

	YoY Chg	12-Mo. Forecast
<b>12.1%</b> Overall Vacancy Rate	▲	▬
<b>-305K</b> Overall Net Absorption, SF	▼	▬
<b>\$35.14</b> Gross Asking Rent, PSF	▲	▼

*(Direct Asking Rent, All Property Classes)*

## ECONOMIC INDICATORS Q2 2023

	YoY Chg	12-Mo. Forecast
<b>641K</b> Ottawa Employment	▲	▲
<b>4.4%</b> Ottawa Unemployment Rate	▲	▬
<b>5.4%</b> Canadian Unemployment Rate	▲	▲

Source: Statistics Canada

## ECONOMY

Canadian consumers were quick out of the gate in 2023 with healthy durable goods spending; however, this is expected to lose steam quickly through the remainder of the year. Stronger economic growth and rising inflation across much of the globe is leading to higher interest rates than what was expected a quarter ago. The Bank of Canada came off the sidelines to hike the interest rate by a quarter-point after a two-meeting pause in early June, and they are likely to do the same in July. (TD Economics)

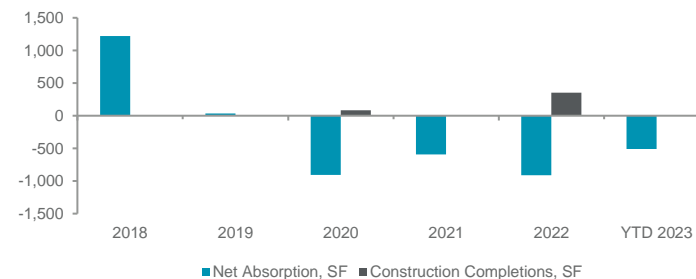
## DEMAND

Ottawa's office vacancy rate jumped above 12% in the second quarter of 2023, marking the fourth consecutive quarter in which the vacancy rate has jumped significantly. From July 2022 to July 2023, the overall vacancy rate has increased by 250 basis points – a historically large jump. There is a notable shift in how office space is being utilized. It is difficult to pinpoint a consistent approach, as it varies widely in both the public and private sectors. Tenants are grappling with the challenges of reintegrating employees into the office while also accommodating remote work, seeking to strike the right balance between the two. The recent release of a long list of disposals by the Government of Canada has sparked curiosity and anticipation about how the office market in Ottawa will evolve. As these properties become available for acquisition, investors, developers, and businesses are likely to take a keen interest in reshaping the office market.

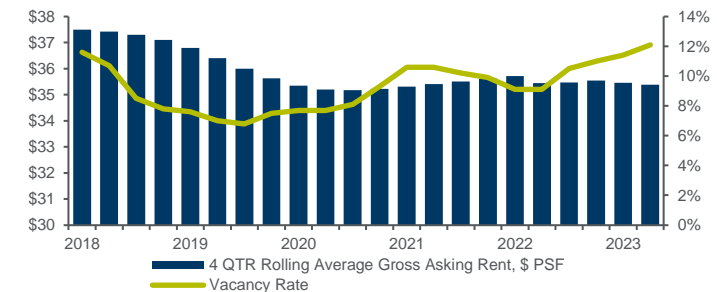
## PRICING

While Ottawa's office market continues to experience rising vacancy rates and net negative absorption, office asking rents have remained relatively stable. However, tenants now find themselves in a position of leverage, enabling them to secure better inducements, incentives, and lease terms for new deals. The market is currently in an adjustment phase as it adapts to the evolving dynamics of supply and demand. Unless there is a significant reduction in available office space in Ottawa, market forces are expected to exert downward pressure on net asking rents.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & GROSS DIRECT 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	18,663,776	284,765	1,881,149	11.6%	-205,797	-300,230	234,201	-	\$39.35	\$48.45
Centretown	1,207,532	6,100	164,791	13.6%	26,952	17,272	47,071	-	\$30.27	-
Lowertown / Sandy Hill	845,726	0	192,969	22.8%	0	4,995	8,905	-	\$35.30	\$41.04
Glebe / Main	255,845	9,145	43,759	20.7%	-11,230	-7,230	7,534	-	\$35.18	\$38.95
Central Dispersed	183,540	0	-	0.0%	0	0	0	61,888	-	-
<b>CENTRAL AREA TOTALS</b>	<b>21,156,419</b>	<b>293,910</b>	<b>2,282,668</b>	<b>12.2%</b>	<b>-190,075</b>	<b>-285,193</b>	<b>297,711</b>	<b>61,888</b>	<b>\$38.05</b>	<b>\$47.48</b>
Ottawa West	9,323,971	83,300	707,972	8.5%	-57,121	-110,160	277,893	-	\$31.52	\$36.15
Ottawa Deep West	6,653,446	282,650	806,009	16.4%	-86,865	-125,943	173,548	-	\$26.52	\$26.08
<b>SUBURBAN WEST TOTALS</b>	<b>15,977,417</b>	<b>365,950</b>	<b>1,513,981</b>	<b>11.8%</b>	<b>-143,986</b>	<b>-236,103</b>	<b>451,441</b>	<b>-</b>	<b>\$30.20</b>	<b>\$30.96</b>
Ottawa South	496,830	4,103	0	0.8%	30,087	34,190	38,293	-	-	-
Ottawa East	5,693,256	30,807	746,355	13.7%	-1,018	-22,648	168,340	-	\$34.18	\$35.38
<b>TOTAL SUBURBAN TOTALS</b>	<b>22,167,503</b>	<b>400,860</b>	<b>2,260,336</b>	<b>12.0%</b>	<b>-114,917</b>	<b>-224,561</b>	<b>658,074</b>	<b>-</b>	<b>\$31.88</b>	<b>\$33.42</b>
<b>OTTAWA TOTALS</b>	<b>43,323,922</b>	<b>694,770</b>	<b>4,543,004</b>	<b>12.1%</b>	<b>-304,992</b>	<b>-509,754</b>	<b>955,785</b>	<b>61,888</b>	<b>\$35.14</b>	<b>\$40.19</b>

\*Rental rates reflect direct full service asking

**KEY LEASE TRANSACTIONS Q2 2023**

PROPERTY	SUBMARKET	Tenant	DEAL TYPE	SF
425 Legget Dr	Kanata North	Wind River	Direct	58,205
99 Bank St	Central Business District	Norton Rose Fulbright	Direct	27,586
50 O'Connor	Central Business District	National Bank of Canada	Direct	12,595

**KEY SALES TRANSACTIONS Q2 2023**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
340 Terry Fox Dr	Kanata North	Wesley Clover International Corp/SGC Enterprises Inc	69,000	\$12,600,000 / \$182.61
1948-1950 Merivale Rd	Ottawa West Dispersed	2356609 Ontario Inc / 14666616 Canada Inc	29,108	\$7,100,000 / \$243.92
1785 Alta Vista	Ottawa East Dispersed	Canadian Pharmacists Association / Shalaby Enterprises	27,500	\$4,900,000 / \$178.18
2170 Thurston Dr	Ottawa Business Park	Shalaby Enterprises Ltd / 1000544437 Ontario Inc	16,380	\$4,100,000 / \$250.30
250 Herzberg Rd	Kanata North	Hayman International Inc / 1267563 Canda Inc	9,500	\$2,375,000 / \$250.00

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