

	YoY Chg	12-Mo. Forecast
7.7% Vacancy Rate	▲	▲
-24,075 Net Absorption, SF	▼	▼
\$36.10 Gross Asking Rent, PSF	▼	▬

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
544K Ottawa Employment	▼	▲
7.7% Ottawa Unemployment Rate	▲	▼
13.7% Canadian Unemployment Rate	▲	▼

Source: Statistics Canada

ECONOMY: CoVID19 Pandemic Causes Global Economic Recession

State of emergency measures were put into effect across Ontario beginning in mid-March. At this time there were a number of business closures, travel restrictions, and isolation protocols in effect to maintain a level of physical distance. These measures caused an abrupt shutdown of the Canadian economy at an unprecedented rate. This shock to the Canadian labour market has resulted in employment loss of upwards of 3 million people. Ottawa is sitting at an unemployment rate of 7.7%, up 2.5% year-over-year. Now that restrictions have begun to gradually decrease and businesses are tentatively reopening, there is a continuous eye on labour market levels. This gradual easing of restrictions, while beneficial to Canadian businesses, will also pose its own challenges. The adaptation of workplaces to fit into the “new normal” that COVID-19 has presented will cause a complete reorganization of many office fit-ups and building protocols.

Source: Statistics Canada

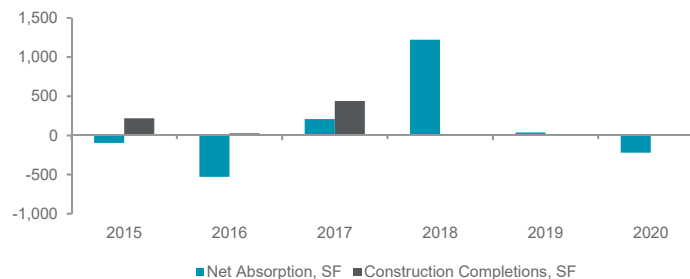
DEMAND: Overall Vacancy Remains Stable While Sublet Space Rises

Overall vacancy in Ottawa has remained relatively stable over the first half of 2020 rising only 50 basis points to 7.7% in the second quarter of 2020. While overall vacancy has shifted only slightly, sublet space has increased by 150% since the fourth quarter of 2019. Class A sublet space has increased by 180%, with approximately 220,000 square feet (sf) available. This is more a reflection of the uncertainty that COVID-19 has caused, leading companies to consider downsizing. Prior to COVID-19, the office was the embodiment of corporate culture and used to entice promising candidates. As the city begins to slowly lift restrictions, companies have been putting more consideration into returning to the workplace versus working from home. The office will not become obsolete due to COVID-19, however the new normal will become an ecosystem of a variety of locations rather than a single space. While large corporations, such as Shopify, have announced they will continue to work from home for the foreseeable future, it is not expected that large volumes of space will come onto the market in the short term.

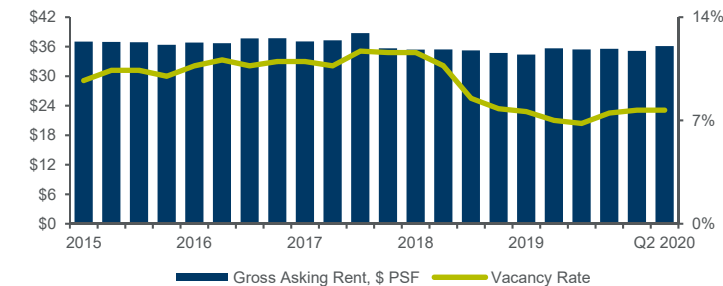
PRICING: COVID Accelerating The Suburban Resurgence

Throughout the first wave of COVID-19 rental rates have remained relatively stable while the city recovers from months of lockdown, particularly in areas that can benefit new workplace strategies. While Ottawa begins Phase 2 of reopening the city, we may see a surge in demand for suburban office space. Kanata and Ottawa West markets have already seen considerable leasing activity thanks to perks such as ample parking and faster commute times

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	1,287,339	60,886	1,194,203	7.8%	32,250	-29,917	212,815	183,540	\$41.87	\$47.32
Centretown	1,739,326	1,406	196,918	11.4%	-13,532	-23,115	6,465	0	\$15.83	N/A
Byward Market	842,861	17,094	115,927	15.8%	-20,123	-14,777	17,313	0	\$39.36	\$45.73
CENTRAL AREA TOTALS	18,655,282	79,386	1,507,048	8.5%	-1,405	-67,809	236,593	183,540	\$40.67	\$47.95
Kanata	6,654,948	118,757	261,413	5.7%	30,681	-67,395	173,288	100,000	\$27.15	\$28.17
Ottawa West	3,972,145	21,168	176,699	5.0%	-25,654	33,416	63,102	0	\$33.32	\$35.79
Nepean	5,564,642	9,471	269,636	5.0%	-10,828	13,023	59,728	0	\$28.97	\$33.08
Ottawa East	4,961,982	10,530	364,982	7.6%	-10,592	-7,606	49,312	0	\$29.28	\$31.07
Gloucester	1,532,201	5,780	372,798	24.7%	-6,277	-126,281	5,604	0	\$35.04	\$35.04
TOTAL SUBURBAN TOTALS	22,685,918	165,706	1,445,528	7.1%	-22,670	-154,843	351,034	100,000	\$30.21	\$32.49
OTTAWA TOTALS	41,341,200	245,092	2,952,576	7.7%	-24,075	-222,652	587,627	283,540	\$36.10	\$40.72
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	26,528,953	221,273	1,286,495	5.7%	-37,445	-253,222	327,419	283,540	\$20.96	\$40.72
Class B	12,110,973	4,519	1,334,741	11.1%	19,046	40,046	218,715	0	\$15.10	\$30.93
Class C	2,701,274	19,300	331,340	13.0%	-5,676	-9,476	41,493	0	\$13.77	\$28.09

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2020*

PROPERTY	SUBMARKET	TENANT	SF	TYPE
66 Slater Street	Central Business District	N/A	35,044	New Direct
1145 Innovation Drive	Kanata	N/A	18,020	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
395 Terminal Avenue	Ottawa East	Controlex Corp / BentallGreenOak Prime	239,802	\$97,500,000 / \$407
126 York Street & 151 George Street	Byward Market	126 York St Ltd / 12052229 Canada Inc	70,000	\$33,000,000 / \$471
234 Laurier Avenue West	Downtown Core	Outcore Equities Inc / Crestpoint Real Estate	460,000	\$92,011,695 / \$200

Nathan Smith, Broker

Executive Vice President

Managing Director

+1 613 236 7777 info@cwottawa.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.