REAL ESTATE DEVELOPMENT ADVISORY

Multifamily Acquisition Screening Report

A fourteen-property infill and value-add screen, Ottawa

Prepared by	Lumenalis Consulting Ltd.
Engagement	Acquisition pipeline feasibility screen
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Executive summary

The screen tests fourteen Ottawa acquisition candidates against a single, deliberately conservative underwriting model. Each candidate is carried from list price through acquisition cost, construction scope, contingency, soft costs, and construction-period interest to a total project cost, then valued on stabilised net operating income at a five per cent capitalisation rate. The resulting development profit, divided by total project cost, gives a return on cost that drives ranking.

The verdict is disciplined and largely negative. At the base assumption set, 13 of the 14 candidates return a negative return on cost; only one, the assembled De L'Eglise portfolio, clears zero, and it does so by a thin 2.26%. None reaches the twenty per cent return-on-cost threshold that the engagement set for a priority acquisition. The base case therefore recommends acquisition of none of the candidates at list price, and identifies a short watch-list where a price concession, rent uplift, or favourable financing could change the answer.

Candidates screened	Base-case positive ROC	Best ROC	Weakest ROC
14	1 of 14	2.26%	−50.77%
644-656 De L'Eglise Street (full portfolio) is the only positive base-case return; the field is otherwise loss-making at list price under a five per cent exit cap and mid-range rents.			

Why so few clear the bar.

Three forces compress returns across the field. First, the five per cent exit capitalisation rate applied to modest stabilised rents produces a stabilised value that, set against full Ottawa acquisition-plus-construction cost, leaves little or no development spread on light-renovation plays. Second, the twenty per cent return-on-cost threshold is demanding for a stabilised hold; it functions as a high-pass filter, designed to reject all but exceptional risk-adjusted entries. Third, the base case omits the lower cost of capital available through Canada Mortgage and Housing Corporation MLI Select financing on qualifying purpose-built rental, which several candidates would access. The sensitivity analysis shows the field is rate- and rent-elastic: under a bull case the strongest candidates turn materially positive.

Recommendation in brief.

Acquire none at list price. Open negotiation on the assembled De L’Eglise portfolio and the standalone De L’Eglise six-plex, where positive or near-positive economics and a documented rent gap support a disciplined offer below asking. Hold the remaining candidates for a pricing reset, a parcel-confirmed density gain, or a financing structure that lifts return on cost above the threshold. The detailed basis follows.

Engagement and methodology

Mandate.

The client sought a rapid, like-for-like feasibility screen across a live acquisition pipeline, sufficient to triage which listings warranted a full underwrite and which could be set aside. The brief favoured conservatism: a single exit capitalisation rate, mid-range market rents, and a uniform cost structure, so that candidates of different size and strategy could be ranked on a common footing rather than on bespoke optimism.

Screening framework.

Each candidate is classified by current structure, zoning, and the dominant value-add path — light renovation, full gut and vertical addition, new construction on a permit-ready site, or stabilised hold. The framework then asks three questions in sequence: does the parcel's zoning permit the assumed unit count under Ottawa's Comprehensive Zoning By-law 2026-50; does the project clear the Site Plan Control threshold that adds time and cost; and does the stabilised economics, net of construction-period carry, generate a return on cost above the priority threshold. A heritage overlay caps the viability rating where a Heritage Conservation District designation is present or unconfirmed.

The underwriting model, step by step.

The model is intentionally legible. The capital stack and the income stack each build in a fixed order, and every intermediate quantity is exposed so the reader can audit the result. The sequence is:

1. Acquisition cost	List price plus closing costs at 1.5 per cent of list price.
2. Hard costs	Renovation or construction scope priced per unit: light renovation, full gut, or new construction, applied to the relevant unit counts.
3. Contingency	Fifteen per cent of hard costs.
4. Soft costs	Ten per cent of hard costs, covering architectural, engineering, and permit fees.
5. Interest carry	8.5 per cent on the construction loan, sized at 65 per cent loan-to-cost of the construction budget (hard plus contingency plus soft), drawn to a 50 per cent average balance over a 13-month carry.
6. Total project cost	The sum of acquisition, hard, contingency, soft, and interest carry.
7. Stabilised revenue	Unit mix priced at mid-range market rents by unit type, annualised.
8. Effective gross income	Annual revenue net of a 5 per cent vacancy allowance.
9. Net operating income	Effective gross income net of operating expenses at 35 per cent of effective gross income.
10. Stabilised value	Net operating income capitalised at 5.0 per cent.
11. Development profit	Stabilised value less total project cost.
12. Return on cost	Development profit divided by total project cost; the ranking metric. A priority flag is set where return on cost exceeds 20 per cent.

A note on the interest-carry basis: the carry is computed on the construction budget alone and excludes the acquisition loan. Where land is equity-funded this is defensible; where land is leveraged the model understates true carry. The point is revisited in the Review section.

Assumption register

Every figure in the screen derives from the parameters below. They are held constant across all candidates by design.

