

	YoY Chg	12-Mo. Forecast
<b>9.9%</b> Vacancy Rate	▲	▼
<b>116,194</b> Net Absorption, SF	▲	▲
<b>\$36.02</b> Gross Asking Rent, PSF	▲	▬

(Overall, All Property Classes)

### ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>576K</b> Ottawa Employment	▲	▲
<b>4.0%</b> Ottawa Unemployment Rate	▼	▼
<b>5.9%</b> Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

### ECONOMY

A return to a lively downtown core has largely been hinging on the return of federal government employees, however there are indications this return to the office will be pushed by an additional 6 months, now aiming for mid 2022. Not only are small companies hurting due to the absence of the daily revenue generated by the working folk, but landlords are also seeing tough times as they desperately seek new tenants and retain existing ones amid working from home alternatives and employers looking to sublet their space until more certain times. Given the feds are the largest occupier of office space in the downtown core, their return will be a telling sign that the downtown core can be restored. Their announcement of a return to the office are what employers are looking for to feel more confident in their long-term decisions surrounding their leases. Companies had a window of opportunity between the third and fourth quarter of 2021 to see their revenue rebound as restrictions were eliminated; however due to the rise in cases from the Omicron variant restrictions have been moved back into place, resulting in certain companies being crippled yet again by these lockdown measures.

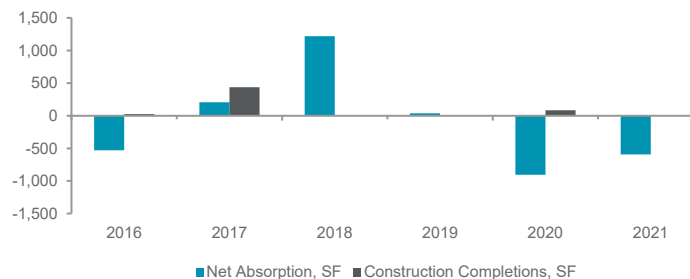
### DEMAND: A Strong Second Half

Everyone wants to know what the future holds for office space, particularly when compared to the traditional pre-pandemic office market. Many employers had set their sights on a return to the office in early 2022, and while the rise of the Omicron variant may have kicked those plans further into the year, companies have not shied away from expanding and renewing their leases; even newcomers to the market are making their mark in brick-and-mortar locations. Overall sublet vacancy has decreased by 205k square feet (sf) since the first quarter of 2021 and direct space also followed this trend, declining by 73k sf compared to the first quarter of the year. Overall leasing activity seen in the first half of 2021 was 458k sf, with a significant uptick of 695k sf in the latter half of the year. Not only has leasing activity improved quarter-over-quarter, but absorption has also seen a dramatic improvement. The first and second quarters combined reported 579k sf of negative absorption, while demand in the third and fourth quarters saw a significant rebound; reporting a combined 13k sf of negative absorption. This brought the overall absorption for 2021 to negative 592k sf. The rise in positive COVID-19 cases may be alarming to some employers - and could potentially be a telling sign for them to throw in the towel on their office space. However, the activity the market is seeing is a positive indicator that the commercial office market is progressing towards a promising future.

### PRICING: Relatively Unchanged

Despite the uncertainty, the Ottawa market has kept overall rental rates relatively unchanged since Q1 2021 - from \$36.38 per square foot (psf) to currently posting \$36.02 psf. Rents in the Kanata market have continued to increase quarter-over-quarter, reporting \$30.56 psf in Q4 2021, an increase of nearly \$2.00 since Q1 2021. While this is no surprise in the highly sought-after Kanata market, four other markets also reported slight increases when compared to the earlier half of the year.

### 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	442,305	1,288,514	10.8%	35,016	-341,458	344,933	183,540	\$42.15	\$49.24
Centretown	1,739,326	1,406	187,680	10.9%	10,153	14,920	86,102	0	\$30.15	N/A
Byward Market	842,861	19,528	162,639	21.6%	452	-3,148	3,898	0	\$35.06	\$40.79
<b>CENTRAL AREA TOTALS</b>	<b>18,655,282</b>	<b>463,239</b>	<b>1,638,833</b>	<b>11.3%</b>	<b>45,621</b>	<b>-329,686</b>	<b>434,933</b>	<b>183,540</b>	<b>\$40.83</b>	<b>\$49.52</b>
Kanata	6,782,595	89,698	554,830	9.5%	91,970	-274,360	396,716	150,000	\$30.56	\$30.56
Ottawa West	3,972,145	39,976	198,724	6.0%	12,218	13,403	176,926	0	\$31.21	\$34.01
Nepean	5,751,448	37,729	260,642	5.2%	-41,407	-14,373	92,113	0	\$29.75	\$35.72
Ottawa East	5,092,748	41,618	318,875	7.1%	7,096	-27,051	31,510	0	\$31.15	\$32.20
Gloucester	1,561,201	0	477,374	30.6%	696	40,179	20,996	0	\$34.60	\$35.42
<b>TOTAL SUBURBAN TOTALS</b>	<b>23,160,137</b>	<b>209,021</b>	<b>1,810,445</b>	<b>8.7%</b>	<b>70,573</b>	<b>-262,202</b>	<b>718,261</b>	<b>150,000</b>	<b>\$31.82</b>	<b>\$33.50</b>
<b>OTTAWA TOTALS</b>	<b>41,815,419</b>	<b>672,260</b>	<b>3,449,278</b>	<b>9.9%</b>	<b>116,194</b>	<b>-591,888</b>	<b>1,153,194</b>	<b>333,540</b>	<b>\$36.02</b>	<b>\$39.83</b>
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	598,589	1,607,821	8.3%	243,244	-343,503	776,741	333,540	\$19.79	\$39.83
Class B	12,468,509	68,118	1,513,403	12.7%	-71,781	-171,786	288,473	0	\$15.54	\$32.14
Class C	2,728,577	5,553	328,054	12.2%	-55,269	-76,599	87,980	0	\$14.23	\$28.74

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
3001 Solandt Road	Kanata North	Nanometrics Inc	63,262	New Sublet
302 Legget Drive	Kanata North	MDA Systems Solutions	40,593	Renewal
100 Queen Street	Downtown Core	Osler, Hoskin & Harcourt LLP	23,241	New Direct

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
Place De Ville	Downtown Core	AIMCo, Brookfield Properties and the CPP Investment Board / Crestpoint Real Estate Investments and Crown Realty Partners	1,200,000	350,000,000 / \$291.66
1600 James Naismith Drive & 1595 Telesat Court	Queensway Corridor East	Toronto Dominion Bank / Crux Capital	334,000	40,550,000 / \$121.41

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