MARKET INTELLIGENCE REPORT

The End of Easy Rent Growth

Where the opportunities are emerging across Greater Montréal through 2027

CORE THESIS

The shortage rewarded almost every landlord. The next market will reward the competent ones.

Montréal Island • Laval • South Shore • North Shore

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Executive conclusion

Greater Montréal is moving from an extreme landlord's market toward a more balanced one. CMHC forecasts the vacancy rate across the full Montréal census metropolitan area, including Laval and the principal South Shore and North Shore municipalities, to rise from 2.9% in 2025 to 3.8% in 2026, 4.5% in 2027 and 4.8% in 2028.

That is not a forecast of cheap housing. It is a forecast of consequences. Owners who price intelligently, maintain their buildings and retain good tenants can still generate reliable income. Owners who keep chasing yesterday's peak asking rent may discover that an empty apartment at a heroic price produces exactly zero revenue.

This is a cycle, not the end of the revenue property. Well located, properly financed and professionally managed rental buildings can remain among the most durable medium to long term investments available. What is ending is the illusion that ownership alone guarantees effortless returns.

THE OPPORTUNITY

Acquire, reposition or professionally operate assets where the problem is not the building. The problem is the owner's pricing, leasing or capital discipline.

The forecast in one table

Greater Montréal CMA	2025	2026 F	2027 F
Vacancy rate	2.9%	3.8%	4.5%
Average 2 bedroom rent	$1,346	$1,405	$1,455
Annual growth	7.2%	4.4%	3.6%

Source: CMHC Summer 2026 Housing Market Outlook, updated with information available June 23, 2026.

What the average hides

CMHC's average rent measures the occupied rental stock. It can continue rising as existing leases are renewed even while asking rents on vacant units flatten or decline. Statistics Canada reported that Greater Montréal's average asking rent for a two bedroom apartment was down 1.6% year over year in the first quarter of 2026. Both statements can be true at the same time.

The landlord reality check

Since 2020, a severe shortage, rapid population growth and limited new supply gave landlords unusual pricing power. Some interpreted that temporary imbalance as a permanent business model. They assumed every renewal justified another aggressive increase and every vacancy could be listed at whatever the latest optimistic online advertisement suggested.

That was never sophisticated asset management. It was scarcity doing the work for them.

The cautious owners understood something more durable. A good long term tenant who pays on time, takes care of the property and does not create constant turnover has economic value. Those landlords raised rents reasonably, maintained trust and protected occupancy. They may not have captured every theoretical dollar during the surge, but many now own stable income streams while more aggressive competitors face vacancy, concessions and repricing.

THE BLUNT VERSION

A landlord does not maximize rent by naming the highest number. A landlord maximizes income by collecting the best sustainable rent with the least avoidable vacancy and turnover.

The arithmetic greed tends to ignore

Leasing choice	Year 1 collected	Economic result
$1,900 per month, occupied immediately	$22,800	**Baseline**
$2,050 per month, vacant one month	$22,550	**$250 less**
$2,100 per month, vacant two months	$21,000	**$1,800 less**

This excludes cleaning, advertising, leasing commissions, repairs, utilities during vacancy and the risk of choosing a weaker tenant under pressure. The highest asking rent is often not the highest return.

A necessary distinction

Not every rent increase is greed. Insurance, taxes, financing, maintenance and construction costs have risen materially. Responsible owners must protect the economics of the building. The criticism is narrower: treating a temporary shortage as permission to price without reference to absorption, tenant quality or total return.

This is a cycle, not a funeral

Revenue property has always moved through cycles. Vacancy tightens, rents accelerate, construction responds, demand changes and the market eventually restores some balance. The exceptional rent growth after 2020 was never going to continue indefinitely. Anyone who built a strategy on permanent shortage confused a favourable phase of the cycle with a law of nature.

That does not make a well run apartment building a bad investment. Quite the opposite. Housing serves an essential and recurring need. A sensibly purchased property with durable demand, prudent financing, controlled expenses and stable tenants can produce income, principal repayment and long term appreciation. Few assets combine those characteristics as tangibly.

But revenue property is not easy money. It is not an answer for investors seeking instant gratification, and it is unforgiving when greed replaces arithmetic. The coming period will expose what might be called a greed overhang: rents, valuations and financing assumptions carried forward from the go go years even after the market has changed.

> THE SERIOUS POINT
> **The cycle does not destroy disciplined investors. It reveals who was disciplined and who was merely lucky.**

What 26 years tell us

Since 2000, Greater Montréal's vacancy rate has crossed above 3% only once. It stayed there for three years, from 2014 through 2016, and peaked at 4.0% in 2015. It was back below 3% by 2017 and fell to 1.5% by 2019. In 2021, it touched exactly 3.0% for one year before falling to 2.0% in 2022.

That history does not guarantee a quick recovery this time. It does show that Greater Montréal has repeatedly absorbed excess rental supply as households formed, people moved into the region and construction slowed.

Purchase prices are adjusting too

Rising vacancy is only half the story. Over the past 12 to 18 months, purchase prices have also come down compared with the rent buildings produce in parts of the rental property market. Investors call this a lower revenue multiple. In plain language, buyers can increasingly pay less for each dollar of rent a building brings in.

Annual building revenue	Price paid	Revenue multiple
$100,000	**$1.8 million**	18 times revenue
$100,000	**$1.6 million**	16 times revenue

The $200,000 difference gives the buyer a meaningful cushion if a unit remains vacant longer than expected or rent growth slows. It does not make every building a bargain. The rents must be real, the expenses properly calculated and the property in sound condition. The opportunity is to buy at a price that reflects today's risks instead of paying yesterday's price and hoping tenants make up the difference.

