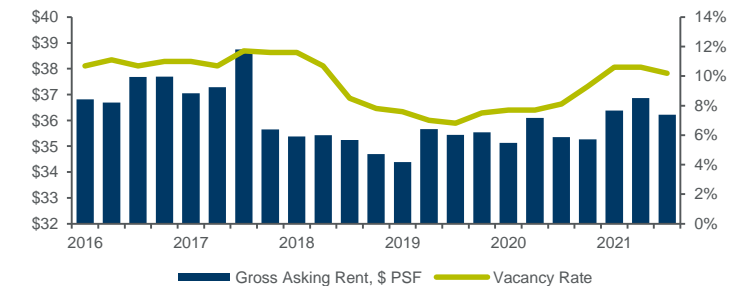
## PRICING: Rental Rates Holding Strong

The overall gross rent had an overall decrease from the previous quarter, as did gross rents in both the central and suburban markets. Although there was a slight decrease overall, the market has continued to hold strong, with the overall asking gross rent in the third quarter at \$36.22 per square foot (psf) compared to \$36.87 psf in the previous quarter. Out of all eight submarkets, four had increases in rent from last quarter, all located in the suburban 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	444,745	1,321,090	11.0%	-156,835	-376,474	238,253	183,540	\$41.82	\$49.77
Centretown	1,739,326	5,106	194,133	11.5%	-2,454	4,767	64,303	0	\$30.15	N/A
Byward Market	842,861	19,528	163,091	21.7%	8,183	-3,600	3,898	0	\$35.06	\$40.79
<b>CENTRAL AREA TOTALS</b>	<b>18,655,282</b>	<b>469,379</b>	<b>1,678,314</b>	<b>11.5%</b>	<b>-151,106</b>	<b>-375,307</b>	<b>306,454</b>	<b>183,540</b>	<b>\$40.30</b>	<b>\$49.16</b>
Kanata	6,737,948	162,611	573,887	10.9%	-92,935	-366,330	240,332	150,000	\$30.35	\$30.61
Ottawa West	3,972,145	29,761	221,157	6.3%	-21,758	1,185	127,922	0	\$32.19	\$34.04
Nepean	5,564,642	30,060	226,904	4.6%	89,767	27,034	47,394	0	\$29.75	\$33.54
Ottawa East	5,065,445	39,128	328,461	7.3%	28,340	-34,147	26,495	0	\$31.15	\$32.20
Gloucester	1,532,201	0	478,070	31.2%	18,487	39,483	20,996	0	\$24.03	N/A
<b>TOTAL SUBURBAN TOTALS</b>	<b>22,872,381</b>	<b>261,560</b>	<b>1,828,479</b>	<b>9.1%</b>	<b>21,901</b>	<b>-332,775</b>	<b>463,139</b>	<b>150,000</b>	<b>\$30.86</b>	<b>\$32.46</b>
<b>OTTAWA TOTALS</b>	<b>41,527,663</b>	<b>730,939</b>	<b>3,506,793</b>	<b>10.2%</b>	<b>-129,205</b>	<b>-708,082</b>	<b>769,593</b>	<b>333,540</b>	<b>\$36.22</b>	<b>\$40.97</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	26,618,333	666,811	1,782,843	9.2%	-142,944	-586,747	523,367	333,540	\$20.96	\$40.97
Class B	12,208,056	53,788	1,455,952	12.4%	-8,146	-100,005	191,544	0	\$15.93	\$32.70
Class C	2,701,274	10,340	267,998	10.3%	21,885	-21,330	54,682	0	\$12.71	\$25.74

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
450 March Road	Kanata North	SolarWinds	48,866	Renewal
1000 Innovation Drive	Kanata North	TCC Canada	29,913	New Direct
123 Slater Street	Downtown Core	TEKsystems	8,054	Renewal

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1870 Alta Vista Drive	Alta Vista	CMA Joule Inc / Groupe Mach Inc	112,000	\$31,600,000 / \$282.

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