

## OTTAWA INDUSTRIAL

### Economic Indicators

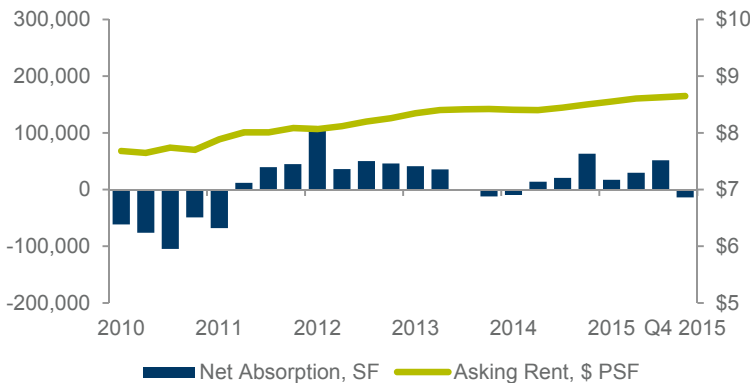
	2014	2015	12-Month Forecast
Ottawa Employment	540k	530k	■
Ottawa Unemployment	5.9%	6.3%	■
Canada Unemployment	6.6%	7.1%	■

### Market Indicators (Overall)

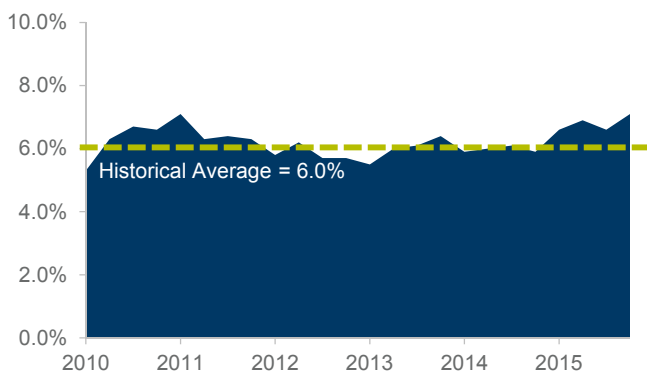
	2014	2015	12-Month Forecast
Overall Vacancy	5.9%	7.1%	■
Net Absorption (sf)	253,035	(55,392)	■
Under Construction (sf)	119,000	47,954	▼
Average Asking Rent	\$8.54	\$8.63	▲

\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

The unemployment rate in the City of Ottawa reached 6.3% in November 2015, a minimal decrease of 0.1 percentage points from the third quarter. The country's unemployment rate bumped up to 7.1% from last month as the economy lost 35,700 jobs; largely thought to be a decline in the temporary work that was generated by the federal election. Now that the federal election is over, it will be interesting to see how a Liberal majority will impact the region's economy as we head into 2016. Campaign promises that were made that would directly impact the local economy include an increase in funding for infrastructure, a pledge to contribute significant funds to expand the Light Rail Transit network in the region, and most importantly, a promise to public servants to mend the, at times, strained relationship between the public service and the Conservative government.

## Market Overview

Overall vacancy rose to 7.1% in the fourth quarter; an increase of 0.5 percentage points from Q3. Both the eastern and western submarkets underwent increases in vacancy, both also reaching 7.1%. However, the rise in vacancy was certainly more substantial in the eastern submarkets, with available space climbing close to 100,000 square feet (sf) in the fourth quarter. New availabilities were located throughout the eastern submarkets, including larger blocks of space at 2070-2092 Walkley Road with 22,500 sf in total and a building at 1303 Michael Street with 12,500 sf being placed on the sublet market. These, along with other new pockets of space, lead to either zero or negative absorption in the fourth quarter for all of the eastern submarkets, all-in-all totaling negative 96,000 sf. The western submarkets, while faring better than the eastern, also saw negative absorption of close to 18,000 sf this quarter; bringing the overall market Q4 absorption total to negative 114,000 sf.

## Outlook

The Ottawa industrial market ended 2015 with a bit of a whimper with both a rise in vacancy as well a notable lack of activity from the market. Any significant declines in vacancy will likely continue to be somewhat hampered by the large blocks of space that have languished on the market for months and in some cases years - which suggests an inaccurate impression of a softening market. The overall market is fairly stable, best evidenced by the few dramatic swings in vacancy experienced over the past five years and asking rental rates that have continued to climb slowly but surely. It is anticipated that these conditions will continue through the first half of 2016.

