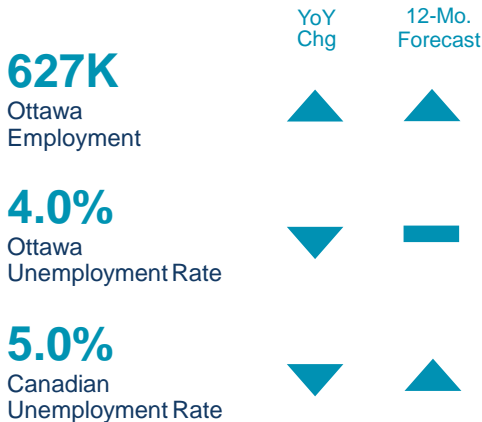


ECONOMIC INDICATORS Q1 2023



Source: Statistics Canada

ECONOMY

Canada's labour market has remained strong; however, economic activity has slowed, and GDP stalled - signaling a potential recession on the horizon. Such events would have a significant impact on consumption in industrial industries. Manufacturing is a significant contributor to Canada's GDP, and any downturn in the economy would likely have a profound impact on the industry. During a recession, people tend to cut back on discretionary spending, and this would result in a decline in demand for goods produced by the manufacturing industry. As a result, manufacturing firms may be forced to reduce their production, which could lead to a decline in employment levels. Additionally, construction is heavily reliant on economic growth, and any downturn in the economy could result in a decline in demand for new construction projects. With borrowing costs significantly higher than year-ago levels, Ottawa businesses and households have begun to cut down on their spending.

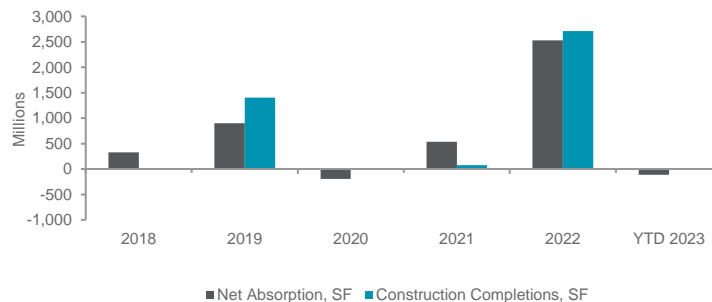
SUPPLY AND DEMAND

Businesses with expiring leases are moving around and adjusting to the new standards of the market. Demand remains strong in the market, with many firms waiting to lease from the growing catalogue of new developments in Ottawa. Firms are reshoring and localizing supply chains as they seek to reduce their dependence on overseas production and bring manufacturing closer to their customers, making local industrial space attractive to large multi-national firms. The industrial market is expected to remain strong and find its equilibrium within the coming years. The optimistic outlook for the city's industrial market, along with its convenient location to other major markets, is encouraging developers and investors to inject capital into the market.

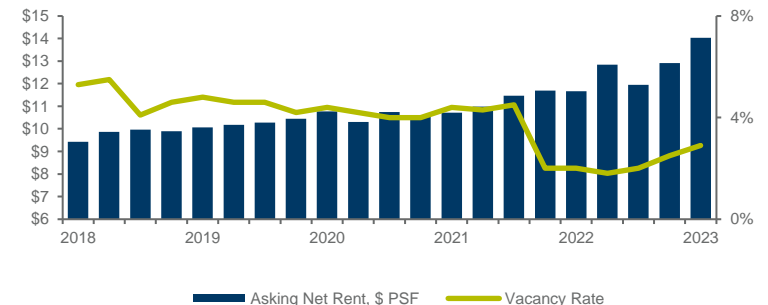
PRICING

The Industrial market continued to gain steam as strong demand and high market velocity pushed rents to historic levels. As of the first quarter of 2023, the average asking net rent is \$14.09 per square foot (psf) – a year-over-year increase of 20%. However, new development and build-to-suit listings have asking rents in upwards of \$17.00 psf. Industrial gross rents are surpassing the \$20.00 psf mark due to rising operating costs as the average additional rent is currently \$7.41 psf. In some buildings additional rents have reached \$10.00 psf, pushing gross rents to the \$26.00 psf range. Rents are expected to continue increasing, but at a much slower pace compared to 2022.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING DIRECT NET RENT



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)	DIRECT WEIGHTED AVG NET RENT	DIRECT WEIGHTED AVG ADD. RENT	DIRECT WEIGHTED AVG GROSS RENT
Colonnade/Rideau Heights	952,990	50,215	5.3%	-43,362	-43,362			\$13.35	\$7.42	\$20.77
Ottawa West Dispersed	4,445,126	121,076	2.7%	47,658	47,658			\$12.74	\$6.78	\$19.52
Barrhaven	2,748,966	0	0.0%	0	0			N/A	N/A	N/A
Kanata North	880,733	96,785	11.0%	-52,861	-52,861	94,337		\$13.94	\$10.94	\$24.88
Kanata South	957,388	52,259	5.5%	8,514	8,514			\$17.00	\$8.46	\$25.46
Stittsville	636,579	0	0.0%	-36,310	-36,310			N/A	N/A	N/A
Deep West Dispersed	338,854	0	0.0%	0	0			N/A	N/A	N/A
WEST OTTAWA TOTALS	10,960,636	320,335	2.9%	-76,361	-76,361	94,337		\$13.95	\$7.89	\$21.84
Hunt Club Corridor	250,880	0	0.0%	0	0			N/A	N/A	N/A
Ottawa South Dispersed	384,326	0	0.0%	0	0			N/A	N/A	N/A
SOUTH OTTAWA TOTALS	635,206	0	0.0%	0	0	0		N/A	N/A	N/A
Hawthorne/Stevenage	2,219,532	79,098	3.6%	-43,362	-43,362	439,087		\$15.48	\$6.39	\$21.87
Gloucester	1,029,818	13,620	1.3%	47,658	47,658			\$11.00	\$11.69	\$22.69
Orleans	521,475	38,817	7.4%	0	0			\$12.83	\$3.72	\$16.55
Ottawa Business Park	1,268,836	154,831	12.2%	-52,861	-52,861			\$14.00	\$10.98	\$24.98
Vanier / St. Laurent / Industrial	1,798,249	19,576	1.1%	8,514	8,514			\$12.39	\$9.88	\$22.27
Sheffield / Michael	6,982,431	145,740	2.1%	-36,310	-36,310			\$14.82	\$7.16	\$21.98
Ottawa East Dispersed	1,448,581	0	0.0%	0	0			N/A	N/A	N/A
EAST OTTAWA TOTALS	15,268,922	451,682	3.0%	-76,361	-76,361	439,087		\$14.09	\$7.18	\$21.27
OTTAWA TOTALS	26,864,764	772,017	2.9%	-108,719	-108,719	533,424		\$14.04	\$7.41	\$21.45

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1300 Upper Canada Drive	Kanata North	Noble	66,000	New Direct
4120 Russell Road – NCBP	Ottawa South	Confidential	62,684	New Direct
1400 Ages Drive	Ottawa South	TLC Global Inc.	20,900	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
3828 Innes Road	Ottawa East	Lowe's Companies Canada / SP Copper Property Buyer		\$27,000,000
5577 Hazeldean Road	Kanata South	Lowe's Companies Canada / SP Copper Property Buyer		\$23,900,000
501 Palladium Drive	Kanata South	Summit Industrial REIT / Dream Summit Industrial Inc		\$16,000,000
2655 Lancaster Road	Ottawa South	2272807 Ontario Ltd / Fiera Real Estate Small Cap		\$8,400,000

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