

Ottawa sees the industrial sector tighten to begin 2026 as widespread demand persists

▼ 4.4%

Availability Rate

▲ 182K

SF Net Absorption

▲ 3.5M

SF Under Construction

▼ \$16.35

PSF Net Asking Rental Rate

▼ \$321.16

PSF Average Asking Sale Price

Note: Arrows indicate change from previous quarter.

Market Summary

- Ottawa’s industrial market began 2026 with a moderate decrease in availability rate by 50 basis points (bps) from 4.9% to 4.4%. This equates to 182,000 sq. ft. of positive net absorption. Change was largely driven by Group Touchette leasing 108,000 sq. ft. of space at 101 Innes Park Way and the City of Ottawa leasing 27,000 sq. ft. of space at 201 Innes Park Way. Net asking rents have continued to further compress, going from \$16.67 per sq. ft. in Q4 2025 to \$16.35 per sq. ft.
- The current administration’s Defence Industrial Strategy could result in an uptick in demand for mid bay and large bay space, particularly in the tech hubs of Kanata and the Deep West given the recent announcement of over \$900 million toward innovation by the NRC. Recent related activity includes Dominion Dynamics pre-leasing 25,000 sq. ft. at 103 Schneider Road.
- The upcoming CUSMA renewal and Middle Eastern conflict pose potential upside and downside risks to the industrial sector. Nevertheless, short term demand has continued to hold as large industrial tenants remain curious about further space acquisition. The small bay market remains tight due to a lack of viable product for tenants in the market.

FIGURE 1: Industrial Market Fundamentals
Net Absorption & New Supply (000s SF)



Source: CBRE Research, Q1 2026.

Rent prices stabilize as market conditions improve

The industrial market started 2026 with a decrease in availability rate, dropping 50 bps from 4.9% to 4.4%. This can be equated to 182,000 sq. ft. of positive net absorption, largely driven by Group Touchette leasing 108,000 sq. ft. of space at 101 Innes Park Way. This marks two consecutive quarters of 100,000 sq. ft. or more of positive net absorption, a mark that has not been hit since Q4 2023. Demand for both small bay (<5,000 sq. ft.) and large bay (>25,000 sq. ft.) space persists as both categories have seen their lowest number of available options since Q1 2025. Average asking rent prices have also seen a small dip, going from \$16.67 per sq. ft. in Q4 2025 to \$16.35 per sq. ft.

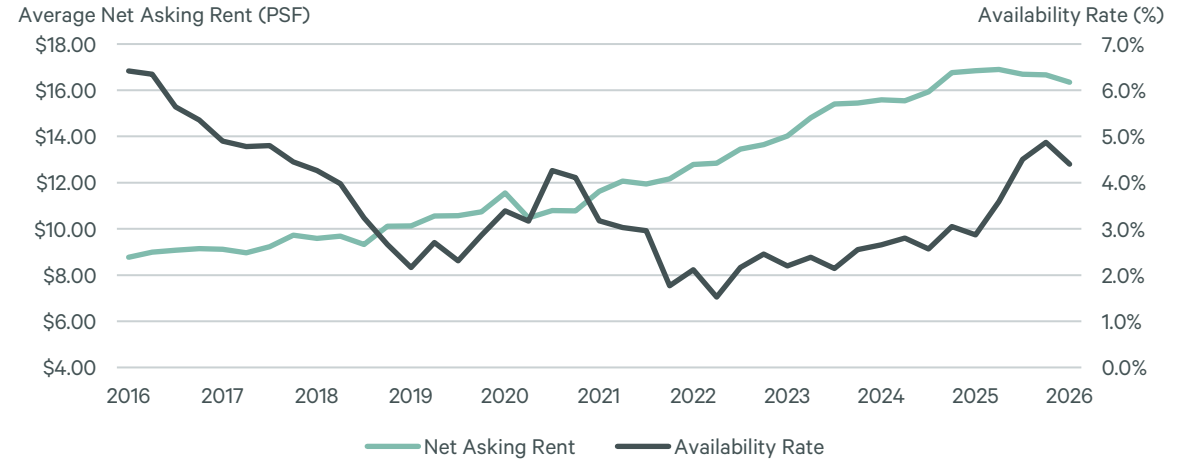
The construction pipeline has gone virtually unchanged across Ottawa, largely comprised of owner-occupied builds and spec builds mostly still being in the early stages of development. Developers are still waiting to secure as much pre-leasing as possible before construction starts.

