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# Ottawa



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## Economy Stability

Ottawa is not only the nation's capital, but the economic centre of Eastern Ontario as well. With a population of nearly 900,000, the City of Ottawa is the fourth largest city in Canada and the second largest in the Province of Ontario. The city is large enough to support the finest amenities, such as shopping districts and world-class entertainment facilities. The city is split into two distinct sections by the Greenbelt, a 203.5 square kilometre swath of parkland in which real estate development is strictly controlled. Buildings located north of the parkland are referred to as being 'inside' the Greenbelt, where the city's downtown core is found. With over 90 per cent of the city's area in a country-like setting<sup>1</sup>, residents who live outside of the downtown corridor get that small-town feel.

Ottawa citizens enjoy unparalleled economic well-being, health, and overall quality of living. In fact, Ottawa traditionally has one of the lowest unemployment rates in Canada. The city's 20-year overall average unemployment rate is 6.8%<sup>2</sup>. Mercer ranked the city as having the second highest quality of living of any large city in the Americas, and 14<sup>th</sup> highest in the world in its 2014 Quality of Living Survey<sup>3</sup>. In 2014, the city was also ranked as the fourth best place to live in all of Canada according to MoneySense Magazine<sup>4</sup>.

Functioning as the nation's capital, Ottawa will always have strong transportation links to international markets. The Ottawa International Airport is just a 20 minute drive from downtown and major highways in the area include Highway 417 (Queensway), 416, 174, 7, 16 and 31 in the Province of Ontario; and the 148, 50 and 5 from Quebec. In addition, the city is only an hour away from the nearest border crossing (Ontario/Ogdensburg, NY). The city's accessibility is important not only for those who live in the area, but for businesses looking for a place to locate. Having excellent access to move their goods and people around increases their market competitiveness. Businesses want to locate in areas where they can operate less expensively and more efficiently and can attract top personnel and Ottawa is certainly a place that excels in these areas, giving it an advantage over other locations.

As the capital city of Canada, the City of Ottawa will always have a large government presence. The Public Administration and Services bolsters Ottawa's labour market and will continue to do so in the foreseeable future. The city enjoys a balanced economy, with government employment remaining stable during other sector's peaks and valleys. In addition to dozens of federal government organizations, Ottawa is also home to hundreds of foreign embassies. The federal government is Ottawa's largest employer, with over 100,000 government employees working within the city<sup>5</sup>. The federal government has been eliminating jobs since 2011/2012 as a way to control the federal deficit, similar to what happened between 1993 and 1996. Ottawa has seen a slight rise in its unemployment rate as a result of this.

While government occupations will continue to provide a majority of jobs for Ottawa residents, the city boasts a diverse economy. The second largest city in Ontario, Ottawa is known as a world class tourism destination as well as a global technology and business centre. Many companies in the Ottawa region are involved in key competitive sectors such as telecommunications, software, wireless technologies, life sciences, defense and security, and multimedia. The city also benefits from newer growth sectors such as environmental technologies, biophotonics, and micro electromechanical systems<sup>6</sup>. Some of Canada's most notable R&D organizations are based in Ottawa, including: National Research Council, Communications Research Centre, Agriculture and Agri-Food Canada, and the National Sciences and Engineering Research Council<sup>7</sup>.

The strength of the Capital City's labour force has led to its emergence as a global technology and business centre. Over 1,900 high-tech companies have come to call the city home, employing nearly 75,000 people. The city now has the second largest concentration of science and engineering employment in North America, surpassed only by the Silicon Valley<sup>8</sup>. The city is also known for its presence in the wireless technology world. The city is home to 55 firms focusing solely in the wireless industry and a further 200 that are involved in wireless technology in some way. The wireless technology sector accounts for nearly 18,000 jobs in the City of Ottawa<sup>9</sup>.

With a young, entrepreneurial workforce<sup>10</sup>, Ottawa was ranked #1 (out of 61 cities, globally) for the creativity and diversity of its economy<sup>11</sup>. Ottawa boasts the highest number of residents with post-secondary education in Canada, with more engineers, scientists, and PhDs per capita than any other city in the nation<sup>12</sup>. Ottawa is also home to the University of Ottawa, which had a total enrollment of 42,027 students in 2012 (35,700 undergraduates and 6,327 graduates)<sup>13</sup>. Ottawa is also home to Carleton University and Algonquin College. Post-secondary institutions also act as an economic stabilizer for communities, as in both good and bad economic times people continue to strive for higher education. The constant influx of students combined with adult professionals on temporary assignments ensures a constant source of potential renters for the city.

