

A man and a woman in light blue shirts are standing in a warehouse. The woman is holding a tablet and pointing towards a high shelf of stacked materials. The man is looking at the tablet. The background shows blue metal shelving units filled with various industrial materials.

Greater Ottawa industrial market report

Q2 2024

**AVISON
YOUNG**

Greater Ottawa market fundamentals

2.3%

total vacancy rate
up by 0.6% since Q2 2023

251K

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

\$23.08

average gross asking rent per
square foot (psf)
**includes \$7.86 psf
of average additional rent**

1.1M

sf vacant, including
391,830 sf of vacant sublet space

-54.7K

net sf absorption
year to date

570K

sf under construction /
pre-leasing
16 projects

Greater Ottawa industrial market trends

01

Rates remain high

Industrial rates remain high, but they are not increasing as drastically as in recent quarters. Long-term tenants renewing their five and 10-year leases are seeing dramatic rental increases, sometimes up to 100%. This is a significant hike considering rent increases have historically been in the 3% to 4% range. Incentives are also scarce: only a few months of free rent are typically given, depending on the lease term, and tenant improvement allowances are just as rare, and usually hovering between \$2 and \$5 psf.

02

Market remains strong for owned-occupied buildings

The pool of potential owner-occupier buyers in the industrial market remains vibrant. Buildings of 10,000 sf and under available for purchase are very popular, as tenants are comparing high lease rates against possible purchase scenarios. However, most of the buildings available in this size range are older stock built in the late 1970's to early 1990's. As such, they lack certain modern features such as high ceiling heights, better electrical capacities and adequate shipping and receiving infrastructures.

