

MARKET REPORT

Multifamily
Ottawa Metro Area

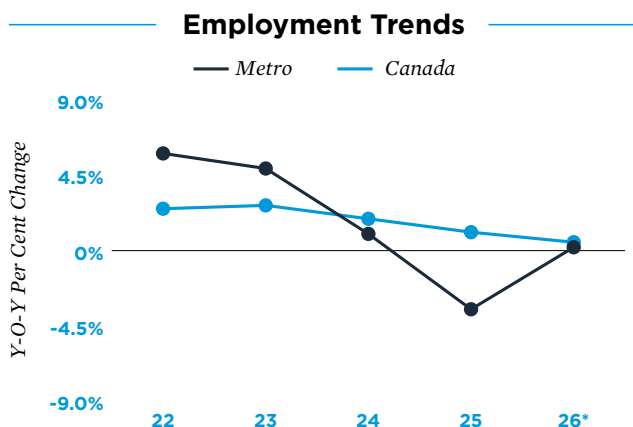
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2Q/26

Mixed Government Policy Influencing Ottawa's Retail Property Momentum

Leasing options rise as employment cools. Ottawa's retail sector softened modestly over the past year as vacancy moved higher amid new supply, tenant closures, and a weakening economic backdrop. Deliveries hit a recent high over the past 12 months, while the closure of Hudson's Bay weighed on absorption. The metro's economy has also begun to cool as federal spending restraints and workforce reductions dampen employment growth in the public administration sector, a key pillar of Ottawa's economy. Slower population growth and moderating consumer spending have also tempered retail space demand, contributing to softer leasing — particularly in the downtown, where vacancy remains above suburban levels due to hybrid work dynamics.

Downtown outlook is improving. Several factors should help stabilize retail fundamentals over the next couple of years. While the federal government is reducing headcount, return-to-office mandates requiring many employees to work in person up to four days per week are expected to gradually restore daytime foot traffic in the downtown core. Increased office attendance should support restaurants, service retailers, and other street-level tenants that rely on weekday demand. Meanwhile, continued investment in transit infrastructure — including expansion of the O-Train light-rail network — should improve mobility across the metro and strengthen connectivity between residential areas and key retail corridors. Over the longer term, these improvements should help support retail spending and leasing demand as Ottawa's economy moves through the current transition period.



* Forecast

Retail 2026 Outlook



**2,000
JOBS**

will be created

EMPLOYMENT

While federal workforce reductions tied to operational efficiency initiatives will weigh on employment in the near term, hiring should gradually recover as growth in the technology, defense, and education industries helps offset public-sector losses.



**120,000
SQ. FT.**

will be completed

CONSTRUCTION

After reaching a recent high last year, retail deliveries will decline in 2026. That said, most new openings will be concentrated in Kanata — one of Ottawa's fastest-growing areas — with the largest projects primarily consisting of storefront strip retail.



**20
BASIS POINT**

increase in vacancy

VACANCY

Vacancy is expected to stabilize near 3 per cent in 2026 as limited new supply helps offset softer demand. Improving interest rate and trade clarity, along with return-to-work mandates, are likely to support leasing in the latter half of the year.



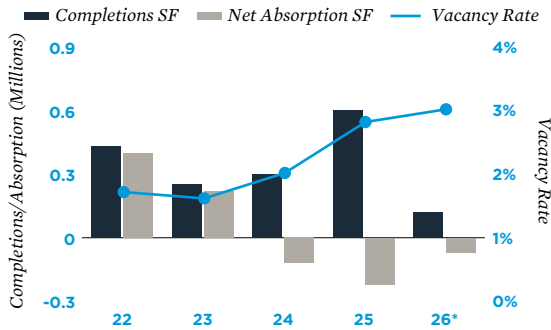
**1.0%
INCREASE**

in asking rent

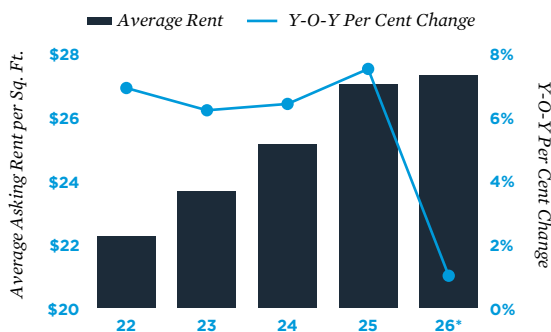
RENT

Despite emerging signs of market stabilization, risks surrounding USMCA renegotiations remain. This uncertainty, combined with muted hiring, is expected to keep consumers and retailers cautious, resulting in modest annual rent growth this year.

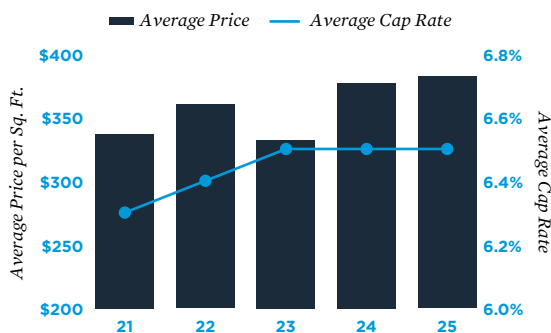
Supply and Demand



Rent Trends



Sales Trends



* Forecast

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4Q 2025: Trailing 12-Month Period



CONSTRUCTION

600,000 sq. ft. completed

- Completions hit a five-year high last year, with most new space concentrated in suburban submarkets in Ottawa West. Most openings consisted of storefront and strip retail anchored by grocery and food-service tenants.
- Construction starts improved last year. Yet nearly a decade of underbuilding continues to keep market conditions tight.



VACANCY

80 basis point increase in vacancy Y-O-Y

- Vacancy rose to 2.8 per cent last year amid softer public-sector hiring, the closure of Hudson's Bay, and lingering trade uncertainty — marking the highest rate recorded since the height of the pandemic in 2020.
- Mall vacancy rose the most to roughly 8.0 per cent due to the closure of Hudson's Bay, which left several large anchor spaces vacant across the market.



RENT

7.5% increase in the average asking rent Y-O-Y

- Essential retail formats — including grocery, pharmacy, and service-oriented tenants — make up a large share of Ottawa's retail inventory. Given more resilient demand in this segment, rent growth remained elevated last year.
- Long-term stability and higher incomes from a large public sector have helped sustain retail sales, allowing rent growth to outpace inflation.

Investment Highlights

- Retail property transactions in Ottawa jumped by nearly 20 per cent last year, pushing dollar volume up 14 per cent and bringing it to just above the metro's trailing-five-year average. This could reflect investor confidence in Ottawa's defensive characteristics amid a large public sector and its corresponding higher income levels.
- Not only does Ottawa offer economic stability, but grocery-anchored retail also acts as a defensive investment in times of uncertainty. This is reflected in a 33 per cent jump in deals valued over \$20 million last year, which also pushed dollar volume in this transaction category up by 8 per cent.
- The average retail sale price in Ottawa has trended up from its 2023 trough amid lower borrowing costs and capital rotating toward retail for its defensive characteristics and limited supply. That said, the average sale price stabilized last year as tariff uncertainty began tempering investor confidence. The general outlook for Ottawa's retail property sector remains sound, with further investment likely to materialize over the coming year.