### **Outlook**

It was recently announced that one of the federal government's largest departments, the Department of National Defence (DND), will cut its locations in the Ottawa Region from forty down to just seven over the next few years. The majority of the Department will move to the former Nortel building on Carling Avenue. The DND will have three locations for its 14,000 employees within the Ottawa region: the aforementioned former Nortel building, a building downtown, and a building at 1600 Star Top Road. The remaining four DND locations will be located within Gatineau. As the DND is moving out of 33 of its current locations over the next six years, most of which are leased from the private sector, we can expect to see a rise in the commercial vacancy rate as the number of available office spaces within the city rises dramatically<sup>14</sup>. The physical movement of these jobs should create a huge increase in housing demand in Bells Corners, Crystal Beach and Northern Kanata.

In March 2014, Invest Ottawa announced plans to redevelop the derelict Bayview Yards into a \$30 million Innovation Centre. The 46,000 square feet of old factory space would be transformed into a complex that would house new companies that need help getting to the next level of business, as well as some more established firms. The plans still need to be approved by city council before a request for proposal for the project can be sent out. A business plan for phase two of the project is scheduled to be developed in early 2015 ahead of pre-construction work in 2017<sup>15</sup>.

Another massive project currently underway in the City of Ottawa is the Landsdowne Park redevelopment project. The redevelopment of the 18-acre park will include the new TD Place stadium, as well as new shopping and event spaces<sup>16</sup>. The project will revitalize the park into a major retail and entertainment district for the city. One has only to look at the major projects that will be completed in the next couple of years to see the potential this area holds for investors.

The Kanata neighbourhood will see massive growth and job opportunities in the commercial sector over the next couple of years. U.S.-based Tanger Outlets opened a

316,000-square-foot space commercial centre home to 75 new outlets in October of 2014<sup>17</sup>. Taggart Realty Management is currently developing Kanata West Centre, adjoining Highway 417 and across Palladium Drive from the just-opened Tanger Outlets. The development will offer 250,000 to 300,000 square feet of retail space and will draw shoppers from the growing west Ottawa suburbs<sup>18</sup>. Like the Tanger Outlets, this commercial development will create hundreds, if not thousands, of job opportunities over the next several years.

Another 4,000 jobs are forecasted to be added to Ottawa's economy next year, a modest growth rate of 0.8% from 2014. The public administration sector, which employs 20% of Ottawa workforce, saw some cutbacks in recent years, but 2014 was a year of modest employment gains in this sector. This trend is expected to continue, although not to pre-2008 levels. Once the budget is balanced (expected in 2015) and following the next federal election (October 2015), some growth in public sector employment can be expected. A rise in service sector jobs is expected to cushion the economy. The city's unemployment rate is expected to edge higher in 2015, to 7.0%, before decreasing in 2016 as employment growth surpasses labour growth. Employment is expected to rebound further in 2016, with an additional 7,000 jobs added<sup>19</sup>.

### **Population Growth**

According to the last Federal Census (2011), the population of the City of Ottawa was 883,391, an increase of over 8.8% from the 2006 Census<sup>20</sup>. As of 2013, the City of Ottawa's population had increased to 943,260. The City of Ottawa currently accounts for three-quarters of the population of the Greater Ottawa-Gatineau Area, which had a combined population of over 1.4 million at the end of 2013<sup>21</sup>.

In 2013, the majority of population growth for the city took place in urban centres outside the Greenbelt, and in rural areas. In urban areas outside the Greenbelt, it is estimated that the population increased by 2.7%, bringing the estimated total population for that region to 322,100. The largest population gains for 2013 occurred in Leitrim (11.9%), Riverside South (6.2%), Kanata (4.0%), and South Nepean (2.9%)<sup>22</sup>.

The city is expected to grow steadily, and if migration is ambitious, the population could reach 1.14 million by 2031<sup>23</sup>. This is fantastic news for investors! Employment opportunities have and will continue to draw people to the area, people who need a place to live. In turn, housing values and rents will continue to climb. Those looking to invest in Ottawa need to note specific population growth trends, as urban areas outside of the Greenbelt are expected to see the majority of the population increase – 68% of Ottawa's population growth to 2031<sup>24</sup>.

