

OTTAWA INDUSTRIAL

Economic Indicators

	Q4 15	Q4 16	12-Month Forecast
Ottawa Employment	530k	546k	▲
Ottawa Unemployment	6.3%	6.0%	■
Canada Unemployment	7.1%	6.8%	▼

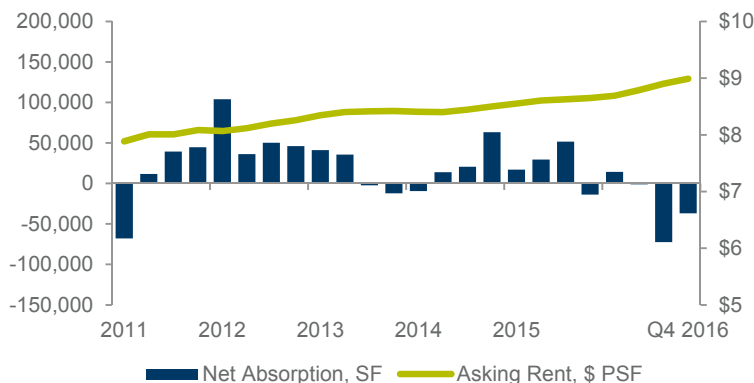
Market Indicators (Overall)

	Q4 15	Q4 16	12-Month Forecast
Overall Vacancy	7.1%	7.7%	■
Net Absorption (sf)	(55,392)	28,382	▼
Under Construction (sf)	47,954	0	▼
Average Asking Rent	\$8.63	\$8.98	■

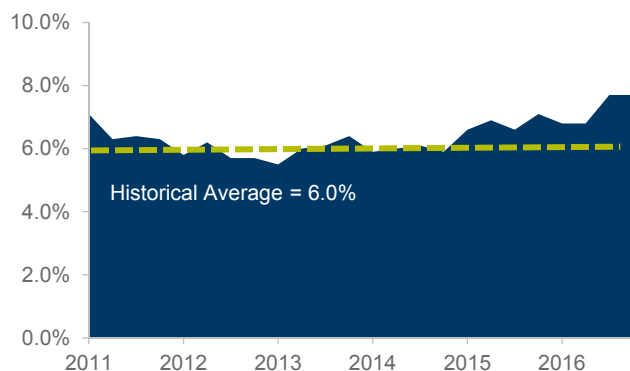
*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent

4Q TRAILING AVERAGE



Overall Vacancy



Economy

Statistics Canada reported that there were 400 net new jobs created in Ottawa in November 2016, but with the size of the labour force increasing by approximately 1,200, the unemployment rate rose slightly to 6.0%. The public administration sector saw the largest gains in November, adding approximately 4,900 jobs in the Ottawa-Gatineau region. Nearly all of these jobs were within the federal government and employment now sits at 139,200 - the highest level since mid-2012. The Conference Board of Canada is projecting GDP growth of 1.7% in 2016; accelerating to 2.2% in 2017. In the new year, the region's economy is anticipated to benefit from a few different factors – an expansion of the public administration sector, a strong non-residential construction sector, and a boost in tourism due to Canada's 150th birthday celebrations.

Market Overview

Although there was movement in both Suburban East and Suburban West vacancy this quarter, the overall vacancy for the city remained unchanged from Q3 at 7.7%. Although a few notable blocks of new availability arrived on the market in submarkets throughout the city, absorption did rebound from last quarter, reaching 28,000 square feet (sf). This total was solely generated by activity in the western submarkets, in particular a notable transaction in Kanata, as the eastern submarkets continue to see large blocks of new availability arrive to market. One of the significant drivers of the negative absorption in the Eastern submarkets this quarter was RONA vacating 2400 Sheffield which placed 58,000 sf on the market. While the pace of transactions has remained steady, the majority of the activity has been focused in smaller transactions; largely under 5,000 sf, while larger spaces have proven more difficult to lease. This has contributed to both negative absorption figures through the year, along with vacancy edging upwards, as the larger spaces that have become available have languished on the market for lengthy amounts of time, dragging down the overall market. That being said, the availability of good quality space with high ceilings in desirable locations continues to remain scarce. This coupled with little industrial product available to purchase, and well located, serviced development land in short supply, have kept asking rates high, averaging close to \$9.00 per square foot (psf); one of the highest averages in the entire country.

