

An aerial photograph of Ottawa, Canada, showing a dense urban skyline with various high-rise buildings. The Ottawa River flows through the city, with a prominent truss bridge crossing it. The background shows a hazy, distant cityscape under a soft sky.

Greater Ottawa office market report

Q2 2024

**AVISON
YOUNG**

Greater Ottawa Market area fundamentals

14.5%

total availability rate
0.3% decrease from Q1 2024

11.9%

sublet as a percentage of
all available space
decreased from 13.3% from Q1 2024

\$33.02

average gross asking rent
per square foot (psf)
**includes \$15.82 psf of
average additional rent**

6M

Square feet (sf) total area available for
lease **down 114K sf since Q1 2024**

-94K

absorption in sf
year to date

2

projects under conversion
in downtown Ottawa in Q2 2024

Greater Ottawa office market trends

01

Slowdown in vacancy rate increase

Increased leasing activity in both the Downtown and Suburban markets has slowed the steady vacancy rise that has been observed since 2020. Tenants are once again committing to longer lease terms. After months of reevaluating return-to-office strategies, occupiers now have a better understanding of space needs moving forward. The softening of interest rates and the improvement of the business outlook are breathing a newfound confidence into the office market. As a result, tenants are willing to commit to longer lease terms, which has given way to a positive absorption across the best quality assets. This has contributed to an overall decrease in vacancy.

02

Sublease market tightening

The availability of fully-furnished office space for sublease is decreasing across the city. The high construction costs for newly built, turnkey space are driving tenants to sublease space at discounted rates. Proactive landlords continue to use model suites as a popular marketing tool to lease space, which has historically been successful in achieving less vacancy.

