

MARKET FUNDAMENTALS

	YOY Chg	Outlook
12.7% Vacancy Rate	▲	▼
-650K YTD Net Absorption SF	▲	▲
\$35.89 Asking Gross Rent PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
673K Ottawa Employment	▲	▲
5.9% Ottawa Unemployment Rate	▲	▲
6.7% Canada Unemployment Rate	▲	▬

Source: Statistics Canada

ECONOMY

In December 2024, Canada's unemployment rate increased to 6.7%, rising by 10 basis points (bps) from the previous quarter, reflecting persistent economic challenges. Despite the educational services sector posting the highest month-over-month employment gains, overall employment remained largely unchanged. Meanwhile, Ottawa's unemployment rate fell to 5.9%, a 60-bps decline from the prior quarter, representing its first drop in 2024. To stimulate business activity and support consumer spending, the Bank of Canada implemented two consecutive 50-bps policy rate cuts in Q4 2024, reducing the rate from 4.25% to 3.25%.

SUPPLY AND DEMAND

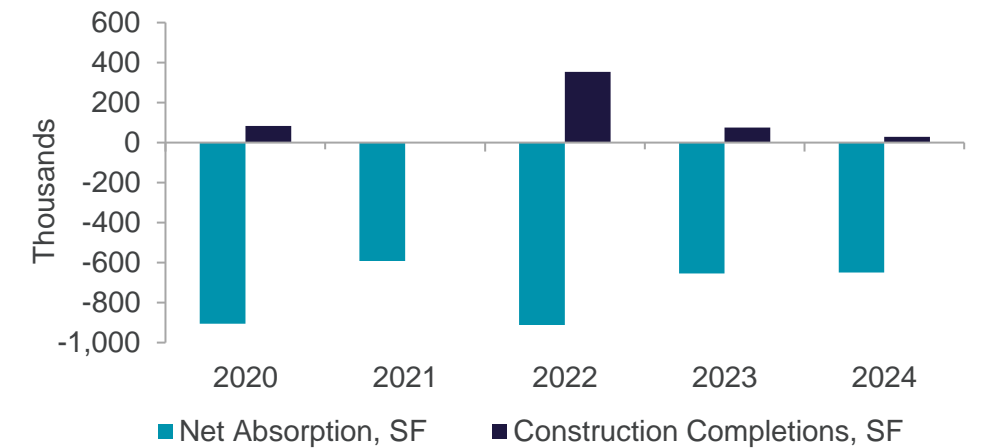
The overall vacancy rate in Ottawa slightly increased to 12.7% in the last quarter of 2024. The Central Class A market recorded a 70 bps increase in vacancy quarter-over-quarter (QOQ), rising from 13.2% to 13.9%, primarily due to 43k square feet (sf) of sublet space becoming available at 215 Slater Street. This pushed the sublet vacancy rate in the CBD Class A market from 14.7% to 17.2%. Meanwhile, the Central Class C market recorded an increase in vacancy of 120 bps, rising from 13.3% to 14.5%.

Leasing activity in the Ottawa office market totaled 385k sf in Q4 2024, a significant decline from the previous quarter. The overall Class A market contributed 187k sf of the overall total, although there were decreases of 50k sf in the Central Class A market and 56k sf in the Suburban Class A market compared to Q3 2024. In contrast, Class B markets had a mixed performance. The Central Class B market recorded a substantial decrease in activity of 116k sf QOQ, while the Suburban Class B market had a 114k-sf increase, effectively balancing overall Class B leasing activity.

