

Industrial fundamentals remain stable as limited supply curbs lease transactions

▲ 4.2%

Availability Rate

▼ 40K

SF Net Absorption

▼ 3.4M

SF Under Construction

▼ \$16.64

PSF Net Asking Rental Rate

▼ \$301.88

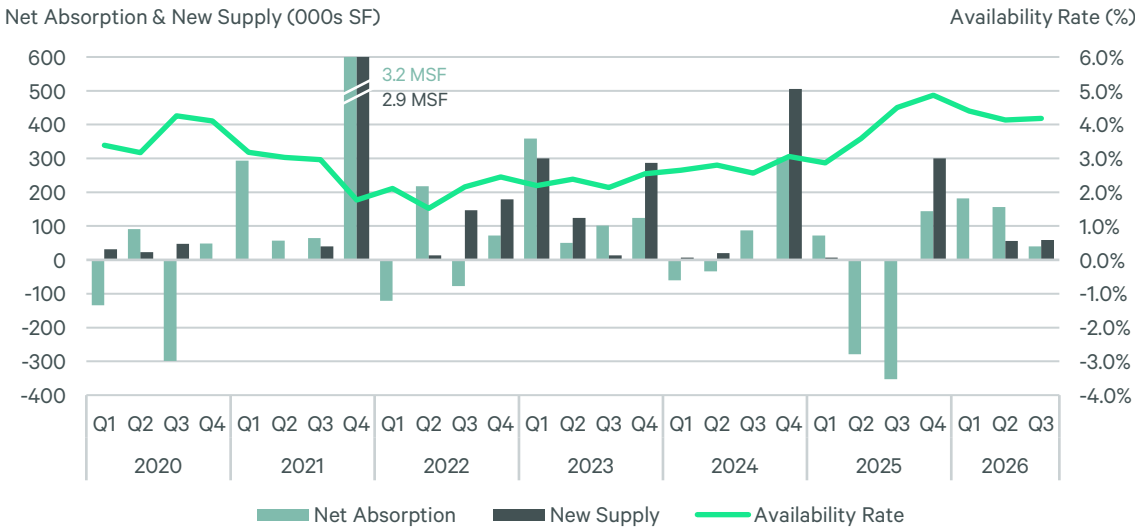
PSF Average Asking Sale Price

Note: Arrows indicate change from previous quarter.

Market Summary

- Market fundamentals remained relatively stable, with the availability rate increasing by 10 basis points (bps) quarter-over-quarter to 4.2%. Despite the uptick in availability, 40,000 sq. ft. of positive net absorption was recorded this quarter, driven primarily by activity in the South and East markets. New supply remained limited, highlighted by the completion of 103 Schneider Road, which was delivered fully pre-leased to Dominion Dynamics and J-Squared Technologies.
- Demand continued to be led by the defense and technology sectors, with sustained interest from startups, private-sector firms, and federal government users. This level of activity is expected to support leasing momentum over the medium term through 2027 and 2028.
- Ongoing trade discussions between Canada and the U.S. have contributed to elevated economic uncertainty despite tariff impacts remaining relatively limited in scope. While market fundamentals have remained resilient, this uncertainty has weighed more heavily on occupiers with cross-border exposure, prompting some to adopt a more cautious approach to decision-making.

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



Source: CBRE Research, Q3 2026.

Industrial sees availability uptick despite positive absorption

Ottawa’s industrial market remained stable throughout the quarter, overseeing a minor increase in availability rate by 10 bps from 4.1% to 4.2%. Although there was an increase in availability, 40,000 sq. ft. of positive net absorption was recorded this quarter, continuing a trend of four consecutive quarters of positive net absorption. Notable transactions this quarter include 24,000 sq. ft. of space being leased at 2092 Walkley Road as well as 20,000 sq. ft. of space being leased at 2105 Bantree Street. Net asking rents saw a minor dip, dropping \$0.07 per sq. ft. to \$16.64 per sq. ft., continuing their trend of stability of recent quarters. Demand has been led by the defense and technology sectors, which have benefited from recent government investments in AI and digital infrastructure.

