



Greater Ottawa industrial market report

Q1 2024

**AVISON
YOUNG**

Greater Ottawa market fundamentals

2.2%

total vacancy rate
up by 0.7% since Q1 2023

207K

square feet (sf) available for sale in
14 buildings across greater Ottawa

\$22.25

average gross asking rent per
square foot (psf) **includes \$7.48 psf
of average additional rent**

1.1M

sf vacant, including
81,415 sf of vacant sublet space

-59K

net sf absorption
year to date

4.19M

sf under construction /
pre-leasing **19 projects**

Greater Ottawa industrial market trends

01.

Short supply and high demand for small-bay warehouses

Small-bay warehouse space remains in high demand across the city, and landlords are showing minimal flexibility on rental rates. Tenants negotiating renewals at the expiry of long-term lease agreements can experience a “rental shock”, as increases have reached 30% to 50% in some cases.

Demand for large, high-bay space has decreased in existing and new projects, but while absorption has slowed, asking net rental rates remain high. Landlords aren’t willing to budge on rental rates, and tenant inducements, while available, are somewhat minimal.

02.

High interest rates negatively impact sales volumes

Demand from owner-occupiers looking to purchase large industrial properties has slowed down, hindered by the high interest rates. Older manufacturing buildings have also been impacted by the high interest rates, garnering very little interest from a limited pool of potential buyers.

As such, asking price reductions have been observed, in many cases further exacerbated by the physical or functional obsolescence of the buildings (low ceiling heights, small lot sizes, limited loading capability, etc.).

03.

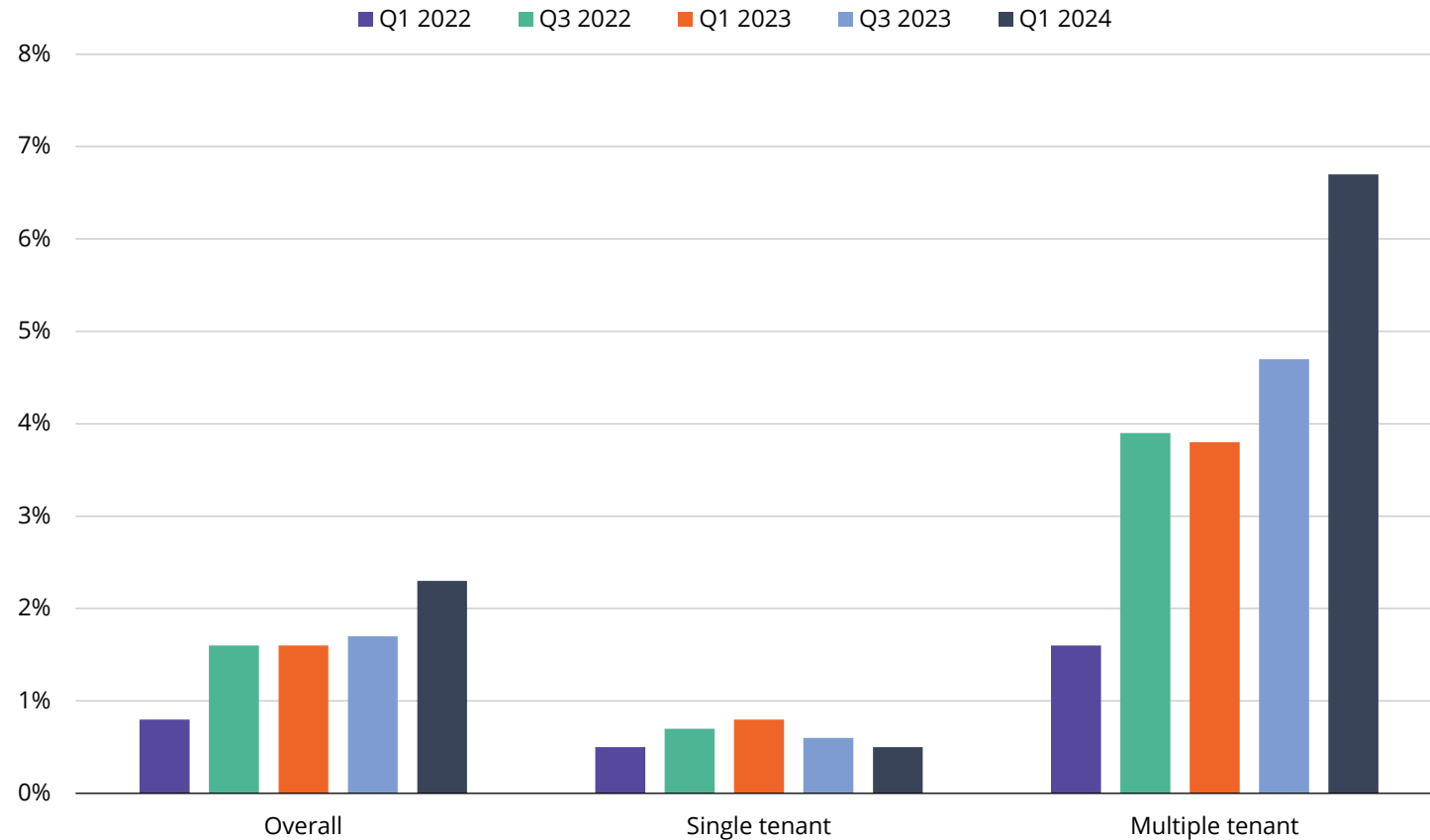
New industrial supply anticipated for 2024