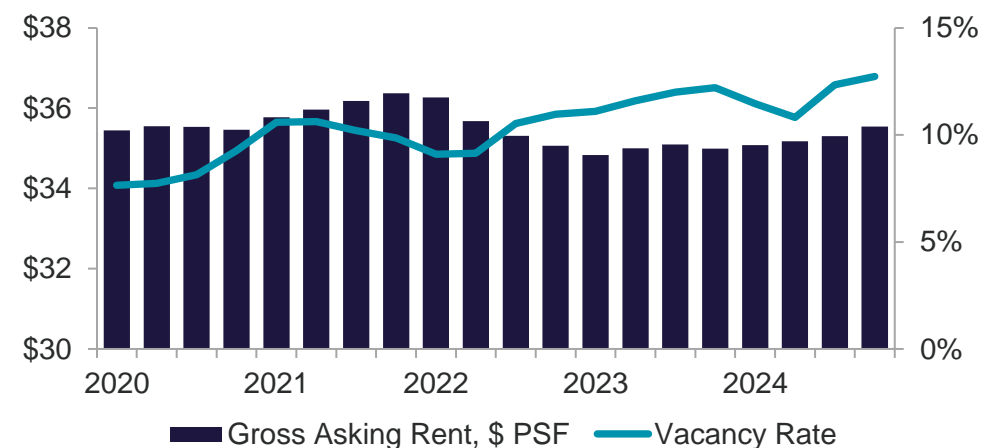
PRICING

The overall average direct net asking rent in Ottawa remained stable in Q4 2024, with a city-wide average of \$17.47 per square foot (psf), reflecting a slight decrease from the prior quarter. The Suburban Class A market recorded a modest QOQ decline of \$0.16 psf, settling at \$15.72 psf. Meanwhile, the Central Class A market posted a minimal increase of \$0.05 psf, bringing its average net asking rent to \$24.33 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING GROSS 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	18,336,076	295,301	2,137,218	13.3%	-104,497	-470,474	544,698	0	\$39.62	\$48.86
Centretown	1,137,653	12,110	165,338	15.6%	56,229	-16,446	152,865	0	\$32.11	\$34.01
Lowertown/Sandy Hill	918,212	13,751	235,706	27.2%	-4,384	-14,830	29,245	0	\$36.89	\$43.13
Glebe/Main	255,845	0	32,291	12.6%	1,137	-10,261	23,534	0	\$33.95	N/A
Central Dispersed	286,251	0	102,707	35.9%	-11,840	-11,836	0	0	N/A	N/A
CENTRAL AREA TOTALS	20,934,037	321,162	2,673,260	14.3%	-63,355	-523,847	750,342	0	\$38.64	\$47.97
Ottawa West	9,542,723	174,305	752,299	9.7%	26,810	-145,049	590,273	0	\$31.65	\$36.28
Ottawa Deep West	6,748,128	89,837	831,539	13.7%	-96,612	-197,353	520,890	72,000	\$26.08	\$25.80
SUBURBAN WEST TOTALS	16,290,851	264,142	1,583,838	11.3%	-69,802	-342,402	1,111,163	72,000	\$29.75	\$29.88
Ottawa South	450,018	0	58,780	13.1%	-4,174	476	48,370	0	\$37.29	\$37.29
Ottawa East	5,666,061	89,425	525,689	10.9%	-33,414	215,812	155,474	0	\$36.20	\$37.13
TOTAL SUBURBAN TOTALS	22,406,930	353,567	2,168,307	11.3%	-107,390	-126,114	1,315,007	72,000	\$31.92	\$32.99
OTTAWA TOTALS	43,340,967	674,729	4,841,567	12.7%	-170,745	-649,961	2,065,349	72,000	\$35.89	\$40.58

*Rental rates reflect full service asking. Gross rent including operating costs and taxes.

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	DEAL TYPE
349 Terry Fox Drive	Kanata North	Ericsson	248,578	Renewal*
350 Legget Drive	Kanata North	Undisclosed	32,371	New Deal
500 Palladium Drive	Kanata South	Equispheres	23,894	Expansion
343 Preston Street	Ottawa West Dispersed	Undisclosed	19,553	New Deal
333 Preston Street	Ottawa West Dispersed	Sun Life	13,993	Relocation
333 Preston Street	Ottawa West Dispersed	Sun Life	13,837	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
125 - 135 Rideau St & 90 George St	Lowertown / Sandy Hill	90 George Street Nominee Inc / 135 Rideau Street Property Ltd	52,267	\$8,500,000 / \$163
110 Argyle Ave & 455 Metcalfe St	Centretown	9513582 Canada Inc / 110 Argyle Holding Inc	17,700	\$6,900,000 / \$390
191 Laurier Ave W & 120 Metcalfe St	CBD	Slate Holdings (Canada) ULC / Slategreen GP Inc	85,270	\$3,075,000 / \$36

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