

Q2 2024

Ottawa

Industrial Market Report

Colliers

Net Absorption

This Quarter

89K SF

12-Month Absorption

88K SF

Previous Quarter

-1,849 SF

5-Year Quarterly Avg.

193K SF

Availability

This Quarter

2.3%

Year-over-Year

▲ 52 bps

Asking Net Rent

This Quarter*

\$15.74 PSF

Year-over-Year

▼ 0.7%

Development

Under Construction

529K SF

New Supply

0 SF

**Weighted Average
Colliers Macaulay Nicolls Inc., Brokerage*

Market Outlook

In the first half of 2024, leasing velocity in Ottawa's industrial market improved for both small-bay and large-bay properties. This positive trend drove the vacancy rate down to 1.8%, resulting in a positive net absorption of 88,559 square feet this quarter. The overall availability rate decreased by 22 basis points (bps) this quarter to 2.3%. Tenants and purchasers no longer remain passive observers waiting for the market to balance. They are consummating transactions faster than the previous year, making decisive moves and commitments to progress.

Small-bay tenants primarily drove leasing activity in Ottawa's industrial market for the fourth consecutive quarter. This trend resulted in the signing of 28 new lease agreements for spaces under 12,000 square feet, with a combined area of 100,733 square feet. The consistent demand and touring activity in the market from mid-to-large warehouse and distribution tenants will contribute to positive absorption in the second half of 2024.

This quarter, the average net asking rental rates in Ottawa's industrial market showed a mixed trend. They experienced a modest increase of \$0.03 over the quarter, reaching \$15.74 per square foot, but still represent a 0.7% decrease compared to last year. Notably, newly completed properties and those under construction are asking higher net rents, ranging from \$17.00 to \$19.00 per square foot.

In Q2 2024, most of the leasing activity occurred in the East Ottawa submarket, which resulted in 91,011 square feet of positive net absorption which pushed the vacancy rate down by 40 bps to 2.6%. This decrease occurred due to two large lease transactions. Metro Supply Chain leased 67,380 square feet at Manulife's new building at 2101 Bantree Street while Modern Niagara leased 40,000 square feet at 2575 Sheffield Road. Despite these larger deals, industrial tenants in East Ottawa leased 17 small-bay spaces totalling 67,882 square feet during this quarter.

In the Central-West Ottawa submarket, the vacancy rate dropped by 89 bps to 1.3% this quarter, driven by a positive net absorption of 35,744 square feet. KLIMAT Inc., a state-of-the-art bouldering and fitness centre, leased 16,666 square feet at 265 City Centre Avenue.

Rosefellow's new buildings in Kanata are nearing completion, which will add 478,745 square feet to the market in Q3 2024. Several industrial development projects in Ottawa have been put on hold until some pre-leasing has been achieved. Twelve projects totalling 2.3 million square feet are currently in a pre-leasing phase, while another 32 projects totalling 3.8 million square feet are planned.

Accelerating success.

Market Outlook

Market Overview

Market Statistics

Transaction Highlights

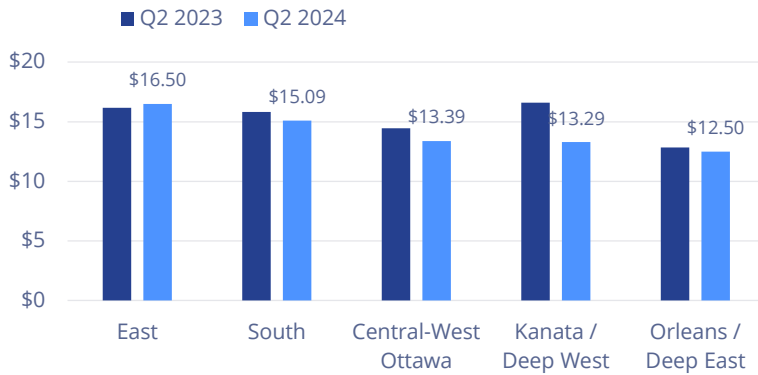
Contact

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Market Overview

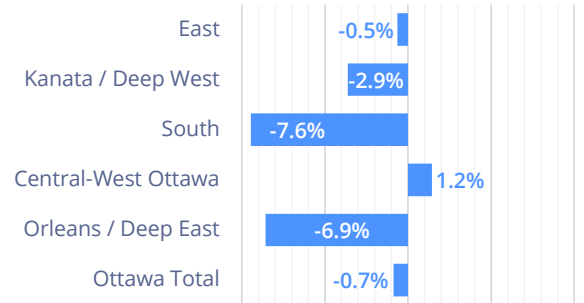
01 Rental Rates by Market

Weighted Average Asking Net Rent (PSF)



