



Cresa Ottawa

Market Insight Report 2025

Ottawa Overview

Q3 2025



Market Overview

Ottawa's office market in Q3 2025 continued to experience elevated vacancy and negative absorption, reflecting persistent hybrid work trends and cautious tenant decision-making.

Vacancy rose to approximately 13.3%, up from Q2, while quarterly net absorption remained negative at around -295,000 square feet, signaling ongoing softness in demand. Despite these challenges, Ottawa remains more resilient than many Canadian markets due to its strong public sector presence.

Average asking net rent held steady at \$17.40 per square foot, with Downtown Class A space commanding premiums near \$24.20 per square foot. A notable trend shaping the market is the flight-to-quality, as tenants prioritize turnkey Class A spaces in prime locations. Meanwhile, office-to-residential conversions are accelerating, removing 1.3M–1.6M square feet of older inventory from the downtown core, which is expected to help stabilize vacancy over the medium term.

Return-to-office mandates from the Ontario government and the City of Ottawa are gradually influencing demand, though transit reliability issues remain a barrier to full downtown recovery. Overall, Q3 underscores a division between modern, well-located assets and aging stock, with landlords competing aggressively through incentives and flexible terms to attract tenants.

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
13.4%	0.9% ▲	\$24.20	Central Business District (CBD)
22.3%	0.1% ▲	\$17.42	Centretown-Byward
9.7%	-0.4% ▼	\$15.27	East Central
10.4%	-0.4% ▼	\$14.95	Tunneys Pasture
10.6%	0.2% ▲	\$14.58	West Central
14.3%	-0.3% ▼	\$13.89	Kanata

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The Occupier's Perspective

Number of Availabilities



1. Landlord Incentives Under Pressure

With Ottawa's office vacancy climbing to 13.3% and net absorption remaining negative at -295,000 square feet, landlords are under increasing pressure to offer competitive inducements. This is most evident in the downtown core, where organizations are pursuing a flight-to-quality strategy, concentrating demand in Class A buildings while older assets struggle. Larger landlords are providing aggressive packages, including extended free rent and substantial tenant improvement allowances, whereas smaller landlords, constrained by limited capital, cannot match these concessions.

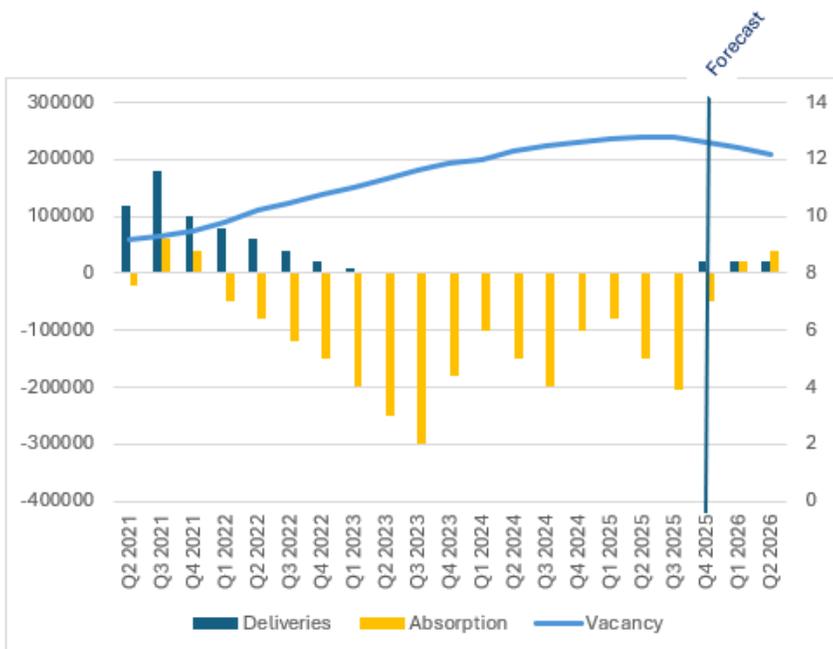
2. Demand for Pre-Built Spaces Intensifies

High construction costs and limited availability of skilled trades continue to make custom build-outs expensive and time-consuming. As a result, tenants are prioritizing turnkey solutions, such as model suites, sublease opportunities, and spaces with significant improvement allowances. This trend reflects a desire to mitigate upfront costs and accelerate occupancy timelines, particularly as organizations seek flexibility amid economic uncertainty.

3. Queensway Corridor Maintains Competitive Advantage

Properties along the Queensway Corridor are reporting lower vacancy rates compared to the downtown core, supported by greater landlord concessions and strategic relocations closer to employee residential areas. This submarket's accessibility and parking availability make it attractive for companies aiming to improve commute convenience and encourage staff to return to the office.

New Construction and Absorption



About Cresa Ottawa

For more than 16 years, Cresa Ottawa 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.

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