New industrial projects are still being planned in the Ottawa region, and new deliveries are expected in 2024. These projects will include sought-after, modern features including multiple dock provisions, high-bay ceiling heights, branding opportunities and even naming rights.

On the other hand, development of small-bay products remains scarce, considering that a minimum size of 20,000 to 30,000 sf is now required for a new construction to be financially viable. In the absence of new supply, vacancy in the small-bay segment is expected to remain tight.

Greater Ottawa area industrial market indicators

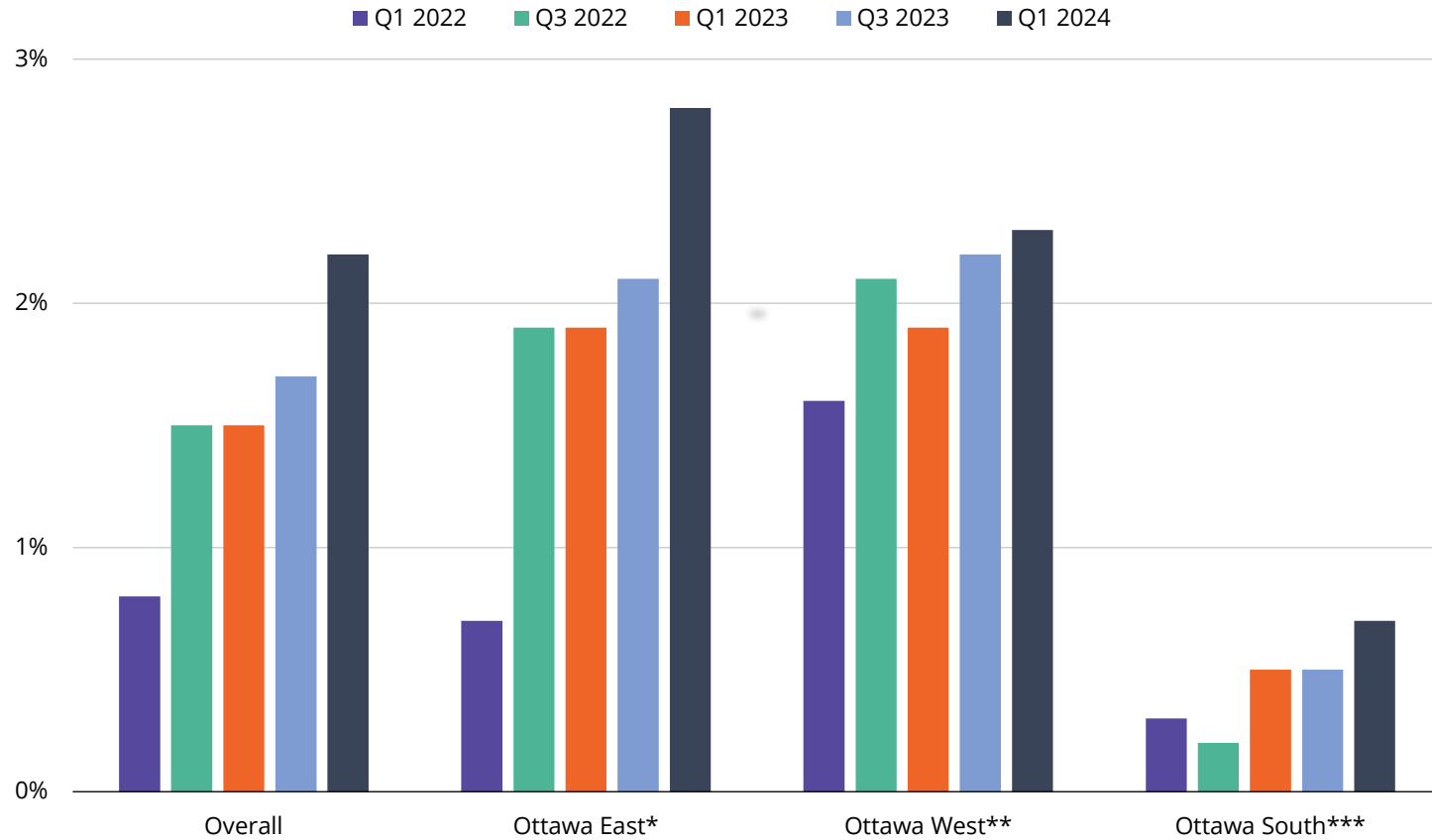
Vacancy rate by property type



Multiple-tenant properties show significantly higher vacancy rates than single-tenant properties.

