



Future Cities

The Case for Downtown Revitalization

REPORT

How downtown vibrancy
benefits CRE and the city

CBRE RESEARCH
OCTOBER 2026



Executive Summary

The purpose of this report is to provide a commercial real estate perspective that applies a systems-based approach to downtown which builds upon and advances the current momentum of ongoing revitalization efforts in Ottawa.

Ottawa has historically been anchored by a strong downtown core, supported by the presence of the federal government, significant cultural and institutional assets, and its strategic location along the Ontario-Quebec border.

While Ottawa has remained a relatively stable market overall, recent events have exposed key vulnerabilities for downtown. Whether through the impact of the COVID-19 pandemic or the month-long protest in 2022, these events underscored the importance of building a downtown that is robust, diversified, and less vulnerable to future headwinds. Density and diversity is the key, supporting higher economic growth, expanding the municipal tax base, increasing resilience against future shocks, and creating a more vibrant and sustainable city for its residents, workers, visitors, and businesses.

This report applies a systems approach to examine Ottawa's downtown commercial real estate sector, recognizing that market outcomes are shaped by a complex network of interconnected systems and stakeholders. Across the city, private and public stakeholders have a role to play in making downtown better, requiring clarity and coordination to align priorities and actions. While progress has been made in downtown revitalization, building upon the ongoing momentum and implementation is critical.

CBRE Ottawa supports this vision and seeks to contribute a commercial real estate perspective to the broader discussion.

Utilizing the framework established within the Downtown Ottawa Action Agenda by the Ottawa Board of Trade and the Canadian Urban Institute, the following section outlines key objectives across the office, retail, and multifamily sector. Additionally, a quick summary of the ongoing revitalization progress in Ottawa has been provided.

Objectives for Downtown as a Whole



ENCOURAGE A BROADER MIX OF LAND USAGE

Diversifying the core by enabling more residential, retail, institutional, tourism, and cultural uses reduces the dependence on traditional office demand and promotes a more resilient downtown economy.



STRENGTHEN MULTIMODAL ACCESS VIA TRANSIT AND ACTIVE TRANSPORTATION

Creating viable alternatives to driving improves downtown accessibility, reduces traffic congestion, promotes foot traffic, strengthens a building's appeal, and encourages a vibrant public realm.



CREATE SPACES AND PROGRAMMING THAT BRING PEOPLE IN

Expanding the number of festivals and major events as well as building placemaking helps support the local economy, generates visitation, and encourages people to dwell in animated public spaces.



ENSURE SAFETY AND SECURITY FOR THE DOWNTOWN POPULATION

Prioritizing housing, addressing issues related to homelessness, and creating safe public realms will help boost confidence in downtown for residents, businesses, and visitors.



ADVANCE COORDINATION BETWEEN ALL STAKEHOLDERS TO ENSURE IMPLEMENTATION

A cohesive systems approach between private and public stakeholders will help align investments efficiently, accelerate decision-making, and result in greater market confidence.

CURRENT PROGRESS

- **Byward Market Revitalization** – The proposed redesign intends to create a vibrant public realm in Byward that will support businesses, prioritize the pedestrian experience, and beautify the market.
- **Hotel sector development** – [Moxy Ottawa Downtown](#) is a new 22-storey hotel in Byward Market with 224 guest rooms which recently opened. Meanwhile, both the [Westin Ottawa and Delta Ottawa](#) have invested more than \$55 million cumulatively to upgrade their properties, signalling greater market confidence.
- **Alto Rail** – This proposed project will connect Ottawa to a high speed rail, significantly expanding the city's market reach.
- **Eastern Bridge** – This intergovernmental project aims to build a new interprovincial crossing just east of the core, which will help increase connectivity between Ottawa and Gatineau, reduce downtown truck traffic, and improve the public realm.
- **Tourism progression** – According to Ottawa Tourism, the sector as a whole in 2025 has generated \$2.3 billion in direct spending for the economy with 11.3 million visitors to the region.
- **Senators Arena** – Current plans will shift the arena to LeBreton Flats which will significantly introduce vibrancy in the core.
- **Waterfront activation** – Part of the NCC's Core Area Plan includes enhancing the waterfront experience, such as having [recreational docks](#) that allow visitors to swim in the Ottawa River and redeveloping a panoramic lookout at [Kiwexi Point](#).

Objectives for Retail



GROW THE DOWNTOWN POPULATION

Reducing the reliance on traditional office workers diversifies and expands the demand base of consumers while enabling retailers to have more consistent demand patterns.



CREATE REASONS FOR PEOPLE TO VISIT THE CORE

Initiatives that attract residents and tourists, such as festivals, a nightlife economy, new cultural landmarks, and encouraging entrepreneurial businesses, help generate more foot traffic for occupiers.



CREATE REASONS FOR RESIDENTS TO MOVE INTO THE CORE

Targeting drivers of residential demand, such as housing, safety, amenities, cultural spaces, and mobility, are crucial for attracting new downtown residents as well as increasing retail demand.



ENHANCE THE WALKABILITY, SAFETY, AND STREETScape QUALITY OF THE PUBLIC REALM

Effective street design and enticing architecture that incentivizes people to become pedestrians can increase consumer spending, retail sales, and employment for local businesses.



IMPROVE MOBILITY USING TRANSIT AND ACTIVE TRANSPORTATION

Shifting trips away from driving encourages more foot traffic, connects residents to more jobs and businesses, and allows for a more space-efficient use of the public realm.

CURRENT PROGRESS

- **Population growth** – According to the City of Ottawa, the downtown population for the Somerset ward grew by 21.7% between 2021 and 2025, with over 50,000 residents in the core.
- **Street Seats Pilot Program** – This placemaking project repurposes small road segments into multi-functional public spaces, which may be complemented by local vendors and community programming.
- **Live Music Pop-Ups** – The Ottawa Music Industry Coalition has debuted new live music shows in public spaces, such as Live from the Booth on Sparks Street, adding vibrancy downtown.
- **ACE District** – Led by the Ottawa Art Gallery, the initiative connects downtown public spaces with outdoor art installations, murals, and live music, adding culture and vibrancy to the core.
- **Nuit Blanche** – The return of an all-night arts festival that transformed many public spaces into a collection of contemporary art, helping attract many residents and visitors.
- **History Ottawa** – This is a new downtown concert venue which has repurposed the vacant Chapters building and can host a capacity of about 2,000 people, enhancing the entertainment scene for the city with spillover effects for local businesses.
- **Protected Intersection on Laurier Avenue** – The addition of protected bike lanes by the City of Ottawa will help promote better flow of traffic for cars and cyclists while increasing the safety of the intersection.

Objectives for Office



INVEST IN AND MAINTAIN HIGH-QUALITY OFFICE ASSETS

Improving building amenities and tenant services helps landlords attract and retain office occupiers in a competitive environment while reinforcing the long-term viability of an asset.



EVALUATE ALTERNATIVES FOR UNDERUTILIZED LOWER-QUALITY OFFICE ASSETS

Older office buildings with high vacancy rates could become more competitive once repositioned into alternative uses, especially if there are significant deferred maintenance costs.



ENSURE THAT THE OFFICE SPACE ACCENTUATES THE BENEFITS OF THE IN-OFFICE EXPERIENCE

Building quality office spaces as well as having amenities inside and around the office building increases worker engagement, retention, and productivity.



CREATE COHESION BETWEEN WORKPLACE CULTURE AND OFFICE PORTFOLIO

Fostering an engaging and healthy work culture that is aligned with the workplace strategy improves worker satisfaction, mitigates burnout, and promotes talent retention.



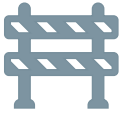
REDUCE COMMUTE TIMES FOR DOWNTOWN WORKERS

Strengthening public transit by making it frequent, reliable, and convenient improves traffic congestion for everyone, eases parking constraints, minimizes resistance to commuting, and improves well-being.

CURRENT PROGRESS

- **Purchase of the EDC Building** – The purchase of 150 Slater Street by Regional Group represents investor confidence in acquiring well-positioned, high performing trophy office assets.
- **Minto Place renovation** – Crown Realty intends to refurbish many of the common spaces at Minto Place to enhance their building's appeal to a broader mix of tenants.
- **85 Albert and 116 Albert conversion** – Metcalfe Realty has identified two office buildings in their downtown office portfolio which will be repositioned, removing over 185,000 sq. ft. of underutilized office space from the core.
- **Art projects in underutilized spaces** – [Cre:8, in partnership with Arts Ottawa and the Downtown BIA, debuted a “meanwhile space”](#) after leasing a vacant storefront and turning them into temporary art galleries.
- **Assigned seating for the public servants** – The federal government has committed to assigned seating for their workers to reduce the disconnect between their hoteling system and their recent return-to-office mandate.
- **O-Train upload** – The Ontario government has reaffirmed its commitment to assume financial responsibility for the LRT, which would alleviate \$85 million annually for the city if realized.
- **Bus lanes in the Glebe** – The City of Ottawa has approved a pilot project to run bus-only lanes on some segments of Bank Street, which should improve commute times along the road.

Objectives for Multifamily



REMOVE BARRIERS TO HOUSING CONSTRUCTION

Interventions that reduce project costs and improve project feasibility for developers can help with introducing new residential supply and enticing residents to live downtown.



UNLOCK UNDERUTILIZED BUILDINGS FOR MIXED-USE REDEVELOPMENT

Providing meaningful incentives for office conversions and accelerating the disposal of federal properties creates new opportunities for housing to be built.



SUPPORT AN INCLUSIVE DOWNTOWN BY INCREASING HOUSING AFFORDABILITY

Reducing development barriers, expanding funding mechanisms, and supporting non-market developers will facilitate the creation of more affordable units.



EXPAND THE STUDENT POPULATION IN THE CORE

Expanding the supply of attractive student housing creates additional demand for local businesses, diversifies the downtown population, and contributes towards downtown vibrancy.



CREATE SAFE AND COMPLETE NEIGHBOURHOODS WITH AMENITIES AND SERVICES

Mixed-use communities should be complemented with robust mobility options, amenities for daily needs, access to cultural spaces, social services, and green spaces.

CURRENT PROGRESS

- **New zoning bylaw approval** – A recent new zoning bylaw has increased densification across the city and ended parking minimums, removing some vital barriers to housing construction, promoting transit-oriented developments, and lowering project costs for developers.
- **Movement in the Public Land Bank** – [1460 Riverside Drive](#) represents the first transaction for a Public Land Bank property in Ottawa and could indicate some positive momentum.
- **Hotel to transitional housing conversion** – The City of Ottawa has purchased a hotel at [377 O'Connor Street](#) to convert it into [128 transitional housing units](#) for vulnerable populations.
- **Build Canada Homes** – BCH has funded [eight affordable housing projects](#) that are set to introduce 1,124 new affordable units across Ottawa while also introducing a [Canada Rental Protection Fund](#) to preserve rental affordability.
- **Gladstone Village** – Ottawa Community Housing has moved onto phase 2 of their mixed-use project, which could create up to 1,100 new affordable units in Little Italy.
- **New grocery store downtown** – [Food Basics](#) opened its first [urban concept grocery store](#) in Ottawa, occupying 22,000 sq. ft. on the ground floor of the 340 Queen Street next to Lyon LRT.
- **Ādisōke** – The new Ottawa Public Library will provide a vibrant community space with access to information while freeing up its former space at 120 Metcalfe Street for a new user.



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The downtown core is a cultural and economic hub – not just for the city, but for the National Capital Region. It should be a symbol of leadership and prosperity for the country.

Sueling Ching
President and CEO
Ottawa Board of Trade

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Why Does Downtown Matter

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Because of the importance of the downtown tax base to the city, there is a mutual relationship between Ottawa's core and the city. Residential and commercial both need to be reasonably successful for everyone to thrive.

Dean Karakasis
Executive Director and CEO
BOMA Ottawa

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- Downtowns are critical as they are the social, cultural, and economic heart for any city.
- Their dense and diverse environment means that downtowns generate the highest property tax per acre for the city compared to their suburban and rural counterparts.
- Although downtown Ottawa was historically built on the traditional office workforce, particularly from the federal government, hybrid work has exposed the vulnerabilities of an office-centric model.
- While any increase in in-office occupancy would be beneficial to downtown, a focus on diversifying downtown through revitalization and investing in top-class assets would greatly enhance its vibrancy and resiliency, with benefits for both the commercial real estate sector and the city.



A Multitude of Responsibilities

Downtowns serve a fundamental purpose as the economic, social, and cultural core of urban centers. Compared with other Canadian cities, downtown Ottawa boasts a unique identity, serving as the nation's capital and as a gateway between Ontario and Quebec. The core of the National Capital Region (NCR) features clusters of federal institutions, private sector occupiers, cultural assets, hospitality venues, retail businesses, and transportation infrastructure that generate economic activity beyond the downtown boundary. Viewed through a systems framework, these interconnected uses create mutually reinforcing relationships between residents, workers, tourists, retailers, investors, and the government. The success of each is influenced by the performance of the others, making a resilient downtown critical to the long-term prosperity of the city.

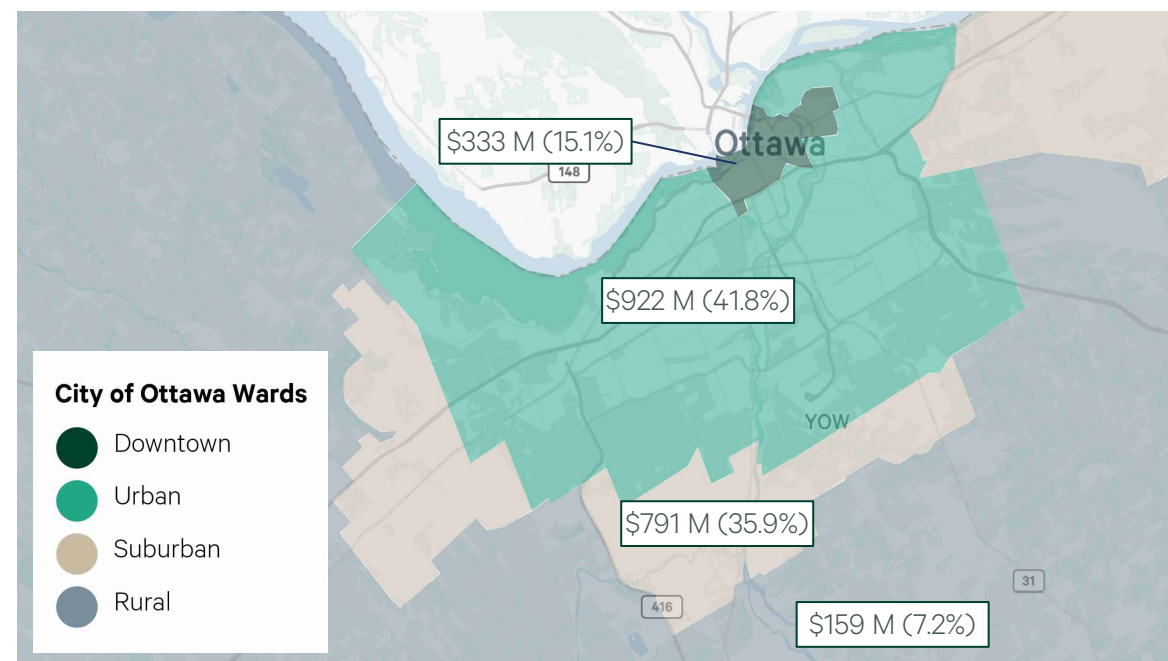
From a fiscal standpoint, downtown Ottawa plays a significant role in contributing to the city's budget. Property taxes represent the largest source of revenue for the City of Ottawa, accounting for approximately 45% to 50% of the operating budget. This includes payment in lieu of taxes (PILTs), a form of taxation paid by other levels of government that are tax exempt. PILTs apply in particular for Ottawa as the federal government possesses a sizeable inventory of real properties in the region.

