



# Greater Ottawa industrial market report

Q4 2023

**AVISON  
YOUNG**

# Greater Ottawa market fundamentals

2.0%

total vacancy rate  
up by 0.6% since Q4 2022

150K

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

\$22.28

average gross asking rent per square foot (psf)  
includes \$7.51 psf average additional rent

1M

sf vacant, including  
94,643 sf of vacant sublet space

18K

net sf absorption  
year to date

3.1M

sf under construction / pre-leasing  
19 projects

# Industrial market trends

## 01

### **Increasing vacancy rates pave the way for balance**

The vacancy rate rose by 60 basis points (bps) in the fourth quarter to 2.0% (one million sf). This is the highest rate since Q3 2020, when 2.2% was last recorded. For the first time in many years Ottawa's Industrial vacancy rate inched up to the 2% mark – a testament to the confidence the development community has in the industrial market segment.

#### **Our take on this trend...**

With several new projects, totalling over two million sf, already in pre-leasing we can expect to see a bit more choice for those tenants looking to upgrade their leasehold interests in this market and we start to see an approach to a more balanced industrial market.

## 02

### **Prominent growth in Ottawa's new developments**

Delivery of several new developments in the fourth quarter has brought the new supply to market in 2023 to an impressive 328,000 sf across six buildings. Completions during Q4 made up for 200,000 sf across two buildings (24% leased). Looking ahead, construction continues with 70,500 sf in Ottawa East, adding to the pipeline of high-quality inventory.

#### **Our take on this trend...**

Although the Ottawa market has continued to favour more east end new developments with two additions on Bantree Street and third addition completed in Q4 on Antares Drive, 2024 will see a shift in this thinking, with CanFirst and Colonnade Developments adding the first 180,000 sf of their four-building complex at Fallowfield Road and Highway 416. Ottawa's development community continues to be bullish on industrial.

