

Ottawa Industrial

Market Insight Report 2025

Ottawa Overview

Q1 2025



SUPPLY
30,730,705 SF



VACANCY RATE
2.7%



AVERAGE NET RENT
\$15.70 PSF



NET ABSORPTION
-91,817 SF

Market Overview

The Ottawa industrial market is exhibiting early signs of stabilization, with the availability rate rising modestly to 3.8% in Q2 2025, up from 3.6% in Q1. This slight softening is primarily concentrated within the large-bay logistics segment, reflecting broader supply dynamics rather than underlying demand weakness.

Over the past twelve months, the market has absorbed 1.7 million square feet of new industrial supply, of which approximately 1.4 million square feet (over 80%) was dedicated logistics space. Looking forward, supply pressures are expected to persist in the near term, with 1.9 million square feet currently under construction, which is equivalent to 4.0% of Ottawa's total logistics inventory. Much of this new development is situated on the periphery of the city, to the east and west of Ottawa's denser urban core.

Despite the surge in supply, rental rates have remained resilient. Over the past year, average asking rents have increased, with current average asking rates at \$15.70 per square foot.

That said, macroeconomic uncertainty, particularly around the evolving U.S.-Canada trade dispute, has led to a notable slowdown in transaction activity through the first half of 2025. Organizations are increasingly adopting a cautious, "wait and see" approach to real estate decisions. For tenants actively in the market, this creates a strategic opportunity to secure high-quality space and negotiate more favorable lease terms.

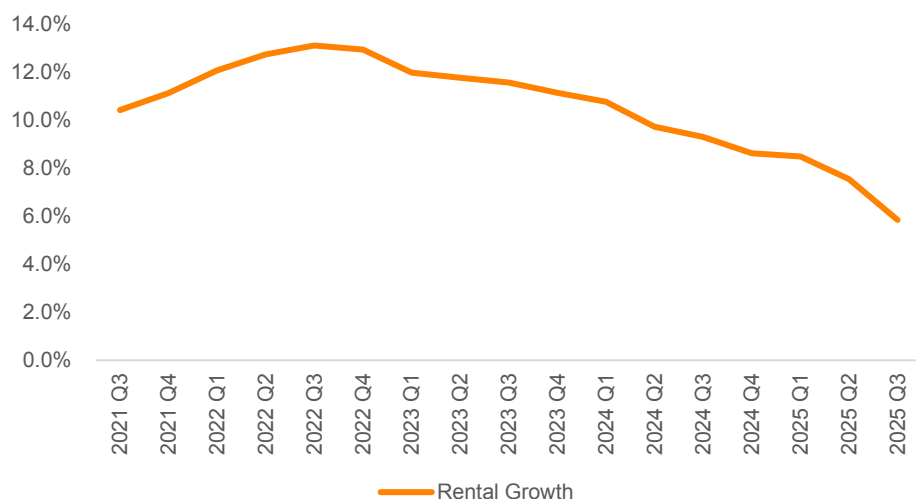
Ottawa's industrial sector continues to be underpinned by its strong public sector presence and infrastructure investments — factors that position the market for long-term resilience once near-term supply-demand imbalances abate.

Submarket Movement

Availability Rate	QOQ Change	Vacancy Rate	Direct Asking Rent (\$/SF)	Submarket
5.5%	-0.9%	4.5%	\$15.44	West
3.3%	-0.3%	2.5%	\$16.23	East
2.0%	0.8%	1.1%	\$15.07	Central
3.8%	0.9%	2.4%	\$16.27	South
3.8%	0.2%	2.7%	\$15.70	Overall

