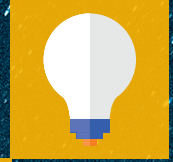


Ottawa Office





2024 Office Market Insight

Q1-2024



cresa 

Market overview

 <p>Supply</p> <p>44,754,930 SF</p>	 <p>Availability</p> <p>13.6%</p>	 <p>Net Rent</p> <p>\$17.40/SF</p>	 <p>QoQ Absorption</p> <p>104,511 SF</p>
Arrows Indicate QoQ Change			

“
It’s crucial for tenants to understand that the listed asking rent often serves as a starting point for negotiations. The final agreed-upon rent, or effective rent, frequently deviates downwards from the initial asking price, reflecting tenant-friendly concessions and incentives.
 ”

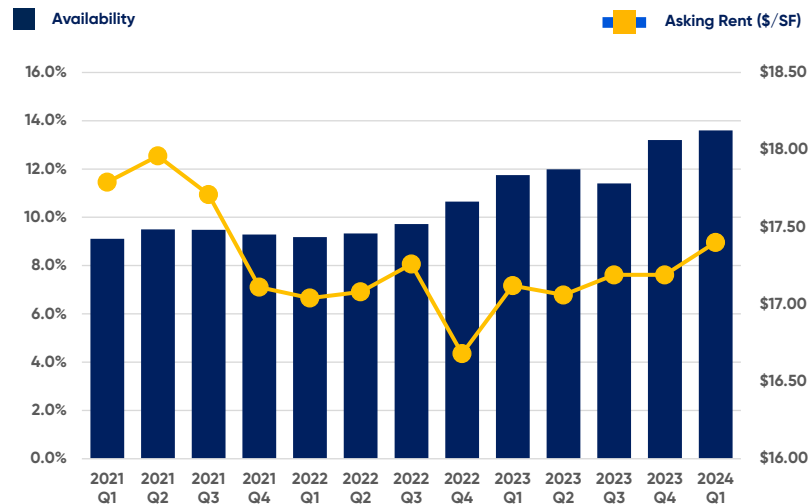


200 Elgin Street | Photography: CoStar

Market trends

The Ottawa office market in Q1-2024 demonstrates a complex landscape, with an availability rate maintaining at 13.6%, reflecting a slight increase of 40 basis points from the previous quarter. Despite the ongoing challenges in the post-pandemic recovery, the market recorded a positive net absorption of +104,511 square feet, indicating a modest uptick in occupancy. Correspondingly, the average net rent increased by 122 basis points to \$17.40 per square foot as landlords have maintained or even increased asking base rents for several reasons, including a strategic desire to present stronger financials to banks for loan considerations, despite the high availability rate.

Historical asking rent & availability



This quarter’s activity is influenced by significant structural shifts, including the conversion of traditional office spaces into residential units. Notable developments include the transformation of 200 Elgin St into a multifamily residential complex and the planned redevelopment of the former Telesat headquarters into three high-rise buildings. The federal government’s strategic decision to divest \$1.1 billion in office holdings over the next decade may underscore a persistent trend toward office-to-residential conversions. The recent suspension of the CMHC campus project on Montreal Road, coupled with the sublease of approximately 50,000 square feet in Building B to Montfort Hospital, further highlights this trend. While the status of Building A remains uncertain, these actions collectively indicate a shifting landscape where office spaces are being repurposed to meet evolving demands. Furthermore, the implementation of the Government of Canada’s directive published on May 1st, mandating a minimum of three days of office presence per week for all public servants could stabilize or potentially increase the demand for office space.

Market movement

Notable transactions

Tenant	Address	Size (SF)	Type
Thales Canada	500 Palladium Drive	128,051	Direct
Salvation Army	102 Bill Leathem Drive	35,615	Direct
Canadian Commercial Corporation	350 Albert Street	21,343	Direct
Confidential	1900 City Park Drive	17,741	Direct
Purecolo	3755 Riverside Drive	15,265	Direct

Investment sales

Address	Buyer	Price/SF	Size (SF)
181 Queen Street	Federal Government of Canada	\$500.00	250,614
1600 Carling Avenue	The Regional Group	\$147.32	183,272
1601 Telesat Court	Devcor Group	\$74.91	214,921