Urban wards, which are primarily located inside the Greenbelt, account for 56.9% of all municipal property tax revenue in Ottawa. Within the downtown study area, 9.6% of all property tax revenue comes from the Somerset ward and 5.5% from the Rideau-Vanier ward. Despite their small land area, their density allows these wards to be the largest contributors to the municipal revenues.

This can be explained by the tax ratio, which dictate how much tax burden a certain property class has relative to a similarly-valued residential class building. According to the City of Ottawa, commercial buildings have a ratio of 1.97 while office buildings have a ratio of 2.39. Within the Somerset ward, which houses the Central Business District (CBD), about 60% of property taxes come from commercial properties, 25% from residential properties, and 15% from multi-residential properties.

Taken together, these figures underline the importance of maintaining a balanced and productive downtown. The core generates economies of scale through a densified area, supporting municipal revenues and generating benefits across the city.

Figure 1: Municipal Property Tax Revenue and Proportion by City of Ottawa Wards



*Downtown wards are categorized as part of the urban wards by the City of Ottawa

Source: City of Ottawa, CBRE, 2025.

The density of downtown means that they generate the highest property tax per acre when compared to their suburban counterparts. From a municipal funding standpoint, this highlights the need to cultivate a diverse and economically robust downtown.

The Importance of Public Transit

Public transit is central to downtown, improving access to the core for residents, workers, students, and visitors. Transit represents the most space-efficient method of moving large numbers of people through a dense urban environment. Compared to cars, buses and trains benefit from economies of scale, moving significantly more people while requiring considerably less road and parking space on a per-passenger basis.

Historically, Ottawa’s transit has been a [subject of public scrutiny](#), with many technical and structural issues that have affected reliability and public confidence. According to [Bronson AI](#), average transit commute times have increased by 15.6% compared to before the LRT opening in 2019. For the same destination and departure point, transit commute times are three times longer than those using a car. Excluding commuters from outside Ottawa or in rural wards, average commute times for transit riders have increased between 9% and 14% since 2019.

Transit commuters frequently experience longer journeys due to transfers, service reliability concerns, and lower frequency outside major corridors. This effectively means that suburban residents are choosing between a longer and less predictable transit journey versus a car commute that often provides greater flexibility and control. These challenges have influenced commuting behavior, with many residents choosing to drive instead of using transit. While efforts have been made to improve reliability, slower ridership growth has coincided with increasing pressure on road networks, parking infrastructure, and peak-period congestion.

Figure 2: Average Commute Time to Downtown in Minutes Before and After the LRT Opening



Source: Bronson AI, CBRE, 2025.

Research consistently suggests that frequency, reliability, and convenience are as important as travel speed when influencing transportation decisions. Commuters may be willing switch away from cars and accept slightly longer travel times if transit offers a predictable, stress-free alternative to driving. While the cost of a fare can impact ridership, demand for public transit usually has low price of elasticity, making improving the quality of transit service key for inducing ridership. Metros such as Lyon and Copenhagen serve as prime examples of cities with a similar population size as Ottawa that have prioritized creating dense urban environments serviced by high-class public transit.

From a systems approach, transit influences far more than mobility, with impacts such as labour market access, downtown visitation, retail activity, and public realm performance. Every commuter who switches from driving reduces the overall demand for road and parking infrastructure, alleviating congestion for those who need to drive and improving transportation efficiency across the entire network. Conversely, research has [demonstrated how increased car infrastructure leads to more congestion](#) due to induced demand, reinforcing the importance of a well-functioning transit system.

A successful transportation system is one that is reliable, frequent, and convenient, making driving one of several viable options rather than the only practical choice. Such an approach eases commute times, reduces parking constraints, and enables downtown growth.

The historically stable, office-driven model has been a defining feature of Ottawa's downtown. However, as identified in the [Downtown Ottawa Action Agenda](#), a cross-collaboration report between the Ottawa Board of Trade and the Canadian Urban Institute, the current downtown model may have some unforeseen gaps. Reduced foot traffic and more cautious consumer spending patterns have impacted many downtown businesses, with some struggling to remain viable during and after the pandemic period. Elevated vacancy rates left many spaces underutilized and generating minimal economic value.

While return-to-office policies have increased office utilization, hybrid work has emerged as a structural shift that has suppressed peak foot traffic. Although this trend has been observed in other cities, the dominance of the public sector and the concentration of office buildings in the core amplifies any shock to in-office occupancy. As a result, downtown economies that were historically reliant on weekday office activity have experienced a more uneven and less predictable demand profile.

Although it is possible for Ottawa to simply trend toward pre-pandemic norms over time, this temporary shock has revealed the need to reimagine downtown through a systems-based approach. Downtown is shaped by the interactions of multiple systems, such as mobility, housing, employment, tourism, cultural amenities, and investment. Accordingly, changes in one element of the downtown ecosystem can create ripple effects across others, making it essential to understanding the dynamics between these systems.

Creating this growth requires a critical mass of amenities, cultural destinations, retail offerings, residential density, and public spaces that encourage activity throughout the week. Prioritizing investments in sustainable trophy assets can yield benefits for occupiers, investors, and the city. Diversifying and maximizing the existing land use is critical to introducing different demand segments to the core while preserving the strength of best-in-class assets. Mobility is equally important in revitalization through developing and maintaining infrastructure that enables residents, workers, and visitors to travel to the core.

Revitalization is not solely about restoring office utilization but on broadening and deepening the utility of the core. Businesses and workers should be able to occupy high-quality buildings that are well-amenitized, commutable, and sustainable. Residents should be able to live and work in a safe and vibrant downtown, while tourists should be able to enjoy the city and have a reason to return.

Inversely, retailers should be able to benefit from a diverse customer base that is not solely reliant on downtown office workers. Landlords should be supported by the public sector through policies that enable mixed-use developments, drive economic growth, and encourage long-term value creation. The city should have a diverse and resilient tax base from which to draw funding from.

Objective

The purpose of this report is to provide an evidence-based analysis of downtown revitalization through a systems approach that recognizes the interconnected relationship between commercial real estate and downtown Ottawa. Building upon the framework in the Downtown Ottawa Action Agenda, this report examines the factors that have shaped downtown Ottawa to its current state. It will then evaluate the implications of downtown revitalization through the lens of the retail, office, and multifamily sector.

Similar themes to this report are explored in [Shaping Tomorrow's Cities](#), a CBRE report published by the National Occupier Research team which examines downtown revitalization across major U.S. metros through a mapping tool and provides data-driven insights, recommendations, and case studies from an occupier and investment perspective.

This report builds on the Downtown Ottawa Action Agenda by translating its priorities into market-focused considerations. By examining the interconnected factors shaping downtown, the analysis can help inform key areas of implementation and highlight how coordinated action across real estate, transportation, safety, and the public realm could be translated into measurable outcomes.

Insights from a wide range of stakeholders with expertise and a vested interest in downtown Ottawa have informed the analysis and are acknowledged throughout and at the end of the report.

Current State of Downtown

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This is an opportunity for us to lay a new foundation that generates more tourism and amenities for visitors but also creates that quality of life for Ottawa residents.

Catherine Callary
Vice President, Destination Development
Ottawa Tourism

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- Many office occupiers have reached a steady-state level of occupancy, with large banks and the government in the office about 4 to 5 days a week. Trends like flight-to-quality, hybrid work, and conversions have emerged from Ottawa’s downtown office market.
- The federal government has continued to optimize its office portfolio while adjusting its workforce.
- OC Transpo has struggled with some technical and fiscal issues, with the pace of ridership recovery slowing down.
- With more commuters choosing to drive in, commute times have increased with parking supply in downtown remaining limited.
- Communicating clarity to the market and improving downtown mobility will help address some of the shortcomings.



An Overview of the Downtown Office Market

The downtown office market underwent a significant transformation throughout the pandemic. At the onset of COVID-19, sublease vacancy climbed as businesses were uncertain about how long the lockdowns would continue for. While this temporarily led to a short-term rise in demand for office space at discounted rates, the market eventually emerged with three structural changes that have influenced downtown.

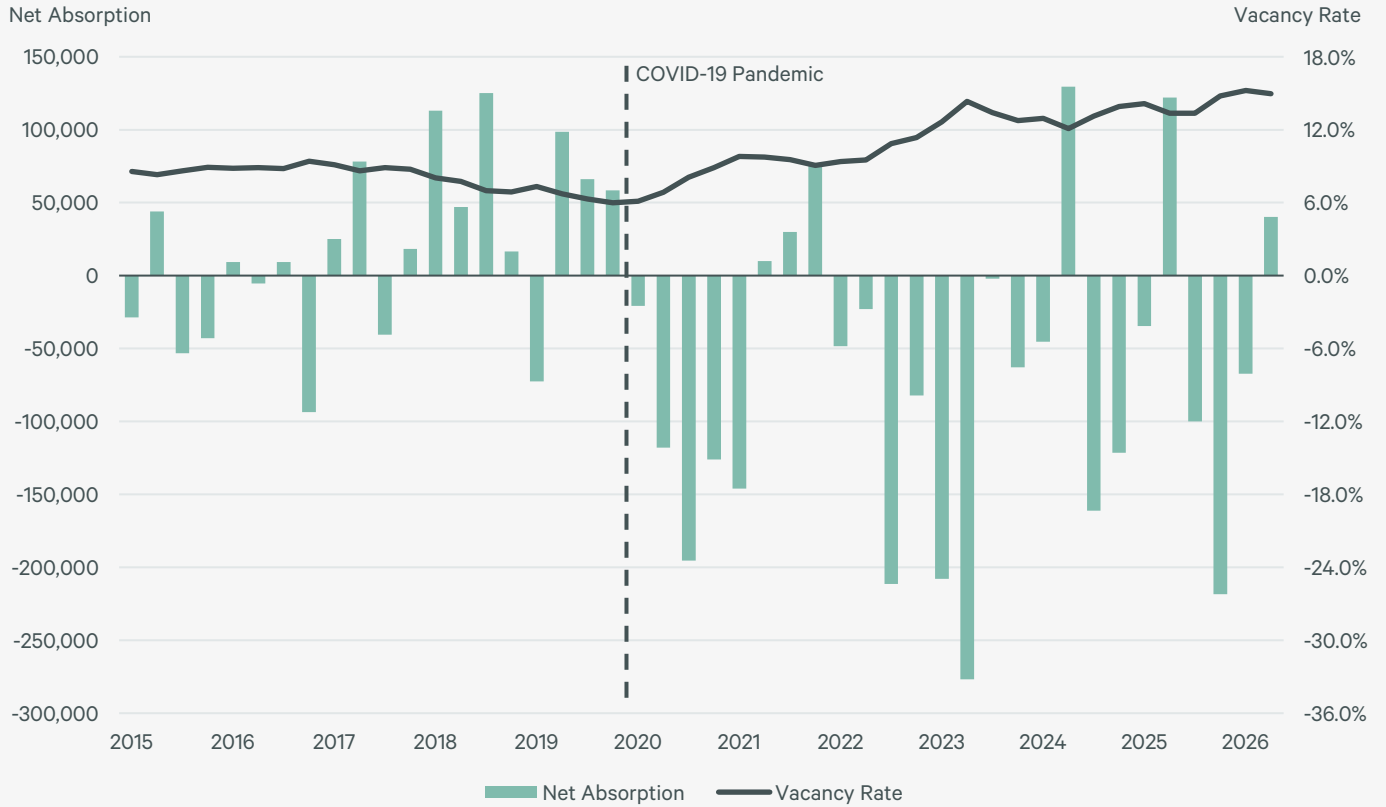
Firstly, hybrid work has impacted office utilization for many office occupiers. While some employers have mandated their employees back to the office full-time, others have gradually increased their office usage over time or maintained hybrid work as their policy. Hybrid work has provided flexibility for workers to improve their work-life balance while still benefitting from the communal aspect of the in-office experience.

On top of that, office occupiers were also pursuing flight-to-quality within their occupancy strategy, a trend through which businesses chose to occupy spaces in higher-quality, well-located, and amenity-rich office buildings. This served as an important tool to attract workers back to the office while being able to benefit from the reduced rates and tenant incentives that were available during the pandemic.

Lastly, elevated office vacancy rates led to some office landlords looking to converting their buildings. These were often lower quality, obsolete office buildings with higher vacancy rates which could be repurposed into an alternative use – usually multi-residential – through either demolishing and rebuilding the site or through converting the building’s interior. This has helped to reduce excess office inventory while realigning with the current market demand.

Hybrid work, flight-to-quality, and office conversions have emerged and largely defined Ottawa’s post-pandemic office market.

Figure 3: Historical Office Market Fundamentals for Ottawa’s CBD



Source: CBRE, 2026.

