

Ottawa's Regional Group buys Bantree Street warehouse in \$29M deal

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Published: June 6, 2019



Warehouse building at 2001 Bantree St. Purchased by Regional Group

With the available supply of industrial space in Ottawa at an all-time low and rents steadily rising, one of the region's largest property owners has significantly boosted its portfolio with a major acquisition.

Regional Group announced this week it has purchased a 258,000-square-foot warehouse at 2001 Bantree St. in the city's east end from Edmonton-based Canadian Urban Ltd. for \$29.25 million.

Located in the Sheffield Business Park just off Hwy. 417, the building is currently occupied by Ottawa-based retail chain Giant Tiger, which has a long-term lease on the facility.

The acquisition brings Regional Group's total commercial holdings in Ottawa to more than 2.2 million square feet. It's the latest in a series of deals that have boosted Regional's inventory of warehouse and industrial space by about half a million square feet in the past six months.

Company officials say with availability rates for industrial property in the city now at a record low of 2.2 per cent – down from more than six per cent three years ago – and average rents up 5.7 per cent from 2018, the time is right to expand the size of its footprint.

“With the lack of industrial warehouse space and low vacancy rates in the City of Ottawa, the property will be a very attractive asset for industrial users well into the future,” Bernie Myers, Regional Group’s senior vice-president of real property, said in a statement.

News of Regional’s purchase comes just a week after one of Ottawa’s most prominent real estate experts sounded the alarm over the industrial space crunch.

Shawn Hamilton, managing director of CBRE’s Ottawa office, told OBJ at the real estate firm’s annual market outlook event that the local industrial market suffers from a double whammy: a limited supply of land earmarked for development and high construction costs that have stifled new projects.

Aside from Broccolini’s one-million-square-foot warehouse development in the city’s far south end – which is fully leased to Amazon and slated to open later this summer – no other industrial space is currently under construction in Ottawa.

Hamilton said a lack of big-name industrial clients in the city means builders are usually forced to subdivide properties into smaller units to accommodate multiple tenants, which jacks up construction costs and subsequently drives up rents.

“The question is, will industrial growth continue at the rents required to justify new construction?” he said. “The answer is, I don’t know yet.”