Parameter	Value	Basis
Cap rate	5.0%	Analyst override; mid-range of brief 4.5%-5.5% for urban Ottawa mid-density
Closing costs	1.5%	Of list price - per engagement brief
Vacancy factor	5.0%	Per engagement brief
Operating expense ratio	35.0%	Of EGI - per engagement brief; Ottawa small-plex standard
Contingency	15.0%	Of hard costs - per engagement brief
Soft costs	10.0%	Of hard costs - per engagement brief (architectural, engineering, permits)
Construction loan rate	8.5%	Mid of user-specified 8%-9% range
Construction loan LTC	65.0%	Industry standard for Ottawa multifamily infill
Carry period	13 months	12mo construction + 1mo lease-up per client instruction
Avg loan balance factor	50.0%	Linear drawdown assumption; conservative for interest calc
Hard cost per unit - light reno	$42,500	Mid of brief range $25-60K
Hard cost per unit - full gut	$110,000	Mid of brief range $80-140K
Hard cost per unit - new construction	$240,000	Mid of brief range $200-280K (Ottawa 2024-25)
Rent - bachelor	$1,225	Mid of brief range $1,100-1,350
Rent - 1-bedroom	$1,700	Mid of brief range $1,500-1,900
Rent - 2-bedroom	$2,150	Mid of brief range $1,900-2,400
Zoning framework	By-law 2026-50 (in force March 11 2026)	Replaces R-zones with N1-N6; 4-unit minimum on all serviced lots; 3-storey city-wide; mainstreet H1-H4 corridors. Per-parcel zoning must be verified on geoOttawa - do not bank on neighborhood-level interpretations.
Priority Acquisition threshold	ROC > 20%	Per engagement brief
SPC threshold	10+ new residential units typically triggers Site Plan Control	Per Ottawa Official Plan / Planning Act

Zoning context.

The screen is anchored on Ottawa's Comprehensive Zoning By-law 2026-50, which the engagement recorded as replacing the legacy R-zones with a Neighbourhood (N1–N6) framework, establishing a four-unit minimum on serviced lots, a three-storey as-of-right baseline city-wide, and Traditional Mainstreet corridors (H1–H4) that permit mixed-use intensification of roughly four storeys as-of-right, with further Transit-Oriented permissions near light-rail stations. Per-parcel permissions, heights, and overlays must be confirmed on the City's official mapping before reliance; the screen treats neighbourhood-level zoning as indicative only. Site Plan Control is typically triggered at ten or more new residential units, a threshold that shapes both timeline and cost on the larger candidates.

Property profiles

The fourteen candidates follow in ascending order of list price, as screened. Each profile pairs the qualitative read — structure, zoning, strategy, risk, and investment thesis — with the full underwriting line for that candidate. Ratings and theses are reproduced from the engagement; figures are as recomputed.

01 438 Parkdale Avenue

Wellington West / Hintonburg edge

VIABILITY **High**

List price $975,000 | Type Multi-family / mainstreet mixed-use potential | Zoning TM (legacy) → likely H1/N5 under By-law 2026-50; mainstreet mixed-use | Current units 3 | Est. post-development units 8 | Net new 5

Current structure & strategy

Existing 3-unit (assumed); Parkdale TM corridor near Tunney's Pasture LRT. *Gut existing + 4-storey vertical/rear addition to 8 units; capitalize on LRT proximity*

Zoning read

Traditional Mainstreet corridor; under 2026-50, mainstreet zoning permits residential intensification with reduced parking and height up to ~4 storeys as-of-right. Near LRT triggers TOA permissions.

Unit mix assumed

0x bach, 5x 1-bed, 3x 2-bed. Scope: Full gut existing + new vertical/rear addition (240k/unit on new, 110k/unit on gut).

Heritage: No (not in any HCD; verify on geoOttawa)

UNDERWRITING	
List price	$975,000
Closing costs (1.5%)	$14,625
Acquisition cost	$989,625
Hard costs	$1,530,000
Contingency (15%)	$229,500
Soft costs (10%)	$153,000
Interest carry	$57,236
Total project cost	$2,959,361
Stabilised monthly rev.	$14,950
Effective gross income	$170,430
Operating expenses (35%)	$59,650
Net operating income	$110,780
Cap rate	5.0%
Stabilised value	$2,215,590
Development profit	-$743,771
Return on cost	-25.13%
Priority flag	No

Key risks

Minor variance may be required for rear yard/parking; mainstreet retail strip vacancy risk

Investment thesis

Parkdale corridor at Tunney's Pasture LRT is core to Ottawa inner-urban intensification thesis. TM/H zoning under 2026-50 permits 4-storey as-of-right; 8 units delivers strong rent capture at modest scale. Likely below SPC threshold of 10 units.

02 575 Somerset Street West

Centretown West / Chinatown

VIABILITY
High

List price $995,000 | Type Multi-family / mainstreet mixed-use | Zoning TM (legacy) → H1 mainstreet under 2026-50 | Current units 3 | Est. post-development units 8 | Net new 5

Current structure & strategy

Existing 3-4 unit (assumed 3); 4 baths listed. *Gut existing + vertical addition to 8 units; mixed-use ground floor optional*

Zoning read

Somerset West is a designated Traditional Mainstreet. Under By-law 2026-50, mainstreet permits 4 storeys as-of-right with mixed-use. Outside Centretown HCD (HCD boundary stops at Kent Street).

Unit mix assumed

0x bach, 5x 1-bed, 3x 2-bed. Scope: Full gut existing + new vertical addition.

Heritage: No (outside Centretown HCD core - verify on geoOttawa)

UNDERWRITING	
List price	$995,000
Closing costs (1.5%)	$14,925
Acquisition cost	$1,009,925
Hard costs	$1,530,000
Contingency (15%)	$229,500
Soft costs (10%)	$153,000
Interest carry	$57,236
Total project cost	$2,979,661
Stabilised monthly rev.	$14,950
Effective gross income	$170,430
Operating expenses (35%)	$59,650
Net operating income	$110,780
Cap rate	5.0%
Stabilised value	$2,215,590
Development profit	-$764,071
Return on cost	-25.64%
Priority flag	No

Key risks

Heritage status of building itself (not HCD) requires geoOttawa check; commercial retail risk if mixed-use route

Investment thesis

Chinatown / West Centretown mainstreet with strong walkability and transit. Outside Centretown HCD. 8-unit infill via TM zoning is bankable under 2026-50. Heavy duplicate density of competing Somerset listings in prior report - check absorption.

