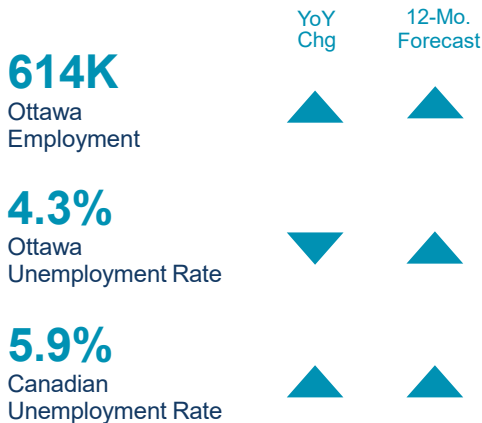


(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2019



Source: Statistics Canada

## ECONOMY: Ottawa Looks to the Tech Sector for Job Growth

After posting the lowest unemployment rate in decades in October 2019, at 4.2%, the Ottawa unemployment rate edged up slightly to 4.3% in November 2019. Ottawa employment has grown by 59,000 year-over-year, however, that pace is anticipated to slow in 2020 as the economy shifts into a lower gear. The recent return of the Liberal government to power gives reassurance to public servants, along with the expectation of little to no downsizing within the federal government. This coupled with a vibrant tech sector promises a steady economy and job growth rate.

## DEMAND: Leasing Stabilizing Within the CBD But Remains Hot in Kanata

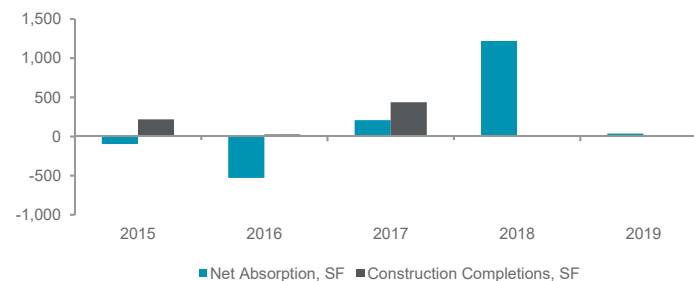
Space within the downtown core remains limited but has stabilized. However, there is still high demand from tenants seeking Class A space and limited options to house them. Transportation is playing a key role in leased space and property desirability. With the Light Rail Transit (LRT) now up and running, proximity to the train stations are a priority for newcomers to the downtown market, while free and ample parking is a selling feature for the suburban Ottawa markets.

Kanata is currently sitting with an overall vacancy rate of 5.1% and a tight 3.7% for Class A space. This tech hub of the Ottawa market will continue to be in high demand heading into 2020, thanks to the continuing expansion of the technology sector. The tightening in the market has spurred applications for two new builds at the epicenter of the Kanata North tech park, both located on a stretch of Solandt Road.

## PRICING: Asking Rents on a Steady Incline

With limited space available within the Ottawa office market and very little new office development plans on the horizon, asking rental rates are expected to continue to rise at a steady pace. Since the first quarter of 2019, the overall average asking net rent has increased by just over 5%. Properties close to the LRT stations are in a prime location to increase rental rates due to the convenience for tenants. Locations such as the Sunlife Financial Centre, the Place de Ville towers, and the Place d'Orleans shopping centre should see a spike in asking rates due to their direct access to the train.

## 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 (SF)	YTD OVERALL NET 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	43,765	1,189,859	7.7%	-243,720	-182,136	517,434	0	\$40.87	\$47.21
Centretown	1,739,326	0	175,209	10.1%	-4,136	-5,420	43,145	0	\$29.89	N/A
Byward Market	842,861	15,219	103,205	14.0%	-9,871	-48,775	20,546	0	\$38.34	\$46.46
<b>CENTRAL AREA TOTALS</b>	<b>18,655,282</b>	<b>58,984</b>	<b>1,468,093</b>	<b>8.2%</b>	<b>-257,727</b>	<b>-236,331</b>	<b>581,125</b>	<b>0</b>	<b>\$39.88</b>	<b>\$47.14</b>
Kanata	6,654,948	22,889	315,550	5.1%	81,589	200,816	492,043	100,000	\$25.64	\$24.19
Ottawa West	3,972,145	4,490	252,174	6.5%	26,379	8,004	311,238	0	\$30.56	\$33.20
Nepean	5,564,672	0	312,774	5.6%	11,179	43,251	222,140	0	\$28.49	\$33.30
Ottawa East	4,961,982	5,481	389,391	8.0%	-53,121	120,850	202,722	0	\$30.10	\$32.20
Gloucester	1,422,201	5,780	246,517	17.7%	-3,000	-99,786	36,614	0	\$36.17	\$36.17
<b>TOTAL SUBURBAN TOTALS</b>	<b>22,575,918</b>	<b>38,640</b>	<b>1,516,406</b>	<b>6.9%</b>	<b>63,026</b>	<b>273,135</b>	<b>1,264,757</b>	<b>100,000</b>	<b>\$30.23</b>	<b>\$32.89</b>
<b>OTTAWA TOTALS</b>	<b>41,231,230</b>	<b>97,624</b>	<b>2,984,499</b>	<b>7.5%</b>	<b>-194,701</b>	<b>36,804</b>	<b>1,845,882</b>	<b>0</b>	<b>\$35.54</b>	<b>\$40.46</b>
SUMMARY BY CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING NET RENT	OVERALL AVG ASKING GROSS RENT
Class A	26,418,953	76,939	1,238,689	5.0%	4,057	78,176	896,035	100,000	\$20.49	\$40.46
Class B	12,110,973	3,113	1,422,218	11.8%	-218,450	2,903	798,907	0	\$15.02	\$30.95
Class C	2,701,304	17,572	323,592	12.6%	19,692	-44,275	150,940	0	\$13.72	\$27.53

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1550 Carling Avenue	Ottawa West	Federal Government	103,602	Renewal*
1725 Woodward Drive	Ottawa West	Federal Government	68,893	Renewal*
141 Colonnade Road	Nepean	Federal Government	42,010	New Headlease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1750 Courtwood Crescent	Ottawa West	Mazin Properties Ltd / 1750 Courtwood Crescent Inc	26,952	\$4,800,000 / \$178
16 Green Street	Nepean	Newgate Realty Advisors Inc / 2723963 Ontario Inc	10,617	\$2,286,500 / \$215

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