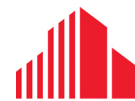
Outlook

It is anticipated that there will be no significant change in the industrial market in the near-term with both little new competitive supply and continued lack of quality product to purchase. Approximately 100,000 sf of space is set to arrive on the market in the next six months, including two blocks of over 20,000 sf. However, that being said, vacancy will likely decline next quarter due to a significant leasing transaction that will be reflected in the Q1 2017 figures.

MARKETBEAT

Ottawa, ON

Industrial Q4 2016



CUSHMAN & WAKEFIELD
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	58	3,307,953	3.5%	172,845	71,903	143,136	0	32,944	\$9.44	\$5.96	\$15.40
Bell's Corners	12	382,019	3.2%	2,070	0	(12,230)	0	0	\$13.00	\$5.20	\$18.20
Morrison/Queensview	9	415,519	15.4%	3,387	0	4,197	0	0	\$9.30	\$3.49	\$12.79
Woodward/Carling	23	540,800	2.7%	33,495	(2,400)	33,438	0	0	\$10.50	\$6.00	\$16.50
Ottawa Centre	27	795,276	3.5%	31,779	(6,483)	(3,639)	0	0	\$8.00	\$4.55	\$12.55
Ottawa South	11	695,111	14.0%	5,000	(5,250)	2,500	0	0	\$7.43	\$4.25	\$11.68
West Merivale	26	544,478	2.7%	20,905	(56)	21,193	0	0	\$9.00	\$4.23	\$13.23
East Merivale	27	639,693	10.7%	13,105	7,549	(59,646)	0	0	\$9.43	\$4.82	\$14.25
Colonnade	22	634,309	5.7%	8,884	1,258	(21,809)	0	0	\$9.76	\$6.39	\$16.15
Rideau Heights	27	655,655	5.9%	6,568	2,401	(23,932)	0	0	\$10.04	\$7.77	\$17.81
West Ottawa Totals	243	8,610,813	5.7%	298,038	68,922	83,208	0	32,944	\$8.92	\$5.08	\$14.00
South Walkley	13	325,180	0.8%	0	0	2,000	0	0	n/a	n/a	n/a
Ottawa Business Park	29	1,394,140	12.0%	13,084	4,819	28,846	0	0	\$8.50	\$4.94	\$13.44
Coventry/Belfast	48	1,783,609	9.2%	36,153	10,582	(48,208)	0	0	\$10.40	\$5.30	\$15.70
Cyrville	63	2,234,837	8.5%	117,382	20,064	76,820	0	0	\$8.76	\$5.01	\$13.77
Sheffield	59	2,991,265	9.5%	42,724	(52,175)	(168,913)	0	0	\$8.46	\$4.81	\$13.27
Sheffield/Lancaster	20	1,185,844	5.2%	47,498	(8,059)	(23,936)	0	0	\$10.34	\$5.54	\$15.88
Stevenage/Belgreen	57	2,092,378	6.7%	41,516	(14,590)	(106,424)	0	0	\$8.12	\$4.31	\$12.43
South Gloucester/Albion	15	392,234	2.2%	0	0	0	0	0	\$7.50	\$5.54	\$13.04
Queensway	25	920,465	13.2%	58,626	(31,840)	15,764	0	0	\$8.94	\$5.64	\$14.58
Orleans	18	602,257	16.6%	14,362	30,659	(26,525)	0	15,000	\$10.35	\$3.50	\$13.85
East Ottawa	347	13,922,209	8.9%	371,345	(40,540)	(250,576)	0	15,000	\$9.01	\$4.90	\$13.91
OTTAWA TOTALS	590	22,533,022	7.7%	669,383	28,382	(167,368)	0	47,944	\$8.98	\$4.96	\$13.94

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q4 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
34-36 Bentley Avenue	4,412	Autotechnik	New Lease	East Merivale Industrial Park
2635 Blackwell Street	2,290	Stanley Black & Decker	New Lease	Sheffield Industrial Park

Key Sales Transactions Q4 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
2320 St. Laurent Boulevard	26,000	Wesco Distribution Canada / 1075748 Ontario Inc.	\$2,800,000 / \$108	Ottawa Business Park
2473 Sheffield Road	22,138	GLE Properties Inc. / 2473 Sheffield Road (Ottawa) Inc.	\$3,100,000 / \$140	Sheffield Industrial Park

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