

YoY Chg 12-Mo. Forecast

4.0%
Vacancy Rate



40,230
Net Absorption, SF



\$10.75
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2020

YoY Chg 12-Mo. Forecast

561.5K
Ottawa Employment



8.7%
Ottawa Unemployment Rate



9.0%
Canadian Unemployment Rate



Source: Statistics Canada

ECONOMY: Unemployment Rates Lower as Ottawa Copes With Recession

The National Capital Region (NCR) continues to cope with the COVID-19 pandemic heading into the third quarter of 2020. Employment within Ottawa has been bolstered by the presence of the federal government and a booming e-commerce sector that has adapted well to the remote workplace. Unemployment rates are down as the city benefited from low case numbers throughout the summer months, allowing for retailers, restaurants, and fitness centres to reopen as restrictions began to lift. Currently, Ottawa is in a second wave of the pandemic causing stricter restrictions for businesses and social gatherings which could potentially lead to another dip in employment.

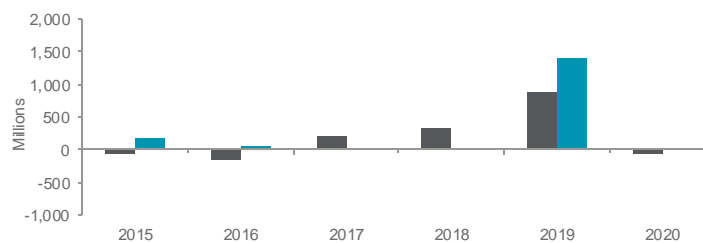
SUPPLY AND DEMAND

Despite the pandemic induced recession, Ottawa's industrial market continues to experience record low vacancies. Overall vacancy decreased slightly by 20 basis points from last quarter to 4.0%. The Ottawa Centre submarket saw ample action with 95,000 square feet (sf) of positive absorption. The majority of this was the result of the sale of 861 Clyde Avenue, a 89,000-sf building. This contributed to Ottawa's overall positive absorption for the quarter, and also resulted in the slight dip in vacancy. Vacancy for all of West Ottawa has decreased to 2.3%, down a full percentage point since last quarter, while vacancy in East Ottawa has risen slightly from 4.7% to 5.0%. Although available space continues to remain scarce, there has been some considerable leasing activity just outside of the Ottawa area, an example of this being 65,000 sf of space that was leased in Vars, a town located 24 minutes outside of Ottawa. If larger pockets of industrial space do not become available within the city, we may see a migration of tenants to areas located just outside the city limits.

PRICING

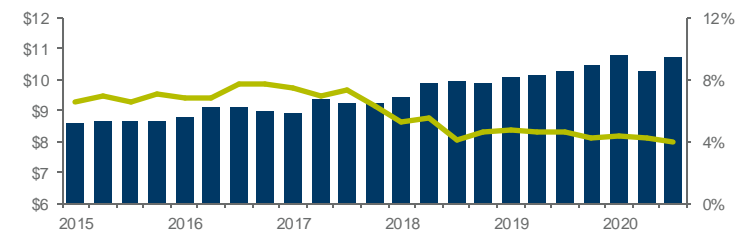
Ottawa's industrial asking rates have been on a slow but steady climb quarter-over-quarter. While the second quarter saw a slight dip in asking rates, rates bounced back in the third quarter. As we head into the last quarter of 2020, in what has been an unprecedented year in real estate, Ottawa's industrial market to date has remained relatively unaffected by the COVID-19 pandemic. Net rents have continued to climb despite the pandemic, and if the market continues to tighten, expect to see rates continue to rise into 2021.

SPACE DEMAND / DELIVERIES



■ Net Absorption, SF ■ Construction Completions, SF

OVERALL VACANCY & ASKING NET RENT



■ Asking Net Rent, \$ PSF — Vacancy Rate

Industrial Q3 2020

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	44,176	1.3%	2,424	-31,976	0	0	\$14.20	\$7.28	\$21.48
Bell's Corners / Southwest Ottawa	382,019	0	0.0%	0	0	2,800,000	0	\$0.00	\$0.00	\$0.00
Morrison/Queensview	415,519	0	0.0%	0	5,683	0	0	\$0.00	\$0.00	\$0.00
Woodward/Carling	568,513	14,140	2.5%	5,377	11,236	0	0	\$0.00	\$7.67	\$7.67
Ottawa Centre	853,382	25,569	3.0%	95,361	71,944	0	0	\$10.00	\$6.77	\$16.77
Ottawa South	709,160	7,399	1.0%	15,000	15,000	0	0	\$9.48	\$4.39	\$13.87
West Merivale	599,829	3,035	0.5%	-3,035	15,625	0	0	\$10.00	\$5.39	\$15.39
East Merivale	657,693	0	0.0%	0	25,632	0	0	\$0.00	\$0.00	\$0.00
Colonnade	660,505	96,112	14.6%	-6,866	-62,358	0	0	\$10.78	\$6.13	\$16.91
Rideau Heights	687,364	14,300	2.1%	-14,300	-7,807	0	0	\$12.62	\$6.88	\$19.50
WEST OTTAWA TOTALS	8,944,581	204,731	2.3%	93,961	42,979	2,800,000	0	\$11.21	\$6.44	\$17.65
South Walkley	325,180	0	0.0%	0	0	0	0	\$0.00	\$0.00	\$0.00
Ottawa Business Park	1,387,099	53,887	3.9%	0	-623	0	0	\$9.47	\$7.31	\$16.78
Coventry/Belfast	1,811,009	60,280	3.3%	-5,590	-275	0	0	\$10.46	\$6.96	\$17.42
Cyrville	2,225,440	118,406	5.3%	-4,020	32,514	0	0	\$10.14	\$6.39	\$16.53
Sheffield	2,955,631	266,437	9.0%	1,826	6,748	0	0	\$11.73	\$4.97	\$16.70
Sheffield/Lancaster	1,233,080	137,945	11.2%	-37,983	-112,348	0	0	\$10.38	\$5.98	\$16.36
Stevenage/Belgreen	2,214,338	29,778	1.3%	-16,706	-99	0	0	\$11.24	\$6.48	\$17.72
South Gloucester/Albion	1,487,234	0	0.0%	0	0	0	0	\$0.00	\$0.00	\$0.00
Queensway	920,465	71,749	7.8%	26,425	-39,508	0	0	\$11.37	\$8.80	\$20.17
Orleans	614,067	21,583	3.5%	-17,683	4,941	0	0	\$9.75	\$0.00	\$9.75
EAST OTTAWA TOTALS	15,173,543	760,065	5.0%	-53,731	-108,650	0	0	\$10.57	\$6.22	\$16.79
OTTAWA TOTALS	24,118,124	964,796	4.0%	40,230	-65,671	2,800,000	0	\$10.75	\$6.28	\$17.03

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
145 Spruce Street	Ottawa Centre	Wheelhouse Cycle	5,065	Warehouse

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
15 Bentley Avenue	Nepean	15-17 Bentley Holdings Inc / Adriatic Property Holdings Ltd	8,350	\$2,550,000 / \$305
190 Colonnade Road	Nepean	Ottawa House of David Ltd / Fiera Real Estate	141,020	\$22,000,000 / \$156
200 Colonnade Road		Small Cap Industrial Fund GP Inc		
203 Colonnade Road				
210 Colonnade Road				

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