

MARKET REPORT

Industrial
Ottawa Metro Area

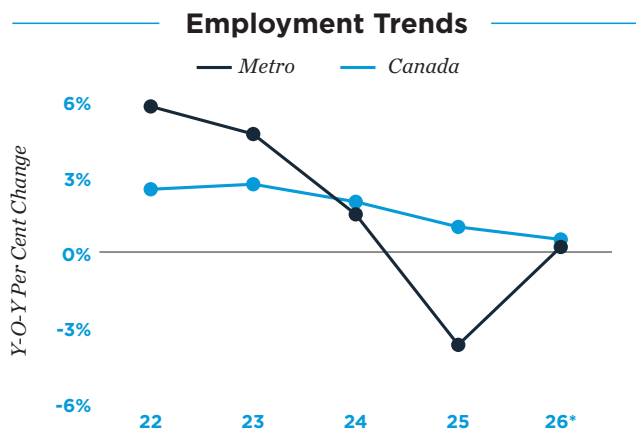
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2Q/26

Strategic Positioning and Tenant Composition Support Stability and Long-Term Growth

Ottawa emerging as prime logistics hub. Amazon's decision to close a Québec distribution facility and consolidate operations into a new 3.1-million-square-foot centre under construction in Ottawa reinforces the market's growing strategic importance. Positioned between Toronto and Montreal — Canada's two largest consumption hubs — Ottawa offers a cost-effective alternative with strong highway connectivity and access to a large, stable labour pool. This shift could generate incremental spillover demand from third-party logistics providers and distributors seeking to optimize regional networks, shorten delivery times, and reduce operating costs, supporting longer-term industrial fundamentals, tenant diversification, and leasing momentum across the market.

Local-serving tenant base continues to anchor market stability. While Amazon's move highlights Ottawa's potential as a distribution node serving Eastern Ontario and parts of Québec, the market remains predominantly driven by small- and mid-bay users tied to local economic activity. These tenants are generally less exposed to global supply chain disruptions and tariff-related volatility, contributing to more stable leasing patterns, consistent absorption, and subtler swings in demand. This demand profile, alongside more measured and often pre-leased development activity, has kept the construction pipeline disciplined and vacancy rates relatively contained, insulating Ottawa from the sharper supply-demand imbalances seen in larger, more globally integrated industrial markets.



* Forecast
Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

Industrial 2026 Outlook



**2,000
JOBS**

will be created

EMPLOYMENT

Employment growth is expected to remain subdued in 2026, as federal government hiring slows in line with its operational efficiency agenda. That said, modest gains in technology, health care, and defence may support modest job creation this year.



**3.2 MILLION
SQ. FT.**

will be completed

CONSTRUCTION

Completions will reach an all-time high in 2026, driven almost entirely by Amazon's 3.1-million-square-foot distribution centre in Nepean. Outside of this project, deliveries will be minimal, with smaller builds around 50,000 square feet also scheduled for delivery.



**30
BASIS POINT**

decrease in vacancy

VACANCY

Ottawa's build pipeline has been more disciplined than those of other major metros, limiting supply pressures. Coupled with improving demand visibility as trade conditions stabilize, vacancy is projected to compress to just below 3 per cent by year-end.



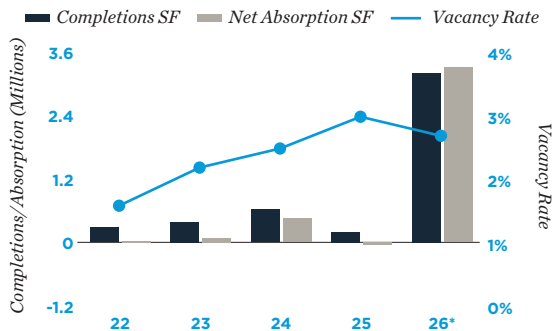
**2.8%
INCREASE**

in asking rent

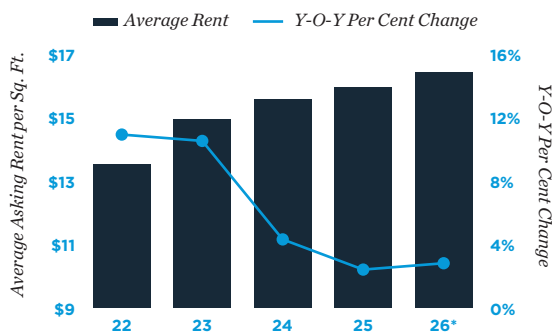
RENT

Rent growth is forecast to be one of the strongest in Canada, supported by limited new supply and a stabilizing demand outlook. While leasing activity remains measured amid USMCA renegotiations, tightening vacancy and improved tenant confidence should create the conditions to maintain upward momentum on rents.

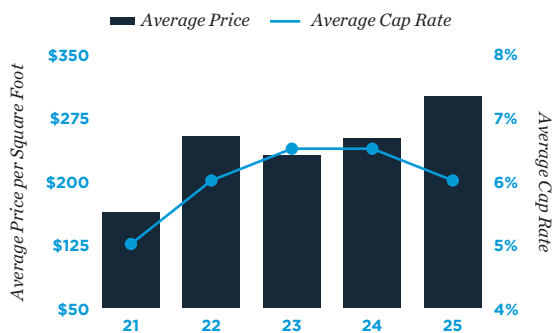
Supply and Demand



Rent Trends



Sales Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; Oxford Economics; Statistics Canada

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1Q 2026: Trailing 12-Month Period



CONSTRUCTION

250,000 sq. ft. completed

- Industrial deliveries fell to a five-year low in 2025, reflecting a constrained development pipeline and limited speculative construction activity. This has helped preserve relatively tight market conditions heading into 2026.
- Development is constrained by limited land availability, lower large-scale logistics demand, and tighter project economics, discouraging spec builds.



VACANCY

40 basis point increase in vacancy Y-O-Y

- Vacancy began 2025 on a downward trend, falling 50 basis points to 2 per cent by midyear. However, tariff risks curbed leasing momentum in the latter half of the year, pushing vacancy up to 2.8 per cent by March 2026.
- Cumberland was the only submarket to see a fall in vacancy. This is largely due to its affordability and larger concentration of smaller-bay product.



RENT

11.7% increase in the average asking rent Y-O-Y

- Annual rent growth was largely propped up by smaller submarkets such as Cumberland and Gloucester. In contrast, larger submarkets such as Ottawa East and West saw asking rents fall.
- Another factor supporting rent growth in Ottawa is the market's primary local service focus, leaving it less exposed to trade risks.

Investment Highlights

- Investment activity slowed in 2025 amid uncertainty around U.S. trade policy. The transaction count held relatively stable at around 50 deals, while total dollar volume declined 21 per cent to \$166 million – roughly 40 per cent below the trailing 10-year average. Private investors remained the dominant buyer group, alongside owner-users targeting smaller transactions, contributing to the largest increase occurring in deals under \$10 million.
- The average sale price rose 32 per cent in 2025, while cap rates compressed 50 basis points to 6.0 per cent, reflecting firm pricing for well-located assets. This was driven by a concentration of higher-quality transactions, improved lending conditions, and sustained demand from private buyers, even as overall investment activity softened.
- Improving interest rate visibility and more stable lending conditions are expected to support a gradual rebound in investment activity in 2026. As bid-ask spreads narrow and pricing expectations align, more assets are likely to come to market, particularly from owners looking to capitalize on firmer valuations. That said, bond yield volatility stemming from the conflict in the Middle East may push some investors back to the sidelines in the near term.