

Quarterly Snapshot

↑ Average Rent
\$24.95/SF

↑ Vacancy
5.0%

↓ Net Absorption
-784,230 SF

Occupier's Perspective

The market remains tenant favorable as vacancy and availabilities drift higher, pushing landlords to increase incentives like rent abatements while holding firm on face rates.

Tenants will need to be reasonable in build-out expectations due to the Bank of Canada increasing interest rates.

Space available for sublease is increasing, placing pressure on landlords of direct space available to lease remain competitive on rates.

The Ottawa office market is struggling with demand as the sector waits for occupiers to determine their plans for hybrid work models. The result is likely weaker leasing fundamentals compared to historic trends. Older, less amenitized buildings will suffer the most as wider trends to newer spaces/buildings that offer amenities that employers are looking for in order to incentivize workers back to the office.

In December, the Federal government announced a return-to-office for civil servants, with public sector employees expected to work a minimum of 2 to 3 days week in the office. Compared to other Canadian office markets. Availability sits at just over 7 percent, compared to more than 12 percent nationally. Additionally, the construction pipeline is limited, meaning additional new inventory will not upset current market fundamentals.

Looking forward, the office market is bracing for further reductions in office utilization as the Federal government considers effective space usage. However, these reductions will likely be phased over a period of years, softening the blow to the market.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Syntronic Research & Development	69,000 SF	Kanata North	Renewal & Expansion	Office
Wind River	58,000 SF	West/Kanata	New Lease	Office & Lab
RBC Dominion Securities	29,954 SF	CBD	Renewal	Office
Prontoforms	27,243 SF	Kanata	Renewal	Office

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
25.3%	▲	\$28.23	Westchase
17.3%	▼	\$28.79	Sugar Land
21.2%	▼	\$29.66	Katy Fwy West
27.7%	▲	\$30.86	Galleria/West Loop
21.6%	▼	\$31.79	Greenway Plaza
11.9%	▼	\$33.11	The Woodlands
7.6%	▼	\$36.68	Katy Fwy East
22.7%	▼	\$37.00	CBD