## 03

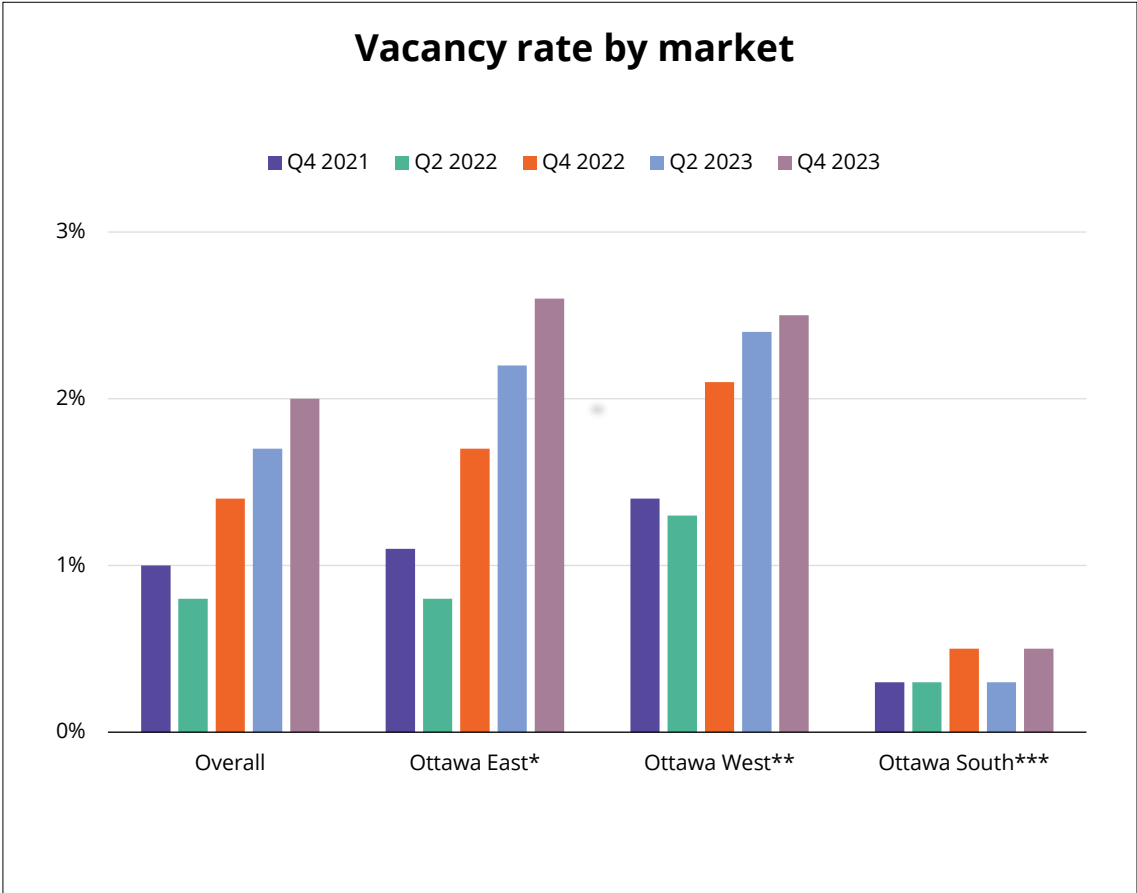
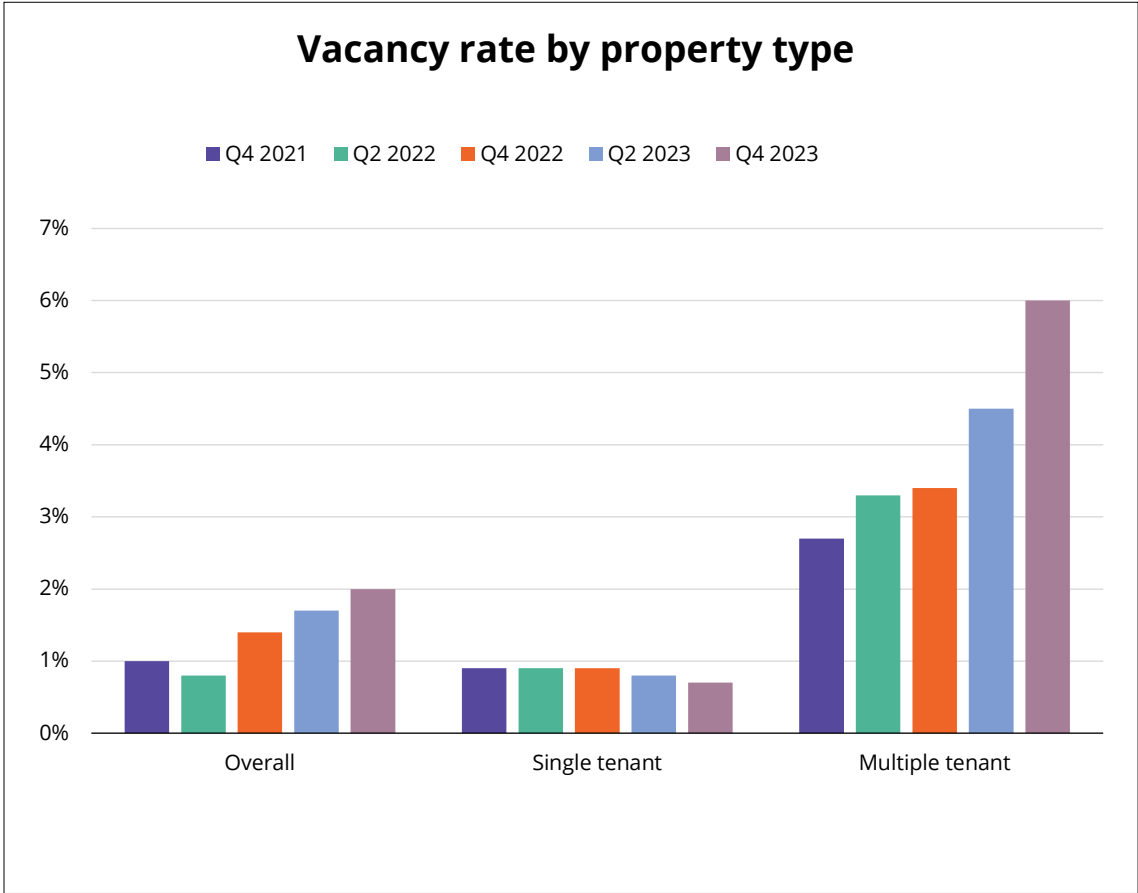
### **Understanding the fluctuating investment landscape**

Total investment volume has increased 84% from the previous quarter totaling \$95 million. Compared to last year's robust \$352 million, the 2023 total investment volume has fallen to just \$190 million - a predictable decrease of \$162 million, given the Bank of Canada current interest rates policies.

