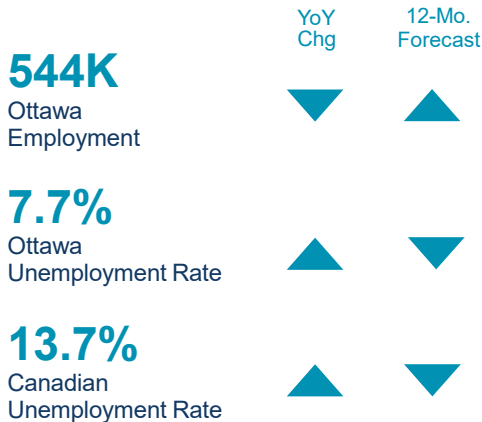


Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020



Source: Statistics Canada

ECONOMY

State of emergency measures were put into effect across Ontario beginning in mid-March. At this time there were a number of business closures, travel restrictions, and isolation protocols in effect to maintain a level of physical distance. These measures caused an abrupt shutdown of the Canadian economy at an unprecedented rate. This shock to the Canadian labour market has resulted in employment loss of upwards of 3 million people. Ottawa is sitting at an unemployment rate of 7.7%, up 2.5% year-over-year. Now that restrictions have begun to gradually decrease and businesses are tentatively reopening, there is a continuous eye on labour market levels. This gradual easing of restrictions, while beneficial to Canadian businesses, will also pose its own challenges. The adaptation of workplaces to fit into the “new normal” that COVID-19 has presented will cause a complete reorganization of many office fit-ups and building protocols.

Source: Statistics Canada

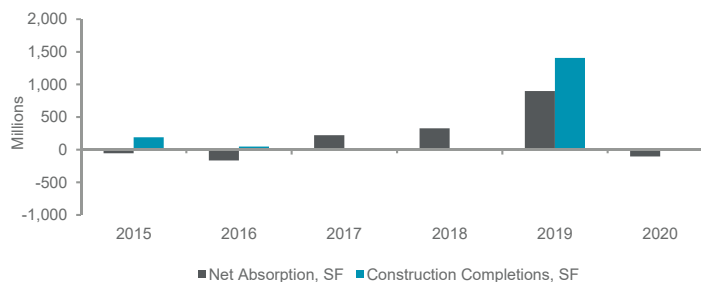
SUPPLY AND DEMAND: E-Commerce Driving Industrial Development Through Pandemic

Overall vacancy has remained stable through the first half of 2020, decreasing slightly from 4.4% to 4.2% in the second quarter of 2020. The demand for industrial space was already on the rise in 2019 and has been further boosted by social distancing protocols implemented across Ontario. Fitness studios have migrated from smaller retail spaces to larger warehouses in order to adhere to mandated health guidelines without having to shrink class numbers. With the influx of demand for larger and airier spaces, expect to see a decrease in availability as we near 2021. E-commerce continues to thrive in the National Capital Region with industry frontrunners, Shopify and Amazon, occupying considerable warehouse space. Shopify has leased close to 30,000 square feet (sf) in the fourth quarter of 2019 and Amazon is building its second fulfilment centre in Barrhaven, located in the south end of the city, totaling a whopping 2.7 million square feet over 5 floors. This massive development comes less than a year after the completion of the one million square foot warehouse in Ottawa’s rural south-east. Other major industrial developments include Broccolini’s proposal to build a 700,000-sf warehouse in North Gower, located in the rural south end of the city, and local developer Avenue31’s plan to construct one million square feet of office and industrial buildings near the corner of Hunt Club Road and Highway 417.

