

Large block spaces drive vacancy upward as federal office mandate commences

▲ 15.0%
Vacancy Rate

▲ -120K
SF Net Absorption

▶ 0K
SF Under Construction

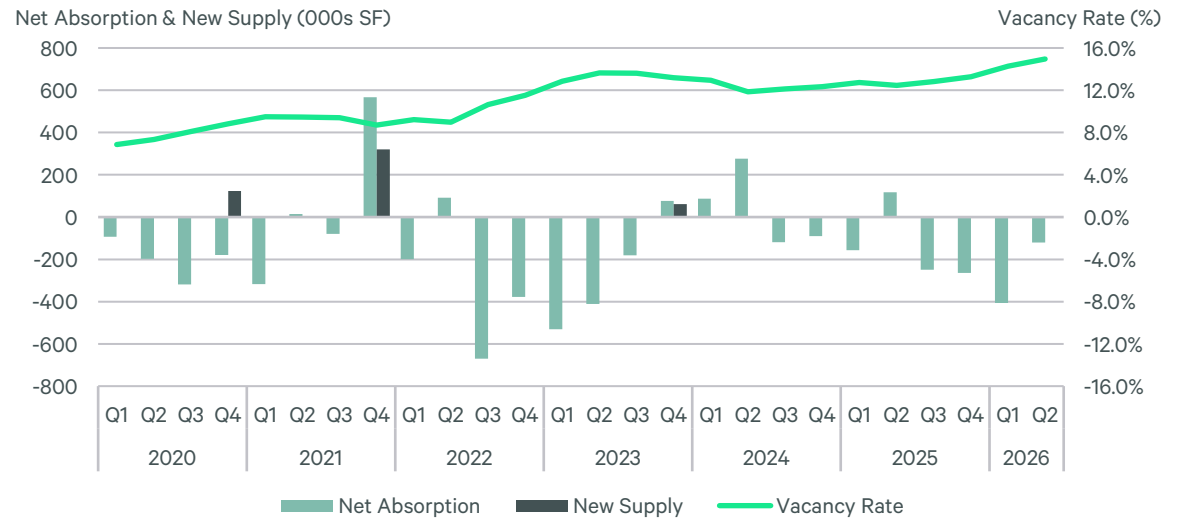
▼ \$17.23
PSF Net Asking Rental Rate

Note: Arrows indicate change from previous quarter.

Market Summary

- Ottawa’s office market vacancy rate rose by 70 basis points (bps), rising from 14.3% to 15.0%. This equates to 120,000 sq. ft. of negative net absorption, marking Ottawa’s fourth consecutive quarter of increasing office vacancy. Net asking rents in both Central and Suburban offices have remained resilient and have not seen any considerable drop from Q1 2026 despite the increasing vacancy. This can be attributed to owners having confidence that they can receive fair market value for their space in the upcoming quarters.
- In regard to the federal government, executives have started to work in-office five days per week as of May 2026 with the remainder of employees slated to return for a minimum of four days per week starting in July. Despite some concerns regarding the quantity of space available, the federal government has continued to vacate space across the city.
- The office-to-residential pipeline has seen some shifts as the former Telesat headquarters at 1601 Telesat Court has been relisted on the market. The 215,000 sq. ft. building was acquired by Devcore Group in April 2024. It was originally set to be converted into a residential building and was subsequently removed from the market. It has since been reconsidered and has been recently listed for lease.

FIGURE 1: Ottawa Office Market Fundamentals



Source: CBRE Research, Q2 2026.

Office vacancy rate continues upward trajectory

Ottawa’s office vacancy rate rose by 70 bps to 15.0% as a result of 120,000 sq. ft. of negative net absorption. This continued a trend of Ottawa’s rising office vacancy, culminating at a market-high level in Q2 2026. Notable vacancies include the remainder of 2323 Riverside Drive being listed by the CRA and Veterans Affairs as well as the 216,000 sq. ft. office building at 1601 Telesat Court being re-listed for lease after originally being slated for residential conversion in 2024. Offsetting this rise were the Co-operators Group leasing 53,000 sq. ft. of space at the former Giant Tiger Headquarters at 2480 Walkley Road and PureLogic IT Solutions leasing 33,000 sq. ft. of space at 1145 Innovation Drive.