#### **Our take on this trend...**

The slight uptick in investment activity in Q4 can be attributed the inevitable narrowing of the bid/ask gap that had to close as sellers and buyers were under pressure to make balance sheet moves at the end of the year. We will not see significant investment level gains until likely on the 3<sup>rd</sup> quarter next year with signs pointing to the Bank of Canada relaxing its interest rate policy.

# Greater Ottawa industrial market indicators



Source: Altus Data Studio

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

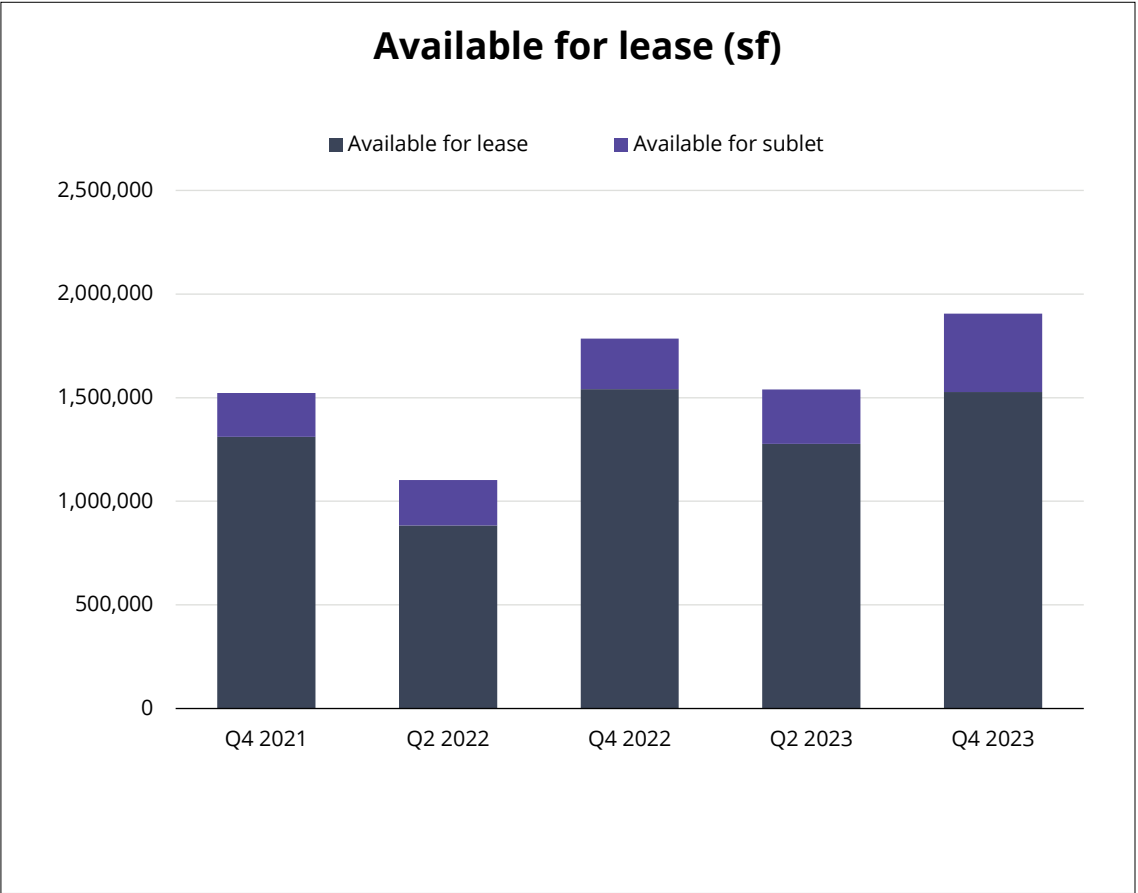
\*\*Ottawa West includes the following Municipalities: Goulbourn, Kanata, Ottawa West