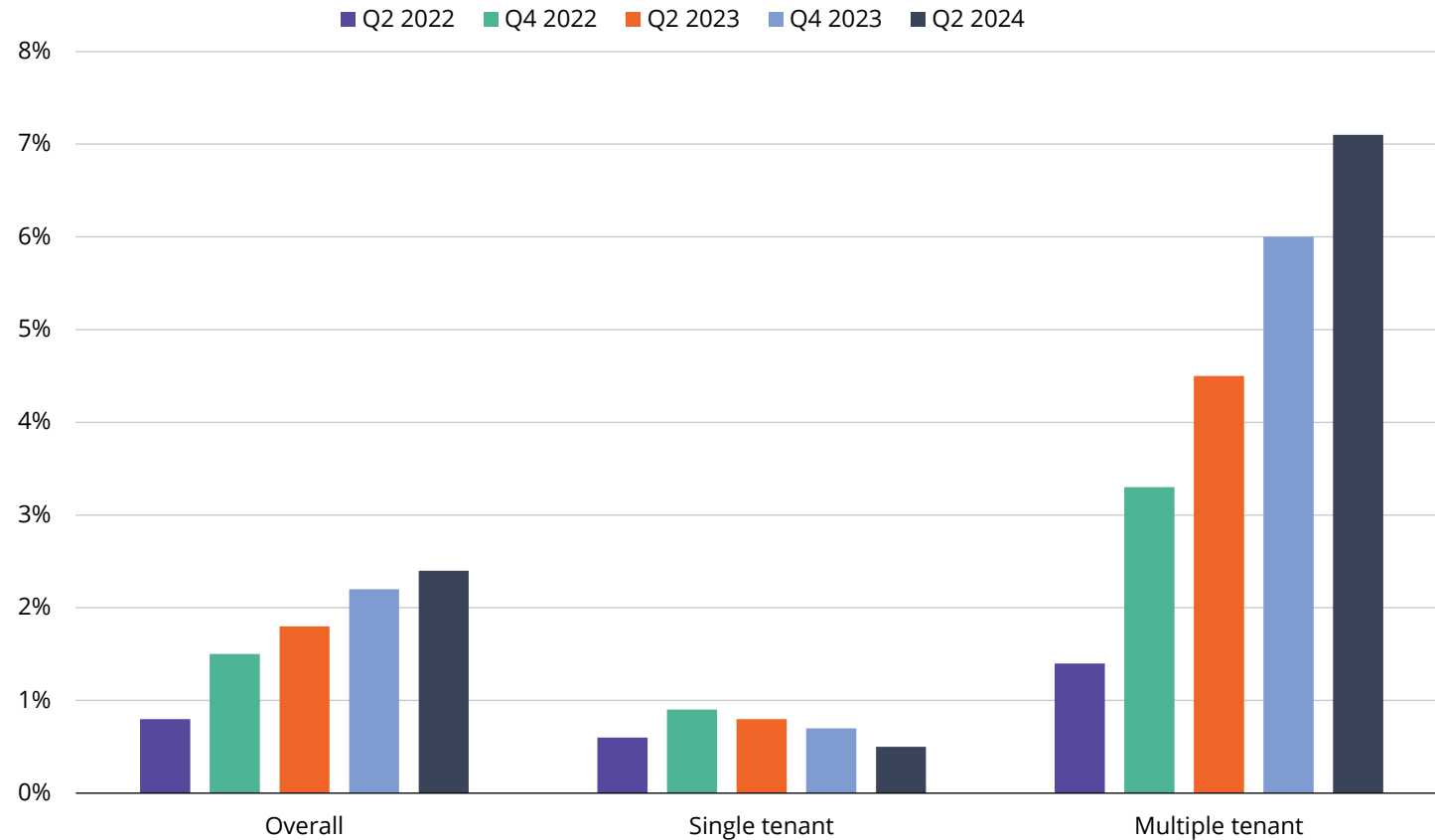
03

Increased interest in peripheral markets

There is a growing interest in markets outside of the Greater Ottawa region. Developers and landlords are looking at western areas including Carleton Place and Mississippi Mills. In the east, areas such as Casselman, Limoges, and The Nation are observing increased industrial activity as well. This is driven by availability of land, lower acquisition costs, collaborative municipalities, and lower fees. However, certain hurdles still exist within these areas, including a lack of access to usual infrastructure services like sewer and water.

