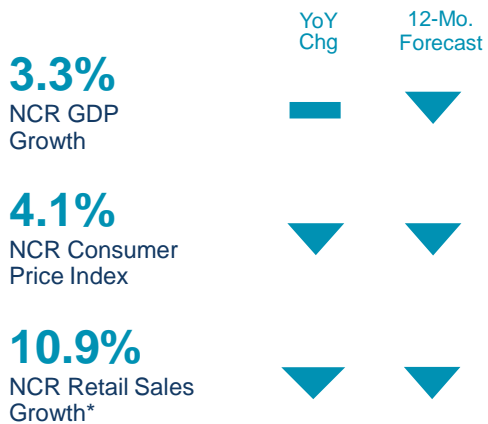


Source: Statistics Canada/Moody's Analytics
NCR: Ottawa-Gatineau
Unemployment Rate: June 2023

ECONOMIC INDICATORS 2023



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

ECONOMY

In the second quarter of 2023, Canadian consumer spending on discretionary services has been on an upward trajectory, encouraged by strong travel expenses. Nevertheless, the pace of growth during April and May was approximately half of what was observed in the first quarter. While purchases of discretionary goods have shown improvement over these same months, they remain below the levels seen late last year. Retail sales, excluding automobiles, have experienced little change throughout the second quarter, with a decline in March followed by a recovery in April and May - as reported by both preliminary Statistics Canada data and RBC Economics. While spending at bars and restaurants has remained relatively stable during the second quarter, there has been a slight increase over April and May when adjusted for seasonal factors. The travel sector continues to thrive, aligning with an upsurge in airport passenger traffic, even though travel prices remain high. The rise in household debt servicing ratios and consumer delinquency rates may indicate a potential softening of spending in the latter half of the year, necessitating close observation of the Canadian market.

(Source: Statistics Canada, RBC Economics)

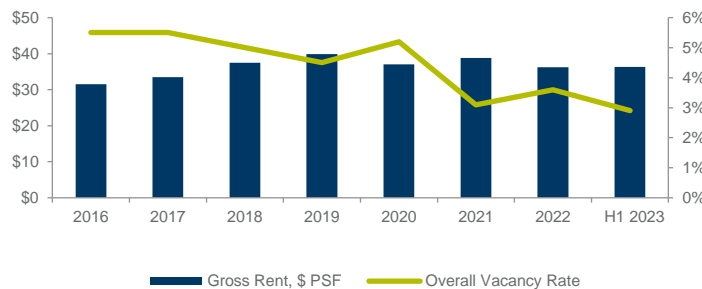
DEMAND

The recent closures of Nordstrom, Nordstrom Rack and Bed Bath & Beyond alleviated supply-side pressures by freeing up approximately 250,000 square feet of retail space. Despite this, retail availability in the city remains scarce unless development picks up significantly. This is an unlikely occurrence given that Ottawa's real estate market has recently shifted its focus to multifamily projects. Despite challenging financing conditions, investment in suburban retail remains strong. Investors are favouring anchored strip centers in these suburban regions due to healthy population growth and future redevelopment potential. An exciting development in Ottawa's urban core is the new arena expected at LeBreton Flats, which is part of the sale of the Ottawa Senators hockey team. It has drawn considerable investor attention, as it promises to transform downtown Ottawa and create opportunities for destination retail like bars, clubs, and restaurants.

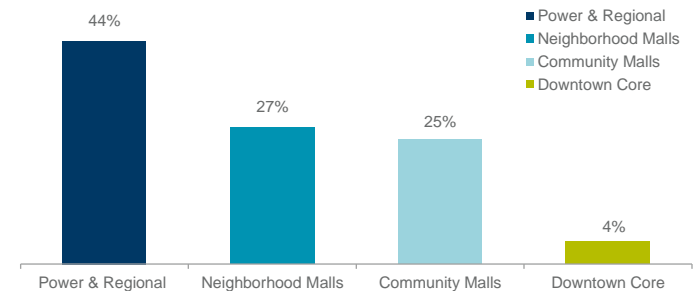
PRICING

Gross rents have increased by 2.04% since the beginning of 2023. The average asking rent is expected to keep rising as a demand-supply imbalance persists in Ottawa's retail real estate market. However, the easing of demand-side pressures will moderate large-scale rent growth in the second half of the year.

GROSS ASKING RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKET SEGMENTS	INVENTORY (SF)	TOTAL BUILDINGS	Q2 2023 VACANCY RATE	Q4 2022 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	OVERALL GROSS ASKING RENT*
REGIONAL MALLS & LARGER POWER CENTRES	9,577,119	14	3.5%	3.8%	29,630	\$46.14
COMMUNITY MALLS & SMALLER POWER CENTRES	8,231,008	37	2.3%	4.2%	159,149	\$36.70
DOWNTOWN CORE	728,047	21	4.6%	3.1%	-10,712	\$55.65
Ottawa East	610,140	21	1.5%	1.8%	1,347	\$34.65
Gloucester	397,321	15	9.5%	10.1%	2,963	\$32.49
Orleans	987,137	35	2.5%	1.8%	-8,389	\$17.98
Ottawa South	1,020,134	28	1.9%	1.3%	-6,120	N/A
Kanata / Stittsville	1,604,534	33	3.3%	3.0%	-5,662	\$37.70
Bell's Corners	337,360	10	2.2%	4.2%	6,705	\$30.49
Nepean (Merivale Road Area)	668,236	20	1.3%	1.7%	2,620	\$35.25
Nepean / Other / Barrhaven	753,246	20	0.8%	0.8%	0	\$32.50
Ottawa West / Westboro	746,900	29	2.7%	2.7%	0	\$38.90
NEIGHBOURHOOD MALLS TOTAL	7,485,593	211	2.7%	2.6%	-6,536	\$30.91
OTTAWA TOTALS	26,021,767	283	2.9%	3.6%	171,531	\$36.33

* Weighted Average Gross Asking Rents

NATHAN SMITH, BROKER

Senior Vice President
+1 613 236 7777 info@cwottawa.com

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