



*REAL STRATEGY*

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Commercial Real Estate Strategy  
& Implementation Solutions

**Real Strategy Market Outlook:  
Q1 2018**

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### Real Strategy Market Outlook: Q1 2018



The first quarter of 2018 saw significant leasing activity in Greater Ottawa's office market with over 300,000 square feet being absorbed. Total market availability fell a full percentage point to 11.2% as Ottawa's economy continues to heat up.

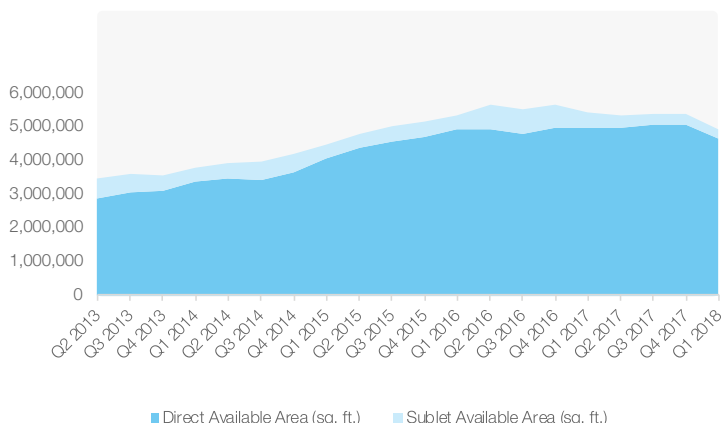
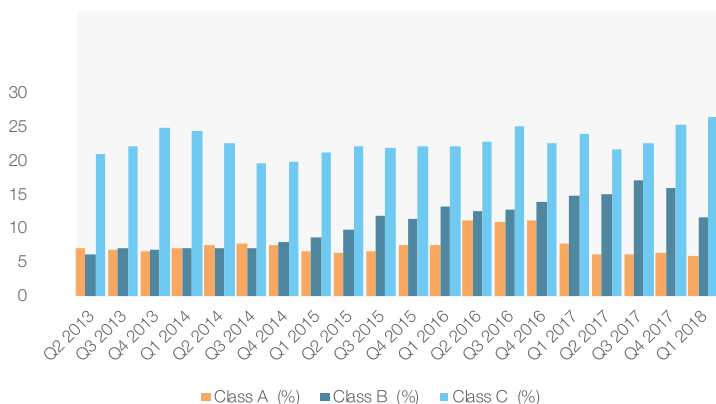
Downtown Class A & B availability continues to fall as more companies choose to relocate back downtown to take advantage of newly renovated buildings and attractive tenant incentives.

Real Strategy expects downtown availability to continue to fall over the remainder of 2018 as firms continue the pursuit of young urban dwellers and excitement builds around the upcoming Light Rail Transit system slated to open late 2018.

### Downtown Available Rate by Class



### Greater Ottawa Availability



## Largest Downtown Vacancies



Total Available Rate:

55%

20%

44%

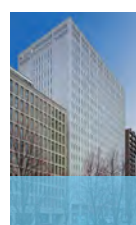
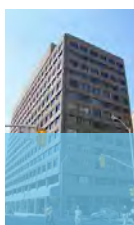
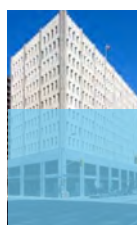
33%

