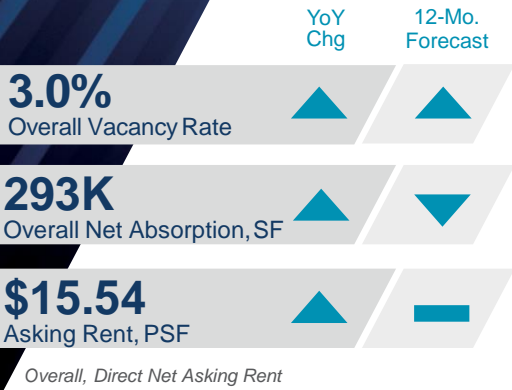
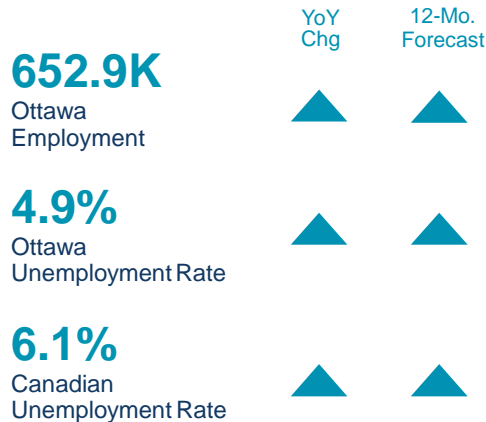


## Industrial Q1 2024



### ECONOMIC INDICATORS Q1 2024



Source: Statistics Canada

### ECONOMY

In its latest Labour Force Survey, Statistics Canada is reporting virtually no change in Canadian employment in March 2024 compared to last month, while the unemployment rate ticked up by 30 basis points (bps) to 6.1%. Over the course of the last 12 months the employment rate - which is the component of the population aged 15 and older who are employed – has decreased by 90 bps as employment growth throughout the country (approximately 1.6%) has been outpaced by growth in the population aged 15 and older in the labour force survey (3.2%). Specifically, Ottawa experienced slightly different conditions in March, as while there was population growth, overall employment decreased slightly from last month. The unemployment rate sits at 4.9%, and while this is an increase from last month, as well as from March 2023, it remains one of the lowest rates in the country.

Source: Statistics Canada

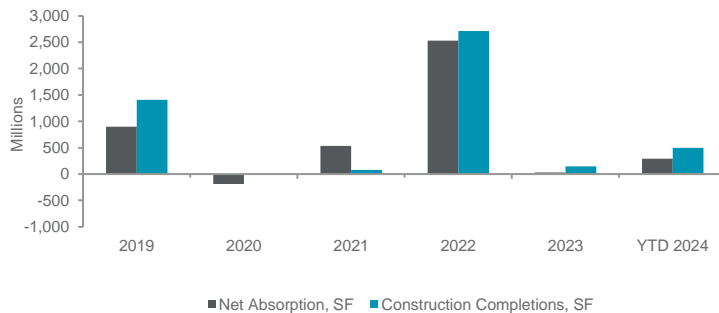
### SUPPLY AND DEMAND – Absorption Rebounds with New Supply

In the first quarter of 2024, the overall vacancy rate in Ottawa ticked up slightly by 20 bps from last quarter to reach 3.0%. Although vacancy has risen for the third consecutive quarter, it still sits well below the five-year pre-pandemic average of 6.1%. There were additional positive take-aways this quarter as leasing activity rebounded from the second half of 2023 to reach close to 438k square feet (sf) and was particularly strong in the eastern submarkets of the city. It was in the eastern submarkets as well which saw four new supply arrivals that overall totaled close to 467k sf. With close to 297k sf of these projects preleased upon completion, this helped to push absorption to close to 293k sf, the strongest absorption level the market has witnessed since the first quarter of 2022 when the second Amazon fulfillment centre was completed. There is one project under construction with two buildings that are set to be delivered in the summer and fall of 2024 respectively. It is located in the Stittsville submarket and totals approximately 479k sf. However, unlike this quarter these buildings once completed (as it stands now) will not contribute to absorption as both are still fully vacant and in fact upon delivery may instead push vacancy upwards.

