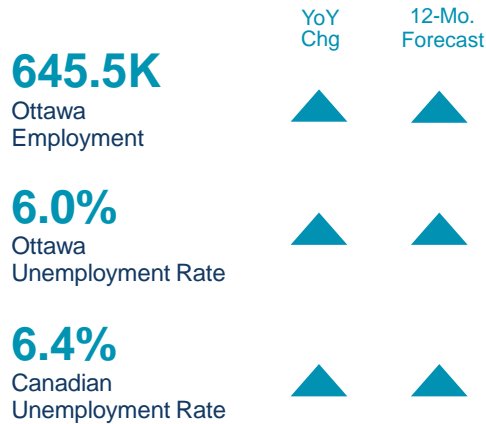


ECONOMIC INDICATORS Q2 2024



Source: Statistics Canada

ECONOMY

The Canadian unemployment rate, the portion of the population aged 15 and older who are unemployed, reached 6.4% in June 2024 and has risen by 110 basis points (bps) year-over-year (YOY). Employment in transportation and warehousing fell by 12,000 in June, following a 21,000 decline in May. However, accommodation and food services employment rose by 17,000, marking the third consecutive monthly increase and totaling 54,000 since March. In Ottawa, the unemployment rate reached 6.0% in June, reflecting an increase of 50 bps compared to the month before. The continued population growth of 3,500 in May offset 97.2% of the total increase in unemployment count.

Source: Statistics Canada

SUPPLY AND DEMAND

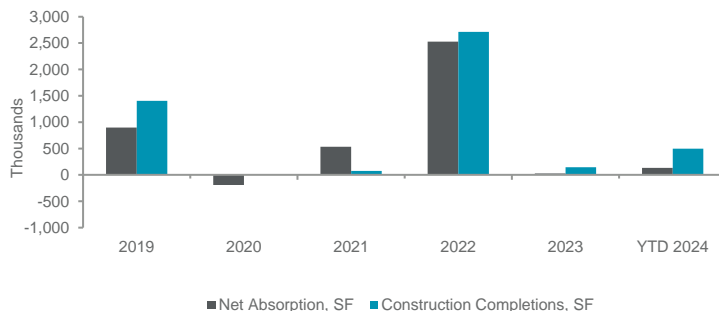
Ottawa's industrial sector experienced a continued uptick in the overall vacancy rate, reaching 3.5% in the second quarter of 2024, an increase of 60 bps from the previous quarter. One of the driving factors behind the rise in vacancy was the result of softening in the Ottawa West Dispersed submarket, where the vacancy rate rose by 140 bps compared to the previous quarter.

The Ottawa market has experienced a significant rise in development activity, with a 94.6% increase in the square footage of industrial real estate under construction compared to the previous quarter. While there is ample new supply for spaces larger than 25,000 square feet, the smaller bay industrial market remains tight due to elevated construction costs. Larger spaces are experiencing increased vacancy and negative absorption, whereas the smaller market segment faces constraints with no substantial new supply anticipated in the near future.

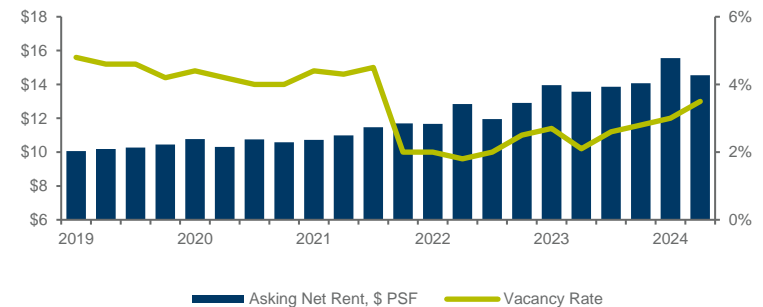
PRICING

Following historically elevated rental rates in the previous quarter, the Ottawa industrial market posted a 6.5% drop in the overall average net asking rent from the previous quarter to \$14.54 per square foot, marking a reversal from the recent historical trend of quarterly escalations. This decline is primarily affecting larger industrial spaces, where sluggish demand and increasing supply are exerting downward pressure on asking rents. In contrast, the smaller bay industrial market is unlikely to see similar declines in asking rents due to the persistent lack of new supply and strong demand for these smaller spaces.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING DIRECT NET RENT



Industrial Q2 2024

MARKET STATISTICS

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	966,562	30,350	3.1%	51	17,784	-	-	\$14.06	\$7.60	\$21.66
Ottawa West Dispersed	4,708,779	161,886	3.4%	-65,963	-53,772	-	-	\$14.28	\$9.42	\$23.70
Barrhaven	2,763,232	4,500	0.2%	0	-4,500	289,431	-	\$15.00	\$5.17	\$20.17
Kanata North	937,184	0	0.0%	5,944	16,655	-	-	N/A	N/A	N/A
Kanata South	678,000	33,448	4.9%	3,236	3,236	-	-	\$15.00	\$8.42	\$23.42
Stittsville	636,579	65,812	10.3%	-3,000	-3,000	478,745	-	\$12.61	\$5.93	\$18.54
Deep West Dispersed	415,354	13,031	3.1%	-3,951	-9,951	-	-	\$16.00	\$13.00	\$29.00
WEST OTTAWA TOTALS	11,105,690	309,027	2.8%	-63,683	-33,548	768,176	0	\$13.77	\$7.98	\$21.75
Hunt Club Corridor	277,280	17,782	6.4%	-7,782	-7,782	-	-	\$15.00	\$6.66	\$21.66
Ottawa South Dispersed	384,326	0	0.0%	0	0	71,365	-	N/A	N/A	N/A
SOUTH OTTAWA TOTALS	661,606	17,782	2.7%	-7,782	-7,782	71,365	0	\$15.00	\$6.66	\$21.66
Hawthorne/Stevenage	2,702,616	165,895	6.1%	-18,922	165,576	-	-	\$17.33	\$6.41	\$23.74
Gloucester	1,029,818	41,747	4.1%	1,517	-1,110	-	-	\$11.00	\$12.16	\$23.16
Orleans	521,475	31,682	6.1%	3,442	-1,465	-	-	\$12.50	\$3.55	\$16.05
Ottawa Business Park	1,325,558	125,780	9.5%	-12,360	-48,213	92,000	-	\$16.00	\$5.87	\$21.87
Vanier / St. Laurent / Industrial	1,810,670	48,110	2.7%	114	-1,122	-	-	\$13.34	\$11.20	\$24.54
Sheffield / Michael	7,080,442	226,092	3.2%	-51,574	71,204	-	-	\$12.92	\$6.99	\$19.92
Ottawa East Dispersed	1,420,462	10,448	0.7%	-7,172	-10,448	-	-	\$15.32	\$8.50	\$23.82
EAST OTTAWA TOTALS	15,891,041	649,754	4.1%	-84,955	174,422	92,000	0	\$14.99	\$6.62	\$21.61
OTTAWA TOTALS	27,658,337	976,563	3.5%	-156,420	133,092	931,541	0	\$14.54	\$7.12	\$21.66

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
2575 Sheffield Road	Sheffield / Michael	Modern Niagara Group Inc.	40,217	New Deal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
5123 Hawthorne Road	Ottawa South	Tomlinson Development Corp / Convertus Ottawa Land Holding Ltd	1,086,386	\$15,175,000
145 Walgreen Road	Deep West	Gerald K Tallman Holdings Ltd / WO MW Realty Ltd	254,826	\$7,400,000
885 Churchill Avenue South	Ottawa West	1760525 Ontario Inc / Otto's Subaru	152,460	\$7,250,000

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