The Occupier's Perspective

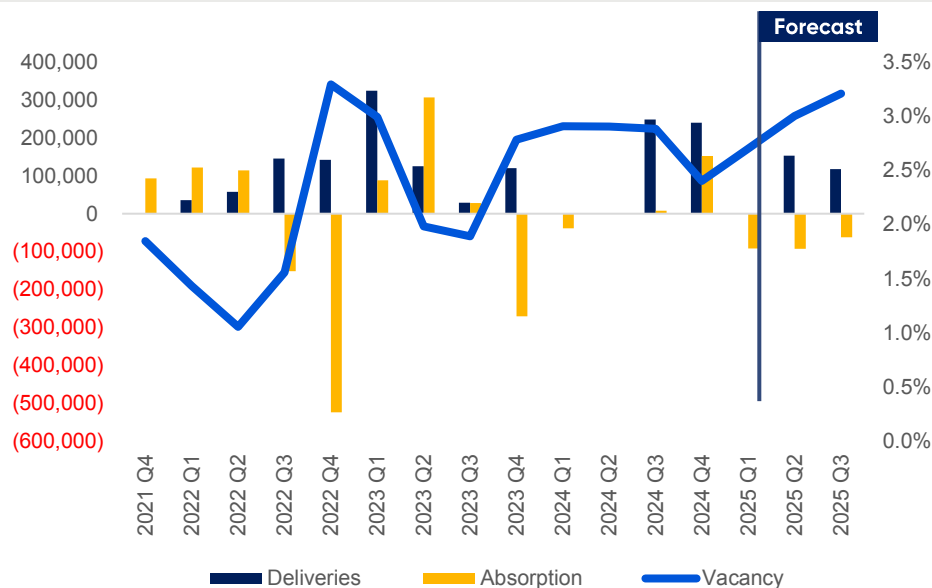
Rental Growth



1. Landlord Expectations Remain Elevated Despite Stabilizing Vacancy Rates

Although availability rates have begun to stabilize, landlord expectations around rental rates and escalations remain high. With more space on the market compared to prior years, landlords are still targeting premium rents with aggressive escalation structures. To mitigate this, tenants should consider pursuing shorter-term leases, such as five-year deals, paired with Options to Terminate, providing greater flexibility in an evolving market.

New Construction and Absorption



2. Landlord Engagement in Tenant RFPs Signals a Market Shift

Landlords are increasingly participating in formal RFP processes — a notable shift from the recent past when tight market conditions allowed for rapid, competitive deal-making. This change reflects growing recognition that tenants now have more choice, and landlords must compete more actively to secure commitments. Strategic use of RFPs can allow tenants to unlock greater concessions and optionality.

3. Tenants Should Leverage Slower Deal Velocity and Increased Supply

With greater supply and a noticeable slowdown in transaction velocity driven by broader economic uncertainties, tenants are in a strong position to be more deliberate in their site selection processes. Allowing additional time to explore and negotiate available space options will enhance tenants' leverage in the market, resulting in more favourable outcomes on space, pricing, and terms.