New defence-spending initiatives could further increase demand of limited supply

With the recent announcement that [Canada has reached NATO's threshold of spending 2% of GDP towards defence](#), the defence sector could be a growing market in the Ottawa industrial scene. The National Research Council of Canada (NRC) has recently announced that they will invest \$900 million into the defence sector. This comes [with the Canadian government announcing its "Defence Industrial Strategy"](#), a long-term plan for investing in research-and-development, creating jobs, and building a global market for Canadian-owned defence. Activity has already begun with Dominion Dynamics pre-leasing 25,000 sq. ft. of space at 103 Schneider Road.

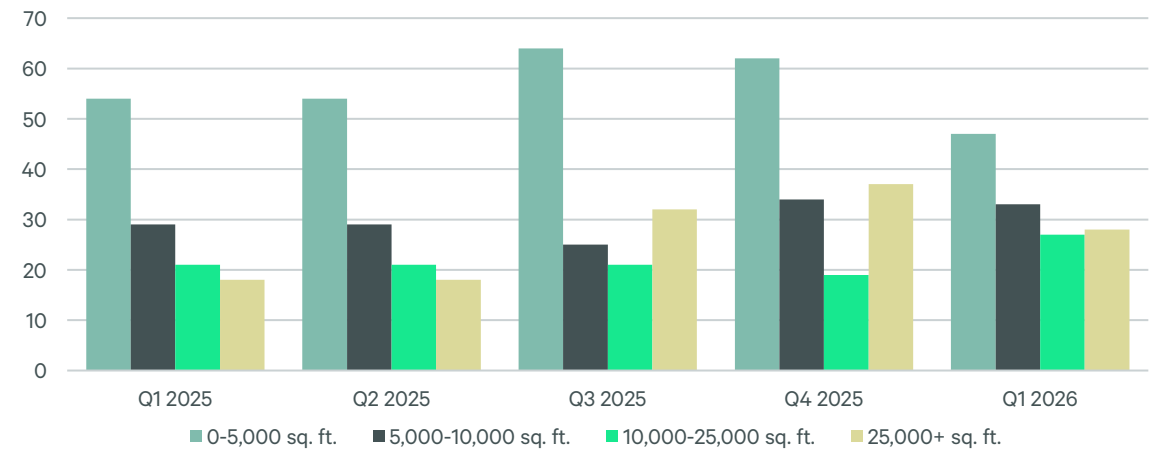
The limiting factor of the defence sector's expansion could be available product currently on the industrial market. Concerns have been expressed that the limited supply of viable space has substantially increased rental prices for industrial buildings. Average asking rents have seen significant growth in the past few years, due to aging space requiring repairs and external economic factors increasing the cost of new build construction. The market has recently shown some stability, with asking rent prices slightly decreasing from their peak in Q2 2025.

FIGURE 2: Historical Industrial Availability Rate and Net Asking Rent



Source: CBRE Research, Q1 2026.

FIGURE 3: Historical Number of Listings Available per Size Range (Total Count)



Source: CBRE Research, Q1 2026.