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

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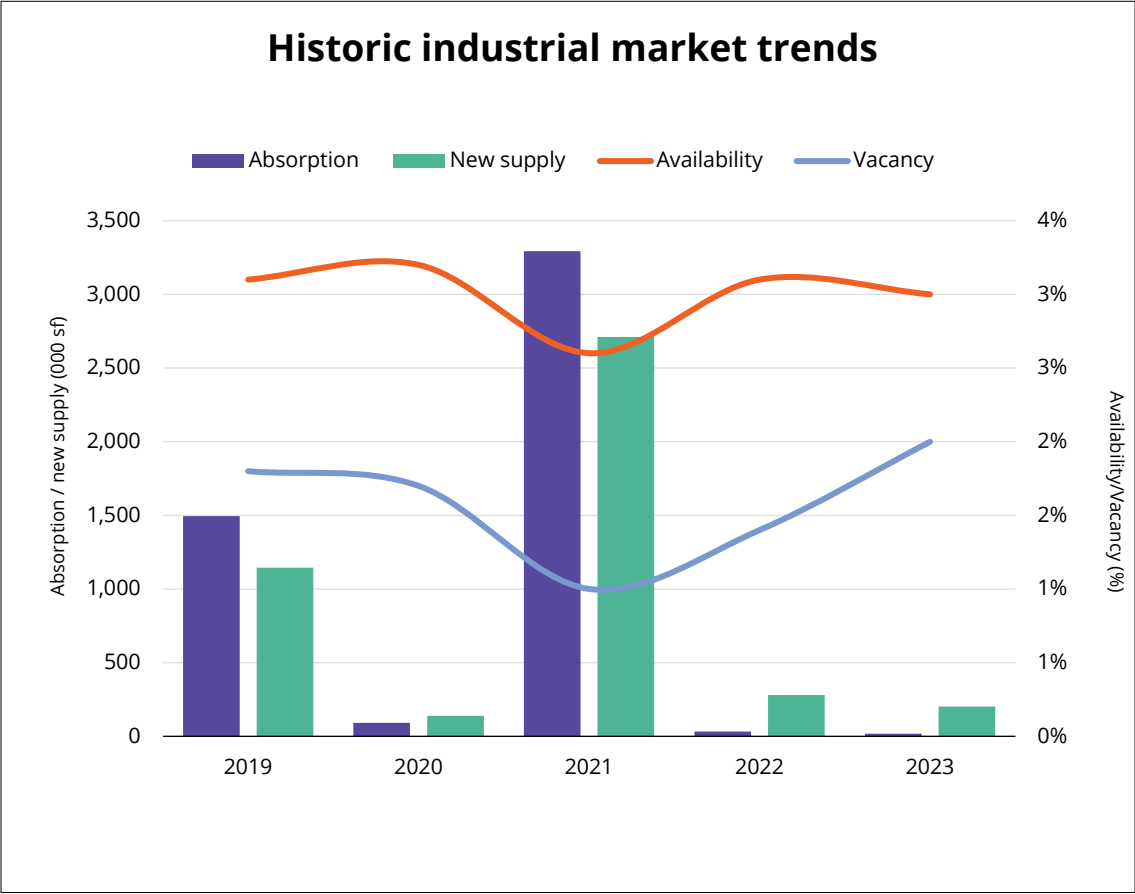


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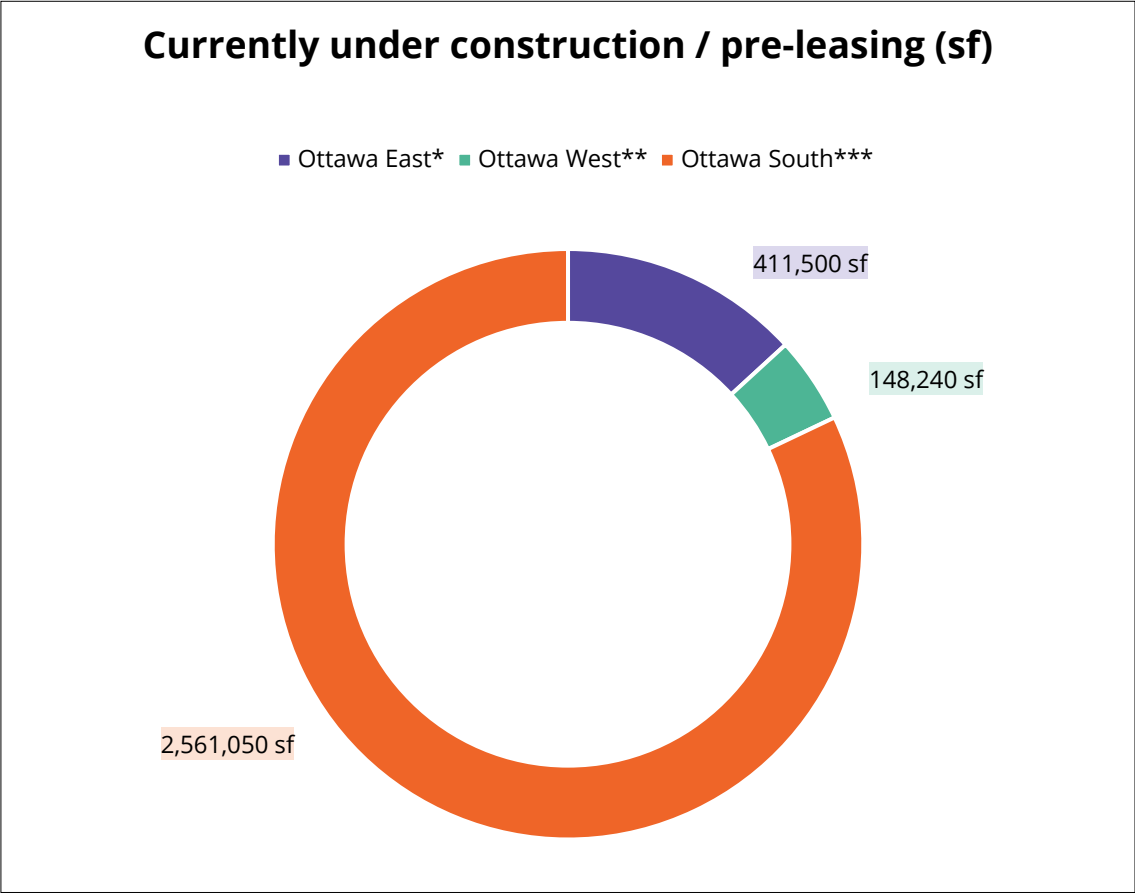