03 88 Maclaren Street

Centretown / Golden Triangle

VIABILITY
Medium

List price $1,375,000 | Type Small apartment building (5+ units) | Zoning R4 (legacy) → N4 inner-urban under 2026-50 | Current units 5 | Est. post-development units 6 | Net new 1

Current structure & strategy

Existing small multifamily; 1-bed rentals at ~$1,595/mo. *Light reno + interior 1-bed basement add; constrained envelope due to heritage context*

Zoning read

Centretown core - Maclaren south side between O'Connor and Bank is identified as part of the Minto Park / Centretown HCD framework. Heritage status MUST be verified. Even if not designated, neighboring designations restrict aggressive intensification.

Unit mix assumed

0x bach, 4x 1-bed, 2x 2-bed. Scope: Light reno of 5 existing + 1 basement unit (light scope).

Heritage: Uncertain - LIKELY in Centretown HCD; verify on Ottawa Heritage Register before bid

UNDERWRITING	
List price	$1,375,000
Closing costs (1.5%)	$20,625
Acquisition cost	$1,395,625
Hard costs	$452,500
Contingency (15%)	$67,875
Soft costs (10%)	$45,250
Interest carry	$16,928
Total project cost	$1,978,178
Stabilised monthly rev.	$11,100
Effective gross income	$126,540
Operating expenses (35%)	$44,289
Net operating income	$82,251
Cap rate	5.0%
Stabilised value	$1,645,020
Development profit	-$333,158
Return on cost	-16.84%
Priority flag	No

Key risks

HCD permit process adds 6-12mo. Cannot exceed Medium rating per the Client's heritage rule.

Investment thesis

Stabilized in-place income with minimal upside given heritage constraint. Screening rule caps rating at Medium regardless of math. Hold for pricing reset or pass entirely.

04 243-245 Hinchey Avenue

Hintonburg

VIABILITY
High

List price $1,398,900 | Type Permit-ready development site (16-unit) | Zoning R4UB (legacy) → N4/N5 under 2026-50; CMHC MLI Select eligible | Current units 0 | Est. post-development units 16 | Net new 16

Current structure & strategy

Existing structure treated as land; site plan approved for 16-unit building. *Build out approved 16-unit plan; SPC and permit risk eliminated*

Zoning read

Approvals for 16-unit residential building already granted. ~6,330 sf combined lot. Steps from Tunney's Pasture LRT (~400m).

Unit mix assumed

0x bach, 12x 1-bed, 4x 2-bed. Scope: New construction 16 units at $240k/unit.

Heritage: No

UNDERWRITING	
List price	$1,398,900
Closing costs (1.5%)	$20,984
Acquisition cost	$1,419,884
Hard costs	$3,840,000
Contingency (15%)	$576,000
Soft costs (10%)	$384,000
Interest carry	$143,650
Total project cost	$6,363,534
Stabilised monthly rev.	$29,000
Effective gross income	$330,600
Operating expenses (35%)	$115,710
Net operating income	$214,890
Cap rate	5.0%
Stabilised value	$4,297,800
Development profit	-$2,065,734
Return on cost	-32.46%
Priority flag	No

Key risks

Existing structure demo cost not modeled - ~$30-50K assumed within contingency. Construction cost inflation post-approval. 16-unit triggers CMHC MLI Select financing benefits which lowers true cost of capital.

Investment thesis

Shovel-ready 16-unit infill with approvals in hand at Tunney's Pasture LRT. The most de-risked entitlement play in the shortlist. CMHC MLI Select eligibility reduces actual cost of debt below modeled 8.5% (in reality ~5.5-6.0% on stabilized take-out).

05 656 De L'Eglise Street

Vanier

VIABILITY
High

List price $1,450,000 | Type 6-plex (single bldg of 18-unit portfolio) | Zoning R4UA (legacy) → N4 under 2026-50 | Current units 6 | Est. post-development units 8 | Net new 2

Current structure & strategy

Existing 6 units (1x building of 3-building portfolio). *Light reno of 6 existing 2-bed units to market rents + 2 basement 1-bed adds. Agent notes "rents are low with upside."*

Zoning read

Vanier inner-urban N4 zone permits 4 units on every serviced lot at minimum; intensification corridor with reduced parking. Mainstreets nearby (Beechwood, Montreal Rd) provide H1 mixed-use.

Unit mix assumed

0x bach, 4x 1-bed, 4x 2-bed. Scope: Light reno + 2 new basement units.

Heritage: No

UNDERWRITING	
List price	$1,450,000
Closing costs (1.5%)	$21,750
Acquisition cost	$1,471,750
Hard costs	$735,000
Contingency (15%)	$110,250
Soft costs (10%)	$73,500
Interest carry	$27,496
Total project cost	$2,417,996
Stabilised monthly rev.	$15,400
Effective gross income	$175,560
Operating expenses (35%)	$61,446
Net operating income	$114,114
Cap rate	5.0%
Stabilised value	$2,282,280
Development profit	-$135,716
Return on cost	-5.61%
Priority flag	No

Key risks

Tenant turnover risk; rent control limits in-place tenant uplifts to AGI only. Lower-level conversion structurally feasible per portfolio listing notes.

Investment thesis

Discrete 6-plex with documented rent upside and 2-unit basement add path. Vanier intensification corridor with strong transit access. 15-min to UOttawa/Parliament. Conservative ROC supports as a stabilized add to portfolio. If full 18-unit portfolio acquired at $3.8M, scale increases materially.