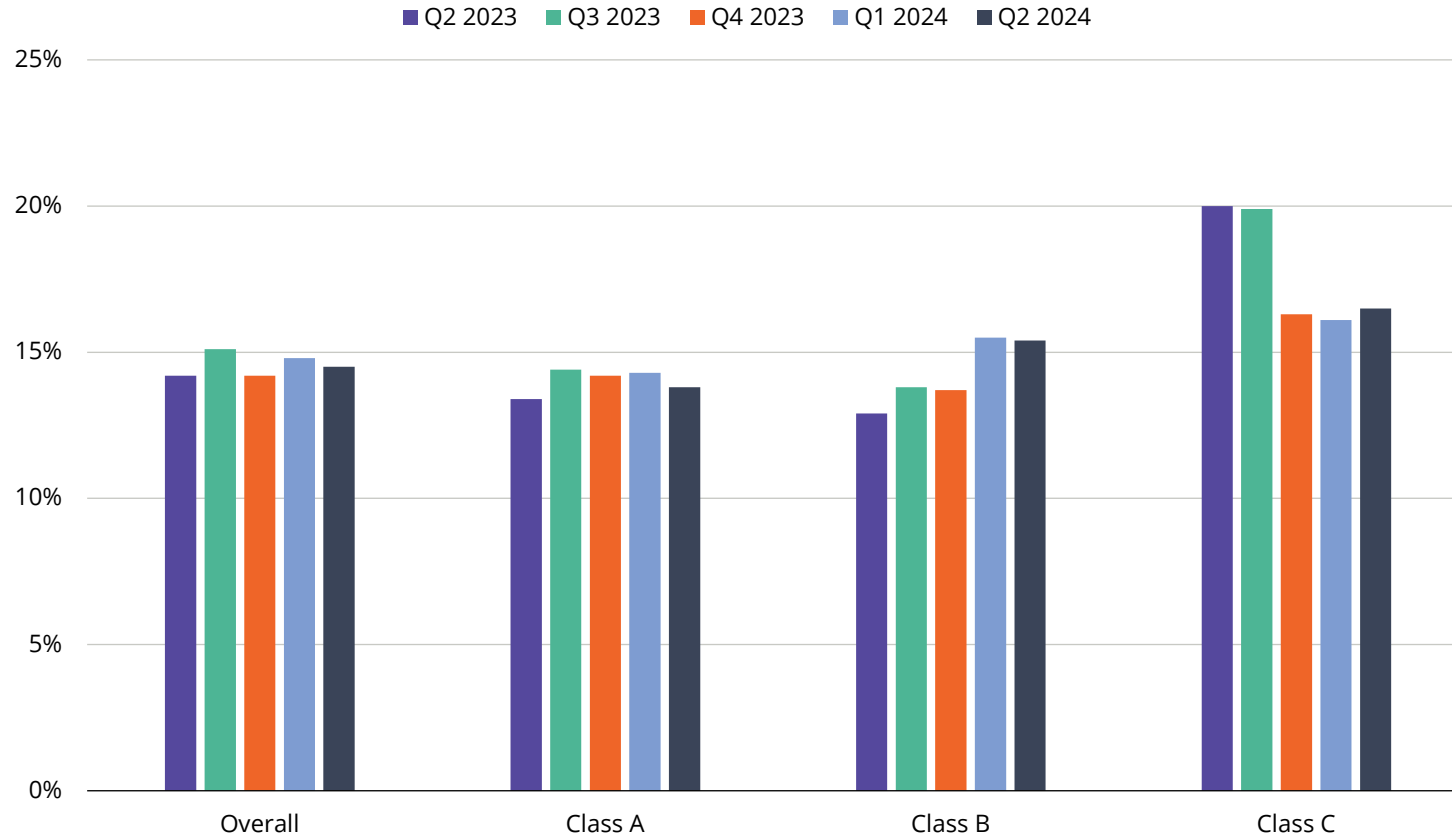
03

Continued decreased in class B and C vacancy rates expected to end

The vacancy rate has decreased due to the conversion of several class B and C office buildings to residential uses. We expect this trend will taper off as there are limited buildings left that meet the rigorous requirements for residential conversion. Activity will continue to soften in the class B and C markets as leasing velocity is limited and tenants focus on high-quality, amenity rich buildings.