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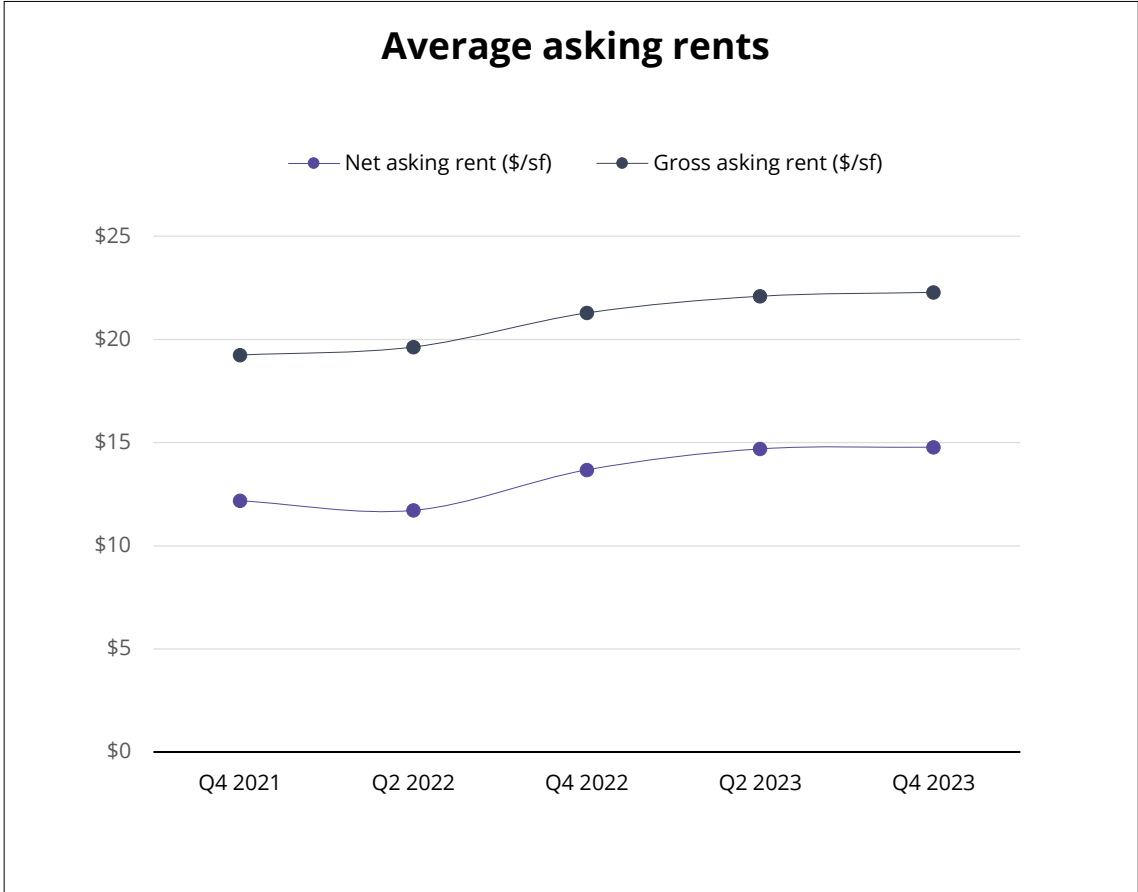


