



Q2 2024

# Ottawa

## Office Market Report



### Net Absorption

This Quarter

210K SF

12-Month Absorption

766K SF

Previous Quarter

101K SF

5-Year Quarterly Avg.

-98K SF

### Availability

This Quarter

13.5%

Year-over-Year

↓ 84 bps

### Asking Net Rent

This Quarter\*

\$17.02 PSF

Year-over-Year

↓ 0.2%

### Development

Under Construction

72K SF

New Supply

0 SF

\*Weighted Average  
Colliers Macaulay Nicolls Inc., Brokerage

### Market Outlook

Ottawa's office market has seen a surge in leasing activity in the first half of 2024. After prolonged deliberation post-pandemic, tenants have begun to execute their post-crisis office accommodation plans. The overall vacancy rate has decreased for four consecutive quarters, with this quarter dropping 51 basis points (bps) to 11.5%, driven by 210,482 square feet of positive net absorption.

This quarter, the Downtown submarket saw a 52-bps decline in vacancy rates to 10.7%, driven by 93,438 square feet of positive net absorption. Professional service groups are right-sizing while seeking flight-to-quality spaces, with an increasing interest in building amenities. Associations and non-profits with government contracts are also looking for new spaces, alongside an uptick in groups moving from co-working spaces. There is still strong demand for turnkey spaces, with model suites leasing quickly. As a result, the Downtown Class A vacancy decreased by 89 bps to 7.7%, with 108,274 square feet of positive net absorption this quarter.

The Suburban market saw positive net absorption of 117,044 square feet, as the vacancy rate declined by 11 bps to 12.1%, mainly due to leasing activity in all submarkets except South Ottawa.

Ottawa East witnessed improving leasing activity for the second consecutive quarter, with several new deals and a significant renewal. This quarter, the overall vacancy

rate in East Ottawa decreased by 113 bps to 13.4%, driven by a positive net absorption of 17,041 square feet.

The Kanata submarket continues to see the most suburban leasing activity this quarter, with new lease deals and renewals. Many Kanata-based companies are expanding due to new contract awards. Consequently, the Kanata vacancy rate decreased by 101 bps to 12.2%, recording 88,485 square feet of positive net absorption, mostly in Class A buildings. Additionally, the trend of converting office spaces into residential units has emerged in Kanata. KRP Properties announced plans to convert 535 Legget Drive, a 10-storey, 24-year-old, 140,669-square-foot building, into rental apartments this quarter.

Ottawa's return-to-office rate remains notably behind other major Canadian office markets but is showing signs of improvement. Currently, it operates at 73% of its pre-COVID occupancy levels. In comparison, Toronto has improved to 89%, while Vancouver and Montreal sit at 77%. Downtown Ottawa's occupancy levels have been trending upward this year, now at 62%, up from 36% in Q4 2023. By contrast, Kanata has stabilized at 80% of pre-COVID occupancy levels. We expect downtown occupancy levels to continue to trend higher in the last half of 2024, particularly with the Federal Government mandating that public servants return to the office a minimum of three days per week starting in September 2024.

Accelerating success.

Market Outlook

Market Overview

Market Statistics

Transaction Highlights

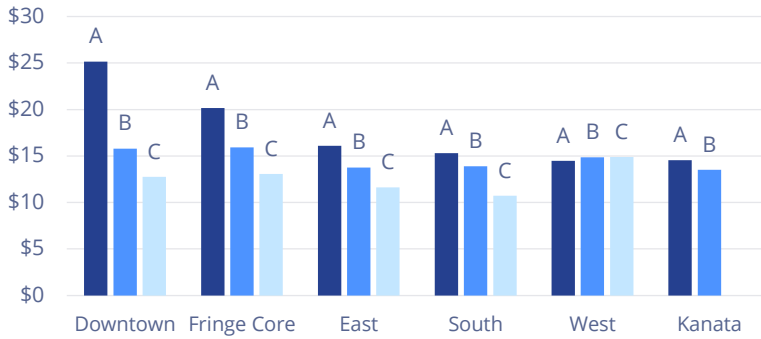
Contact

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# Market Overview

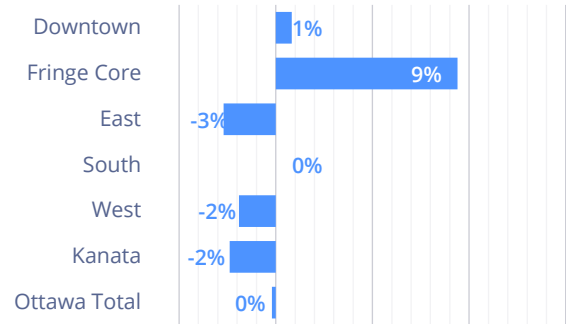
## 01 Rental Rates by Building Class

Weighted Average Asking Net Rent (PSF)



