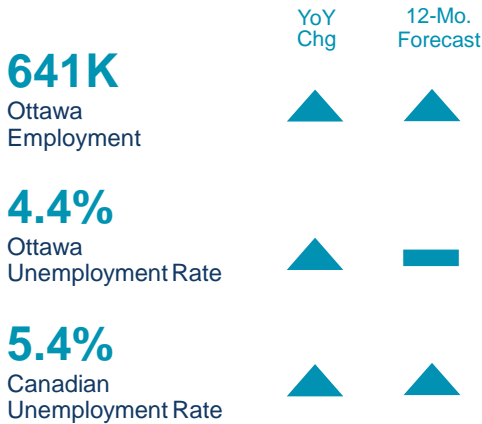


ECONOMIC INDICATORS Q2 2023



Source: Statistics Canada

ECONOMY

The Canadian job market was exceptionally strong in June, surpassing expectations by threefold. It is highly likely that the Bank of Canada will raise interest rates by a quarter point in the upcoming week to mitigate excessive demand in an overheated economy. Encouragingly, the rate of increase in average hourly earnings slowed down significantly, reaching its lowest point since May 2022, which could have a positive impact on inflation. However, wage growth remains a critical concern due to the port strike in B.C., potentially affecting the economy through merchandise trade. Ontario's economy is expected to have achieved even stronger economic growth in the first quarter compared to the robust 3.1% annualized figure recorded for Canada as a whole. This perspective is supported by data released by TD Bank, revealing a substantial increase driven by solid job growth and a robust population expansion at the beginning of the year. Looking ahead to next year, experts expect the Bank of Canada to cut interest rates, setting the stage for a more sustained, albeit moderate, recovery in sales and prices.

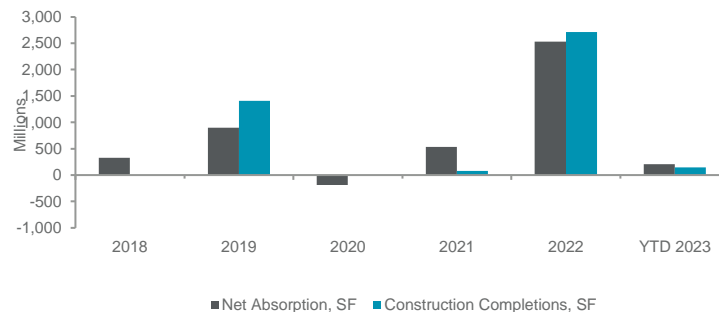
SUPPLY AND DEMAND

Ottawa's industrial market continues to see high demand and high levels of leasing activity. In the second quarter of 2023, the market saw 167,637 square feet of absorption. The demand for industrial real estate in Ottawa exceeds the available supply, creating a challenging market for tenants. Factors such as economic growth, e-commerce, and the need for spaces with ample cubic space contributed to the high demand. Ottawa anticipates the arrival of more than 3 million square feet of fresh industrial space by 2028. This positive perspective on the city's industrial market is inspiring developers and investors to invest in its thriving local economy, which is conveniently situated in between two of Canada's biggest markets – Toronto and Montreal. From modernization initiatives to innovative design concepts, the future of the office market in Ottawa holds great promise, and it will undoubtedly be intriguing to witness its evolution in the coming months and years. Ottawa's vacancy rate remains at an all-time low.

PRICING

The industrial market's supply and demand dynamics are highly advantageous to landlords. As a result, tenants have limited leverage in negotiations, making it difficult to secure favourable lease terms or pricing. To navigate this competitive market, tenants should work with experienced commercial real estate professionals and act quickly when suitable spaces become available. Deals done for high-quality industrial space are seeing net rates of \$16-19 per square foot.

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	952,990	17,748	1.9%	32,467	-7,793	-	-	\$13.91	\$7.20	\$21.11
Ottawa West Dispersed	4,445,126	99,872	2.2%	21,204	13,581	-	-	\$12.50	\$5.96	\$18.46
Barrhaven	2,748,966	-	0.0%	-	-	-	-	N/A	N/A	N/A
Kanata North	880,733	30,785	3.5%	66,000	71,025	94,337	-	\$13.78	\$10.94	\$24.71
Kanata South	957,388	37,259	3.9%	15,000	25,500	-	-	N/A	N/A	N/A
Stittsville	636,579	-	0.0%	-	-	-	-	N/A	N/A	N/A
Deep West Dispersed	338,854	3,080	0.9%	-3,080	-3,080	-	-	N/A	N/A	N/A
WEST OTTAWA TOTALS	10,960,636	188,744	1.7%	131,591	99,233	94,337	0	\$13.12	\$7.19	\$20.31
Hunt Club Corridor	250,880	10,000	4.0%	-10,000	-10,000	-	-	N/A	N/A	N/A
Ottawa South Dispersed	384,326	-	0.0%	-	-	-	-	N/A	N/A	N/A
SOUTH OTTAWA TOTALS	635,206	10,000	1.6%	-10,000	-10,000	0	0	N/A	N/A	N/A
Hawthorne/Stevenage	2,365,265	68,042	2.9%	11,056	113,427	293,354	145,733	\$15.00	\$7.71	\$22.71
Gloucester	1,029,818	8,620	0.8%	5,000	52,658	-	-	\$11.00	\$11.69	\$22.69
Orleans	521,475	38,817	7.4%	-	-	-	-	\$12.83	\$3.72	\$16.55
Ottawa Business Park	1,268,836	72,000	5.7%	60,331	7,470	-	-	N/A	N/A	N/A
Vanier / St. Laurent / Industrial	1,798,249	48,264	2.7%	-28,335	-20,174	-	-	\$14.15	\$9.05	\$23.20
Sheffield / Michael	6,982,431	147,746	2.1%	-2,006	-38,316	-	-	\$15.00	\$7.04	\$22.04
Ottawa East Dispersed	1,448,581	-	0.0%	-	0	-	-	N/A	N/A	N/A
EAST OTTAWA TOTALS	15,414,655	383,489	2.5%	46,046	115,065	293,354	145,733	\$14.06	\$6.50	\$20.56
OTTAWA TOTALS	27,010,497	582,233	2.2%	167,637	204,298	387,691	145,733	\$13.74	\$6.73	\$20.47

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
302 Legget Dr	Hawthorne / Stevenage	UNDISCLOSED	12,467	Sublease
Avenue 31 - NCBP Bldg C	Ottawa Business Park	RED BULL	11,971	Direct
1980 Merivale Rd	Sheffield / Michael	UNDISCLOSED	10,400	Sublease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
9-39, 10-40 & 49 Camelot Dr	Ottawa West Dispersed	Crown Property Management / First Bay Properties	71,601	\$14,250,000
3105 Hawthorne Ave	Hawthorne / Stevenage	7569122 Canada Inc / Envari Energy Solutions Inc	29,925	\$11,300,000
2655 Lancaster Rd	Sheffield / Michael	2272807 Ontario Ltd / Fiera Real Estate Small Cap	45,755	\$8,400,000

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