



Cresa Ottawa

# Office Market Insight Report

2026

# Ottawa Overview

Q1 2026



## Market Overview – Q1 2026

Ottawa’s office market softened further in Q1 2026, with overall vacancy rising to 12.9% and availability climbing to 15.1% as several large, previously anticipated federal and suburban vacancies returned to the market. Net absorption totaled –372,170 SF, reflecting the continued impact of space rationalization, hybrid work policies, and delayed occupancy decisions among larger public-sector users.

Despite weaker headline absorption, pricing fundamentals remained resilient. Average net asking rent in the Submarkets noted below edged higher to \$17.09 PSF, underscoring landlords’ confidence in well-positioned assets. Downtown Class A buildings continued to command a premium, with asking rents for well-located, modern assets generally in the low-to-mid \$20s PSF, above the CBD’s weighted average.

The market also benefited from ongoing supply-side adjustments, as several aging and functionally obsolete office buildings advanced toward residential conversion. While these removals have yet to fully offset new vacancy additions, they continue to play a meaningful role in improving Ottawa’s long-term supply-demand balance.

Submarket performance was uneven. East Ottawa remained relatively stable, supported by smaller-format leasing activity, while South Ottawa recorded notable vacancy gains following large federal move-outs. Kanata experienced increased short-term volatility as sizable blocks of space returned to market, though long-term fundamentals remain supported by technology, defence, and institutional occupiers. Across all submarkets, tenant demand is increasingly concentrated in turnkey, amenity-rich Class A space, reinforcing a widening divide between modern assets and older inventory requiring repositioning or redevelopment.

## Submarket Movement

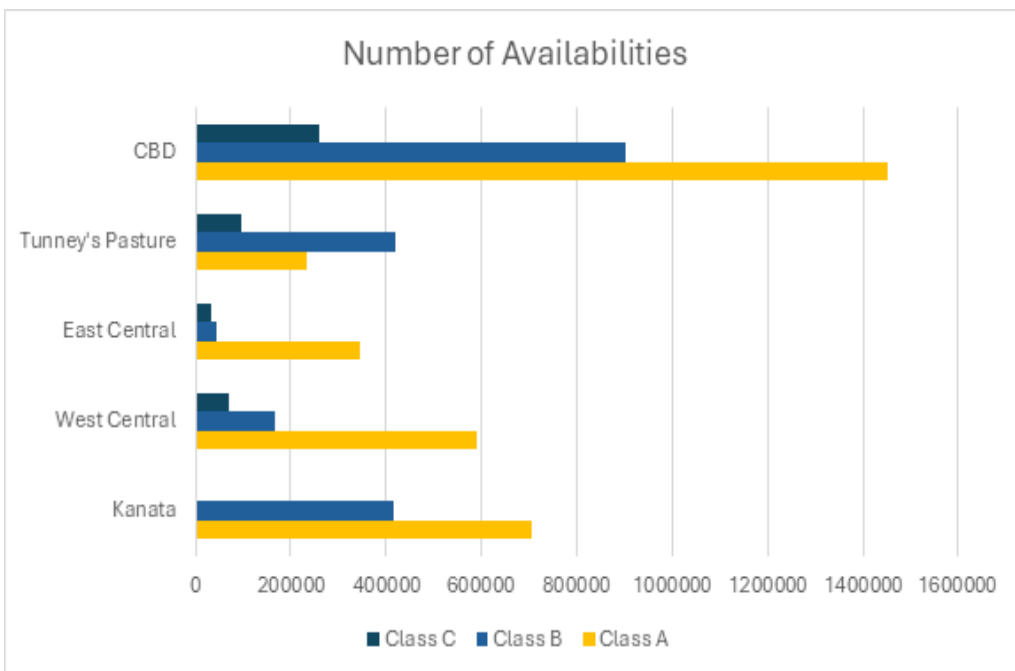
Vacancy Rate	QOQ Change	Direct Asking Net Rent (\$/SF)	Submarket
14.7%	+1.4%▲	\$19.75	Central Business District (CBD)
19.0%	+5.8%▲	\$16.98	Centretown-Byward
9.3%	-0.3%▼	\$15.98	East Central
18.6%	-1.0%▼	\$15.66	Tunneys Pasture
14.2%	+7.2%▲	\$14.80	West Central
16.1%	+1.2%▲	\$14.04	Kanata

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## The Occupier's Perspective

### Number of Availabilities



### 1. Incentives Expand as Vacancy Rises

Ottawa's office vacancy increased to 12.9% in Q1 2026, with net absorption totaling -372,170 SF as large federal and suburban blocks returned to the market. Availability rose to 15.1%, prompting landlords to lean further into turnkey solutions, enhanced incentives, and flexible lease structures, particularly in Class A assets, where demand remains most resilient.

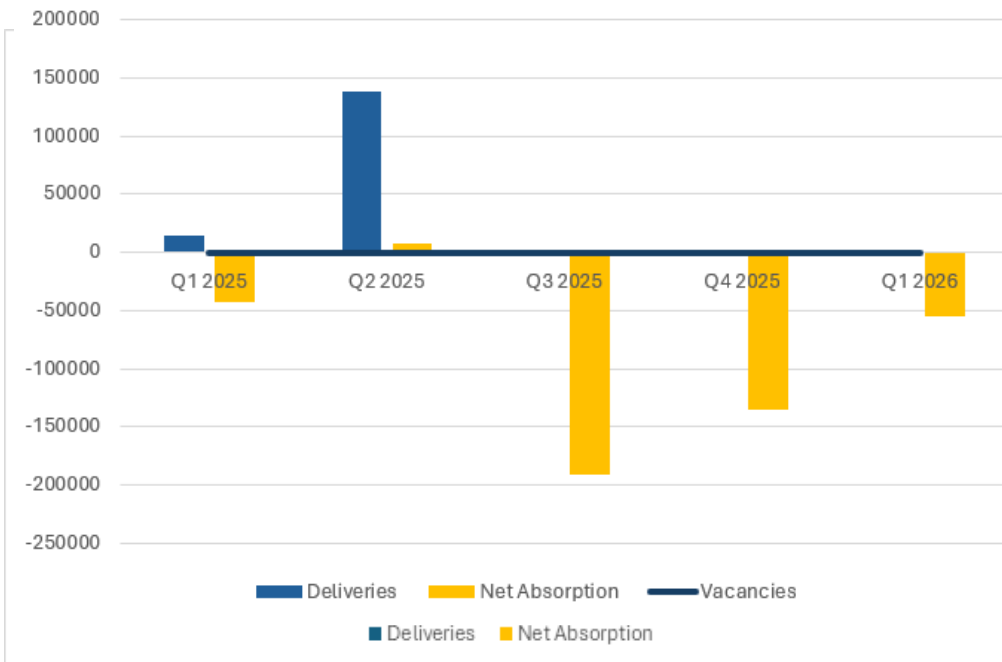
### 2. Turnkey Demand Remains Strong

High construction costs and longer build-out timelines continued to push occupiers toward model suites, pre-built space, and move-in-ready options. Tenants prioritized speed to occupancy, cost certainty, and functional layouts, reinforcing outperformance among newer, well-capitalized buildings over older inventory.

### 3. Submarket Conditions Diverge

Submarket performance was uneven. East Ottawa remained stable, while South Ottawa and Ottawa West saw vacancy increase following major government move-outs. Kanata experienced short-term volatility, with vacancy rising to 16.1%, though longer-term fundamentals remain supported by technology and defence occupiers. Across the city, demand continues to favor amenity-rich, well-located Class A space, widening the gap with older stock.

### 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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