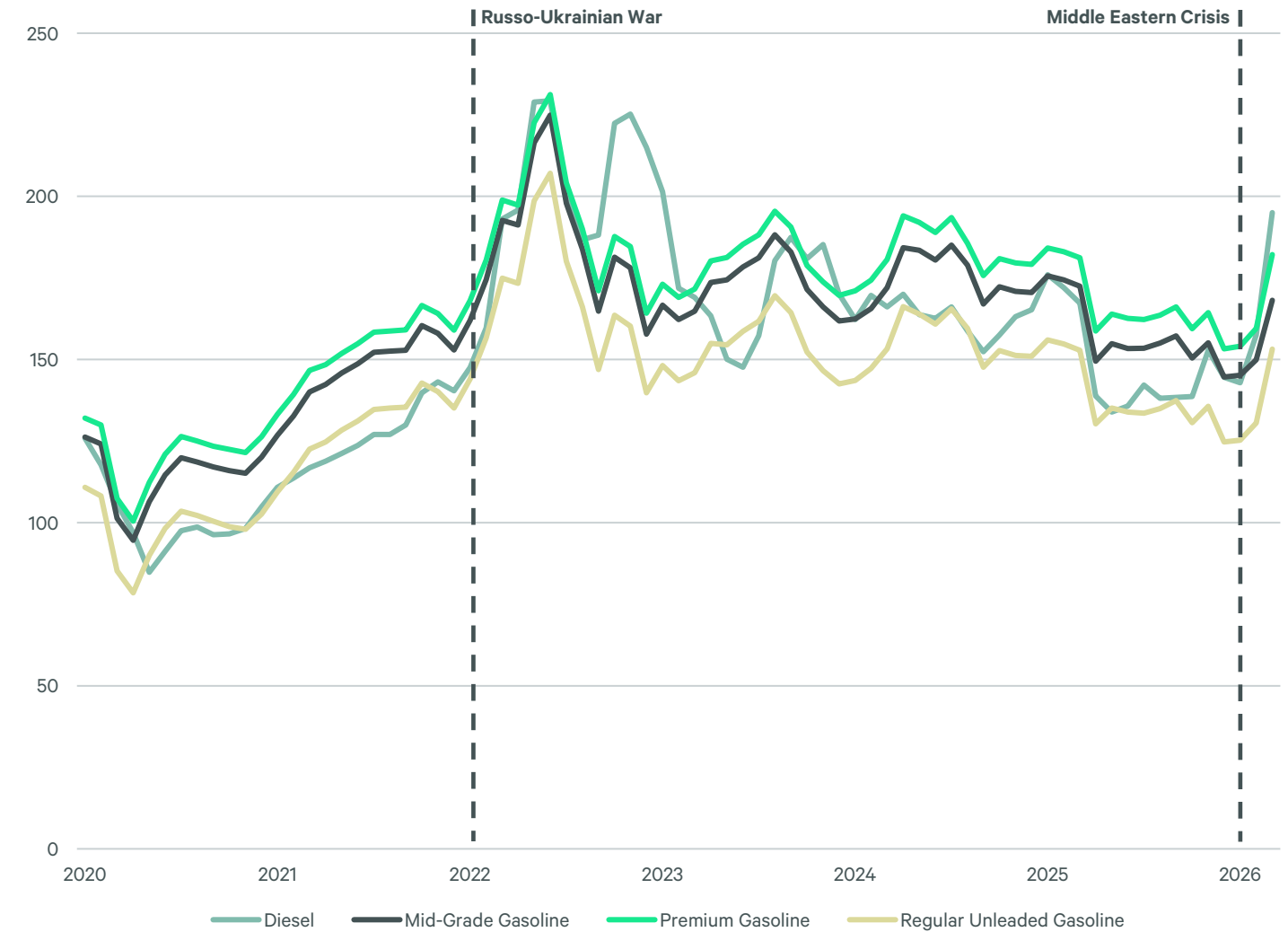
Evolving geopolitical and economic situation presents upside and downside risks

The impact of tariffs on Ottawa’s industrial sector has been mostly shielded by CUSMA, allowing exports that are compliant with their rules of origin requirement to cross borders with minimal restrictions. While tariffs remain in place for specific industries and non-CUSMA compliant exports, the market has remained stable with persisting demand for small bay product.

The recent conflict in the Middle East has heightened global volatility, creating [economic uncertainty for certain key industrial sectors](#). Rising energy costs would particularly [affect the chemical sector](#), where shocks in gas prices directly impact input costs. Local oil prices have seen an average monthly increase of 14.3%, which could slow industrial demand if consumers reduce spending over a protracted period. The conflict has also [hampered the global supply chain](#), with an increase in transportation costs and disruptions in logistical networks creating rippling effects across different sectors.

While the impact of the current Middle East is undeniable, the medium to long term economic implications remain to be seen. Furthermore, [CUSMA is set to be reviewed sometime in mid-2026](#) with an expansive range of upside and downside risk. Although the situation remains evolving, [Canada has benefitted some of the lowest average U.S. tariff rates](#) compared to other countries, insulating Ottawa’s industrial market by preserving the trade volumes between both countries.

FIGURE 4: Average Monthly Retail Prices for Gasoline in Ottawa (Cents per Litre)



Source: Ontario Ministry of Energy and Mines, CBRE Research, March 2026.