02 Rental Rate Growth*

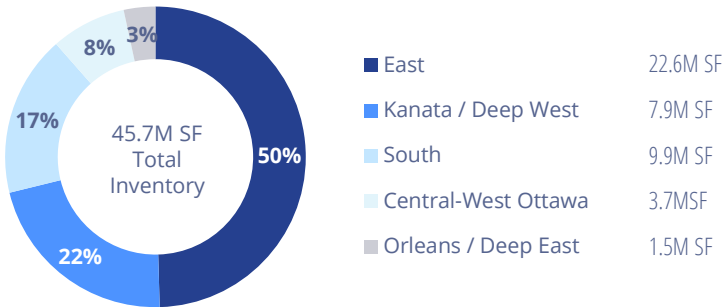
By Market | Q2 2023 – Q2 2024



*Weighted Average Asking Net Rent

03 Inventory Breakdown

By Market | Q2 2024



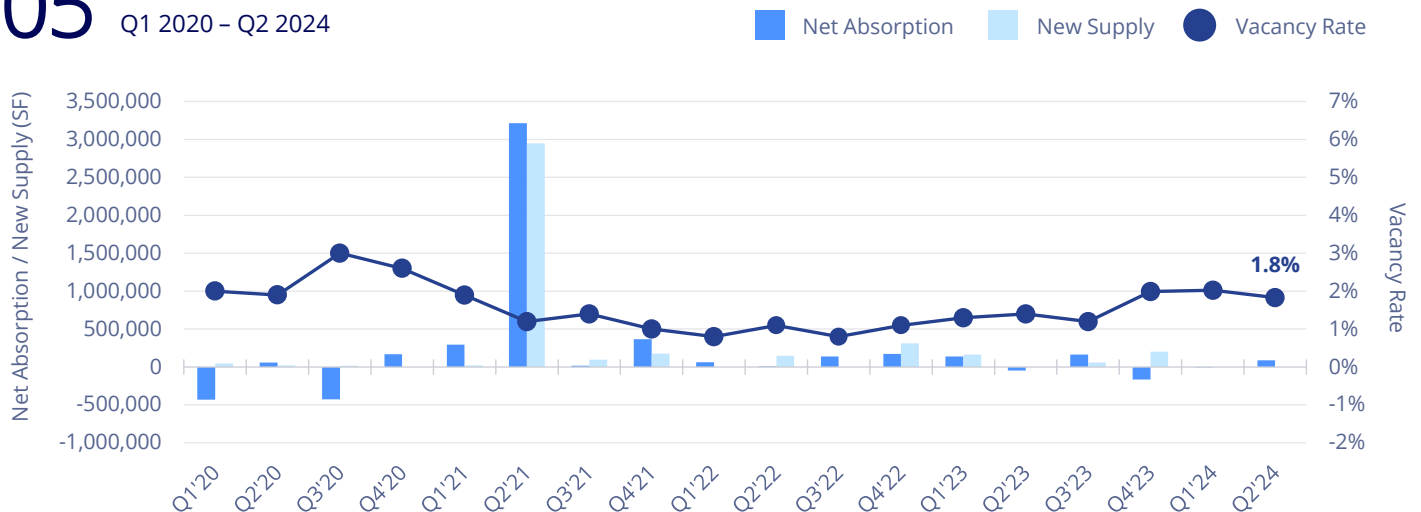
04 Availability Rate by Market

Q2 2023 – Q2 2024

East	3.4%	▲	from 2.1% Q2'23
Kanata / Deep West	1.5%	▲	from 1.3% Q2'23
South	0.8%	▼	from 1.1% Q2'23
Central-West Ottawa	1.3%	▼	from 2.4% Q2'23
Orleans / Deep East	1.9%	▼	from 2.3% Q2'23
Ottawa Total	2.3%	▲	from 1.8% Q2'23

05 Historical Overview

Q1 2020 – Q2 2024



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	22,646,398	585,307	2.6%	593,819	176,463	770,282	3.4%	91,011	0	0	\$16.50
Kanata / Deep West	9,879,135	124,626	1.3%	101,726	48,390	150,116	1.5%	-32,104	0	478,745	\$13.29
South	7,928,233	46,653	0.6%	54,147	9,240	63,387	0.8%	-11,704	0	50,000	\$15.66
Central-West	3,699,975	49,808	1.3%	46,283	3,525	49,808	1.3%	35,744	0	0	\$13.39
Orleans / Deep East	1,551,989	30,217	1.9%	30,217	0	30,217	1.9%	5,612	0	0	\$12.50
Ottawa Total	45,705,730	836,611	1.8%	826,192	237,618	1,063,810	2.3%	88,559	0	528,745	\$15.74

Notable Lease Transactions

Tenant	Building Name / Address	Market	Lease Type	Size (SF)
Metro Supply Chain Group	2101 Bantree Street	East Ottawa	Head Lease	67,063
Modern Niagara	2575 Sheffield Road	East Ottawa	Head Lease	40,000
Bird Stairs	1091 Ages Drive	East Ottawa	Head Lease	24,928
KLIMAT Inc.	265 City Centre Avenue	Central-West Ottawa	Head Lease	16,666

Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
145 Walgreen Drive	Kanata / Deep West	14,500	\$7,400,000	WO MW Realty Limited	Private Investor - Canadian
1580 Michael Street	East Ottawa	25,500	\$7,000,000	1550940 Ontario Inc.	Private Investor - Canadian
2920 Sheffield Road	East Ottawa	13,800	\$5,850,000	16123767 Canada Inc.	Private Investor - Canadian
5420 Canotek Road	East Ottawa	19,850	\$4,700,000	JPG Canotek Holdings Inc.	Private Investor - Canadian
1303 Michael Street	East Ottawa	14,550	\$4,400,000	Northern Raider Corp.	Private Investor - Canadian

Notable Developments

Building Name / Address	Market	Size (SF)	Est. Completion Date	Developer
RF16.0 Building B - 115 Journeyman Street	Kanata / Deep West	248,498	2024 Q3	Rosefellow
RF16.0 Building A - 405 Huntmar Drive	Kanata / Deep West	230,247	2024 Q3	Rosefellow

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