



# Greater Ottawa office market report

Q3 2024

---

**AVISON  
YOUNG**

---

# Greater Ottawa Market area fundamentals

**14.5%**

total availability rate  
**stable since Q2 2024**

**9.2%**

sublet as a percentage of  
all available space  
**decreased by 2.7% from Q2 2024**

**\$32**

average gross asking rent  
per square foot (psf)  
**includes \$16.69 psf of  
average additional rent**

**5.9M**

square feet (sf) total area  
available for lease  
**no change since Q2 2024**

**77K**

sf absorption  
**year-to-date (YTD)**

**10.4%**

Downtown Ottawa vacancy rate  
**down by 0.2% from Q2 2024**

# Greater Ottawa office market trends

## 01

### Office vacancy rate stabilizes

Ongoing leasing activity in the Downtown and Suburban markets has continued the vacancy rate flattening observed since 2020. 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 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 positive absorption across the best quality assets.

## 02

### Sublease availability declines

The availability of fully improved office space for sublease continues to decrease in the core and inside the Greenbelt. High construction costs for newly built, turnkey spaces continue to drive tenants to sublease space at discounted rates. As more companies commit to return-to-office plans, the sublease market is expected to shrink as a proportion of overall vacancy, with higher demand sustaining the value of existing sublease options.

