

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
12.5% Vacancy Rate	▲	▼
-529K YTD Net Absorption, SF	▬	▲
\$35.85 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
658K Ottawa Employment	▲	▲
6.5% Ottawa Unemployment Rate	▲	▲
6.6% Canada Unemployment Rate <i>Source: Statistics Canada</i>	▲	▬

ECONOMY

In August 2024, the unemployment rate in Canada rose to 6.6%, up 20 basis points (bps) from the previous quarter. The largest month-over-month employment growth occurred in the educational services sector, with 27,000 new jobs created at the start of the academic year. However, overall employment saw little change, as gains in part-time positions were largely offset by a decrease in full-time work.

SUPPLY AND DEMAND

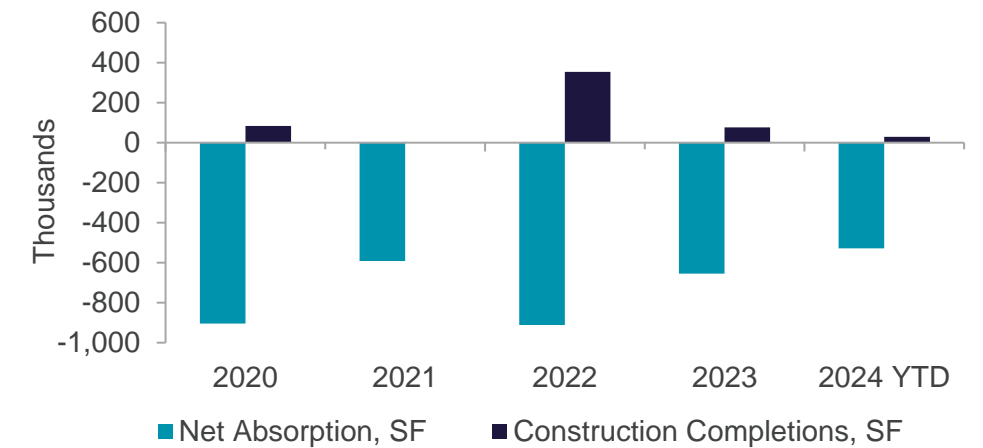
The overall office vacancy rate in Ottawa increased by 70 bps quarter-over-quarter (QOQ), reaching 12.5% in Q3 2024. While the Central Class C market recorded a 150-bps drop, reducing vacancy from 15.3% to 13.8%, the Central Class A market posted a notable rise, from 10.5% to 13.3%, primarily due to large spaces that were previously marketed as “available in future” officially becoming vacant in Q3 2024. In contrast, the Suburban market saw slight improvement, with the overall vacancy rate dropping by 40 bps QOQ to 11.1%.

The federal government, the largest tenant in downtown Ottawa, made moves this quarter that has attracted market attention. Although Ottawa’s return-to-office rate continues to lag behind other major Canadian cities, tens of thousands of public servants have begun returning to the office at least three days a week, raising expectations for higher occupancy rates in the coming quarters. Additionally, in Q3 2024, the federal government added 22 properties to its public lands bank as part of its strategy to promote affordable housing, in line with its long-term real estate portfolio optimization plan.