Greater Ottawa industrial market indicators

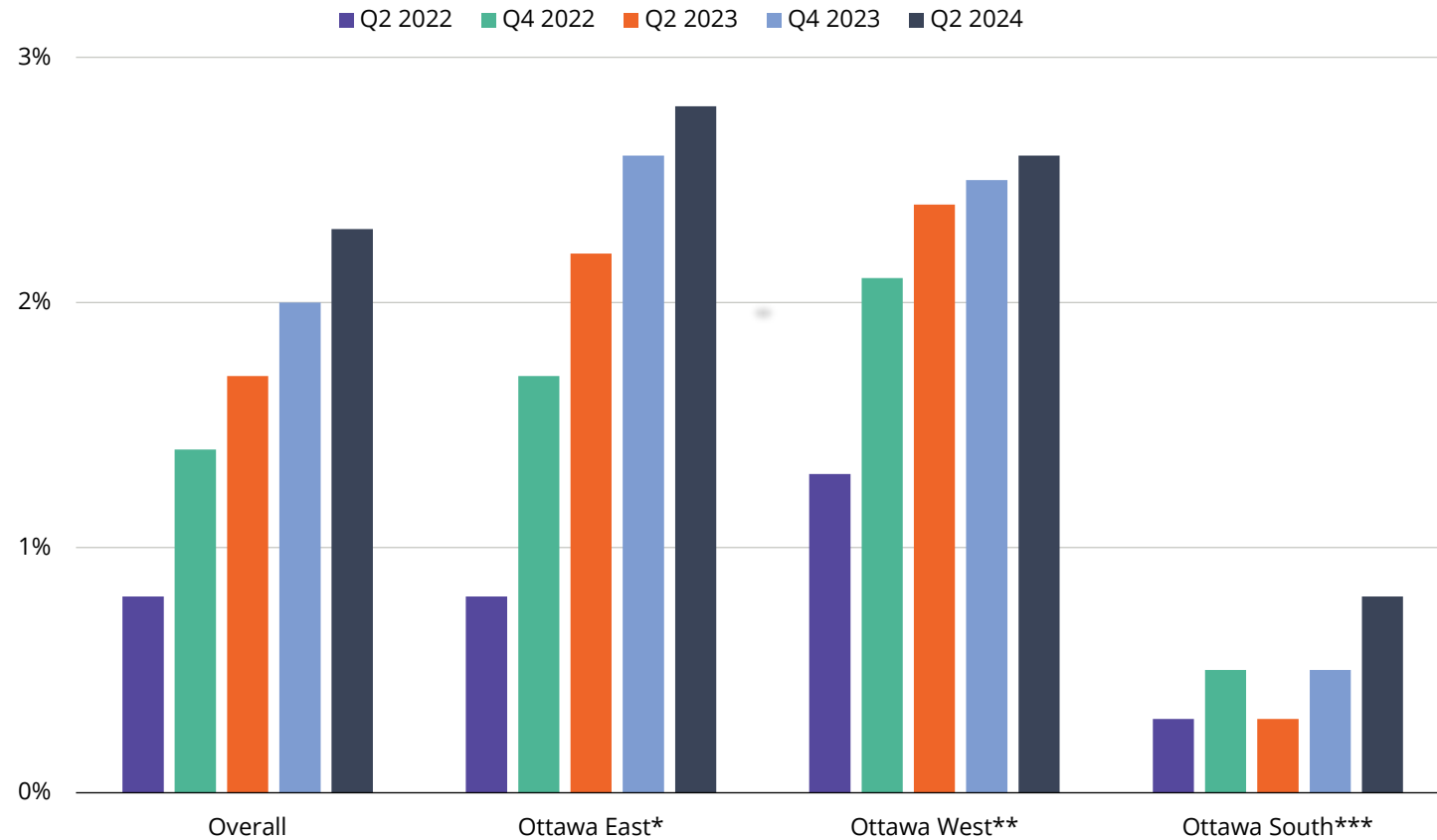
Vacancy rate by property type



Vacancy for multiple-tenant properties continues to rise, while single-tenant vacancy is tightening.

Greater Ottawa industrial market indicators