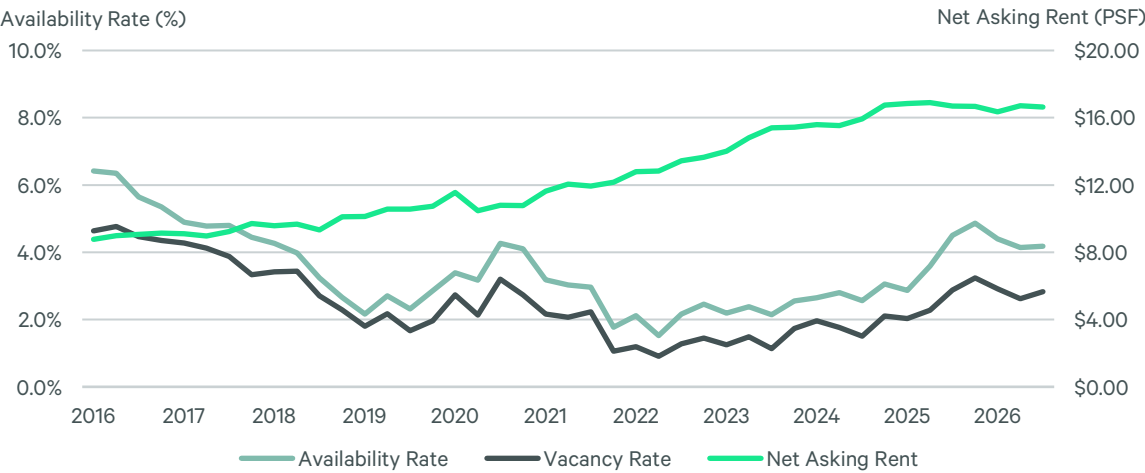
The construction pipeline has seen some activity with the completion of the 47,000 sq. ft. facility at 103 Schneider Road in Kanata. The building was fully pre-leased by Dominion Dynamics and J-Squared Technologies prior to completion.

Sale availabilities reach market high levels, sublease space continues to dwindle

Ottawa’s distribution of industrial availabilities has evolved over the past year since its five-year peak availability in Q4 2025. Notably, industrial units for sale have continued to rise since the start of 2025. The amount of industrial space for sale has seen a year-over-year increase of 164,000 sq. ft., rising from 242,000 sq. ft. to 406,000 sq. ft. available for sale.

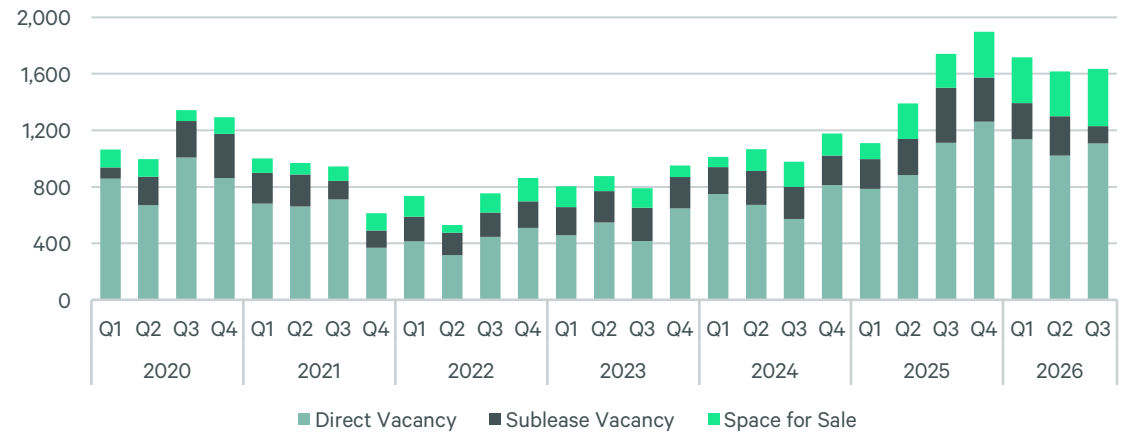
On the other hand, space available for sublease has seen a year-over-year decrease in availability of 267,000 sq. ft., falling from 389,000 sq. ft. to 122,000 sq. ft. This can be attributed to tenants being unable to find a suitable alternative to their current location and choosing to remain in place.

FIGURE 2: Vacancy and Availability Rate Compared to Asking Rent



Source: CBRE Research, Q3 2026.

FIGURE 3: Historical Industrial Availability Breakdown (000s SF)



Source: CBRE Research, Q3 2026.

