

MARKET REPORT

Multifamily
Ottawa Metro Area

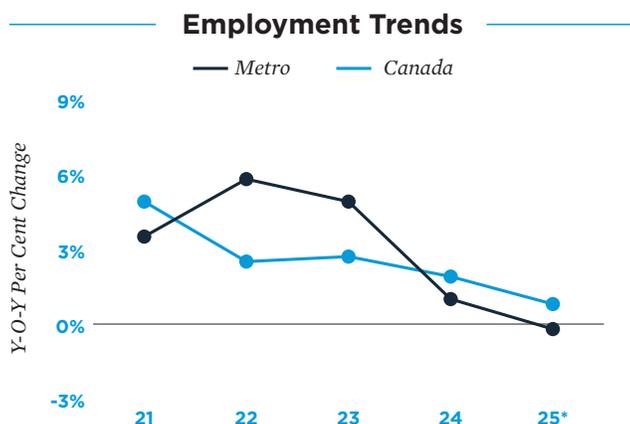
IPA INSTITUTIONAL
PROPERTY
ADVISORS
A DIVISION OF
MARCUS & MILLICHAPE, BROKERAGE

3Q/25

Long-Term Demand Drivers Will Help Offset Short-Term Pressures Over the Coming Years

Development concentrated in select nodes. Ottawa's multifamily construction pipeline is at its highest on record, with projects increasingly centered around select areas. Westboro, Hintonburg and Little Italy are seeing significant construction due to their proximity to Confederation Line stations. These areas not only benefit from transit expansion but also existing zoning for mid-to-high density, walkability, mixed-use character appealing to young professionals and targeted intensification incentives from the City of Ottawa. At the same time, other areas such as Blair, St. Laurent, South Keys and Riverside South are emerging rental nodes due to improved transit access amid Ottawa's stage two LRT expansion. Lastly, suburban intensification is also underway. Submarkets like Kanata and Barrhaven – which hold a large tech workforce and will benefit from future transit connectivity – are seeing infill mid-rise rental projects.

Demand outlook stays sound. Supply growth and evolving demand dynamics are softening fundamentals in the short term; however, there are ample demand drivers that continue to create a favourable long-term outlook. As Canada's capital city, public sector employment creates stability. Ottawa is also emerging as one of Canada's top tech hubs. Combine these with a large university presence, and the metro's long-term employment and demographic outlook is strong. While there are some short-term economic uncertainties to overcome, Ottawa will remain an attractive long-term investment option.



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

Multifamily 2025 Outlook



**2,000
JOBS**
will be lost

EMPLOYMENT:

As the federal government aims to trim its operational budget, a pullback in hiring is likely, which could result in a slight contraction in total employment this year. Nevertheless, a growing tech scene and public sector stability maintains a healthy long-term outlook.



**3,500
UNITS**
will be completed

CONSTRUCTION:

After a significant rise in 2022, construction starts stabilized in 2023 and saw a slight drop in 2024. As a result, deliveries are likely to edge lower when compared with the all-time high set last year. Yet openings will still reach one of the highest readings on record.



**60
BASIS POINT**
increase in vacancy

VACANCY:

Supported by a lower cost of living, a strong public sector, an expanding tech industry and historically limited rental construction, Ottawa is forecast to hold one of the lowest and most stable vacancy rates among major Canadian metros at just below 3.5 per cent.

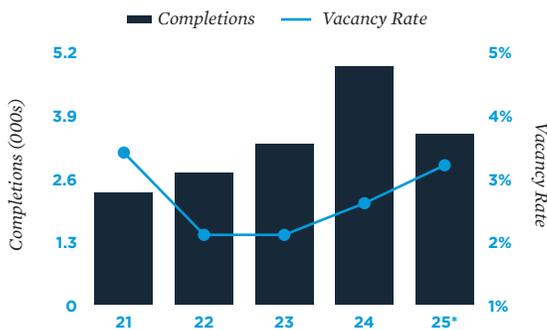


**2.5%
INCREASE**
in effective rent

RENT:

Elevated supply and evolving demand may moderate rent growth, but high-quality new builds remain well positioned to attract tenants. In the near term, competition among premium assets may result to more measured increases.

Supply and Demand



Rent Trends



Sales Trends



* Forecast; ** Through 1Q

Sources: Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

Ottawa Office:

Mark Paterson First Vice President, District Manager | Eastern Canada

275 Bank Street, Suite 301

Ottawa, Ontario K2P 2L6

Tel: (613) 364-2300 | mark.paterson@marcusmillichap.com

Prepared and edited by:

Frank Zhao

Research Analyst, Canada | Research Services

For information on national multifamily trends, contact:

John Chang

Senior Vice President, Chief Intelligence & Analytics Officer

Tel: (602) 707-9700 | john.chang@marcusmillichap.com

Price: \$250

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

© Marcus & Millichap 2025 | www.MarcusMillichap.com

2024 Overview

CONSTRUCTION

4,860 units completed

- Openings hit an all-time high, with the Chinatown-Hintonburg-Westboro submarket seeing the most deliveries.
- Additionally, the submarket holds the largest under-construction pipeline as of May, being strategically located along major transit corridors and near downtown. The area is also culturally vibrant, attracting developer interest.

VACANCY

50 basis point increase in vacancy Y-O-Y

- As most new supply is in the Chinatown-Hintonburg-Westboro submarket, the area saw the largest increase in vacancy at 280 basis points. Because new supply is being priced at a premium, units are taking longer to be absorbed.
- More affordable areas, along with smaller and lower-cost units, saw less upwards pressures on vacancy due to less supply and pricing advantages.

RENT

8.8% increase in the average effective rent Y-O-Y

- Ottawa was one of only three major metros to see annual rent growth accelerate, hitting its highest reading since 2019.
- Annual rent growth for two-bed units led gains at 10.7 per cent, potentially reflecting new supply priced at a premium, as well as healthy demand for mid-sized units from couples and roommates amid affordability hurdles.

Investment Highlights

- Multifamily properties maintained liquidity over the past yearlong period ended March. These accounted for the largest share of total sales among major commercial property types at 35 per cent and also saw total transactions increase 42 per cent compared with the prior yearlong period. This jump was mainly driven by sales over \$20 million – which were up 71 per cent – and translated into a 67 per cent increase in total dollar volume.
- Though private buyers continued to dominate the investment landscape, Ottawa has seen more participation from public equity/REIT owners. This purchaser profile represented roughly a quarter of total dollar volume, likely due to Ottawa's attractive defense characteristics as a government town and its strong demographic profile.
- With investor interest strong and total dollar volume transacted over the past year ended March above the metro's trailing five-year average, the average sale price and cap rate have largely been holding firm amid a more stable lending environment. As of the end of the first quarter, Ottawa's average multifamily cap rate was hovering just shy of 5.5 per cent.