## 02 Rental Rate Growth\*

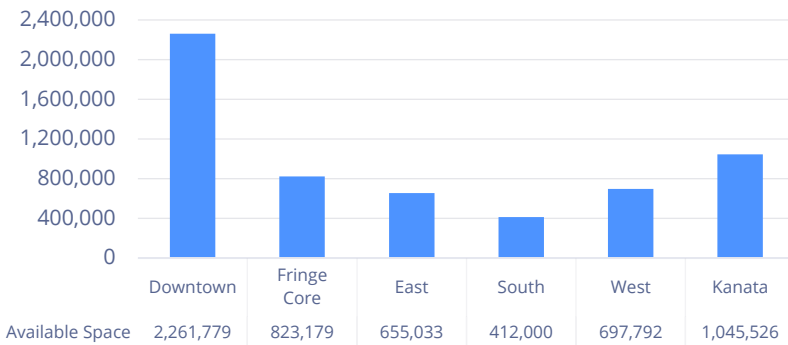
By Market | Q2 2023 – Q2 2024



\* Weighted Average Asking Net Rent

## 03 Available Space by Market

Total Square Feet (SF)



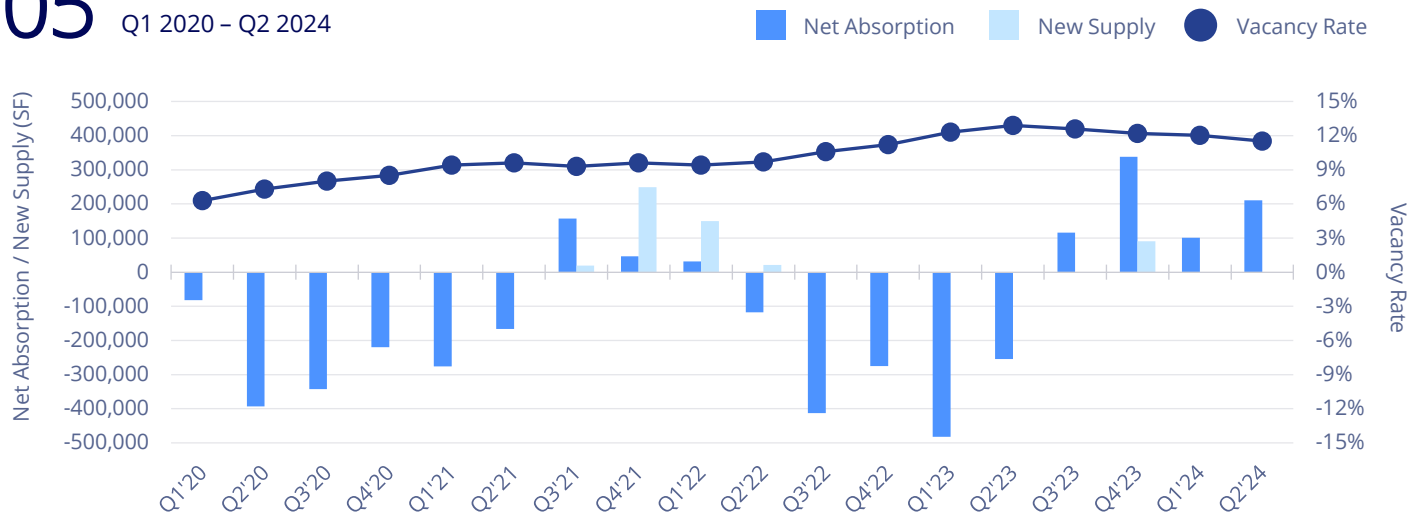
## 04 Availability Rate

By Market | Q2 2023 – Q2 2024

Downtown	12.6%	↓	from 14.3% Q2'23
Fringe Core	19.6%	↑	from 17.6% Q2'23
East	14.6%	↑	from 14.3% Q2'23
South	7.9%	↓	from 8.3% Q2'23
West	13.7%	↓	from 14.7% Q2'23
Kanata	15.0%	↓	from 17.2% Q2'23
<b>Ottawa Total</b>	<b>13.5%</b>	<b>↓</b>	<b>from 14.4% Q2'23</b>