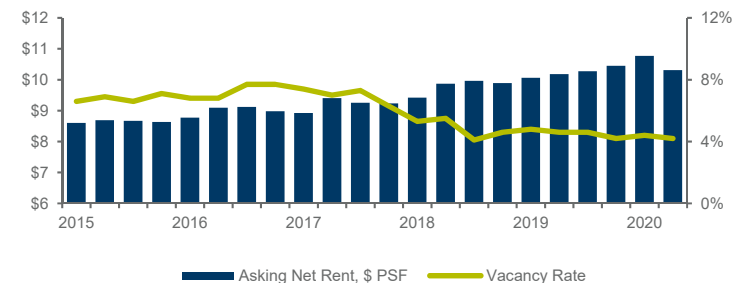
PRICING: Asking Net Rents Remain High Through the First Wave of COVID-19

Ottawa’s industrial market rates were on the rise leading up to 2020. Throughout the first 4 months of Ottawa’s state of emergency, net rent has remained stable, decreasing slightly from \$10.71 per square foot (psf) to \$10.31 psf. While Ottawa heads tentatively into phase three of reopening the city, expect rates to remain stable. A potential increase is also likely, dependent on supply and demand as the city reopens.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q2 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	46,600	1.4%	-15,000	-34,400	0	0	\$13.75	\$6.82	\$20.57
Bell's Corners	382,019	0	0.0%	0	0	0	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	19,517	3.4%	-11,534	5,859	0	0	\$12.00	\$8.61	\$20.61
Ottawa Centre	853,382	120,930	14.2%	-8,265	-23,417	0	0	\$10.00	\$6.77	\$16.77
Ottawa South	709,160	22,399	3.2%	-2,250	0	2,700,000	0	\$9.48	\$4.39	\$13.87
West Merivale	599,829	0	0.0%	9,250	18,660	0	0	\$0.00	\$0.00	\$0.00
East Merivale	657,693	0	0.0%	750	25,632	0	0	\$0.00	\$0.00	\$0.00
Colonnade	660,505	89,246	13.5%	-1,190	-55,492	0	0	\$10.20	\$5.71	\$15.91
Rideau Heights	668,325	0	0.0%	0	6,493	0	0	\$0.00	\$0.00	\$0.00
WEST OTTAWA TOTALS	8,925,542	298,692	3.3%	-28,239	-50,982	2,700,000	0	\$11.22	\$6.20	\$17.42
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	61,690	3.4%	12,140	5,315	0	0	\$12.01	\$8.71	\$20.72
Cyrville	2,225,437	114,386	5.1%	18,562	36,534	0	0	\$10.34	\$6.81	\$17.15
Sheffield	2,955,631	268,263	9.1%	26,829	4,922	0	0	\$9.06	\$5.52	\$14.58
Sheffield/Lancaster	1,233,080	99,962	8.1%	0	-74,365	0	0	\$9.76	\$6.05	\$15.81
Stevenage/Belgreen	2,104,041	8,140	0.4%	11,307	16,607	0	0	\$12.18	\$7.18	\$19.36
South Gloucester/Albion	1,487,234	0	0.0%	0	0	0	0	\$0.00	\$0.00	\$0.00
Queensway	920,465	98,174	10.7%	-62,824	-65,933	0	0	\$10.94	\$8.24	\$19.18
Orleans	596,384	3,900	0.7%	22,500	22,624	0	0	\$9.75	\$0.00	\$9.75
EAST OTTAWA TOTALS	15,045,560	708,402	4.7%	28,514	-54,919	0	0	\$10.07	\$6.55	\$16.62
OTTAWA TOTALS	23,971,102	1,007,094	4.2%	275	-105,901	2,700,000	1,405,360	\$10.31	\$6.46	\$16.77

KEY LEASE TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
201 Innes Park Way	Ottawa East	Volvo Group Canada Inc.	26,918	New Direct
1380 Cyrville Road	Gloucester	N/A	13,000	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
475-485 Industrial Avenue	Ottawa East	1278315 Ontario Inc / DC46 Ottawa Building Corp	37,478	\$7,400,000 / \$197
1035 Moodie Drive	Nepean	8406049 Canada Inc / 2731326 Ontario Inc	20,500	\$5,300,000 / \$259

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