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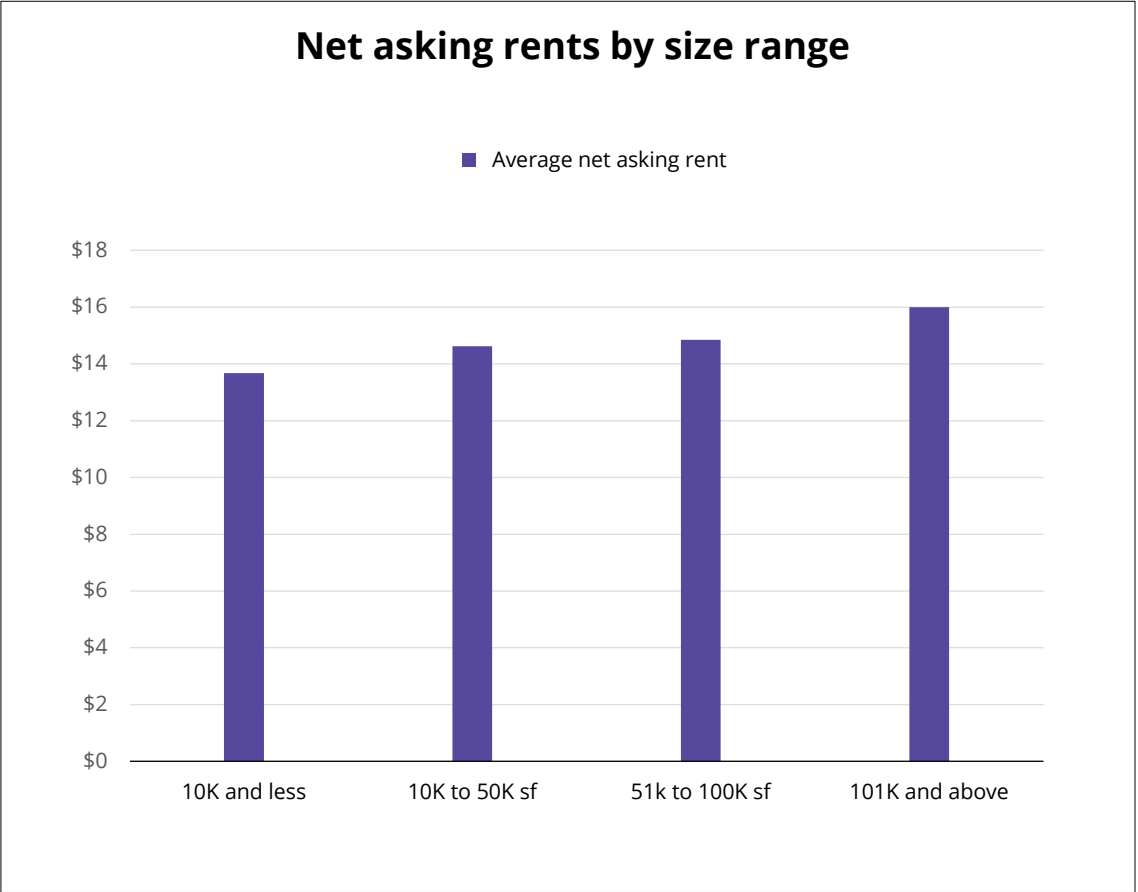


