



Greater Ottawa office market report

Q4 2023

**AVISON
YOUNG**

Greater Ottawa market fundamentals

14.3%

total availability rate
3.9% increase from Q4 2022

14.2%

sublet as a percentage of all available space
3% increase from Q4 2022

\$32.58

average gross asking rent per square foot (psf)
includes \$15.23 psf average additional rent

5.8M

sf total available lease area
went up 0.8M sf since Q4 2022

-569K

sf absorption
year to date

178K

sf absorption
in Q4 2023

Source: AVANT by Avison Young
*Excludes Gatineau

Greater Ottawa office market trends

01

Availability stabilizing, for now

Ottawa's office market saw a substantial jump in availability in the fourth quarter, with the availability rate climbing 390 basis points (bps) year-over-year to 14.3% (5.8 million sf). Class A space drove much of the increase with a 3.2% increase from the previous year.

Our take on this trend...

As employers continue to struggle with a return-to-office strategy (RTO) that gains traction with their employees, how their office requirements will change to take advantage of the new workplace reality remains an uncertainty. Space users will continue to look for a balance between collaborative work, social interaction, productivity, flexibility and mental health of their employees.

02

Subleasing musical chairs

The total Ottawa office sublet availability in Q4 accounts for 820,000 sf, or 14.2% of all available office space. While slightly declining since last quarter, year-over-year sublet as percentage of total available rose significantly from 11.2% to 14.2%, the highest ever in Ottawa.

Our take on this trend...

As office tenants continue to find the balance between in-office and remote work solutions, it is becoming increasingly evident that in some office employment sectors, less is more. Certain office user groups, after experimentation, conclude that they are carrying excess space. The current interest for short term-sublets at discounted rates are balancing off the growing number of new listings. This trend will likely continue for the first half of 2024.