Greater Ottawa area industrial market indicators

Vacancy rate by market

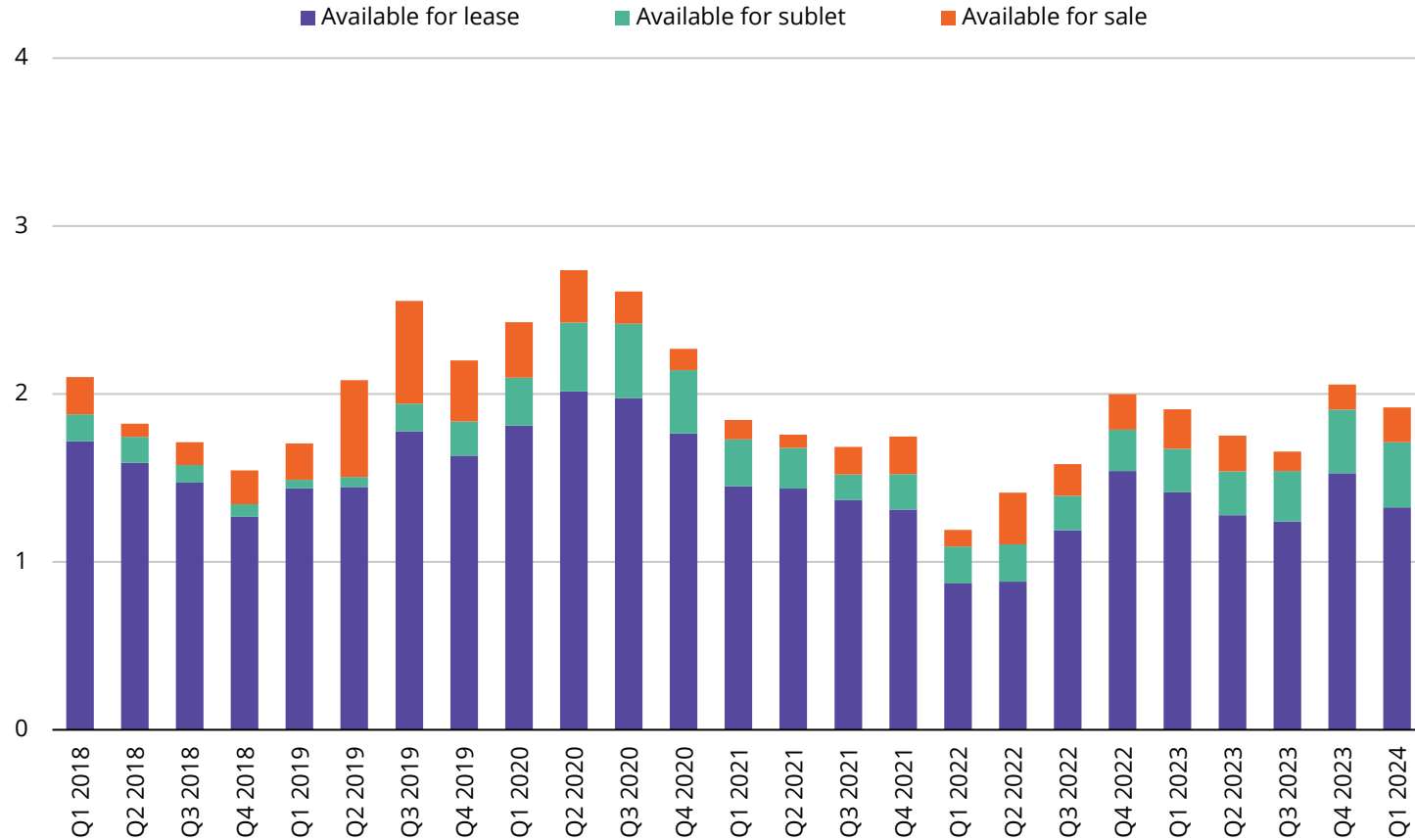


*Ottawa East includes the following Municipalities: Cumberland, Gloucester, Orleans, Ottawa East, **Ottawa West includes the following Municipalities: Goulbourn, Kanata, Ottawa West, ***Ottawa South includes the following