### **Migration/Immigration**

Ottawa has begun to experience a net loss of people to Alberta. Net migration from other provinces has also decreased in recent years as young people are lured to the oil patch. International immigration, however,

continues to be a source of population growth for the city. Canada welcomed 257,887 permanent residents from other countries in 2012 and of that 6,085 (2.4%) settled in Ottawa. Another 6,517 temporary immigrants (temporary foreign workers, foreign students, etc.) moved to Ottawa in 2012, bringing total international arrivals to 12,602<sup>25</sup>.

### Median Age

As of 2011, the median age of Ottawa was 39.2 years old, compared to the provincial median of 40.4 and a national median of 40.6<sup>26</sup>. While Ottawa residents are slightly younger than the provincial average, the city's aging population is in line with the national trend. Ottawa is not attracting young families at the same rate as the western provinces. A higher median age means the city is likely providing fewer services for young families and has a lower tax base due to the fact that many residents are retirement age.

### Infrastructure

As the city's population continues to grow, Ottawa's leadership must ensure that the city's infrastructure keeps up with resident demands. Infrastructure is important to meet the needs of the residents. People will leave a city that doesn't have the capacity to educate its children, mend its ill-stricken, or arrest its bad guys. Hospitals, schools, emergency services, as well as water, sewer, and roads are of paramount importance. Here is what Ottawa has on its books as prioritized projects:

- Capital Exhibition Centre, Ottawa's new 220,000 square foot facility for conferences, trade shows, and social gatherings. (2012)
- New 16-storey tower Faculty of Social Sciences building at the University of Ottawa, creating 275,000 square feet of learning and student space – (2012)<sup>27</sup>
- New West District Library to double the square footage to meet the needs of growing population of the Kanata North neighbourhood – (August 2014)<sup>28</sup>
- 7 new and renovated schools to meet current and future population growth (2016)<sup>29</sup>
- 34-bed Acute Care for the Elderly Unit at the Queensway Carleton Hospital - \$8.9 billion (2016)<sup>30</sup>

Ottawa has a number of diverse neighbourhoods which support differing rental markets (and rents). Neighbourhoods outside the Greenbelt, in particular Orléans, Riverside South, and Stittsville, are seeing significant new construction of housing. This increases the availability of housing in those areas and has moderated the rental market. A 3 bedroom home in this area, depending on the specific neighbourhood and the amenities included, will rent between \$1500 and \$2300 per month. Rents for townhomes in these neighbourhoods range from \$1200 to \$1700 per month. Not very many apartment buildings exist in these neighbourhoods, and those buildings that do exist are newer low-rise buildings.

Inside the Greenbelt, you will find older housing, with many homes nearer the downtown area nearly 100 years old and the majority of homes inside the Greenbelt (both East and West) built between 1950 and 1980. There have been a number of in-fills and renovations that increase the marketability of the homes in these areas. Rents inside the Greenbelt tend to be 10-20% higher than areas outside the Greenbelt, due to increased accessibility to jobs and amenities in the downtown core. The downtown core offers more multi-family investment opportunities, with a larger number of low-rise and high-rise apartments. Investors in the Ottawa region have told us that the most profitable market for rentals right now seems to be in the

## Yield Growth Potential

### Rental Market Activity

Between the spring of 2013 and the spring of 2014, the overall vacancy rate for Ottawa CMA decreased to 1.3% from 2.3%. The average rent in the Ottawa CMA rose from \$1,130 in spring 2013 to \$1,136 in spring 2014<sup>31</sup>.

While CMHC provides a good platform for comparing data across markets, it only compares apartment rent and so does not provide a clear picture of rental rates within the Ottawa CMA. Current market rents are often more accurate (if the advertised rent is actually fulfilled). The adjacent table outlines the average rental rate by the housing type and number of bedrooms.