03

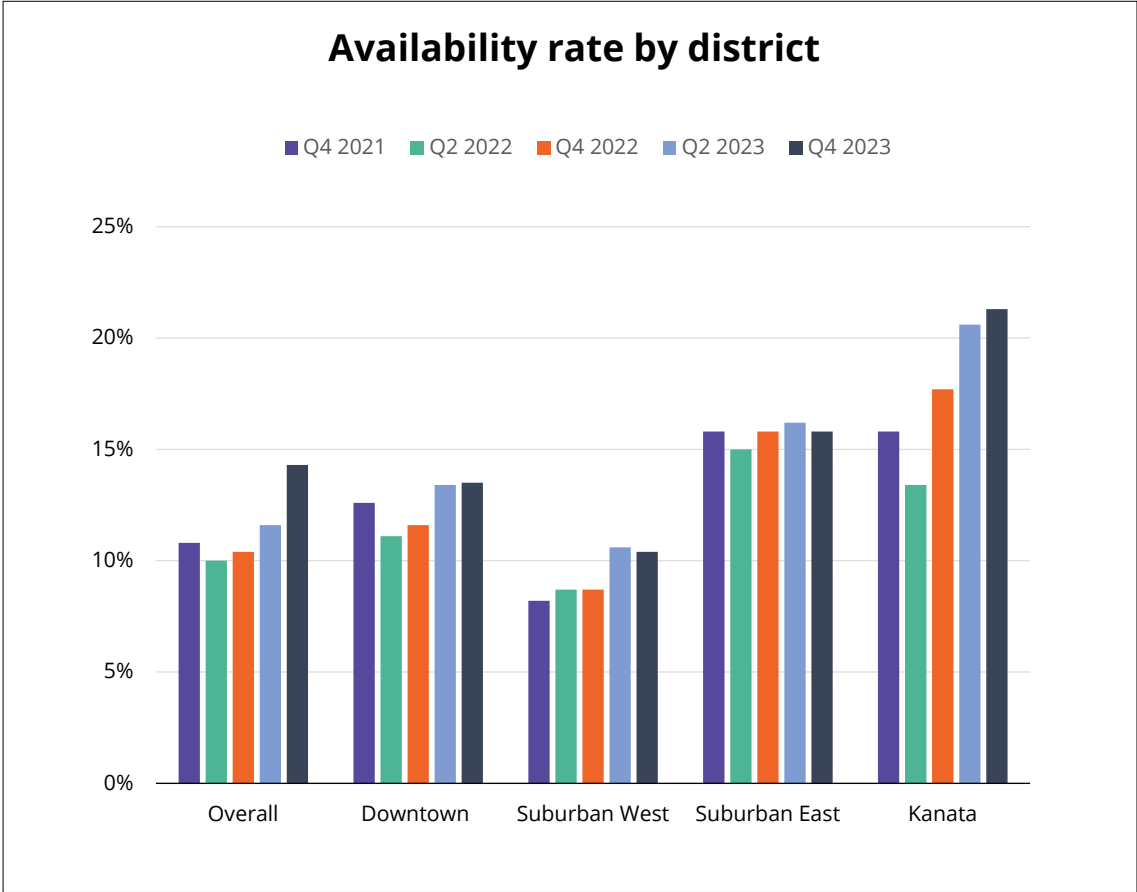
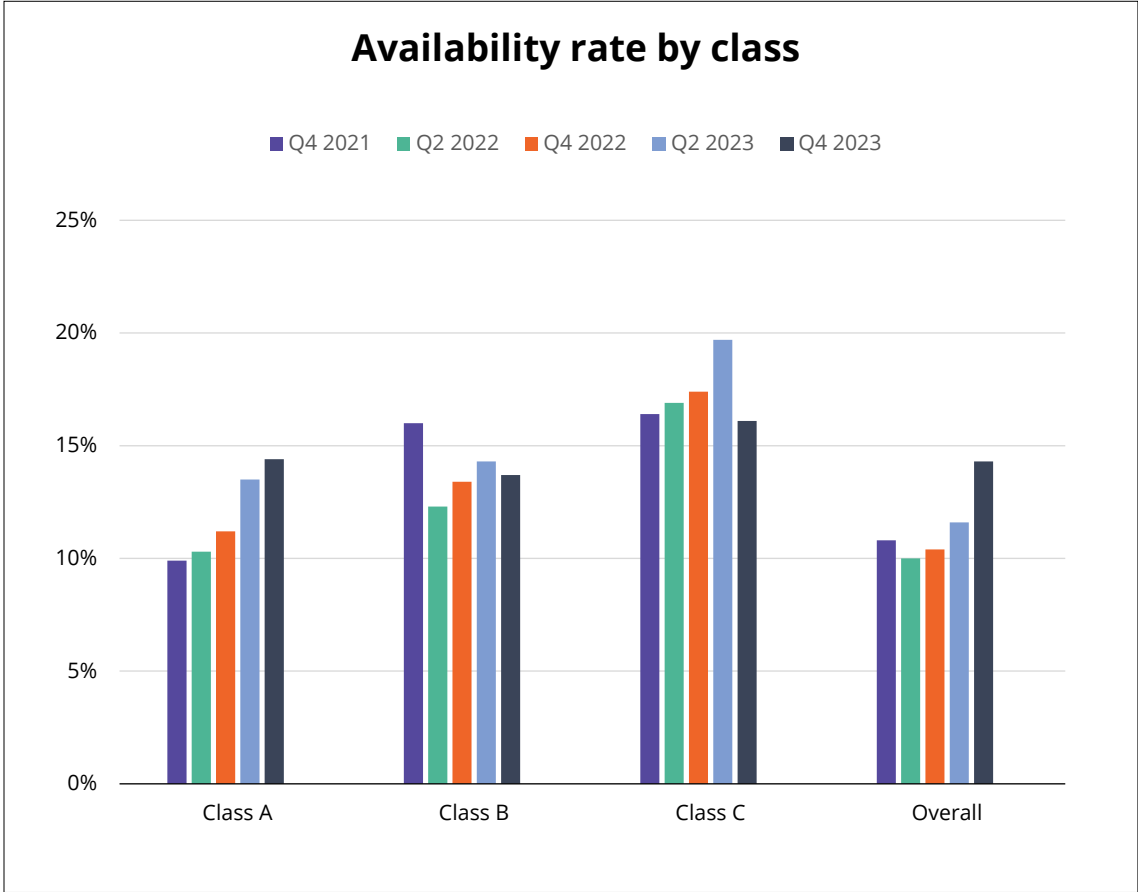
Lower rental rates and added incentives

Net average rental rates across all property classes have declined by \$1.20 psf compared to the same quarter last year. This downward pressure is particularly evident in class B and C properties, where average net asking rates have fallen by more than 10% year-over-year.