Municipalities: Nepean, Osgoode, Rideau, West Carleton
Source: Altus Data Studio and Avison Young

In spite of recent increases, vacancy rates remain below 3% in all markets, and below 1% in Ottawa South.

Greater Ottawa area industrial market indicators

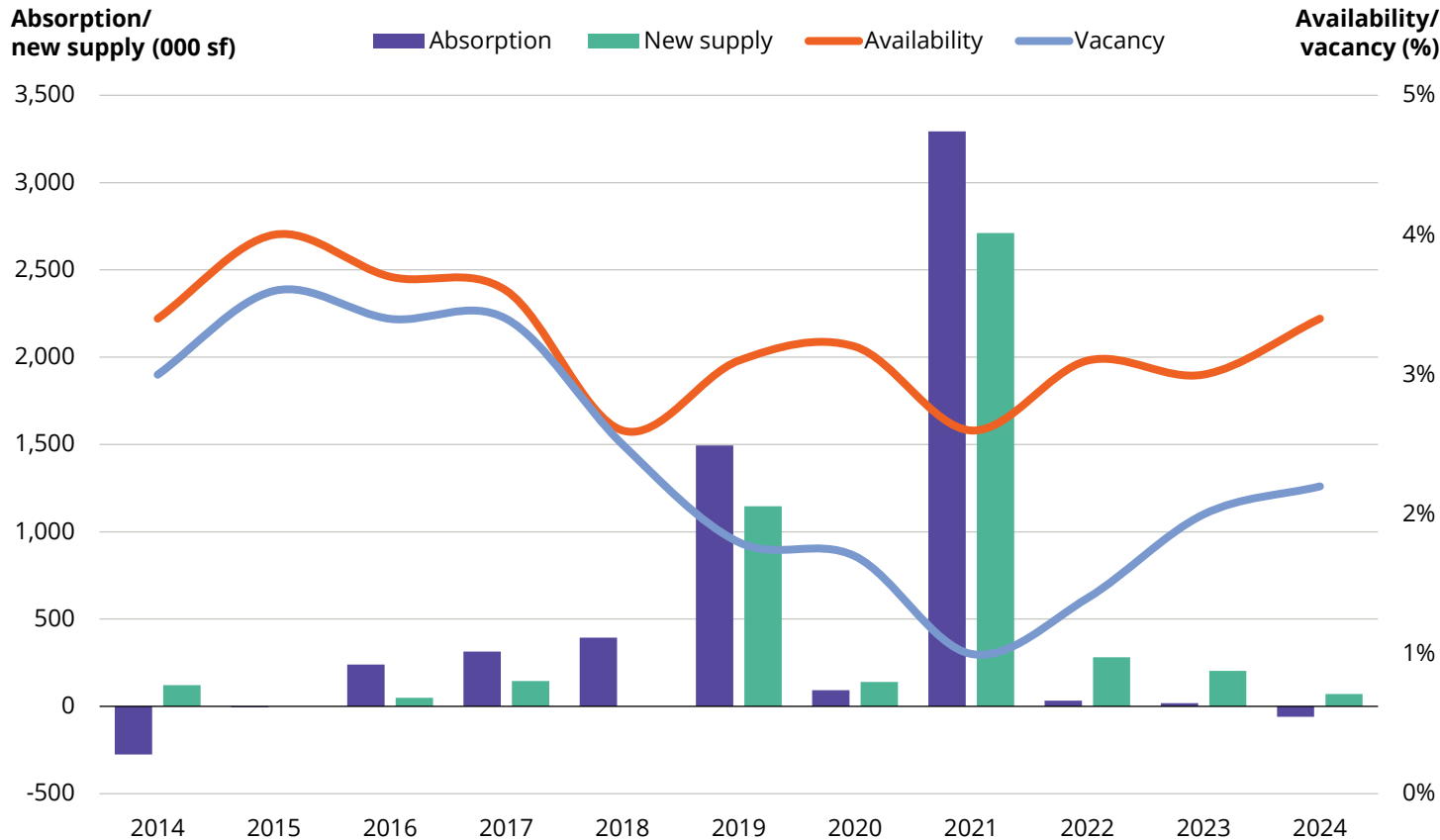
Available for sale and lease (msf)



