

Q1 2021

# Ottawa

## Office Market Report

### Net Absorption

This Quarter	Previous Quarter
-274K SF	-219K SF
12-Month Absorption	5-Year Quarterly Avg.
-1.2M SF	-112K SF

### Availability

This Quarter	Year-over-Year
12.0%	▲ 343 bps

### Asking Net Rent

This Quarter*	Year-over-Year
\$16.74 PSF	▼ 2.0%

### Development

Under Construction	New Supply
619K SF	0.0K SF

\*Weighted Average  
Colliers Macaulay Nicolls Inc.

### Market Outlook

Availability continues to increase, up to 12.0% in Q1 2021 for Ottawa overall. This is up 12% quarter-over-quarter (QoQ) and 40% year-over-year (YoY), continuing the trend of steady increases in advertised space that began early in the pandemic. The hardest hit markets were the Downtown Core and the East, with a QoQ growth of 22.1% and 13.0%, respectively. The best faring market was the South, where availability declined slightly, from 9.21% to 9.12% QoQ, thanks to a stable Class A market and a decline of 2.1% in Class B space on the market.

As a whole, Class A space has seen the largest increase in advertised space in Q1 2021, both in the suburban markets and the Downtown Core. Class B space in the suburbs saw a very stable quarter, with just a 6,280 SF increase in vacant space across the city in Q1 2021.

Despite the increased availability, net asking rental rates are virtually unchanged through the pandemic, declining only 2% since Q1 2020.

Other than the Fringe Core, which has seen rents increase by 2.9% YoY, Class A asking rents across the city have remained stable, within a 1% change in either direction. This is likely due to landlords making concessions on other aspects of leases, such as agreeing to shorter terms, early termination clauses, longer fixturing periods, or increased improvement allowances.

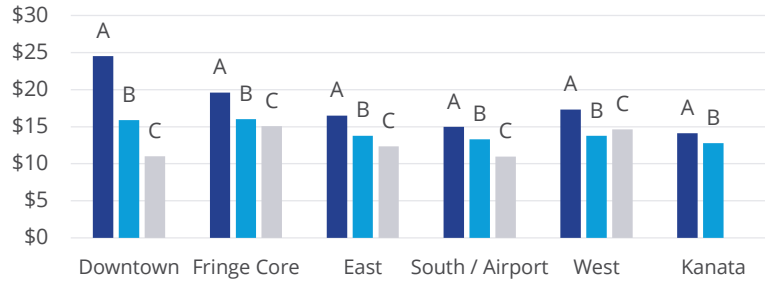
Colliers continues to study the impact the sublease market has on the overall performance of the Office leasing market. The pace at which sublease space came onto the market slowed this quarter, increasing just 6.0% QoQ (when excluding emergence of the long-rumored NAV Canada building on Metcalfe Street, that was a known factor through the latter half of 2020 and is not available until late this year). This may indicate that the market has turned a corner for the better, and that tenants have decided to keep their current space while considering future options, rather than shifting to a work-from-home model in the meantime.

Accelerating success.

# Market Overview

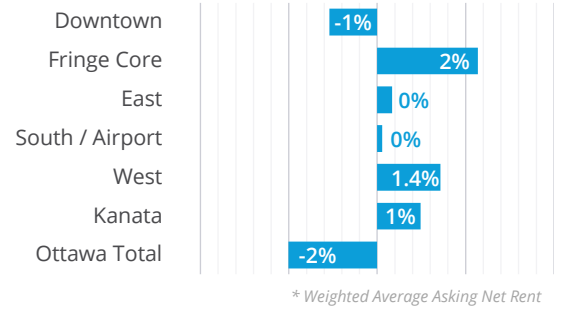
## 01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



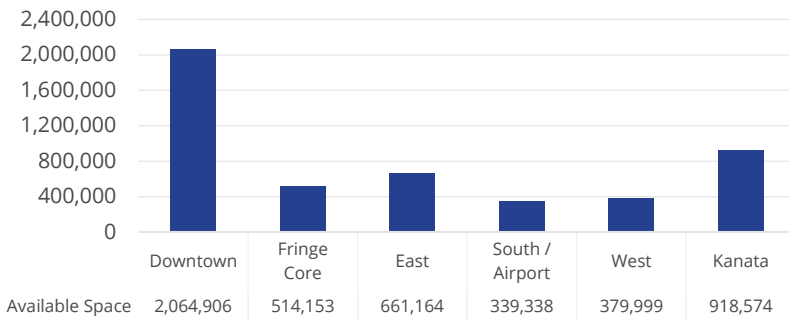
## 02 Rental Rate Growth\*

By Market | Q1 2020 – Q1 2021



## 03 Available Space by Market

Total Square Feet (SF)