## 03

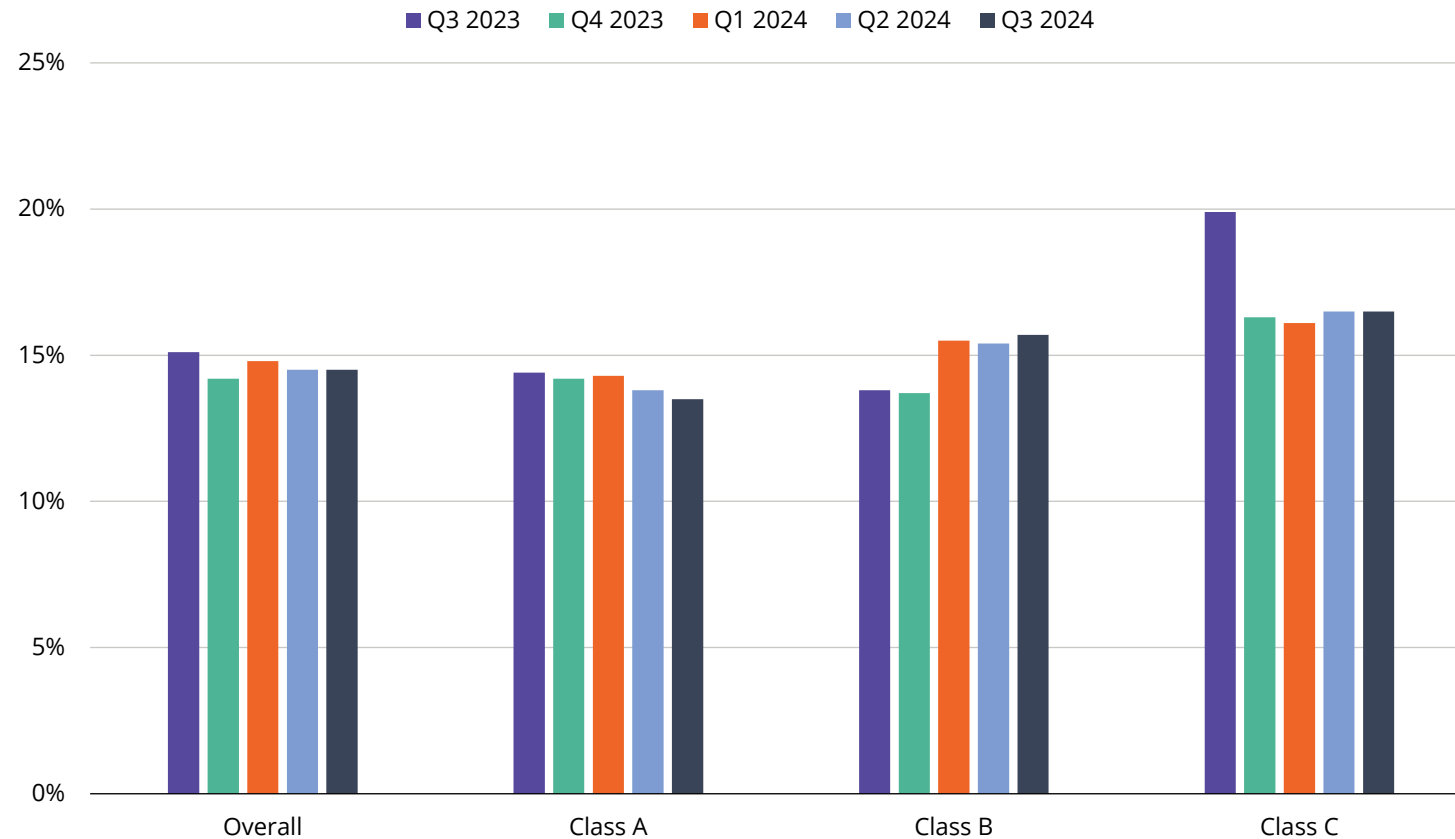
### Class B and C vacancy decline slows

As the tech sector emerges from the post-Covid precariousness, a landlord in Kanata moved forward with the office-to-residential conversion of an underperforming asset, capitalizing on this new trend that gained traction in the core.

This conversion alleviates the pressure in Kanata's competitive landscape, pushing vacancy rates down. However, this decrease in vacancy is artificially skewed due to the reduction in the office inventory. Companies relocating from 535 Legget Drive into other Kanata office properties resulted in a positive absorption in the sector.