Availability has decreased by 90,000 sf year-over-year, while sublet space available has increased by almost 130,000 sf.

Greater Ottawa area industrial market indicators

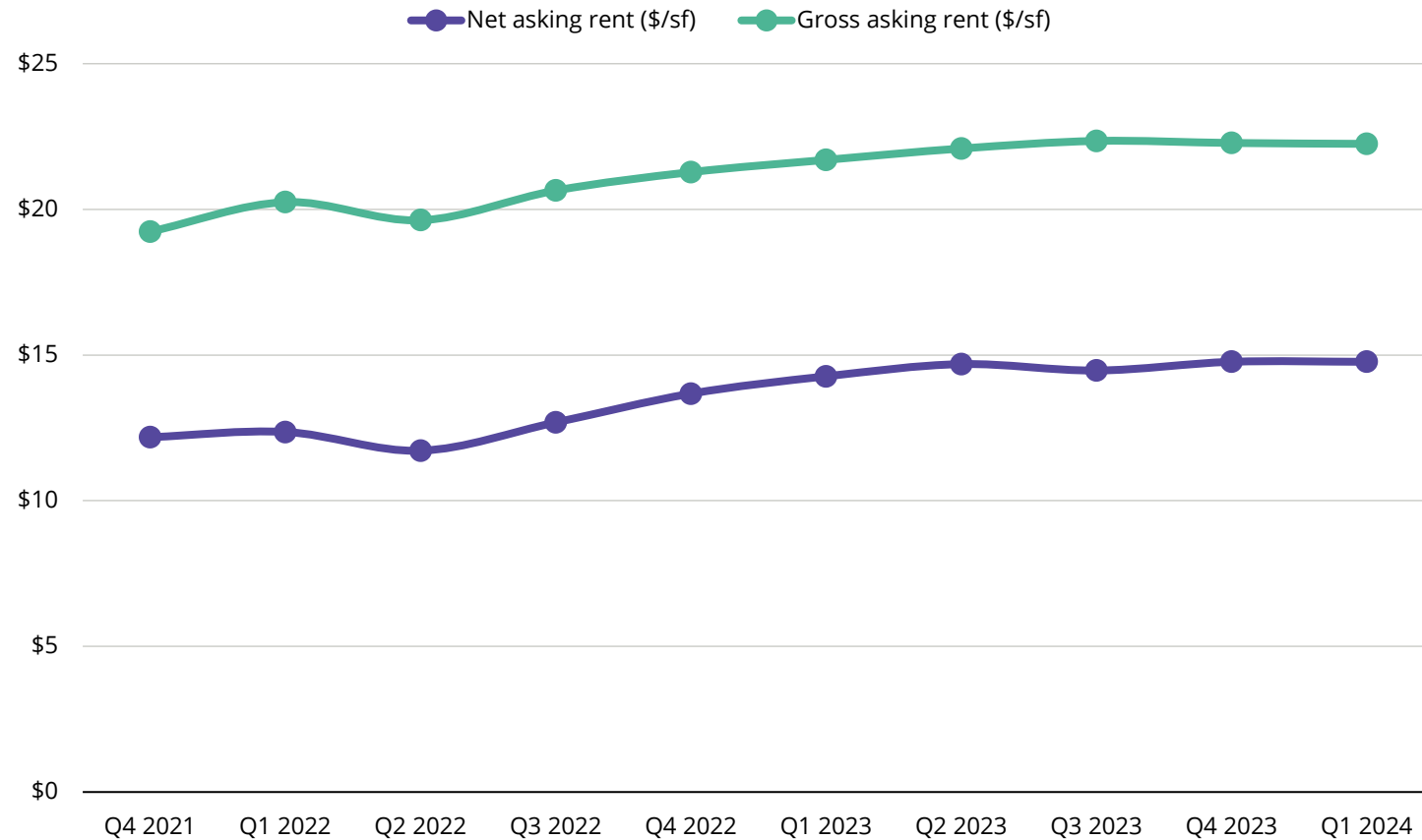
Historic industrial market trends



A slightly negative absorption was observed for the first time in a decade, while availability and vacancy are on the rise.