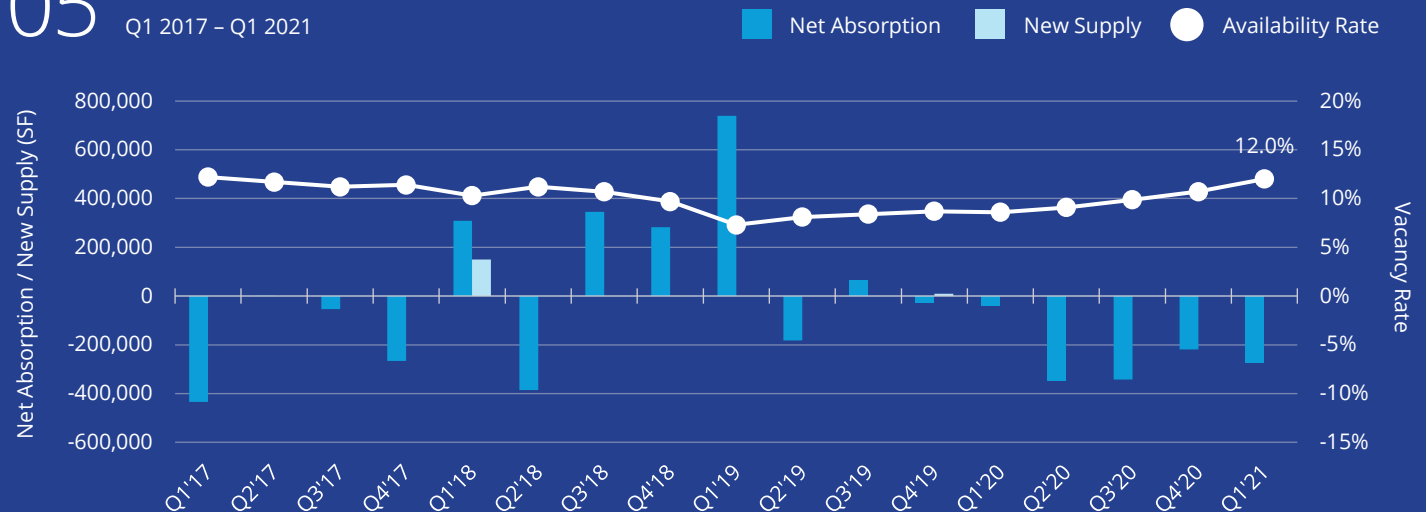
## 04 Availability Rate

By Market | Q1 2020 – Q1 2021

Downtown	<b>11.6%</b>	▲	from 7.4 % Q1'20
Fringe Core	<b>13.8%</b>	▲	from 10.6% Q1'20
East	<b>19.0%</b>	▲	from 12.4 % Q1'20
South / Airport	<b>9.1%</b>	▲	from 8.8% Q1'20
West	<b>6.8%</b>	▲	from 6.4 % Q1'20
Kanata	<b>14.7%</b>	▲	from 10.5% Q1'20
<b>Ottawa Total</b>	<b>12.0%</b>	▲	from 8.6% Q1'20

## 05 Historical Overview

Q1 2017 – Q1 2021



# Market Statistics

	Class	# of Bldgs	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Wgt. Avg. Asking Net Rent (PSF)	Wgt. Avg. Asking Gross Rent (PSF)
Downtown	A	35	11,509,378	853,997	7.4%	795,608	373,829	795,608	10.2%	-140,716	0	0	\$24.52	\$47.32
	B	35	4,705,515	601,674	12.8%	624,920	143,890	624,920	16.3%	-33,428	0	0	\$15.89	\$33.09
	C	26	1,594,227	124,834	7.8%	118,305	8,534	118,305	8.5%	10,653	0	0	\$10.99	\$25.59
	<b>Total</b>	<b>96</b>	<b>17,809,120</b>	<b>1,580,505</b>	<b>8.9%</b>	<b>1,538,833</b>	<b>526,073</b>	<b>1,538,833</b>	<b>11.6%</b>	<b>-163,491</b>	<b>0</b>	<b>0</b>	<b>\$20.03</b>	<b>\$39.98</b>

