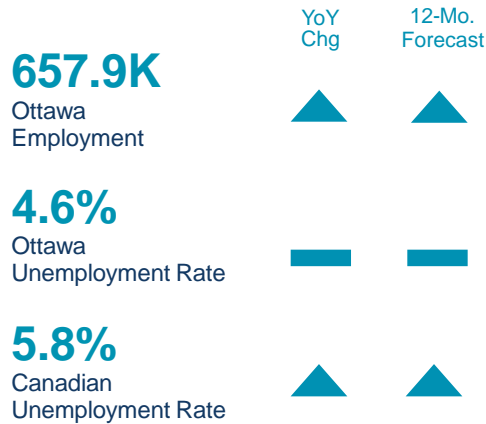


ECONOMIC INDICATORS Q4 2023



Source: Statistics Canada

ECONOMY

Following the surprising resilience of the global economy in 2023, it is expected there will be a dip in economic growth during the initial six months of the upcoming year. The pace of recovery thereafter hinges on the determination of central banks to return to conventional monetary policies. Given the existing challenges in Canada's economy, the Bank of Canada is expected to take the lead by likely reducing interest rates, possibly in the spring. Economic growth this year has been supported by firm manufacturing activity as well as capital investment. The fastest population growth in decades is providing a key underpinning to the overall expansion, masking a soft performance in per-capita consumption this year. Elevated borrowing costs have been a major headwind to Ontario's highly levered firms. Much of the same is expected next year as well, with weak business spending driving a wedge between Ontario's and Canada's economic growth. The risk of recession is elevated in Canada, and a more turbulent economic downturn appears to be on the horizon. (TD Economics)

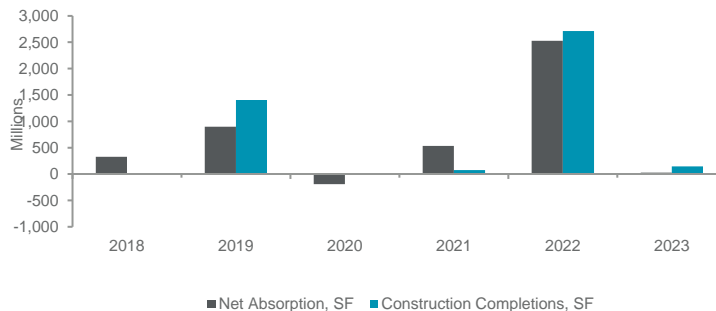
SUPPLY AND DEMAND

In the fourth quarter of 2023, Ottawa's industrial market experienced a marginal uptick in vacancy, with the current overall vacancy rate reaching 2.8%, compared to the recorded rate of 2.5% in the previous quarter. This increase in the vacancy rate is less indicative of a shift in the city's supply and demand dynamics and more a result of the notable surge in rental rates affecting tenants in the market. It is anticipated that the vacancy rate will remain relatively stable in the near future. The Bank of Canada is expected to start slashing rates, which would encourage an increase in real estate demand due to lowered borrowing costs.

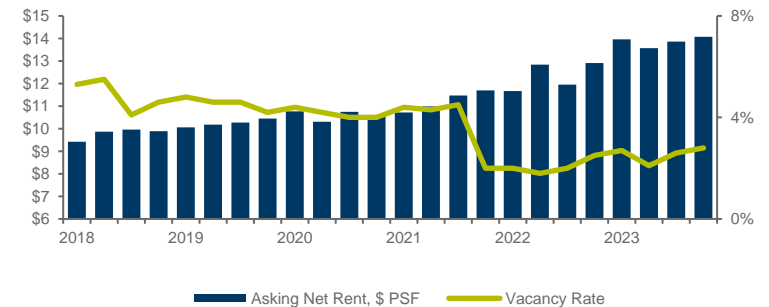
PRICING

Ottawa's industrial market has maintained persistently high rental rates, driven by consistent demand and a lagging supply. The Nation's Capital boasts a robust lineup of upcoming projects and leasing prospects. The initiation of these developments could potentially mark a shift in Ottawa's supply shortages, potentially resulting in a moderation of market rents. However, until that transition occurs, tenants should anticipate rents hovering in the range of \$14-16 per square foot (psf) and reaching up to \$19 per square foot (psf) for top-tier industrial spaces.

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	51,510	5.4%	0	-41,555	-	-	\$14.61	\$7.53	\$22.15
Ottawa West Dispersed	4,599,579	115,234	2.5%	7,694	-1,781	-	-	\$13.53	\$6.13	\$19.67
Barrhaven	2,748,966	-	0.0%	0	0	-	-	N/A	N/A	N/A
Kanata North	880,733	10,285	1.2%	0	91,525	171,625	-	\$13.78	\$10.94	\$24.69
Kanata South	957,388	79,007	8.3%	-10,424	-19,483	-	-	\$11.50	\$5.00	\$16.50
Stittsville	636,579	59,500	9.3%	0	-59,500	478,745	-	N/A	N/A	N/A
Deep West Dispersed	358,854	3,080	0.9%	0	-3,080	-	-	N/A	N/A	N/A
WEST OTTAWA TOTALS	11,135,089	318,616	2.9%	-2,730	-33,874	650,370	0	\$13.51	\$6.91	\$20.42
Hunt Club Corridor	250,880	10,000	4.0%	0	-10,000	-	-	N/A	N/A	N/A
Ottawa South Dispersed	384,326	-	0.0%	0	0	-	-	N/A	N/A	N/A
SOUTH OTTAWA TOTALS	635,206	10,000	1.6%	0	-10,000	0	0	N/A	N/A	N/A
Hawthorne/Stevenage	2,365,265	43,363	1.8%	-30,174	138,106	293,354	145,733	\$15.89	\$7.40	\$23.29
Gloucester	1,029,818	40,757	4.0%	-4,749	20,521	-	-	\$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	77,567	6.1%	0	1,903	-	-	N/A	N/A	N/A
Vanier / St. Laurent / Industrial	1,798,249	46,988	2.6%	1,276	-18,898	-	-	\$14.20	\$8.79	\$22.99
Sheffield / Michael	6,984,424	179,946	2.6%	-14,486	-70,516	203,260	-	\$15.00	\$6.33	\$21.33
Ottawa East Dispersed	1,448,581	-	0.0%	0	0	-	-	N/A	N/A	N/A
EAST OTTAWA TOTALS	15,416,648	427,438	2.8%	-48,133	71,116	496,614	145,733	\$14.40	\$6.28	\$20.68
OTTAWA TOTALS	27,186,943	756,054	2.8%	-50,863	27,242	1,146,984	145,733	\$14.07	\$6.52	\$20.59

KEY LEASE TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
2495 Lancaster Road	Sheffield/Michael	Undisclosed	21,000	New Deal
2370 Walkley Road	Sheffield/Michael	Undisclosed	20,121	New Deal
2215 Gladwin Crescent	Sheffield/Michael	Undisclosed	14,822	New Deal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
1140 – 1150 Morrison Dr	Ottawa West Dispersed	Crown Property Management / Oakview Capital Inc	95,001	\$14,250,000
2480 Don Reid Dr	Ottawa Business Park	OTI Realty Corp / Shelborne Capital	56,000	\$10,225,000
195 Colonnade Rd	Colonnade / Rideau Heights	681367 Ontario Inc / Preston Hardware	31,000	\$7,294,054

Nathan Smith, Broker

Senior Vice President

Managing Director

+1 613 236 7777 / info@cwottawa.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Independently Owned and Operated / A Member of the Cushman & Wakefield Alliance

©2024 All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com