Greater Ottawa office market indicators

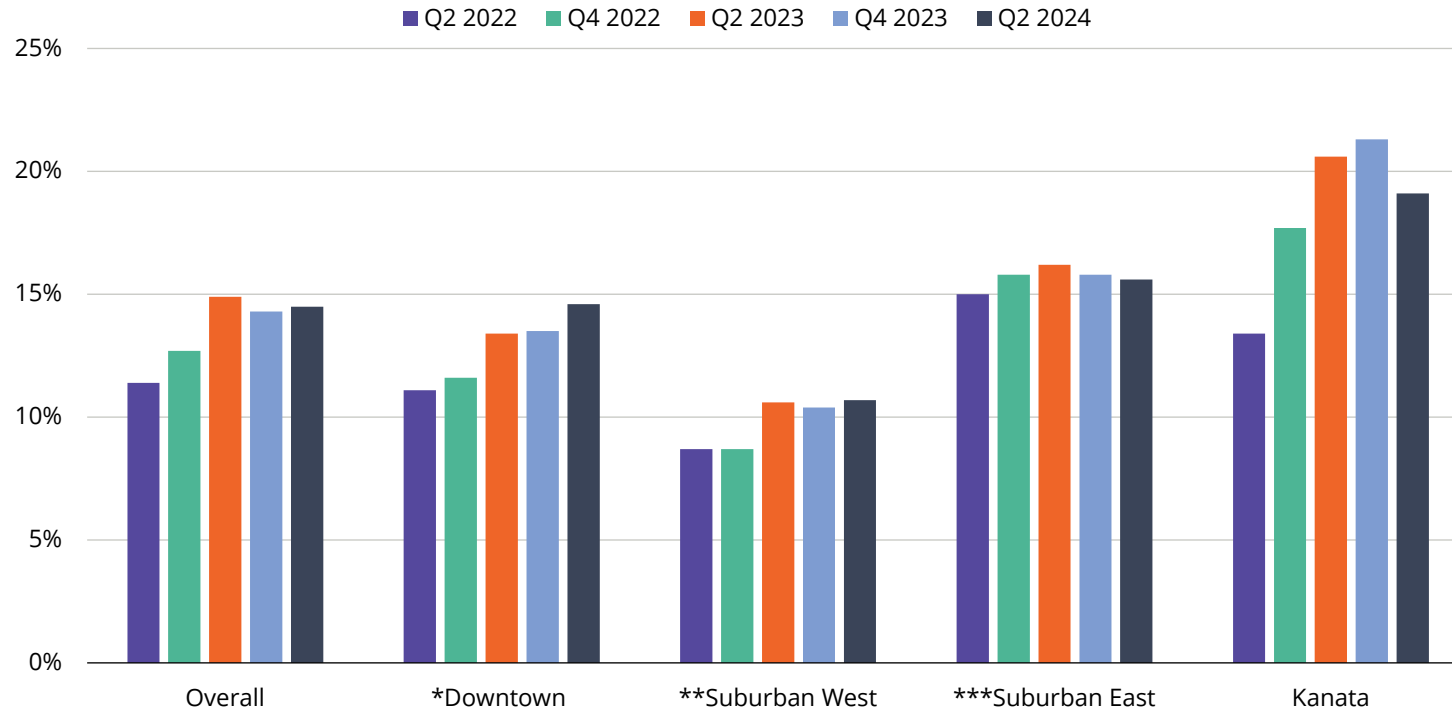
Availability rate by class



Class A availability has been trending slightly downward since Q3 2023.

Greater Ottawa office market indicators

Availability rate by sector



*Downtown includes the following: Byward market, Centertown, Downtown Core

**Suburban West includes the following: Nepean, Ottawa West

***Suburban Est includes the following: Gloucester, Ottawa Est

Suburban markets are recovering ahead of Downtown, especially in the West.

Greater Ottawa office market indicators

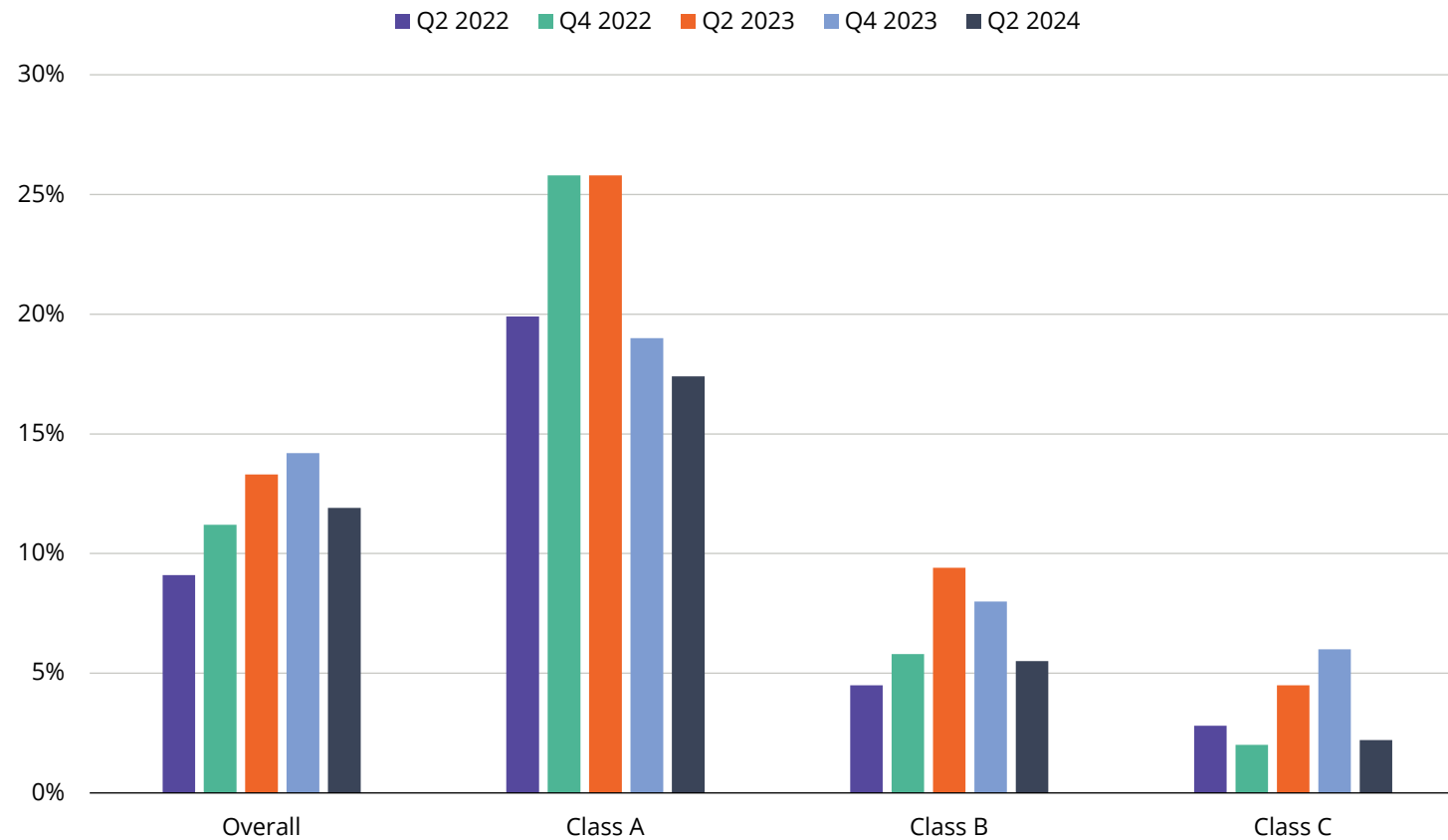
Direct and sublet availability (sf)