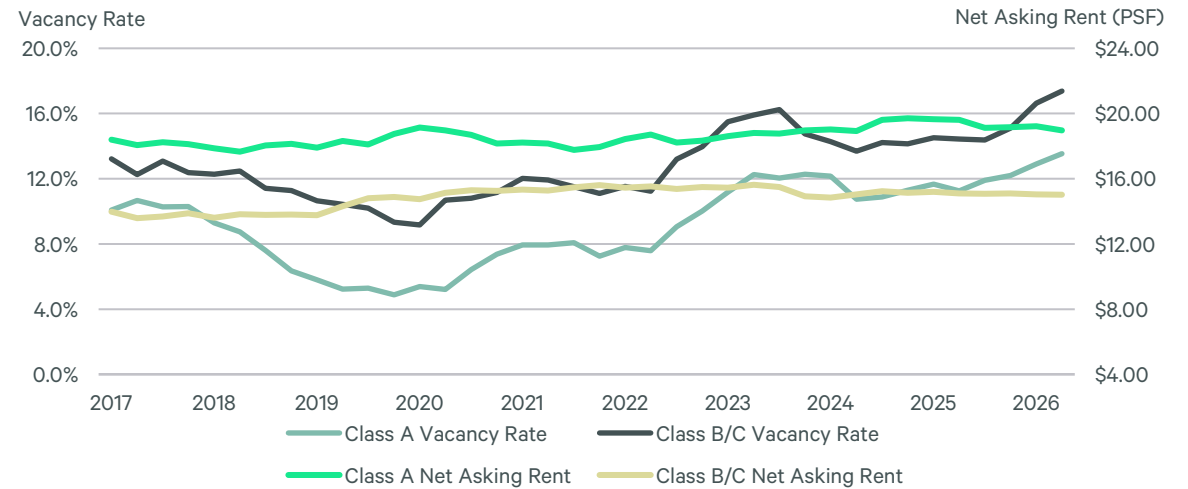
The rise in vacancy was split relatively evenly between Class A buildings and Class B/C buildings with Class A vacancy rising by 60 bps to 13.5% and Class B/C vacancy rising by 80 bps to 17.4%. Net asking rents have slightly softened in Class A buildings, dropping \$0.25 from \$19.22 per sq. ft. to \$18.97 per sq. ft. whereas Class B/C buildings have seen negligible change, dropping \$0.02 from \$15.04 per sq. ft. to \$15.02 per sq. ft.

Despite some concerns of rising vacancies, there has been continued optimism for leases in the near future. Federal public servants are set to return to office in July with many other industries expected to follow suit as well. Considerable activity is expected to occur, particularly in high-value assets.

Downtown office sees positive net absorption while suburban office continues to be vacated

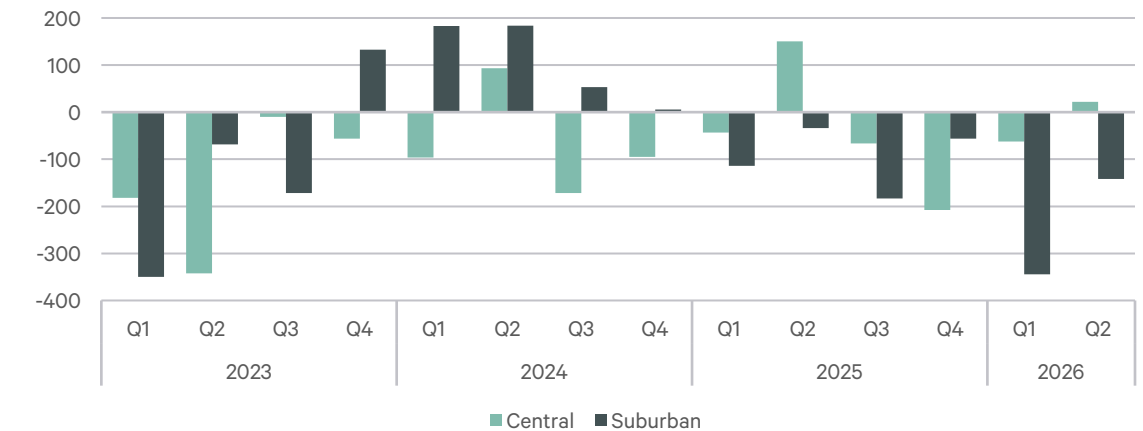
Despite the overall increase in total vacancy, Ottawa saw the Central submarket experience positive net absorption, a figure that has not been hit since Q2 2025. Comparatively, suburban office has continued to see increasing vacancy, with Q2 2026 being the sixth consecutive quarter of overall negative net absorption and having over 486,000 sq. ft. of vacated office space since the start of 2026.