# Greater Ottawa office market indicators

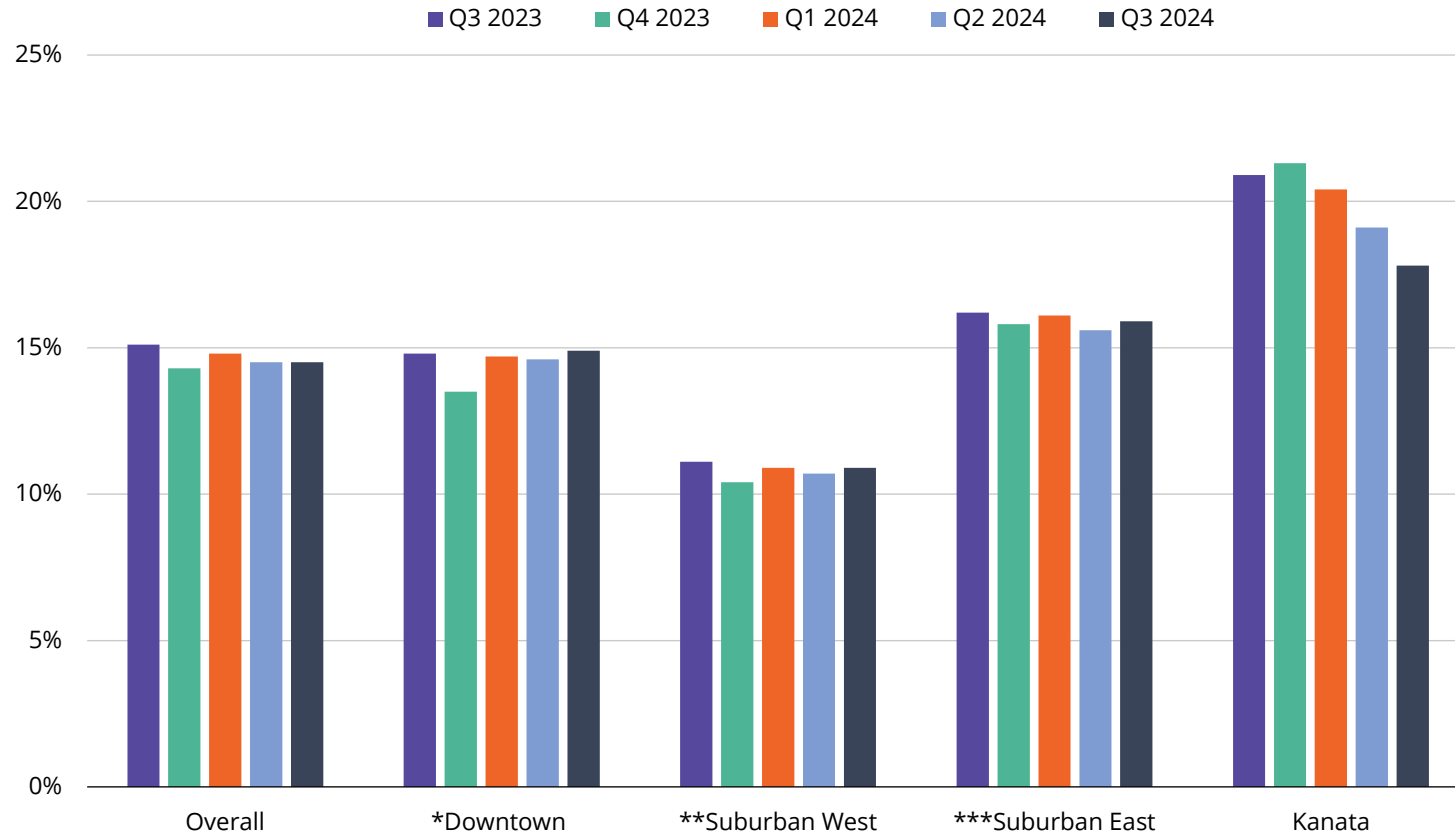
Availability rate by class



**Class A office space demand held steady, maintaining low availability rates.