

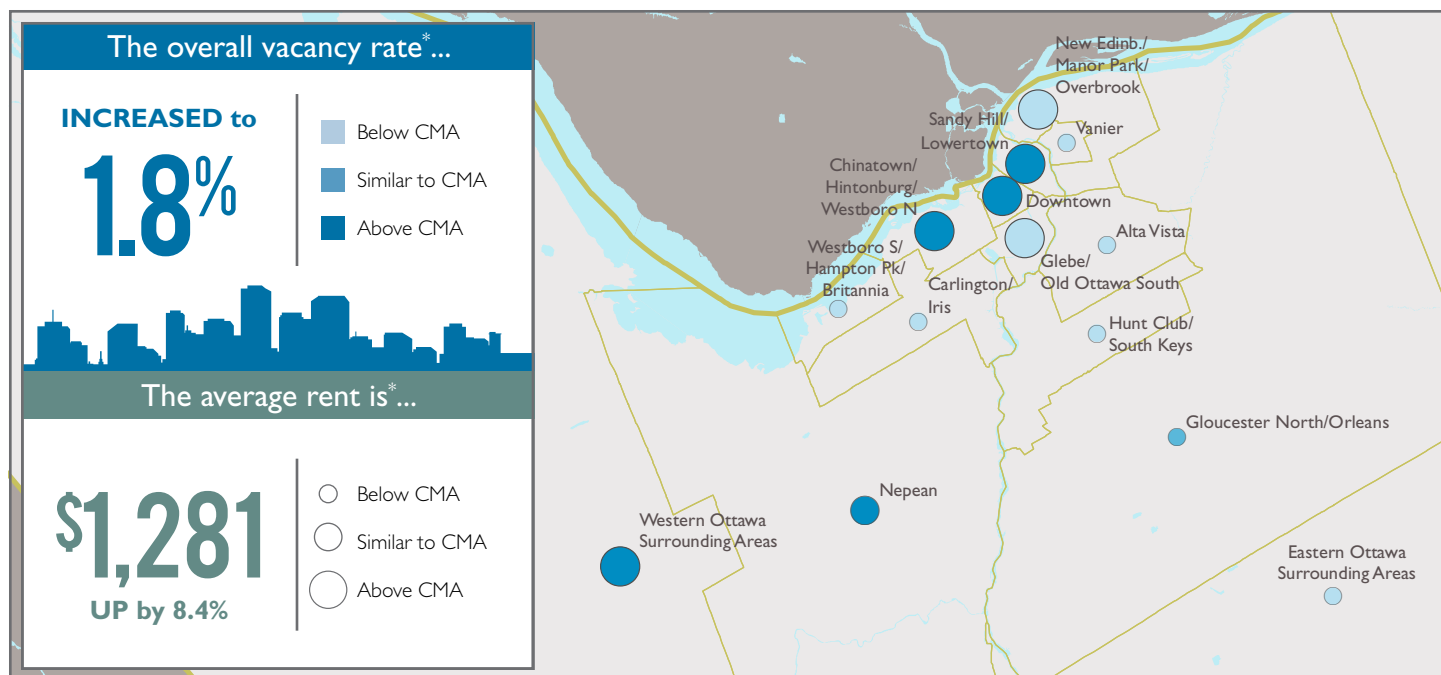
RENTAL MARKET REPORT

Ottawa-Gatineau CMA (Ontario)



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
2.2%	1.7%	1.9%	1.9%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$933 Avg. Rent	\$1,178 Avg. Rent	\$1,410 Avg. Rent	\$1,819 Avg. Rent

“Robust demand supported growth in average rents of purpose-built rental apartments in October 2019.”

Anne-Marie Shaker
Senior Analyst, Economics

*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

Key Analysis Findings

- The overall vacancy rate¹ for purpose-built rental apartments² remained low, but was slightly up from the previous year.
- The average fixed-sample³ rent for two-bedroom apartments increased, surpassing last year's already strong growth.
- Condominium rental apartment offerings rebounded following last year's decline.

