

	YoY Chg	12-Mo. Forecast
10.6% Vacancy Rate	▲	▼
-11,521 Net Absorption, SF	▲	▲
\$36.87 Gross Asking Rent, PSF	▲	—

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
602.2K Ottawa Employment	▲	▲
8.2% Ottawa Unemployment Rate	▼	▼
7.8% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY

The province is now focusing on re-opening as Ontario lifts lockdown measures and moves into step two of its three-step reopening plan. Economic recovery is underway with vaccine rollout; initially off to a sluggish start but has now ramped up. The economy is expected to expand by 6.1% in 2021 as the reopening will lead to accelerated growth in the second half of this year. Labour markets are quickly recovering after increased job loss throughout the pandemic and companies are now starting to add to their workforce. The city is slowly reverting to pre-COVID-19 ways as many companies and employees are eager to return to the office, with some adopting work-from-home models. Many large companies making decisions to keep or increase office space will help set the stage to achieve normalcy and provide assurance in the Ottawa market. Stage 2 of the LRT project to extend south and west of the city is still underway with completion slated for 2022 and 2024, respectively.

Source: Conference Board of Canada

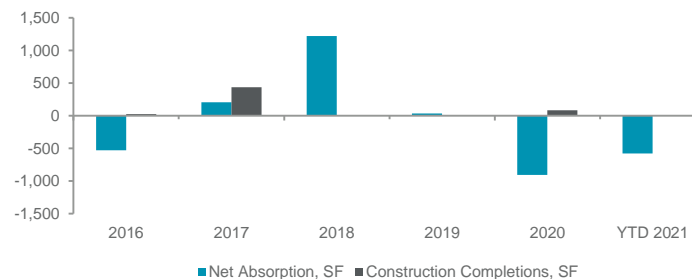
DEMAND: Absorption On the Rise

As vaccine appointments continue to roll out and restrictions ease, many are eager and optimistic on return to the office as we reach the tail end of the COVID-19 pandemic. Many companies are taking advantage of other's more bearish reactions as they look at expanding space while few plan to ride this out to the end, uncertain on how working in the office will look post-pandemic. With companies downsizing and subletting space until they feel more confident in their next steps, we saw an increase in sublet space in the first quarter of 2021. In the second quarter; however, sublet vacancy accounted for 12.5% of all available space within the market, a significant decrease from 19.9% last quarter. This decline was primarily the result of sublet vacancy in the Central area declining to 361k square feet (sf) from 583k sf last quarter. The Ottawa office market saw a significant turn for the better in the second quarter with 11,521 sf negative absorption. Although absorption remained in the negative, it is an improvement compared to 567,356 sf of negative absorption posted in the first quarter. The direction of the market is looking upward for 2021.

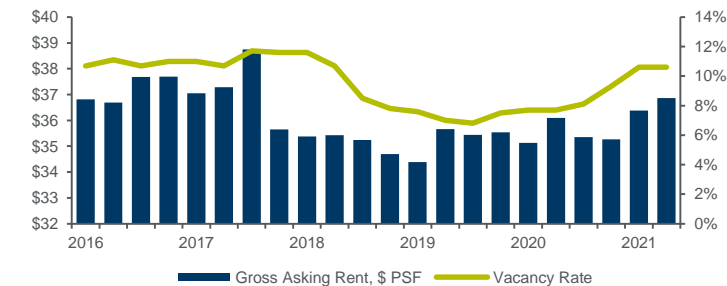
PRICING: Rental Rates Holding Strong

Despite a continued rise in space coming to the market, overall asking rental rates are holding strong with a slight uptick to \$18.19 per square foot (psf) compared to \$17.87 psf in the previous quarter. As demand increases and we see a shift with companies looking to get back into the office, landlords are likely to hold firm on rental rates. Landlords will need to find a good balance amongst the high availability in sublet space which may pose greater incentives for tenants.

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	330,416	1,278,584	10.0%	167,709	-219,639	175,201	183,540	\$42.63	\$47.32
Centretown	1,739,326	5,106	191,679	11.3%	-11,748	7,221	46,514	0	\$32.04	N/A
Byward Market	842,861	25,319	165,483	22.6%	-6,154	-11,783	0	0	\$35.06	\$40.79
CENTRAL AREA TOTALS	18,655,282	360,841	1,635,746	10.7%	149,807	-224,201	221,715	183,540	\$41.11	\$49.45
Kanata	6,737,948	95,479	742,655	12.4%	-101,533	-273,395	95,368	150,000	\$28.70	\$29.12
Ottawa West	3,972,145	14,903	214,257	5.8%	49,588	22,943	89,218	0	\$31.93	\$34.81
Nepean	5,564,642	35,099	311,632	6.2%	-53,458	-62,733	26,204	0	\$29.03	\$33.31
Ottawa East	5,065,445	36,706	468,750	10.0%	-59,270	-62,487	4,965	0	\$31.04	\$32.09
Gloucester	1,532,201	6,893	489,664	32.4%	3,345	20,996	20,996	0	\$34.74	\$35.28
TOTAL SUBURBAN TOTALS	22,872,381	189,080	2,226,958	10.6%	-161,328	-354,676	236,751	150,000	\$31.11	\$32.65
OTTAWA TOTALS	41,527,663	549,921	3,862,704	10.6%	-11,521	-578,877	458,466	333,540	\$36.87	\$41.43
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	495,895	2,005,386	9.4%	72,204	-443,803	314,010	333,540	\$20.74	\$41.43
Class B	12,208,056	38,852	1,572,269	13.2%	-58,228	-91,859	117,094	0	\$15.36	\$32.09
Class C	2,701,274	15,174	285,049	11.1%	-25,297	-43,215	27,362	0	\$14.07	\$28.64

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
160 Elgin Street	Downtown Core	Kelly, Santini LLP	21,446	Renewal
340 Albert Street	Downtown Core	The National Dental Examining Board	17,848	New Direct
150 Elgin Street	Downtown Core	TCC Canada	16,417	New Sublease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
18 Louisa Street	Centretown	Landmark Real Estate Holdings / 18 Louisa Street	30,580	\$5,300,000 / \$173

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