The Federal Office Portfolio

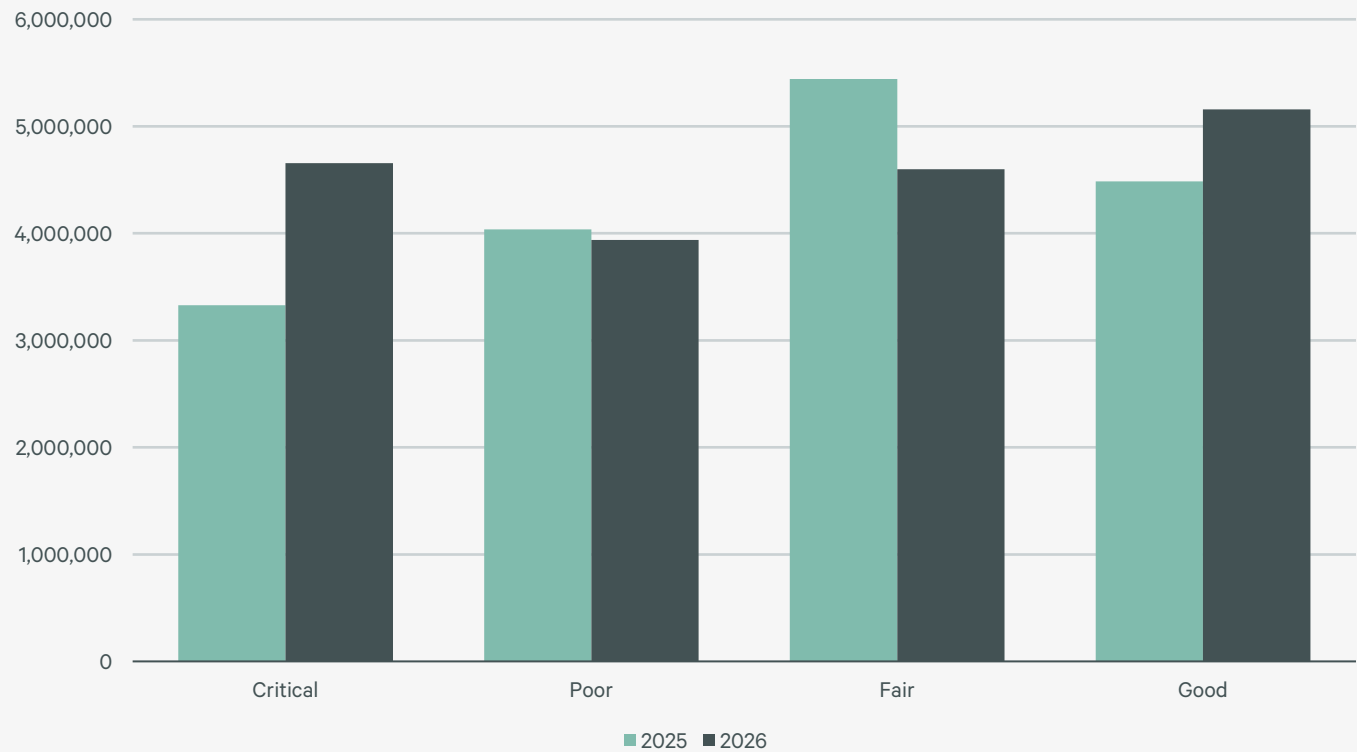
According to the Treasury Board of Canada Secretariat, PSPC oversees 29.8 million sq. ft. of office space, of which 56% of their portfolio is owned and 44% is leased. About 15.4 million sq. ft. of their inventory is located in the core, constituting 52.7% of their total office portfolio and highlighting their influence on the downtown market.

Part of their Office Long Term Plan involves the reduction of their portfolio by 50% through shifting their workplace strategy and disposing of surplus assets through the [Canada Public Land Bank](#). Most of the buildings located in the land bank are older, underutilized assets that are burdened by significant costs of deferred maintenance and frequent emergency maintenance and repair. According to their portfolio, about 4.5 million sq. ft. of space is listed as being in critical condition, a figure which has increased by 34.6% since last year. However, a recent federal report indicated that [efforts to reduce the portfolio would likely only hit 33% reduction](#) at its current rate.

Nevertheless, PSPC has continued its strategic property acquisitions, [purchasing 181 Queen Street](#) as part of a lease purchase agreement. The 275,000 sq. ft. CBC Building had been purchased from Morguard for \$125.3 million. Additionally, they also acquired 40 Elgin Street from Allied Properties REIT. The Chambers Building was a historical 220,000 sq. ft. office building which had been purchased for \$51.0 million. Most recently, PSPC has acquired 131 Queen Street from Morguard, having purchased the 305,000 sq. ft. building for \$148 million.

Recent actions by the federal government have indicated they are shifting out of their transitional period. They have continued to right-size their portfolio through a mixture of lease dispositions, property disposals for conversion, and strategic acquisitions, creating some stability and certainty for the market.

Figure 4: Total Square Footage of Federal Office Properties by Reported Building Condition



Source: Treasury Board of Canada Secretariat, CBRE, 2026

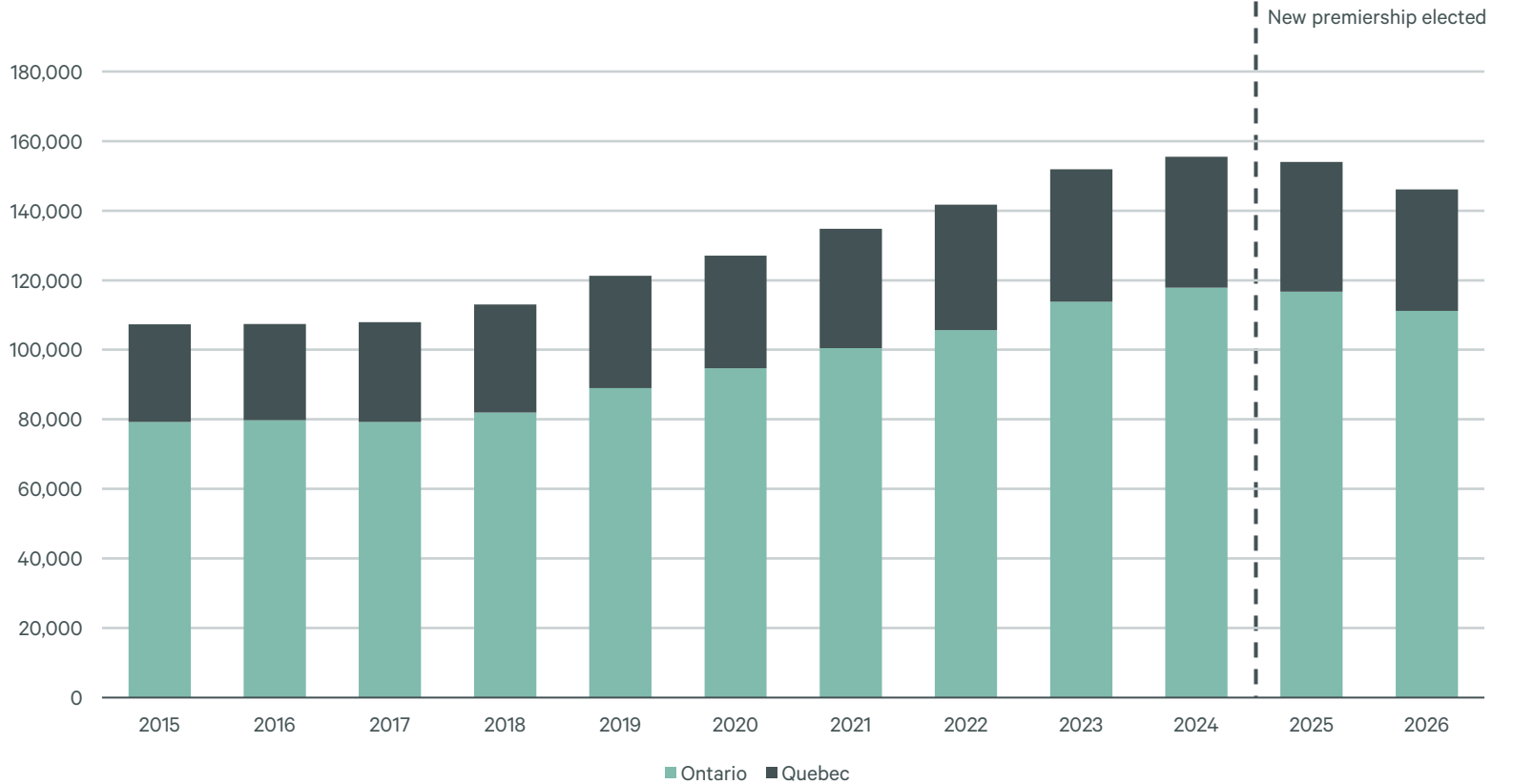
The Federal Workforce

The federal government has shifted its workplace strategy, mandating its [employees to return to the office](#) for 4 to 5 days a week. This was coupled with a new budget tabled by the federal government which focused on austerity measures, including a [planned workforce reduction of 28,000 employees by 2029](#). In the NCR, the federal workforce has dropped from its peak of 155,000 workers in 2024 to 146,000 workers in 2026. This has created a disconnect between PSPC’s plan to reduce its office portfolio while increasing its in-office utilization. Several departments have indicated that they lack the space to accompany the upcoming return, with anecdotal reports of public servants struggling with the unassigned seating and hoteling system.

Most recently, an [expression of interest was published by PSPC](#) to solicit potential office space in the region, allowing them to continue right-sizing their portfolio while transitioning toward sustainable buildings as part of its [Long Term Vision and Plan](#). This is combined with an announcement by the Treasury Board to [return to an assigned seating model](#), providing more certainty for public servants returning to the office. While disagreements may remain between federal unions and their employers, PSPC remains responsible for providing sufficient high-quality workspaces for their employees and cultivating a work environment that accentuates the benefits of in-office work.

The federal government have slowly right-sized their workforce, although work is still needed to align their office portfolio and workplace strategy.

Figure 5: Population of the Federal Public Service in the National Capital Region



Source: Treasury Board of Canada Secretariat, CBRE, 2026.

Transit and Commuting

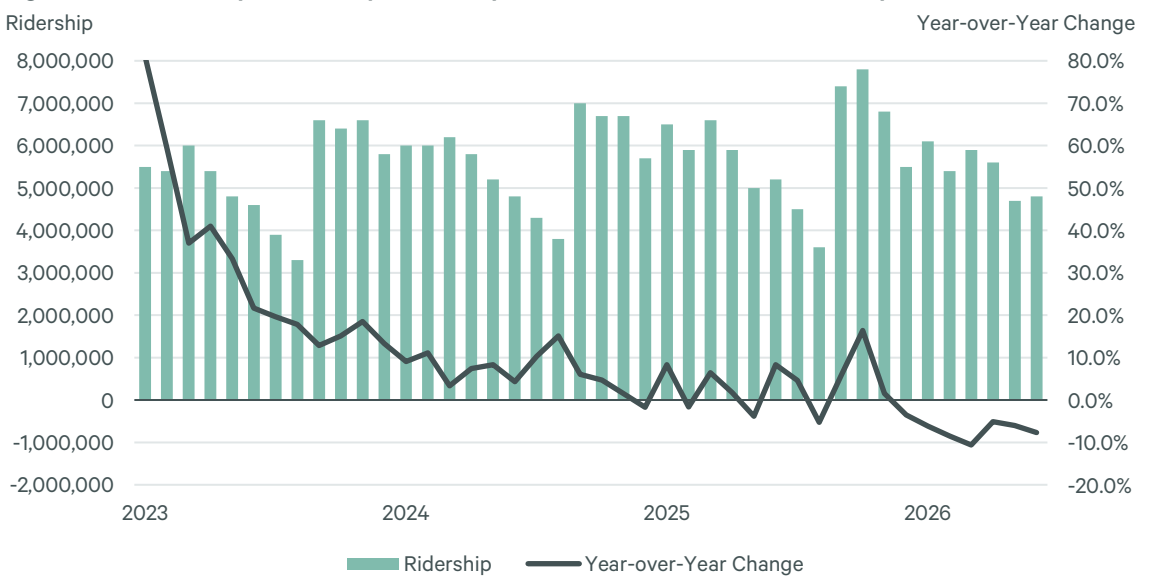
For transit users and commuters, transit reliability and frequency has been a primary concern that has impacted both the [bus network](#) and the [LRT system](#). OC Transpo has struggled with structural and fiscal issues that have resulted in trip cancellations, poor reliability, and scheduling deficiencies. Accordingly, ridership has remained below targeted levels with [OC Transpo facing a budgetary deficit](#). Although transit usage has rebounded significantly since 2020, ridership has remained under pre-pandemic levels, with 2025 averaging approximately 73% of pre-pandemic volume.

Despite this, OC Transpo has recently launched a southern extension to their train system, with Line 2 and Line 4 connecting the core to Limebank and the Ottawa International Airport respectively. Furthermore, while there have been various setbacks and delays, OC Transpo is also set to launch its [eastern extension to Orléans for the O-Train](#) at some point in the future. Plans have also been set to launch the [west extension to Moodie and Algonquin](#), although no timeline has been set.

There have also been proposals for intercity projects that could transform the region. These include [Alto](#), a proposed high-speed rail corridor linking Ottawa with Toronto and Québec City, and [TramGO](#), a tramway connection between Gatineau and Ottawa. If realized, these projects will significantly increase the market's reach while promoting greater accessibility, sustainability, and intermodality.

Alternatively, data has shown that more commuters switched from taking public transit towards driving. According to the NCR Commuter Attitudes Survey, approximately 37% of commuters who relied on public transit before the pandemic no longer use it as their primary commuting mode, with 74% of those former transit users switching to driving instead. Data from Statistics Canada reflects this as 12.7% of workers in the NCR utilize public transit, which is down from 18.3% in 2016, prior to the launch of Line 1. For many commuters, driving is the more convenient and faster option compared to transit, particularly amid ongoing concerns of frequency and reliability. The resulting increase in car usage has contributed to increased traffic congestion and an increase in average commute times. According to the [Capital Traffic survey](#), 67% of residents have reported traffic congestion getting worse over the past year. Recent reports have also shown that some workers and occupiers have been struggling with finding parking due to most lots already being at capacity.

Figure 6: OC Transpo Monthly Ridership and Year-Over-Year Ridership Growth



Source: OC Transpo, CBRE, 2026.

Correcting the challenges associated with the current transit system and building upon proposed transit projects is key to unlocking growth for the downtown region while expanding Ottawa’s market reach. The commuting data emphasizes the importance of well-located, amenitized downtown buildings surrounded by functioning transit. Having infrastructure that prioritizes mobility enables economic growth, reduces congestion, and promotes sustainable development.

Retail

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Creating livable cities means creating spaces that work for people. This means fitting all the puzzle pieces together – public transit, retail, infrastructure, amenities, the urban realm.

Karen Chapple

Director, Professor of Geography and Planning
School of Cities at the University of Toronto

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- The primary mechanism through which revitalization would impact retail would be through driving higher foot traffic and dwell time.
- An increase in residents and visitors increases and diversifies the demand base beyond traditional office workers, offering more stable and consistent foot traffic.
- Enabling attractive retail options and amenities as well as drawing more residents and visitors creates a self-reinforcing cycle.
- Enhancing the public realm is crucial to increasing dwell times and would result in higher sales conversion.
- Easing mobility to downtown by providing efficient and reliable transportation networks is essential to reducing the cost of traveling and to maximizing land use.



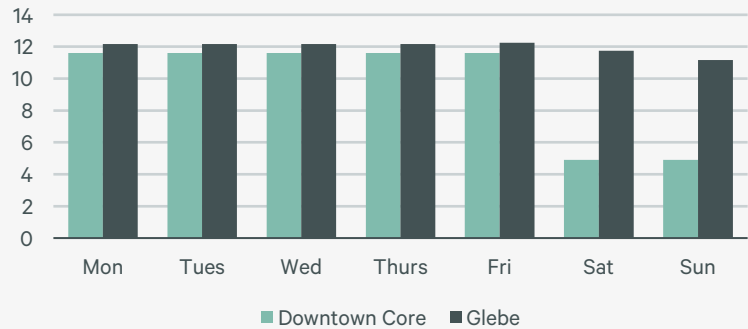
Increasing the Downtown Population

Increasing the downtown population is key to increasing foot traffic, as it reduces the reliance on traditional office-driven demand and provides a more diversified, stable customer base. While downtown businesses undeniably benefit from the daytime population of office workers, particularly those in food services and convenience retail, this demand can be susceptible to changes in workplace strategies, consumer preferences, and broader economic conditions.