Vacancy rate increased, but remained low

According to the results of the Rental Market Survey conducted in October 2019, the purpose-built apartment vacancy rate was 1.8%, up slightly from 1.6% a year earlier. By bedroom count however, only the rise in the vacancy rate for bachelor units was significant, while movements in the vacancy rates for all other bedroom types were not statistically different from 2018.

By area, the vacancy rates in Sandy Hill/Lowertown (2.7%) followed closely by the Downtown (2.6%) went up the most compared to last year, and were the highest in the CMA. Chinatown/Hintonburg also recorded one of the highest rates (2.3%). Notably, Chinatown/Hintonburg and Sandy Hill/Lowertown were responsible for 51% and 19% of the CMA increase in supply respectively, explaining the upward pressure on the vacancy rate in those zones.

In Downtown, the rising vacancy rate was largely driven by a rise in two-bedroom unit vacancy rates as asking rents on vacant units in this zone were 17%⁴ higher than the CMA average. Furthermore, Western Ottawa and surrounding areas, the zone that includes Kanata, had the highest and fastest growing average rent for vacant two-bedroom units. Asking rents in this zone were 62% higher than the CMA average, likely contributing to an increase in the vacancy rate.

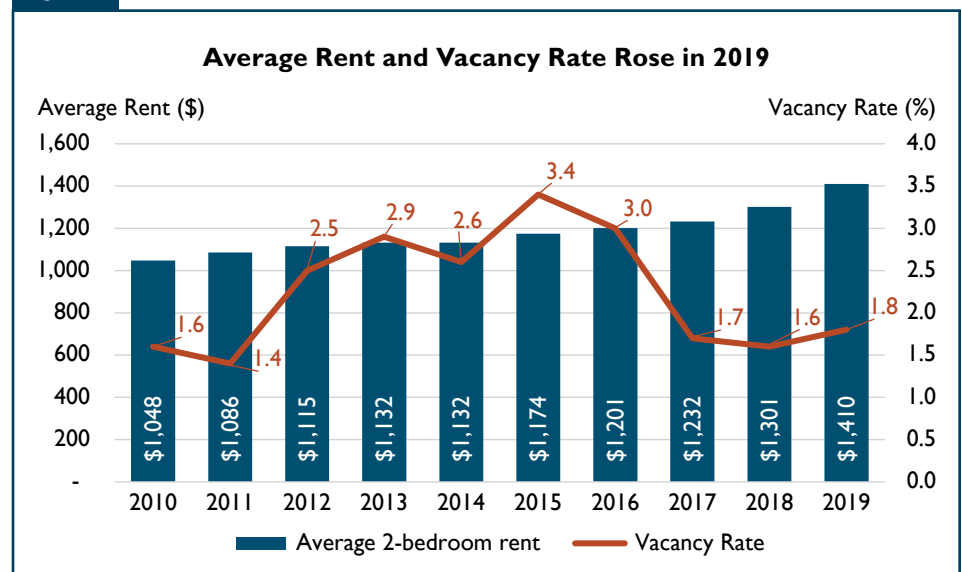
Demand trailed supply, but remained robust

Estimates from the survey indicate purpose-built rental apartment supply increased by 1,233 units, while the number of newly occupied units increased by a slightly lower number

at 1,086, placing slight upward pressure on the vacancy rate. Strong population, employment, and earnings growth have remained supportive of housing demand benefiting the new, resale and rental market segments.

Steady net migration levels including international migrants as well as non-permanent residents have supported Ottawa's population growth, which has been growing at an average annual rate of 2.4% over the last three years. Preliminary estimates of immigration levels to September 2019 point to a rise of 4.1%⁵ compared to the same period last year. Newcomers to Canada tend to rent for the first few years since migration and are therefore an important group for rental demand. With two major universities and other local colleges, local and international students are also a key force for rental demand in Ottawa.

Figure 1



Source: CMHC, Rental Market Survey 2010-2019, Purpose-built apartments in structures of 3 + units

¹ The vacancy rate change between 2018 and 2019 was not statistically significant for one-, two-, and three-bedroom units.