Vacancy rate by market



*Ottawa East includes the following Municipalities: Cumberland, Gloucester, Orleans, Ottawa East,

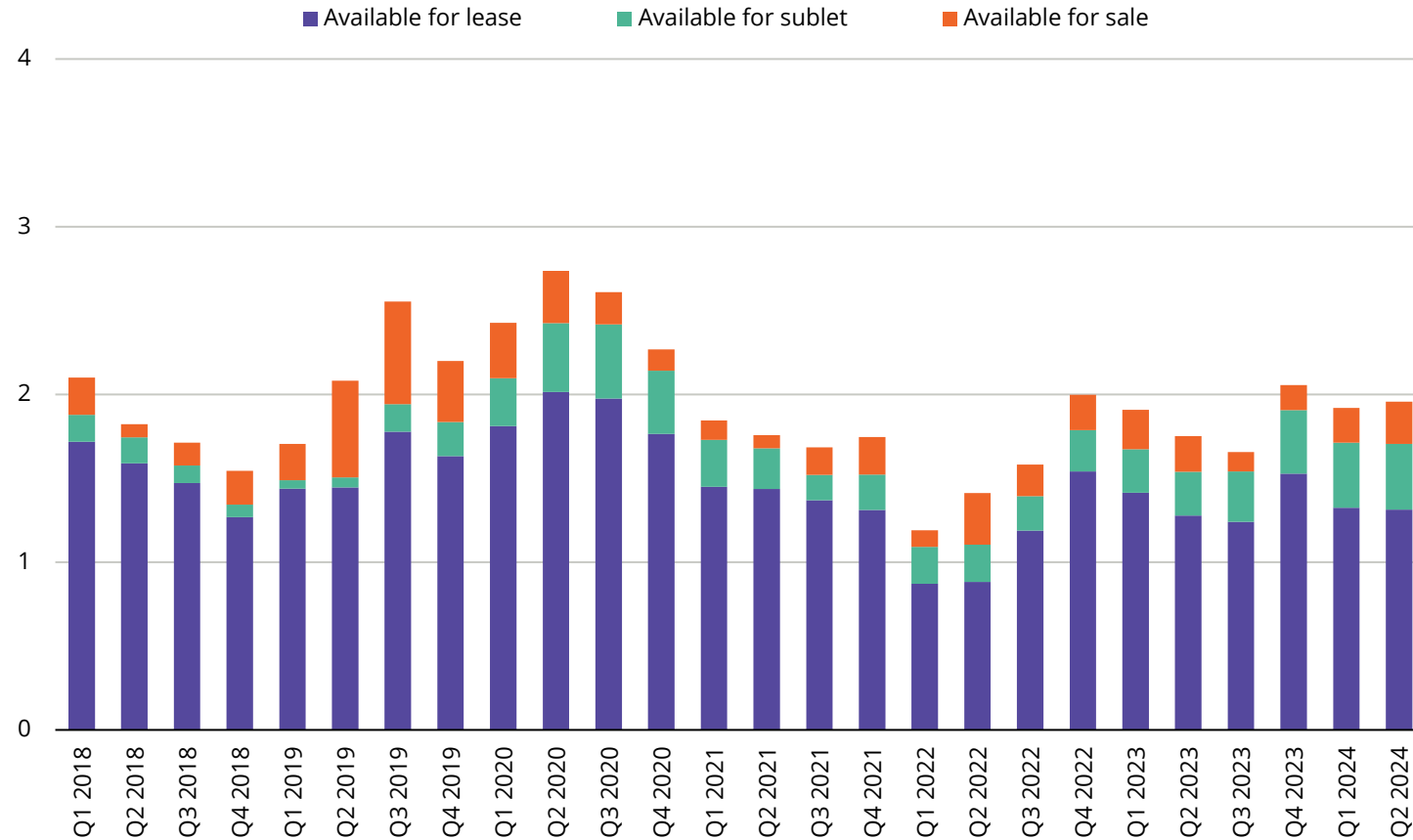
**Ottawa West includes the following Municipalities: Goulbourn, Kanata, Ottawa West,