06 270 Arlington Avenue

Centretown West

VIABILITY
Medium

List price $1,488,000 | Type 4-plex | Zoning R4 (legacy) → N4 under 2026-50 | Current units 4 | Est. post-development units 5 | Net new 1

Current structure & strategy

Existing 4-plex: 2-bed+den (owner), 2-bed 2F, 1-bed 3F, 1-bed basement; in-place rents ~$98k gross potential. *Light reno to bring rents to market + 1 additional basement/secondary unit. Modest scale, low risk.*

Zoning read

Centretown West - outside Centretown HCD (west of Kent Street). N4 zone permits ~4-5 units on standard lot under 2026-50 with mainstreet proximity.

Unit mix assumed

0x bach, 3x 1-bed, 2x 2-bed. Scope: Light reno + 1 new basement unit.

Heritage: No (outside Centretown HCD)

UNDERWRITING	
List price	$1,488,000
Closing costs (1.5%)	$22,320
Acquisition cost	$1,510,320
Hard costs	$410,000
Contingency (15%)	$61,500
Soft costs (10%)	$41,000
Interest carry	$15,338
Total project cost	$2,038,158
Stabilised monthly rev.	$9,400
Effective gross income	$107,160
Operating expenses (35%)	$37,506
Net operating income	$69,654
Cap rate	5.0%
Stabilised value	$1,393,080
Development profit	-$645,078
Return on cost	-31.65%
Priority flag	No

Key risks

Existing tenants with sub-market rents likely; vacant possession requires tenant negotiation/N12. Building age may surface MEP issues.

Investment thesis

Tight margin given low net unit addition. Stabilizing in-place rents to market is primary value-add. Limited intensification potential bounds upside. Pass unless price drops meaningfully.

07 2428-2430 Iris Street

Parkway Park (Nepean)

VIABILITY
Low

List price $1,500,000 | Type 4-plex (side-by-side semi style) | Zoning R3/R4 (legacy) → N3/N4 under 2026-50 | Current units 4 | Est. post-development units 5 | Net new 1

Current structure & strategy

4-plex, 2 baths; suburban west-central. *Light reno + basement unit*

Zoning read

Suburban Nepean. Lower density baseline. 2026-50 permits 4 units on serviced lots; modest intensification possible. Lot likely shallow.

Unit mix assumed

0x bach, 3x 1-bed, 2x 2-bed. Scope: Light reno + 1 basement unit.

Heritage: No

UNDERWRITING	
List price	$1,500,000
Closing costs (1.5%)	$22,500
Acquisition cost	$1,522,500
Hard costs	$410,000
Contingency (15%)	$61,500
Soft costs (10%)	$41,000
Interest carry	$15,338
Total project cost	$2,050,338
Stabilised monthly rev.	$9,400
Effective gross income	$107,160
Operating expenses (35%)	$37,506
Net operating income	$69,654
Cap rate	5.0%
Stabilised value	$1,393,080
Development profit	-$657,258
Return on cost	-32.06%
Priority flag	No

Key risks

Suburban rents lower than urban; vacancy/absorption slower; lot constraints

Investment thesis

Suburban Nepean does not fit the Client's urban intensification thesis. Marginal economics on light reno. Recommend pass.

08 218–220 McArthur Avenue

Vanier (McArthur corridor)

VIABILITY
High

List price $1,600,000 | Type Permit-ready development site (9-unit) | Zoning R4 (legacy) → N4 under 2026-50 | Current units 4 | Est. post-development units 9 | Net new 5

Current structure & strategy

Existing 4-plex with demolition permit issued; approved 9-unit plan.
Build approved 9-unit plan; SPC eliminated

Zoning read

Vanier intensification corridor. Approved 9-unit residential building. Demo permit issued.

Unit mix assumed

0x bach, 6x 1-bed, 3x 2-bed. Scope: New construction 9 units at $240k/unit.

Heritage: No

UNDERWRITING	
List price	$1,600,000
Closing costs (1.5%)	$24,000
Acquisition cost	$1,624,000
Hard costs	$2,160,000
Contingency (15%)	$324,000
Soft costs (10%)	$216,000
Interest carry	$80,803
Total project cost	$4,404,803
Stabilised monthly rev.	$16,650
Effective gross income	$189,810
Operating expenses (35%)	$66,434
Net operating income	$123,376
Cap rate	5.0%
Stabilised value	$2,467,530
Development profit	-$1,937,273
Return on cost	-43.98%
Priority flag	No

Key risks

Demo cost not modeled separately - $30-40K assumed within contingency. Tight ROC because base price reflects approved entitlement value.

Investment thesis

Shovel-ready 9-unit on Vanier intensification corridor. Below SPC trigger. Approvals are priced into the asking but execution risk substantially reduced. ROC sensitive to construction cost overrun.

09 156 Dagmar Avenue

Vanier North / Beechwood Village

VIABILITY
Low

List price $1,649,900 | Type 6-plex (purpose-built) | Zoning R4UA (legacy) → N4 under 2026-50 | Current units 6 | Est. post-development units 6 | Net new 0

Current structure & strategy

6x 1-bed/1-bath. Reported NOI $92,671 on gross $115,320. Tenants pay hydro.. *Light reno only - this is a stabilized asset with limited intensification path*

Zoning read

Vanier inner-urban N4. Beechwood Avenue mainstreet (H1) is one block away.

Unit mix assumed

0x bach, 6x 1-bed, 0x 2-bed. Scope: Light reno only.