**

# 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

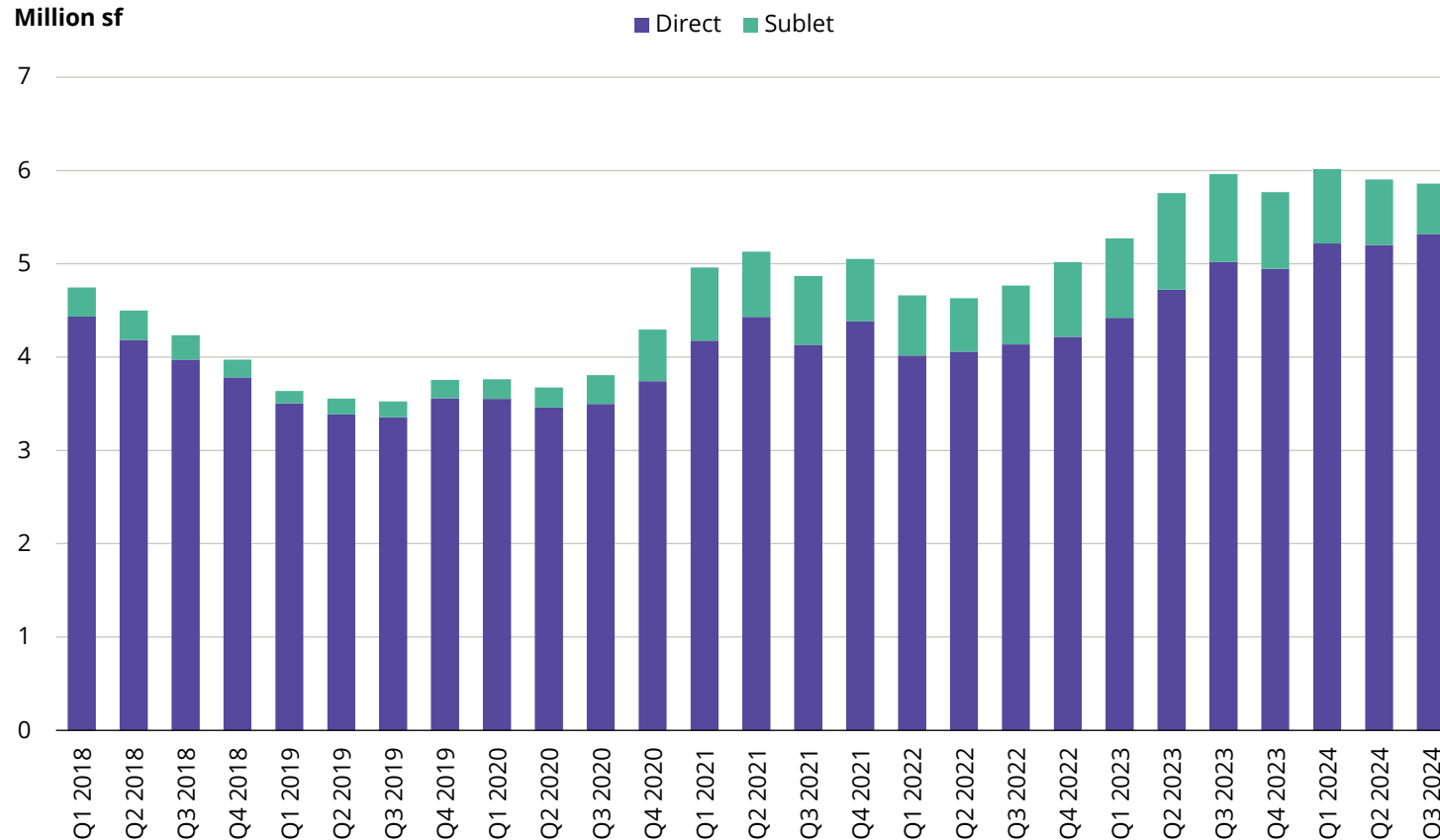
\*\*\*Suburban East includes the following: Gloucester, Ottawa Est