## 05 Historical Overview

Q1 2020 – Q2 2024



# Market Statistics

	Class	# of Bldgs	Total Inventory (SF)	Total Vacant Space (SF)	Vacancy Rate	Direct Available Space (SF)	Sublease Available Space (SF)	Total Available Space (SF)	Availability Rate	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Wgt. Avg. Asking Net Rent (PSF)	Wgt. Avg. Asking Gross Rent (PSF)	
Downtown	Total	A	38	12,231,183	939,803	7.7%	1,014,778	203,158	1,217,936	10.0%	108,274	0	0	\$25.15	\$48.59
		B	34	4,755,835	730,048	15.4%	763,618	26,419	790,037	16.6%	-11,444	0	0	\$15.79	\$33.23
		C	19	902,994	243,684	27.0%	253,806	0	253,806	28.1%	-3,392	0	0	\$12.75	\$27.45
	<b>Total</b>	<b>91</b>	<b>17,890,012</b>	<b>1,913,535</b>	<b>10.7%</b>	<b>2,032,202</b>	<b>229,577</b>	<b>2,261,779</b>	<b>12.6%</b>	<b>93,438</b>	<b>0</b>	<b>0</b>	<b>\$20.08</b>	<b>\$40.73</b>	
Suburban	Fringe Core	A	20	1,702,943	288,353	16.9%	244,313	63,680	307,993	18.1%	13,317	0	0	\$20.1	\$41.98
		B	37	1,786,294	452,729	25.3%	424,306	36,248	460,554	22.6%	-16,335	0	0	\$15.69	\$31.77
		C	27	704,721	50,376	7.1%	54,632	0	54,632	7.8%	24,411	0	0	\$13.06	\$30.33
		<b>All</b>	<b>84</b>	<b>4,193,958</b>	<b>791,458</b>	<b>18.9%</b>	<b>723,251</b>	<b>99,928</b>	<b>823,179</b>	<b>19.6%</b>	<b>21,393</b>	<b>0</b>	<b>0</b>	<b>\$17.13</b>	<b>\$41.98</b>
	East Ottawa	A	34	3,078,479	523,376	17.0%	534,252	38,992	573,244	18.6%	18,956	0	0	\$16.09	\$35.18
		B	21	1,086,876	56,545	5.2%	59,048	0	59,048	5.4%	-6,784	0	0	\$13.77	\$30.02
		C	9	317,226	19,122	6.0%	21,561	1,180	22,741	7.2%	4,869	0	0	\$11.61	\$26.61
		<b>All</b>	<b>64</b>	<b>4,482,581</b>	<b>599,043</b>	<b>13.4%</b>	<b>614,861</b>	<b>40,172</b>	<b>655,033</b>	<b>14.6%</b>	<b>17,041</b>	<b>0</b>	<b>0</b>	<b>\$15.71</b>	<b>\$34.39</b>
	South Ottawa	A	24	2,383,786	85,431	3.6%	114,327	0	114,327	4.8%	2,743	0	0	\$15.29	\$30.81
		B	61	2,214,957	217,468	9.8%	277,563	11,248	288,811	13.0%	-17,487	0	0	\$13.90	\$28.42
		C	19	620,747	8,862	1.4%	8,862	0	8,862	1.4%	-2,000	0	0	\$10.72	\$23.86
		<b>All</b>	<b>104</b>	<b>5,219,490</b>	<b>311,761</b>	<b>6.0%</b>	<b>400,752</b>	<b>11,248</b>	<b>412,000</b>	<b>7.9%</b>	<b>-16,744</b>	<b>0</b>	<b>0</b>	<b>\$14.22</b>	<b>\$28.99</b>
	Ottawa West	A	40	3,119,595	381,926	12.2%	389,928	85,623	475,551	15.2%	7,345	0	0	\$14.48	\$31.52
		B	47	1,489,763	141,588	9.5%	150,016	0	150,016	10.1%	3,097	0	0	\$14.86	\$33.03
		C	25	473,073	56,451	11.9%	72,225	0	72,225	15.3%	-3,573	0	0	\$14.89	\$30.05
		<b>All</b>	<b>112</b>	<b>5,082,431</b>	<b>579,965</b>	<b>11.4%</b>	<b>612,169</b>	<b>85,623</b>	<b>697,792</b>	<b>13.7%</b>	<b>6,869</b>	<b>0</b>	<b>0</b>	<b>\$14.62</b>	<b>\$31.74</b>
	Kanata	A	59	4,293,105	456,523	10.6%	466,565	72,237	538,802	12.6%	87,885	0	72,000	\$14.55	\$30.82
		B	41	2,661,179	391,389	11.3%	506,724	0	506,725	19.0%	600	0	0	\$13.51	\$25.04
		<b>All</b>	<b>100</b>	<b>6,954,284</b>	<b>757,932</b>	<b>10.9%</b>	<b>973,289</b>	<b>72,237</b>	<b>1,045,526</b>	<b>15.0%</b>	<b>88,485</b>	<b>0</b>	<b>72,000</b>	<b>\$14.01</b>	<b>\$27.81</b>
		<b>Total</b>	<b>464</b>	<b>25,932,744</b>	<b>3,130,139</b>	<b>12.1</b>	<b>3,324,322</b>	<b>309,208</b>	<b>3,633,530</b>	<b>14.0%</b>	<b>117,044</b>	<b>0</b>	<b>72,000</b>	<b>\$15.14</b>	<b>\$31.76</b>
<b>Ottawa Total All</b>	<b>555</b>	<b>43,822,756</b>	<b>5,043,674</b>	<b>11.5%</b>	<b>5,356,524</b>	<b>538,785</b>	<b>5,895,309</b>	<b>13.5%</b>	<b>210,482</b>	<b>0</b>	<b>72,000</b>	<b>\$17.02</b>	<b>\$34.87</b>		

