

OTTAWA INDUSTRIAL

Economic Indicators

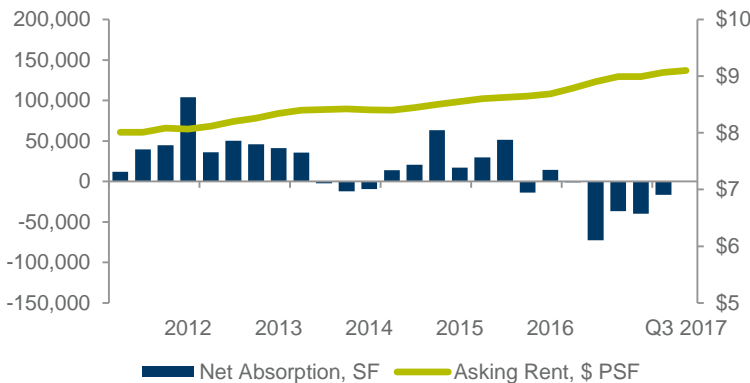
	Q3 16	Q3 17	12-Month Forecast
Ottawa Employment	545k	545k	▲
Ottawa Unemployment	6.1%	6.6%	▼
Canada Unemployment	7.0%	6.2%	▼

Market Indicators (Overall)

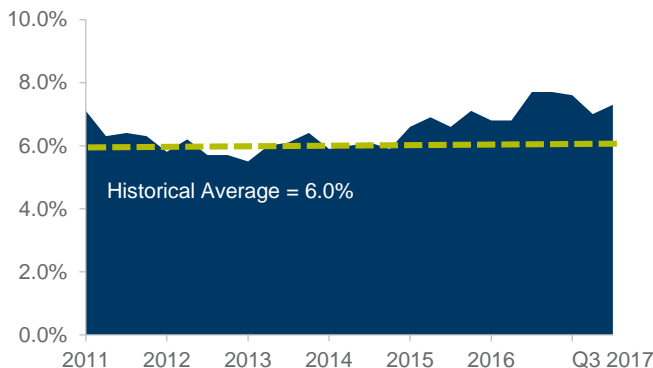
	Q3 16	Q3 17	12-Month Forecast
Overall Vacancy	7.7 %	7.3%	▼
Net Absorption (sf)	200,776	17,027	▲
Under Construction (sf)	0	0	■
Average Asking Rent	\$9.12	\$9.25	▲

*Rental rates reflect net asking \$psf/year

Overall Net Absorption/Overall Asking Rent 4Q TRAILING AVERAGE



Overall Vacancy



Economy

The Canadian economy continues to show strength. The Conference Board of Canada expects GDP to expand by close to 3.0% in 2017. The Bank of Canada raised the key interest rate for the second time this summer, now sitting at 1.0%, up 50 basis points from the spring. The local economy has also had a strong year, benefitting from the influx of tourists, and tourist dollars, for events surrounding the celebration of Canada's 150th birthday.

The region has seen significant non-residential redevelopment projects to date in 2017. Examples include the renovation and expansion of the National Arts Centre, the renovation of the National War Memorial, and the Ottawa Art Gallery Expansion and Arts Court. As these projects come to a close other projects are revving up such as the Zibi Development at Lebreton Flats, RendezVous Lebreton, Trinity's development at 900 Albert Street, the Parliament buildings revitalization and finally the relocation of one of the Ottawa Hospital's campuses. The majority of the mixed-use projects that are in the pipeline will be complimented by the new Confederation Line, a light rail transit system, with its first phase to be completed in Q1 2018.

The city has bid on Amazon's second North American headquarters which could bring an additional 50,000 jobs and \$5 billion U.S. dollars to the region but the competition is fierce as several other Canadian cities have put their names in the hat to become the home to the online conglomerate's HQ2. Even if Ottawa is not selected, officials are using this bidding process to better prepare the city for infrastructure to accommodate such occupants in future scenarios. Certainly helping the city's case is that the technology sector continues to be a highlight for the region and added 400 jobs in August alone.

Market Overview

Ottawa is currently experiencing a stable industrial market, although vacancy did edge upwards this quarter to reach 7.3%. Tenants looking for industrial space are particularly interested in the Kanata area and are looking for high quality industrial facilities for research and development, with elevated ceiling heights. The most significant sale transaction this quarter was the sale of 2215 Gladwin Crescent, a warehouse building that was purchased by an investor. One of the more notable lease transactions was Habitat for Humanity leasing just shy of 25,000 square feet (sf) in Kanata, tightening the vacancy in that submarket from 3.2% in Q2 2017 to 2.6% in Q3 2017. New construction remains almost non-existent in the city although a build-to-suit is currently being constructed for UPS. This 40,000-sf facility will be located within the Taggart Office Park adjacent to the Tanger outlet mall in Kanata.