Sublet availability declined quarter-over-quarter, while direct availability remains relatively stable.

Greater Ottawa office market indicators

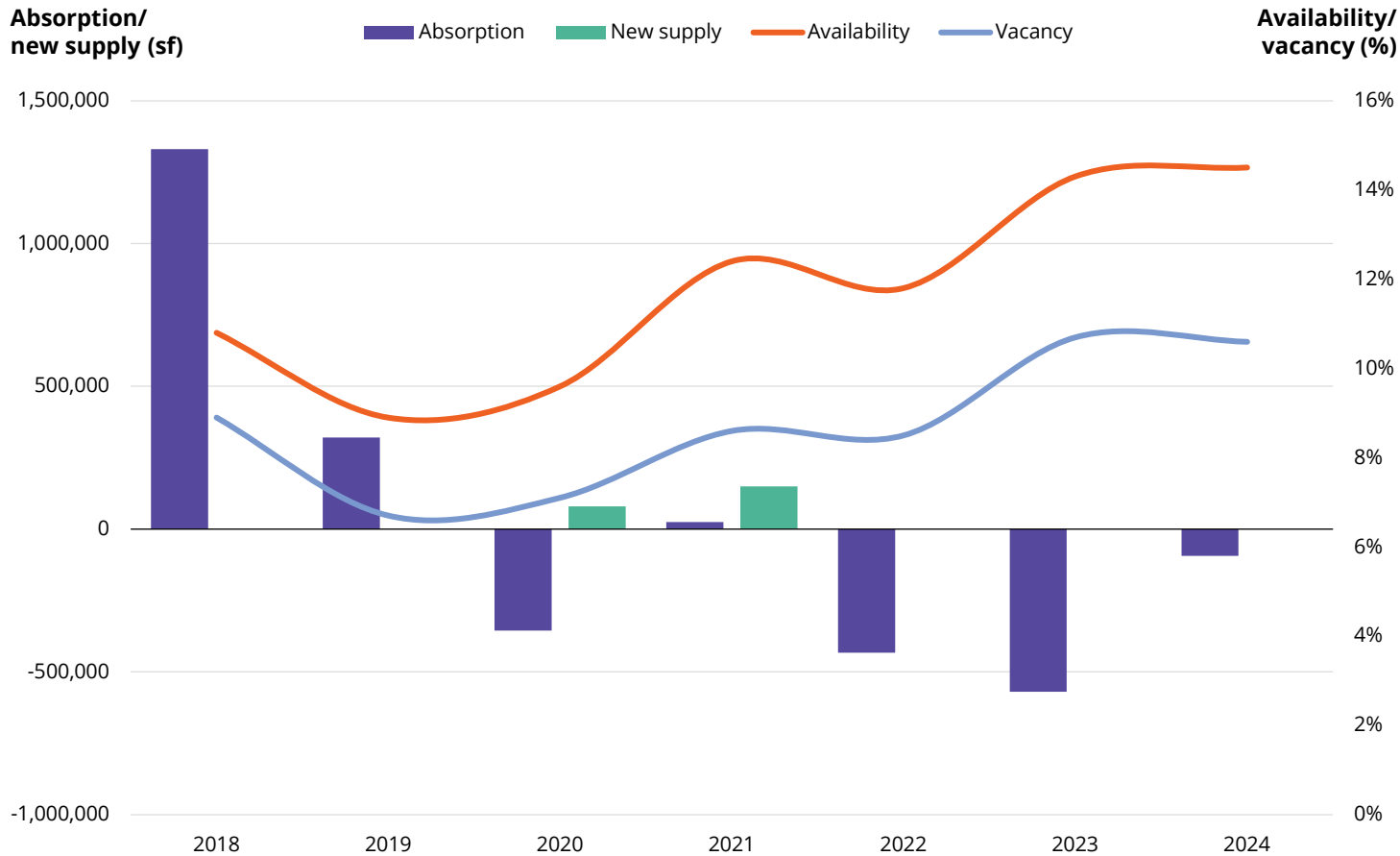
Sublet as a percentage of total availability by class



