Market Report

MULTIFAMILY 3Q/26

Ottawa Metro Area

2026 FORECAST

EMPLOYMENT
13,000 — Jobs will be created
1.5% — Increase Y-O-Y

CONSTRUCTION
5,500 — Units will be created
40% — More than last year

VACANCY
3.8% — Vacancy rate
80 — BPS increase Y-O-Y

RENT
$1,765 — Average effective rent by year-end
2.2% — Increase Y-O-Y

Demographic and Employment Headwinds Shape Near-Term Rental Outlook

Rental demand facing hurdles. Ottawa's multifamily sector is expected to face softer renter demand in the near term as population growth stalls and labour market conditions moderate. Federal reductions in temporary residents are projected to keep population growth roughly flat through 2027, limiting a key driver of unit demand. At the same time, planned federal public-sector job cuts are expected to weigh on employment growth and household formation. While Ottawa's diverse economy and relatively stable institutional base should support long-term housing demand, these demographic and labour market headwinds are likely to temper near-term rental performance.

Record deliveries to lift vacancy. On the supply side, 3,225 units were completed in the first six months of the year, already exceeding 80 per cent of 2025's total. Annual completions are therefore on track to surpass 5,000 units for the first time on record. With rental demand growth slowing materially, this influx of new supply is expected to push vacancy higher, particularly in newer post-pandemic developments. This will likely keep rent growth subdued, giving tenants increased bargaining power.

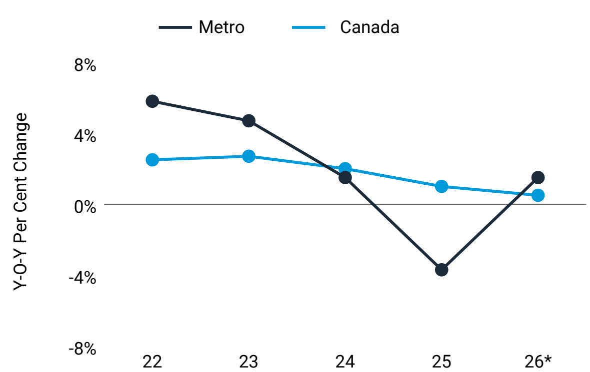
EMPLOYMENT

Total employment rebounded in the first half of 2026, with 34,000 jobs added, largely reflecting a recovery in public administration. However, expected federal job cuts will likely weigh on labour market conditions in the second half of the year. Nevertheless, the strong first-half performance should push annual employment growth to approximately 1.5 per cent in 2026, following a 3.7 per cent contraction in 2025.

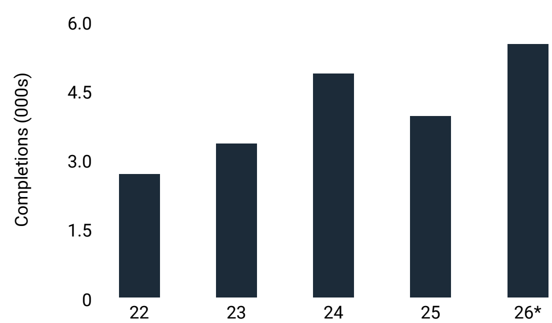
CONSTRUCTION

Deliveries accelerated significantly in the first half of 2026, with completions up 64 per cent year-over-year as the surge in starts over the past two years began to translate into new supply. The bulk of deliveries were in a handful of submarkets, led by Carlington-Iris with 1,150 completed units, followed by the area surrounding Western Ottawa with 540 units, and Chinatown-Hintonburg-Westboro with 440 units.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



