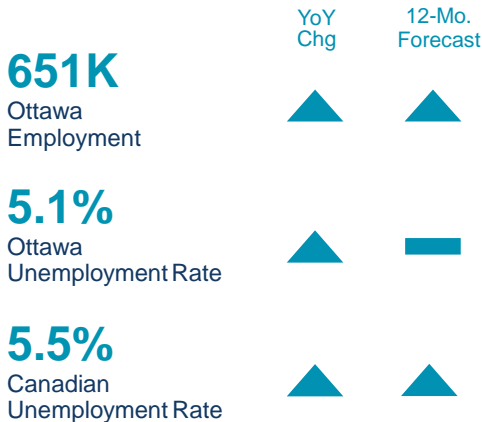


(Direct Asking Rent, All Property Classes)

## ECONOMIC INDICATORS Q3 2023



Source: Statistics Canada

## ECONOMY

Long-term Canadian GDP growth is expected to stabilize following an economic slowdown in 2024 and a subsequent rebound in 2025 and 2026. This will be driven by solid population and labour force growth, while productivity growth is expected to lag. Business investment is expected to grow above trend over the long-term forecast horizon. The need to build more homes will boost residential investment, and the opportunity to fast track the clean energy transition will cause a lift to investment in structures, machinery, and equipment. With inflationary pressures easing over the medium term, the Bank of Canada will be able to cut its policy rate back to the neutral rate of 2.25% by 2025.

Source: TD Economics

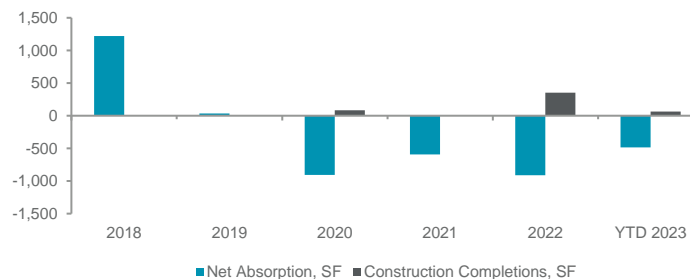
## DEMAND

In the third quarter of 2023, Ottawa's office market experienced a further decline, albeit at a somewhat reduced rate compared to earlier quarters. During this period, the overall vacancy rate saw a modest increase from last quarter to 11.9%, indicating a trend toward stabilization. The market is experiencing a slight uptick in leasing activity, as tenants actively seek out the abundance of premium office spaces scattered throughout the city, with a particular focus on neighborhoods boasting an array of amenities. Ottawa's office market is witnessing a notable surge in proposals for repurposing office space into multi-residential properties. A prime example of this emerging trend is the 14-storey high-rise located at 110 O'Connor Street, situated just steps away from Parliament Hill. This conversion is indicative of a broader trend in Ottawa's real estate market, where underutilized office spaces are being reimagined to meet the evolving demands of the city.

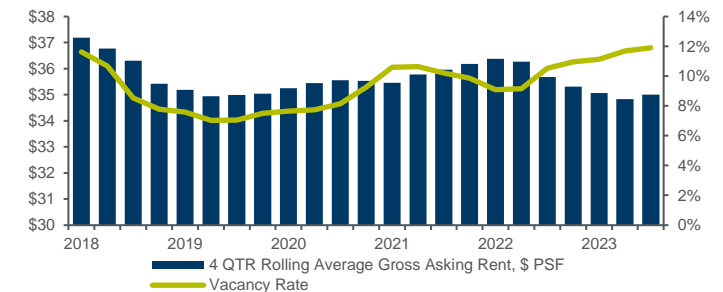
## PRICING

Despite increasing vacancy rates and a net decrease in occupied office space, the pricing for office rentals in Ottawa has managed to maintain a relatively steady course. Unless there is a noteworthy reduction in available office space in Ottawa, market dynamics are anticipated to put downward pressure on the posted rental rates. That said, the upcoming wave of property conversions is expected to bring down supply.

## 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	282,476	1,907,555	11.7%	-32,847	-327,941	272,797	-	\$39.05	\$48.48
Centretown	1,202,664	0	168,873	14.0%	-8,950	13,190	47,468	-	\$30.50	\$33.61
Lowertown / Sandy Hill	858,207	13,646	206,358	25.6%	-4,223	772	8,905	-	\$35.34	\$41.07
Glebe / Main	255,845	17,258	27,425	17.5%	-5,107	-12,246	11,791	-	\$32.95	N/A
Central Dispersed	245,428	0	14,203	5.8%	47,685	47,685	0	-	N/A	N/A
<b>CENTRAL AREA TOTALS</b>	<b>21,225,920</b>	<b>313,380</b>	<b>2,324,414</b>	<b>12.4%</b>	<b>-3,442</b>	<b>-278,540</b>	<b>340,961</b>	<b>-</b>	<b>\$37.87</b>	<b>\$47.70</b>
Ottawa West	9,377,605	91,132	723,692	8.7%	-50,569	-139,661	383,398	-	\$31.66	\$36.34
Ottawa Deep West	6,653,446	218,145	663,981	13.3%	61,090	-26,024	284,989	-	\$26.61	\$26.07
<b>SUBURBAN WEST TOTALS</b>	<b>16,031,051</b>	<b>309,277</b>	<b>1,387,673</b>	<b>10.6%</b>	<b>10,521</b>	<b>-165,685</b>	<b>668,387</b>	<b>-</b>	<b>\$30.27</b>	<b>\$31.05</b>
Ottawa South	496,830	4,103	38,993	8.7%	-38,993	-4,803	71,666	-	\$34.00	\$34.00
Ottawa East	5,717,750	35,802	760,037	13.9%	-11,596	-34,244	171,272	-	\$34.22	\$35.40
<b>TOTAL SUBURBAN TOTALS</b>	<b>22,245,631</b>	<b>349,182</b>	<b>2,186,703</b>	<b>11.4%</b>	<b>-40,068</b>	<b>-204,732</b>	<b>911,325</b>	<b>-</b>	<b>\$32.00</b>	<b>\$33.48</b>
<b>OTTAWA TOTALS</b>	<b>43,471,551</b>	<b>662,562</b>	<b>4,511,117</b>	<b>11.9%</b>	<b>-43,510</b>	<b>-483,272</b>	<b>1,252,286</b>	<b>-</b>	<b>\$35.10</b>	<b>\$39.97</b>

\*Rental rates reflect direct full service asking

## KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	Tenant	DEAL TYPE	SF
425 Legget Drive	Ottawa West	Undisclosed	Direct	58,205
2625 Queensview Drive	Ottawa West	Undisclosed	Direct	11,419
1600 Carling Avenue	Ottawa West	Bird Construction Company Ltd	Direct	11,258

## KEY SALES TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
66 Slater Street	CBD	KingSett Capital / Katasa Group & ARG	261,815	\$57,000,000 / \$217.71
100 Herzberg Road	Kanata North	13223492 Ontario Inc / Conestoga College	106,614	\$19,850,000 / \$186.19
360 Laurier Avenue West	CBD	True North REIT / CLV Group	112,437	\$17,500,000 / \$155.64
130 Slater Street	CBD	KingSett Capital / Katasa Group & ARG	125,960	\$15,500,000 / \$123.05
5430 Canotek Road	Gloucester	2370153 Ontario Ltd / JP Gravel Construction	15,250	\$3,500,000 / \$229.51

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