Our take on this trend...

Landlords are acting aggressively to secure quality tenants with covenants offering significant concession packages and longer fixturing periods. Though the market remains in flux, tenants should be keeping a close eye on pricing and incentives to see if this emerging pattern continues, and how far landlords are prepared to go.

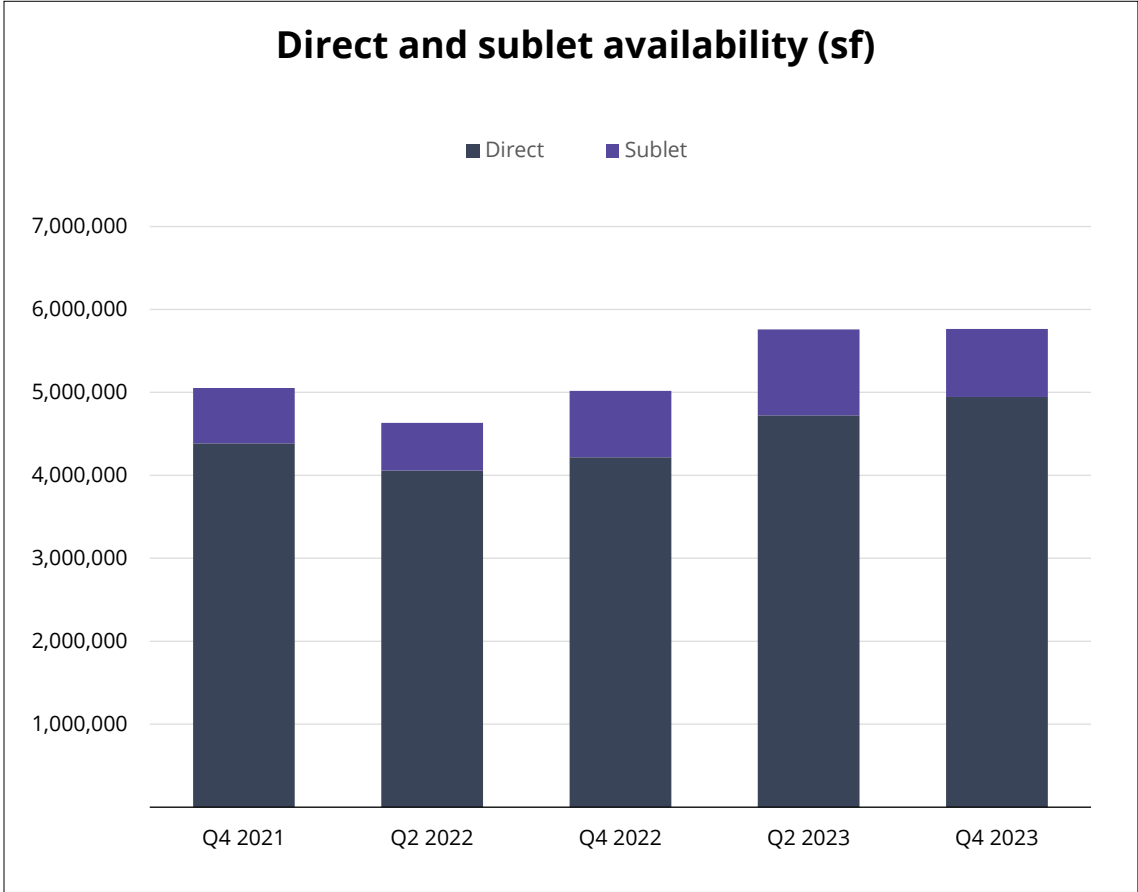
Greater Ottawa office market indicators



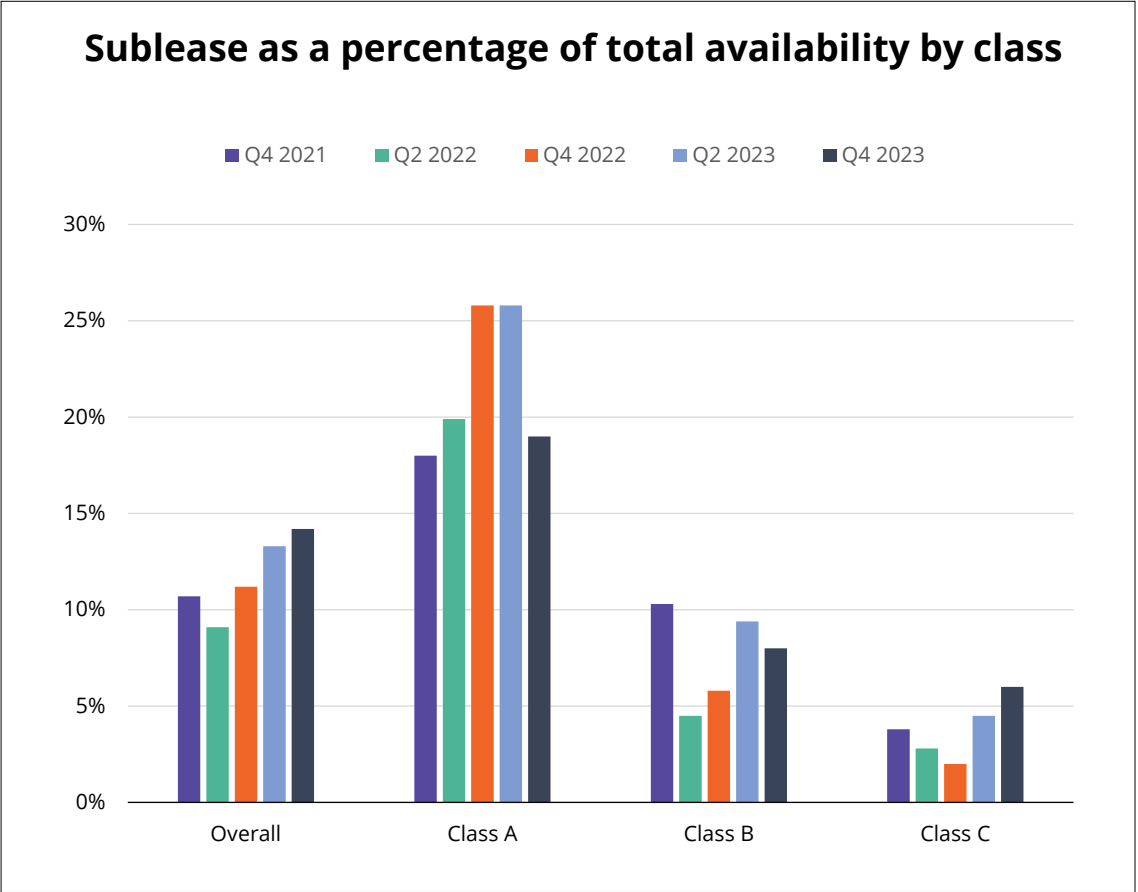
Source: Altus Data Studio and AVANT by Avison Young
Excludes Gatineau

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Greater Ottawa office market indicators