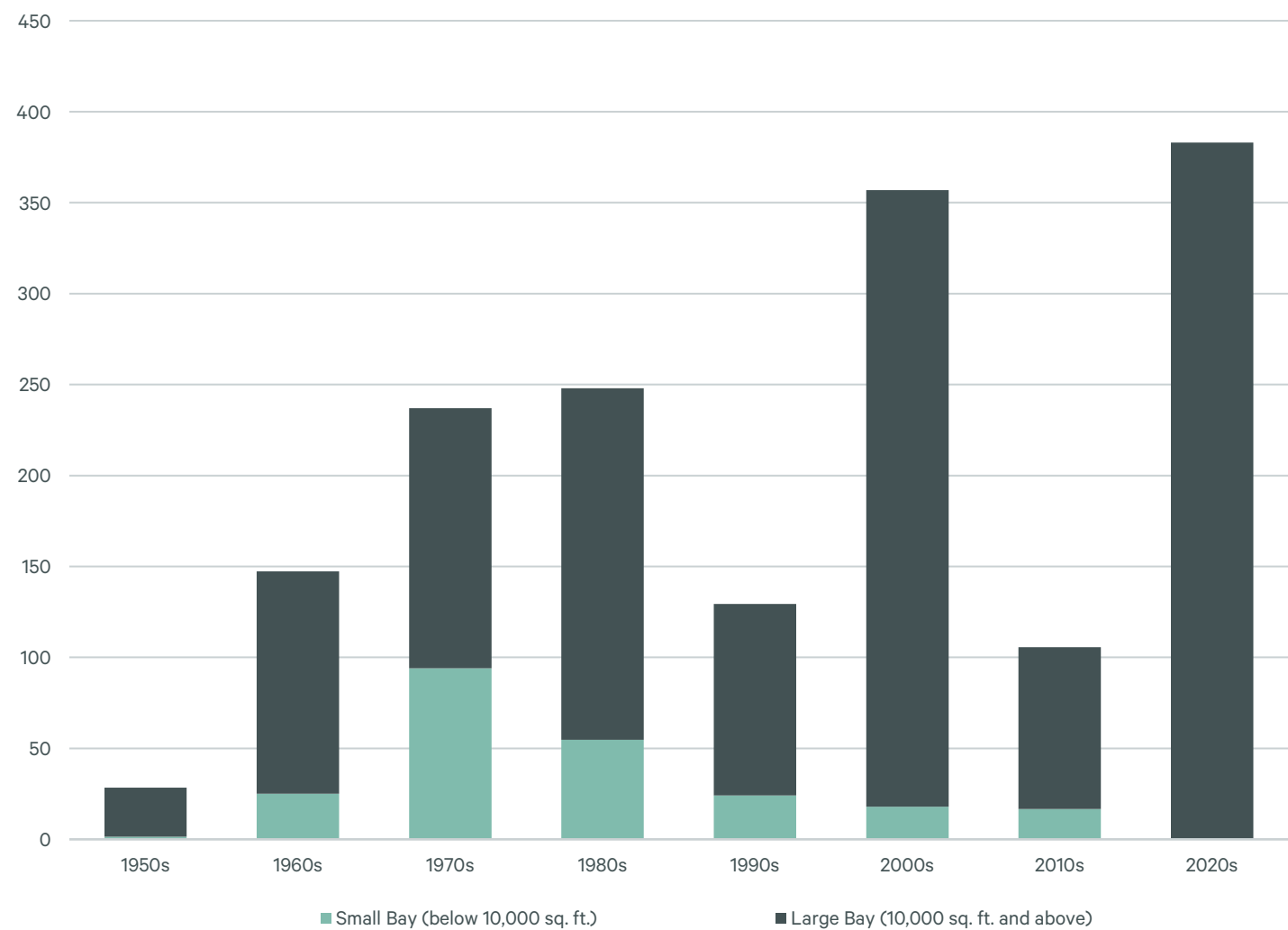
Small-bay availabilities concentrated in aging buildings as current tariffs limit construction pipeline

Ottawa's aging industrial inventory continues to influence leasing opportunities across the market. A significant portion of available small-bay space is concentrated within older industrial properties, while availabilities in newer developments are predominantly limited to large-bay configurations. As a result, tenants with specialized operational requirements, particularly those in the tech and defense industries, often face a difficult choice: invest additional capital to modernize space within an older building or occupy premises that do not fully align with their needs. With limited new small-bay product entering the market, many prospective occupiers are left waiting for future developments to lease suitable space.