# Transaction Highlights

## Notable Lease Transactions

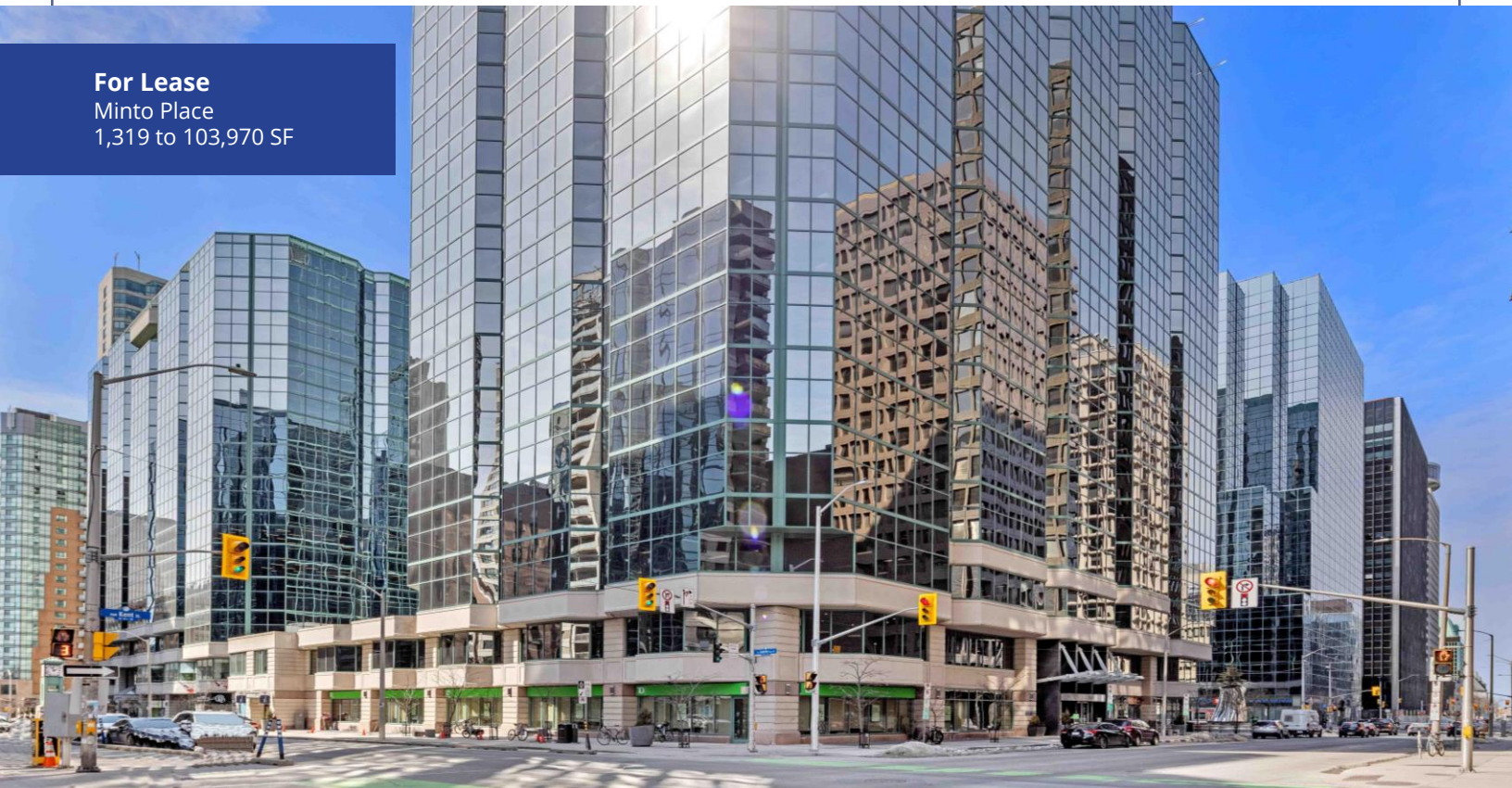
Tenant	Building Name / Address	Market	Lease Type	Size (SF)
March Networks	Stealth Building / 303 Terry Fox Drive	Kanata	Renewal	41,693
Confidential	Ciena Building / 5050 Innovation Drive	Kanata	Sub Lease	34,102
ADGA	21 Fitzgerald Road	Ottawa West	Head Lease	21,327
Campaigner	319 McRae Avenue	Ottawa West	Head Lease	10,700
Wellington-Altus Private Wealth	One 60 Elgin / 160 Elgin Street	Downtown	Head Lease	7,420