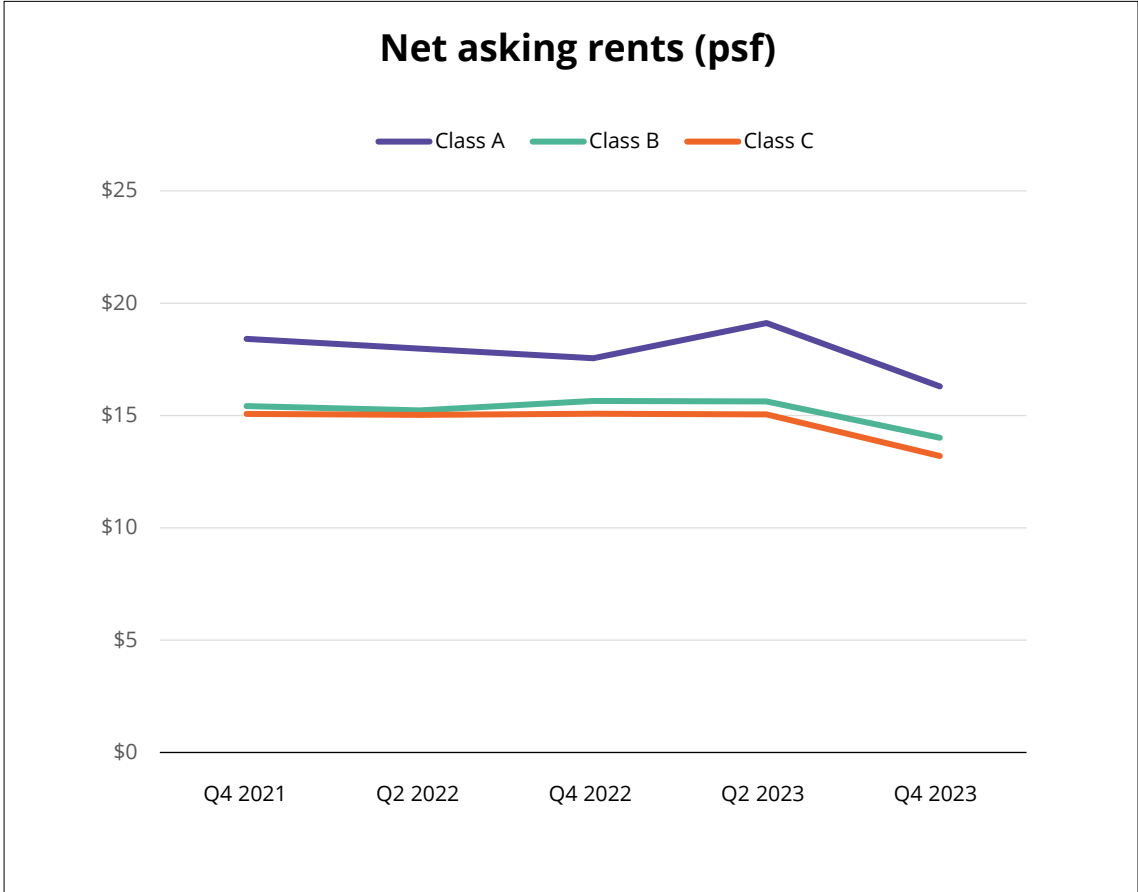


Source: AVANT by Avison Young
Excludes Gatineau

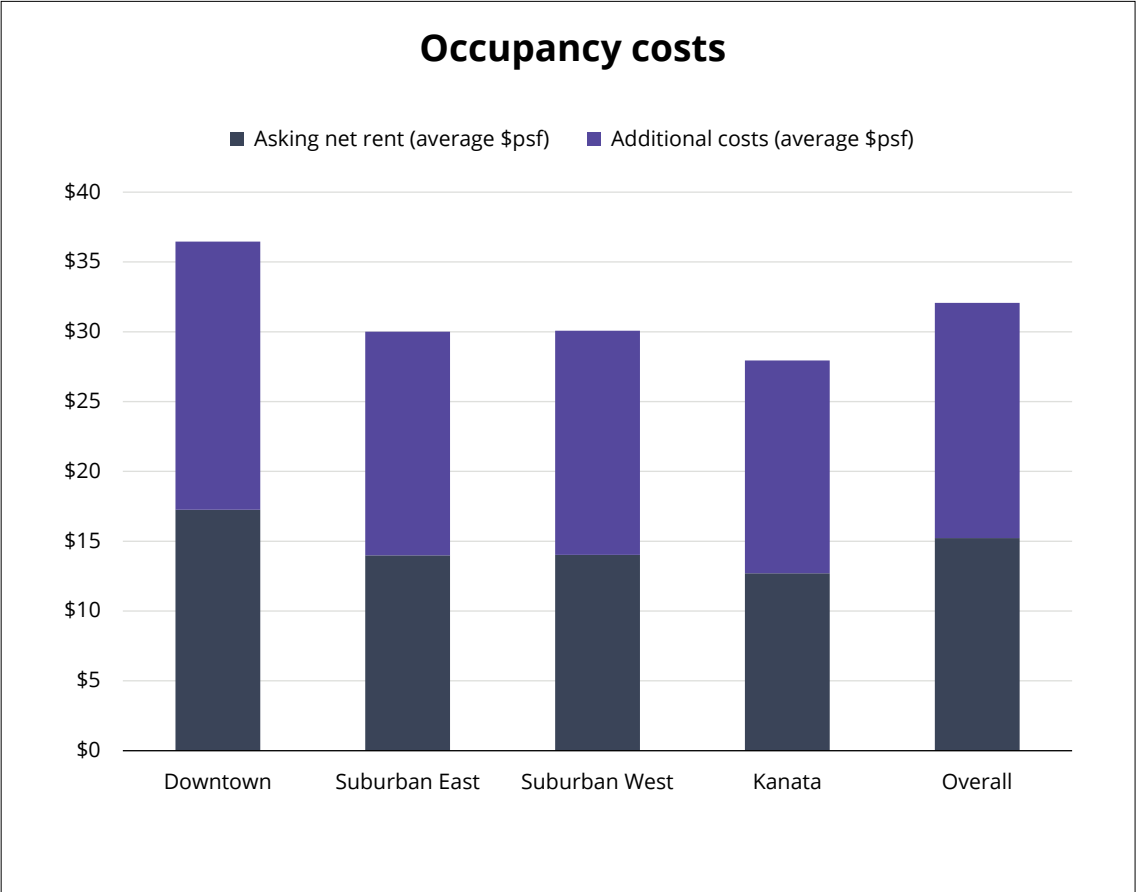


Source: AVANT by Avison Young
Excludes Gatineau

Greater Ottawa office market indicators

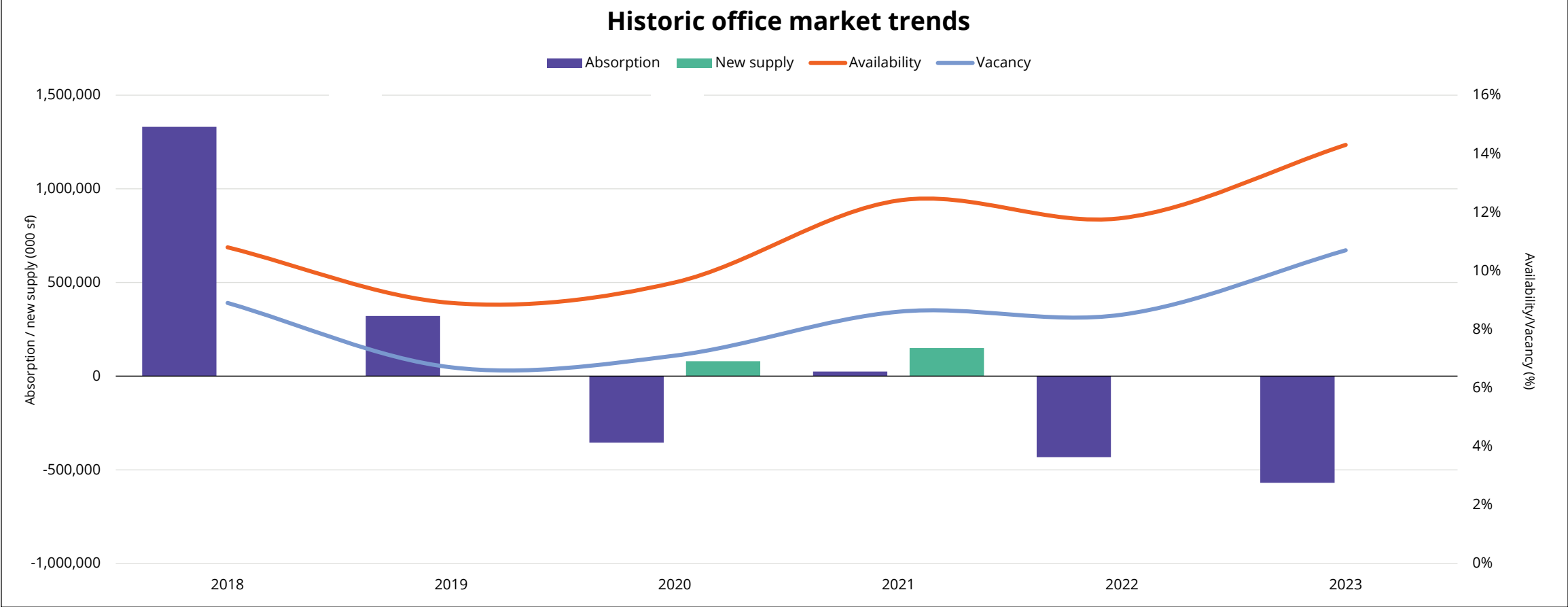


Source: AVANT by Avison Young
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Greater Ottawa office market indicators



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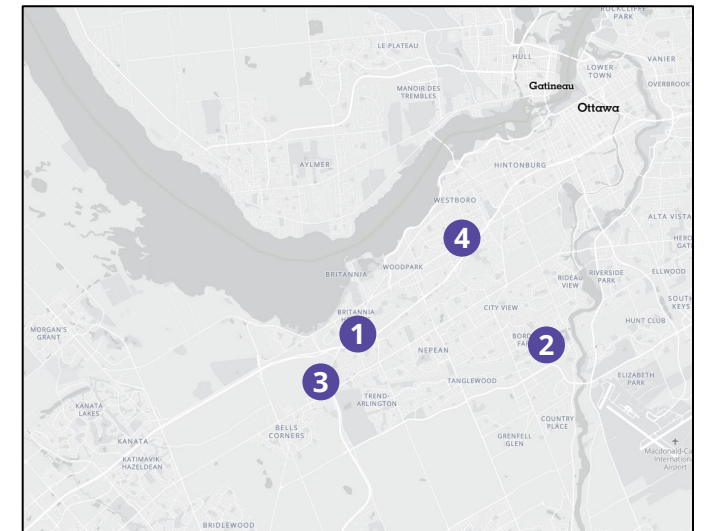
Greater Ottawa office market activity

Recent leasing activity

Address	District	Tenant name	Size (sf)	Lease type
1. 4000 Innovation Drive	Kanata	Solace	56,600 sf	Sublease - new
2. 2500 Solandt Road	Kanata	DRS Technologies Canada	20,240 sf	Sublease - new