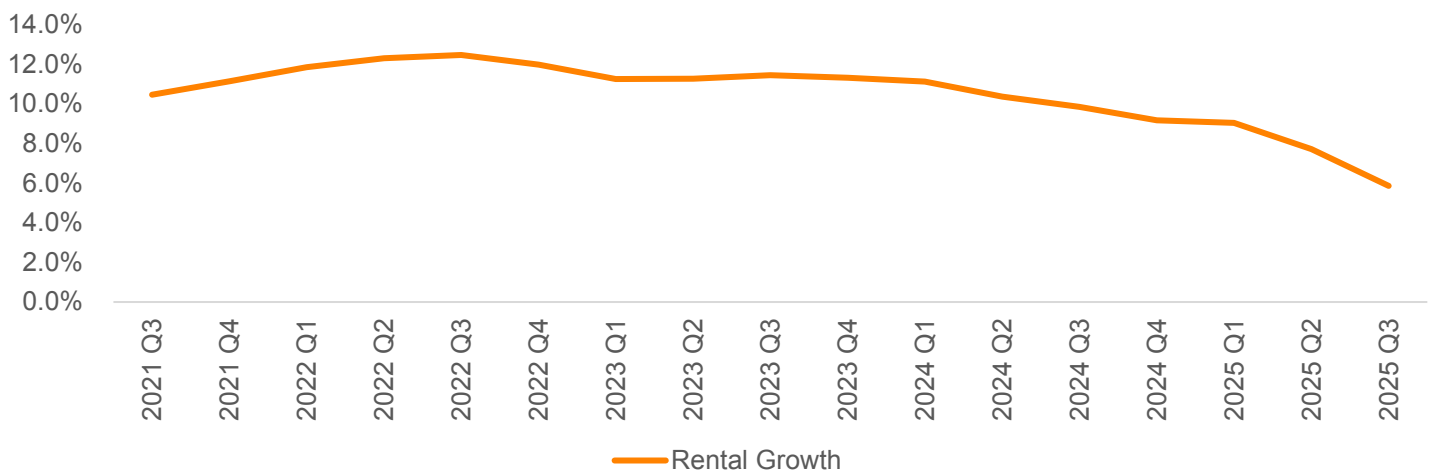
Notable Lease Transactions

Address	Size (SF)	Market
1. 5977 Hazeldean Road	16,000 SF	West
2. 1344 Youville Drive	11,000 SF	East
3. 200 Terrence Matthews Crescent	10,424 SF	West