41%

25%

5%

12%



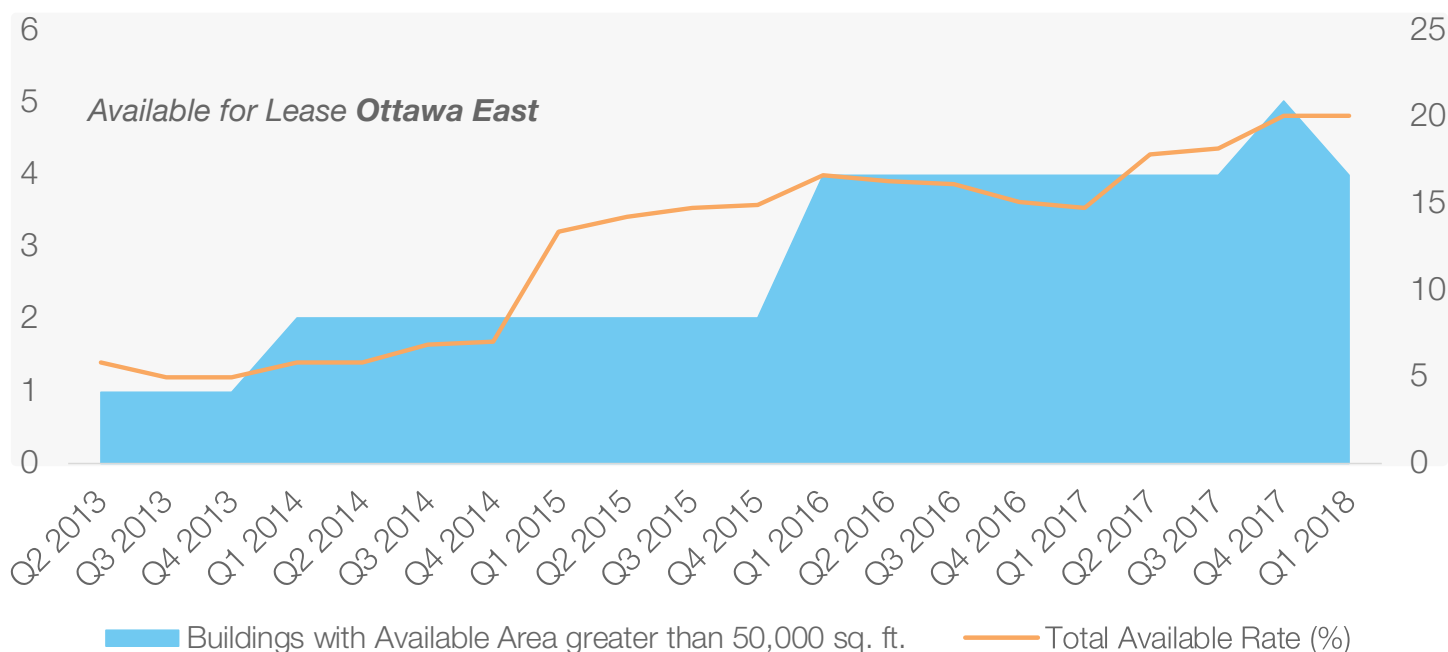
Address	151 Slater Street	55 Metcalfe Street	171 Slater Street	222-230 Queen Street	473 Albert Street	130 Albert Street	160 Elgin Street	45 O'Connor Street
Total Office Area (sq. ft.)	147,046	327,024	147,265	164,320	132,000	207,656	933,662	414,516
Office Class	Class C	Class A	Class B	Class B	Class B	Class B	Class A	Class A
Total Available Area (sq. ft.)	80,080	66,050	65,424	53,504	53,479	51,997	50,356	50,185
Total Available Rate (%)	55	20	44	33	41	25	5	12

## SUBMARKET ANALYSIS



**Ottawa's Suburban East** remained relatively unchanged with the exception of a 33,500 square foot sublease completed by Intact Insurance at the St. Laurent Shopping Centre.

With a current availability rate holding at 20.1%, East end properties continued to suffer due to the weakness of the Downtown Core. Real Strategy expects this market to continue to weaken, in spite of a falling vacancy downtown, as the space currently occupied by Telesat at 1601 Telesat Court, comes to market later this year.



## Notable Lease Transactions



## Average Basic Rental Rates

Quarter / Year	Tenant	Area (sq. ft.)	Deal Type	Building Address
2018 Q1	Ford Motor Company	62,734	New Tenant	700 Palladium Drive
2018 Q1	Federal Government Tenant	53,093	Renewal	255 Albert Street
2018 Q1	PWGSC	38,195	New Tenant	219 Laurier Avenue West
2018 Q1	Intact	33,569	Sublet	1200 St. Laurent Boulevard
2018 Q1	Not Disclosed	29,477	New Tenant	2936 Baseline Road
2018 Q1	Public Services and Procurement Canada	24,332	Expansion	975 Saint-Joseph Boulevard
2018 Q1	Gowlings	22,567	Expansion	160 Elgin Street
2018 Q1	Public Services and Procurement Canada	15,912	Expansion	160 Elgin Street
2018 Q1	Not Disclosed	14,500	New Tenant	112 Kent Street
2018 Q1	Clearwater Clinical	13,570	New Tenant	80 Aberdeen Street
2018 Q1	PBO	12,155	New Tenant	50 O'Connor Street
2018 Q1	Crank Software	9,200	New Tenant	1000 Innovation Drive
2018 Q1	Free Balance	6,137	New Tenant	343 Preston Street
2018 Q1	Not Disclosed	5,773	New Tenant	865 Shefford Road

Market	Avg Rent PSF
<b>Greater Ottawa - Overall</b>	<b>\$ 15.47</b>
Greater Ottawa - Class A	\$ 18.89
Greater Ottawa - Class B	\$ 14.24
<b>Downtown Core - Overall</b>	<b>\$ 18.33</b>
Downtown Core - Class A	\$ 23.17
Downtown Core - Class B	\$ 16.69
<b>Gatineau - Overall</b>	<b>\$ 16.88</b>
Gatineau - Class A	\$ 25.00
Gatineau - Class B	\$ 13.75
<b>Suburban East - Overall</b>	<b>\$ 14.21</b>
Suburban East - Class A	\$ 16.34
Suburban East - Class B	\$ 12.55
<b>Suburban West - Overall</b>	<b>\$ 14.14</b>
Suburban West - Class A	\$ 16.00
Suburban West - Class B	\$ 13.83

The **Kanata market** continues to strengthen as the tech sector experiences steady growth. An especially exciting announcement was made by Ford Motor Company in late March that they had inked a deal for a new 62,734 autonomous and connected vehicle R&D facility at 700 Palladium Drive, where they expect to hire 295 engineers.

As the number of large blocks of space continues to fall, Real Strategy expects that many landholders and developers will begin marketing new development sites in earnest as demand increases.

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