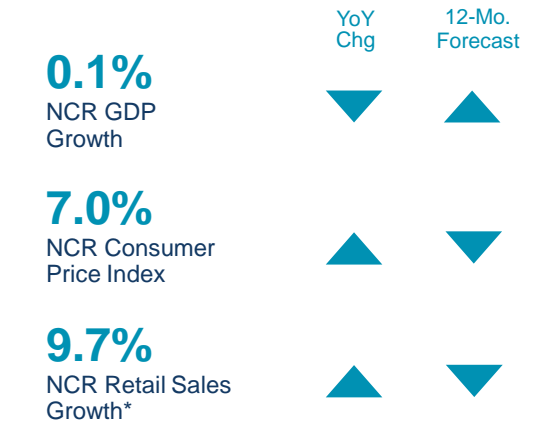


Source: Statistics Canada/Moody's Analytics
NCR: Ottawa-Gatineau
Unemployment Rate: January 2023

ECONOMIC INDICATORS 2022



Source: Moody's Analytics
NCR: Ottawa/Gatineau
*Seasonally Adjusted Retail Sales

ECONOMY

The retail market continued to gain steam in the second half of 2022. Essential retail and e-commerce continued to thrive, while brick-and-mortar retail and luxury goods are recovering at a more gradual pace. The pandemic has accelerated the shift towards online shopping, which will have a lasting impact on the retail industry. According to TD Economics, consumers spent more on gas and new cars in the latter half of 2022. Consumers had a spending-heavy December according to TD Canada's debit and credit card aggregate spending data. Although consumers continued to spend through 2022, they will likely need to moderate their spending in 2023. According to a new report from Deloitte Canada the Canadian economy is expected to enter a deeper recession this year than previously expected. The firm suggests that economic growth in Canada will drag for three consecutive quarters, resulting in a 0.9% contraction in GDP growth in 2023; a consequence of the Bank of Canada's rapid interest rate hikes and a slowdown in the U.S. economy.

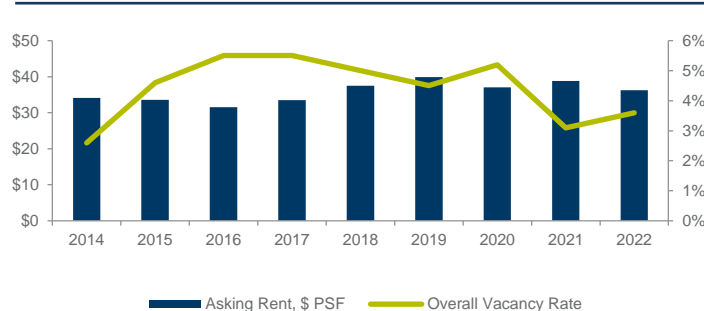
DEMAND

Regional malls saw a significant amount of negative absorption in the latter half of 2022. The segment's negative 135,883 square feet (sf) of absorption was primarily generated by Canadian Tire's move from 1650 Carling Avenue to Carlingwood Mall. The new location is the biggest Canadian Tire in Canada, totaling 135,000 sf. The market can expect another bump in vacancy in the near future as Bed, Bath and Beyond is shutting down across Canada – with three stores in Ottawa. It was also just announced that Nordstrom is shutting down in Canada, closing its 157k-sf location at Rideau Centre and the 35k-sf Nordstrom Rack location at the Train Yards. It appears that retailers are prioritizing spaces closer to residential dense areas, which is the case for most cities that their downtown cores have not completely recovered from the changes brought on by the pandemic. Ottawa's neighbourhood malls saw 102,774 sf of absorption through the last six months of the year. Although the retail sector remains stable, as per TD's consumer report, demand dynamics may sway given the current sentiments of a looming recession.

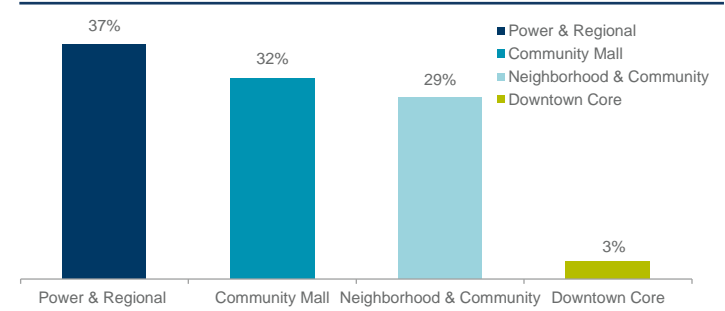
PRICING

Gross rents in the retail market have decreased by 6.9% compared to the first half of the year – primarily a consequence of the significant decrease in average net asking rents as additional rents have not decreased. With the inflation that the Canadian economy is experiencing at the moment, asking rental rates are expected to increase in 2023.

GROSS ASKING RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



OTTAWA

Retail Q4 2022

CUSHMAN & WAKEFIELD

MARKET SEGMENTS	INVENTORY (SF)	TOTAL BUILDINGS	Q4 2022 VACANCY RATE	Q2 2022 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	OVERALL GROSS ASKING RENT
REGIONAL MALLS & LARGER POWER CENTRES	9,577,119	14	3.8%	2.5%	-135,883	\$46.14
COMMUNITY MALLS & SMALLER POWER CENTRES	8,231,008	37	4.2%	3.6%	-67,020	\$38.44
DOWNTOWN CORE	728,047	21	3.1%	1.3%	15,070	\$55.65
Ottawa East	610,140	21	1.8%	6.7%	28,994	\$32.81
Gloucester	497,321	15	10.1%	11.5%	11,457	\$32.49
Orleans	1,248,696	22	1.8%	5.1%	22,496	\$17.04
Ottawa South	1,019,160	28	1.3%	2.3%	9,513	N/A
Kanata / Stittsville	1,604,534	33	3.0%	10.0%	39,488	\$37.70
Bell's Corners	337,360	10	4.2%	1.9%	-7,541	\$30.49
Nepean (Merivale Road Area)	668,236	20	1.7%	1.7%	0	\$35.25
Nepean / Other / Barrhaven	753,246	20	0.8%	1.8%	7,800	\$32.50
Ottawa West / Westboro	746,900	29	2.7%	3.6%	-9,433	\$38.90
NEIGHBOURHOOD MALLS TOTAL	7,485,593	198	2.6%	3.5%	102,774	\$30.57
OTTAWA TOTALS	26,021,767	270	3.6%	3.1%	-85,059	\$36.21

NATHAN SMITH, BROKER

Senior Vice President

+1 613 236 7777 info@cwottawa.com

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