

## OTTAWA INDUSTRIAL

### Economic Indicators

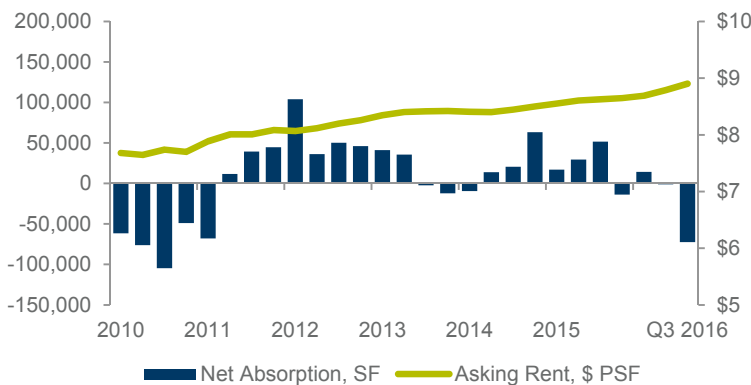
	Q3 15	Q3 16	12-Month Forecast
Ottawa Employment	529k	545k	▲
Ottawa Unemployment	6.4%	6.1%	■
Canada Unemployment	7.0%	7.0%	▼

### Market Indicators (Overall)

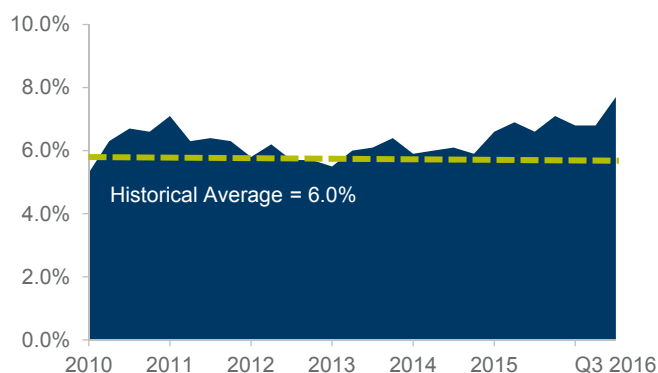
	Q3 15	Q3 16	12-Month Forecast
Overall Vacancy	6.6%	7.7%	■
Net Absorption (sf)	84,898	(200,776)	▼
Under Construction (sf)	22,000	0	▼
Average Asking Rent	\$8.67	\$9.12	■

\*Rental rates reflect net asking \$psf/year

### Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



### Overall Vacancy



## Economy

Although Statistics Canada reported that there were 2,000 less people employed in the National Capital Region in August 2016, employment levels remain strong with 720,000 residents working in the region, close to record-high levels. A decline in the number of people actively looking for work pushed the unemployment rate downwards in the City of Ottawa to 6.1% in August. This is a decrease of 0.7 percentage points from the second quarter, and continues to remain below the Canadian unemployment rate of 7.0%.

## Market Overview

There were some notable blocks of space that arrived on the market this quarter which pushed vacancy upwards to 7.7%, almost a full percentage point higher than the Q2 vacancy rate of 6.8%. With overall demand relatively quiet this quarter, the lease transaction activity that did occur was not sufficient enough to balance out this new availability; therefore absorption figures remained in the negative, with a Q3 figure of close to 201,000 square feet (sf). Despite the climb in vacancy and the negative absorption, the overall average asking rental rate continued to climb; now sitting at an average of \$9.12 per square foot (psf); one of the highest asking rates in the country.

The overall western suburban market experienced some slight weakening with vacancy climbing to 6.5%. With the majority of the submarkets fairly stable from last quarter, it was pockets of new availability in Kanata and Bell's Corners, coupled with low levels of demand, that pushed vacancy upwards.

The eastern submarkets saw a large influx of new availability this quarter. A few of the largest blocks include 52,000 sf at 401 Coventry Road, a former warehouse/showroom furniture gallery, as well as 86,000 sf located at 950 Ages Drive as Veritiv, formerly known as Unisource, relocate to a new facility in Vars. This, in combination with a few other blocks of new availability and a decline in transaction velocity from Q2, led to vacancy climbing to 8.5% from 7.3% last quarter, and substantial negative absorption of over 167,000 sf.

## Outlook

As 2016 draws to a close, it is anticipated the market may see some further weakening - close to approximately 100,000 sf is projected to arrive on the market - particularly within the eastern submarkets. Despite these blocks of new availability, the Ottawa industrial market has remained steady. Vacancy has fluctuated by less than two percentage points in the past two years, and rental rates have slowly climbed upwards. These trends can be traced back to little new supply and continuing strong demand for the most desirable spaces.