Source: Altus Data Studio  
All numbers rounded to 10 sf  
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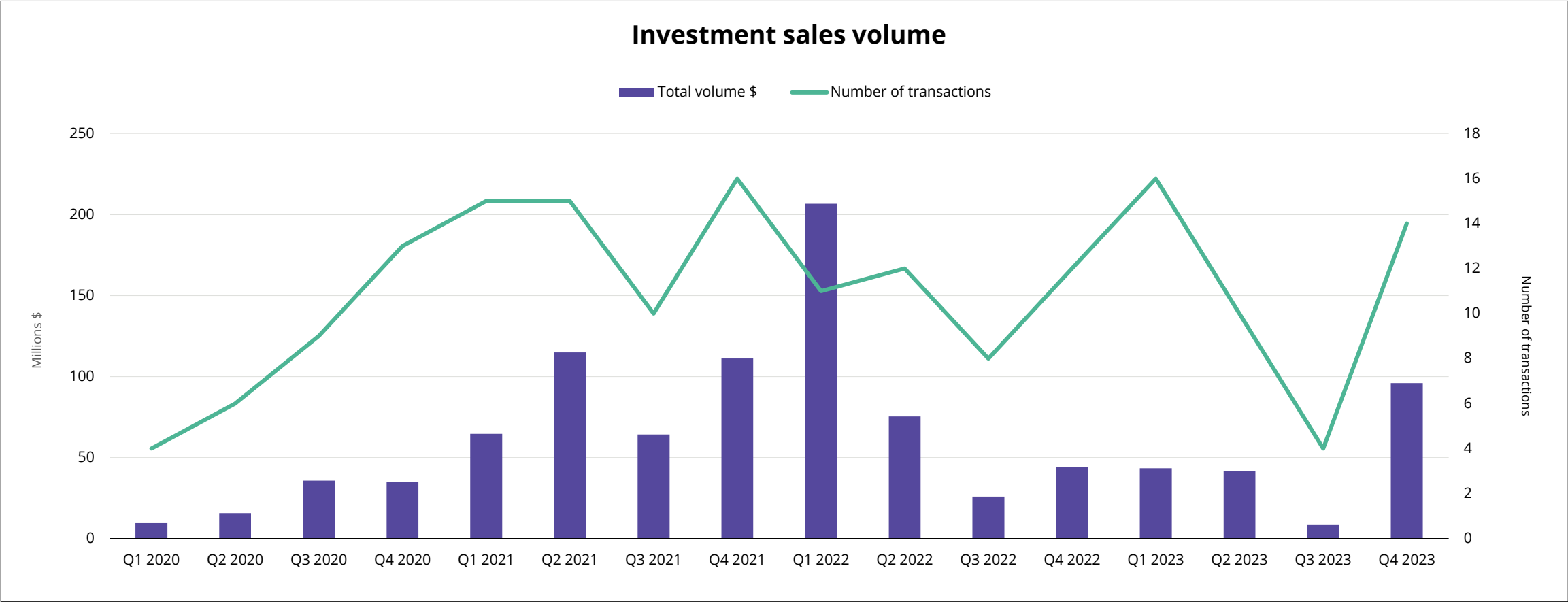


Source: Altus Data Studio and Avison Young



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# Greater Ottawa industrial market indicators



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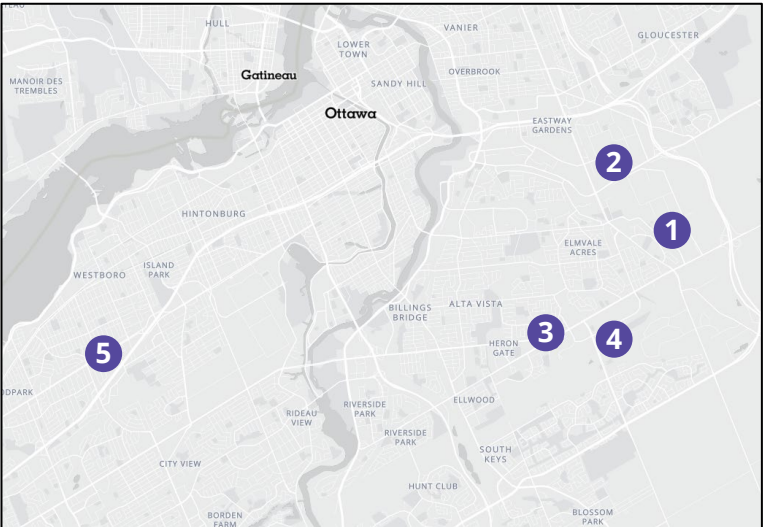
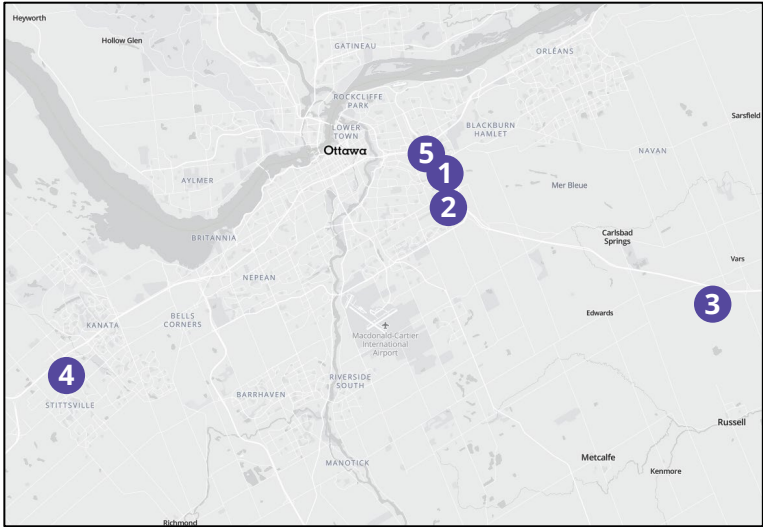
# Greater Ottawa industrial market activity