However, with the new wave of tariffs, the ensuing economic uncertainty has caused developers to rethink their strategy before committing to industrial development projects. Small-bay spaces generally require customized build-outs for individual tenants, making their development costs more sensitive to fluctuations in building material prices than those of large-box warehouses. Current tariffs on steel and aluminum products have significantly increased the price for new developments, impacting the pipeline of new builds coming to the Ottawa market, particularly those built on spec. Developers have looked to secure a significant portion of pre-leasing before starting construction, leaving little on the market for those looking to lease pre-existing buildings.

Increasing the development of new, small-bay warehouses built on spec would allow tenants searching for new space to find readily available units that could accommodate modern requirements.

FIGURE 4: Total amount of space available by construction year for small and large bay industrial (000s SF)



Source: CBRE Research, Q3 2026.

Deep South



The Deep South market saw a quarter-over-quarter increase in availability, rising 150 bps to 15.5%, recording 41,000 sq. ft. of negative net absorption. The noticeable increase in availability can be solely attributed to Frigid Rentals Inc. listing its 43,000 sq. ft. facility located at 560 Echo Street for sale. The region has seen its availability rate slowly increase quarter-over-quarter since it reached a market low record of 12.6% in Q3 2025. Net rents saw a negligible decrease, dipping \$0.03 per sq. ft. to \$14.88 per sq. ft. No new construction projects have been announced, keeping the industrial pipeline unchanged from Q2 2026.

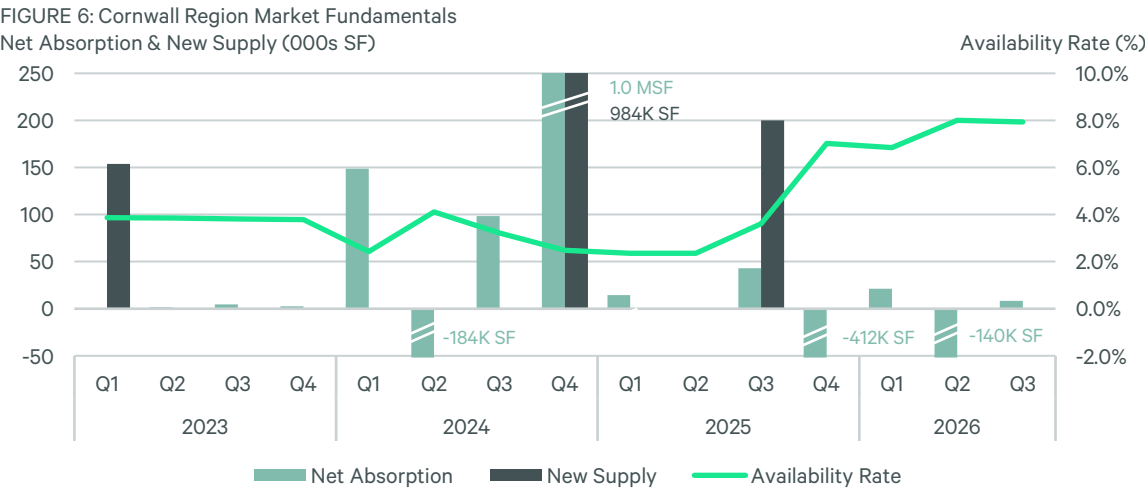
Cornwall Region



The Cornwall region experienced a quiet quarter in terms of leasing activity, overall observing a slight decrease in availability, going from 8.0% to 7.9%. Net asking rents saw an increase of \$0.20 per sq. ft., going from \$8.89 per sq. ft. to \$9.09 per sq. ft. The only new vacancy to appear on the market is a 6,600 sq. ft. facility at 1397 Rosemount Avenue, recently listed for lease. Local construction has also remained quiet with no new projects announced in the region.



Source: CBRE Research, Q3 2026.