## MARKETBEAT

## Ottawa, ON

Industrial Q3 2016


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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	5.6%	87,483	(22,865)	71,233	0	32,944	\$9.57	\$5.81	\$15.88
Bell's Corners	12	382,019	3.2%	2,070	(12,230)	(12,230)	0	0	n/a	n/a	n/a
Morrison/Queensview	9	415,519	15.4%	3,387	0	4,197	0	0	\$9.74	\$3.49	\$13.23
Woodward/Carling	23	540,800	2.2%	33,495	422	35,838	0	0	\$10.50	\$6.00	\$16.50
Ottawa Centre	27	795,276	2.7%	28,579	3,900	22,844	0	0	\$12.00	\$4.91	\$16.91
Ottawa South	11	695,111	13.3%	5,000	0	7,750	0	0	\$7.86	\$4.32	\$12.18
West Merivale	26	544,478	2.7%	20,905	12,395	21,249	0	0	\$9.00	\$4.23	\$13.23
East Merivale	27	639,693	11.9%	2,200	(210)	(67,195)	0	0	\$10.02	\$5.34	\$15.36
Colonnade	22	634,309	5.9%	4,725	(5,396)	(23,067)	0	0	\$9.70	\$5.95	\$15.65
Rideau Heights	27	655,655	6.3%	6,568	(9,354)	(26,333)	0	0	\$9.99	\$7.95	\$17.94
<b>West Ottawa Totals</b>	<b>243</b>	<b>8,610,813</b>	<b>6.5%</b>	<b>195,412</b>	<b>(33,338)</b>	<b>34,286</b>	<b>0</b>	<b>32,944</b>	<b>\$9.59</b>	<b>\$5.18</b>	<b>\$14.77</b>
South Walkley	13	325,180	0.8%	0	(2,550)	2,000	0	0	n/a	n/a	n/a
Ottawa Business Park	29	1,394,140	10.4%	13,804	9,002	24,027	0	0	\$8.43	\$4.93	\$13.36
Coventry/Belfast	48	1,783,609	9.8%	16,939	(66,444)	(58,790)	0	0	\$9.83	\$5.32	\$15.15
Cyrville	63	2,234,837	10.1%	97,318	413	56,756	0	0	\$8.75	\$4.52	\$13.27
Sheffield	59	2,991,265	7.8%	21,804	(32,254)	(116,738)	0	0	\$8.43	\$4.53	\$12.96
Sheffield/Lancaster	20	1,185,844	3.5%	32,268	22,001	(15,877)	0	0	\$10.31	\$6.29	\$16.60
Stevenage/Belgreen	57	2,092,378	6.0%	34,006	(85,360)	(91,834)	0	0	\$8.18	\$4.57	\$12.75
South Gloucester/Albion	15	392,234	2.2%	0	0	0	0	0	\$7.50	\$5.54	\$13.04
Queensway	25	920,465	9.7%	45,500	12,538	47,604	0	0	\$8.58	\$5.82	\$14.40
Orleans	18	602,257	21.7%	14,362	(24,784)	(57,184)	0	15,000	\$9.91	\$3.72	\$13.63
<b>East Ottawa Totals</b>	<b>347</b>	<b>13,922,209</b>	<b>8.5%</b>	<b>275,281</b>	<b>(167,438)</b>	<b>(210,036)</b>	<b>0</b>	<b>15,000</b>	<b>\$8.92</b>	<b>\$4.95</b>	<b>\$13.87</b>
<b>OTTAWA TOTALS</b>	<b>590</b>	<b>22,533,022</b>	<b>7.7%</b>	<b>470,693</b>	<b>(200,776)</b>	<b>(175,750)</b>	<b>0</b>	<b>47,944</b>	<b>\$9.12</b>	<b>\$5.02</b>	<b>\$14.14</b>

\*Rental rates reflect asking \$psf/year

## Key Lease Transactions Q3 2016

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
2750 Sheffield Road	8,770	Transportation Logistics Group	New Lease	Sheffield Industrial Park

## Key Sales Transactions Q3 2016

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
785 Taylor Creek Boulevard	29,795	Canadian Urban Ltd. / 9727361 Canada Inc.	\$3,600,000 / \$121	Orleans
2515 St. Laurent Boulevard	21,360	Navona Investor Services / Taggart Construction Ltd.	\$3,500,000 / \$164	Ottawa Business Park

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