The pandemic demonstrated the vulnerability of this model, as many retailers experienced significant declines in activity during periods of remote work. Although office attendance has recovered, it is clear that hybrid work is here to stay, limiting the likelihood of restoring pre-pandemic foot traffic peaks in the future. Because of this, attracting more residents and visitors through revitalizing downtown helps generate a new and diversified demand base for retailers to benefit from.

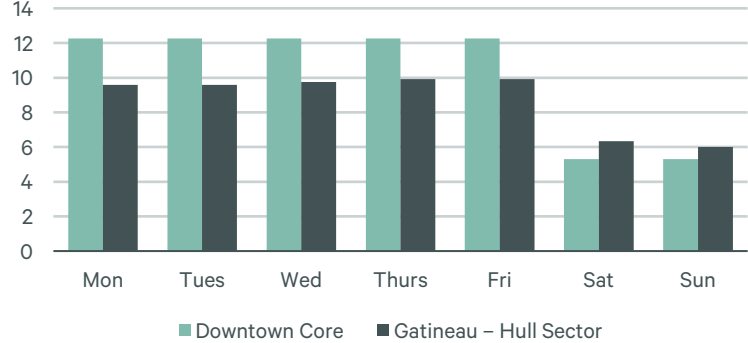
While a store’s opening hours may vary between different retail types, business models, seasonal effects, and lease provisions, most openings hours are determined by consumer demand patterns, with retailers aligning them to peak periods of foot traffic and sales activity. Most retailers reliant on downtown foot traffic will typically operate using traditional business hours on weekdays, with some food users only operating around the peak lunch rush. However, on weekends, most retailers will switch to limited hours or close the store entirely. These limited hours represent an opportunity cost for retailers who have already paid a fixed cost to lease the space but choose not to operate due to insufficient demand in downtown.

Figure 7: Average Number of Hours Operated for Businesses with Stores in Downtown Ottawa and the Glebe



Source: CBRE, 2026.

Figure 8: Average Number of Hours Operated for Businesses with Stores in Downtown Ottawa and Gatineau



Source: CBRE, 2026.

Looking at businesses that have stores in multiple locations allows for a direct comparison that only compares how the location affects store hours. On average, retailers in the CBD are only open for about 4.9 hours on weekends while their counterparts in the Glebe are open for about 11.5 hours. With shorter operating hours overall, this means that CBD stores are operating 16.0 hours fewer throughout the week in comparison. This disparity reflects the Glebe’s composition, which features a diverse array of residential, commercial, and entertainment uses to support retail demand.

More comparable to the Ottawa core would be its downtown equivalent across the river. While stores in Gatineau tend to operate with shorter hours on weekdays, they remain open a bit longer on weekends at 6.2 hours. The trends between downtown Ottawa and Gatineau mimic each other as both trade areas feature a relatively similar composition of office buildings and businesses catered to capture the traditional office demand.

For retailers, creating a larger downtown population enables retail sales growth by offering more consistent and predictable demand patterns while reducing the opportunity cost of not operating due to insufficient demand. For residents and tourists, this means a more attractive and vibrant downtown with more retail options outside of traditional office hours.

“History Ottawa will be an incredible addition to the local arts, entertainment, and culture scene in downtown.”

Jamie Boyce
Senior Vice President
CBRE

Increasing the downtown population means attracting people to visit downtown as well as live in core. Tourism is a key driver for attracting more visitors while creating a better quality of life for residents via Initiatives such as promoting events and festivals, developing a robust nightlife economy, and building cultural landmarks. Nevertheless, prospective residents might require additional considerations, with factors such as housing, daily amenities, safety, public transit, and city services being key for creating a sustainable residential population.

The [opening of Food Basics in downtown Ottawa](#) emphasizes the importance of convenience retail for the downtown population. Located right alongside Lyon LRT, the grocer occupies approximately 22,000 sq. ft. of space at 340 Queen Street. This marks the first urban-concept store by Food Basics in Ottawa, being located on the ground floor of the Claridge Moon building. Within a 15-minute walking distance from the site, the grocery store will help service a population of over 26,000 residents as well as the daytime population of office workers, residents, and tourists seeking convenient access to groceries. Local residents within walking or transit distance can benefit from discount groceries downtown while Food Basics can strengthen its market share in the core, creating a symbiotic relationship for the grocer and the community.

Additionally, the [transformation of the former Chapters bookstore into the History Ottawa music venue](#) serves as a prime example of adaptive reuse that can attract people to downtown. The previously vacant bookstore had been purchased by the National Capital Commission (NCC) in December 2023 for \$21.8 million. The property sits just across from the Rideau Mall and the Rideau LRT station, making its location and trade area prime for repositioning. A collaboration between CBRE, the NCC, and the City of Ottawa eventually resulted in the building being leased to Live Nation to be converted into a 2,000-person music venue. Deals like this represent crucial ways to reposition underutilized space in the core that generate spillover demand for local businesses in the area. Over time, this can help burgeon the local entertainment scene, serving as a key driver for residents and tourists by enhancing the vibrancy.

The relationship between demographics and retail activity highlights the importance of economic diversification. A broader mix of residents, workers, and visitors helps retailers benefit from more balanced foot traffic throughout the week. From a leasing perspective, a more stable demand profile enhances retailer confidence, which can support longer opening hours, higher sales growth, and ultimately stronger occupancy and rental growth.

106k

Daytime population for the new Food Basics in downtown Ottawa

41,000

Total square footage of underutilized space being repositioned for History Ottawa

\$531 PSF

Purchase price per square foot for the vacant Chapters building

Enhancing the Downtown Experience

Equally as important is enhancing the quality of the public realm, representing a supply-side mechanism that shapes how people experience downtown. While increasing the number of people downtown establishes the baseline, the urban environment determines whether the demand translates into economic activity.

Empirical evidence across North America and Europe consistently reinforces the importance of placemaking and multimodal access on retail performance. A review of North American studies on active transportation infrastructure indicate primarily positive effects on consumer spending, retail sales, and employment. Although customers who walk, cycle, or use transit often spend less per visit than drivers, they typically visit more frequently, resulting in comparable or higher overall spending. Canadian case studies such as [Bloor Street in Toronto](#) or [Rue Sainte-Catherine Ouest in Montreal](#) have reported increases in overall sales, customer counts, and retail spending following their urban redesign.

These studies reinforce how well-designed urban environments can generate increased sales and economic activity for retailers by incentivizing pedestrian activity and increasing foot traffic. In the long term, these changes can positively contribute towards retail demand, leading to lower vacancy rates as well as improved tenant retention and market confidence.

Figure 9: Summary of Studies on the Impact of Active Transportation Facilities on Businesses

Type	City and Street	Improvement	Length	Study Time Frame	Measure and Effect
Bicycle facilities	Toronto, Ontario – Bloor Street	Bike lanes on both sides of the street	2.4 km	8 months pre-installation to 9 months post-installation	Monthly spending by visitors ↑ Commercial vacancy rate → Number of customers at retail stores ↑ Number of customers at food service/bars ↑ Number of customers at service businesses ↑
Bicycle facilities	Denver, Colorado – Larimer Street	Bike lanes on both sides of the street	1.6 km	20 months pre-installation to 3 years post-installation	Total sales at retail, food services, accommodations, and some arts, entertainment, and recreation businesses ↑ Total sales tax revenues from the businesses above ↑
Bicycle facilities	Portland, Oregon – Stark Street & Oak Street Corridor	A bike lane on each of two parallel one-way streets	1.2 km	Multiple years pre- and post-installation	Retail sales ↑ Retail employment ↑ Food service sales ↑ Food service employment ↑
Pedestrian facilities	New York City (Manhattan), New York – St. Nicholas Avenue	Intersection re-designed to reduce conflict points, narrow crossings; convert roadway to landscaped pedestrian space with seating	0.4 km	1 year pre-installation to 2 years post-installation	Retail and food service sales ↑
Pedestrian facilities	San Francisco, California – Polk Street	Street trees and lighting	0.8 km	Multiple years pre- and post-installation	Retail sales ↑ Retail employment ↑ Food service sales ↑
Mixed facilities	New York City (Bronx), New York – Bronx Hub	Curb bulbouts and other pedestrian space, planters, trees, and a network of new bike lanes in and out of the area	0.8 km	1 year pre-installation to 3 years post-installation	Retail and food service sales ↑

Source: Transport Reviews Journal, Volker and Handy (2021), CBRE.

Achieving a sustained increase in foot traffic requires a targeted investment in infrastructure and public realm improvements that supports a safe, vibrant environment and incentivizes people to become pedestrians downtown.

At its core, effective street design for foot traffic needs to feature a high level of connectivity, convenience, comfort, accessibility, animation, and safety. In practice, this might translate into measures such as wider sidewalks, traffic calming measures, enhanced crosswalk visibility and frequency, and the integration of protected cycling infrastructure. Streetscape enhancements, such as trees, seating, lighting, and weather protection, further contribute to pedestrian comfort and encourage longer dwell times.

Safety also remains a critical consideration, influencing people's willingness to walk, linger, and engage with local businesses. Achieving this will require further investment in public realm management and maintenance as well as coordinated approaches to addressing social disorder and increasing social support.

Revitalization requires creating safe and vibrant human-scale environments, as it is ultimately people that will spend time and buy things. These investments enhance the overall attractiveness of the environment for the potential consumer, increasing the likelihood of patronizing downtown, discovering local businesses, increasing dwell time, and generating sales opportunities.



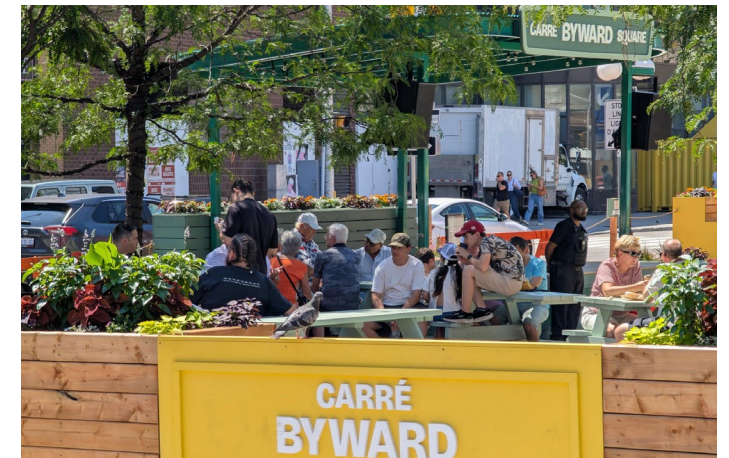
Umbrella Alley at Rue du Cul-de-Sac, Québec City, Quebec.



Street Seats, corner of Cambridge Street and Somerset Street.



Metcalfe Plaza, corner of Metcalfe Street and Gloucester Street.



ByWard Square, located along George Street.

“
Interesting, non-generic retail is very much a part of a vibrant downtown and, strategically positioned, solidifies the district effect that stores create when they offer people another reason to explore.

Alain Miguelez
Vice-President, Capital Planning and Chief Planner
National Capital Commission

Public transit plays a critical role in enabling foot traffic, as it fundamentally represents the most space-efficient means of moving large volumes of people into and within the core. Shifting a greater share of trips towards transit, walking, and cycling increases mobility to downtown, allowing businesses to access a larger consumer base. Additionally, because transit can mobilize more people effectively, it allows for a more efficient use of urban spaces, creating conditions to develop pedestrian-friendly infrastructure that support retail activity and street-level vibrancy.

Local placemaking projects have emerged as new ways to enhance the downtown experience. [Street Seats](#) is a pilot program by the City of Ottawa which temporarily converts small sections of quiet local streets into pedestrian plazas. Improvements usually include a mixture of tables and seating accompanied by public art installations, local programming, and small pop-up vendors. According to the City of Ottawa, 90% of downtown residents reported a positive impression of the placemaking project, with two-thirds of respondents frequenting local businesses more as a result. The project has also supported multimodal accessibility, with 85% of people visiting the area more without driving a car.

Another placemaking project which has expanded the nightlife scene in downtown is [Metcalfe Plaza](#). In 2025, the vacant lot at 151 Metcalfe Street was converted into an outdoor events hub in an initiative by the Downtown BIA. On the surface, Metcalfe Plaza acts as an outdoor space during the daytime, with seating, tables, and local vendors to service residents. However, the plaza becomes activated when free events get hosted, such as live music from local DJs, art markets, and pilates classes. The initiative has proven to be a success for the local community, bringing in over 8,700 attendees in the past year.

Through engagements with the city, private stakeholders, and the arts community, these examples showcase a few placemaking successes in Ottawa that have activated underutilized spaces, encouraged pedestrian activity, and increased business visitation. More broadly, they illustrate that even social and economic benefits can be derived from temporary placemaking measures, creating a compelling case for revitalization investments into more permanent, year-round solutions. Introducing vibrancy to the public realm requires a coordinated approach between stakeholders and cultivating conditions that make cultural activity possible, ensuring that the creative economy is well-anchored within the ecosystem.

4,200

Total square footage of local neighbourhood space that has been converted into Street Seats

66%

Proportion of people who visited local businesses more due to Street Seats

8,700

Total number of attendees to Metcalfe Plaza in 2025 (over the course of 18 nights)

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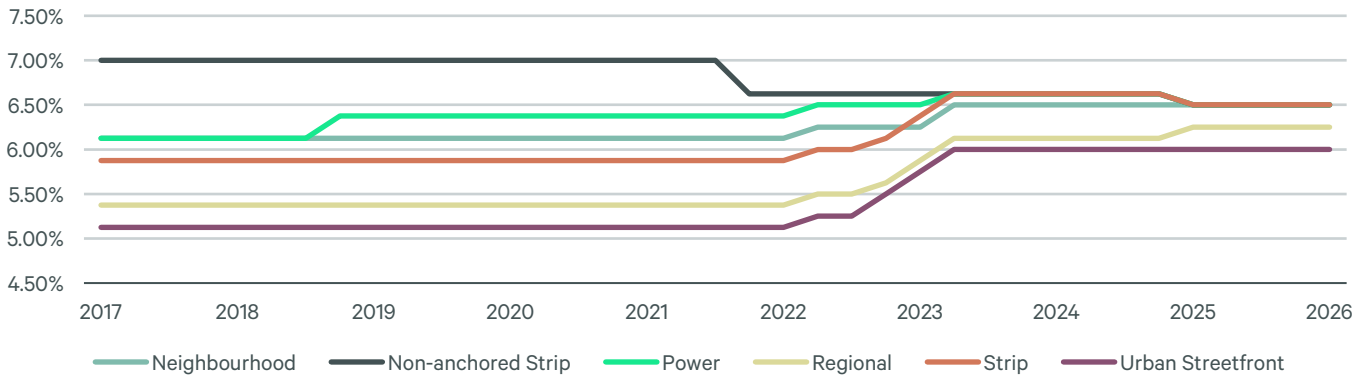
Conclusion

Within a systems-based framework, downtown revitalization represents a proactive approach to strengthening retail fundamentals - through attracting more residents and visitors and supplying well-designed public spaces that encourage dwell times and repeat visits. While foot traffic is a critical driver of retail performance, it is important to acknowledge that there are various other economic and social factors that can affect it. Disposable income, retail trends, e-commerce, and shifts in consumer preferences are also significant factors that can influence retail demand.

