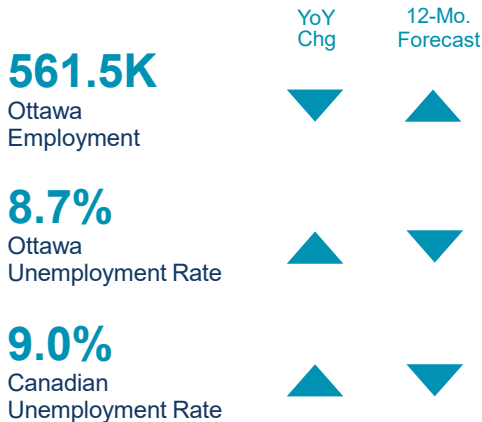


(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020



Source: Statistics Canada

ECONOMY: Unemployment Rates Lower as Ottawa Copes With Recession

The National Capital Region (NCR) continues to cope with the COVID-19 pandemic heading into the third quarter of 2020. Employment within Ottawa has been bolstered by the presence of the federal government and a booming e-commerce sector that has adapted well to the remote workplace. Unemployment rates are down as the city benefited from low case numbers throughout the summer months, allowing for retailers, restaurants, and fitness centres to reopen as restrictions began to lift. Currently, Ottawa is in a second wave of the pandemic causing stricter restrictions for businesses and social gatherings which could potentially lead to another dip in employment.

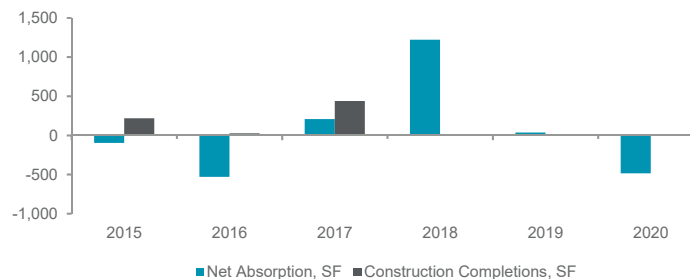
DEMAND: Sublet Space Continues to Rise

The repercussions of the COVID-19 pandemic have started to become apparent within the Ottawa office market as vacancy rates slowly climb. While the suburban market remained relatively stable, increasing by only 20 basis points to 7.1% overall, vacancy within the Central market jumped from 8.5% to 9.1% quarter-over-quarter. Significant contributors to this rise in vacancy are the significant pockets of sublet space coming available within the downtown core. Most notable of these is local tech darling, Shopify, embracing the “digital by default” lifestyle and subletting their headquarters at 150 Elgin, adding an additional 170,000 square feet (sf) of space to the market. The suburban market also saw a continued influx of sublet space with a high concentration in Kanata, which made up close to 70% of the 212,475 sf of sublease space available in the Suburban market. The Ottawa office market’s response to a battered economy has been slow moving and full effects are yet to be seen. As we head into the final quarter of 2020, it should hopefully become more apparent on where the Ottawa office market is heading.

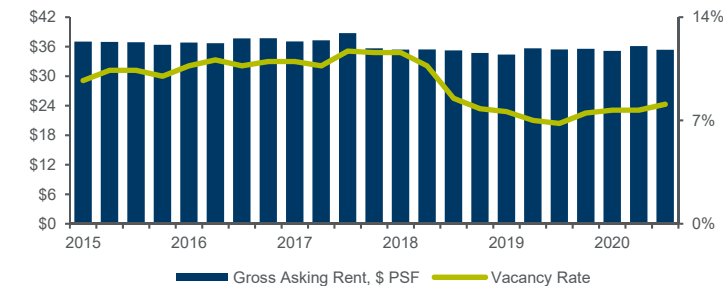
PRICING: Rental Rates Continue to Hold Steady

Since lockdown, gross rental rates have seen very little fluctuation, floating around the mid-\$30s per square foot (psf) overall and \$40 psf for Class A space. While sublet space is booming, causing vacancy rates to rise, asking net rents have experienced only minimal variances throughout 2020. Historically, gross rental rates have stayed within the \$35 psf range, peaking in 2017 at \$38.75 psf before settling back to mid range. As Ottawa approaches a new year, one that begins with knowledge of the pandemic, it will be interesting to see where rental rates go in response to almost a full year of a new normal.

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	254,142	1,105,068	6.9%	-142,824	-172,741	330,574	183,540	\$40.84	\$47.32
Centretown	1,739,326	5,766	175,876	10.4%	16,682	-6,433	58,973	0	\$30.72	N/A
Byward Market	842,861	25,319	140,657	19.7%	-32,955	-47,732	34,182	0	\$36.21	\$44.40
CENTRAL AREA TOTALS	18,655,282	285,227	1,421,601	9.1%	-159,097	-226,906	423,729	183,540	\$39.56	\$47.12
Kanata	6,654,948	145,034	298,027	6.7%	-78,151	-145,546	214,632	100,000	\$28.18	\$28.34
Ottawa West	3,972,145	25,957	181,991	5.2%	-10,081	23,335	90,080	0	\$33.17	\$36.07
Nepean	5,564,642	21,711	229,870	4.5%	8,526	21,549	97,912	0	\$29.78	\$34.09
Ottawa East	4,961,982	17,682	339,159	7.2%	5,365	-2,241	62,738	0	\$29.77	\$31.76
Gloucester	1,532,201	2,091	399,422	26.2%	-28,715	-154,996	29,906	0	\$34.72	\$35.42
TOTAL SUBURBAN TOTALS	22,685,918	212,475	1,448,469	7.3%	-103,056	-257,899	495,268	100,000	\$30.55	\$32.50
OTTAWA TOTALS	41,341,200	497,702	2,870,070	8.1%	-262,153	-484,805	918,997	283,540	\$35.35	\$39.32
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	458,965	1,293,886	6.6%	-286,262	-539,484	530,969	283,540	\$19.89	\$39.32
Class B	12,110,973	13,654	1,283,537	10.7%	4,505	44,551	303,693	0	\$15.13	\$31.47
Class C	2,701,274	25,083	292,647	11.8%	19,604	10,128	42,842	0	\$13.49	\$28.37

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
45 O'Connor Street	Central Business District	IDRC	65,693	New Direct
159 Cleopatra Drive	Nepean	PWGSC	41,424	Renewal
427 Laurier Avenue West	Central Business District	Federal Government	17,300	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1495 Heron Road	Ottawa South	Her Majesty the Queen / Canada Lands Company CLC Ltd	219,000	\$7,570,000 / \$35
126 York & 151 George Street	Lowertown	126 York St Ltd / Numbered Company	70,000	\$33,000,000 / \$471

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