FIGURE 2: Historical Office Vacancy Rate and Net Asking Rent by Building Class



Source: CBRE Research, Q2 2026.

FIGURE 3: Quarterly Net Absorption for Central and Suburban Office (000s SF)



Source: CBRE Research, Q2 2026.

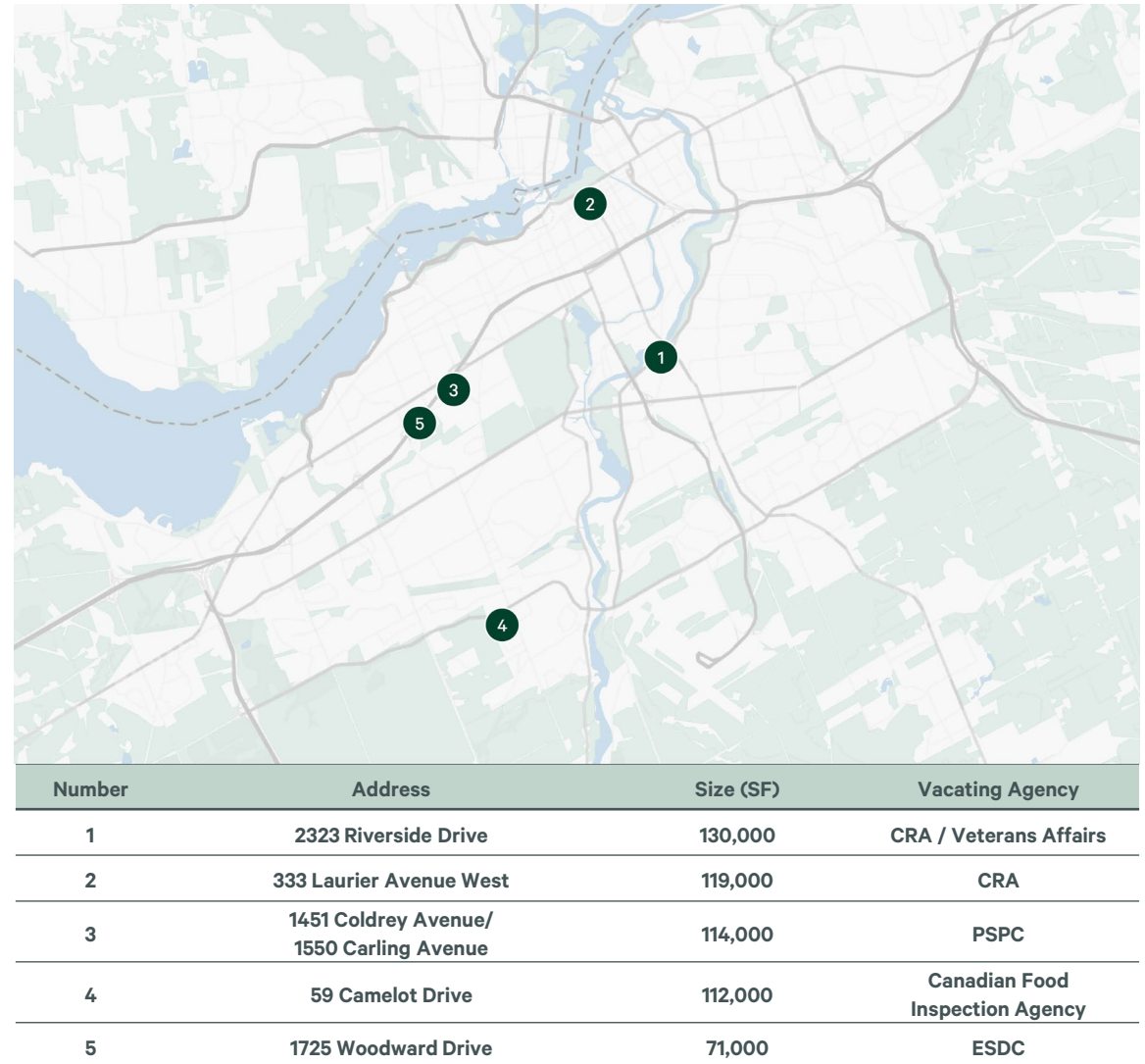
Federal office mandate sparks concerns from public sector employees and experts regarding sufficient space