***Ottawa South includes the following Municipalities: Nepean, Osgoode, Rideau, West Carleton

Recent increases show vacancy rates remain over 2% in all markets, except Ottawa South, which stands at 0.8%.

Greater Ottawa industrial market indicators

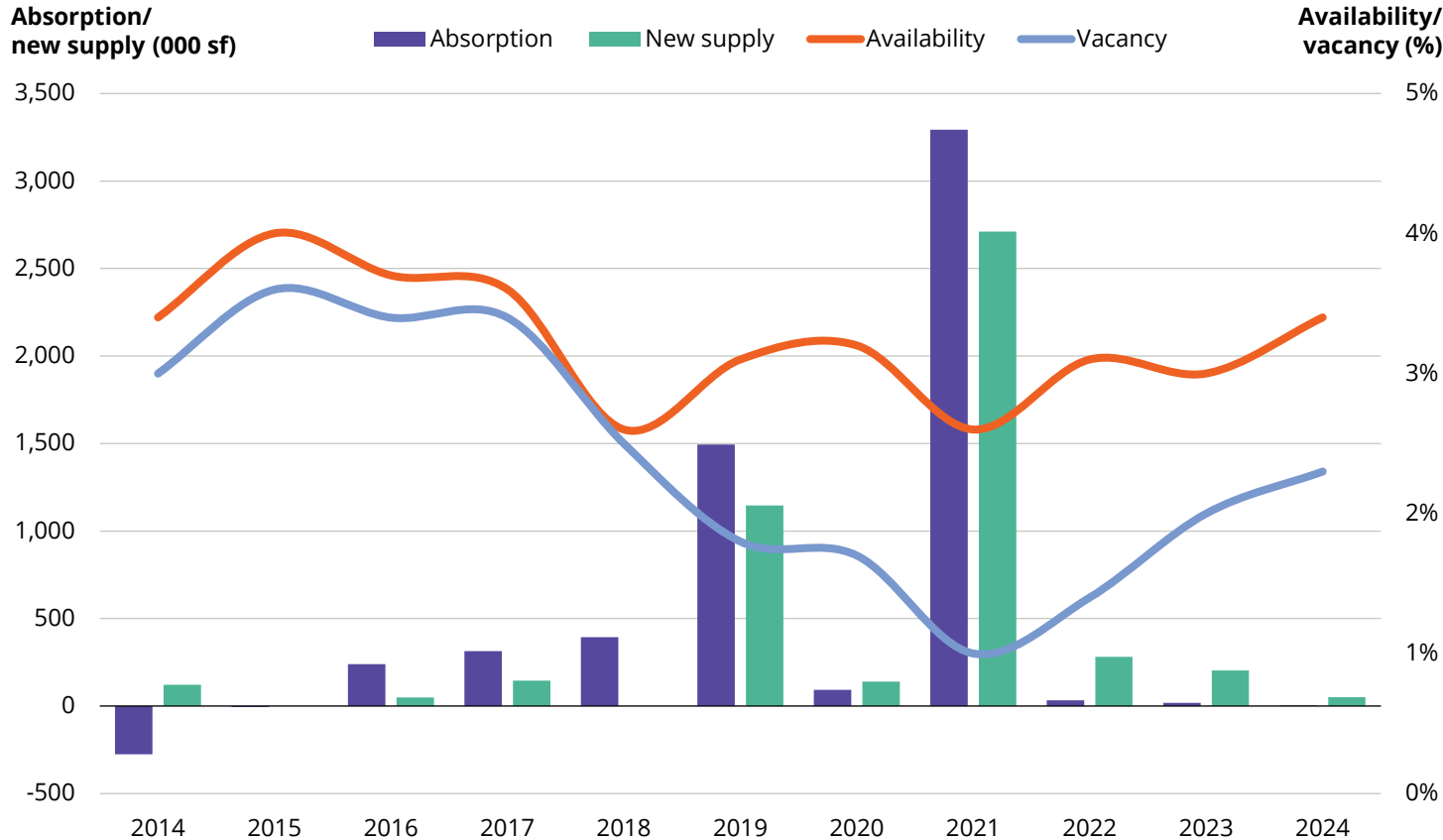
Available for sale and lease (msf)