Average Rents in Ottawa			
# of Bed-rooms	Average Price	Lowest Price	Highest Price
<b>House</b>			
1	\$1,049	\$334	\$1,900
2	\$1,307	\$479	\$2,500
3	\$1,422	\$1,075	\$1,750
4	\$1,899	\$1,899	\$1,899
<b>Basement Suite</b>			
1	\$765	\$450	\$1,095
3	\$810	\$539	\$1,300
<b>Main Floor</b>			
2	\$1,425	\$1,425	\$1,425
<b>Room</b>			
1	\$532	\$226	\$800
<b>Condo/Apartment</b>			
1	\$1,482	\$1,280	\$1,800
2	\$1,412	\$550	\$1,890
3	\$1,075	\$650	\$1,500
<b>Townhouse</b>			
2	\$1,674	\$1,100	\$2,300
3	\$1,412	\$1,200	\$1,700
4	\$1,458	\$700	\$1,890

Source: [www.rentboard.ca](http://www.rentboard.ca) (April 2015).

traditional middle-class market, with properties in “trendy” neighbourhoods claiming a premium price. Investors looking for top dollar should focus on the Glebe, Westborough, Sandy Hill, and The Golden Triangle.

Ottawa’s rental vacancy rate is expected to rise to 3.4% in 2015. As of October 2014, there were 565 new purpose-built apartment units added to the market that will impact the vacancy rate. In addition, the number of condo apartments offered for rent in the secondary market will also contribute to the rise. Despite this, the average rent is expected to increase by 1.8% in 2015. The vacancy rate is expected to decrease to 3% in 2016 as employment conditions improve and more people move to the city. The average rent is expected to increase another 0.9% in 2016<sup>32</sup>.

**Sales Activity**

2013 was a slower year for home sales in Ottawa. The Ottawa Real Estate Board (OREB) recorded a total of 14,049 sales in 2013, a decrease of 3.1 per cent from the previous year. The average resale price of a home in Ottawa rose to \$358,877 by the end of 2013, an increase of 1.8 per cent from \$352,610 in 2012. Price increases were witnessed in nearly every category. Single detached homes were up 2.4 percent to \$402,152, and row homes were up 4.9 percent to \$318,147. On the flip side, condos actually experienced a 2 per cent decrease in 2013, to \$262,947<sup>33</sup>.

As of October 2014, the Ottawa-Gatineau region had experienced a total of 11,402 sales, down 0.2% from January-October in 2013. The region saw 26,159 new listings between January-October 2014, an increase from 25,052 in 2013. In the third quarter of 2014, the average house price was \$364,862, an increase of 1.5% from 2013.

CMHC expects sales and listings in the Ottawa region to remain aligned in 2015, so that prices will grow at a slower rate than inflation. As the Ottawa household income remains higher than other Canadian CMAs, we will see a sustained demand for single-detached homes. The change in home prices will vary by dwelling type. Single-detached homes will see the largest boost in average price, offsetting some price declines in other dwelling types<sup>34</sup>.

Great neighbourhoods will depend on the investor’s intentions. Those focusing on Rent-to-Own will find the

best return purchasing newer constructed properties outside the Greenbelt – although the acquisition cost may be higher, maintenance costs will be lower and the marketability, greater.

Local investors tell the best return on investment at the moment are single family homes that have been converted into four rooming houses for students. It’s income property development. Unfortunately, the city has been cracking down, and it is nearly impossible to acquire/develop a property like this without great resistance.

**Residential Development**

In 2013, Ottawa city witnessed 6,284 homes begin construction, with 1,596 single-family homes started and 4,688 multi-family units started<sup>35</sup>. As of September 2014, 3,773 houses had begun construction year-to-date, down 23.8% from 2013<sup>36</sup>. The West Carleton region of Ottawa saw the highest growth (99%) in housing starts between 2013 and 2014, the majority of which were row houses. The Rideau region saw growth as well (92.3%), followed by the Gloucester area (outside the greenbelt) at 51.7%<sup>37</sup>.