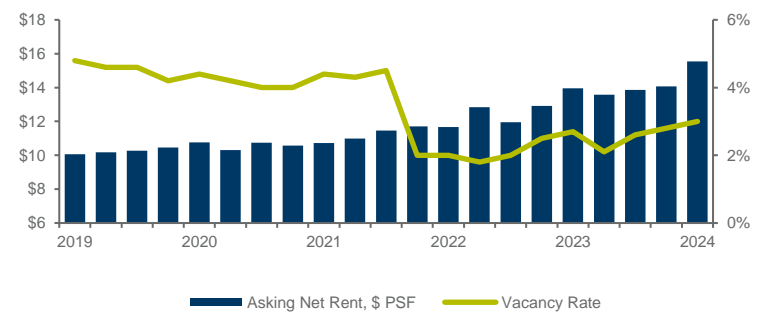
### PRICING – Asking Net Rental Rates Remained High

Asking net rental rates remained high this quarter, and in fact climbed quite substantially from last quarter, to reach \$15.54 per square foot (psf). However, this increase is not entirely indicative of an uptick in asking net rates across the overall market. The primary contributing factor to rates rising was the 117k sf of vacancy located in the new supply in the Hawthorne/Stevenage submarket which has a posted asking rate range in the high teens. It is anticipated asking rental rates will not see any significant declines in 2024 as demand remains strong, particularly for modern, well located smaller bay product, and despite the new supply completions this quarter the market does remain supply constrained.

### 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	966,562	31,976	3.3%	17,733	17,733	-	-	\$13.31	\$6.67	\$19.97
Ottawa West Dispersed	4,657,090	94,923	2.0%	13,191	13,191	-	-	\$13.68	\$8.44	\$22.12
Barrhaven	2,763,232	4,500	0.2%	-4,500	-4,500	-	-	\$14.00	\$5.17	\$19.17
Kanata North	925,790	5,944	0.6%	10,711	10,711	-	-	\$12.00	\$11.25	\$23.25
Kanata South	678,000	36,684	5.4%	0	0	-	-	\$11.50	\$5.00	\$16.50
Stittsville	636,579	62,812	9.9%	0	0	478,745	-	\$15.95	\$5.85	\$21.80
Deep West Dispersed	364,854	9,080	2.5%	-6,000	-6,000	-	-	N/A	N/A	N/A
<b>WEST OTTAWA TOTALS</b>	<b>10,992,107</b>	<b>245,919</b>	<b>2.2%</b>	<b>31,135</b>	<b>31,135</b>	<b>478,745</b>	<b>0</b>	<b>\$14.55</b>	<b>\$6.74</b>	<b>\$21.29</b>
Hunt Club Corridor	250,880	10,000	4.0%	-	-	-	-	N/A	N/A	N/A
Ottawa South Dispersed	384,326	-	0.0%	-	-	-	-	N/A	N/A	N/A
<b>SOUTH OTTAWA TOTALS</b>	<b>635,206</b>	<b>10,000</b>	<b>1.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Hawthorne/Stevenage	2,653,619	146,973	5.5%	184,498	184,498	-	293,354	\$17.16	\$6.18	\$23.34
Gloucester	1,029,818	47,764	4.6%	-7,127	-7,127	-	-	\$11.00	\$11.69	\$22.69
Orleans	521,475	35,124	6.7%	-4,907	-4,907	-	-	\$12.50	\$3.55	\$16.05
Ottawa Business Park	1,325,558	113,420	8.6%	-35,853	-35,853	-	-	N/A	N/A	N/A
Vanier / St. Laurent / Industrial	1,809,063	48,224	2.7%	-1,236	-1,236	-	-	\$15.88	\$11.05	\$26.93
Sheffield / Michael	7,080,442	167,912	2.4%	129,384	129,384	-	203,260	\$15.73	\$5.33	\$21.07
Ottawa East Dispersed	1,420,462	3,276	0.2%	-3,276	-3,276	-	-	N/A	N/A	N/A
<b>EAST OTTAWA TOTALS</b>	<b>15,840,437</b>	<b>562,693</b>	<b>3.6%</b>	<b>261,483</b>	<b>261,483</b>	<b>-</b>	<b>496,614</b>	<b>\$16.10</b>	<b>\$6.07</b>	<b>\$22.17</b>
<b>OTTAWA TOTALS</b>	<b>27,467,750</b>	<b>818,612</b>	<b>3.0%</b>	<b>292,618</b>	<b>292,618</b>	<b>478,745</b>	<b>496,614</b>	<b>\$15.54</b>	<b>\$6.31</b>	<b>\$21.85</b>

### KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1350 Humber Place	Sheffield/Michael	Modern Niagara	37,008	Renewal
1050 Baxter Road	Ottawa West Dispersed	Allmar Inc.	8,985	Renewal
Subsurface Geotech Inc.	Ottawa West Dispersed	Subsurface Geotech Inc.	2,984	Direct

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
59 Grenfell Crescent	Barrhaven	2266004 Ontario Inc. / Interieurs Bousada	9,766	\$3,375,000 / \$346
74 Auriga Drive	Ottawa West Dispersed	8413690 Canada Inc. / Auriga 74 Holdings Inc.	7,000	\$1,570,000 / \$224
6834 Hiram Drive	Ottawa South Dispersed	Direct Bore Inc. / Bradley Kelly Construction Ltd.	6,450	\$4,200,000 / \$651

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