Sublet as a percentage of total availability declined across all asset classes, as sublet terms expire.

Greater Ottawa office market indicators

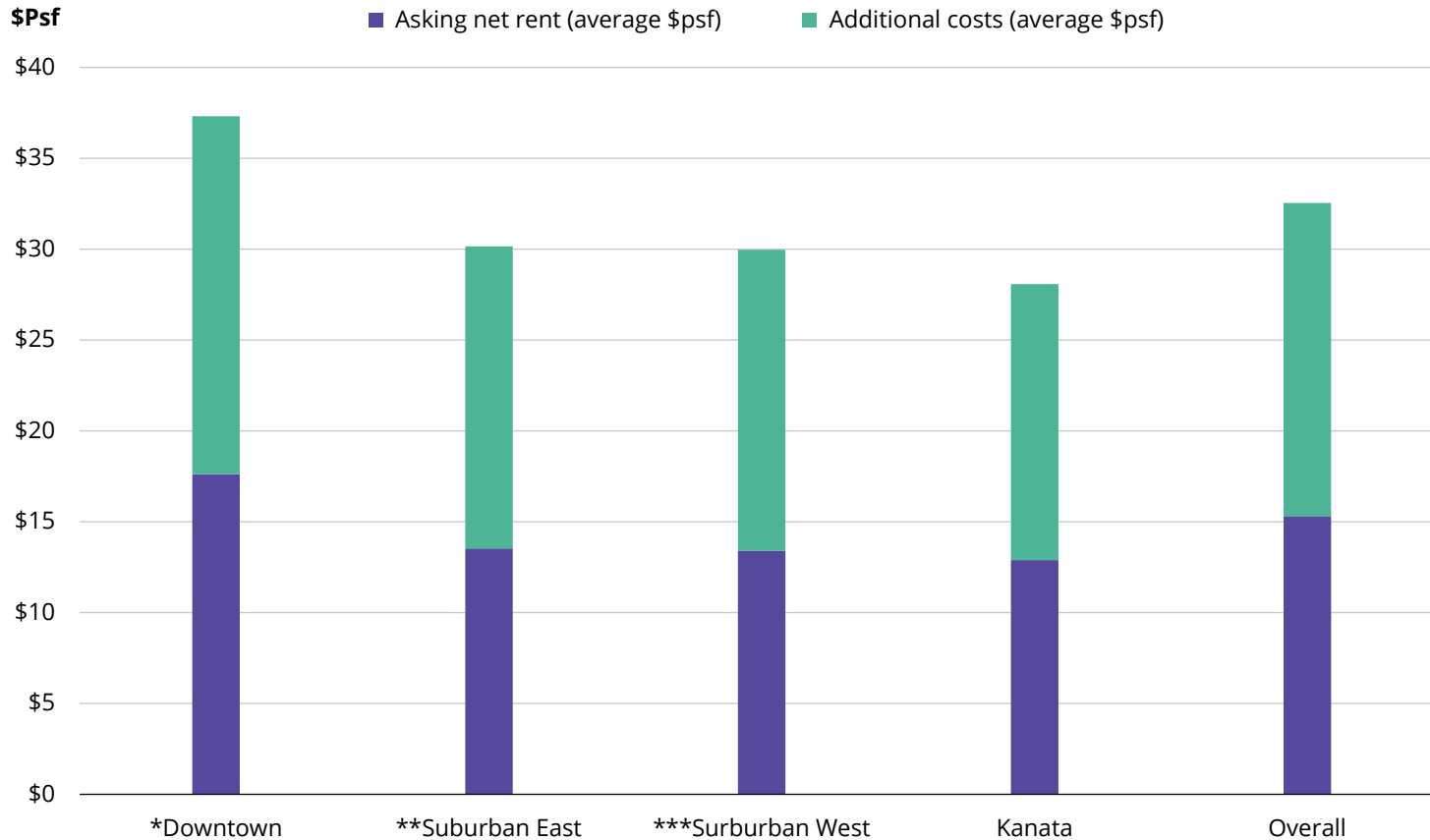
Historic office market trends



Lack of new supply is helping stabilize vacancy and availability.