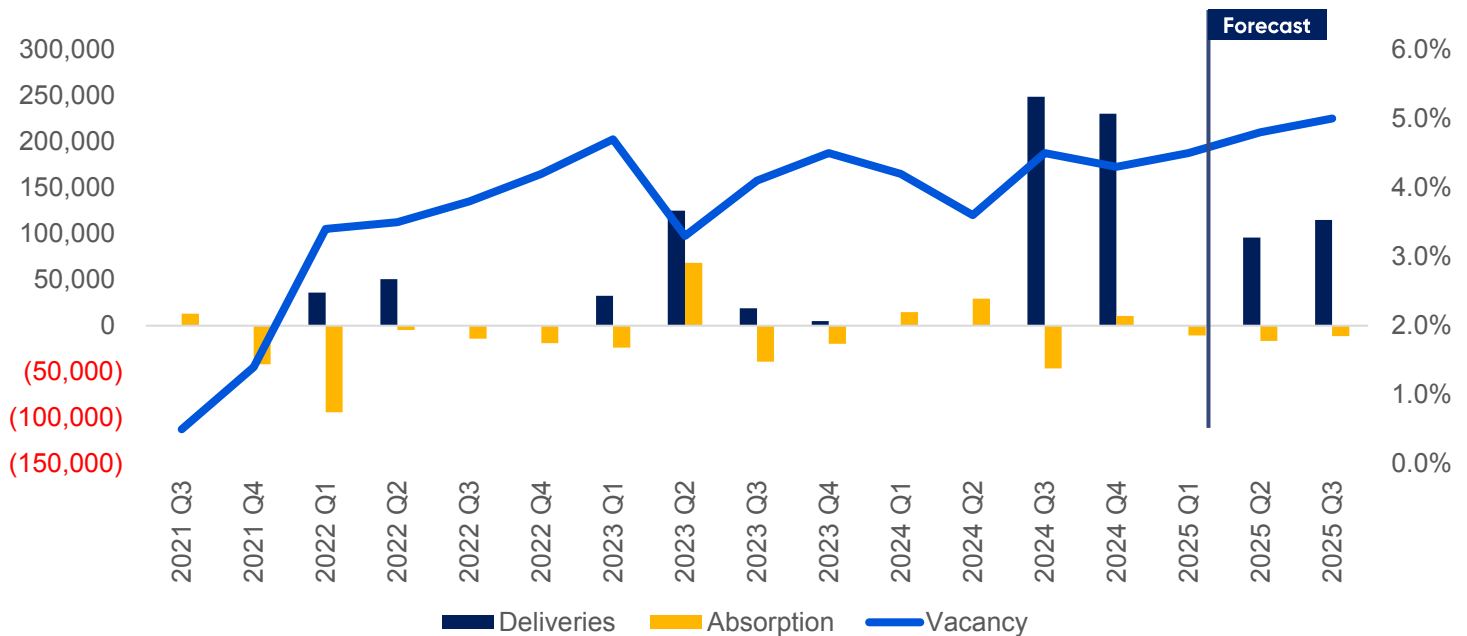


Arrows Indicate One Quarter Change

Rental Growth



New Construction and Absorption

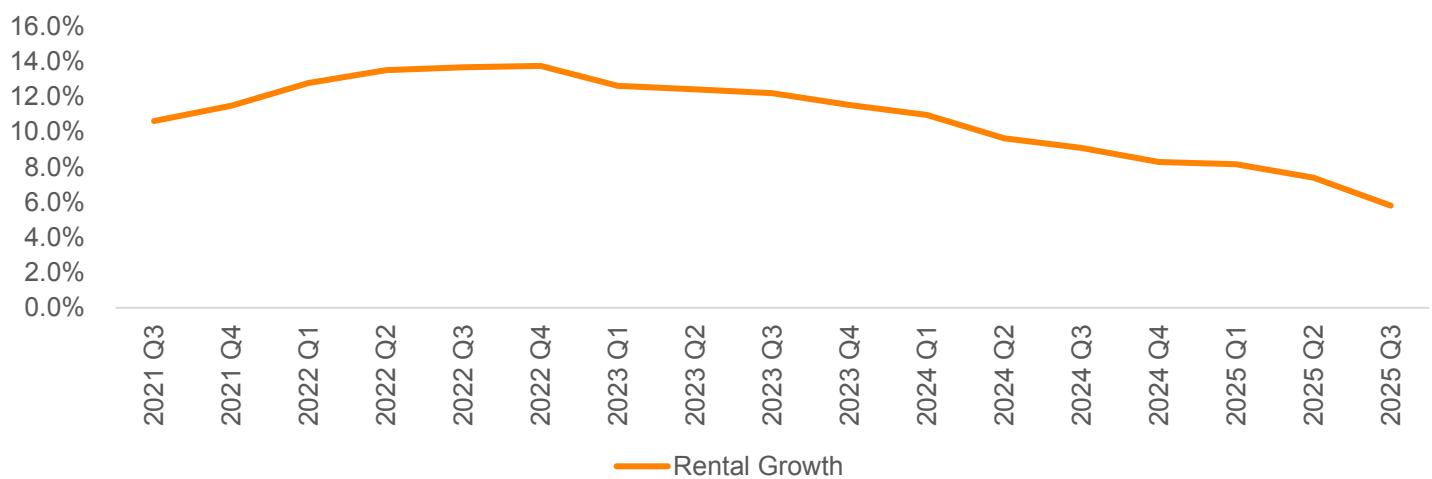


