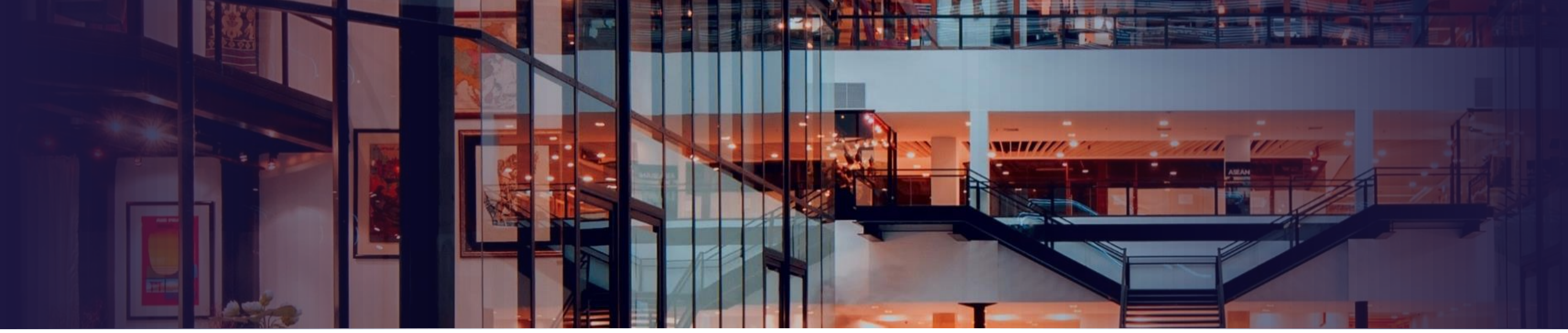


MARKETBEAT
Ottawa
RETAIL H2 2024

CUSHMAN & WAKEFIELD
Ottawa

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$76,300 NCR Median HH Income	▲	▲
2.2% NCR Population Growth	▼	▼
5.9% Ottawa Unemployment Rate	▲	▲

Source: Statistics Canada/Moody's Analytics
NCR: Ottawa-Gatineau

ECONOMIC INDICATORS

	YOY Chg	Outlook
0.1% NCR GDP Growth	▼	▲
1.9% NCR Consumer Price Index (November 2024)	▼	▼
-11.4% NCR Retail Sales Growth*	▼	▲

Source: Statistics Canada/Moody's Analytics
NCR: Ottawa-Gatineau
**Seasonally adjusted Retail Sales*

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-basis point (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

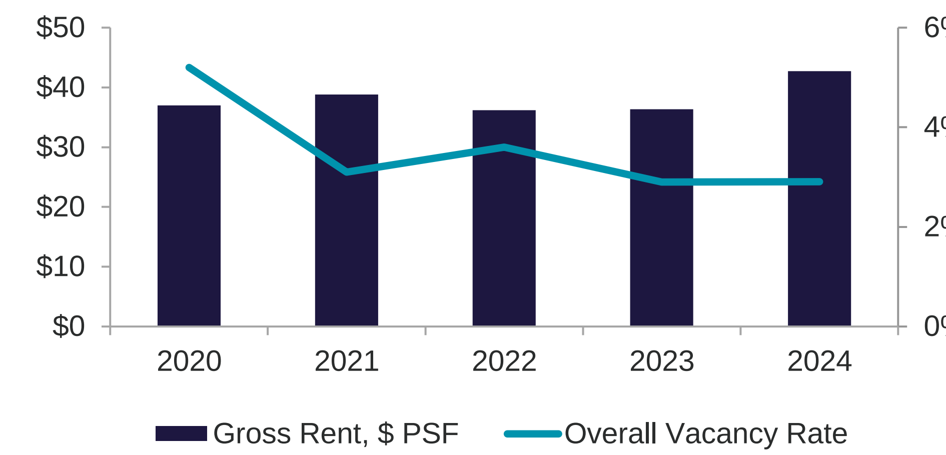
Over the past 18 months, Ottawa's retail market has demonstrated resilience through challenging conditions. As of the second half of 2024 (H2 2024), the overall vacancy rate in Ottawa remained stable at 2.9%. However, the downtown core submarket saw a significant increase of 450 bps in the vacancy rate, from 4.6% to 9.1%. Despite this, foot traffic in the downtown area is gradually recovering due to the return of government employees and increased tourist activity. In recent months, renewed interest has been observed in previously vacated spaces, driven by declining interest rates, the ongoing back-to-office trend, and steady population growth.

Neighbourhood malls performed well in 2024, with the vacancy rate declining from 2.7% to 2.0% and a total positive absorption of 49k square feet (sf). While Gloucester, Bell's Corners, and the Merivale Road Area recorded negative absorption, other suburban submarkets posted positive gains. As Ottawa's suburban population grows, more residents are moving into outer communities, driving demand in the local retail sector. The Kanata/Stittsville area in the west led the suburban submarkets with 37k sf of positive absorption, followed by Orleans in the east, which posted 18k sf of positive absorption.