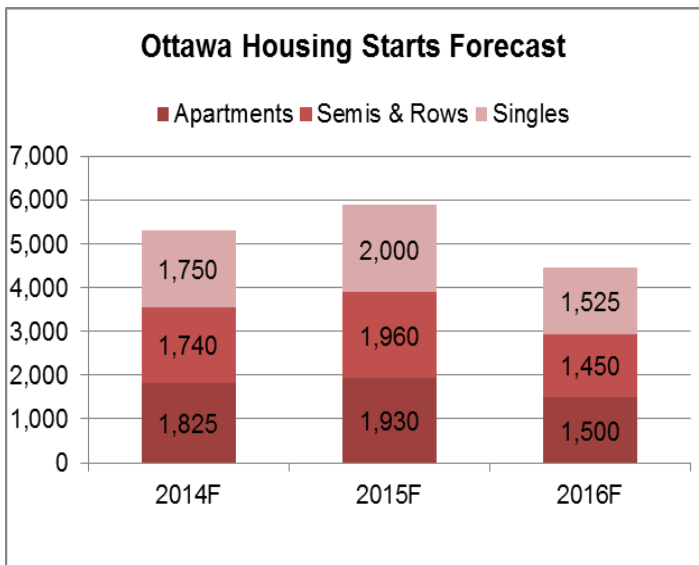
The City of Ottawa currently has several developments that are underway or are expected to begin construction in the next few years. New residential projects in Ottawa include the 325-unit Arcadia housing and townhouse project, currently under construction at Huntmar and Palladium Drive. Sales for available units range in price from \$244,900 to over \$539,900. The 241-unit Chapman Mills is a new housing, condo and townhouse development currently under construction at Southam Way. Sales for available units range in price from \$218,900 to \$572,900<sup>38</sup>. As of December 2014, there were over 200 residential construction projects at various stages.

Larger, executive style housing, and there are neighbourhoods supporting this type of housing, command the highest rents in the city. The challenge, though, is that the market can become soft for this type of housing, particularly when market conditions decrease the margins between owning a home and renting.

Neighbourhoods outside the Greenbelt, in particular Kanata, Orléans, Riverside South, and Stittsville, are seeing significant new construction of housing at the moment. Barrhaven is another neighbourhood of Ottawa that is slated to see major growth. Surrounded by rural

Ottawa Resale Market									
	2011	2012	2013	2014(F)	% chg	2015(F)	% chg	2016(F)	% chg
<b>MLS® Sales</b>	14,551	14,497	14,049	13,900	-1.1	13,800	-0.7	13,550	-1.8
<b>MLS® New Listings</b>	25,949	28,332	29,876	30,445	1.9	30,935	1.6	31,525	1.9
<b>MLS® Active Listings</b>	4,234	5,348	6,612	7,300	10.4	7,445	2.0	7,600	2.1
<b>MLS® Average Price (\$)</b>	344,791	352,610	358,876	363,000	1.1	366,000	0.8	368,000	0.5

Source: CMHC. (Fall 2014). Housing Market Outlook - Ottawa (Ontario part of Ottawa-Gatineau CMA).



areas and farmland, the City plans for Barrhaven to become a self-sustaining centre with walkable areas connected to transit. One such mixed-use district currently under construction in Barrhaven is the South Nepean Town Centre. The 165-hectare site is expected to contain 22,000 residents and create 12,000 jobs by 2031. Another area slated for major development is Barrhaven South (east of Highway 16, north of Barnsdale Road), a 500-hectare site that will house over 19,000 people and create 2,092 jobs by 2031<sup>39</sup>.

#### Areas of Revitalization

Investors willing to improve their property and look for the revitalization of older neighbourhoods in the city should pay close attention to the neighbourhoods of Hintonburg and Mechanicsville. Hintonburg has already begun to benefit from the ripple effect of Westborough's gentrification, and Mechanicsville will catch the ripple in the next few years, particularly after the opening of the Bayview LRT station on the Confederation Line. Vanier will be another neighbourhood to watch. For years, Vanier was considered a dangerous investment area due to a lower income class of tenants, and high crime rates, but this has started to change. Increased police action in the area has reduced crime rates, and a greater "pride of ownership" can be seen in some of the neighbourhoods. Those looking to invest in Vanier still need to be cautious, but the tenant profile has begun to improve, and this region should no longer be treated as "un-touchable".

*Investor Resource:* The city has provided access to the Community Design Plans and studies which have completed their public consultation phase and have been approved by City Council for implementation. This is one of the best resources to help investors understand what the City Planners think will happen to a neighbourhood and is available in the planning section of the city's website.

