

Q2 2022

# Ottawa Industrial Market Report

## Net Absorption

This Quarter

**6K** SF

12-Month Absorption

**230K** SF

Previous Quarter

**64K** SF

5-Year Quarterly Avg.

**260K** SF

## Availability

This Quarter

**1.3%**

Year-over-Year

**↓ 102** bps

## Asking Net Rent

This Quarter\*

**\$13.27** PSF

Year-over-Year

**↑ 13.3%**

## Development

Under Construction

**584K** SF

New Supply

**146K** SF

## Market Outlook

Ottawa's industrial market continues to see strong demand, while supply levels remain dangerously low, threatening to pull interest away from the Greater Ottawa Area. Still, access to labour might help keep companies from relocating from Ottawa to the St. Lawrence Seaway.

The overall vacancy rate increased by 29 basis points (bps) to 1.1% in Q2 2022, due to several large blocks of space coming onto the market in the Kanata / Deep West and with the completion of a new industrial building in East Ottawa. The overall availability rate rose by 8 bps this quarter to 1.3%. There was 6,364 square feet of positive net absorption this quarter. Leasing activity was most significant in the Ottawa East submarket, where 77,970 square feet was absorbed in Q2 2022.

Average net asking rental rates continue to reach historically high levels. This quarter's average net asking rents increased by \$0.80 per square foot to a new record high \$13.27 per square foot, representing an increase of 6.4% from Q1 2022 and a growth rate of 13.3% year-over-year (YoY).

The most significant increase was in East Ottawa, where the average net asking rent increased by \$1.58 per square foot, up 13.3% from the previous quarter and 15.7% YoY to \$13.41 per square foot.

There was one new industrial building completed in Q2 2022. Avenue 31's first ever industrial building was completed at their National Capital Business Park, Building C totaling 145,733 square feet, where 76% of the building was pre-leased by three tenants.

There are currently eight buildings under construction (four in East Ottawa and four in Kanata) which will add 585,596 square feet to the market by Q4 2022. However, tenants' current supply constraints when looking to relocate or expand their presence in Ottawa will not ease anytime soon, as more than 31.2% of the space is already committed. There are another 3.6 million square feet in the development pipeline.

Competitive offers for the purchase of industrial buildings persist despite rising interest rates. While vacant industrial land has become increasingly scarce and is now trading at over \$1 million per acre for well-located, serviced land within the City of Ottawa.

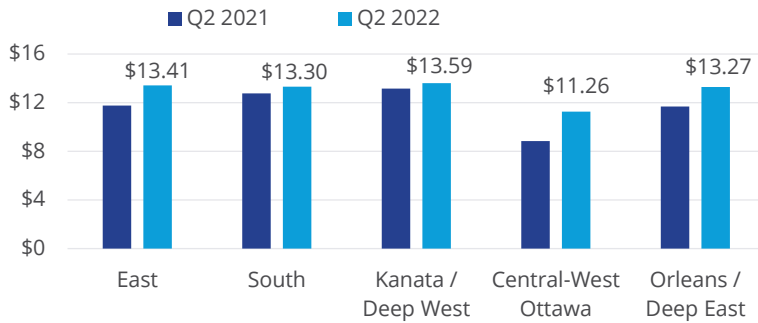
\*Weighted Average  
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# Market Overview

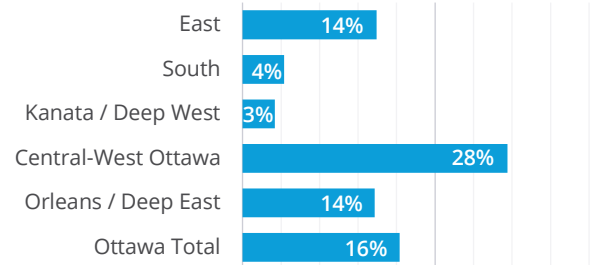
## 01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