Beginning July 6, 2026, most federal public servants are expected to increase their in-office presence to a minimum of four days per week, while executives have already returned to the workplace on a full-time basis. However, [not all departments will uniformly enforce this deadline](#) due to workplace constraints with insufficient office capacity and ongoing renovations. The Treasury Board’s office mandate remains unchanged, although deputy heads have been provided discretion to stagger implementation as needed.

Compounding the rollout is the [government’s decision to return to assigned seating](#) and shift away from the hoteling model adopted during the pandemic era. Many public servants have complained about current state of their offices, citing inadequate and insufficient spaces for the current office mandate. [Transit reliability remains another area of concern](#), as many workers and public officials remain cautious that OC Transpo will be able to handle the increase in capacity. While some workers have opted to drive-in instead, parking supply remains extremely limited in downtown and some suburban campuses. Recent reports include [the Department of National Defence needing to coordinate with the City of Ottawa](#) to resolve its parking crunch at its Carling Campus.

The return-to-office mandate has created an interesting dynamic within the federal government’s broader real estate and workforce strategy. On one hand, the government has continued to reduce the size of the public service through attrition, early retirement programs and workforce reductions over the coming years. At the same time, some departments have acknowledged that they require additional office capacity in the near term to support increased in-person attendance. Meanwhile, the market has continued to observe PSPC shed more office space over the past few months, including [closing one of its coworking site in Gatineau](#). These strategies create a lot of contradiction regarding the federal government’s long-term approach within its Office Long Term Plan (OLTP) as well as its GCworkplace and GCcoworking strategy. Their budgetary plans to reduce spending and optimize space utilization are now being balanced against a policy objective that requires a larger physical workplace footprint. Ultimately, what the workers and the market require is greater clarity and decisiveness in order to be able to accelerate decision-making.

FIGURE 4: Recent Notable Vacancies for Different Government Agencies in Ottawa, Ordered by Size



Source: CBRE Research, Q2 2026.

FIGURE 5: Notable Office Lease Transactions

Size (SF)	Tenant	Address	Market
53,000	The Co-operators Group	2480 Walkley Road	Hunt Club/Walkley
33,000	PureLogic IT Solutions	1145 Innovation Drive	Kanata
8,000	Cassidy Levy Kent LLP	360 Albert Street	Central Business District