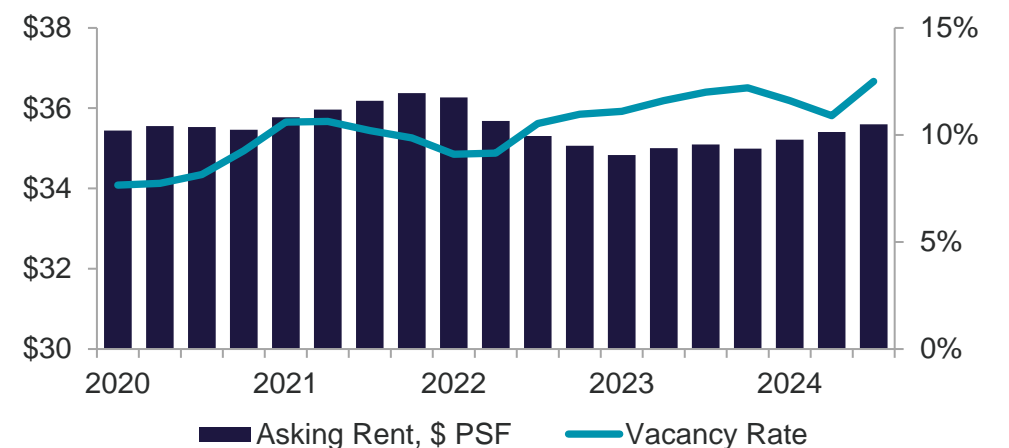
PRICING

The average city-wide direct net asking rent stood at \$17.49 per square foot (psf) in Q3 2024, demonstrating stability with only a slight decrease of \$0.12 psf from the previous quarter. The Central market recorded a QOQ decline of \$0.27 psf in its direct net asking rent to \$19.26 psf, while the Suburban market followed a similar trend, with a QOQ drop of \$0.39 psf to \$15.05 psf. Model suites continued to be popular among tenants due to their accessibility and the high costs of leasehold improvements.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING 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	18,250,806	250,624	2,086,173	12.8%	-410,424	-361,751	478,386	0	\$39.78	\$48.82
Centretown	1,137,653	12,110	221,567	20.5%	-4,727	-72,675	145,342	0	\$32.29	\$33.57
Lowertown/Sandy Hill	918,212	13,751	235,897	27.2%	-19,460	-15,021	23,829	0	\$37.04	\$43.12
Glebe/Main	255,845	0	33,428	13.1%	-5,379	-11,398	23,534	0	\$33.95	N/A
Central Dispersed	274,411	0	90,867	33.1%	0	4	0	0	N/A	N/A
CENTRAL AREA TOTALS	20,836,927	276,485	2,667,932	14.1%	-439,990	-460,841	671,091	0	\$38.82	\$47.91
Ottawa West	9,472,971	176,817	802,819	10.3%	-130,906	-185,019	480,500	0	\$32.03	\$36.46
Ottawa Deep West	6,745,708	100,528	728,504	12.3%	-78,170	-105,009	385,427	72,000	\$24.93	\$24.46
SUBURBAN WEST TOTALS	16,218,679	277,345	1,531,323	11.1%	-209,076	-290,028	865,927	72,000	\$29.94	\$30.00
Ottawa South	496,830	0	54,606	10.9%	1,422	4,650	48,370	0	\$36.74	\$36.74
Ottawa East	5,666,061	70,425	543,110	10.8%	-18,378	217,391	123,364	0	\$35.19	\$37.00
TOTAL SUBURBAN TOTALS	22,381,570	347,770	2,129,039	11.1%	-226,032	-67,987	1,037,661	72,000	\$31.77	\$32.92
OTTAWA TOTALS	43,218,497	624,255	4,796,971	12.5%	-666,022	-528,828	1,708,752	72,000	\$35.85	\$40.94

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
350 Albert Street	Central Business District	Canadian Institute for Health Information	61,042	Direct
350 Albert Street	Central Business District	Welch LLP	34,000	Direct
5050 Innovation Drive	Kanata North	Barracuda Networks	34,000	Sublease
1331 Clyde Avenue	Ottawa West Dispersed	Versaterm Public and Safety Inc.	14,785	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2 Gurdwara Road	Colonnade / Rideau Heights	Pro REIT Acquisition (1) Inc / 2 Gurdwara Road GP Inc	94,473	\$15,300,000 / \$162
1335 Carling Avenue	Ottawa West Dispersed	Pro REIT Acquisition (1) Inc / 1335 Carling Avenue Inc	69,538	\$11,250,000 / \$162
36-38 Antares Drive	Colonnade / Rideau Heights	CR4 Ottawa Flex Office Inc / Trivan AB GP Inc	79,845	\$11,250,000 / \$141

NATHAN SMITH, BROKER

Executive Vice President
Managing Director
Tel: +1 613 236 7777
info@cwottawa.com

YICHEN SHI

Research Analyst
Tel: +1 613 236 7777
yshi@cwottawa.com

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