

## Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
<b>2.5%</b> Overall Vacancy Rate	▲	■
<b>-80K</b> Overall Net Absorption, SF	▼	▲
<b>\$12.91</b> Asking Rent, PSF	▲	▲

*Overall, Direct Net Asking Rent*

### ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
<b>613K</b> Ottawa Employment	▲	▲
<b>4.6%</b> Ottawa Unemployment Rate	▼	▼
<b>5.0%</b> Canadian Unemployment Rate	▼	▲

Source: Statistics Canada

### ECONOMY

The Canadian economy proved to be resilient in 2022, despite growing uncertainty and global macroeconomic turbulence. The economy's strong labour market, high commodity prices, increased household savings and business investment gave consumers the ability to act upon their pent-up demand for services. However, the Bank of Canada's (BoC) large interest rate hikes will help taper the excess demand and ease inflationary pressures. Generally, monetary policy actions take time to work their way through an economy. It is expected the slowdown to be most pronounced in residential investment and goods consumption. On that account, the demand for industrial space could hold steady in 2023.

### SUPPLY AND DEMAND

This quarter, Ottawa recorded a total of negative 79,732 square feet (sf) in absorption. However, 2022's aggregate absorption was 2.5 million square feet. Although the completion of the Amazon warehouse earlier in the year was a significant driver of this absorption, the total does represent a more suitable depiction of how the industrial market performed last year. The vacancy rate increased from last quarter and is now at 2.5%. In this market, spaces tend to be vacant because they do not match tenant needs, not due to a lack of demand. The fundamentals of Ottawa's market have proven to be attractive for investors and prospective developers. Montreal-based RoseFellow has made two land acquisitions and are expected to bring a sizeable amount of industrial space to the market. Also, Toronto's CanFirst Capital acquired industrial development property. The influx of investment capital is a sign of future growth in Ottawa's industrial market.

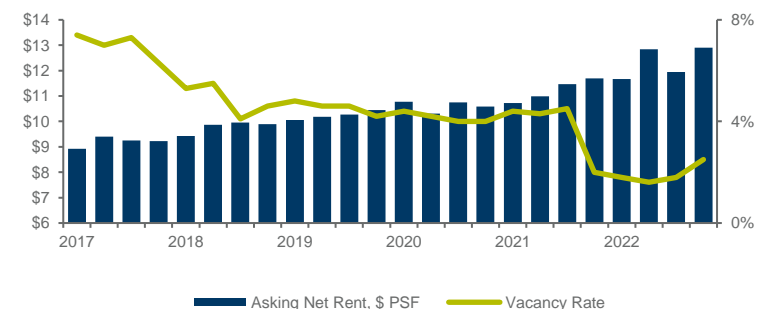
### PRICING

Although availability is increasing due to the recent influx of industrial development projects, prices are not expected to come down. Demand for high-quality industrial space in Ottawa continued to outpace supply and the market's supply-demand dynamics have continued to apply upward pressure on prices. In the fourth quarter of 2022, average net asking rents increased by a staggering \$0.96 per square foot (psf) from last quarter to reach \$12.91 psf. Leasing agreements for desired industrial properties are closing within the \$13.00-\$15.00 psf range. The sharp rental rate increases in 2022 is part of a larger market trend – where flex industrial space is becoming an increasingly desired asset.

### 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	9,955	1.0%	5,474	16,293			\$11.03	\$6.29	\$17.33
Ottawa West Dispersed	4,445,126	121,779	2.7%	-37,514	-70,869			\$10.82	\$6.59	\$17.41
Barrhaven	2,748,966	0	0.0%	0	2,710,966		2,710,966	N/A	N/A	N/A
Kanata North	880,733	101,810	11.6%	55,471	54,879	94,337	116,500	\$12.00	\$11.75	\$23.75
Kanata South	957,388	62,759	6.6%	-34,024	-36,559			\$15.35	\$7.65	\$23.01
Stittsville	636,579	16,000	2.5%	2,000	11,794			N/A	N/A	N/A
Deep West Dispersed	335,774	0	0.0%	0	4,537			N/A	N/A	N/A
<b>WEST OTTAWA TOTALS</b>	<b>10,957,556</b>	<b>312,303</b>	<b>2.9%</b>	<b>-8,593</b>	<b>2,691,041</b>	<b>94,337</b>	<b>2,827,466</b>	<b>\$10.86</b>	<b>\$9.06</b>	<b>\$19.92</b>
Hunt Club Corridor	250,880	0	0.0%	10,000	0			N/A	N/A	N/A
Ottawa South Dispersed	384,326	0	0.0%	0	0			N/A	N/A	N/A
<b>SOUTH OTTAWA TOTALS</b>	<b>635,206</b>	<b>0</b>	<b>0.0%</b>	<b>10,000</b>	<b>0</b>			<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Hawthorne/Stevenage	2,219,532	35,736	1.6%	-34,191	-35,736	439,087		N/A	N/A	N/A
Gloucester	1,029,818	61,278	6.0%	15,000	-61,278			\$11.00	\$11.69	\$22.69
Orleans	521,475	38,817	7.4%	-8,600	-34,917			\$7.95	\$3.55	\$11.50
Ottawa Business Park	1,259,005	79,470	6.3%	36,526	54,705			\$13.00	\$11.25	\$24.25
Vanier / St. Laurent / Industrial	1,798,249	28,090	1.6%	3,349	-25,743			\$11.80	\$9.52	\$21.32
Sheffield / Michael	6,982,431	115,567	1.7%	-93,223	-68,335	108,000		\$15.85	\$4.61	\$20.47
Ottawa East Dispersed	1,448,581	0	0.0%	0	8,717			N/A	N/A	N/A
<b>EAST OTTAWA TOTALS</b>	<b>15,259,091</b>	<b>358,958</b>	<b>2.4%</b>	<b>-81,139</b>	<b>-162,587</b>	<b>547,087</b>		<b>\$13.20</b>	<b>\$5.30</b>	<b>\$18.50</b>
<b>OTTAWA TOTALS</b>	<b>26,851,853</b>	<b>671,261</b>	<b>2.5%</b>	<b>-79,732</b>	<b>2,528,454</b>	<b>641,424</b>	<b>2,827,466</b>	<b>\$12.91</b>	<b>\$6.15</b>	<b>\$19.06</b>

### KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	SF	TYPE*
1000 Last Mile Drive - NCBP	Ottawa East	Dustbane Ltd.	69,218	New Direct
1500 Upper Canada Street	Kanata North	Goodman	50,504	New Direct
1275 Humber Place	Ottawa South	N/A	13,000	New Direct

\*Renewals not included in leasing statistics

### KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE
50 Frank Nighbor Place	Kanata South	50 FNP Ltd / Uniform Developments & Leasing Ltd	74,000	\$14,000,000
5359 Canotek Road	Gloucester	1443825 Ontario Inc / RNW Enterprises	26,250	\$5,675,000
2590 Blackwell Street	Sheffield/Michael	Creda Real Estate Dev Corp / Tirecraft	7,265	\$5,000,000

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