*including Kanata region

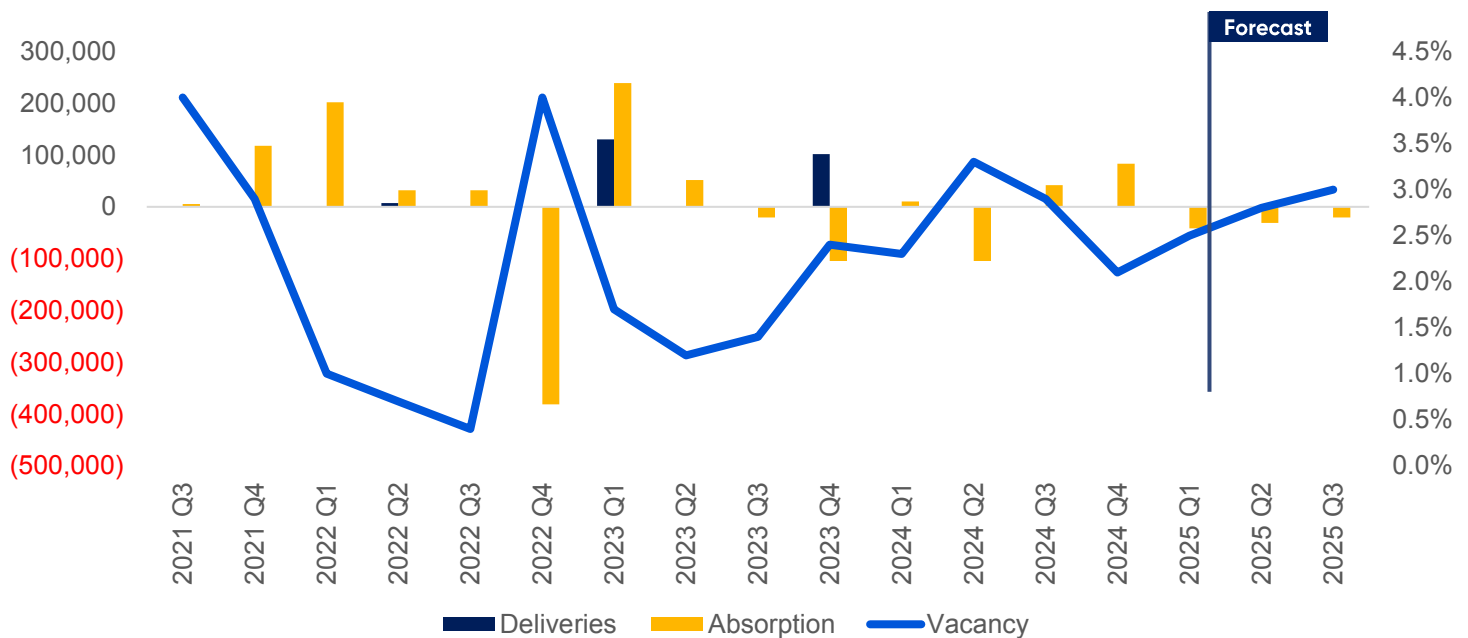


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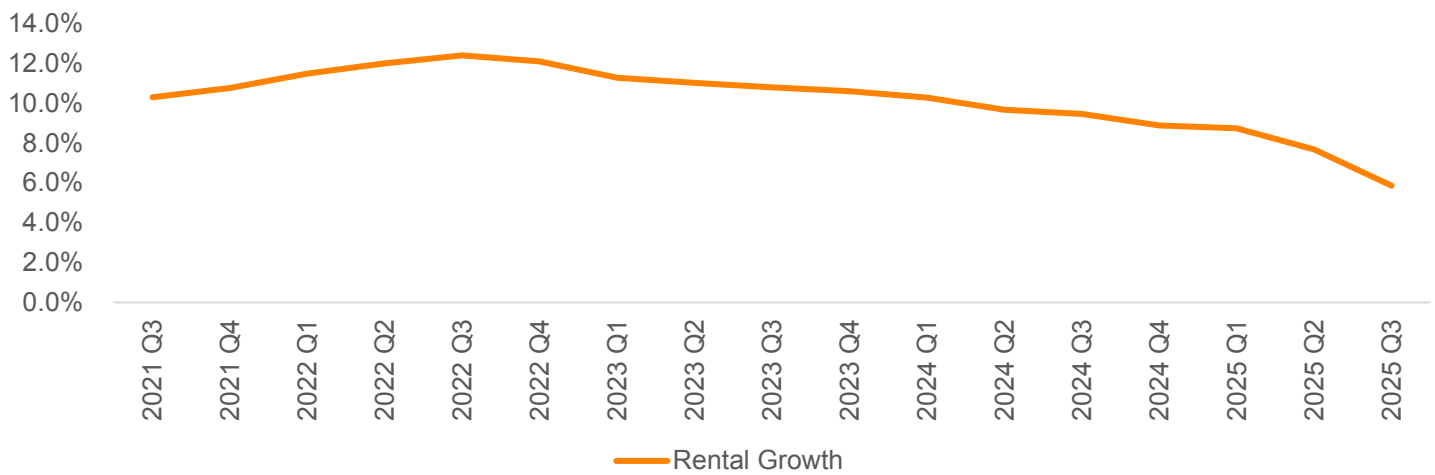