Deep South

▲ 13.7% Availability Rate
 ▼ -15K SF Net Absorption
 ▶ 137K SF Under Construction
 ▲ \$14.91 PSF Net Asking Rental Rate

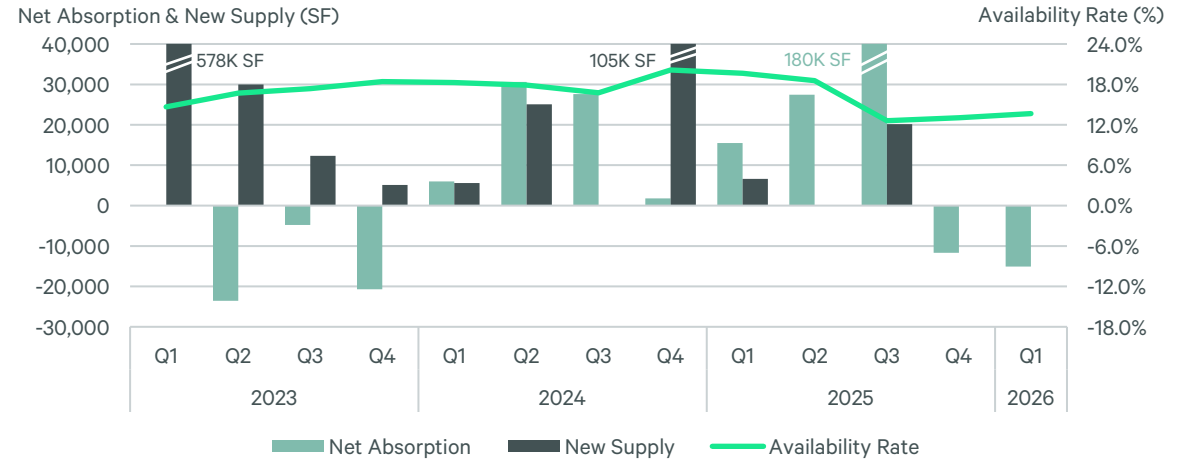
The Deep South observed a slight quarter-over-quarter uptick in availability, increasing by 60 bps from 13.1% to 13.7%. The lack of activity in the market continues as the negative net absorption can be solely attributed to the 15,000 sq. ft. industrial facility at 224 Robot Street being listed for sale. Average asking rents have continued their slow climb, seeing a marginal quarter-over-quarter increase going from \$14.81 per sq. ft. to \$14.91 per sq. ft. Local construction remains steady as no new projects have begun in the region.

Cornwall Region

▼ 6.8% Availability Rate
 ▲ 21K SF Net Absorption
 ▶ 0 SF Under Construction
 ▼ \$8.50 PSF Net Asking Rental Rate

The Cornwall Region saw a minor reduction in availability rate, decreasing quarter-over-quarter by 20 bps from 7.0% to 6.8% and corresponding to a positive net absorption of 21,000 sq. ft. The decrease in availability comes after the region saw a significant uptick in Q4 2025 due to the 492,000 sq. ft. sublisting at 3305 Loyalist Street. Notable activity includes 40,000 sq. ft. of space at 1800 Vincent Massey Drive being leased and ZipGrow vacating the 18,000 sq. ft. building at 650 Cumberland Street. Average asking rents have seen a quarter-over-quarter decrease from \$8.68 per sq. ft. to \$8.50 per sq. ft., continuing a downward trend from their peak in Q1 2025.

FIGURE 5: Deep South Market Fundamentals



Source: CBRE Research, Q1 2026.

FIGURE 6: Cornwall Region Market Fundamentals



Source: CBRE Research, Q1 2026.

FIGURE 7: Notable Industrial Projects Under Construction

Size (SF)	Address	Property Name	Market
3,100,000	99 Bill Leathem Drive / 2 Leikin Drive	Amazon Fulfillment Centre	Barrhaven
121,000	800 Burton Road	Verdun Windows and Doors Warehouse	Deep South
56,000	145 Thad Johnson Private	Canadian North Headquarters	Hunt Club/Walkley