Greater Ottawa area industrial market indicators

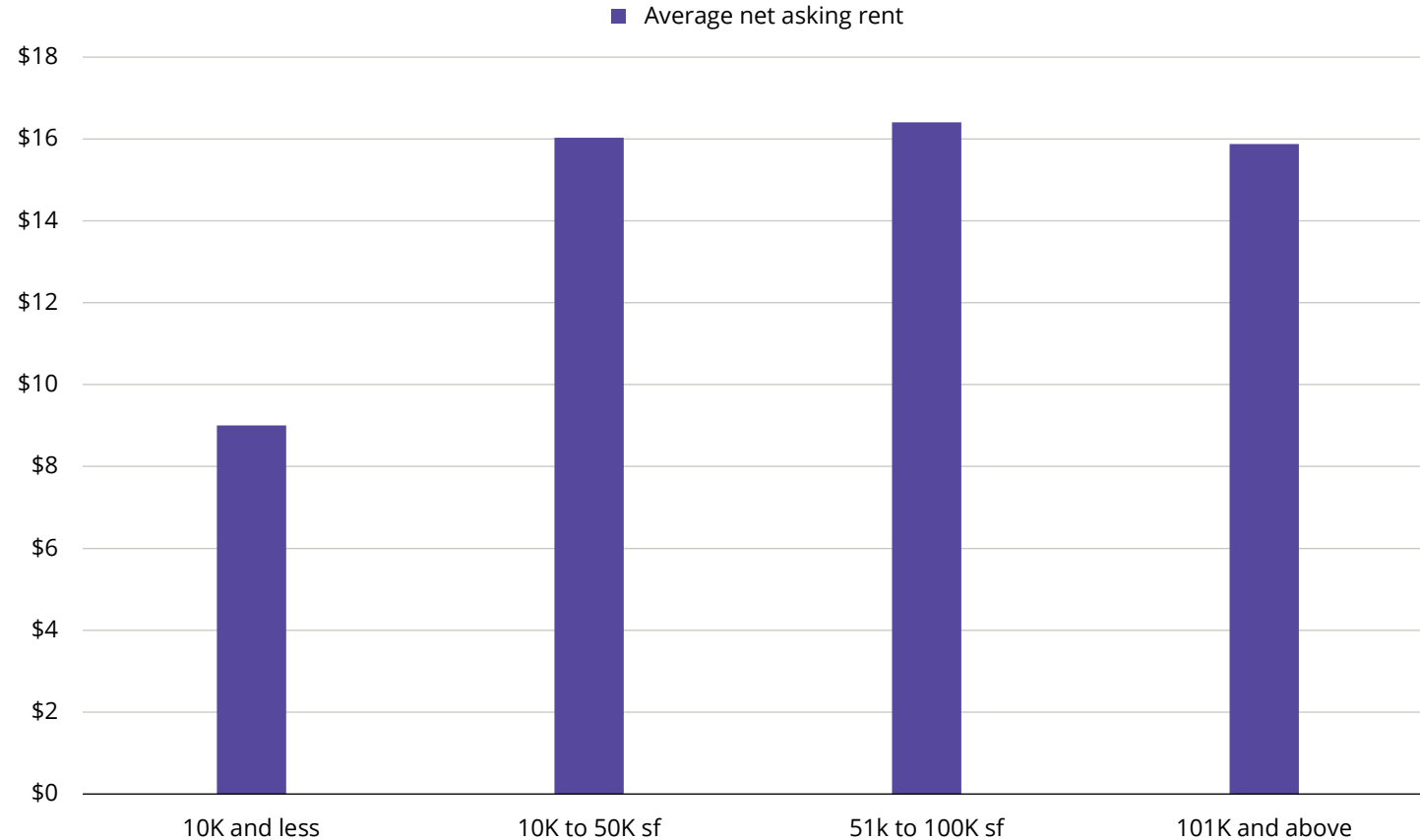
Average asking rents psf



Average asking rents are plateauing as demand softens.