Greater Ottawa office market indicators

Occupancy costs



*Downtown includes the following: Byward market, Centertown, Downtown Core

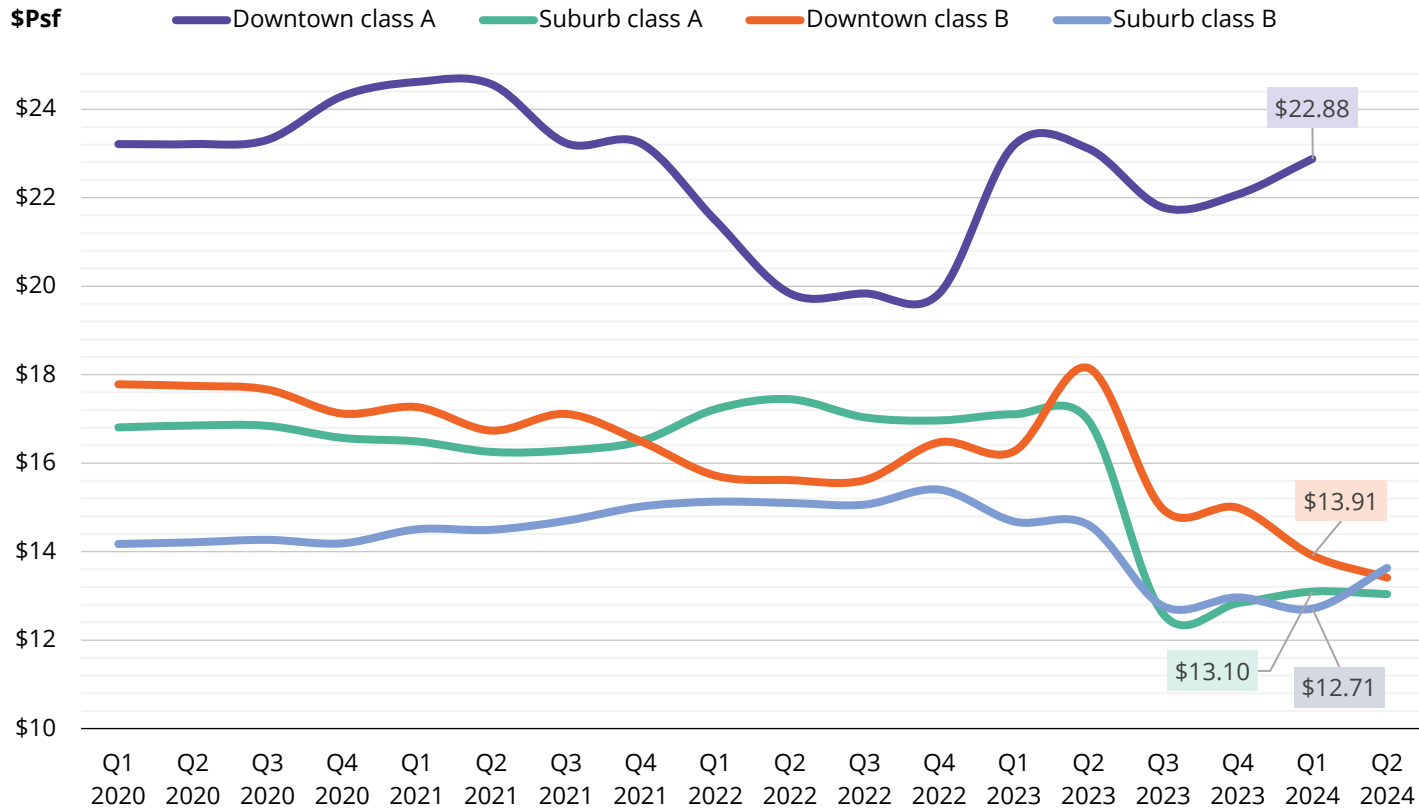
**Suburban Est includes the following: Gloucester, Ottawa Est

