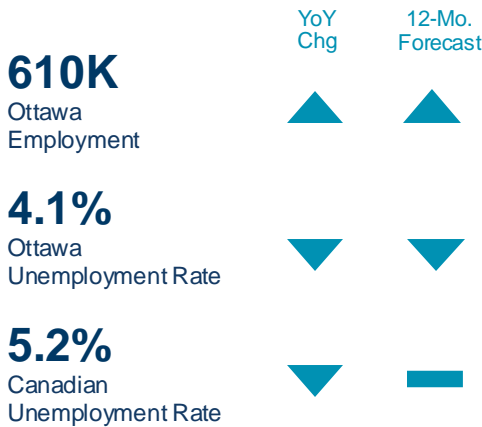


Overall, Direct Net Asking Rent

ECONOMIC INDICATORS Q3 2022



Source: Statistics Canada

ECONOMY

Many institutions and officials are calling for a contraction in Canada's economic growth, with the Minister of Finance warning that Canadians can expect a slowdown in the coming months. Further, the International Monetary Fund recently downgraded its forecast for global economic growth, a consequence of aggressive contractionary monetary policy from policy makers worldwide. Given that the performance of the industrial market is strongly influenced by overall global economic performance, both from a consumption and production standpoint, it is expected that the Canadian industrial market will see a compression. This will likely increase the cost-awareness of firms operating in industrial industries and introduce polarities in markets such as Ottawa, where the historically low supply is driving prices upwards.

SUPPLY AND DEMAND

Demand for industrial space in the Ottawa market remained strong and is showing no signs of slowing. Businesses are looking to increase localized inventory through industrial warehousing, a strategic move to avoid the seemingly never-ending supply-chain headwinds that the economy has been experiencing. Now that retail has seen a return in consumer demand, it is expected retail distribution requirements will further propel demand in distribution and warehousing spaces. Ottawa's low inventory has resulted in absorption to decrease this quarter, as there is not much space for prospective tenants to occupy. The vacancy rate, now sitting at 2.0%, is still historically low. The spaces that are currently available often do not match the needs of tenants, which rationalizes the 20-basis point increase in vacancy from the previous quarter. Market constraints are forcing tenants to look outside of city limits, where they are still being faced with low levels of inventory.

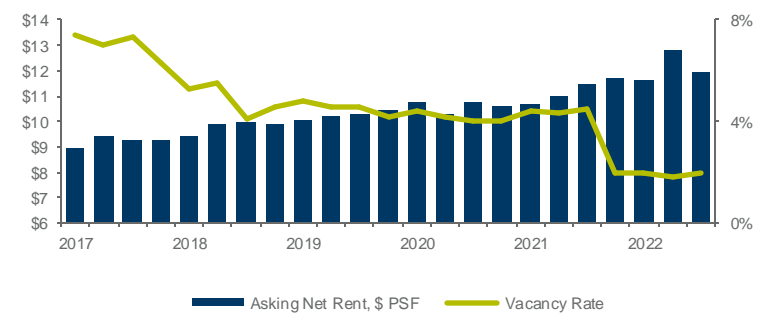
PRICING

Asking rents have declined slightly in Ottawa, now sitting at \$11.95 per square foot (psf). It is important to note that although asking rents are floating around the \$12.00 psf mark, most deals are closing within the \$13.00-\$15.00 psf range. There is slight downward pressure on rates, brought on by an easing labour market and a historic increase in interest rates. However, rental rates are still relatively high, as industrial space remains scarce in Ottawa. The current overall net asking rent is still higher compared to the first quarter of 2022. The industrial market demand is acutely outpacing its supply.

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	15,429	1.6%	946	10,819			\$12.27	\$7.35	\$19.62
Ottawa West Dispersed	4,460,374	100,301	2.2%	-6,120	-33,355			\$10.90	\$6.65	\$17.56
Barrhaven	2,748,966	0	0.0%	0	2,710,966		2,710,966	N/A	N/A	N/A
Kanata North	764,233	40,781	5.3%	-3,062	-592	116,500		\$12.00	\$11.75	\$23.75
Kanata South	957,388	28,735	3.0%	-3,235	-2,535			\$15.35	\$7.65	\$23.01
Stittsville	636,579	18,000	2.8%	12,700	9,794			\$15.00	N/A	\$22.60
Deep West Dispersed	335,774	0	0.0%	0	4,537			N/A	N/A	N/A
WEST OTTAWA TOTALS	10,856,304	203,246	1.9%	1,229	2,699,634	116,500	2,710,966	\$12.72	\$7.76	\$20.48
Hunt Club Corridor	250,880	10,000	4.0%	0	-10,000			N/A	N/A	N/A
Ottawa South Dispersed	384,326	0	0.0%	0	0			N/A	N/A	N/A
SOUTH OTTAWA TOTALS	635,206	10,000	1.6%	0	-10,000			N/A	N/A	N/A
Hawthorne/Stevenage	2,189,607	1,545	0.1%	0	-1,545	439,087		N/A	N/A	N/A
Gloucester	1,029,818	76,278	7.4%	-2,000	-50,000			\$9.44	\$8.07	\$17.51
Orleans	521,475	30,217	5.8%	-30,217	-26,317			\$7.95	N/A	\$11.50
Ottawa Business Park	1,259,005	150,327	11.9%	0	-16,152			\$13.00	\$11.25	\$24.25
Vanier / St. Laurent / Industrial	1,798,249	31,439	1.7%	-13,931	-29,092			\$14.39	\$8.55	\$22.94
Sheffield / Michael	6,982,431	41,728	0.6%	16,102	24,888			\$12.00	\$6.98	\$18.98
Ottawa East Dispersed	1,448,581	0	0.0%	0	8,717			N/A	N/A	N/A
EAST OTTAWA TOTALS	15,229,166	331,534	2.2%	-30,046	-89,501	439,087		\$10.91	\$6.26	\$17.17
OTTAWA TOTALS	26,720,676	544,780	2.0%	-28,817	2,600,133	555,587	2,710,966	\$11.95	\$7.12	\$19.07

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SF	TYPE*
4120 Russell Road	Ottawa East	68,976	New Direct
1480 Michael Street	Sheffield / Michael	14,854	Sublease
25 Iber Road	Stittsville	14,700	New Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1810 Bantree Street	Sheffield/Michael	2430889 Ont. Ltd./Capital Infrastructure Group Inc.	N/A	\$4,000,000
2474 Lancaster Road	Sheffield/Michael	166330 Ontario Ltd/M Poitras Family Investments Inc	11,560	\$3,500,000 / \$303

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