Ensuring that the supply of retail is aligned with the realities of market demand is crucial, as underutilized spaces and vacant storefronts generate limited economic value for landlords, retailers, and residents. Achieving this outcome requires stronger collaboration between landlords and occupiers to better align leasing strategies and market realities. For instance, partially improved units with pre-existing utilities, such as electrical outlets and plumbing, reduce the upfront costs for small businesses while saving on costs to demise to base building. This is particularly useful for cultural users who may be less capitalized but can significantly contribute to the local vibrancy and would benefit from longer-term tenure. Flexible configurations that allow for pop-up retail opportunities also provide a lower-risk pathway for entrepreneurs to establish market presence. Landlords can also support this adaptability through more flexible leasing strategies, such as phased rent structures and shorter lease terms. Greater financial support from the city for programs geared towards small and medium-sized enterprises can also reduce barriers to entry and help businesses that contribute to the unique identity and diversity of downtown.

Recent developments in Ottawa have shown progress at advancing revitalization efforts. Openings such as Food Basics and History Ottawa signal growing tenant confidence in the market that increases the livability of the core. Looking ahead, future projects such as LeBreton Flats and the proposed downtown Ottawa Senators arena will also be crucial at advancing the robustness of the downtown economy.

Figure 10: Ottawa Cap Rates Across Different Retail Formats



Source: CBRE Research, 2026.



Office

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Having a great office environment gives people a reason to come together. When employees have access to a modern, welcoming workplace, it creates opportunities for collaboration, strengthens culture, and boosts morale.

Aileen Terrien
Creative Manager
CBRE

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- Most office occupiers have reached a steady state of office utilization with hybrid work here to stay.
- Flight-to-quality has pushed office occupiers towards high-quality office buildings surrounded by amenities.
- Revitalization means improving and preserving quality office assets while incentivizing lower quality buildings to be repositioned as downtown-focused, high value assets.
- Aligning workplace strategy and work culture is key for occupiers seeking to increase in-office utilization.
- Providing efficient and reliable public transportation networks reduces the barriers for workers coming into the office while benefitting residents and tourists alike.



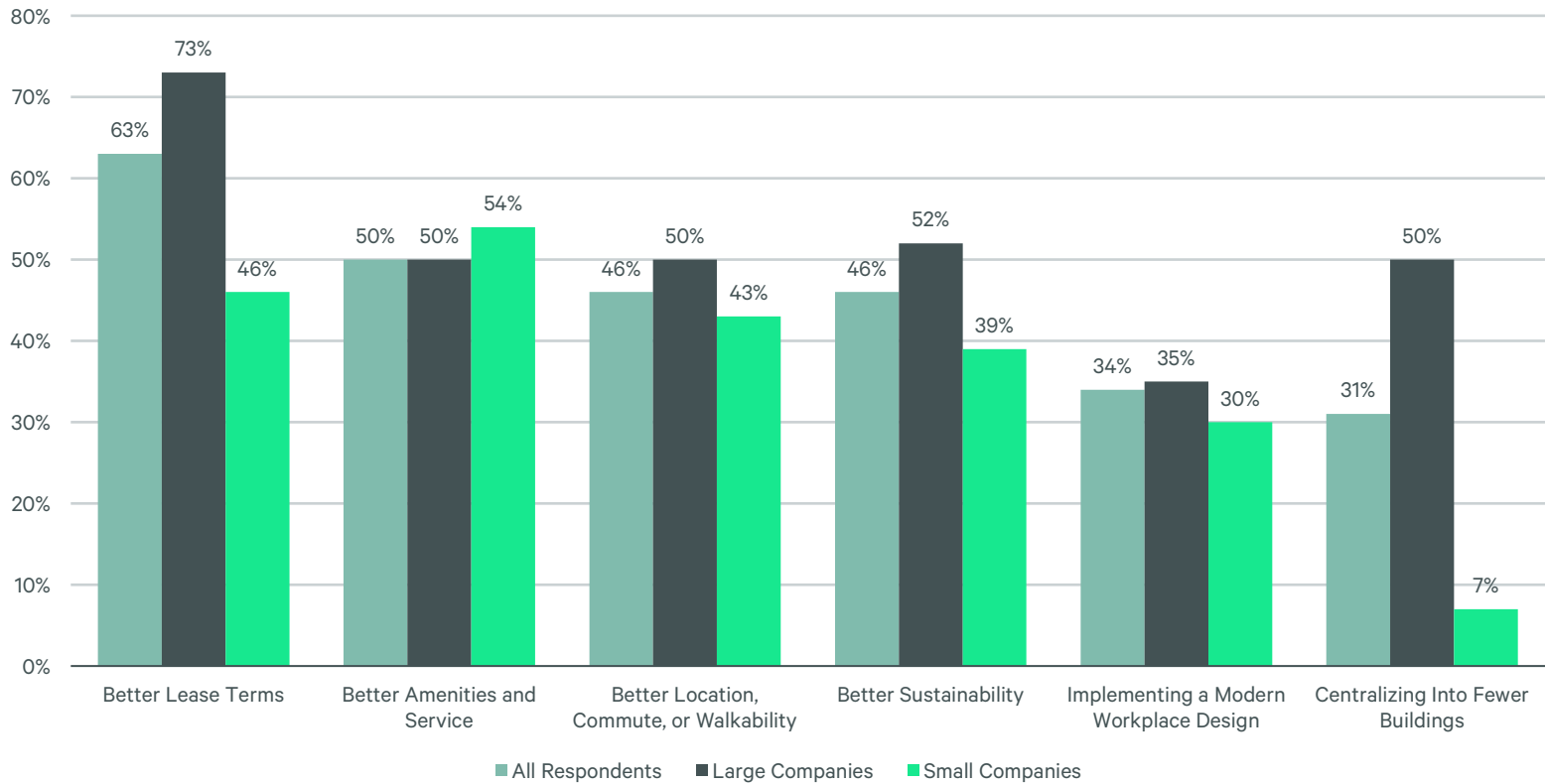
The Importance of Quality Office Assets

Occupier data suggests that workplace utilization patterns have largely stabilized across North America. According to [CBRE's Office Occupier Sentiment Survey](#), 61% of respondents indicated that their organizations have reached a steady-state level of office utilization, with employers expecting an average of 3.2 in-office days of work each week. Although some occupiers are still refining their office footprint and policies, many are now focused on optimizing performance in the hybrid work environment. Employee-to-desk ratios have also risen, although some organizations have stuck with or reverted back to dedicated seating.

Many occupiers are increasingly prioritizing investments that enhance the employee experience while maintaining relatively stable occupancy costs. While rental rates, operating costs, and tenant incentives remain important factors, occupiers are placing greater emphasis on factors that support employee attraction, engagement, and retention. Modern building systems, amenity offerings, sustainability, and better locations have become increasingly important considerations when evaluating office space.

With office utilization mostly stabilized, leasing activity is being increasingly driven by quality, reinforcing demand for modern, amenity-rich environments while creating challenges for older assets that may require repositioning or significant capital investment to remain relevant.

Figure 11: Primary Reasons for Office Occupiers to Relocate By Company Size



*Small companies are defined as having less than 500 total employees. Large companies are defined as having more than 10,000 total employees.
Source: CBRE Americas Office Occupier Sentiment Survey, CBRE, 2025.

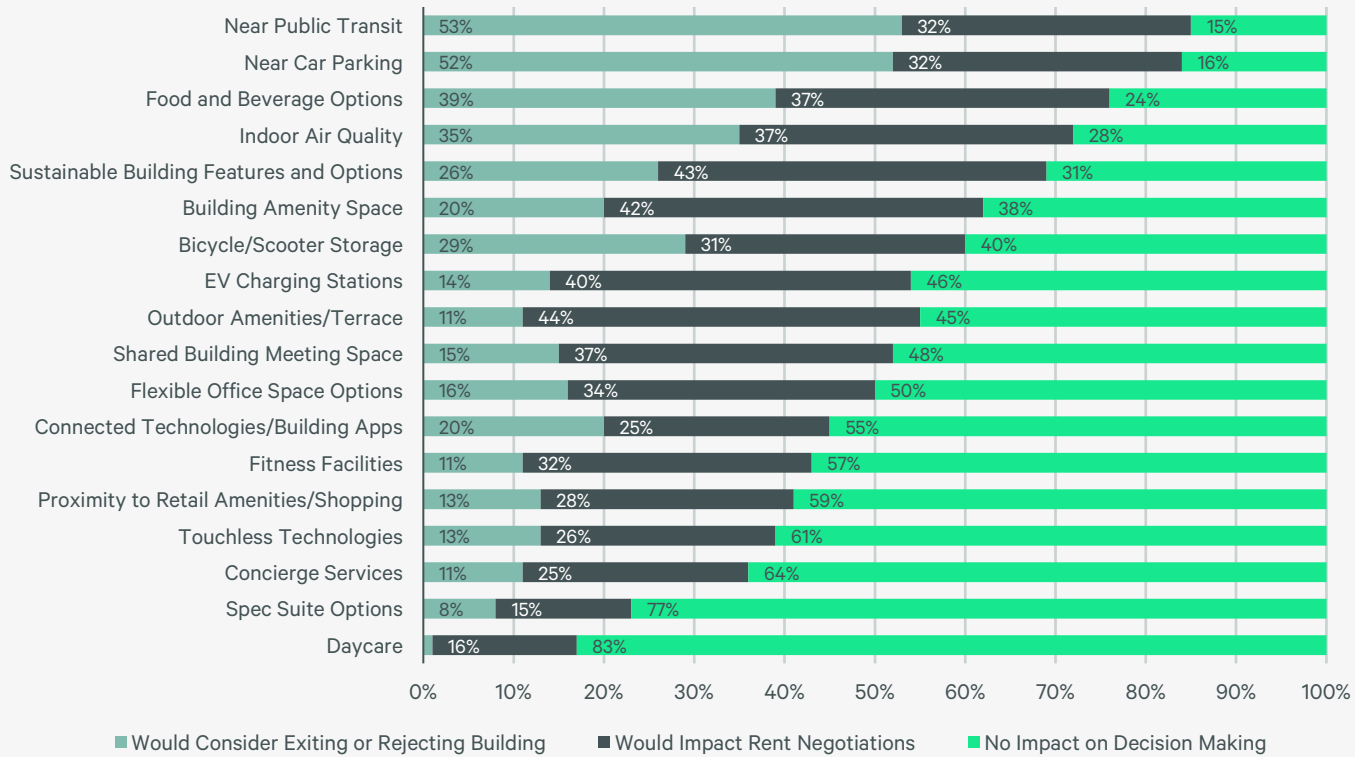
When looking specifically at which amenities impacted occupier decision making, 85% of respondents said that building options with access to transit and parking would affect their decision making, with over 50% of office occupiers rejecting any building options that lacked these features. Other amenities that also had a noticeable impact on building selection include nearby food and beverage options, bicycle storage, air quality, and building sustainability.

While workplace strategies ultimately remain the responsibility of individual organizations, the effectiveness of these strategies is influenced by the broader environment surrounding the office. The office environment can be amplified when paired with strong transit connectivity, a diverse mix of retail and food services, attractive public spaces, and a vibrant downtown environment. Alongside Ottawa’s unique public sector concentration, the combination of all these factors can help in attracting workers and subsequently office occupiers to downtown.

Over the long term, successful downtowns are likely to be those that combine quality office buildings with a broader ecosystem that supports workers, residents, and visitors alike. While demand may continue to concentrate within higher-quality assets, the resulting investment into workplaces and surrounding urban amenities can contribute to a more resilient and attractive downtown environment. For landlords and investors, these amenities represent [opportunities to invest into their buildings and uniquely position their asset for long-term competitiveness](#) as flight-to-quality and hybrid work continues to reshape the office landscape.

Office competitiveness is increasingly shaped by both asset-level characteristics and the quality of the surrounding urban ecosystem. This relationship highlights how investments in downtown revitalization and investments in office properties can be mutually reinforcing.

Figure 12: Most Impactful Amenities on Building Selection and Lease Negotiation



Source: CBRE Americas Office Occupier Sentiment Survey, CBRE, 2025.

“Office occupiers are seeking to be in quality assets that are well-amenitized – often in close proximity to public transit

Dominic Dostie
Senior Vice President
CBRE

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Some downtown landlords have been proactive at ensuring that their buildings are able to [attract and retain office occupiers through renovation](#), with some of them doing so during the pandemic.

For instance, TD Asset Management committed considerable investment into revamping the entirety of their common areas at Constitution Square. By partnering with the architectural firm Linebox Studios, the team overhauled the ground floor with additional indoor seating areas, revamped outdoor seating, lobby wi-fi, elevator destination dispatch, and a new glass entry way.

A similar story can be seen through QuadReal’s revitalization at World Exchange Plaza. With the objective of creating a “live, work, play” environment, plenty of effort was put into modernizing the entirety of their retail common areas and food court as well as revitalizing the outdoor plaza. The latter has even served a dual purpose as an outdoor venue for performances, hosting smaller events in conjunction with larger festivals, such as Bluesfest and the International Busker Festival.

Similarly, BGO renovated the Sun Life Financial Centre as well, with ample work to its lobby and outdoor patios. Its most notable project is Queen Street Fare, an 8,500 sq. ft. food hall with curated vendors which can also act as a venue for local events and live music for the public.

Most recently, Minto Place was announced by its property management as [one of the newest office complexes to get its own renovation](#). Co-owned by Minto Group, Lasalle Investments, and Mackenzie Investments, the 950,000 sq. ft. office complex is set to undergo major renovations to its main lobby and common areas within the next year.

These capital investments ensure that their assets remain competitive in the shifting office landscape while attracting any new tenants. One such example can be seen through the relocation of the Canadian Institute for Health Information. Previously, the tenant had their head offices at 495 Richmond Road, occupying almost the entire building. Eventually, the decision was made to right-size and relocate to downtown in Constitution Square, occupying approximately 61,000 sq. ft. across three floors. This long-term office deal involving CBRE on the landlord side represented one of the largest transactions for a new tenant in the core since the beginning of the pandemic, reaffirming downtown as an employment hub and the importance of quality office buildings as a key differentiator.