² Based on privately initiated rental apartment structures of three or more units.

³ When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for structures that are common to both 2018 and 2019 fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants.

⁴ Data on average rents for vacant and occupied units are located here: <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/average-apartment-rents-vacant-occupied>.

⁵ Immigration, Refugees and Citizenship Canada, Open data, for total immigrants. Data is still preliminary and is subject to revisions. Data reflect persons who stated Ottawa as their intended destination upon arrival in Canada.

Furthermore, strong employment growth for the key rental age groups, those 15-to-24 and 25-to-44 has supported their respective demand for rental accommodations. These two groups are key to the rental market as they are often students and young professionals who have yet to make the transition into homeownership.

Fixed sample average rents accelerated

The fixed sample average rent for the benchmark two-bedroom apartments increased 8.0%, surpassing the Ontario rent increase guideline of 1.8% for 2019, and was higher than last year's increase of 5.8%. Fixed-sample average rents for one-bedroom units grew at a similar rate, while bachelor and three-bedroom units' rent growth was comparatively lower.

Steady demand for rental apartments together with low vacancy rates encouraged the rise in market rents once a unit was vacant. Stricter mortgage rules, low resale supply and rising MLS® average prices, may have pushed down turnover rates as households chose to continue to rent over transitioning into home ownership.

Rising asking rents also may have discouraged households from finding other rental accommodation putting downward pressure on turnover rates. Asking rents on vacant two-bedroom units were 18.4% higher compared to rents on occupied units.

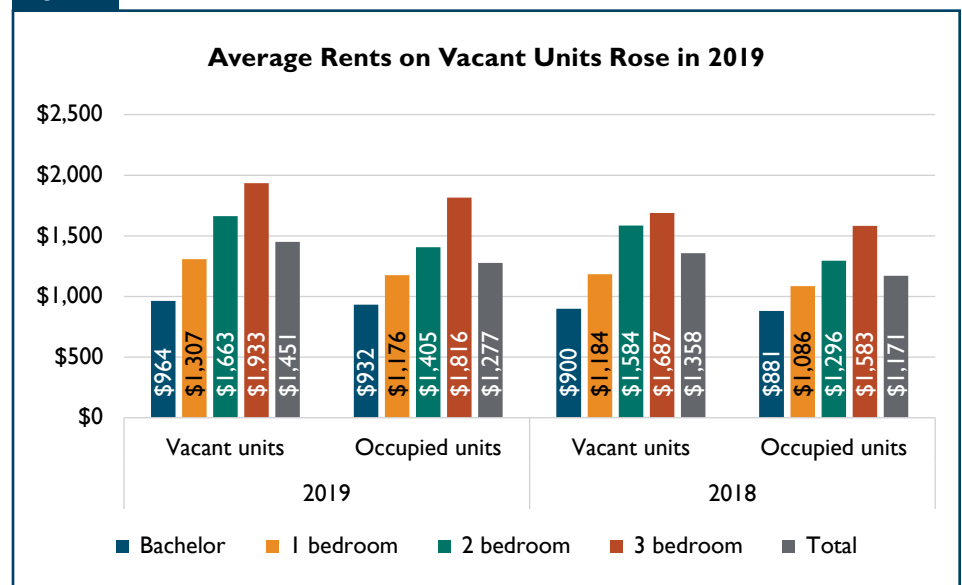
Tight rental market spurred increase in rented condominiums

Condominium apartment rental offerings grew by 3.3% this year, following a modest decline in 2018. Demand for rental units was robust as evidenced by the low 0.9% vacancy. Steady demand for rentals and tight rental market conditions may have encouraged condominium apartment owners to offer their units for rent.

Condominium units continued to be offered at a premium as their average rents are relatively higher than purpose-built units.

Notably, a large portion of condominium apartment rental offerings are located in relatively newer structures (built in 2010+) compared to their purpose-built counterparts. Consequently, condominium average rents are more comparable to average rents for newer purpose-built apartment units rather than the entire survey universe.