Suburban	Fringe Core	A	14	1,321,965	126,135	9.5%	87,053	39,082	126,135	9.5%	0	0	537,518	\$19.58	\$40.20
		B	33	1,751,714	196,993	11.2%	235,742	8,525	244,267	13.9%	-6,844	0	0	\$16.02	\$31.44
		C	31	659,764	130,872	19.8%	140,051	3,700	143,751	21.8%	-808	0	0	\$15.05	\$29.22
		<b>All</b>	<b>78</b>	<b>3,733,443</b>	<b>454,000</b>	<b>12.16%</b>	<b>462,846</b>	<b>51,307</b>	<b>514,153</b>	<b>13.8%</b>	<b>-7,652</b>	<b>0</b>	<b>0</b>	<b>\$16.53</b>	<b>\$32.69</b>
	East	A	24	2,240,199	494,828	22.1%	531,410	19,060	550,470	24.6%	-60,078	0	0	\$16.48	\$34.47
		B	18	1,009,935	76,245	7.5%	86,942	2,419	89,361	8.8%	-4,768	0	0	\$13.79	\$28.04
		C	7	238,357	21,333	9.0%	21,333	0	21,333	9.0%	-3,269	0	0	\$12.33	\$27.75
		<b>All</b>	<b>49</b>	<b>3,488,491</b>	<b>592,406</b>	<b>17.0%</b>	<b>639,685</b>	<b>21,479</b>	<b>661,164</b>	<b>19.0%</b>	<b>-68,115</b>	<b>0</b>	<b>0</b>	<b>\$16.01</b>	<b>\$33.49</b>
	South / Airport	A	20	1,786,110	40,282	2.3%	36,395	10,784	47,179	2.6%	-9,470	0	0	\$14.97	\$27.80
		B	45	1,627,816	209,418	12.9%	247,646	13,504	261,150	16.0%	10,378	0	0	\$13.30	\$27.42
		C	11	307,404	29,804	9.7%	18,769	12,240	31,009	10.1%	-804	0	0	\$10.95	\$24.18
		<b>All</b>	<b>77</b>	<b>3,721,330</b>	<b>279,504</b>	<b>7.5%</b>	<b>302,810</b>	<b>36,528</b>	<b>339,338</b>	<b>9.1%</b>	<b>104</b>	<b>0</b>	<b>0</b>	<b>\$13.32</b>	<b>\$27.21</b>
	West	A	38	3,014,320	153,390	5.1%	165,405	13,185	178,590	5.9%	-10,447	0	0	\$17.29	\$35.58
B		59	1,843,772	149,815	8.1%	165,509	6,390	171,899	9.3%	2,626	0	0	\$13.78	\$30.09	
C		57	743,349	25,027	3.4%	25,710	3,800	29,510	4.0%	-4,900	0	0	\$14.65	\$29.01	
<b>All</b>		<b>153</b>	<b>5,601,441</b>	<b>328,232</b>	<b>5.9%</b>	<b>356,624</b>	<b>23,375</b>	<b>379,999</b>	<b>6.8%</b>	<b>-12,721</b>	<b>0</b>	<b>0</b>	<b>\$15.61</b>	<b>\$32.65</b>	
Kanata	A	56	3,821,366	386,483	10.1%	558,167	64,777	622,944	16.3%	-126,592	0	80,000	\$14.13	\$26.46	
	B	31	2,425,232	183,436	7.6%	288,264	97,346	295,630	12.2%	104,174	0	0	\$12.76	\$24.46	
	<b>All</b>	<b>87</b>	<b>6,246,598</b>	<b>569,919</b>	<b>9.1%</b>	<b>846,431</b>	<b>162,123</b>	<b>918,574</b>	<b>14.7%</b>	<b>-22,418</b>	<b>0</b>	<b>0</b>	<b>\$13.46</b>	<b>\$25.47</b>	
<b>Total</b>	<b>444</b>	<b>22,791,303</b>	<b>2,224,061</b>	<b>9.8%</b>	<b>2,608,396</b>	<b>294,812</b>	<b>2,813,228</b>	<b>12.3%</b>	<b>-110,802</b>	<b>0</b>	<b>618,518</b>	<b>\$14.91</b>	<b>\$29.90</b>		

## Ottawa Total

<b>All</b>	<b>540</b>	<b>40,600,423</b>	<b>3,804,566</b>	<b>9.4%</b>	<b>4,147,229</b>	<b>820,885</b>	<b>4,878,134</b>	<b>12.0%</b>	<b>-274,293</b>	<b>0</b>	<b>618,518</b>	<b>\$16.74</b>	<b>\$33.62</b>
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# Transaction Highlights

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Adobe	343 Preston Street	Fringe Core	Renewal	40,000
Confidential	85 Albert Street	Downtown	Expansion	12,120
Confidential	99 Metcalfe Street	Downtown	Head Lease	7,700
YMCA	150 Isabella Street	Fringe Core	Renewal	6,600

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
2220 Walkley Road	South	80,608	\$18,250,000	Jennings Real Estate	Private Investor
786 Bronson Avenue	West	8,434	\$6,388,000	Restore Medical Clinics	User
2440 Don Reid Drive	South	21,423	\$4,400,000	Avestin Inc.	User
275 Bay Street	Downtown	9,000	\$2,650,000	Safeline Group	Private Investor



**Leased**  
343 Preston Street  
New Lease 40,000 SF

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