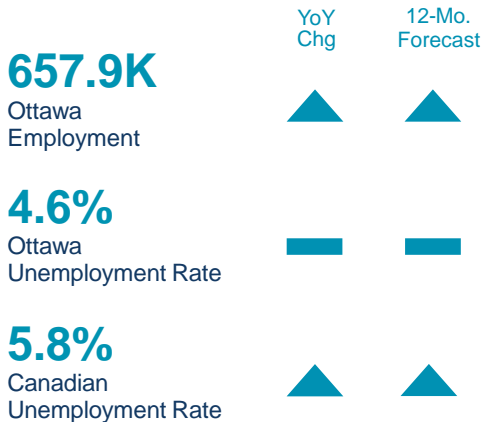




ECONOMIC INDICATORS Q4 2023



Source: Statistics Canada

ECONOMY

The Canadian unemployment rate remained steady at 5.8% in December 2023, marking a contrast to the increases observed in five of the previous seven months. From April to November, there was a cumulative rise of 80 basis points in the unemployment rate. In December, the number of unemployed individuals reached 1.2 million, reflecting an increase of 202,000 compared to the same period 12 months earlier. The professional, scientific, and technical services sector saw a notable boost in employment, with a gain of 46,000 jobs in December, following a period of minimal change in the three preceding months. This uptick represented the second monthly increase in this industry for 2023, the initial one being a rise of 52,000 jobs in August. On a year-over-year basis, employment in this sector saw a surge of 78,000 jobs in December.

Source: Statistics Canada

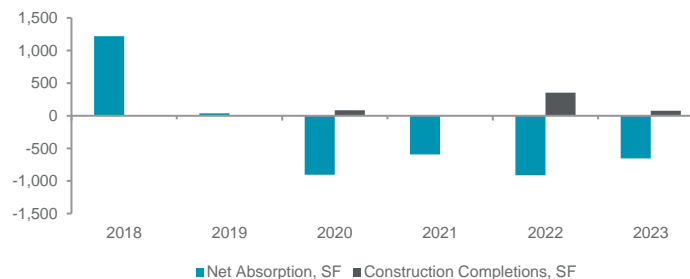
DEMAND

In the final quarter of 2023, Ottawa's office market experienced a further decline, albeit at a somewhat reduced rate compared to earlier quarters. During this period, the overall vacancy rate eclipsed the 12% mark. Ottawa's return-to-office rate continues to trail behind all major Canadian office markets. A recent survey by the Professional Institute of the Public Service of Canada (PIPSC) has revealed that 70% of respondents expressed discontent with the implementation of the return-to-office policy. PIPSC called for a more modern workplace that prioritizes flexibility, well-equipped workspaces, and employee well-being. Numerous landlords in Ottawa, especially in the downtown area, are tackling vacancy challenges by offering more enticing incentives to potential tenants. Moreover, there is a growing trend among them to incorporate office model suites as part of their strategy to appeal to prospective tenants.

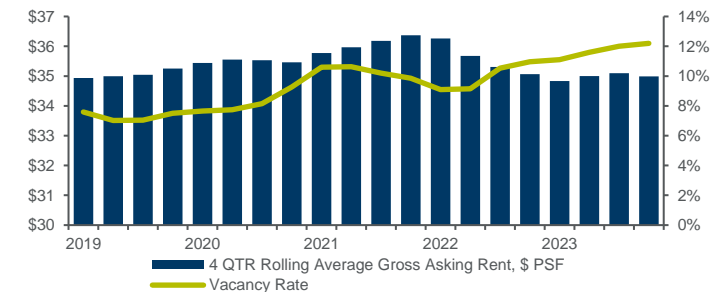
PRICING

Even with rising vacancy rates and a net decline in occupied office space, the pricing of office space in Ottawa has demonstrated resilience by holding a relatively consistent trajectory. Unless there is a substantial reduction in available office space within Ottawa, the prevailing market dynamics are poised to exert a downward influence on the advertised rental rates.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & GROSS DIRECT 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 | 18,535,761 | 304,109 | 1,836,670 | 11.5% | -33,810 | -354,757 | 419,957 | - | \$38.66 | \$48.27 |
| Centretown | 1,202,664 | 12,110 | 158,854 | 14.2% | -3,262 | 11,099 | 58,611 | - | \$30.06 | \$32.90 |
| Lowertown / Sandy Hill | 858,207 | 16,146 | 201,338 | 25.3% | 2,520 | 3,292 | 13,925 | - | \$35.15 | \$41.05 |
| Glebe / Main | 255,845 | 0 | 24,600 | 9.6% | 20,083 | 7,837 | 41,692 | - | \$32.95 | N/A |
| Central Dispersed | 259,631 | 0 | 76,091 | 29.3% | -24,131 | 0 | 0 | - | N/A | N/A |
| CENTRAL AREA TOTALS | 21,112,108 | 332,365 | 2,297,553 | 12.5% | -38,601 | -332,529 | 534,185 | - | \$37.51 | \$47.52 |
| Ottawa West | 9,377,605 | 113,703 | 719,991 | 8.9% | 12,999 | -160,477 | 447,650 | - | \$31.22 | \$36.27 |
| Ottawa Deep West | 6,653,446 | 139,079 | 761,529 | 13.5% | -18,716 | -44,506 | 434,003 | - | \$27.53 | \$27.11 |
| SUBURBAN WEST TOTALS | 16,031,051 | 252,782 | 1,481,521 | 10.8% | -6,717 | -204,983 | 881,653 | - | \$30.06 | \$30.76 |
| Ottawa South | 496,830 | 4,103 | 55,153 | 11.9% | -16,160 | -20,963 | 71,666 | - | \$34.00 | \$34.00 |
| Ottawa East | 5,720,411 | 32,530 | 825,303 | 15.0% | -58,761 | -96,238 | 186,299 | - | \$33.91 | \$35.06 |
| TOTAL SUBURBAN TOTALS | 22,248,292 | 289,415 | 2,361,977 | 11.9% | -80,628 | -322,184 | 1,139,618 | - | \$31.78 | \$33.19 |
| OTTAWA TOTALS | 43,360,400 | 621,780 | 4,659,530 | 12.2% | -119,229 | -654,713 | 1,673,803 | - | \$34.63 | \$39.13 |

KEY LEASE TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | Tenant | DEAL TYPE | SF |
|-----------------------|---------------------------|-------------|-----------|--------|
| 425 Legget Drive | Kanata North | Undisclosed | Direct | 58,205 |
| 4000 Innovation Drive | Kanata North | Undisclosed | Direct | 44,990 |
| 350 Albert Street | Central Business District | Undisclosed | Direct | 20,288 |

KEY SALES TRANSACTIONS Q4 2023

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|----------------------------|------------------------|--|--------|----------------------|
| 1140 – 1150 Morrison Drive | Ottawa West Dispersed | Crown Property / Oakview Capital Inc | 95,000 | \$14,250,000 / \$150 |
| 90 Bill Leatham | Barrhaven | Enbridge Gas Inc / 2782755 Ontario Inc | 26,000 | \$8,500,000 / \$327 |
| 890-894 Boyd Avenue | Ottawa West Dispersed | Paul Ziebarth Holdings / 1496381 Ontario Inc | 8,890 | \$2,750,000 / \$309 |
| 25 York Street | Lowertown / Sandy Hill | 1111145 BC LTD / 1000672244 Ontario Inc | 4,874 | \$2,750,000 / \$564 |

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 commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2024 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.