Heritage: No

UNDERWRITING	
List price	$1,649,900
Closing costs (1.5%)	$24,748
Acquisition cost	$1,674,648
Hard costs	$255,000
Contingency (15%)	$38,250
Soft costs (10%)	$25,500
Interest carry	$9,539
Total project cost	$2,002,937
Stabilised monthly rev.	$10,200
Effective gross income	$116,280
Operating expenses (35%)	$40,698
Net operating income	$75,582
Cap rate	5.0%
Stabilised value	$1,511,640
Development profit	-$491,297
Return on cost	-24.53%
Priority flag	No

Key risks

No net new units = no the Client's thesis fit. Current NOI implies cap rate ~5.6% at ask. Below value-add yield.

Investment thesis

Stabilized acquisition with no infill upside. Does not match the Client's intensification mandate. Yield-on-cost barely clears 8.5% borrowing rate. Pass.

10 118 Rochester Street

West Centretown / Chinatown

VIABILITY
Medium

List price $1,899,999 | Type 6-plex (purpose-built) | Zoning R4UD (legacy) → N4 under 2026-50 | Current units 6 | Est. post-development units 8 | Net new 2

Current structure & strategy

6x 2-bed, separately metered hydro, storage lockers, 7000 sqft. *Light reno of 6 existing 2-bed + 2 basement 1-bed adds*

Zoning read

West Centretown N4. Outside Centretown HCD. Walking distance to Bayview Station LRT.

Unit mix assumed

0x bach, 2x 1-bed, 6x 2-bed. Scope: Light reno + 2 basement units.

Heritage: No

UNDERWRITING	
List price	$1,899,999
Closing costs (1.5%)	$28,500
Acquisition cost	$1,928,499
Hard costs	$735,000
Contingency (15%)	$110,250
Soft costs (10%)	$73,500
Interest carry	$27,496
Total project cost	$2,874,745
Stabilised monthly rev.	$16,300
Effective gross income	$185,820
Operating expenses (35%)	$65,037
Net operating income	$120,783
Cap rate	5.0%
Stabilised value	$2,415,660
Development profit	-$459,085
Return on cost	-15.97%
Priority flag	No

Key risks

Asking price is full retail given purpose-built quality; limited rent-uplift headroom on already-modernized units

Investment thesis

Quality purpose-built sixplex at LRT-adjacent location. Margin tighter due to retail-priced asking. Net unit addition of 2 keeps it in the Client's thesis but ROC modest. Negotiate down or pass.

11 54 Centennial Boulevard

Old Ottawa South

VIABILITY
Medium

List price $1,900,000 | Type 6-plex | Zoning R4 (legacy) → N4/N5 under 2026-50 | Current units 6 | Est. post-development units 8 | Net new 2

Current structure & strategy

6 units: 2x 2-bed, 2x 2-bed+den, 2x 1-bed. NOI $73,430. 2025 roof + repointing. Recent lease at $2,000/mo signals upside.. *Light reno to lift to market rents + 2 basement adds via parking reconfiguration; 2025 capex already done on envelope.*

Zoning read

Old Ottawa South - inner-urban. Survey notes intensification path via parking reconfiguration. Glebe-adjacent rental demand.

Unit mix assumed

0x bach, 2x 1-bed, 6x 2-bed. Scope: Light reno + 2 basement units.

Heritage: No

UNDERWRITING	
List price	$1,900,000
Closing costs (1.5%)	$28,500
Acquisition cost	$1,928,500
Hard costs	$735,000
Contingency (15%)	$110,250
Soft costs (10%)	$73,500
Interest carry	$27,496
Total project cost	$2,874,746
Stabilised monthly rev.	$16,300
Effective gross income	$185,820
Operating expenses (35%)	$65,037
Net operating income	$120,783
Cap rate	5.0%
Stabilised value	$2,415,660
Development profit	-$459,086
Return on cost	-15.97%
Priority flag	No

Key risks

Pricing already implies cap rate ~3.9% on disclosed NOI; bet is on rent-to-market plus add. Tenant turnover required.

Investment thesis

Recently capex'd envelope reduces immediate maintenance. Old Ottawa South commands premium rents but in-place NOI is below market. Modest 2-unit add. ROC borderline.

12 69-71 Donald Street

Vanier / East Central

VIABILITY
Medium

List price $2,750,000 | Type Triplex (large, 10,000 sqft) | Zoning R4 (legacy) → N4 under 2026-50 | Current units 3 | Est. post-development units 8 | Net new 5

Current structure & strategy

Built by owner-builder, premium materials. Basement roughed/framed for 4-plex/5-plex conversion.. *Convert 10,000 sqft into 8 units via subdivision (existing units + basement adds + interior reconfig of premium-built shell). Triplex floor passes through Priority 4 floor (lot supports 8+).*

Zoning read

Vanier intensification zone. 10,000 sqft building footprint = significant subdivision potential. 2026-50 supports 4-unit minimum + further units up to corridor permissions.

Unit mix assumed

0x bach, 5x 1-bed, 3x 2-bed. Scope: Interior subdivision (light/gut blend; modeled as light) + 5 basement/new units.

Heritage: No

UNDERWRITING	
List price	$2,750,000
Closing costs (1.5%)	$41,250
Acquisition cost	$2,791,250
Hard costs	$1,327,500
Contingency (15%)	$199,125
Soft costs (10%)	$132,750
Interest carry	$49,660
Total project cost	$4,500,285
Stabilised monthly rev.	$14,950
Effective gross income	$170,430
Operating expenses (35%)	$59,650
Net operating income	$110,780
Cap rate	5.0%
Stabilised value	$2,215,590
Development profit	-$2,284,695
Return on cost	-50.77%
Priority flag	No

Key risks

High per-unit cost on a $2.75M base; carry exposure substantial. Owner-builder construction history can be QA risk; need full structural review pre-acquisition.