Outlook

The strongest demand for industrial space is located in the western submarkets. Unfortunately, companies searching for space larger than 20,000 sf in these areas of Ottawa have limited options with only two blocks of space above the 20,000 sf mark currently available. With the Liberal government working on the legalization of marijuana, facilities that can accommodate growers are becoming more popular, although the zoning requirements remain a barrier for tenants tapping into the \$6 billion dollar market.

MARKETBEAT

Ottawa, ON

Industrial Q3 2017



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	OVERALL VACANCY RATE	YTD LEASING ACTIVITY (SF)	CURRENT NET OVERALL ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG. NET RENT*	OVERALL WEIGHTED AVG. ADD. RENT	OVERALL WEIGHTED AVG. GROSS RENT
Kanata	59	3,329,953	2.6%	54,201	27,146	17,098	40,000	0	\$10.52	\$5.21	\$15.73
Bell's Corners	12	382,019	1.4%	7,000	3,900	3,900	0	0	\$13.00	\$5.46	\$18.46
Morrison/Queensview	9	415,519	11.2%	39,099	6,097	8,593	0	0	\$9.46	\$5.06	\$14.52
Woodward/Carling	23	540,800	2.3%	5,319	-3,344	1,802	0	0	\$10.09	\$6.46	\$16.55
Ottawa Centre	27	795,276	2.7%	26,298	14,384	5,757	0	0	\$12.14	\$5.64	\$17.78
Ottawa South	11	702,521	11.1%	63,771	-35,720	21,848	0	0	\$7.73	\$5.51	\$13.24
West Merivale	28	599,829	6.0%	8,056	-11,887	-6,579	0	0	\$10.00	\$4.15	\$14.15
East Merivale	27	645,693	9.9%	9,325	7,025	4,777	0	0	\$8.84	\$4.74	\$13.58
Colonnade	22	634,309	7.1%	13,183	3,535	-9,256	0	0	\$9.96	\$6.00	\$15.96
Rideau Heights	28	655,655	3.4%	10,493	5,550	12,800	0	0	\$10.44	\$7.26	\$17.70
West Ottawa Totals	246	8,701,574	4.8%	236,565	16,686	60,740	40,000	0	\$9.73	\$5.52	\$15.25
South Walkley	13	325,180	0.8%	0	0	-2,550	0	0	\$7.50	\$4.50	\$12.00
Ottawa Business Park	29	1,394,140	10.9%	24,430	18,612	14,614	0	0	\$9.15	\$5.61	\$14.76
Coventry/Belfast	48	1,783,609	7.7%	36,937	29,386	27,473	0	0	\$11.05	\$5.84	\$16.89
Cyrville	65	2,259,967	10.5%	15,850	-30,088	-45,984	0	0	\$8.96	\$5.36	\$14.32
Sheffield	59	2,992,123	12.3%	36,845	-83,199	-84,083	0	0	\$8.35	\$4.79	\$13.14
Sheffield/Lancaster	20	1,185,844	2.4%	18,926	21,994	29,178	0	0	\$10.06	\$6.62	\$16.68
Stevenage/Belgreen	57	2,092,378	5.1%	97,900	-29,747	34,125	0	0	\$8.47	\$5.69	\$14.16
South Gloucester/Albion	16	437,234	7.4%	1,000	-23,378	-23,378	0	0	\$7.67	\$4.58	\$12.25
Queensway	25	920,465	6.0%	63,680	53,500	65,490	0	0	\$8.76	\$5.79	\$14.55
Orleans	18	665,384	18.7%	31,500	43,261	48,261	0	0	\$9.06	\$3.85	\$12.21
East Ottawa	350	14,056,324	8.9%	327,068	341	63,146	0	0	\$9.11	\$5.38	\$14.49
OTTAWA TOTALS	596	22,757,898	7.3%	563,633	17,027	123,886	40,000	0	\$9.25	\$5.41	\$14.66

*Rental rates reflect asking \$psf/year

Key Lease Transactions Q3 2017

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
1-3 Iber Road	24,237	Habitat for Humanity	Direct	Kanata

Key Sales Transactions Q3 2017

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
2215 Gladwin Crescent	198,000	BGV III Office Ottawa Inc./9182071 Canada Inc.	\$22,000,000 / \$111	East/Sheffield Industrial Park
3200 Swansea Crescent	15,000	Named Individual(s)/14579743 Ontario Inc.	\$1,600,000 / \$107	Stevenage/Belgreen
1670 Vimont Court	22,175	Ontario Superior Court of Justice/Quincy 1670 Vimont Properties Ltd.	\$2,670,000 / \$120	Orleans/Ottawa East Dispersed

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