Residential housing starts are a reaction to demand in the past. What is important is to see if supply is keeping up with demand or if it is out of balance. A glut of inventory can diminish values and rents, giving renters and buyers

'too much' to choose from, from an investor's point of view. Total housing starts in Ottawa are expected to decrease 2% in 2015, following 2014's decline in activity. A significant drop in condominium apartment starts is leading the decline in starts over the forecast horizon as the inventory of completed but unsold apartment units is gradually absorbed. Housing starts will be moderating over 2015 as gradually rising interest rates lower builder and buyer appetites. By 2016, residential activity should see a slight growth, reflecting improving economic conditions<sup>40</sup>.

## Political Climate

#### Rental Rules

Ottawa is of course bound by the Province of Ontario's rent control guidelines. Rent can only be increased once per year, and any properties built before November 1991 are subject to the province's annual rental increase cap. The rental increase cap is set at 1.6% in 2015<sup>41</sup>. Landlords are not able to collect a damage deposit or use the last month's rent deposit to cover damages to the unit. A new law also requires landlords to install Carbon Monoxide detectors in all residences where there are fuel-burning appliances (e.g. furnaces). It is the obligation of the landlord to ensure the monitors are present and working<sup>42</sup>. Investors should also note that a "no pets" clause is also difficult to enforce in Ontario. A landlord can refuse to rent to a person with a pet, but the Landlord Tenant Board (LTB) does not allow a Landlord to evict a tenant who gets a pet after moving in, unless the pet is causing a hazard.

According to By-law No. 2005 – 367, secondary dwelling units are now permitted in all areas of the City of Ottawa, with the exception of the former Village of Rockcliffe Park. Ottawa's secondary suite by-law rules include<sup>43</sup>:

- No more than 40% of the gross floor area of the principal dwelling may be developed for a secondary dwelling unit, except where a basement unit is created. The full basement area can be used for a secondary unit.
- A maximum of one unit is permitted in a single-detached dwelling, in each half of a semi-detached building, and only one for the whole of a duplex dwelling.
- The new unit must be on the same lot as the principal dwelling unit and must not change the streetscape character along the road on which it is located.
- No additional parking space is required, but where a new one is provided, it cannot be located in the front yard.

Ottawa City Council has asked city staff to look into landlord licensing. The city is particularly interested in the matter regarding licensing and Student Housing. Some neighbourhoods have been very concerned about illegal student housing (illegal rooming houses, etc.) and City Council has placed a moratorium on new rooming house type student rentals until they have reviewed and resolved the matter. Three city councilors who were very active on

this issue were re-elected in the October 2014 municipal elections for a three-year term.

### Business Incentives

The City of Ottawa maintains an interactive internet mapping program that simplifies the process of finding the optimal location for a business in Ottawa by providing public access to a range of valuable information. Users can search for available commercial buildings and sites, as well as generate site-specific demographic and business analytics reports. This site also allows users to find the demographic of a neighbourhood by address (to see how many other rental units are in the area and the income and age ranges of area households) <http://locateottawa.ca>

“Brownfields” are abandoned, vacant, or underutilized properties where environmental contamination has occurred or deteriorated buildings are present. The City of Ottawa offers five different incentives for businesses considering locating in a Brownfield area. To find out if a property is eligible, please the City of Ottawa’s website.

### Economic Development

This is a key consideration for investors. If the Economic Development office is easy to deal with, you can often assume that they will be the same for potential employers looking to move into the region. The city’s website is fantastic, and investors should have no problem locating the data and statistics they need. The Ottawa economic development team was quick to respond and provided detailed answers to any questions we had. Ottawa’s forward-thinking economic development team has ensured the city will continue to attract businesses for years to come.

## Access to Transportation

Construction was recently completed on a new bridge across the Rideau River to connect Earl Armstrong Road and Strandherd Drive. The Earl-Armstrong Bridge now connects the neighbourhoods of Riverside South and Barrhaven, decreasing traffic congestion and creating new travel patterns for local residents<sup>44</sup>.

Construction has once again begun on the Airport Parkway Bridge. This project originally began in 2010 and involves the construction of a 3 metre wide pathway to link the Hunt Club neighbourhood with the South Keys Transitway Station. This pathway was to cross the Airport Parkway, the Sawmill wetland area, before finally crossing under the rail line adjacent to the Transitway via a new underpass<sup>45</sup>. However, the project ran millions of dollars over budget and was cancelled by the City of Ottawa. New contractors were chosen to complete the project, which is now expected to be completed by the end of 2014 at the earliest, but will probably be opened in the beginning of 2015<sup>46</sup>.