Investment thesis

Largest single triplex shell in Ottawa per agent. Subdivision math works on 10,000 sqft but pricing reflects scarcity. ROC compressed by high acquisition basis. Pursue if owner motivated.

13 644-656 De L'Eglise Street (full portfolio)

Vanier

VIABILITY
High

List price $3,800,000 | Type 3-building portfolio (18 units) | Zoning R4UA (legacy) → N4 under 2026-50 | Current units 18 | Est. post-development units 24 | Net new 6

Current structure & strategy

12x 2-bed + 6x 1-bed across 3 buildings. Portfolio appraisals 2022. Potential for 6 more basement units.. *Light reno across 18 existing + 6 basement 1-bed adds in 2 of 3 buildings. Rents are low with documented upside.*

Zoning read

Vanier inner-urban N4. Portfolio sits on contiguous lot. Scale benefits: shared management, financing efficiency.

Unit mix assumed

0x bach, 12x 1-bed, 12x 2-bed. Scope: Light reno of 18 + new construction 6 basement units.

Heritage: No

UNDERWRITING	
List price	$3,800,000
Closing costs (1.5%)	$57,000
Acquisition cost	$3,857,000
Hard costs	$2,205,000
Contingency (15%)	$330,750
Soft costs (10%)	$220,500
Interest carry	$82,487
Total project cost	$6,695,737
Stabilised monthly rev.	$46,200
Effective gross income	$526,680
Operating expenses (35%)	$184,338
Net operating income	$342,342
Cap rate	5.0%
Stabilised value	$6,846,840
Development profit	$151,103
Return on cost	2.26%
Priority flag	No

Key risks

SPC required for basement intensification at portfolio scale (24 total units). CMHC MLI Select likely eligible. Concentration risk in one Vanier block.

Investment thesis

Scale-efficient portfolio acquisition with documented rent upside and contiguous-lot intensification path. Crosses SPC threshold so longer timeline, but portfolio scale supports CMHC MLI Select financing. Strong rate floor adjustment via lower take-out debt cost.

14 196 Beechwood Avenue

New Edinburgh / Beechwood Village

VIABILITY
Low

List price $4,895,000 | Type Mixed-use 14-unit (13 residential + 1 retail) | Zoning TM (legacy) → H1 mainstreet under 2026-50 | Current units 14 | Est. post-development units 14 | Net new 0

Current structure & strategy

Built 2021. 11x bachelor + 2x 2-bed + 1x retail. Brick + Hardie. Furnished. Individually metered. In-suite W/D.. *Stabilized acquisition; nominal value-add path. Furnished short-term rental optimization is the only real lever (regulatory risk).*

Zoning read

Beechwood Avenue Traditional Mainstreet. 2021 build at full envelope. No further intensification likely on parcel.

Unit mix assumed

11x bach, 0x 1-bed, 3x 2-bed. Scope: Light reno only - stabilized hold.

Heritage: No

UNDERWRITING	
List price	$4,895,000
Closing costs (1.5%)	$73,425
Acquisition cost	$4,968,425
Hard costs	$595,000
Contingency (15%)	$89,250
Soft costs (10%)	$59,500
Interest carry	$22,258
Total project cost	$5,734,433
Stabilised monthly rev.	$19,925
Effective gross income	$227,145
Operating expenses (35%)	$79,501
Net operating income	$147,644
Cap rate	5.0%
Stabilised value	$2,952,885
Development profit	-$2,781,548
Return on cost	-48.51%
Priority flag	No

Key risks

Bachelor-heavy mix at premium asking. No net new units = no the Client's thesis fit. Furnished STR strategy faces Ottawa licensing (must be principal residence).

Investment thesis

High-quality stabilized asset but at full retail with no intensification path. Bachelor-to-1-bed conversion math is rent-negative (combining 2 bach @ $1,225 yields 1 1-bed @ $1,700 - net loss). Yield-on-cost likely below 8.5% borrowing rate. Pass.

Ranked shortlist

Candidates ranked by base-case return on cost, highest to lowest. The recommendation column distils each into a single disposition — monitor or pass — with the governing reason. No candidate is flagged a priority acquisition, because none clears the twenty per cent threshold.

#	Property	List	ROC	Net new	Heritage	Rating	Action
1	644-656 De L'Eglise Street (full portfolio)	$3,800,000	2.26%	6	No	High	Monitor
2	656 De L'Eglise Street	$1,450,000	-5.61%	2	No	High	Monitor
3	118 Rochester Street	$1,899,999	-15.97%	2	No	Medium	Monitor
4	54 Centennial Boulevard	$1,900,000	-15.97%	2	No	Medium	Monitor
5	88 Maclaren Street	$1,375,000	-16.84%	1	Uncertain - LIKELY in ...	Medium	Monitor
6	156 Dagmar Avenue	$1,649,900	-24.53%	0	No	Low	Pass
7	438 Parkdale Avenue	$975,000	-25.13%	5	No (not in any HCD; ve...	High	Pass
8	575 Somerset Street West	$995,000	-25.64%	5	No (outside Centretown...	High	Pass
9	270 Arlington Avenue	$1,488,000	-31.65%	1	No (outside Centretown...	Medium	Pass
10	2428-2430 Iris Street	$1,500,000	-32.06%	1	No	Low	Pass
11	243-245 Hinchey Avenue	$1,398,900	-32.46%	16	No	High	Pass
12	218-220 McArthur Avenue	$1,600,000	-43.98%	5	No	High	Pass
13	196 Beechwood Avenue	$4,895,000	-48.51%	0	No	Low	Pass
14	69-71 Donald Street	$2,750,000	-50.77%	5	No	Medium	Pass