8.5k SF

Approximate size of the Queen Street Fare food hall at Sun Life Financial Centre

61,000

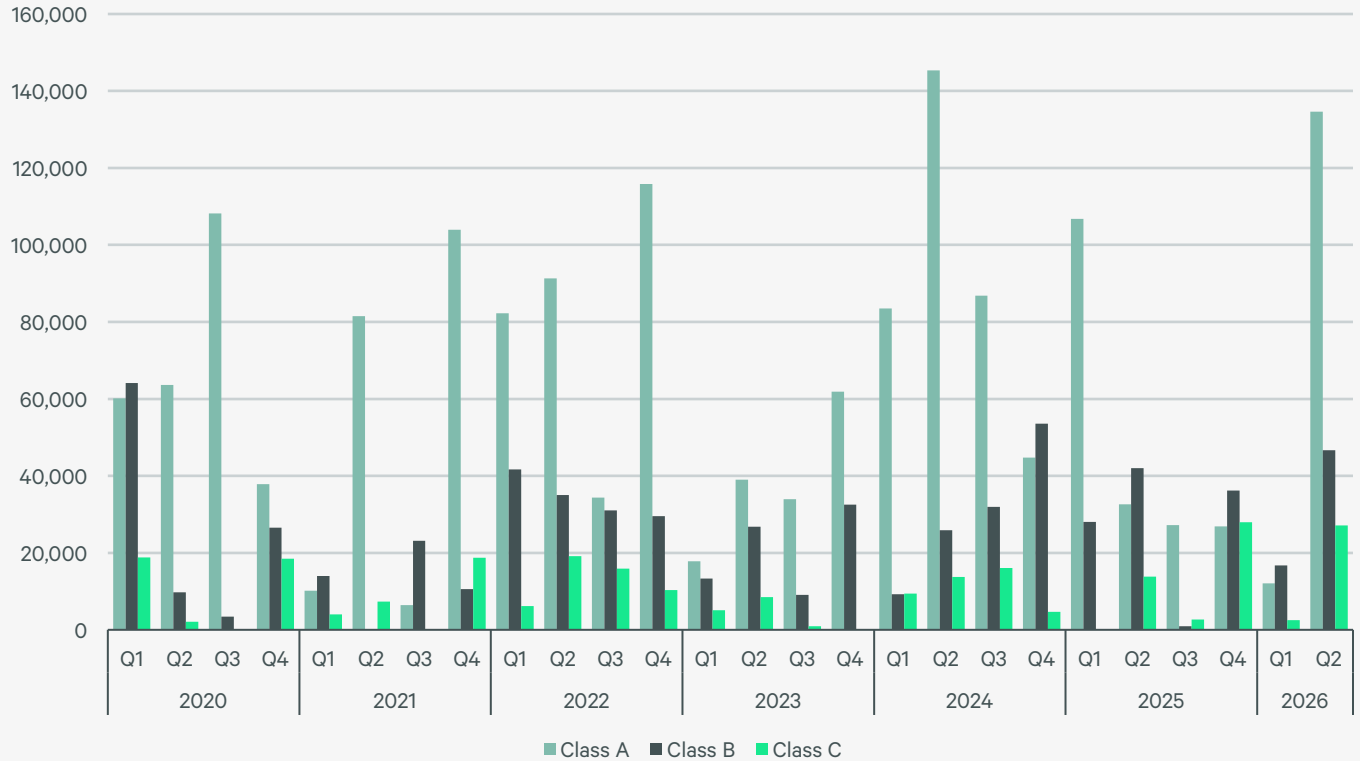
Total office space occupied by CIHI at Constitution Square

While some occupiers continue to adjust their portfolio, many are trying to concentrate their footprint in higher-quality buildings. The continued push towards flight-to-quality has resulted in more transactions in Class A buildings comparatively since the beginning of the pandemic. Looking at only new deals that have closed reveals that Class A buildings have dominated transactions, with 64% of all transactions since 2020 occurring in Class A spaces. On average, 63,000 sq. ft. of transactions have occurred in Class A buildings quarterly since 2020, compared to 25,000 sq. ft. for Class B and 9,700 sq. ft. for Class C.

While workplace strategies may vary by organization, creating vibrant and engaging office environments requires occupiers to invest in building out spaces that promote the benefits of the in-office experience. Many reports and academic studies have shown that well-designed and flexible workspaces can increase worker engagement, retention, and productivity when compared to less adaptable environments. According to [CBRE's Global Workplace and Occupancy Insight](#), designing offices that draw workers in requires creating spaces for social connection, having amenities for a variety of needs, embracing the flexibility of individual and collaborative work, and fostering less hierarchal environments.

Transaction data has shown that leasing decisions are predominantly driven by flight-to-quality. Newer, modernized Class A office assets are generally better positioned to meet these expectations through attractive amenities, stronger sustainability, and more flexible floor plates. In the long term, these trophy office buildings will serve as key assets to attract workers, occupiers, and investors to downtown.

Figure 13: Quarterly Sum of New Office Transactions in the CBD



*Does not include any off-market deals, renewals, and extensions

Source: CBRE Research, 2026.

“We were able to generate a very competitive bidding process for this trophy property, which shows conviction in certain segments of the office sector, namely Class A.

Nico Zentil
Executive Vice President
CBRE

Although the downtown office market has continued to observe rising vacancy rates, there remain pockets of optimism. Class A buildings have continued to outperform their Class B and C counterparts with lower vacancies and higher rental rates, demonstrating that occupiers remain committed to high-quality spaces.

From an investment perspective, the [sale of 150 Slater Street](#) highlights the importance of high-quality trophy office assets within the downtown inventory. The 19-storey building serves as the headquarters for Export Development Canada (EDC), having been purpose-built for the occupier in 2010. Constructed to a LEED Gold standard, the building features abundant natural light, flexible layouts, a private fitness facility, 215 underground parking spots, and easy access to OC Transpo's bus and LRT networks. Measuring approximately 477,000 sq. ft., the building is fully occupied, with EDC occupying the office component alongside a small number of ground floor retail tenants.

The building was ultimately sold from Manulife to Regional Group in February 2026 for \$143.5 million, marking the largest office investment transaction in Ottawa since the [sale of 160 Elgin Street in April 2023](#).

The continued investor interest in assets such as 150 Slater Street highlights an important distinction within the downtown office market. While overall vacancy remains elevated, demand has become increasingly concentrated within newer and higher-quality assets that provide modern workplace environments, sustainability features, and enhanced amenities, reflecting the broader flight-to-quality trend.

From a downtown revitalization perspective, the competitiveness of these assets remains important as quality office buildings continue to play a significant role in concentrating employment hubs and talent. High-quality office buildings create essential knowledge clusters that provide spaces for collaboration and mentorship. Rather than viewing office and revitalization objectives as separate strategies, they can be viewed as complementary efforts that contribute to a more resilient and economically diverse downtown core.

477k SF

Total square footage of the EDC Building

\$301 PSF

Purchase price per square foot for the EDC building

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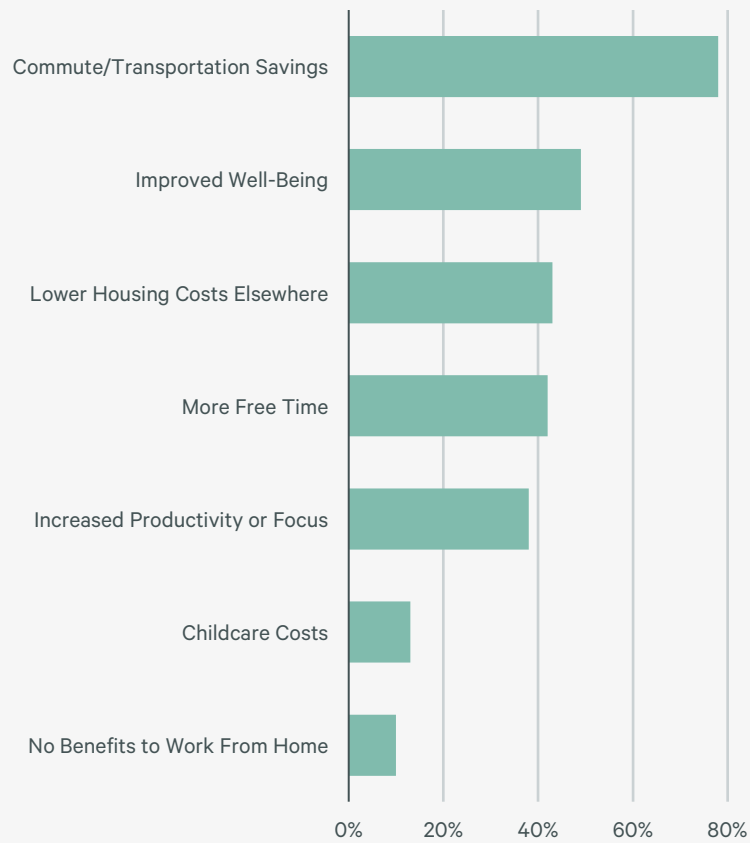
Office Utilization

The push for increased in-office attendance has been a subject of debate for both employers and employees, with discussions around topics such as cost, flexibility, productivity, and engagement. Hybrid work has emerged as the preferred solution for many office occupiers, creating a balance of organizational needs and employee preferences. For occupiers increasing their office presence, it is important to demonstrate the value of the in-office experience while addressing the factors that pushback against it. Failing to do so may negatively impact employee satisfaction and engagement, which can result in reduced worker retention and productivity.

Many organizations have continued to view the office as an important tool for fostering collaboration, mentorship, innovation, and organizational culture. Activities such as onboarding, knowledge sharing, and relationship building often benefit from face-to-face interaction in ways that are difficult to fully replicate remotely. Consequently, many occupiers have focused on creating workplaces that provide a clear purpose for employees to come together, positioning the office as a destination for collaboration and culture rather than simply a location for individual work tasks.

This implies that occupiers seeking to increase office utilization also need a workplace strategy that addresses the drawbacks of in-office work. Organizations should also foster a workplace culture that supports employee engagement and addresses concerns. Policies such as flexible work hours, supportive leadership, assigned seating strategies where appropriate, and office environments designed to enhance employee productivity and well-being can contribute to a more cohesive experience.

Figure 14: Biggest Perceived Benefits of Work From Home



Source: Angus Reid Institute, CBRE, 2025.

Although worker preferences and operational needs may vary among occupiers, creating a healthy work culture, investing in engaging office space, and aligning workplace culture and policy can support worker retention and productivity in the long term.

At the same time, perceptions of the office are also affected by factors that extend beyond the workplace. Commuting time, overall cost, building amenities, and the overall downtown experience can all affect an individual’s willingness to return to the office. Buildings that offer strong transit connectivity, wellness features, and convenient access to retail and services will be better positioned to compete for tenant demand. In turn, this would affect leasing performance, capital expenditure, and asset competitiveness.

From a revitalization perspective, this reinforces creating a downtown which works for both workers and residents. Reducing commute friction, improving mobility, expanding housing opportunities, and supporting a vibrant mix of retail, services, and cultural activities can strengthen downtown's overall appeal.

Increasing office utilization requires occupiers to showcase the value of the in-office experience while fostering a work culture that supports worker engagement and productivity. For downtown, this means having quality office buildings supported by daily-need amenities, housing, and transit options.

Conclusion

The systems-based approach implies that revitalization and the competitiveness of high-quality office assets are increasingly interconnected. Occupier demand has concentrated in high-quality buildings surrounded by amenities that support the employee experience. From a downtown perspective, this means creating an attractive core alongside a frequent, reliable transit system that reduces traffic congestion. Collectively, these factors strengthen the competitiveness of downtown office assets while supporting broader economic activity and diversification.

For office occupiers, this also means creating healthy workplace cultures and building out engaging quality office spaces that reduce the barriers for in-office work and strengthen worker engagement and productivity.

For downtown office landlords, these market dynamics may translate into different asset management strategies. On one hand, Class A buildings are well-positioned to capture long-term office demand while Class B assets will likely receive any residual demand from occupiers looking for a balance between quality and occupancy cost. These assets can aim to preserve value through ongoing improvements or find targeted value-add initiatives. Meanwhile, older Class C properties with significant deferred maintenance and less competitive locations are pressured through flight-to-quality. For office landlords with high vacancies, an exit strategy to reposition the building may provide better long-term value than capital reinvestment.

These considerations are particularly relevant for the federal government, which plays a significant role in shaping market conditions. With 46.2% of its office portfolio categorized as being in poor or critical condition, deferred maintenance liabilities represent a substantial financial obligation. As federal departments increase in-office presence, it is worth considering whether the existing portfolio provides sufficient capacity that meets GCworkplace standards and what the overall cost will be to meet the current policy.

Figure 15: Ottawa Cap Rates Across Different Downtown Office Classes



Source: CBRE Research, 2026.



Multifamily

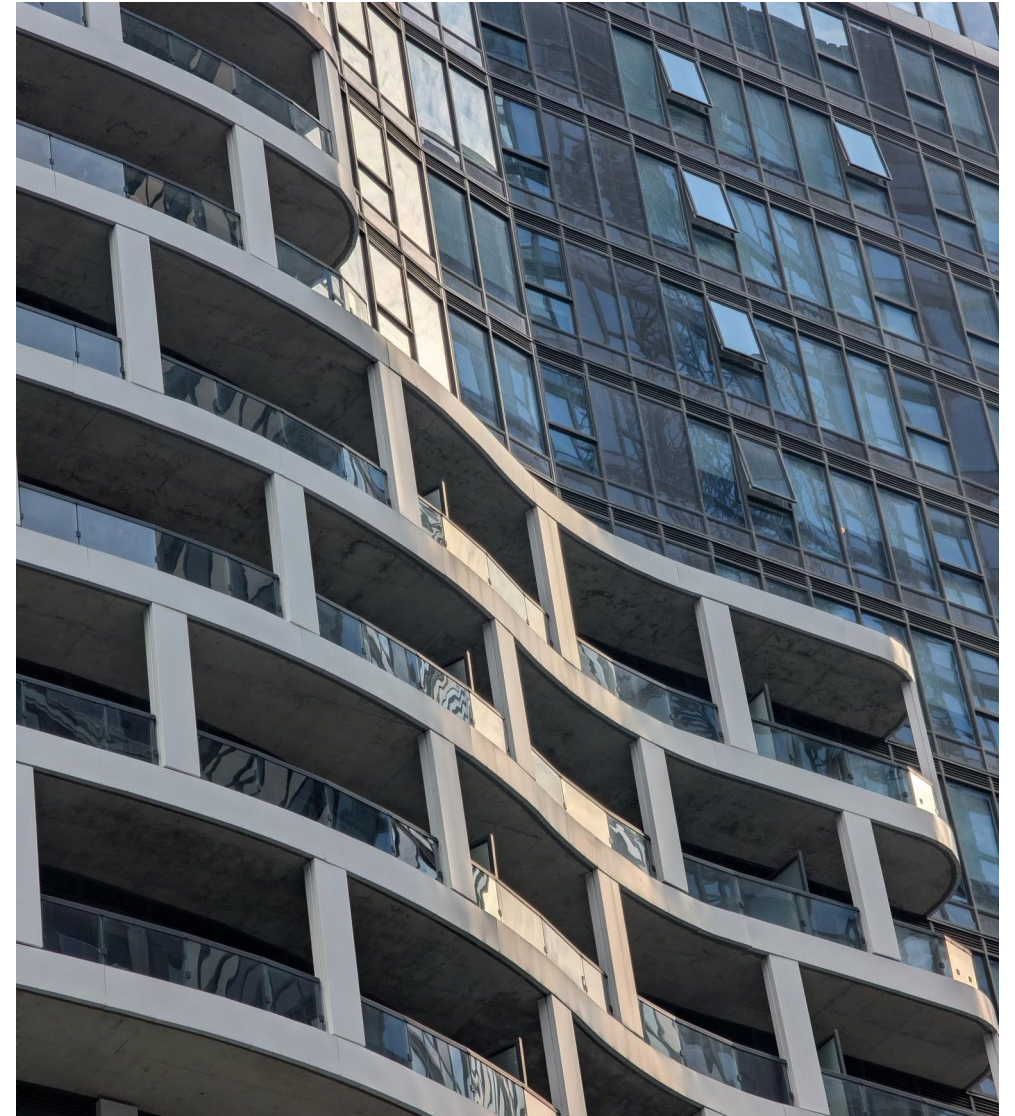
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Ottawa is unique for being a “one company city” for the federal government. This also means that they need to provide solutions for the unique Ottawa problems as well.