Highway 417, also known as the Queensway through Ottawa, is a 400-series highway that connects Montreal to Ottawa and forms the backbone of Ontario’s transportation

system through the National Capital Region. As the main transportation corridor through one of the most populous cities in Canada, the Queensway is often congested. The City of Ottawa knows how important it will be to keep traffic flowing on this road, and has approved several improvements in order to decrease traffic congestion over the next five years:

- Highway 417 was widened to four lanes from Regional Road 29 to Division Street in Arnprior. The project was completed on November 29, 2012<sup>47</sup>
- Construction was recently completed on a four-lane extension of Hunt Club Road from Russell Road to Highway 417<sup>48</sup>
- Highway 417 will be widened between Highway 416 and Anderson Road to eight lanes. Construction has been ongoing since 2006, with several bridge decks being replaced or widened to accommodate the additional lanes. The entire project is expected to be completed by 2015<sup>49</sup>

### Public Transportation

Ottawa is currently serviced by the O-Train, an 8 kilometre light rail service running from Greenboro Station in the south to Bayview Transitway station near downtown Ottawa. On December 19, 2012, Ottawa city councilors voted unanimously in favour of creating a second O-Train line, converting the existing Transitway into an LRT route. The 12.5 kilometre Confederation Line will run from Tunney’s Pasture in the west, connect with Bayview Station on the existing O-Train line, and terminate at Blair Station in the east<sup>50</sup>. The new line will include a 2.5 kilometre underground tunnel beneath the city’s downtown core beginning just after Lebreton Station and ending near the University of Ottawa. There will be a total of 13 new stations; ten above ground and three underground in the tunnel. Construction on the project began in February 2013 and is expected to be completed by 2018<sup>51</sup>.

This light rail announcement is very important for real estate investors. In studies conducted across North America, the values of homes in neighbourhoods close to mass transit had premiums ranging between 3% and 40%, depending on the different types of housing and socioeconomic positions of the real estate owners.



Image Provided by: ~Bella189



The positive effects of proximity to rail transit, however, were limited to homes located within an 800 metre radius of stations. Additionally, development sites near rail stations have tended to draw a higher density of development, resulting in a higher value or rent for these homes. In areas in which the average incomes were at or below the median, the closer a dwelling was located to transit, the higher its resale value and rent.

For a complete list of neighbourhoods that will experience a positive price increase due to this transportation improvement, read the Ottawa Transportation Effect, available for free download at: [www.reincanada.com/reports/](http://www.reincanada.com/reports/)

The jobs created by this transportation improvement are anticipated to generate over 20,000 people years of employment in indirect or induced impact over the construction period.

Ottawa citizens consistently experience the above-average wage employment provided by being the nation's capital. This means that Ottawa's real estate market is not prone to a boom-bust cycle that other areas experience - good news for both Ottawa residents and investors looking to focus in this area.

Great neighbourhoods will depend on the investor's intentions. Inside the Greenbelt, investors willing to improve their property and look for the revitalization of older neighbourhoods in the city should pay close attention to the neighbourhoods of Hintonburg, Mechanicsville (homes around the new O-Train line), and Vanier. Investors can get high rents from executive style housing, but the market can become soft for this type of housing, as these renters are easily buyers. The best bet for investors right now is properties in "trendy" neighbourhoods such as the Glebe, Westborough, Sandy Hill, and The Golden Triangle. These neighbourhoods have a "swanky" reputation and are close the universities.

Those focusing on Rent-to-Own will find the best return purchasing newer constructed properties outside the Greenbelt. Investors focusing on new builds should also look outside the Greenbelt, in particular to Kanata, Orleans, Riverside South, Sittsville, and Barrhaven.

## Investor Insights

With a population of over 900,000, the City of Ottawa enjoys an incredibly diverse economy. Unlike other municipalities that rely on a small number of industries or sectors, Ottawa's diversity has allowed it to weather an economic storm better than other communities. In addition,

## Investment Rating

<b>Economic Stability</b>	<b>10/12</b>
<b>Yield Growth Potential</b>	<b>6/12</b>
<b>Local Politics Conducive to Business</b>	<b>6/8</b>
<b>Access to Public Transportation</b>	<b>8/8</b>
<b>Investor Insights</b>	<b>5/10</b>
<b>Total</b>	<b>35/50</b>

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