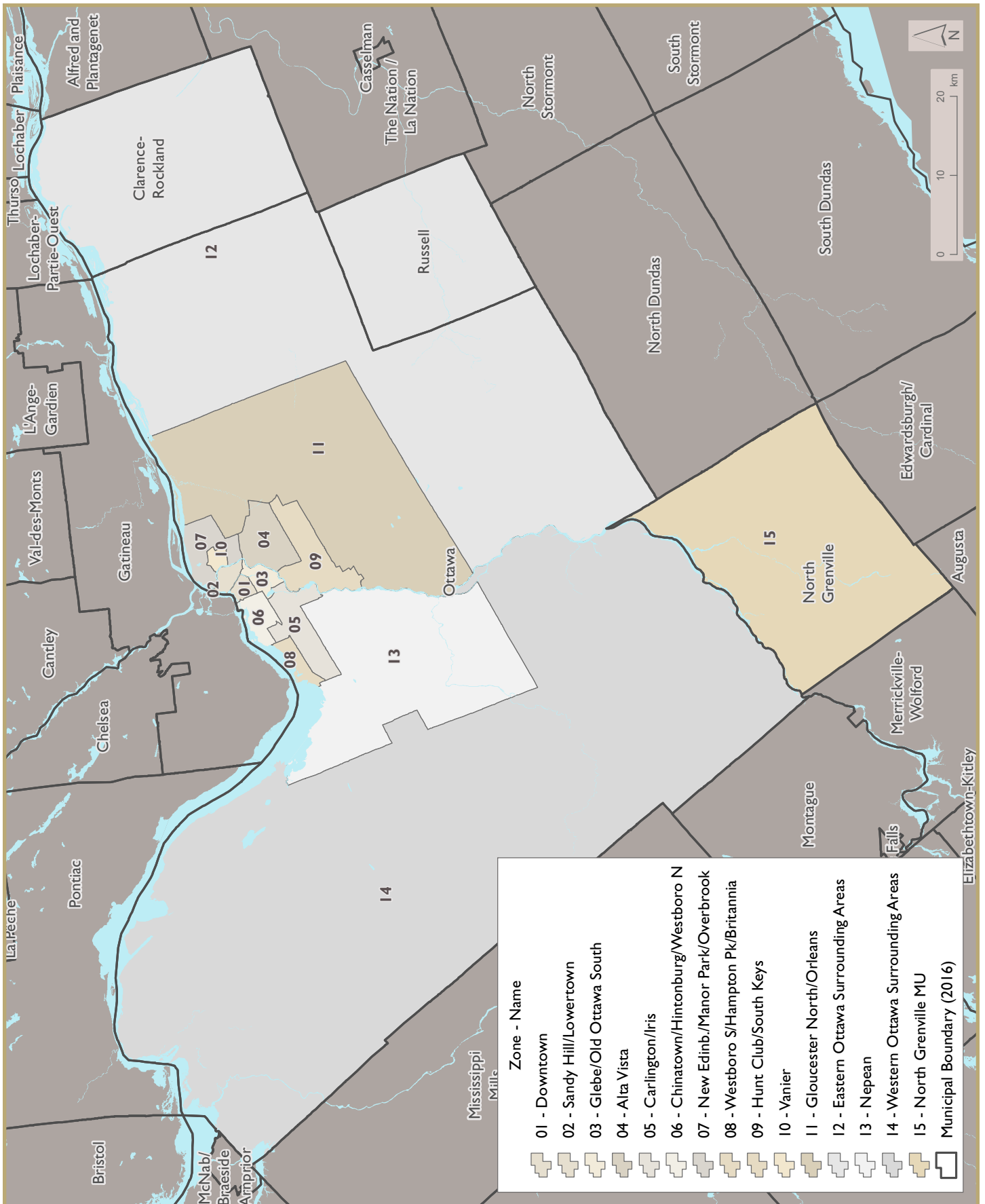
Figure 2



Source: Rental Market Survey, 2018-2019, Purpose-built apartments in structures of 3 + units

RESOURCES

You can find this data – and data for all provinces and census metropolitan areas (CMAs) in Canada – at cmhc.ca/rental-market-report-data.