Where the opportunities are

1. Mispriced but fundamentally sound buildings

Look for properties with extended vacancies, repeated listing changes or asking rents that are visibly disconnected from comparable leased units. If location, condition and unit mix are sound, the operational failure may be curable through realistic pricing and better leasing rather than expensive redevelopment.

2. Owners anchored to 2022 through 2025 assumptions

Some sellers still value their buildings using rents they hope to achieve rather than rents tenants are actually paying. That creates room to negotiate. Base the purchase price on rent that is truly being collected, realistic rent when a unit turns over and a sensible allowance for vacancy. Do not pay today for someone else’s optimism.

3. Retention as a profit strategy

In a softening market, tenant retention becomes an operating advantage. Predictable increases, responsive maintenance and clear communication can cost less than even one month of vacancy. The best landlords will stop viewing every renewal as a contest and start treating good tenants as part of the asset’s value.

4. Newer, higher priced rental stock

CMHC expects the greatest competitive pressure in newer and more expensive units, where supply has expanded fastest. Opportunities may emerge through rent incentives, bulk purchases, buildings that are taking too long to fill or acquisitions from developers and owners whose financing assumed uninterrupted rent growth.

5. Professional management and leasing

A rising vacancy rate exposes weak photography, poor presentation, slow response times and lazy pricing. Owners who relied on scarcity will need actual leasing skill. That creates room for brokers and managers who understand local rents, how quickly units are being filled and how to select dependable tenants.

6. Affordable and mid market resilience

The overall market may loosen while affordable apartments remain scarce. Well maintained, sensibly priced units can preserve strong occupancy. The opportunity is not to force luxury pricing onto ordinary stock. It is to own or operate the part of the market with the deepest durable demand.

How to assess the next market

- Use achieved rents, not the most ambitious active listings.
- Model at least one month of downtime on turnover, then test two months.
- Separate occupied rent growth from asking rent growth. They measure different realities.
- Calculate the break even point between a lower immediate rent and a higher delayed rent.
- Budget for rent incentives in newer or premium units.
- Stress test refinancing without assuming future rent growth will rescue the deal.
- Give tenant quality and retention an explicit economic value.
- Break the CMA into submarkets. Laval, the North Shore, the South Shore and Montréal Island will not soften uniformly.

Submarket implications

Submarket	Current signal	Opportunity lens
Montréal Island	Vacancy reached approximately 3.1% in 2025, with the most availability at higher rent levels.	Target mispriced premium units and buildings where retention can stabilize income.
Laval	Vacancy reached approximately 3.4% in 2025 after strong rent growth.	Watch lease up velocity closely. Price to the local tenant pool, not Island comparables.
North Shore	Vacancy remained tighter at approximately 2.5% in 2025.	More defensive demand, but avoid paying for aggressive projected rents.
South Shore	Vacancy was approximately 2.5% in 2025 despite strong rent growth.	Transit linked supply and new construction require building by building analysis.

Submarket figures refer to CMHC's 2025 Rental Market Survey and are rounded. CMHC does not publish separate 2027 forecasts for these four submarkets.

The disciplined landlord's advantage

The next two years should punish unrealistic financial assumptions more than real estate itself. Owners who bought sensible assets, financed prudently, maintained them and treated good tenants fairly are not the problem. In many cases, they will be the beneficiaries. They can acquire from owners who overpaid, borrowed too much or overestimated what tenants would tolerate.

Expertise still matters

Social media can be useful for spotting trends, but TikTok is not a substitute for professional advice. A thirty second video cannot evaluate a building, verify its income, understand its expenses or explain what is happening in a specific Greater Montréal neighbourhood.

Real estate decisions can involve hundreds of thousands or millions of dollars. Buyers, sellers and landlords need advice from people who work in the market, understand the numbers and are prepared to stand behind their recommendations. Follow the headlines if you wish. Just do not build an investment strategy around them.

Final perspective

Greater Montréal is not heading into a rental collapse. It is heading into a market where execution matters again.

The go go days of raising rents through the roof may be ending. That is not a reason to abandon revenue property. It is a reason to stop confusing greed with strategy.

For several years, the shortage concealed sloppy pricing and mediocre management. A rising vacancy rate will remove that cover. Some landlords will blame tenants, regulation, financing or the economy. Those factors matter. But an owner who keeps an apartment empty because the market refuses an unrealistic rent is not a victim of the market. The market has delivered its answer.

The best opportunities will sit between two extremes: distressed owners who still believe yesterday’s rent assumptions and cautious buyers who mistake a normalizing market for a catastrophe. Investors who use realistic numbers and manage properties professionally can buy or improve buildings that still have durable long term demand.

For the patient owner, a well managed revenue property can remain one of the most valuable and stable medium to long term holdings. For the impatient owner seeking effortless returns, instant gratification or a rent increase every time the wind changes direction, the market is about to become a much less forgiving place.

BOTTOM LINE

The easy money was scarcity. The durable money will be made through discipline, patience and judgment.

Sources and methodology

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Methodological note: CMHC average rent and Statistics Canada asking rent are not interchangeable. CMHC's rental survey primarily describes occupied purpose built rental stock of three units or more. Statistics Canada's asking rent series describes units advertised to prospective tenants. This report uses each measure for the question it is designed to answer.

This report is market commentary, not legal, tax or investment advice. Individual properties require independent financial, physical and legal due diligence.

CONTINUE THE CONVERSATION

If this report gave you something to think about, let's talk. Whatever your real estate needs may be, we are always happy to listen, discuss your plans and help find the right solution for you.

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