1600 Carling Avenue | Photography: CoStar



181 Queen Street | Photography: CoStar

Submarket Movement

Submarket	Market Size (SF)	Availability (%)	Asking Base Rent (\$/SF)	Net Absorption (SF)
CBD	13,755,931	15.3	\$19.56	-46,331
Fringe-core	6,396,578	14.9	\$18.34	-44,419
East	6,258,951	10.8	\$15.53	154,777
West	9,554,648	5.8	\$15.64	68,435
Kanata	7,027,769	14.0	\$14.37	37,403

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Office market predictions

- 1 Bifurcation of Office Space:** We anticipate a growing bifurcation in the office market, where premium, well-located, and modernized office spaces will continue to attract tenants, leading to relatively stable or increasing rents. In contrast, older and less strategically located properties may face
- 2 Increase in Conversions and Repurposing:** The trend of converting office buildings into residential or mixed-use properties is expected to accelerate, driven by persistent high vacancy rates and changing lifestyle preferences. This shift will particularly affect buildings that are not competitive in the bifurcated market, enhancing the demand for residential units in urban areas
- 3 Market Trends Favouring Tenants:** Recent trends, including shifts towards remote working and an increased focus on cost-efficiency by businesses, have sustained the pressure on landlords to offer more attractive terms. These market conditions reinforce the tenant-friendly nature of the current office space market in Ottawa.

Project highlight

FPAC.ca

99 Bank St
CBD

Industry:

Forestry

Size:

6,268 SF

Services:

Transaction Management and
Project Management

Architect:

Lemay

Photography:

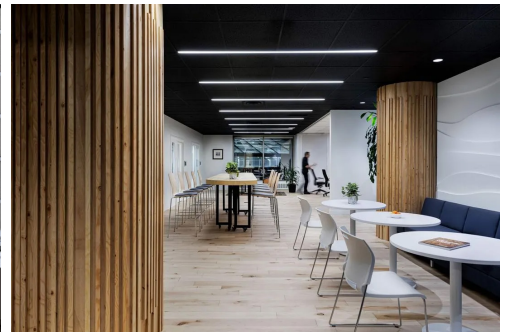
Claude-Simon Langlois

FPAC 2023 Annual Report:



The successful relocation of the FPAC, Canadian Wood Council (CWC), and National Lumber Grades Authority (NLGA) headquarters this year marks a significant milestone for providing an optimal work environment for staff. The space, designed by Lemay Architecture and Design, incorporates wood and wood-based materials contributed and was thoughtfully designed to boost creativity, productivity, and to showcase the full journey of Canadian forest products – from forestry to wood construction.

This concept naturally extends to the materiality, where wooden wall and floor finishes, acoustic panels, and textures have been designed and selected for the office so that it can reap the benefits of wood in architecture and design – strength and stability alongside soothing and stress-reducing biophilic qualities, promoting air quality, softening sounds, and sustainability. The contemporary office captures the comforts of a home office through three areas that align with forestry: ‘forest’ meeting rooms that reflect movement and collaboration in an ecosystem, ‘trees’ in open work areas for focused work, and ‘wood’ hybrid workspaces for innovation and ad-hoc brainstorming sessions like the patterns found in the material’s grain.



About Cresa Ottawa

For more than 30 years, Cresa has served as an objective, stable business partner to commercial tenants. We join our clients' teams, working to align their business plans and their real estate needs, increase their productivity, and consistently save them money — results that have earned us numerous industry awards along the way. Our team of real estate advisors, project managers, strategic planners, analysts, and space planners listen to occupiers' needs, meticulously research market conditions, firmly negotiate terms, and manage the design and construction of projects to customize the best possible occupancy solutions.

Our Services

At Cresa, we offer an integrated suite of real estate services to clients across a wide range of industries. Regardless of location, we provide the very best talent the industry has to offer, lending our unique insight and professional expertise to help reduce costs and further enhance your business operations.

- Transaction Management
- Project Management
- Lease Administration

Our full suite of integrated services allows us to offer customized, end-to-end real estate solutions. From site selection and workplace strategy to construction and move management, our team of experts is here to help you every step of the way.

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Social



Check out our social media channels to stay up on current market trends and availability.

Cresa is in Your Corner.

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