RMS ZONE DESCRIPTIONS - OTTAWA-GATINEAU CMA (ONTARIO PORTION)	
Zone 1	Downtown - Bounded by Queensway (south), Bronson (west), Ottawa River (north), Rideau Canal (east).
Zone 2	Sandy Hill/Lowertown - Includes Sandy Hill and Lowertown.
Zone 3	Glebe/Old Ottawa South - Includes the Glebe and Old Ottawa South.
Zone 4	Alta Vista - Includes Alta Vista
Zone 5	Carlington/Iris - Includes the area south of Carling Ave., west of Bronson and the Rideau River and north of Beatrice (Carlington and Iris).
Zone 6	Chinatown/Hintonburg/Westboro North - Includes Chinatown, Hintonburg and Westboro north of Richmond Rd.
Zone 7	New Edinburgh/Manor Park/Overbrook - Includes New Edinburgh, Manor Park and Overbrook.
Zone 8	Westboro South/Hampton Park/Britannia - Includes Westboro South, Hampton Park and Britannia.
Zone 9	Hunt Club/South Keys - Includes Hunt Club and South Keys
Zones 1-9	Former City of Ottawa
Zone 10	Vanier - Includes Vanier.
Zone 11	Gloucester North/Orleans - Includes the former municipality of Gloucester.
Zone 12	Eastern Ottawa Surrounding Areas - Includes the former municipalities of Cumberland, Clarence-Rockland, Russell and Osgoode.
Zones 11-12	Gloucester and Eastern Areas
Zone 13	Nepean - Includes the former municipality of Nepean.
Zone 14	Western Ottawa Surrounding Areas - Includes the former municipalities of Kanata, West Carleton, Goulbourn and Rideau.
Zone 15	
Zones 13-15	Nepean and Western Areas
Zones 1-15	Ottawa-Gatineau CMA (Ontario portion)

CONDOMINIUM SUB AREA DESCRIPTIONS - OTTAWA-GATINEAU CMA (ONTARIO PORTION)	
Sub Area 1	Downtown includes RMS Zone 1 (Downtown); Zone 2 (Sandy Hill/Lowertown); and Zone 3 (Glebe/Old Ottawa South).
Sub Area 2	Inner Suburbs includes RMS Zone 4 (Alta Vista); Zone 6 (Chinatown/Hintonburg/Westboro North); Zone 7 (New Edinburgh/Manor Park/Overbrook); Zone 8 (Westboro South/Hampton Park/Britannia); and Zone 10 (Vanier).
Sub Area 3	Outer Suburbs includes RMS Zone 5 (Carlington/Iris); Zone 9 (Hunt Club/South Keys); Zone 11 (Gloucester North/Orleans); Zone 12 (Eastern Ottawa Surrounding Areas); Zone 13 (Nepean); Zone 14 (Western Ottawa Surrounding Areas); and Zone 15 (North Grenville).
Sub Areas 1-3	Ottawa-Gatineau CMA (Ontario portion)

NOTE: Refer to RMS Zone Descriptions page for detailed zone descriptions.

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover rates and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.

RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be \bar{x} and its standard deviation be $\sigma_{\bar{x}}$. Then the Coefficient of Variation is given by $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$.

Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

- a — Excellent
- b — Very good
- c — Good
- d — Fair (Use with Caution)
- ** — Poor — Suppressed
- ++ — Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
- — No units exist in the universe for this category
- n/a — Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

Sampling Fraction (%) range

Structures in Universe	(0,20]*	(20,40]	(40,60]	(60,80]	(80,100)
3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

Coefficient of Variation (CV) %

Vacancy Rate	0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor	Poor

Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

- a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
- b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
- c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
- d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
- ** — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

↑ indicates the year-over-year change is a statistically significant increase.

↓ indicates the year-over-year change is a statistically significant decrease.

– indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

△ indicates that the change is statistically significant

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Turnover: A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 50,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

Acknowledgement

The Rental Market Survey and the Condominium Apartment Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution CMHC is able to provide information that benefits the entire housing industry.

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