MARKETBEAT

## Industrial Snapshot Q4 2015

Ottawa, ON


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Ottawa

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT*	OVERALL WEIGHTED AVG. ADD. RENT	OVERALL WEIGHTED AVG. GROSS RENT
Kanata	55	3,249,132	6.8%	37,478	(2,624)	115,384	32,954	119,000	\$7.71	\$4.85	\$12.56
Bell's Corners	12	382,019	0.0%	8,956	0	5,230	0	0	n/a	n/a	n/a
Morrison/Queensview	9	415,519	23.2%	4,564	0	(36,409)	0	0	\$9.30	\$4.70	\$14.00
Woodward/Carling	23	540,800	10.9%	2,400	0	(18,340)	0	0	\$8.31	\$6.69	\$15.00
Ottawa Centre	26	777,339	4.7%	19,100	(17,937)	(21,011)	0	0	\$10.15	\$5.07	\$15.22
Ottawa South	11	695,111	13.0%	44,647	7,750	5,917	0	0	\$8.08	\$4.22	\$12.30
West Merivale	26	534,593	6.7%	0	(12,782)	(17,637)	0	0	\$9.55	\$4.76	\$14.31
East Merivale	27	639,693	1.4%	2,740	(2,790)	11,249	0	0	\$8.64	\$6.21	\$14.85
Colonnade	22	634,309	6.2%	23,527	11,843	9,204	0	0	\$9.82	\$5.86	\$15.68
Rideau Heights	26	623,188	2.4%	6,217	(1,232)	50,474	0	0	\$9.65	\$7.94	\$17.59
<b>West Ottawa Totals</b>	<b>237</b>	<b>8,491,703</b>	<b>7.1%</b>	<b>149,629</b>	<b>(17,772)</b>	<b>104,061</b>	<b>32,954</b>	<b>119,000</b>	<b>\$8.79</b>	<b>\$5.03</b>	<b>\$13.82</b>
South Walkley	13	325,180	1.4%	0	0	(2,000)	0	0	\$7.50	\$4.95	\$12.45
Ottawa Business Park	28	1,316,440	12.8%	23,237	(22,547)	(33,774)	0	0	\$8.38	\$5.04	\$13.42
Coventry/Belfast	48	1,760,250	6.6%	5,484	(15,811)	(30,935)	0	0	\$9.55	\$6.22	\$15.77
Cyrville	63	2,234,837	12.5%	75,232	(16,498)	(89,467)	0	70,000	\$8.55	\$5.04	\$13.59
Sheffield	60	3,043,681	4.9%	112,452	(13,292)	29,656	0	0	\$8.38	\$4.67	\$13.05
Sheffield/Lancaster	20	1,185,844	2.2%	16,086	(2,666)	6,170	0	0	\$9.23	\$5.59	\$14.82
Stevenage/Belgreen	55	2,029,144	1.2%	113,833	(10,000)	10,708	0	0	\$7.95	\$5.18	\$13.13
South Gloucester/Albion	15	392,234	2.2%	0	0	(8,804)	0	0	\$9.00	\$5.54	\$14.54
Queensway	25	920,465	15.2%	13,000	(15,505)	(11,901)	0	0	\$8.95	\$4.73	\$13.68
Orleans	15	514,473	10.2%	5,000	0	(28,106)	15,000	0	n/a	n/a	n/a
<b>East Ottawa Totals</b>	<b>342</b>	<b>13,722,548</b>	<b>7.1%</b>	<b>364,414</b>	<b>(96,319)</b>	<b>(159,453)</b>	<b>15,000</b>	<b>70,000</b>	<b>\$8.57</b>	<b>\$5.08</b>	<b>\$13.65</b>
<b>OTTAWA TOTALS</b>	<b>579</b>	<b>22,214,251</b>	<b>7.1%</b>	<b>514,043</b>	<b>(114,091)</b>	<b>(55,392)</b>	<b>47,954</b>	<b>189,000</b>	<b>\$8.63</b>	<b>\$5.06</b>	<b>\$13.69</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q4 2015

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
100 Legacy Road	103,438	Colabor Canada Ltd.	Renewal	Stevenage/Belgreen
1117-1141 Newmarket Street	11,890	N/A	New Lease	Sheffield

## Key Sales Transactions Q4 2015

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
302 Legget Drive	84,096	1384449 Ontario Inc./Econo-Malls Holdings 21 Inc.	\$10,000,000 / \$119	Kanata

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