Greater Ottawa area industrial market indicators

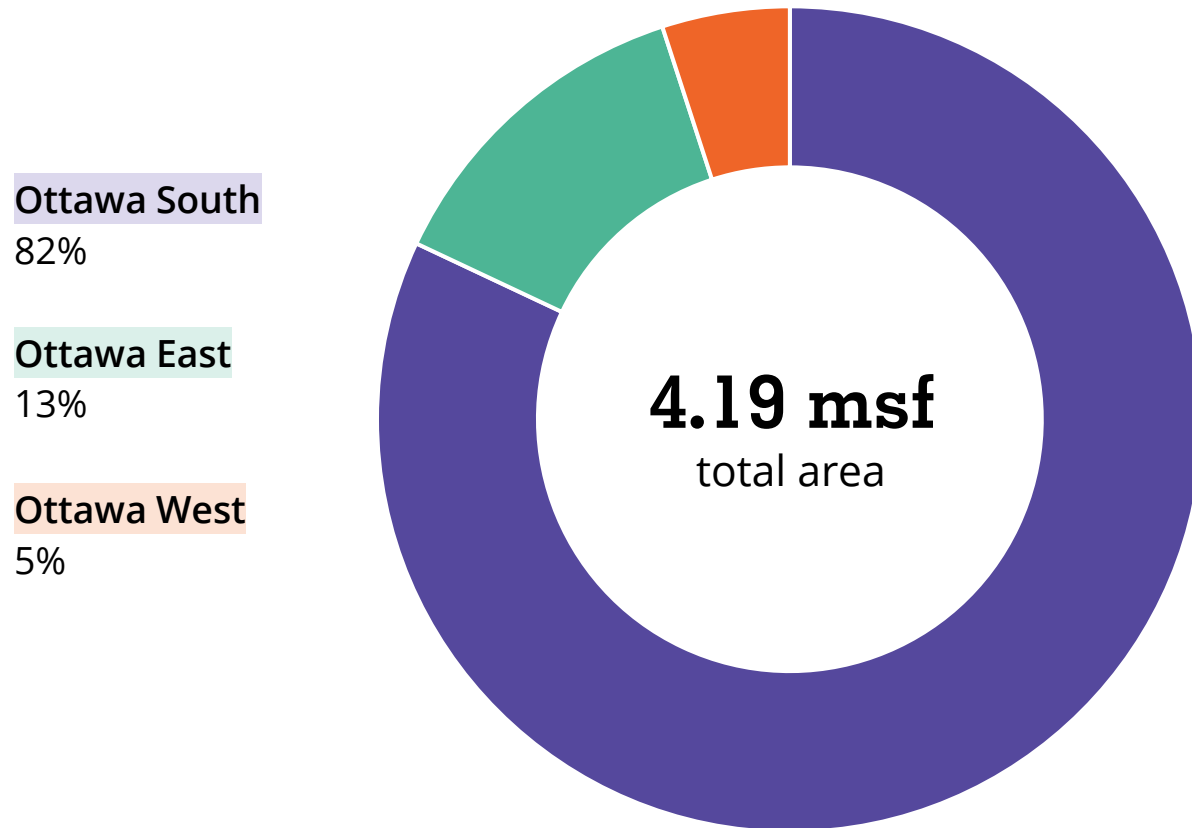
Net asking rents by size range (psf)