Sublet as a percentage of total available has increased from 10% in late 2019 to 20% in Q2 2024.

Greater Ottawa industrial market indicators

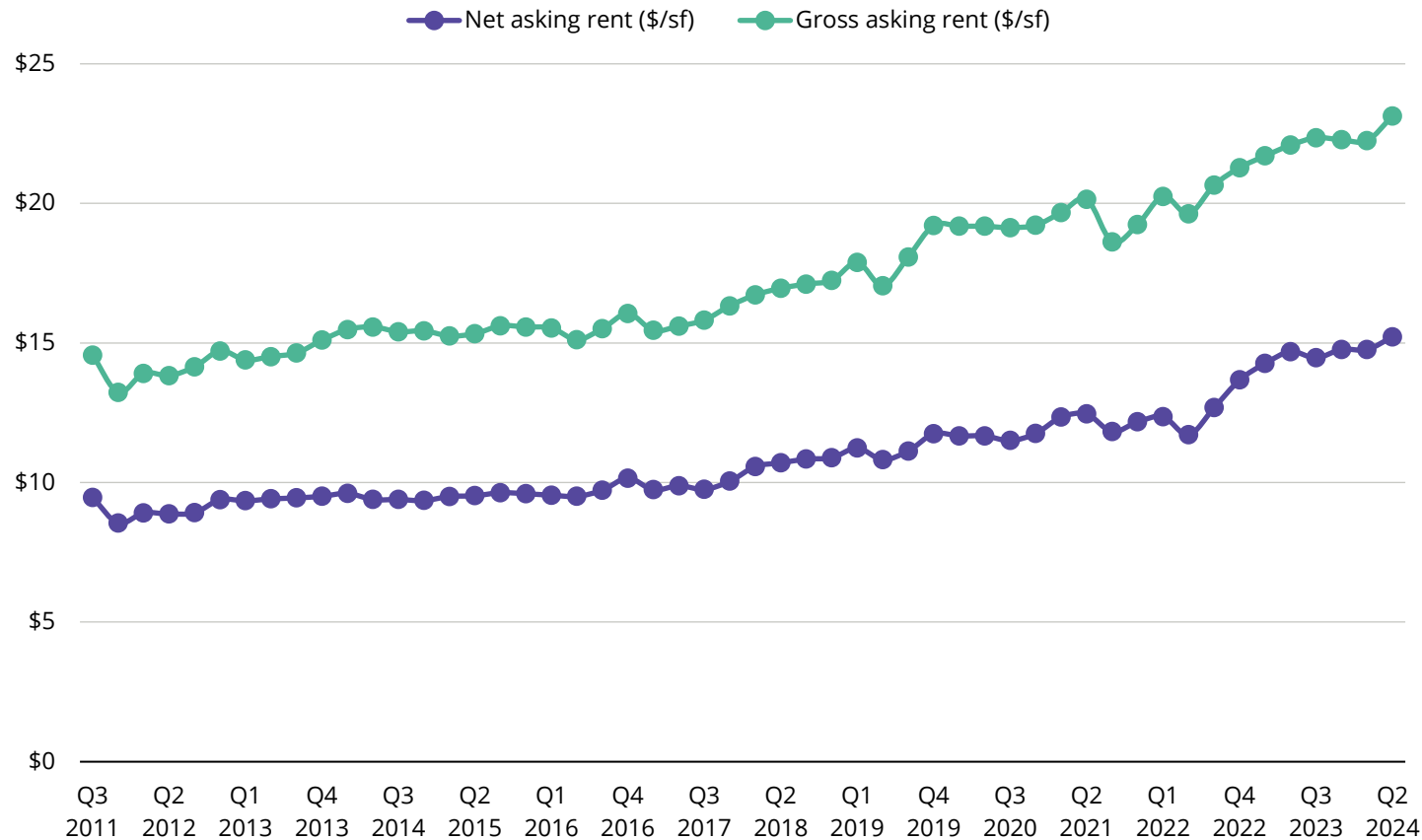
Historic industrial market trends



Limited supply since 2022 and for the next 12 months should help stabilize vacancy and availability rates.

Greater Ottawa industrial market indicators

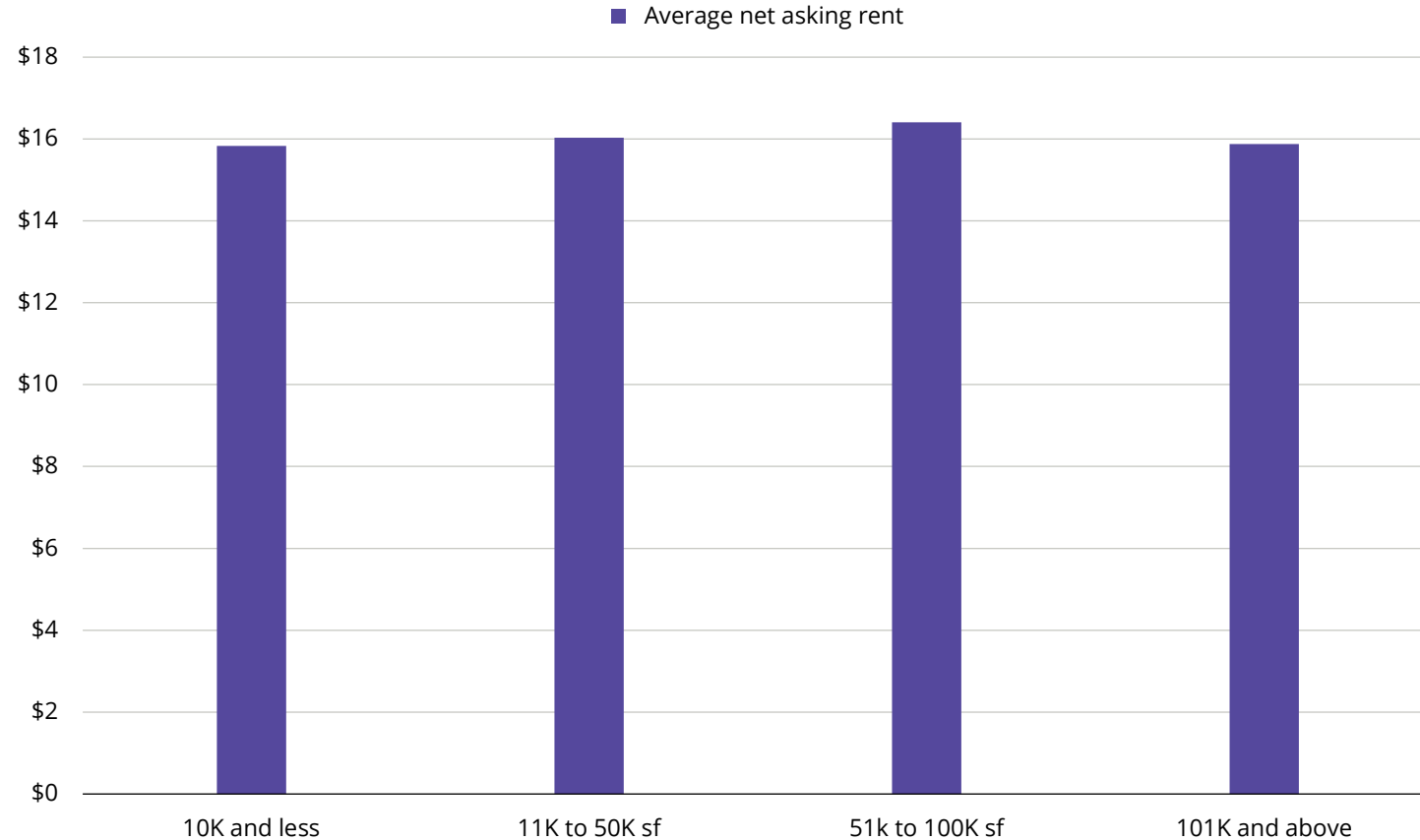
Average asking rents (psf)