## Notable Sales Transactions

Building Name / Address	Market	Size (SF)	Sale Price	Purchaser	Purchaser Profile
1600 Carling Avenue	Ottawa West	183,272	\$27,000,000	Regional Group	Private Investor - Canadian
1601 Telesat Court	East Ottawa	223,291	\$16,100,000	Devcore Group	Private Investor - Canadian
106 Colonnade Road	South Ottawa	37,283	\$5,700,000	Alsmi Properties Inc.	Private Investor - Canadian
2465 St. Laurent Boulevard	South Ottawa	44,000	\$4,700,000	1000769240 Ontario Inc.	Private Investor - Canadian

### For Lease

Minto Place  
1,319 to 103,970 SF



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## For more information on the Ottawa Office Market, please contact:

**Warren Wilkinson**  
Senior Managing Director,  
Ottawa  
+1 613 683 2207  
[warren.wilkinson@colliers.com](mailto:warren.wilkinson@colliers.com)

**Adam Jacobs**  
Head of Research,  
Canada  
+1 437 836 0491  
[adam.jacobs@colliers.com](mailto:adam.jacobs@colliers.com)

**Leo Lee**  
Director, National Research  
Operations | Canada  
+1 416 620 2839  
[leo.lee@colliers.com](mailto:leo.lee@colliers.com)

**Max Shapinko**  
Research Operations  
Specialist | Canada  
+1 416 791 7256  
[max.shapinko@colliers.com](mailto:max.shapinko@colliers.com)

### Report Author:

**Paul Mullin**  
Senior Research Analyst  
+1 613 683 2215  
[paul.mullin@colliers.com](mailto:paul.mullin@colliers.com)

### Report Contributor:

**Florentina Satmari**  
Market Data Coordinator  
+1 416 791 7250  
[florentina.satmari@colliers.com](mailto:florentina.satmari@colliers.com)

Colliers Canada | Ottawa  
Colliers Macaulay Nicolls Inc.  
99 Bank Street, Suite 1005  
Ottawa, ON, K1P 6B9  
+1 613 567 8050

[collierscanada.com/research](https://collierscanada.com/research)



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