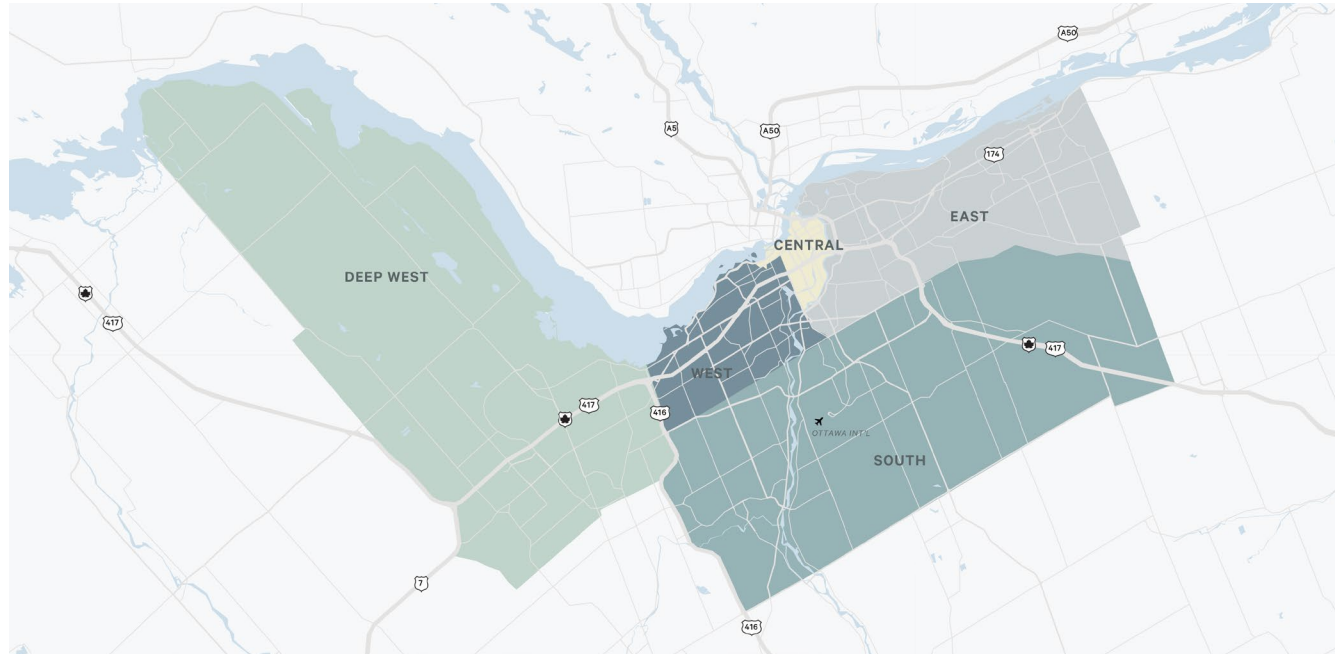
Source: CBRE Research, Q2 2026.

FIGURE 6: Office Market Statistics

Submarket	Inventory (SF)	Vacancy Rate (%)	Availability Rate (%)	Direct Vacancy (SF)	Sublease Vacancy (SF)	Net Absorption (SF)	New Supply (SF)	Under Construction (SF)	Net Asking Rent (PSF)	T&O (PSF)
Central Business District (CBD)	15,188,590	15.0%	15.5%	1,976,028	296,816	40,119	0	0	\$20.04	\$21.16
Class A	10,215,197	13.2%	13.8%	1,082,771	265,362	17,834	0	0	\$23.77	\$23.75
Class B	4,315,349	16.3%	16.5%	686,901	14,775	10,042	0	0	\$16.38	\$18.58
Class C	658,044	33.9%	34.4%	206,356	16,679	12,243	0	0	\$12.62	\$16.17
Central (Excl. CBD)	2,846,230	22.4%	23.1%	607,246	29,954	-18,458	0	0	\$17.28	\$16.90
Central	18,034,820	16.1%	16.7%	2,583,274	326,770	21,661	0	0	\$19.39	\$20.16
South	3,475,535	11.2%	17.3%	387,081	3,092	38,646	0	0	\$15.41	\$15.87
East	4,963,467	14.8%	14.9%	697,169	39,383	-108,335	0	0	\$15.23	\$17.98
West	6,589,292	12.9%	14.5%	832,090	19,529	-77,710	0	0	\$15.94	\$17.15
Deep West*	7,567,464	15.7%	16.3%	946,286	243,723	5,484	0	0	\$14.71	\$15.45
Suburban	22,595,758	14.0%	15.6%	2,862,626	305,727	-141,915	0	0	\$15.29	\$16.62
TOTAL	40,630,578	15.0%	16.1%	5,445,900	632,497	-120,254	0	0	\$17.23	\$18.30

*Kanata submarket makes up approximately 80% of the Deep West
 Source: CBRE Research, Q2 2026.

Market Area Overview



Definitions

Vacancy Rate: Total Vacant Space divided by the NRA. Calculated as a percent.
Vacant Space: The sum of existing Direct and Sublet Space that can be immediately occupied or within 30 days.
Availability Rate: Total Available Space divided by the NRA. Calculated as a percent.
Available Space: The sum of existing Direct and Sublet Space that can be occupied, regardless of occupancy date.
Net Absorption: The change in Occupied Space from one quarter to the next as a measure of market activity. Includes Pre-leased space upon delivery as New Supply.

Survey Criteria

CBRE’s market report analyses office buildings of 15,000 sq. ft. and above, across the Ottawa market. CBRE assembles all information through telephone conversations and listings received from owners and members of the commercial real estate brokerage community.

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