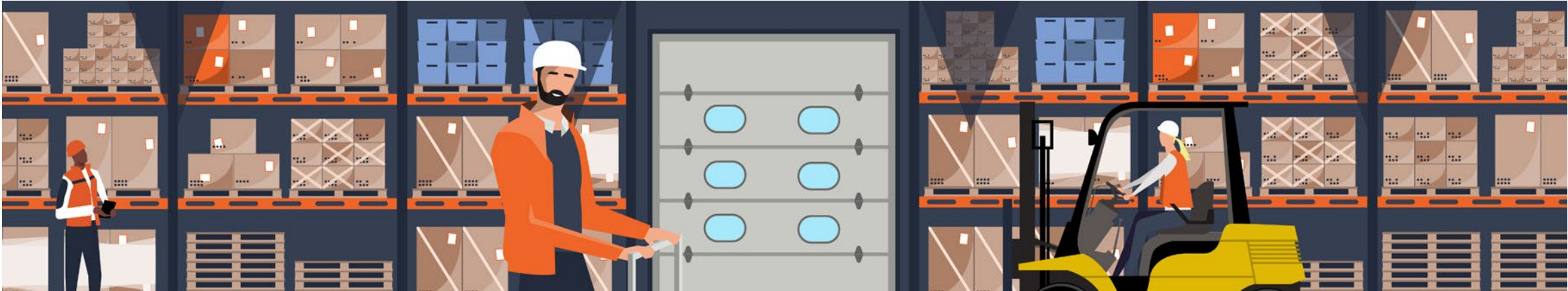
## Leasing opportunity on the market

Address	Owner/Manager	Listing date	Available space (sf)	For lease/For sale
1. 1250 - 1270 Humber Place	Morguard	October 2023	40,280	For lease
2. 1091 Ages Drive	Colonnade Bridgeport	December 2023	24,930	For lease
3. 812 Burton Road	Megha Holdings Inc	March 2022	17,000 – 282,000	For lease
4. 5977 Hazeldean Road	Megha Holdings Inc	July 2023	3,000 – 65,000	For lease
5. 1230 Old Innes Road	Manulife Investment Management	November 2023	10,070	For lease

## Industrial building transactions

Address	Sale date	Sale price (psf)	Space size (sf)	Buyer	Seller
1. 2660, 2678, 2700, 2710 Lancaster Road	December 2023	\$199	115,350	Private Investor - Canadian	Pensionfund Realty Limited
2. 1117 & 1141 Newmarket Street	December 2023	\$200	52,840	Private Investor - Canadian	Pensionfund Realty Limited
3. 2480 Don Reid Drive	November 2023	\$179	57,270	Shelborne Capital	Olympia Tile
4. 2150 Thurston Drive	November 2023	\$137	30,980	Private Investor - Canadian	Ferrari Holdings Ltd.
5. 890 - 894 Boyd Avenue	October 2023	\$310	8,890	Private Investor - Canadian	Paul Ziebarth Holdings Inc.





# Greater Ottawa industrial market stats

	Existing inventory (sf)	Total vacancy (%)	Vacancy (sf)	Available for sale (sf)	Q4 2023 Net absorption (sf)	YTD 2023 Net absorption (sf)
Ottawa East*	28,880,750	2.6%	740,250	104,860	19,150	(61,030)
Ottawa West**	9,277,280	2.5%	232,480	11,500	(20,530)	1,750
Ottawa South***	12,556,670	0.5%	66,700	33,670	(5,450)	78,100
<b>Greater Ottawa</b>	<b>50,754,700</b>	<b>2.0%</b>	<b>1,039,420</b>	<b>150,030</b>	<b>(6,830)</b>	<b>18,820</b>

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All numbers rounded to 10 sf

For more market insights  
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