Source: AVANT by Avison Young

**Downtown markets observed a slow rise in availability rates, while Kanata experienced a decline.**

# Greater Ottawa office market indicators

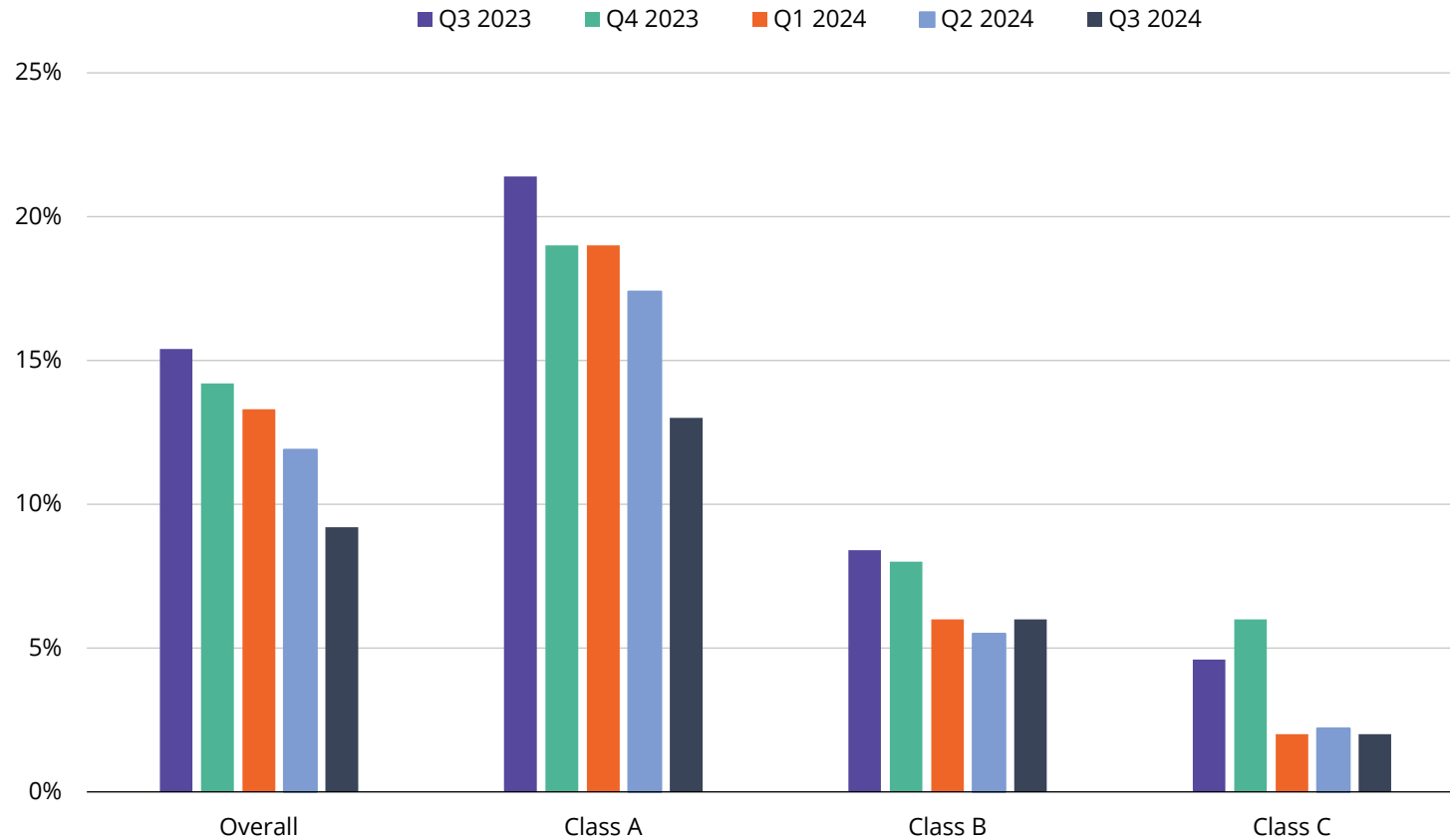
Direct and sublet availability (sf)