Disposition rationale

1. 644-656 De L'Eglise Street (full portfolio) Monitor — *Positive ROC but below 20% threshold. Negotiate 8-12% off list and re-test, or hold for further data.*

2. 656 De L'Eglise Street Monitor — *Negative ROC at base case but margin recoverable with rent uplift to upper-quartile or 10-15% price reduction. Consider lowball offer.*

3. 118 Rochester Street Monitor — *Deeply negative at base. Only justify pursuit if vendor-distressed or zoning upside materializes (e.g., LRT TOA boost, 2026-50 specific application).*

4. 54 Centennial Boulevard Monitor — *Deeply negative at base. Only justify pursuit if vendor-distressed or zoning upside materializes (e.g., LRT TOA boost, 2026-50 specific application).*

5. 88 Maclaren Street Monitor — *Deeply negative at base. Only justify pursuit if vendor-distressed or zoning upside materializes (e.g., LRT TOA boost, 2026-50 specific application).*

6. 156 Dagmar Avenue Pass — *Acquisition math does not work at any plausible scenario in the engagement's assumption set. Pursue only if asking drops >25%.*

Candidates ranked seven through fourteen share a common disposition: the acquisition mathematics does not work at any plausible scenario within the engagement's assumption set, and each should be passed unless asking drops materially — in most cases by more than a quarter.

Sensitivity analysis

Return on cost is most elastic to two inputs: achievable rent and the exit capitalisation rate. The grid below holds the cost structure fixed and varies these two. The base case uses mid-range rents at a 5.0 per cent cap; the premium case lifts rents to the top of the brief range at the same cap; the bull case combines top-range rents with a 4.5 per cent cap. The pattern is decisive: the strongest candidates swing from loss-making to clearly profitable, while the weakest remain negative even under the bull case.

Property	Base ROC	Premium ROC	Bull ROC
644-656 De L'Eglise Street (full portfolio)	2.26%	14.21%	26.90%
656 De L'Eglise Street	-5.61%	5.42%	17.13%
118 Rochester Street	-15.97%	-6.17%	4.25%
54 Centennial Boulevard	-15.97%	-6.17%	4.25%
88 Maclaren Street	-16.84%	-7.10%	3.22%
156 Dagmar Avenue	-24.53%	-15.65%	-6.28%
438 Parkdale Avenue	-25.13%	-16.37%	-7.08%
575 Somerset Street West	-25.64%	-16.94%	-7.71%
270 Arlington Avenue	-31.65%	-23.65%	-15.17%
2428-2430 Iris Street	-32.06%	-24.11%	-15.67%
243-245 Hinchey Avenue	-32.46%	-24.54%	-16.16%
218-220 McArthur Avenue	-43.98%	-37.42%	-30.47%
196 Beechwood Avenue	-48.51%	-43.01%	-36.68%
69-71 Donald Street	-50.77%	-45.00%	-38.89%

Reading the grid.

The assembled De L'Eglise portfolio moves from a marginal 2.26% in the base case to 26.90% under the bull case; the standalone De L'Eglise six-plex makes a similar journey from negative to comfortably positive. By contrast, the suburban and stabilised-hold candidates remain loss-making across all three scenarios, confirming that their weakness is structural — a function of cost basis and limited unit addition — rather than a question of pricing the rent roll optimistically. The screen's value lies precisely here: it separates candidates whose economics are rescued by reasonable assumptions from those whose economics cannot be.

Findings and recommendation

The screen does its job by rejecting most of the pipeline. That is the intended outcome of a conservative high-pass filter, not a defect. The findings are:

The field is loss-making at list price. Thirteen of fourteen candidates show a negative base-case return on cost. Acquisition at asking, on the engagement's assumptions, destroys capital in every case but one.

Only the assembled portfolio clears zero. The fourteen-building-equivalent De L'Eglise portfolio returns a positive but sub-threshold 2.26%, carried by scale, a documented rent gap, and contiguous-lot intensification.

Permit-ready does not mean profitable. The two shovel-ready sites — the sixteen-unit Hinchey assembly and the nine-unit McArthur site — carry approved density yet rank near the bottom, because the entitlement value is already priced into the asking and new-construction cost at the assumed per-unit rate overwhelms a 5.0 per cent exit value.

Stabilised holds fail the mandate. Candidates with no net unit addition (Dagmar, Beechwood) cannot generate a development spread; they are yield plays whose cap rate at ask sits below the construction borrowing rate.

The answer is rate- and rent-sensitive. Under a bull case the strongest candidates turn materially positive, indicating that the rejection is conditional on the conservative base inputs rather than absolute.

Recommendation.

Acquire none of the candidates at list price. Pursue negotiation on the two De L'Eglise positions, where positive or near-positive economics and documented rent upside justify a disciplined offer below asking and a full second-pass underwrite with parcel-confirmed density and a quantified Canada Mortgage and Housing Corporation MLI Select financing structure. Place the permit-ready sites on a watch-list contingent on a price concession that restores the development spread. Pass on the suburban and stabilised-hold candidates absent a reduction in asking of the order the ranking indicates. Above all, treat the screen as a triage instrument: it tells the client where not to spend underwriting effort, which on a live pipeline is the more valuable half of the answer.

Review and supplementary information

This section is Lumenalis commentary added at publication. It is not part of the original engagement output. It records the verification performed, the structural drivers of the result, and the points a second-pass underwrite should resolve. Sources are listed at the end of the report.

Arithmetic integrity — verified.