Average asking rents are similar regardless of asset size, except for spaces of 10,000 sf and less.

Greater Ottawa area industrial developments

Under construction activity by sector



Approximately 20 projects are currently under construction, most of which are located in Ottawa South.

Greater Ottawa industrial market activity

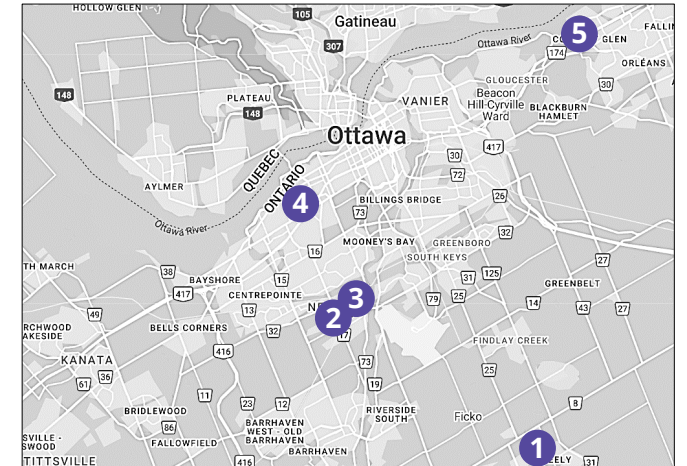
Leasing opportunity on the market

Address	Owner/manager	Listing date	Available space (sf)	For lease/for sale
1. 1101 Logistics Pvt - Building A1	Avenue31 Capital Inc	January 2022	642,000	For lease
2. 1100 Last Mile Drive - Building D	Avenue31 Capital Inc	January 2022	200,000	For lease
3. 2101-2105 Bantree Street	ManuLife Financial Corporation	January 2023	149,860	For lease
4. 1000 Logistics Pvt - Building B	Avenue31 Capital Inc	January 2022	103,000	For lease
5. 1071 Ages Drive	Fiera Real Estate	February 2024	44,578	For lease



Industrial building transactions

Address	Sale date	Sale price (psf)	Space size (sf)	Buyer
1. 6834 Hiram Drive, Osgoode	March 2024	\$4.2M	6,450	Bradley Kelly Construction Ltd.
2. 59 Grenfell Crescent, Nepean	January 2024	\$3.38M	9,770	Interieurs Bousada
3. 74 Auriga Drive, Nepean	January 2024	\$1.57M	7,000	Private
4. 855-859 Campbell Ave, Ottawa	January 2024	\$1.3M	4,800	Private
5. 1439 Youville Drive, Gloucester	March 2024	\$725,000	4,000	Private



Greater Ottawa industrial market statistics

	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q1 2024 net absorption (sf)	YTD 2024 net absorption (sf)
Ottawa East*	28,885,880	2.8%	802,580	100,400	(62,340)	(62,340)
Ottawa West**	9,277,280	2.3%	213,260	40,920	19,210	19,210
Ottawa South***	12,559,790	0.7	82,310	65,760	(15,610)	(15,610)
Greater Ottawa	50,722,940	2.2%	1,098,150	207,090	(58,730)	(58,730)



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 Source: Altus Data Studio
 All numbers rounded to 10 sf

For more market insights and information visit **avisonyoung.ca**

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