

Industrial Q3 2021

	YoY Chg	12-Mo. Forecast
4.5% Vacancy Rate	▲	■
-51,161 Net Absorption, SF	▼	▲
\$11.47 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
589K Ottawa Employment	▲	▲
5.9% Ottawa Unemployment Rate	▼	▼
6.9% Canadian Unemployment Rate	▼	▼

Source: Statistics Canada

ECONOMY

Reports have projected Ottawa's economy to grow by 3.9% in 2021 and 2.1% in 2022 as the city continues to recover from the disruptions brought on by the pandemic, providing a brightened outlook in the near term. Ottawa was not as negatively impacted as Ontario, in large part due to the higher concentration of public sector jobs. It is likely that inflation will remain elevated over the near future, mostly the result of supply chain disruptions caused by shortages of key manufacturing input coupled with rising freight costs. The construction industry will continue to strengthen over the short term as the city focuses on expanding Light Rail transit throughout the city as part of its second stage.

Source: Conference Board of Canada

SUPPLY AND DEMAND

Direct vacancy marked another quarter of decrease since the first quarter of 2021, dipping down by 68k square feet (sf) from the previous quarter. While this is a positive, it was not enough to significantly impact the overall vacancy rate as sublet space increased by 162k sf compared to last quarter. The overall vacancy rate increased by 200 basis points (bps) from last quarter to 4.5%, as western submarket vacancy declined by 20 bps quarter-over-quarter while the eastern submarket vacancy increased by 130 bps. Overall absorption sunk to negative 51k sf, a significant decrease from last quarter. The eastern submarket was the primary driver, sitting at 104k sf of negative absorption. The western submarket had a slight uptick in demand from last quarter, closing the quarter with positive 53k sf.

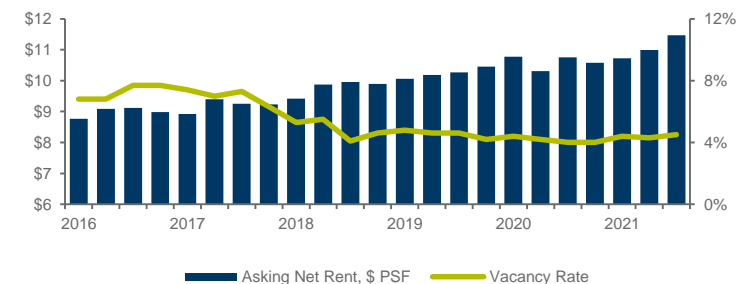
PRICING

Asking net rents soared even higher from last quarter. Rates are expected to climb due to high demand and low availability of space in the Ottawa market. The net asking rent in the overall Ottawa market posted \$11.47 per square foot (psf) in the third quarter of 2021, increasing for the third consecutive quarter. Both submarkets contributed positively to the increase from the last quarter as the net asking rent in the western submarket reported \$11.65 psf, while the eastern submarket was slightly behind, sitting at \$11.40 psf. Ottawa's industrial market continues to progress in a positive direction.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING NET RENT



Industrial Q3 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	69,866	2.0%	31,082	-12,039	0	0	\$13.70	\$7.22	\$20.92
Bell's Corners / Southwest Ottawa	382,019	1,844	0.5%	0	-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	19,980	3.5%	-8,446	4,972	0	0	\$6.75	\$9.60	\$16.35
Ottawa Centre	853,382	28,769	3.4%	-19,169	-25,569	0	0	\$10.00	\$6.04	\$16.04
Ottawa South	709,160	0	0.0%	0	5,149	0	0	N/A	N/A	N/A
West Merivale	599,829	14,853	2.5%	-12,993	-11,818	0	0	\$10.77	\$5.86	\$16.63
East Merivale	657,693	4,140	0.6%	0	4,704	0	0	\$11.25	\$5.36	\$16.61
Colonnade	660,505	7,584	1.1%	58,609	78,340	0	0	\$12.00	\$7.44	\$19.44
Rideau Heights	687,364	11,158	1.6%	4,752	10,634	0	0	\$12.47	\$8.57	\$21.04
WEST OTTAWA TOTALS	8,944,581	158,194	1.8%	53,835	52,529	2,730,966	0	\$11.65	\$7.00	\$18.65
South Walkley	530,727	70,000	13.2%	0	0	0	0	\$10.00	\$0.00	\$10.00
Ottawa Business Park	1,393,870	156,299	11.2%	-88,467	-87,387	0	0	\$11.55	\$6.07	\$17.62
Coventry/Belfast	1,811,009	4,500	0.2%	10,434	27,649	0	0	\$0.00	\$8.00	\$8.00
Cyrville	2,225,664	45,325	2.0%	18,578	13,247	0	0	\$11.81	\$5.78	\$17.59
Sheffield	2,955,631	325,678	11.0%	-15,513	-62,980	0	0	\$12.00	\$4.74	\$16.74
Sheffield/Lancaster	1,233,080	116,482	9.4%	-7,118	-65,269	0	0	\$11.09	\$5.42	\$16.51
Stevenage/Belgreen	2,215,474	135,847	6.1%	3,090	-1,764	55,940	0	\$12.08	\$9.69	\$21.77
South Gloucester/Albion	1,487,234	0	0.0%	0	0	0	0	N/A	N/A	N/A
Queensway	920,465	54,800	6.0%	-26,000	-4,752	0	0	N/A	N/A	N/A
Orleans	614,067	26,400	4.3%	0	-6,467	0	0	\$10.89	\$0.00	\$10.89
EAST OTTAWA TOTALS	15,387,221	935,331	6.1%	-104,996	-187,723	55,950	0	\$11.40	\$5.76	\$17.16
OTTAWA TOTALS	24,331,802	1,093,525	4.5%	-51,161	-135,194	2,786,906	0	\$11.47	\$6.16	\$17.63

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
159 Cleopatra Drive	Merivale	LD Tool & Die	17,086	Renewal
7 Hinton Avenue	Wellington/Richmond	GoodWorks	4,495	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2021

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