

MARKET REPORT

Multifamily
Ottawa Metro Area

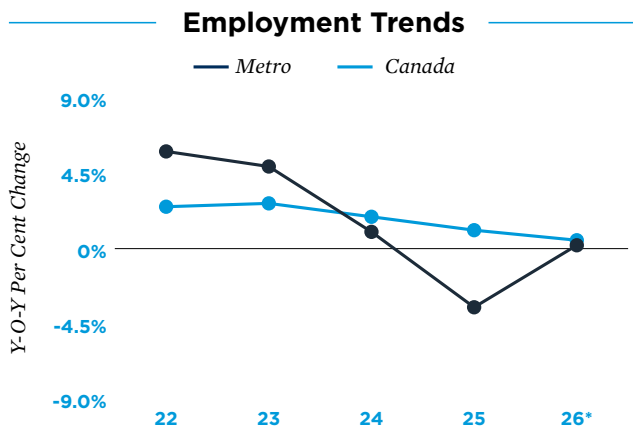
IPA INSTITUTIONAL
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1Q/26

Investor Strategies More Defined as Immigration and Labour Market Cools

Rental market readjusting to demographic shifts. The slowdown in international migration was the primary catalyst behind Ottawa's multifamily rebalancing last year. From 2024 to 2025, the net inflow of temporary residents fell sharply from 22,000 to below 3,000, reflecting tighter international student policies. As a result, university-adjacent neighbourhoods such as Old Ottawa South and Sandy Hill recorded rising vacancy rates. At the same time, a softer labour market – largely influenced by federal government downsizing – further tempered rental demand. In 2026, rental demand is expected to remain soft as international migration slows further and trade uncertainty persists. Consequently, market conditions are likely to loosen for another year, with the vacancy rate edging higher and rent growth easing from recent peaks.

Vacancy to stay low over medium term. Beyond international migration, Ottawa's population growth also depends on interprovincial and intra-Ontario inflows, which help mitigate some demographic headwinds over the next two years. Moreover, the city's rental construction pipeline remains relatively measured, with starts accelerating meaningfully only last year. Given an average two-year construction timeline, this bulk of new supply is unlikely to weigh on the market until late 2027 to early 2028, once immigration returns to historic averages. As a result, although vacancy is projected to rise further this year, it should remain within a comparatively low range through 2027.



* Forecast

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

Multifamily 2026 Outlook



**2,000
JOBS**

will be created

EMPLOYMENT

Following last year's decline, job growth is expected to remain minimal. Limited public-sector hiring will be the main constraint, while trade uncertainty and slower labour force growth are expected to add further pressures.



**4,100
UNITS**

will be completed

CONSTRUCTION

With relatively stable construction starts over the past two years, completions are forecast to remain steady. Development activity is currently concentrated in LeBreton Flats and along Highway 417, with most projects mid-rise.



**70
BASIS POINT**

increase in vacancy

VACANCY

Softening rental demand is expected to be the primary driver of higher vacancy in 2026. However, with limited supply pressure, the rate is projected to end the year below 4.0 per cent, signalling that market conditions remain tight.



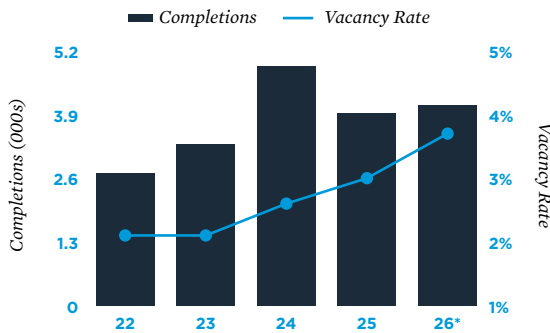
**2.5%
INCREASE**

in effective rent

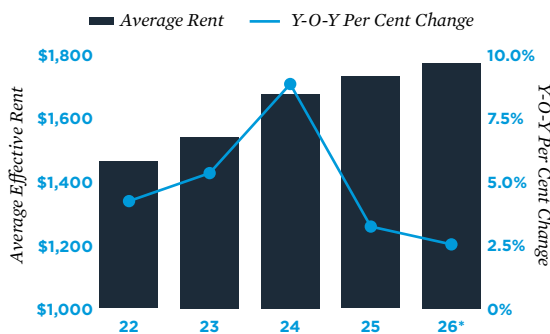
RENT

A still-tight vacancy rate will continue to support rent growth, particularly in older, lower-rent buildings that are in high demand. However, rising vacancy will temper this growth, especially at the top end of the market. These properties are expected to continue offering incentives to attract renters.

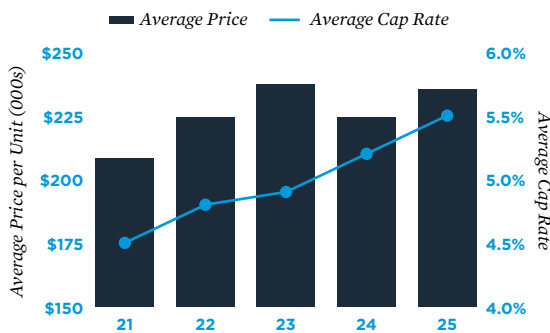
Supply and Demand



Rent Trends



Sales Trends



* Forecast

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

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2025 Overview



CONSTRUCTION

3,931 units completed

- Completions declined slightly from 2024 but remained above the historical average. Construction starts accelerated toward year-end, pushing the annual total close to 6,000 units.
- Chinatown-Hintonburg-Westboro North recorded the highest number of groundbreakings, followed by Western and Eastern Ottawa.



VACANCY

40 basis point increase in vacancy Y-O-Y

- The increase in vacancy was driven largely by newer buildings completed after 2015, which recorded a sharper 170-basis-point rise.
- Slower population growth due to tighter immigration weighed most on smaller units, driving a 110-basis-point rise in bachelor vacancy. Demand for larger units remained firm, with two-bedroom vacancy holding unchanged.



RENT

3.2% increase in the average effective rent Y-O-Y

- Rent growth was driven primarily by older buildings, led by a 10.7 per cent increase among properties completed between 1990 and 2004.
- In contrast, rents in buildings delivered after 2005 were largely flat. Notably, the average effective rate for two-bedroom units in properties completed between 2005 and 2014 declined by 0.4 per cent.

Investment Highlights

- Transaction counts remained robust last year, fueled primarily by an uptick in smaller deals between \$1 million and \$10 million. Sales of properties valued at over \$10 million cooled, leading to a 45 per cent annual decline in total dollar volume. Despite this drop, multifamily investment continued to account for the largest share of commercial property sales, indicating investor preference for the metro's apartment sector.
- Amid uncertainties related to trade policy and federal government downsizing, investors continued to focus on small- to medium-sized properties in Ottawa proper to mitigate risk. Following a 42 per cent increase in 2024, deal count for properties under \$10 million rose another 38 per cent in this submarket last year, reflecting a flight-to-quality as buyers targeted well-located, stable assets that remain in high demand.
- The average sale price rose 5 per cent last year to around \$235,000, driven in part by increased activity in smaller-sized buildings. Cap rates also rose by 30 basis points, reflecting stronger rental income that offset higher prices and boosted potential investor yields in this property segment.