

Industrial Q2 2021

	YoY Chg	12-Mo. Forecast
4.3% Vacancy Rate	▲	▬
32,613 Net Absorption, SF	▲	▲
\$10.99 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
602.2K Ottawa Employment	▲	▲
8.2% Ottawa Unemployment Rate	▼	▼
7.8% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY

Stronger than expected economic performance, rising vaccination rates, and the gradual reopening of the economy are expected to pave the way for a healthy economic recovery in the second half of 2021 and into 2022. COVID-19 has aided in an influx of online shopping, and as buying patterns adjust and shift, we may start to see e-commerce as the new norm, which will create an intensified demand for warehouses. Two new projects in the east end of the city, totaling 2.3 million square feet (msf), will be arriving to the market, and may be the first of many to come if companies can harness new opportunities to build. There is a growing demand for land on 400-series highways, although that may not be feasible for many companies due to the high cost and lack of supply. Stage 2 of the LRT project to extend south and west of the city is still underway with completion slated for 2022 and 2024, respectively.

Source: Conference Board of Canada

SUPPLY AND DEMAND

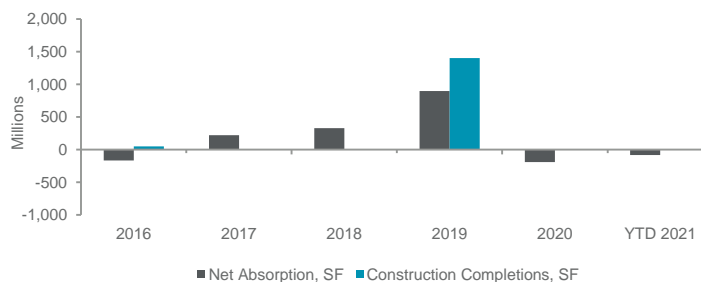
Throughout the COVID-19 pandemic, Ottawa's industrial market has seen record low vacancy with continued increases in absorption. This is in part due to pandemic shopping which has been driving the high demand for more e-commerce and distribution warehouses in Ottawa. In welcomed news, the City received two development applications that are to be built close to the two-year-old Amazon site in the far east end of the city. Avenue 31 is already underway that includes plans for more than 100 truck doors and will be 1.3 msf in size.

The industrial market continues to see expedient growth as vacancy dipped lower compared to the previous quarter and generated positive absorption of 32,613 square feet (sf), a significant improvement from the 116,646 sf of negative absorption last quarter. Out of 20 submarkets tracked, just six posted negative absorption. Colonnade was the highest contributor to growth this quarter with many other areas not far behind.

PRICING

Asking net rents continued to hold strong with a slight increase from the previous quarter. Rates are expected to climb with landlords recognizing the high demand and low availability of space in the Ottawa market. Rent in the overall western submarket rose nearly 1% from the previous quarter to \$11.23 per square foot (psf) while rent in the overall eastern submarket jumped 3% to \$10.90 psf. The total city of Ottawa closed the second quarter at \$10.99 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q2 2021

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	100,948	3.0%	-34,431	-43,121	0	0	\$13.75	\$7.28	\$21.03
Bell's Corners / Southwest Ottawa	382,019	1,844	0.5%	-1,844	-1,844	2,730,966	0	\$15.00	\$6.78	\$21.78
Morrison/Queensview	415,519	0	0.0%	0	0	0	0	N/A	N/A	N/A
Woodward/Carling	568,513	11,534	2.0%	13,418	13,418	0	0	N/A	\$7.67	N/A
Ottawa Centre	853,382	9,600	1.1%	-3,200	-6,400	0	0	\$10.00	\$6.04	\$16.04
Ottawa South	709,160	0	0	8,899	5,149	0	0	N/A	N/A	N/A
West Merivale	599,829	1,860	0.3%	1,175	1,175	0	0	\$10.00	\$5.39	\$15.39
East Merivale	657,693	4,140	0.6%	4,536	4,704	0	0	\$11.25	\$5.36	\$16.61
Colonnade	660,505	66,193	10.0%	23,149	19,731	0	0	\$11.06	\$6.55	\$17.61
Rideau Heights	687,364	15,910	2.3%	8,165	5,882	0	0	\$12.86	\$8.93	\$21.79
WEST OTTAWA TOTALS	8,944,581	212,029	2.4%	19,867	-1,306	2,730,966	0	\$11.23	\$6.85	\$18.08
South Walkley	530,727	70,000	13.2%	0	0	0	0	\$10.00	N/A	N/A
Ottawa Business Park	1,387,099	67,832	4.9%	1,080	1,080	0	0	\$9.71	\$5.17	\$14.88
Coventry/Belfast	1,811,009	14,934	0.8%	0	17,215	0	0	\$12.00	\$6.97	\$18.97
Cyrville	2,225,440	63,903	2.9%	13,203	-5,331	0	0	\$11.70	\$5.67	\$17.37
Sheffield	2,955,631	310,165	10.5%	-12,925	-47,467	0	0	\$12.00	\$5.24	\$17.24
Sheffield/Lancaster	1,233,080	109,364	8.9%	18,046	-58,151	0	0	\$10.84	\$5.18	\$16.02
Stevenage/Belgreen	2,214,338	138,937	6.3%	14,209	-4,854	55,940	0	\$11.70	\$7.36	\$19.06
South Gloucester/Albion	1,487,234	0	0.0%	0	0	0	0	N/A	N/A	N/A
Queensway	920,465	28,800	3.1%	-14,400	21,248	0	0	N/A	N/A	N/A
Orleans	614,067	26,400	4.3%	-6,467	-6,467	0	0	\$10.89	\$0.00	\$10.89
EAST OTTAWA TOTALS	15,379,090	830,335	5.4%	12,746	-82,727	55,950	0	\$10.90	\$5.56	\$16.46
OTTAWA TOTALS	24,323,671	1,042,364	4.3%	32,613	-84,033	2,786,906	0	\$10.99	\$5.92	\$16.91

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
2295 St. Laurent Blvd	Ottawa Business Park	Crown Equipment Corporation	23,616	Sub-lease
2750 Sheffield Road	Sheffield	Portable Storage Canada Limited	14,875	Renewal
1280-1290 Old Innes Road	Sheffield	Anixter Canada Manufacturing	5,658	Renewal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
165 Colonnade Road	Colonnade	Larsson Property Holdings Inc	21,924	NA

Nathan Smith, Broker

Senior Vice President

Managing Director

+1 613 236 7777 / info@cwottawa.com

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