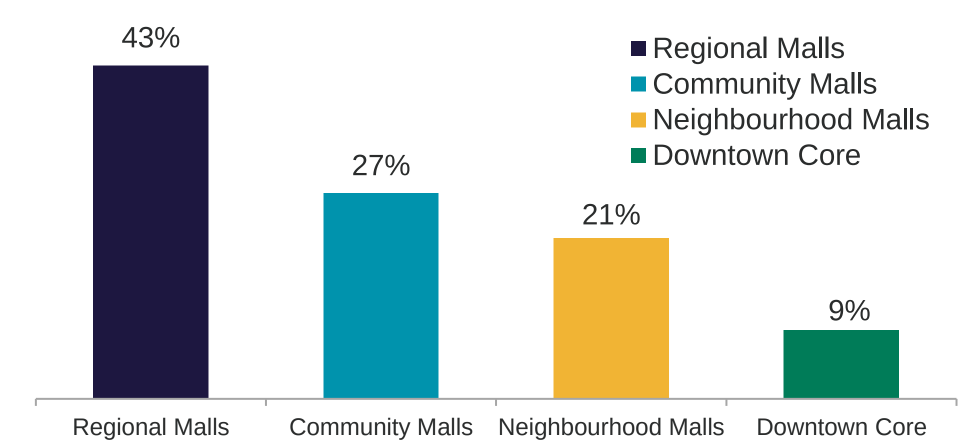
PRICING

The overall gross asking rent for Ottawa's retail market increased by $6.40 per square foot (psf) since the first half of 2023, reaching $42.73 psf in H2 2024. Regional malls and downtown core retail saw declines in gross rent, with drops exceeding four dollars per square foot. Conversely, community and neighbourhood malls recorded rental increases, with gross asking rents rising to $43.24 psf and $38.45 psf, respectively.

GROSS ASKING RENT / VACANCY RATE



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

MARKET SEGMENTS	INVENTORY (SF)	TOTAL BUILDINGS	H2 2024 VACANCY RATE	H1 2023 VACANCY RATE	CURRENT NET OVERALL ABSORPTION (SF)	OVERALL GROSS ASKING RENT*
REGIONAL MALLS & LARGER POWER CENTRES	9,369,195	14	3.4%	3.5%	15,171	$41.64
COMMUNITY MALLS & SMALLER POWER CENTRES	7,986,774	39	2.5%	2.3%	-12,520	$43.24
DOWNTOWN CORE	728,047	21	9.1%	4.6%	-32,831	$50.86
Ottawa East	610,140	21	0.6%	1.5%	5,789	N/A
Gloucester	490,616	15	11.0%	9.5%	-6,865	$34.36
Orleans	1,248,700	35	1.1%	2.5%	17,959	$36.60
Ottawa South	1,083,124	28	1.2%	1.9%	7,081	$32.40
Kanata / Stittsville	1,707,729	33	1.0%	3.3%	37,184	$32.24
Bell’s Corners	338,383	10	6.4%	2.2%	-14,371	$39.83
Nepean (Merivale Road Area)	668,204	20	2.7%	1.3%	-8,866	$51.33
Nepean / Other / Barrhaven	754,113	20	0.2%	0.8%	4,881	$33.12
Ottawa West / Westboro	753,709	29	1.8%	2.7%	6,635	$39.63
NEIGHBOURHOOD MALLS TOTAL	7,654,718	211	2.0%	2.7%	49,427	$38.45
OTTAWA TOTALS	**25,738,734**	**285**	**2.9%**	**2.9%**	**19,247**	**$42.73**

**Weighted Average Gross Asking Rents*

KEY SALES TRANSACTIONS H2 2023 – H2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / $ PSF
2083-2121 Carling Avenue 2165 Carling Avenue	Ottawa West Dispersed	OPB Realty Inc / Anthem Minett Carlingwood Holdings Inc	632,700	$73,500,000 / $116
40 Elgin Street	CBD	Chambers Building (Ottawa) Inc / His Majesty the King in Right of Canada	N/A	$51,000,000 / NA
2030 Tenth Line Road	Orleans	HT Avalon Inc / CP REIT Ontario Properties Ltd	280,091*	$31,650,000 / NA
47-57 Rideau Street	Lowertown / Sandy Hill	The 47 - 57 Rideau 9053-7341 Quebec Inc / National Capital Commission	61,948	$21,800,000 / $352
5911 Perth Street 5921 Perth Street	Deep West Dispersed	CRED GP Inc / SRF5 Richmond Village Inc	420,790*	$20,250,000 / NA

** Land Area*

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