

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.3% Vacancy Rate	▲	▼
-617K YTD Net Absorption SF	▼	▲
\$36.99 Asking Gross Rent PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
677K Ottawa Employment	▼	▲
6.8% Ottawa Unemployment Rate	▲	▲
6.7% Canada Unemployment Rate	▲	▲

Source: Statistics Canada

ECONOMY

In February 2026, Canada's unemployment rate rose by 20 basis points (bps) from last month to 6.7%, while national employment declined by 84,000 jobs. Ontario's unemployment rate remained steady at 7.6%, 10 bps higher both year-over-year (YOY) as well as month-over-month. Ottawa's labour market showed improvement compared to the previous quarter, with the unemployment rate falling to 6.8%. However, the outlook remains challenging. Between February 2025 and February 2026, Ottawa recorded the largest employment decline in Ontario, losing 30,500 jobs. This downturn reflects both global economic pressures and the ongoing risk of job reductions in federal services, a key concern given that the public sector accounts for nearly a quarter of employment in the city.

SUPPLY AND DEMAND

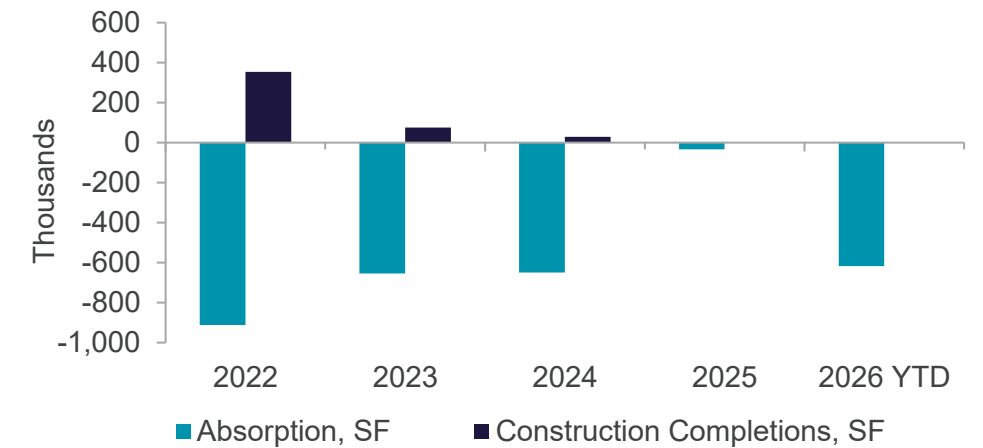
In Q1 2026, Ottawa's overall office vacancy rate increased to 13.3%, its highest level since Q4 2024. Vacancy rose across all asset classes, led by a 220-bps increase quarter-over-quarter (QOQ) in the Class B segment. The overall Central market vacancy rate climbed from 13.6% to 15.2%, mainly driven by increases in the Central Business District (CBD), where 261k square feet (sf) of vacant space was added in Q1 2026. The Suburban market also recorded higher vacancy levels. Although the Suburban Class A and Class C segments posted declines in vacancy, a 350-bps increase QOQ in the Class B segment offset these gains, pushing overall Suburban vacancy to 11.7% in Q1 2026.

Despite the rise in vacancy, leasing activity in Ottawa rebounded to 305k sf in Q1 2026. In the Central Class A market, leasing activity increased significantly from 18k sf to 69k sf, nearly 4 times the previous quarter's figure. Leasing activity in the CBD submarket also doubled from last quarter, reaching 105k sf in Q1 2026.

