

INVESTMENT FORECAST

Multifamily
Southwestern Ontario

IPA

INSTITUTIONAL
PROPERTY
ADVISORS

2026

Momentum Begins to Build Amid Better Monetary and Trade Conditions

Early signs of stabilization expected in new year. Southwestern Ontario's multifamily sector entered 2026 after a challenging year. Slowing population gains and rising unemployment amid tighter immigration and trade disruptions weighed on rental demand. Meanwhile, completions reached an all-time high, pushing the vacancy rate to its highest level since 2012. Conditions are expected to improve modestly this year. The exceptional momentum in rental need driven by the post-pandemic population surge is unlikely to return. However, an industrial recovery — supported by lower interest rates, ongoing producer adaptation and a potential improvement in trade relations — should provide a backstop for leasing activity. Although the vacancy rate is still projected to rise as population growth cools further, stronger labour conditions and fewer deliveries will likely moderate the pace of increase. Beyond the near term, long-run fundamentals remain constructive. Affordability-driven resident inflows, a steadily diversifying economy and deeper integration with the greater Toronto area through expanding transit links will sustain long-term rental demand, reinforcing Southwestern Ontario's appeal for apartment investors.

INVESTMENT TRENDS

- Investment activity improved last year despite demographic headwinds and trade risks. This reflects the impact of lower interest rates and confidence in the metro's long-term outlook.
- Transit expansions, including the LRT to Cambridge and GO's Hamilton and Kitchener expansion, will boost connectivity to the GTA and underpin the metro's long-term investment appeal.

Vacancy Trend



* Forecast, ** Trailing 12 months through 3Q

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

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. 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.

2026 Multifamily Trends



**6,000
UNITS**

will be completed

CONSTRUCTION:

Completions are projected to retreat from last year's record level. While construction remains concentrated in Kitchener-Cambridge-Waterloo and London, Windsor has seen a notable pickup in recent years.



**50
BASIS POINT**

increase in vacancy

VACANCY:

Vacancy will face continued upward pressure to around 4.5 per cent, as the temporary resident population declines. However, improving economic activity and lower deliveries could slow the pace of increase.



**2.0%
INCREASE**

in effective rent

RENT:

Upward momentum in economic activity and resident inflows from other parts of Ontario are expected to support rent growth. The metro will remain one of Canada's most affordable major rental markets, aiding longer-term demand.

Price and Cap Rate Trends



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