

Industrial Q4 2019

YoY Chg 12-Mo. Forecast

4.5%

Vacancy Rate



57,293

Net Absorption, SF



\$10.27

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

614K

Ottawa Employment



4.3%

Ottawa Unemployment Rate



5.9%

Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY: Ottawa Looks to the Tech Sector for Job Growth

After posting the lowest unemployment rate in decades in October 2019, at 4.2%, the Ottawa unemployment rate edged up slightly to 4.3% in November 2019. Ottawa employment numbers have grown by 59,000 year-over-year, however, that pace is anticipated to slow in 2020 as the economy shifts into a lower gear. The recent return of the Liberal government to power gives reassurance to public servants, along with the expectation of little to no downsizing within the federal government. This coupled with a vibrant tech sector promises a steady economy and job growth rate.

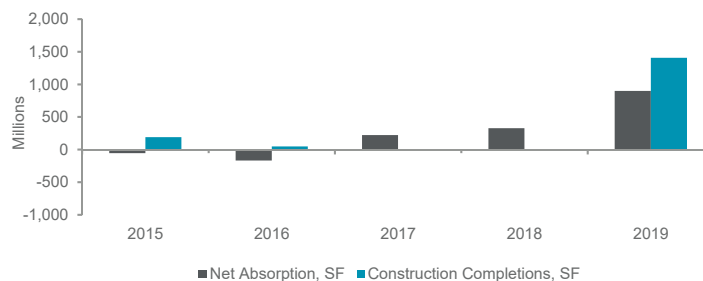
SUPPLY AND DEMAND: Tech Giants Creating Industrial Development Buzz

2019 was an eventful year for the industrial market in Ottawa. The city recorded 897,957 square feet (sf) of positive absorption, almost entirely due to the completion of Amazon's 1.02-million square foot build-to-suit fulfilment centre. This development has paved the way for future developments on the outskirts of the city, particularly the east end, where large pockets of space are available near the technology giant. Broccolini has generated a lot of buzz surrounding its plans for a 700,000-sf distribution facility on Rogers Steven Drive located in the southern outskirts of the city, although its major tenant is still unknown. Local darling Shopify has also been a topic of conversation following its announcement to run its own facility to "trial new warehousing and fulfillment technology".

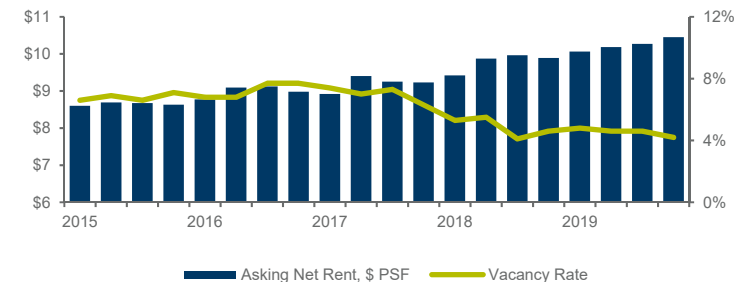
PRICING: Declining Vacancy Leading to Higher Net Rents

Since the first quarter of 2019, average net asking rents have increased, albeit slightly, from \$10.06 per square foot (psf) to \$10.27 psf. Kanata is currently the most expensive market, sitting at an asking net rent of \$13.65 psf. This market currently has a vacancy rate of only 0.8%, with very little space anticipated to arrive to the market in 2020. Although there has been some new construction within the industrial market, all of these have been owner occupied build-to-suits, and as such are not able to alleviate the space crunch that tenants are currently facing. The Amazon warehouse has the capability of housing more than one tenant and may in the future bring some space to the market, but currently the building is fully leased to Amazon. Looking to 2020 it is expected that the lack of available space coupled with no new developments on the horizon will result in continued rising asking rates.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q4 2019

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION(SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT	OVERALL WEIGHTED AVG ADD. RENT	OVERALL WEIGHTED AVG GROSS RENT
Kanata	3,410,597	27,200	0.8%	-5,781	-10,698	0	0	\$13.65	\$5.11	\$18.76
Bell's Corners	382,019	0	0.0%	0	3,284	0	0	\$0.00	\$0.00	\$0.00
Morrison/Queensview	415,519	22,028	5.3%	13,000	6,603	0	0	\$10.00	\$0.00	\$10.00
Woodward/Carling	568,513	27,122	4.8%	0	-6,226	0	0	\$9.74	\$7.34	\$17.08
Ottawa Centre	853,382	97,513	11.8%	0	-31,009	0	0	\$0.00	\$0.00	\$0.00
Ottawa South	709,160	22,399	3.2%	-5,149	14,058	0	0	\$9.48	\$4.39	\$13.87
West Merivale	599,829	18,660	3.1%	885	18,485	0	0	\$9.72	\$5.57	\$15.29
East Merivale	657,693	25,632	3.9%	2,100	-11,925	0	0	\$9.50	\$0.00	\$9.50
Colonnade	660,505	33,754	5.1%	-520	-4,996	0	0	\$10.09	\$5.99	\$16.08
Rideau Heights	668,325	6,493	1.0%	-1,193	20,553	0	0	\$12.00	\$0.00	\$12.00
WEST OTTAWA TOTALS	8,925,542	280,801	3.1%	3,342	-1,871	0	0	\$10.35	\$5.86	\$16.21
South Walkley	325,180	0	0.0%	0	2,677	0	0	\$0.00	\$0.00	\$0.00
Ottawa Business Park	1,387,099	53,264	3.8%	32,677	79,926	0	0	\$9.88	\$7.41	\$17.29
Coventry/Belfast	1,811,009	44,005	2.4%	45,177	34,013	0	0	\$12.17	\$6.68	\$18.85
Cyrville	2,225,437	150,920	6.8%	-25,436	-75,782	0	0	\$9.53	\$5.52	\$15.05
Sheffield	2,955,631	311,585	10.5%	-7,842	-203,073	0	0	\$10.69	\$5.07	\$15.76
Sheffield/Lancaster	1,233,080	50,794	4.1%	1,299	-23,477	0	385,360	\$9.61	\$6.75	\$16.36
Stevenage/Belgreen	2,104,041	24,747	1.2%	5,343	14,049	0	0	\$11.41	\$6.49	\$17.90
South Gloucester/Albion	1,487,234	0	0.0%	0	1,022,610	0	1,020,000	\$0.00	\$0.00	\$0.00
Queensway	920,465	58,241	6.3%	2,733	44,885	0	0	\$9.92	\$6.19	\$16.11
Orleans	596,384	26,524	4.4%	0	4,000	0	0	\$9.00	\$6.00	\$15.00
EAST OTTAWA TOTALS	15,045,560	720,080	4.8%	53,951	899,828	0	1,405,360	\$10.82	\$5.81	\$16.63
OTTAWA TOTALS	23,971,102	1,00,881	4.2%	57,293	897,957	0	1,405,360	\$10.45	\$5.85	\$16.30

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1250-1270 Humber Place	Sheffield		29,652	New Direct
2295 St. Laurent Boulevard	Ottawa Business Park		23,616	New Direct
1000 Belfast Road	Coventry/Belfast		23,000	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1970 Merivale Road	Nepean	Hydro Ottawa Ltd / 2640162 Ontario Inc	75,000	\$9,200,000 / \$123

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