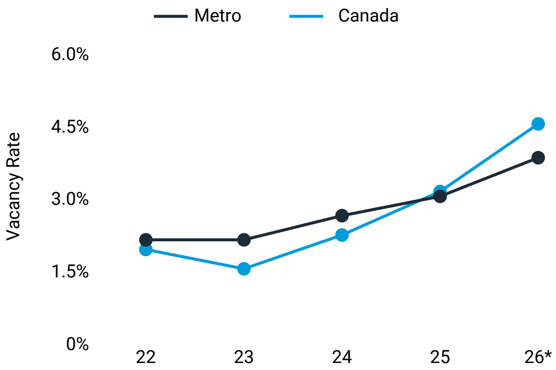
* Forecast

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

VACANCY

The vacancy rate bottomed out at 2.1 per cent between 2022 and 2023, then rose to 3 per cent in 2025 as new supply began to outpace demand growth. Looking ahead, softer rental demand driven by slower population growth, combined with faster completions, is expected to increase vacancy rates. However, conditions are likely to remain tight for larger units, particularly two- and three-bedroom apartments, where demand remains strong. For these units, vacancy ended last year below 3 per cent.

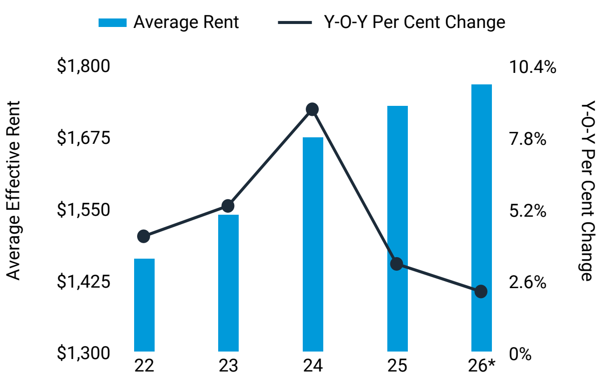
VACANCY TRENDS



RENT

Rent growth has moderated markedly, from 8.8 per cent in 2024 to 3.2 per cent last year, reflecting slower population growth and rising vacancy across the metro. However, rent growth remained stronger in older buildings with lower turnover rates, as owners had less exposure to competitive leasing conditions. Newer buildings will continue to see slower rent growth amid higher vacancy rates, while owners offer move-in and renewal incentives to support occupancy.

RENT TRENDS



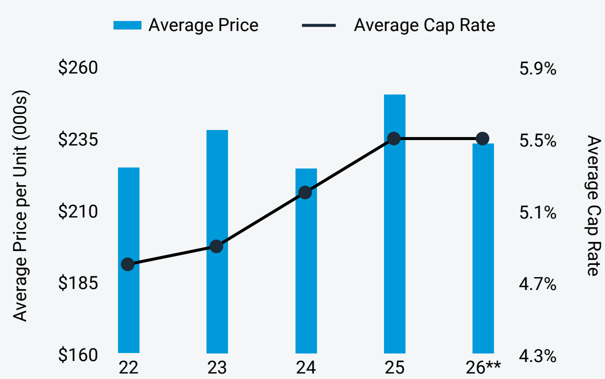
INVESTMENT HIGHLIGHTS

- Investment activity strengthened in the first half of 2026, supported by a rebound in larger transactions, though smaller deals in the $1 million to $10 million range still accounted for most sales. Total second-quarter dollar volume neared $300 million, marking the strongest quarterly performance since the final quarter of 2024. The largest deal of the three months was Lankin Investments' acquisition of a high-rise apartment on Lycée Place for $72 million, equivalent to $279,000 per unit.

- Robust operating fundamentals have continued to support apartment values, with the average sale price largely stabilizing around $250,000 per unit in the second quarter. Pricing remains well above pre-pandemic levels, underscoring the sector's ability to retain investor interest despite slower rent growth and rising vacancy. Cap rates, however, have continued to move higher, with the average now at roughly 5.5 per cent. Even so, apartment assets continue to command strong pricing relative to historical norms, reflecting confidence in the sector's long-term outlook.

- Multifamily assets are expected to remain among Ottawa's most coveted investment opportunities despite near-term demographic and labour market headwinds. The sector's defensive characteristics, along with long-term population growth prospects and a relatively stable economic base, should continue to support transaction activity and pricing as investors seek reliable income-generating assets.

SALES TRENDS



* Forecast ** Through 2Q

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

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