New Construction and Absorption

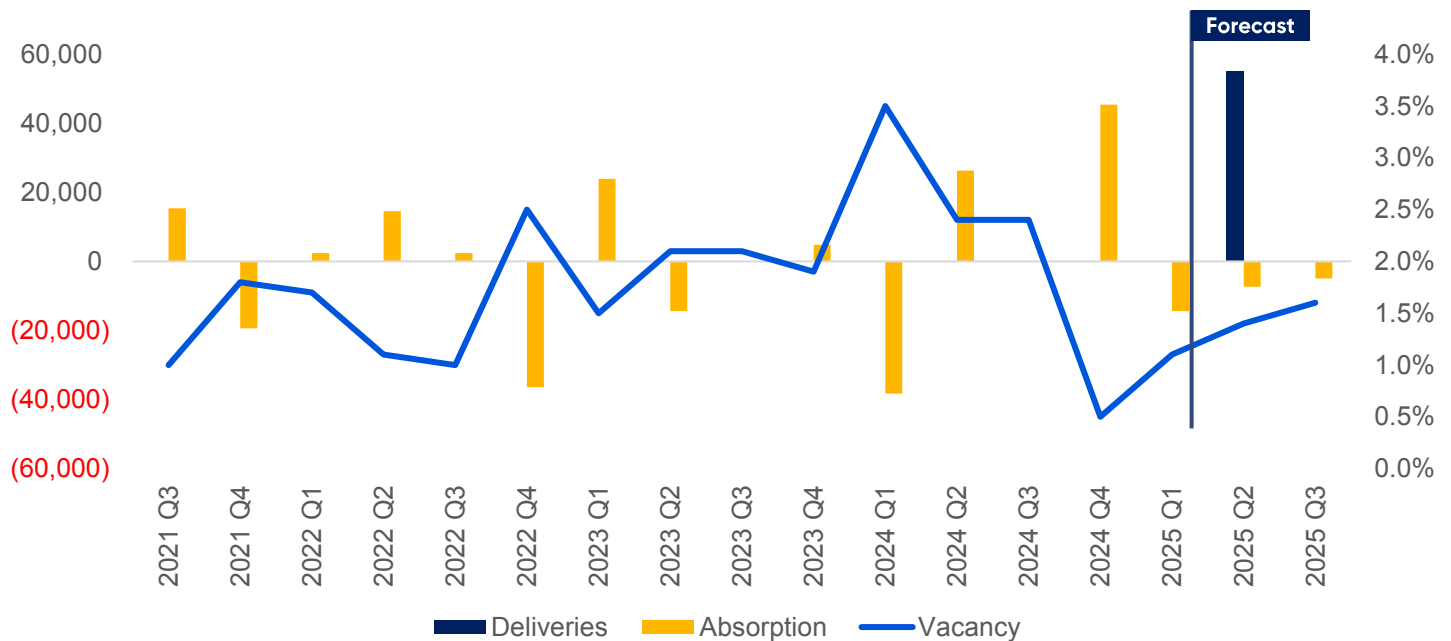




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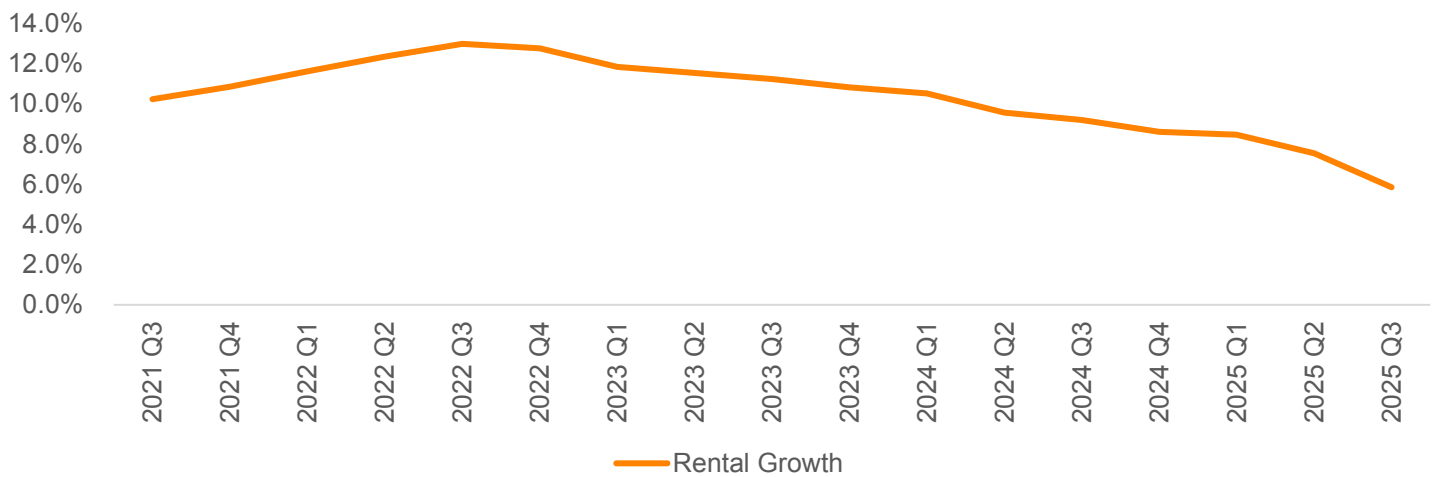
New Construction and Absorption