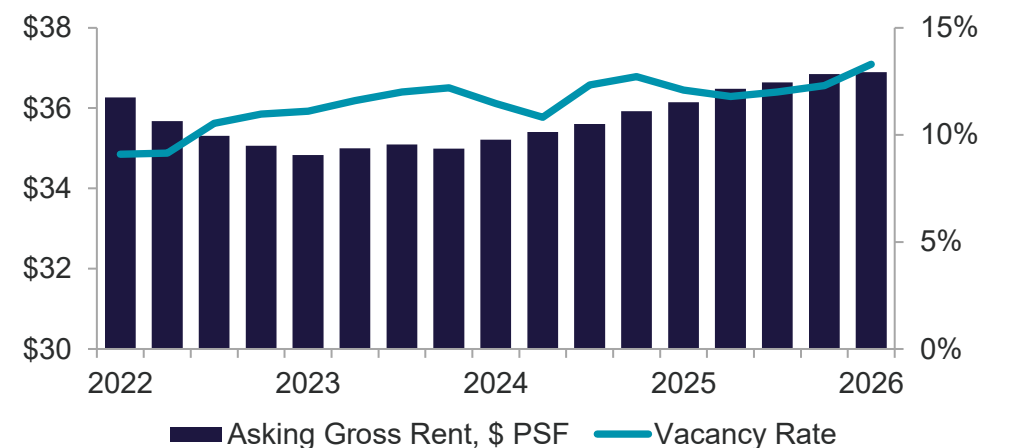
PRICING

The overall average direct net asking rent in Ottawa decreased slightly to \$17.72 per square foot (psf) in Q1 2026. Meanwhile, the overall average direct additional rent increased by \$0.28 to \$19.27 psf, with gains in both Central and Suburban markets. As in the previous quarter, the Central market recorded an increase in the direct net asking rent to \$19.47 psf, while the Suburban market declined to \$15.41 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING GROSS RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown Core	18,218,506	364,825	2,160,995	13.9%	-250,208	-250,208	104,573	0	\$41.08	\$49.00
Centretown	1,077,240	12,110	250,118	24.3%	-45,480	-45,480	2,755	0	\$32.61	\$35.87
Lowertown/Sandy Hill	968,263	17,752	221,196	24.7%	-9,479	-9,479	5,897	0	\$35.67	\$43.56
Glebe/Main	255,845	0	35,312	13.8%	-7,791	-7,791	0	0	\$33.94	N/A
Central Dispersed	286,251	0	90,867	31.7%	0	0	0	0	N/A	N/A
CENTRAL AREA TOTALS	20,806,105	394,687	2,758,488	15.2%	-312,958	-312,958	113,225	0	\$40.06	\$48.57
Ottawa West	9,387,782	82,234	1,127,658	12.9%	-334,087	-334,087	146,300	0	\$33.72	\$35.59
Ottawa Deep West	6,719,520	116,335	717,812	12.4%	11,597	11,597	16,486	72,000	\$29.85	\$29.96
SUBURBAN WEST TOTALS	16,107,302	198,569	1,845,470	12.7%	-322,490	-322,490	162,786	72,000	\$32.08	\$32.27
Ottawa South	450,018	0	51,987	11.6%	-2,786	-2,786	7,869	0	\$36.63	\$36.63
Ottawa East	5,777,854	35,912	470,438	8.8%	20,462	20,462	21,456	0	\$35.98	\$38.02
TOTAL SUBURBAN TOTALS	22,335,174	234,481	2,367,895	11.7%	-304,814	-304,814	192,111	72,000	\$32.94	\$33.57
OTTAWA TOTALS	43,141,279	629,168	5,126,383	13.3%	-617,772	-617,772	305,336	72,000	\$36.99	\$40.77

*Rental rates reflect full service asking. Gross rent including operating costs and taxes.

KEY LEASE TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	TENANT	SF	DEAL TYPE
1 Chrysalis Way	Ottawa West Dispersed	Thales Canada Inc	57,357	Renewal*
343 Preston Street	Ottawa West Dispersed	MNP LLP	39,506	New Deal
275 Slater Street	Central Business Distric	Undisclosed	12,254	Renewal*
2680 Queensview Drive	Ottawa West Dispersed	Undisclosed	10,685	New Deal

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
100 Constellation Drive	Ottawa West Dispersed	Arnon Corporation / City of Ottawa	736,164*	\$10,010,887 / N/A
2616 - 2626 Bank Street	Ottawa South Dispersed	Alta Vista Animal Hospital Ltd; Alta Vista Animal Hospital Limited Partnership / Auctus Collective Inc	13,322	\$6,600,000 / \$495
96-108 Bank Street	Central Business District	Named Individual(s) / 1001332656 Ontario Inc	6,534*	\$7,600,000 / N/A

*Land Area

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