Graeme Hussey
President
Nesting Ground

”

- Increasing the population of downtown residents is key to downtown revitalization and achieving critical mass.
- Success means creating complete communities where residents, workers, amenities, transit, and services mutually reinforce each other.
- A diverse housing inventory can help attract and retain residents, such as market-rate units, affordable units, and student housing.
- Office conversions can help reposition underutilized offices into mixed-use developments, although economic and development constraints remain.
- Increasing housing affordability requires reducing development barriers for market and non-market developers.



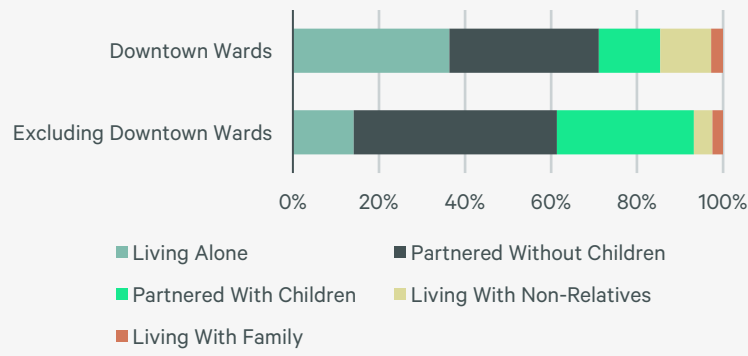
The Importance of Density and Downtown Residential

A growing residential population is one of the most important components of a successful downtown revitalization strategy, as increasing the number of residents helps diversify the demand base. From an economic perspective, concentrating talent within the core helps support innovation by providing employers access to a deeper pool of highly-skilled workers. Intensification also improves the efficiency of public investments, allowing the city to utilize existing municipal infrastructure more effectively rather than sprawling to support lower-density housing.

Increasing the number of residents also supports local businesses through increased foot traffic and spending, complementing the retail sector. Conversely, desirable urban environments, convenient retail, and nearby amenities greatly improve the quality of life for residents and generate demand for housing.

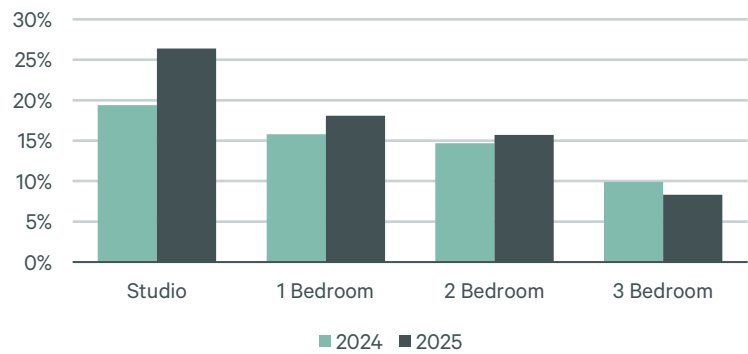
From a systems approach, this symbiotic relationship strengthens the economic viability of both commercial and residential projects while fostering the type of active, walkable environment associated with downtowns. Successful neighbourhoods demand a complete living environment, supported by grocery stores, schools, healthcare services, childcare facilities, parks, community spaces, and other everyday amenities. Mixed-use developments play an important role in achieving these objectives, as integrating multiple uses within the same urban fabric creates a more efficient and dynamic environment. While most mixed-use developments involve residential and retail, diversifying into different land uses, such as institutional, education, cultural, or hospitality, can create a more economically diverse and resilient ecosystem.

Figure 16: Household Characteristics Within and Outside of Downtown Ottawa



Source: City of Ottawa, CBRE, 2026.

Figure 17: Turnover Rate by Year for Ottawa Apartments With 200+ Units, Based on Bedroom Type



Source: CMHC Rental Market Survey, CBRE, 2026.

Because of these factors, downtowns have conventionally leaned towards attracting students, recent graduates, young professionals, and knowledge-sector workers who value proximity to work, transit, and urban amenities. In Ottawa, downtown wards are comprised primarily of residents who live alone or are partnered without children. On average, 55% of households in downtown Ottawa are comprised of just one person. Overall, 74% of households in downtown also rent their dwellings compared to 35% for the broader Ottawa region.

While these demographic groups play an important role in supporting downtown, long-term residential growth requires a broader spectrum of housing that can accommodate couples, families with children, older households aging in place, students, and vulnerable populations. According to CMHC’s Rental Market Survey, units with two or more bedrooms constitute only 27% of the rental stock downtown. This limited supply may constrain residential diversity and mask latent demand, underscoring the importance of expanding the range of housing options downtown.

Density creates inherent advantages for downtown, creating a symbiotic relationship between residents and businesses. Mixed-use developments contribute to and benefit from this dynamic. Meanwhile, a more diverse housing stock can support a wider range of households and improve economic resiliency.

Office-to-Multiresidential Repositioning

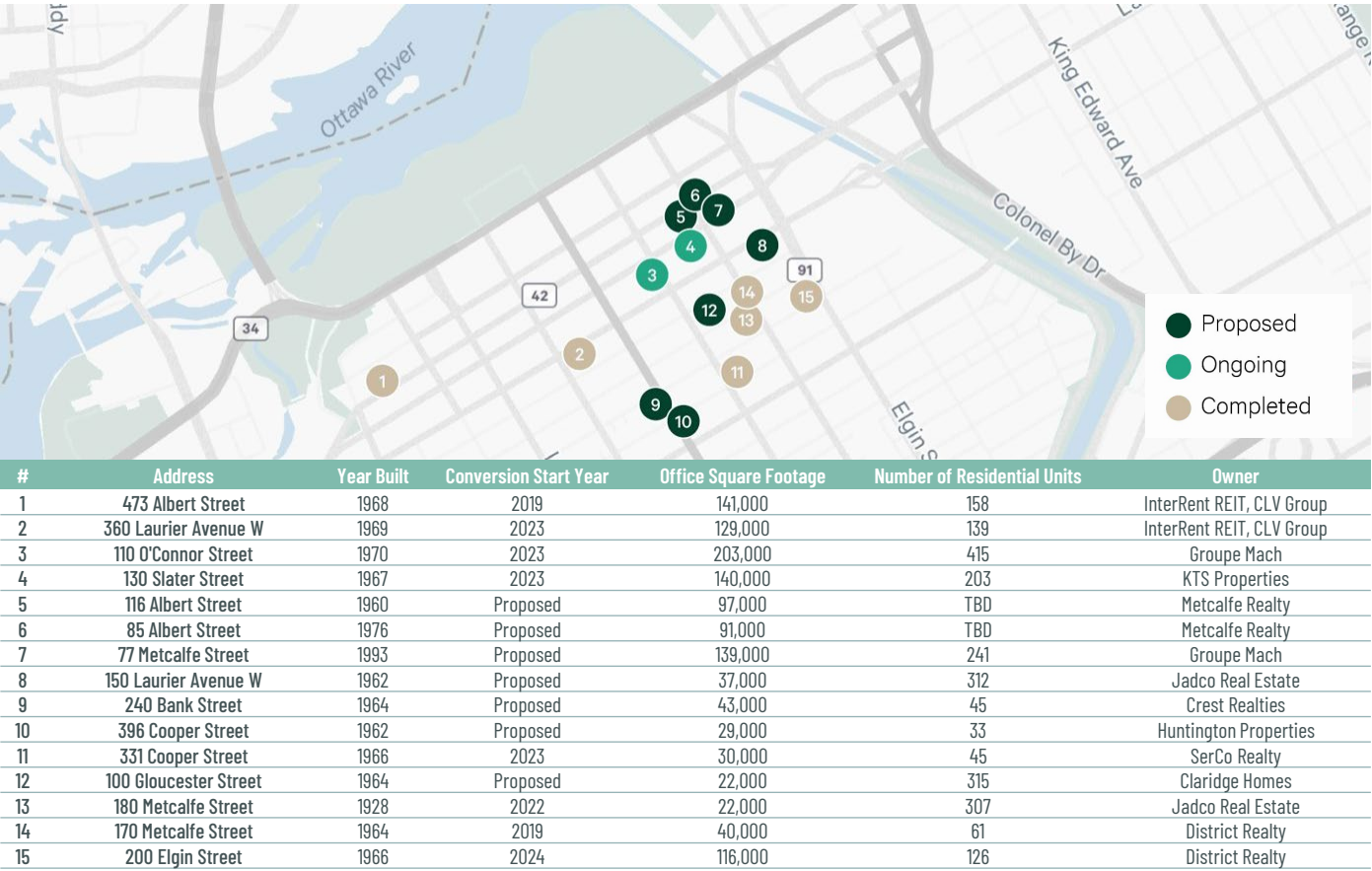
Conversions have emerged as a tool for simultaneously addressing elevated office vacancy and housing demand. By repurposing functionally obsolete buildings, they can remove underperforming space from the inventory while introducing new housing supply into the core. Nevertheless, [office conversions can be a complex endeavor](#), with characteristics such as the floor plate size, structural core, and building facades that can affect the feasibility. Inefficient layouts can permanently reduce leasable area, making converted buildings priced less competitively compared to purpose-built products. These factors alongside any fluctuations in borrowing and construction costs can significantly impact the economic feasibility of an office conversion, creating a need for impactful and tangible market incentives. Ultimately, there will be cases where building from scratch may be more viable than converting the building.

Since the start of 2020, there have been 15 proposed, ongoing, and completed office conversion projects in the CBD. If completed, these projects will repurpose 1.3 million square feet of office space into 2,400 new residential units. While conversions may not be the catch-all solution for downtown, they can repurpose underutilized buildings into value-generating developments for the city and its residents.

Market incentives can play a big role in catalyzing new conversions for owners sitting on functionally obsolete buildings. [Calgary has spearheaded this trend](#), with per square foot financial incentives provided for any qualifying projects depending on their usage, whether it is affordable housing or hotels. Within Ottawa, the municipal government has [piloted a conversion program in the Somerset ward](#) that streamlines the development process and reduces any applicable fees for any qualifying projects.

Conversions are a complicated endeavor which may not always pencil out economically compared to new builds. However, market incentives can play a major role in addressing some of the development shortcomings.

Figure 18: Map of Proposed, Ongoing, and Completed Office Repositionings in Downtown Ottawa



Source: CBRE Research, 2026.

“The economics of conversion require measures to close the gap with tangible offsets, whether through measures that land in the budget or conversion-specific CMHC programs.

Christos Panagiotakos
Senior Vice President
CBRE

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Although conversions had been popularized by the pandemic, there have been previous projects that occurred before then. For instance, the THEO Building was an [office building converted by KTS Properties into student residences](#) that had begun construction in late 2018. Originally a former government office called the Constitution Building, the 12-storey office building sat on the corner of Rideau and King Edward Street, just 10 minutes of walking away from the University of Ottawa campus. After the developers purchased 305 Rideau Street for \$16.2 million in December 2017, they eventually converted the 230,000 sq. ft. building into student housing for the university, containing 193 units and over 500 beds. Alignvest Student Housing REIT later acquired the property in July 2021 at \$116.3 million.

Expanding to the core, KTS Properties later purchased 66 Slater Street and 130 Slater Street on August 2023. KingSett Capital sold the portfolio for \$72.5 million across an aggregate floor area of 383,000 sq. ft. 130 Slater Street was a 13-storey office building that was approximately 40% occupied at the time of sale. For its part, the 123,000 sq. ft. building sold for approximately \$15.5 million. Meanwhile, 66 Slater Street was a 22-storey office building located a block away that was about 90% occupied during its sale. The 260,000 sq. ft. building had sold for \$57 million.

Given these acquisitions, KTS Properties set their vision on [converting the older, more vacant building at 130 Slater Street](#). Partnering with ARG Devco, the developers eyed converting the L-shaped building into 203 rental suites, featuring a mix of studio and multi-bedroom apartments.

Another notable group includes [CLV Group, which completed their second conversion at 360 Laurier Avenue West](#) into a residential building. Built in 1968, the Naron Building was the former government offices for Correctional Service Canada and sat completely vacant asides from the retail portion. In a deal involving True North REIT and CBRE, the new owners purchased the property in July 2023 for \$17.5 million with the intent of repositioning it. The developers worked alongside many of the same partners from their first project at the Slayte, such as Linebox Studio, given their experience. Eventually, CLV Group converted the 129,000 sq. ft. building into 140 new rental apartments in the core.

These examples showcase an appetite by developers to capitalize on these opportunities to reposition obsolete office buildings. However, due to the complexity of conversions, tangible market incentives may be required to assist in the feasibility and affordability of these projects, leaving total construction time as the main lever that developers can meaningfully control.