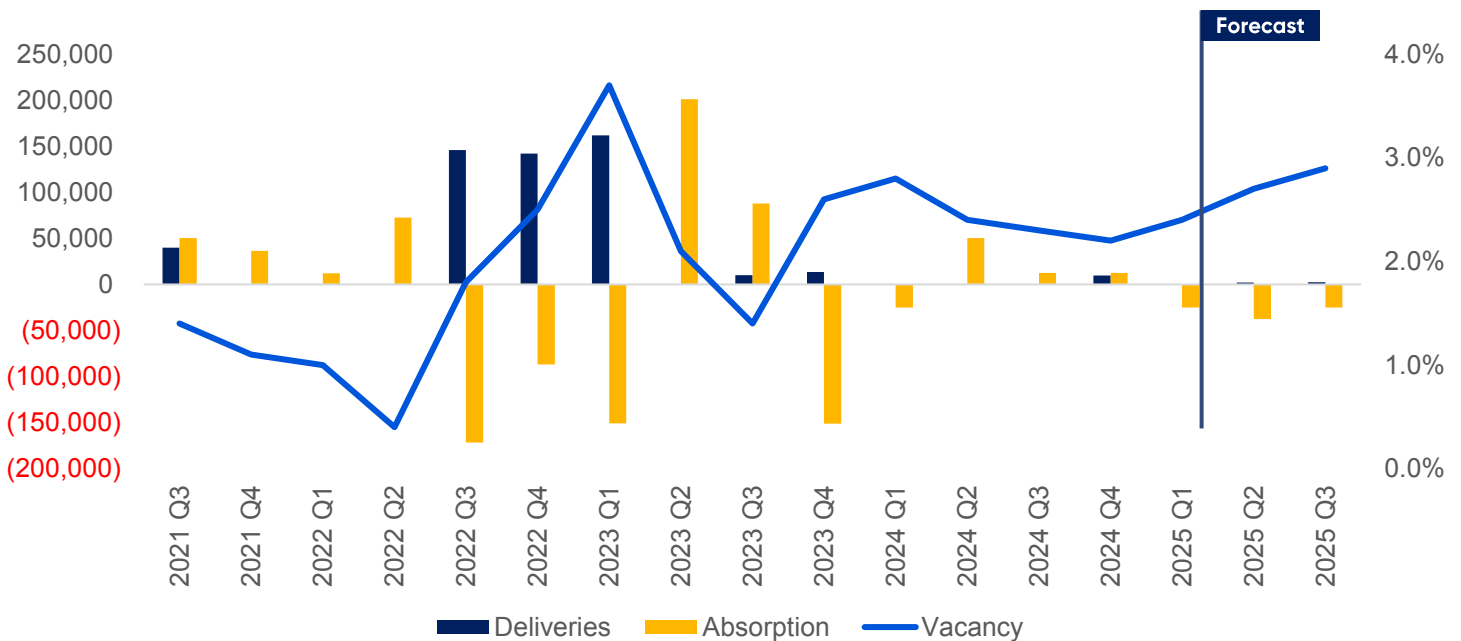


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New Construction and Absorption



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For more than 30 years, Cresa has served as an objective, stable business partner to commercial tenants. We join our clients' teams, working to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

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