## 02 Rental Rate Growth\*

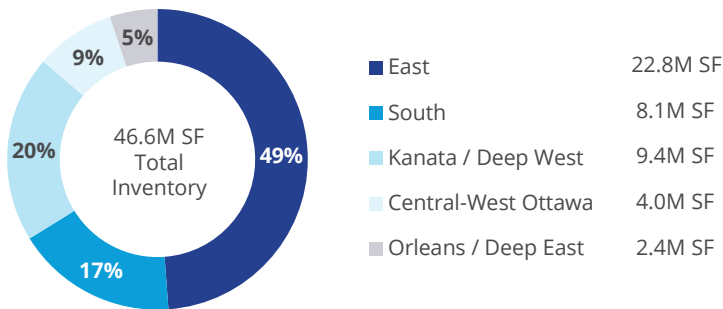
By Market | Q2 2021 – Q2 2022



\*Weighted Average Asking Net Rent

## 03 Inventory Breakdown

By Market | Q2 2022



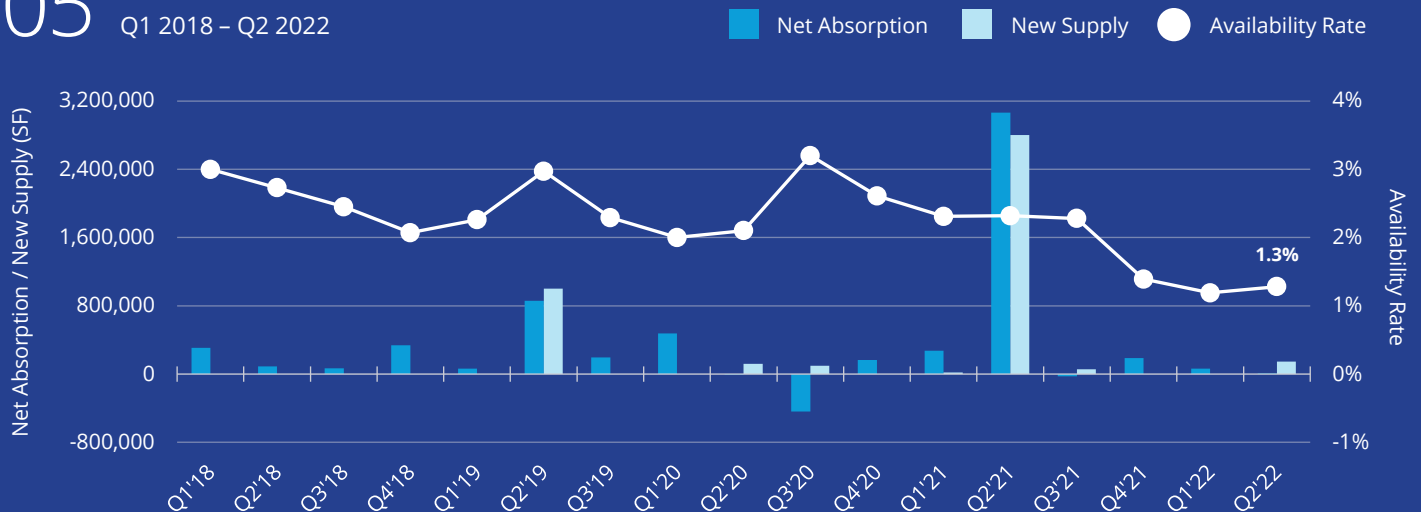
## 04 Availability Rate by Market

Q2 2021 – Q2 2022

East	1.5%	↓	from 3.9% Q2'21
South	0.6%	↑	from 0.5% Q2'21
Kanata / Deep West	1.7%	↑	from 0.8% Q2'21
Central-West Ottawa	1.0%	↓	from 1.6% Q2'21
Orleans / Deep East	0.0%	↓	from 1.1% Q2'21
<b>Ottawa Total</b>	<b>1.3%</b>	↓	from 2.3% Q2'21

## 05 Historical Overview

Q1 2018 – Q2 2022



# Market Statistics & Transaction Highlights

Market	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Wgt. Avg. Asking Net Rent (PSF)
East	22,787,549	296,072	1.3%	255,111	90,000	345,111	1.5%	77,970	145,733	404,128	\$13.41
South	8,094,444	26,361	0.3%	47,447	0	47,447	0.6%	33,134	0	0	\$13.30
Kanata / Deep West	9,387,825	163,087	1.7%	81,231	81,856	163,087	1.7%	-103,087	0	179,468	\$15.42
Central-West	4,001,775	39,423	1.0%	31,183	8,240	39,423	1.0%	-1,653	0	0	\$11.26
Orleans / Deep East	2,392,126	0	0.0%	0	0	0	0.0%	0	0	0	\$13.27
<b>Ottawa Total</b>	<b>46,663,719</b>	<b>524,943</b>	<b>1.1%</b>	<b>414,972</b>	<b>180,096</b>	<b>595,068</b>	<b>1.3%</b>	<b>6,364</b>	<b>145,733</b>	<b>583,596</b>	<b>\$13.27</b>

## Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Confidential	NCBP- Building B 4055 Russell Road, Unit 3	East Ottawa	Head Lease	35,708
Confidential	NCBP- Building C -1000 Last Mile Drive, Unit 2	East Ottawa	Head Lease	34,494
Confidential	20 Enterprise Avenue #K-M	South Ottawa	Head Lease	9,387

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
1155 Lola Street	East	62,211	\$17,600,000	Parkit Enterprise Inc.	Public Investor - Canadian
1100 Algoma Road	East	46,000	\$12,500,000	BTB REIT	Public Investor - Canadian
466 Tremblay Road	East	19,000	\$11,000,000	Rohit Group of Companies	Developer
47 Antares Drive	South	53,000	\$9,200,000	Jennings Real Estate Corporation	Private Investor - Canadian

## Notable Developments

Building Name / Address	Market	Size (SF)	Est. Completion Date	Developer
National Capital Business Park - Building B	East	162,898	2022 Q4	Avenue 31
National Capital Business Park - Building A2	East	130,684	2022 Q4	Avenue 31
1300-1360 Upper Canada Street	Kanata	66,000	2022 Q4	Cardinal Properties

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