3. 155 Queen Street	Downtown	PSPC	12,670 sf	Direct - new
4. 360 Albert Street	Downtown	EBC	6,000 sf	Direct - new

Recent office transactions

Address	District	Sale price / \$ psf	Buyer	Seller
1. 1140 – 1150 Morrison Drive	Ottawa West	\$14,250,000 / \$150 psf	Oakview Capital	Crown Realty Partners
2. 154 Colonnade Road	Nepean	\$2,300,000 / \$111 psf	Owner/User	Properties Group
3. 4 Foothills Drive	Nepean	\$1,725,000 / \$431 psf	Owner/User	Owner/User
4. 878 Boyd Avenue	Ottawa West	\$2,400,000 / \$195 psf	Vetalex Veterinary Solutions	Financial Eastern Star



Greater Ottawa office market stats

District	Existing inventory (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Q4 2023 Net absorption (sf)	YTD 2023 net absorption (sf)
Downtown	18,519,400	11.6%	1.9%	13.5%	139,030	(274,100)
Kanata	5,983,590	16.7%	4.6%	21.3%	(65,380)	(180,480)
Suburban West	9,941,850	8.9%	1.5%	10.4%	125,870	(60,550)
Suburban East	5,972,900	15.2%	0.7%	15.9%	(21,820)	(54,230)
Overall total	40,417,730	12.2%	2.0%	14.3%	177,700	(569,360)

Class	Existing inventory (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Q4 2023 net absorption (sf)	YTD 2023 net absorption (sf)
Class A	23,554,750	11.7%	2.7%	14.4%	(67,640)	(626,720)
Class B	13,912,820	12.6%	1.1%	13.7%	173,040	(15,170)
Class C	2,950,160	15.2%	0.9%	16.1%	72,300	72,530
Overall total	40,417,730	12.2%	2.0%	14.3%	177,700	(569,360)

For more market insights
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