***Suburban West includes the following: Nepean, Ottawa West

The Downtown Core continues to record the highest rental costs, while Kanata observed the lowest occupancy costs.

Greater Ottawa office market indicators

Net asking rents



Downtown class A net asking rents have rebounded from the 2022 slump. Meanwhile, the gap widened with asking rents for other office classes.

Greater Ottawa office market statistics

Office market statistics by submarket

Submarket	Existing inventory (sf)	YTD deliveries (sf)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Q2 2024 net absorption (sf)	YTD net absorption (sf)
Downtown*	18,540,836	0	0	13%	1.7%	14.6%	(34,284)	(32,584)
Kanata	6,207,290	0	0	15.1%	3.7%	18.8%	(33,588)	61,301
Suburban West***	9,941,850	0	0	9.7%	1.2%	10.9%	(41,434)	(14,356)
Suburban East**	5,972,895	0	0	15%	0.7%	15.7%	15,086	6,437
Overall	40,662,871	0	0	12.8%	1.7%	14.5%	(94,220)	20,798

Office market statistics by asset class

Submarket	Existing inventory (sf)	YTD deliveries (sf)	Under development (sf)	Direct availability (%)	Sublet availability (%)	Total availability (%)	Q1 2024 net absorption (sf)	YTD net absorption (sf)
Class A	23,778,447	0	0	11.5%	2.3%	13.8%	(42,538)	(24,637)
Class B	13,934,264	0	0	14.5%	0.8%	15.4%	(36,943)	33,594
Class C	2,950,160	0	0	16%	0.4%	16.3%	(14,739)	11,841
Market total	40,662,871	0	0	12.8%	1.7%	14.5%	(94,220)	20,798

*Downtown includes the following: Byward market, Centertown, Downtown Core

**Suburban Est includes the following: Gloucester, Ottawa Est

***Suburban West includes the following: Nepean, Ottawa West

For more market insights and information visit **avisonyoung.ca**

Michael Church

Broker, Principal
+ 1 613 567 6634
michael.church@avisonyoung.com

Giorgio DiNardo

Sales Representative, Vice President
+ 1 613 696 2763
giorgio.dinardo@avisonyoung.com

David A. MacLeod

Sales Representative, Vice President
+ 1 613 696 2764
david.macleod@avisonyoung.com

Mahwish Qureshi

Sales Representative, Client Services &
Market Intelligence Coordinator
+ 1 613 696 2751
mahwish.qureshi@avisonyoung.com

Capital Markets Group

Graeme Webster

Broker, Principal
+ 1 613 567 3478
graeme.webster@avisonyoung.com

Jessica Thalen

Broker, Senior Associate, Brokerage Services
+ 1 613 696 2738
jessica.thalen@avisonyoung.com

Benjamin Burns

Sales Representative, Senior Associate
+ 1 613 696 2765
benjamin.burns@avisonyoung.com