Average net asking rents are increasing as demand softens, just as additional rents continue to increase.

Greater Ottawa industrial market indicators

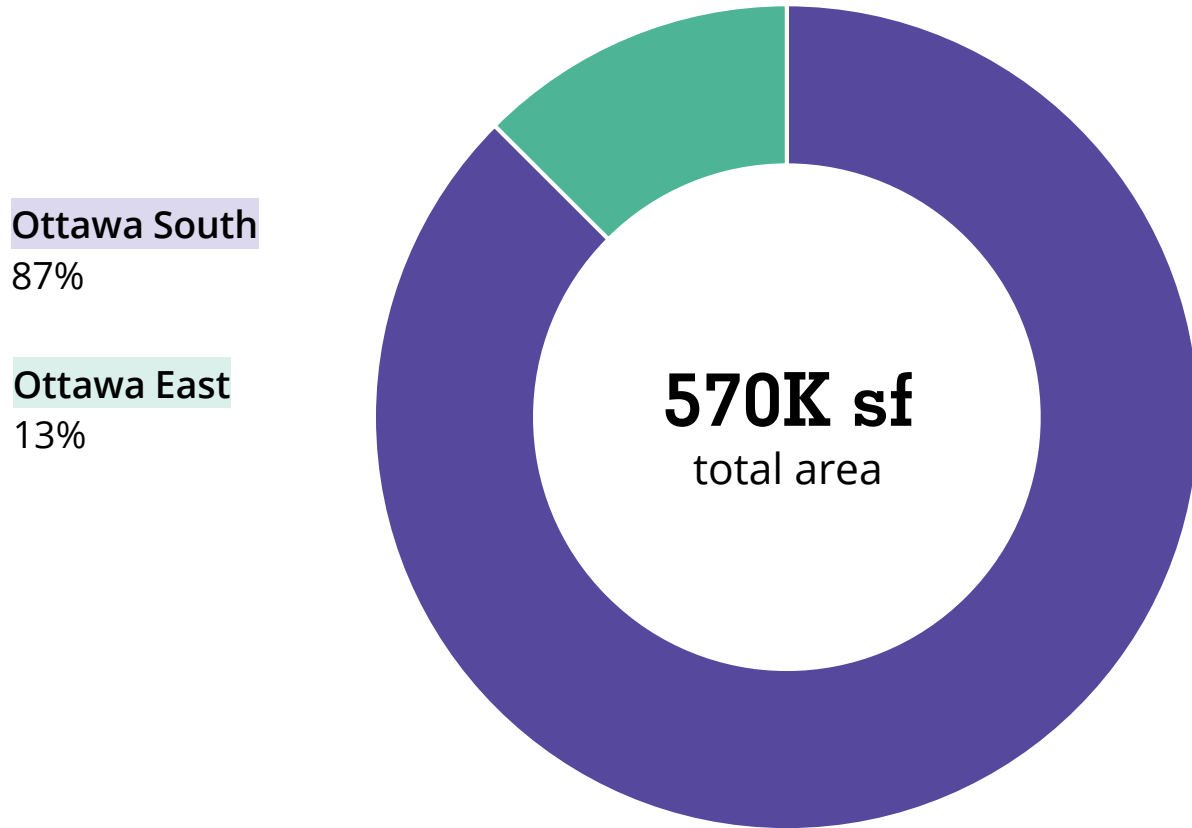
Net asking rents by building size range (psf)



Average asking rents are similar regardless of property size.

Greater Ottawa industrial developments

Under construction activity by sector



Four (4) projects are currently under construction, most of which are located in Ottawa South.