Source: CBRE Research, Q3 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
48,000	151 Wescar Lane	Sunbelt Rentals	Goulbourn-West Carleton

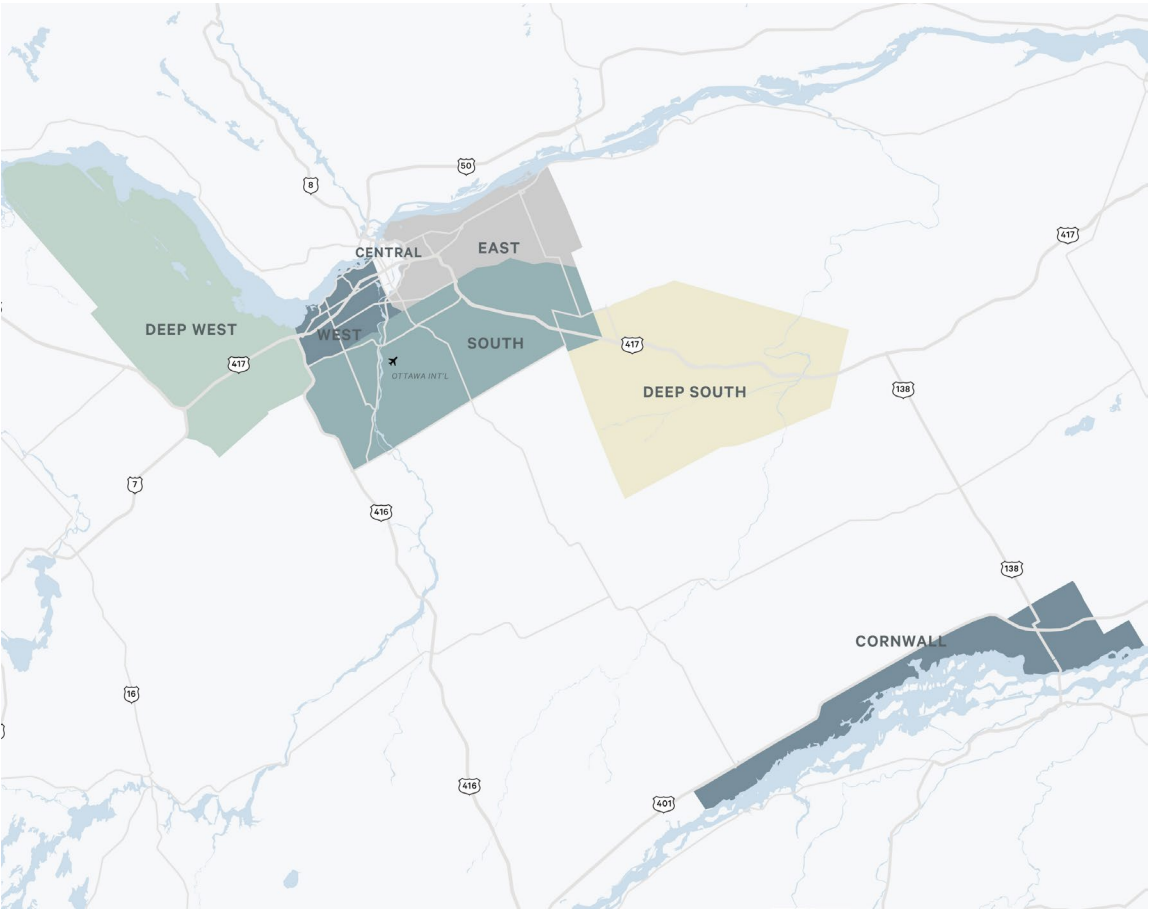
Source: CBRE Research, Q3 2026.

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)	Net Asking Rent (PSF)	TMI (PSF)
South	16,896,272	3.4%	2.6%	95,214	434,473	51,833	28,265	6,469	3,319,842	\$16.91	\$7.41
East	14,061,023	3.6%	2.5%	131,639	357,556	21,501	8,568	0	0	\$15.85	\$6.88
West	1,806,429	0.4%	0.4%	0	7,878	0	-1,439	0	0	\$13.56	\$8.13
Deep West	6,336,435	8.4%	4.9%	179,342	307,696	48,390	4,944	52,739	58,101	\$17.15	\$5.78
TOTAL	39,100,159	4.2%	2.8%	406,195	1,107,603	121,724	40,338	59,208	3,377,943	\$16.64	\$6.71
Deep South	2,577,809	15.5%	11.0%	115,958	284,365	0	-40,519	0	145,229	\$14.88	\$4.60
Cornwall	12,076,445	7.9%	3.1%	18,315	372,208	567,736	8,367	0	0	\$9.09	\$2.43

Source: CBRE Research, Q3 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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