**While direct availability increased by 119,000 sf, sublet availability decreased by 160,000 sf due to return-to-office plans.**

# Greater Ottawa office market indicators

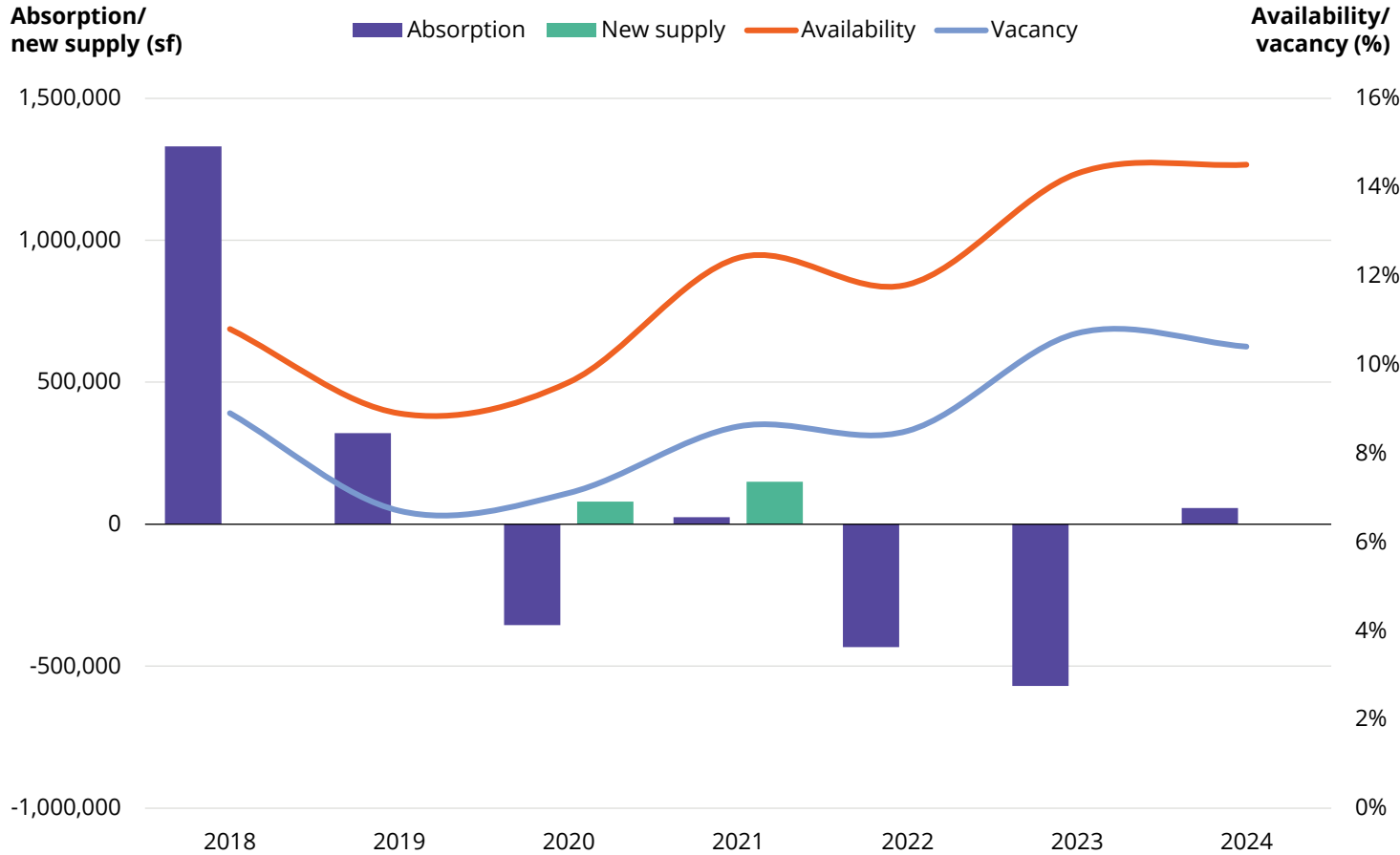
Sublet as a percentage of total availability by class