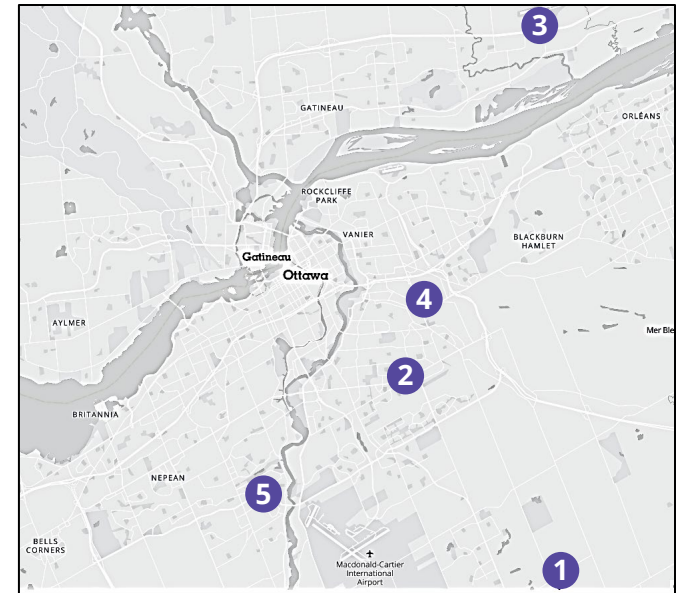
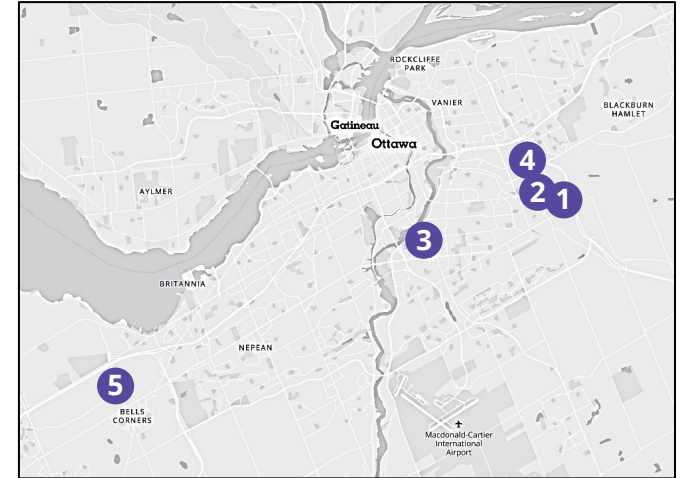
Greater Ottawa industrial market activity

Leasing opportunity on the market

Address	Owner/manager	Listing date	Available space (sf)	For lease/for sale
1. 2760 - 2768 Sheffield Road	Richcraft Development Corp	July 2023	42,800	For lease
2. 2615 Lancaster Road	PROREIT	June 2024	15,300	For lease
3. 2437 Kaladar Avenue	Mostly Danish Furniture	January 2023	15,150	For lease
4. 1220 - 1228 Old Innes Road	Manulife Investment Management	April 2024	13,340	For lease
5. 17 Fitzgerald Road	Inside Edge Properties	April - March 2024	9,690	For lease

Industrial building transactions

Address	Sale date	Sale price	Space size (sf)	Buyer
1. 5123 Hawthorne Road	June 2024	\$15.1M	152,150	Convertus Ottawa Land Holding Ltd.
2. 2455 Don Reid Drive	May 2024	\$3.4M	38,500	Jessab Equities Inc.
3. 1655 Atmec Street	June 2024	\$7.5M	34,980	INTERMAT
4. 1580 Michael Street	June 2024	\$7.0M	25,500	Private Investor
5. 65 Bentley Avenue	April 2024	\$2.0M	25,460	Urigold Holdings Ltd.



Greater Ottawa industrial market statistics

	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q2 2024 net absorption (sf)	YTD 2024 net absorption (sf)
Ottawa East*	28,885,751	2.8	800,502	114,541	2,080	(60,255)
Ottawa West**	9,277,290	2.6	237,141	64,723	(23,880)	(4,666)
Ottawa South***	12,610,291	0.8	106,949	71,472	25,861	10,248
Greater Ottawa	50,813,332	2.3	1,144,592	250,736	4,061	(54,673)



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 Source: Altus Data Studio

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

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