\$71 PSF

Acquisition price of 305 Rideau Street before student housing conversion

\$507 PSF

Purchase price of 305 Rideau Street after student housing conversion

\$125 PSF

Acquisition price of 360 Laurier Avenue West before residential conversion

Increasing the Residential Supply

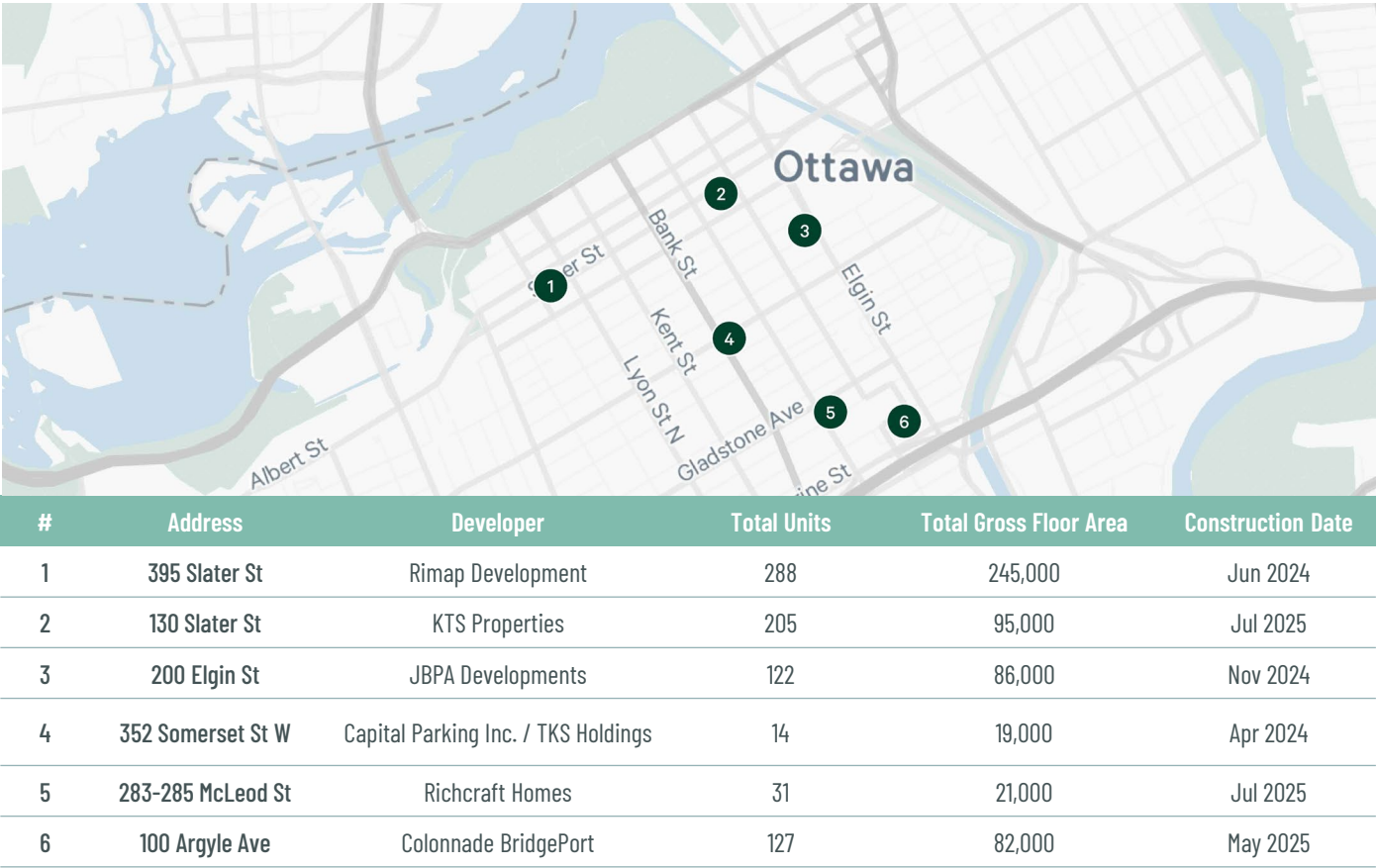
The type of housing delivered is often shaped by market economics. Market developers typically require rents sufficient to offset construction, financing, and land costs, resulting in underwriting for new supply that is frequently concentrated in higher-end rental products. Empirical evidence has shown that new supply can still improve affordability through a “filtering” effect, usually through a vacancy chain whereby higher-income households move into newly constructed units and free up existing housing stock for other income groups.

While projects by market developers contribute to the overall housing supply, the “filtering” of housing might be slowed down due to market prices for new rental builds not aligning with current affordability demands. Non-market developers can play a complementary role by delivering housing that is insulated from market pressures and specifically targeted towards affordability. Given that the sector [constitutes less than 5% of the total stock](#), experts have highlighted the importance of expanding the non-market housing inventory to better address the affordability challenges.

Supply-side measures that reduce development barriers can improve project feasibility and lower costs, allowing developers to pass some of those savings onto renters. Examples of interventions include flexible zoning, streamlined approvals, and access to low-cost long-term financing. Recently, the City of Ottawa enacted a comprehensive zoning bylaw which introduced significant reforms, including expanded permissions for residential intensification citywide and the removal of parking minimums in urban and suburban areas. These changes can reduce development costs, allow parking provision to better reflect market demand, and support a more walkable, transit-oriented urban environment.

Supply-side interventions, such as low-cost long-term financing, can help market and non-market developers contribute to housing affordability.

Figure 19: Ongoing Multiresidential Projects in Downtown Ottawa



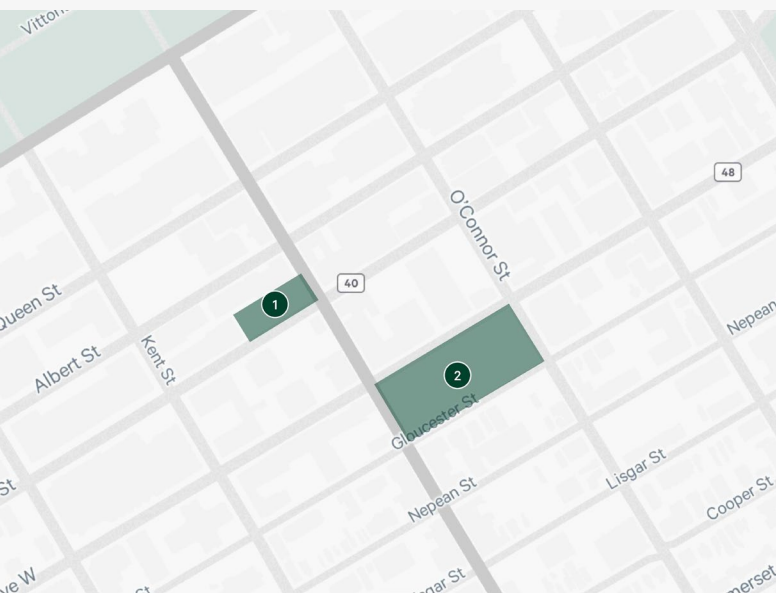
Source: Urbanation, CBRE Research, 2026.

Although redevelopment opportunities in downtown are limited, the federal government launched the [Canada Public Land Bank](#) in mid-2024 to catalogue all federally owned properties that are underutilized and open for housing development. Typically, these are properties that have been considered surplus and in critical condition with significant deferred maintenance. Within downtown, the Jackson Building and L'Esplanade Laurier represent the only federal properties currently listed.

While the federal disposal process is complicated due to the amount of due diligence and intergovernmental consultations required, many of these properties have remained [listed in the land bank with little movement](#). According to a [report by the Office of the Auditor General](#), PSPC has been unable to achieve its portfolio reduction target of 50% while falling short of its target to modernize 4% of office space per year. It also notes that previous disposal processes have taken anywhere between 6 to 8 years, although PSPC has been piloting a new method to accelerate the process.

These downtown sites represent substantial, underutilized properties that could be fast-tracked into affordable housing where developable land is scarce. While key differences exist between market and non-market developers, both face many of the same development pressures, such as securing favorable financing terms. Land acquisition costs can also form a sizeable chunk of the development, accounting for 20% to 40% of the total budget. This applies particularly for non-market developers who may rely on federal programs, discounted land pricing, or long-term land leases to execute some of their affordable housing projects financially.

Figure 20: Canada Public Land Bank in Downtown Ottawa



#	Building	Address	Total Gross Floor Area	Year Built	Building Condition
1	Jackson Building	122 Bank Street	210,000	1920	Critical
2	L'Esplanade Laurier	300 Laurier Avenue West	981,000	1975	Critical

Source: Canada Public Land Bank, CBRE Research, 2026

Ultimately, downtown housing strategies should focus on creating a diverse residential inventory that caters to a broad range of households, such as newcomers, seniors, families with children, and vulnerable populations. A diversified housing mix of purpose-built rentals, supportive housing, student housing, and family-oriented units can support a broader, stable resident base.

Remarkably, experts have noted that attracting students can be an effective tool at rejuvenating the core. Comparatively, university-aged young adults are more likely to utilize active transportation or transit, contribute to the local retail economy, are less sensitive to living in smaller shared units, and can support activity on weekends. Nevertheless, a recent federal measure to limit international student permits has resulted in a [sharp drop in temporary residents](#), shaping the aggregate demand for student housing. Meanwhile, [57% of young adults between 20 and 24 years old lived in an intergenerational household](#) with their family, primarily as a strategy to manage expenses and cost savings. Despite these trends, students represent a valuable population segment for downtowns. They can generate value for the multiresidential sector while contributing to the vibrancy and economy of the core, although some work is still needed to increase the affordability.

Unlocking surplus federal properties for redevelopment is crucial for repurposing underutilized office buildings into affordable housing. Student housing can also serve as a useful tool for adding vibrancy to the core.

“ Fixing the affordability crisis requires systems for developers to get necessary projects in the ground, especially for affordable and non- market developers.”

Carolyn Whitzman
Adjunct Professor, Housing Researcher
School of Cities at the University of Toronto

Revitalization efforts must also ensure that downtown growth remains inclusive. Expanding affordable housing benefits not only low-income households but also strengthens the broader economy by allowing essential workers, seniors, vulnerable households, and other residents to be connected to employment opportunities, services, and transit. Although market-rate housing has accounted for a majority of new residential units being built, a lack of intervention in creating new affordable housing risks displacement and exacerbating structural challenges downtown.

While many underutilized federal sites remain in the Canada Public Land Bank, there have been some movements in the market. In early 2026, the [NCC finalized a lease agreement with Nesting Ground and Ottawa Community Housing](#) to transform a vacant site into affordable housing, marking the first federal deal in the region. Located at 1460 Riverside Drive, the vacant lot measures in at 2.2 acres and sits 600 metres away from the Hurdman LRT station. The co-tenants were approved for a long-term land lease up to 99 years, allowing the property to be under federal control while Windmill Developments and Ottawa Community Housing work on providing affordable housing. Even though the project is not located in downtown, it is a transit-oriented development that could indicate positive momentum for the multiresidential sector as well as the proposed sites in the federal land bank.

Underutilized office spaces can also be used in the creation of affordable units. In 2024, CBRE worked alongside Groupe Mach and the [City of Ottawa to open a new supportive housing centre in the core](#). 230 Queen Street was a 3-storey office podium that had sat as a fully vacant office building for five years prior to its conversion. A 10-year lease with two five-year renewals had later been struck to convert 30,000 sq. ft. of office space into beds for 140 people. Since it opened in 2025, the Catholic Centre for Immigrants has operated the facility, providing accommodation and services for communities in need in Ottawa. This is not the only example in Ottawa, as the 3-storey office building on 44 Eccles Street in Chinatown was similarly [converted into 46 supportive housing units for women](#).

That said, housing supply alone is unlikely to fully address challenges related to affordability. Evidence suggests that addressing housing insecurity requires a systems-based approach that integrates adequate housing with supportive services, such as mental health care and addiction treatment, with [Finland’s “Housing First” policy](#) serving as a prime case study to emulate. Ensuring that downtown revitalization benefits both existing and future residents is critical to creating a core that is safe, inclusive, and resilient.

57,000

Total square footage of office space that has been converted into supportive housing

186

Total number of new beds created by converting office space into supportive housing

Conclusion

From a systems approach, residential growth represents one method which can support retail demand, transit ridership, public realm activation, and the overall vitality of the downtown core. Expanding housing opportunities for a broad range of residents, including students, young professionals, families, seniors, newcomers, and vulnerable populations can create a more stable foundation for retail, services, cultural amenities, and community life.

From a supply perspective, market developers play an important role with adding new housing supply and increasing residential density, while non-market developers are essential in addressing affordability gaps that exist in the market. Affordable housing projects can serve a dual purpose by expanding below-market housing options while alleviating housing insecurity in the downtown core. This approach works best when also paired with systems that prioritize public safety and social services.

Accordingly, measures that directly or indirectly improve a project’s financing, such as access to long-term low-rate financing or streamlined approvals, can help accelerate housing delivery. At the same time, functionally obsolete office buildings, surplus federal properties, and underutilized redevelopment sites represent rare opportunities that can be capitalized on, given the density and built-out nature of Ottawa’s core.

Nevertheless, increasing housing supply represents only one side of the equation. Demand-side factors, such as safety, neighbourhood appeal, affordability, access to arts activities, and transit, can also affect the choice to move downtown. A comprehensive revitalization strategy therefore requires not only more housing but also continued investment in the underlying attributes that drive residential demand, such as arts funding and more community spaces. While long-term housing demand is also influenced by macroeconomic factors, such as purchasing power and population growth, these considerations fall outside the scope of this report.

Figure 21: Ottawa Cap Rates Across Different Multifamily Classes



Source: CBRE Research, 2026.



Revitalization Looking Forward

Revitalizing downtown should be viewed as a progressive evolution rather than a singular event. Encouraging progress has already been seen through public and private sector investment, placemaking projects, and tourism initiatives to strengthen downtown. Maintaining this momentum and implementation will be essential to realizing the full potential of the core. Downtown revitalization and commercial real estate remain closely interconnected, supporting greater market confidence, investment, business growth, and the long-term competitiveness of office, retail, and residential assets.

Achieving this requires a systems-based approach that recognizes the interconnected nature of downtown. For example, systems such as public transit and ridership are in a circular feedback loop which can also generate spillover effects on traffic congestion, access to jobs, disposable income, and demand for office and retail. Utilizing a systems approach also means recognizing that there are many other macro-level factors that can affect the core, such as inflationary pressures and geopolitical events. While these forces impact downtown Ottawa and are outside the scope of this report, the creation of a diversified downtown would be inherently more resilient and adaptable to such future headwinds.

Consequently, revitalization requires a coordinated effort that involves all relevant stakeholders and translates that vision into targeted investments and measurable outcomes. This transition can also advance broader environmental, social, and governance (ESG) objectives. Higher-density development, adaptive reuse projects, and walkable communities can reduce environmental impacts while supporting social outcomes, such as housing accessibility and community inclusion.

Looking ahead, a continued focus on utilizing the current alignment of stakeholders to address any funding or policy barriers and deliver tangible outcomes will support a more balanced and inclusive downtown. Strategic investments, adaptive reuse, and business attraction will remain important to driving market confidence and downtown growth. Fundamentally, a successful downtown is one that recognizes and leverages the interconnected systems within. Human-scale developments, vibrant public spaces, and a diverse mix of uses create an environment where residents, tourists, and businesses choose to spend time and invest.

The direction is clear: a more affordable, diverse, connected, vibrant, and people-focused downtown is essential to Ottawa's long-term prosperity.



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