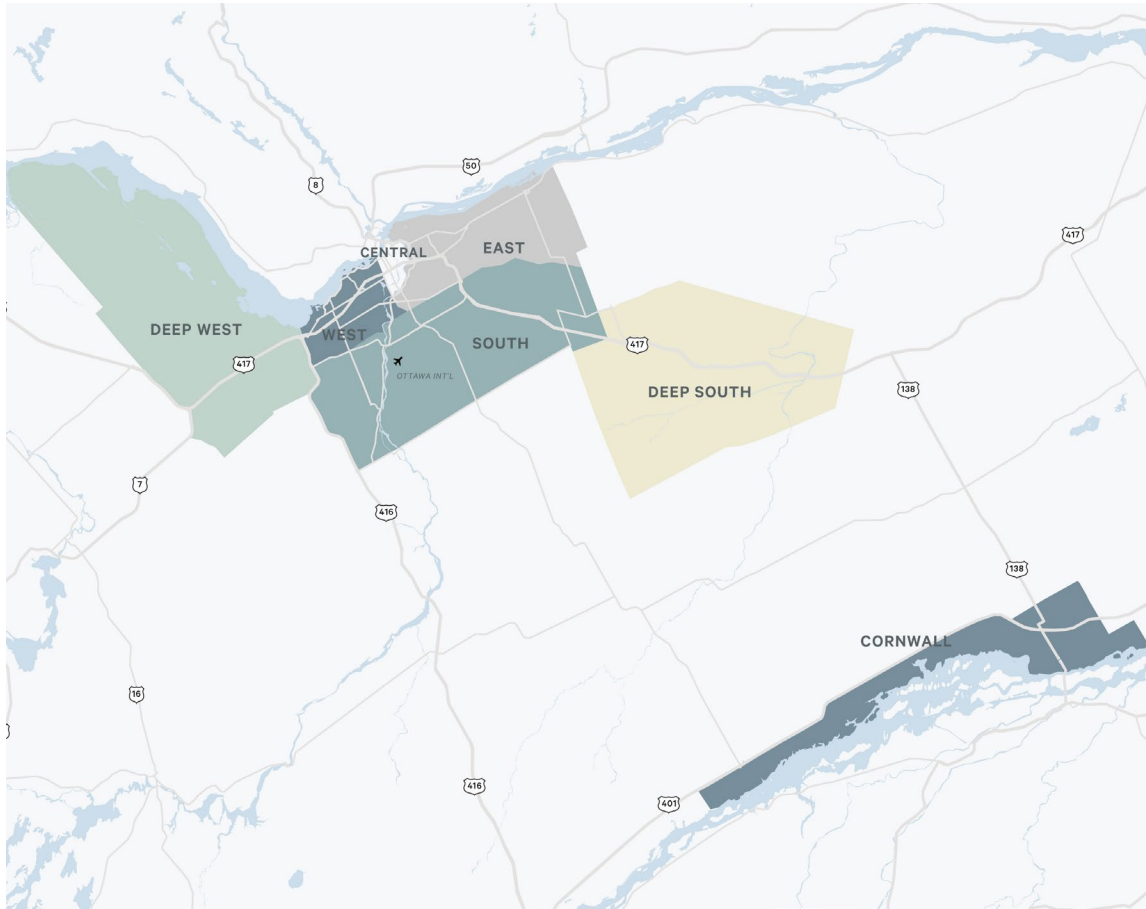
Source: CBRE Research, Q1 2026.

FIGURE 8: Industrial Market Statistics

Submarket	Inventory (SF)	Availability Rate (%)	Vacancy Rate (%)	Space for Sale (SF)	Space for Lease (SF)	Sublease Space (SF)	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Avg. Net Asking Rent (PSF)	Avg. TMI (PSF)
South	16,838,836	4.0%	2.7%	41,090	460,381	176,489	-28,145	0	3,376,137	\$16.48	\$6.74
East	14,109,897	4.0%	3.0%	137,262	416,717	9,188	196,841	0	0	\$15.36	\$6.92
West	1,806,429	0.7%	0.7%	0	12,196	0	22,198	0	0	\$15.21	\$9.39
Deep West	6,231,345	7.4%	4.0%	145,844	246,743	70,579	-9,097	0	95,273	\$17.40	\$4.97
TOTAL	38,986,507	4.4%	2.9%	324,196	1,136,037	256,256	181,797	0	3,471,410	\$16.35	\$6.34
Deep South	2,561,146	13.7%	11.6%	51,615	298,057	0	-15,108	0	137,338	\$14.91	\$4.49
Cornwall	12,076,215	6.8%	2.1%	0	259,293	567,736	21,263	0	0	\$8.50	\$3.40

Source: CBRE Research, Q1 2026.

Market Area Overview



Survey Criteria

CBRE's market report analyses industrial buildings of 5,000+ sq. ft. across the Ottawa market. CBRE assembles all information through telephone conversations and listings received from owners and members of the commercial real estate brokerage community.

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