**Class B and C availability remained stable due to limited inventory adjustments, while high demand for quality spaces drove a decrease for class A.**

# Greater Ottawa office market indicators

## Historic office market trends

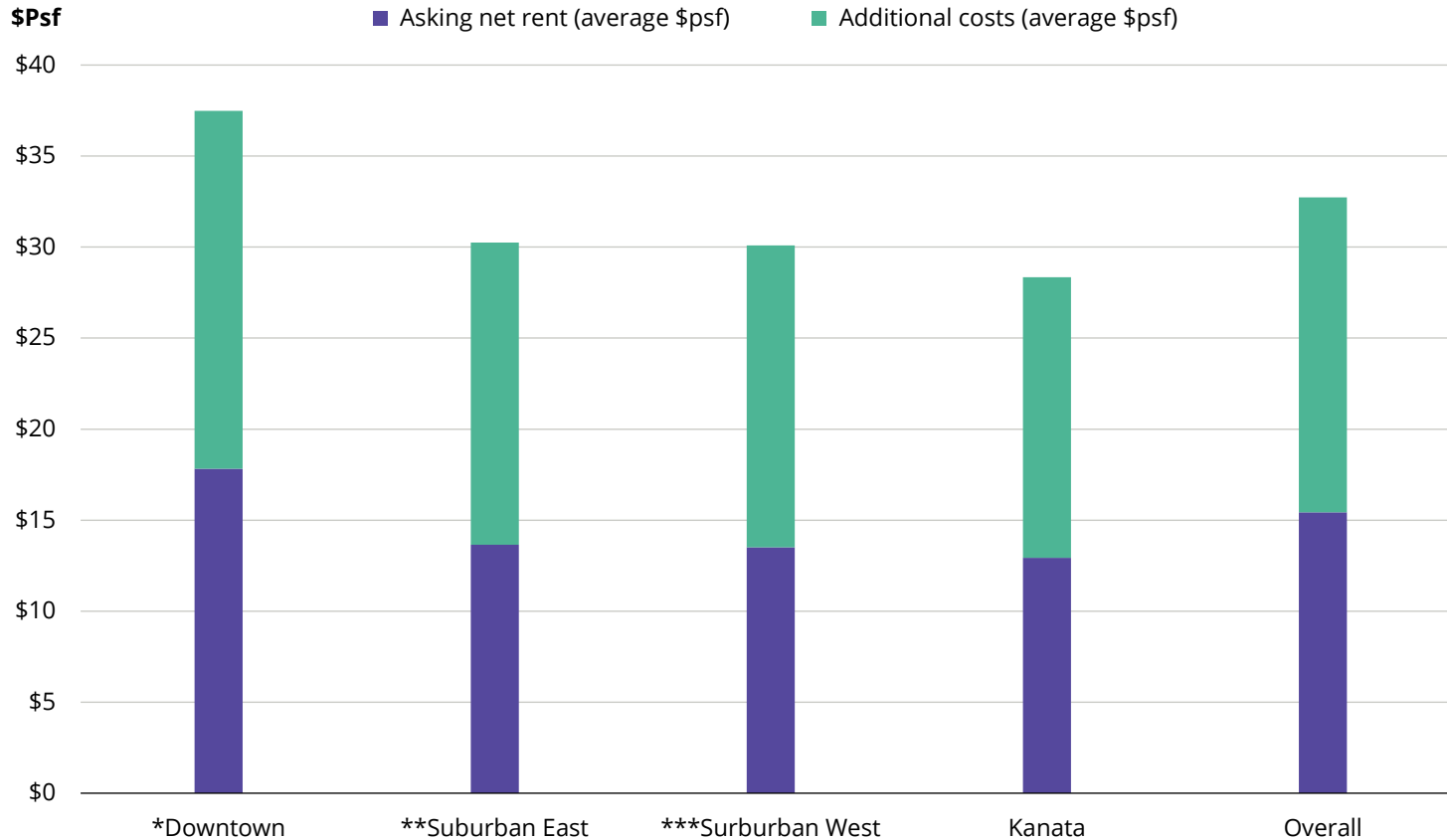


**Lack of new supply is helping stabilize vacancy and availability, while conversion projects increase absorption.**



# Greater Ottawa office market indicators

## Occupancy costs

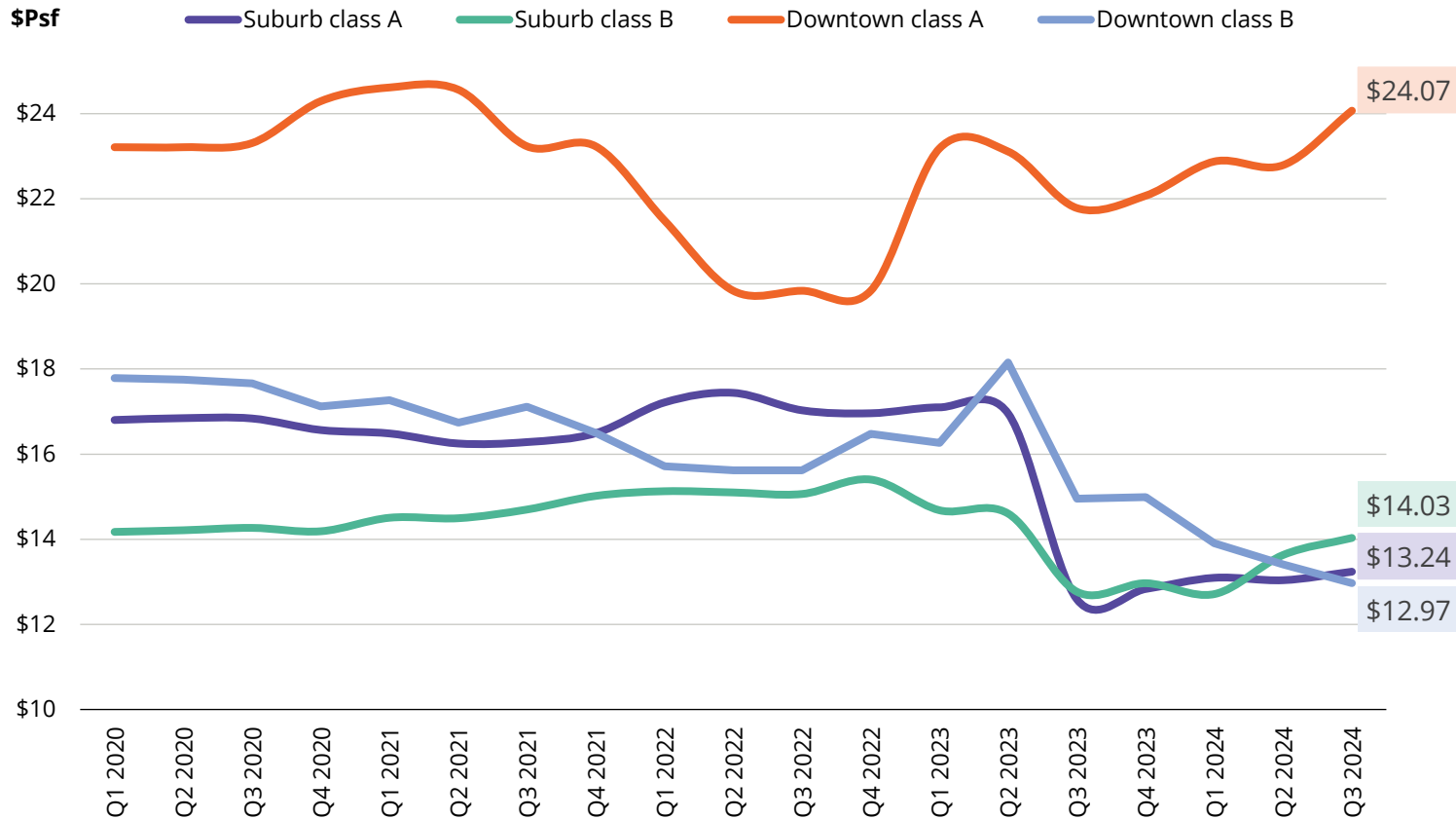


\*Downtown includes the following: Byward market, Centertown, Downtown Core  
\*\*Suburban East includes the following: Gloucester, Ottawa East  
\*\*\*Suburban West includes the following: Nepean, Ottawa West

**Downtown remains the most expensive for occupancy, while Kanata and suburban areas maintain more affordable rates.**

# Greater Ottawa office market indicators

## Net asking rents



**Downtown class A rents have steadily increased, while suburban class B rents stabilized, leading to a narrower gap across 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 (%)	Q3 2024 net absorption (sf)	YTD net absorption (sf)
Downtown*	18,499,836	0	0	13.2%	1.6%	14.9%	(142,103)	(174,687)
Kanata	6,066,591	0	0	16.5%	1.2%	17.8%	216,482	277,783
Suburban West***	9,941,850	0	0	9.6%	1.4%	10.9%	(41,735)	(56,091)
Suburban East**	5,972,895	0	0	15.4%	0.4%	15.9%	23,904	30,341
<b>Overall</b>	<b>40,481,172</b>	<b>0</b>	<b>0</b>	<b>13.1%</b>	<b>1.3%</b>	<b>14.5%</b>	<b>56,548</b>	<b>77,346</b>

## 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	23,637,748	0	0	11.8%	1.7%	13.5%	53,871	29,234
Class B	13,934,748	0	0	14.9%	0.9%	15.7%	(1,048)	32,546
Class C	2,909,160	0	0	16.2%	0.2%	16.5%	3,725	15,566
<b>Market total</b>	<b>40,481,172</b>	<b>0</b>	<b>0</b>	<b>13.1%</b>	<b>1.3%</b>	<b>14.5%</b>	<b>56,548</b>	<b>77,346</b>

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

\*\*Suburban East includes the following: Gloucester, Ottawa East

\*\*\*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

**Ryan Brunner**

Client Services &  
Market Intelligence Coordinator  
+ 1 613 696 2768  
ryan.brunner@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