Lumenalis rebuilt the entire model independently in Python and recomputed all fourteen candidates from list price through return on cost. Every figure reconciles to the source without exception: closing costs at 1.5 per cent, the construction-cost build, the interest-carry formula, total project cost, net operating income, capitalised value, development profit, and return on cost all match. The model is internally consistent and free of arithmetic error.

The capitalisation rate is the dominant driver of the negative field.

Development profit is the gap between capitalised stabilised value and total project cost. Capitalising modest stabilised net operating income at 5.0 per cent yields a value that, for light-renovation candidates, sits below the all-in cost of buying and improving the asset. The relationship is mechanical: value equals net operating income divided by cap rate, so a lower assumed cap rate would lift every value and a higher one would depress it. The 5.0 per cent figure is conservative for Ottawa mid-density and, combined with the cost basis, is what drives most candidates negative. This is consistent with the standard development-spread framework, in which profitability depends on the margin between yield-on-cost and the exit capitalisation rate (Geltner, Miller, Clayton, and Eichholtz, Commercial Real Estate Analysis and Investments, 3rd ed., 2014).

The 20 per cent return-on-cost threshold is a deliberate high-pass filter.

A twenty per cent return on cost is demanding for a stabilised multifamily hold and far above the spread a 5.0 per cent exit cap can produce on light value-add. Setting the bar this high means the screen rejects all but exceptional entries by construction. That is appropriate for triage but should not be read as a claim that sub-threshold candidates are uninvestable; several are merely sub-priority.

Interest carry excludes the land loan.

The carry is sized on the construction budget — hard costs plus contingency plus soft costs — at 65 per cent loan-to-cost, half-drawn, over thirteen months. It does not carry the acquisition loan. If land is funded with equity this is correct; if land is leveraged, true carrying cost is understated, and the understatement is largest on the high-land-value candidates such as Beechwood and Donald. A second pass should state the land-financing assumption explicitly and, if land is debt-funded, add its carry.

Closing costs at 1.5 per cent appear light for Ontario.

Ontario Land Transfer Tax alone on a property near one million dollars approaches 1.6 to 1.7 per cent under the marginal rate schedule of the Land Transfer Tax Act (R.S.O. 1990, c. L.6), before legal fees, title insurance, and due-diligence costs. A 1.5 per cent all-in closing allowance therefore likely understates total acquisition friction; a 2.5 to 3.5 per cent all-in figure would be more typical and would push marginal candidates further negative.

Demolition cost on the permit-ready sites is not isolated.

Both the Hinchey and McArthur sites carry an existing structure to be removed, and the engagement notes the demolition cost (roughly thirty to fifty thousand dollars) is assumed to sit within contingency rather than modelled as a discrete line. On a tight return this is material and should be broken out.

The two De L'Eglise positions overlap — do not double-count.
The standalone De L'Eglise six-plex is one building within the assembled three-building, eighteen-unit De L'Eglise portfolio. They are alternative acquisitions, not additive. Any capital plan must select one path and not sum both.

MLI Select financing is the largest omitted upside.
The base case applies an 8.5 per cent construction rate and a 5.0 per cent exit cap to all candidates, including those that would qualify for Canada Mortgage and Housing Corporation MLI Select insured financing on purpose-built rental of five or more units. MLI Select can materially lower the cost of take-out debt and raise loan-to-value where affordability, accessibility, or energy-efficiency points are achieved. The engagement flags this qualitatively for several candidates but does not quantify it. Modelling a qualifying candidate's true blended cost of capital under MLI Select is the single most valuable refinement available, and would most help the De L'Eglise portfolio, the Hinchey sixteen-unit, and other ten-plus-unit plays.

Zoning rests on a regime that must be parcel-confirmed.
The screen relies on Comprehensive Zoning By-law 2026-50 and its Neighbourhood and Traditional Mainstreet framework. This is a recent regime; the assumed unit counts, heights, and Transit-Oriented permissions are neighbourhood-level interpretations. Before any offer, per-parcel zoning, overlays, and heritage status must be confirmed against the adopted by-law text and the City's official mapping. Several theses (Parkdale, Somerset West, Donald) depend on achieving eight units where the as-of-right yield may be lower; a shortfall in achievable density would weaken those cases further.

Heritage overlay is a prudent governance rule.
Capping viability at 'Medium' where a Heritage Conservation District designation is present or unconfirmed — as applied to Maclaren — is sound risk governance, because designation adds six to twelve months and constrains massing. The status should be verified on the Ontario Heritage Register and the City's Heritage Conservation District mapping before the rating is relaxed.

Limitations and analyst's self-assessment

This report reproduces and reviews an existing screen; it is not an independent underwrite. Three limitations bound its reliability. First, the market inputs — per-unit construction costs and achievable rents — are taken from the engagement's assumption set and were not re-derived from current contractor pricing or a fresh rent survey; if those inputs have moved, every return moves with them. Second, at the client's instruction the public listing data, including addresses, is retained, so the anonymisation protects the client's identity but not the identity of the candidate properties; readers should treat the proprietary ranking and thesis as the confidential layer. Third, the sensitivity analysis reproduced here is the engagement's two-variable grid, not a probabilistic simulation; it shows direction and elasticity, not a distribution of outcomes. The regulatory instruments cited — in particular the 2026-50 zoning regime — should be confirmed against their adopted text before reliance, as noted throughout.

Sources and method

Reproduction method.

The source workbook was parsed with openpyxl; all figures were recomputed independently and reconciled before publication. Text was sanitised to remove the client identity and the working model's tool-origin references; listing data and figures were preserved unchanged. The report was typeset in the Lumenalis v2.0 brand system and rendered to PDF.

Regulatory and reference sources.

— Personal Information Protection and Electronic Documents Act (PIPEDA), S.C. 2000, c. 5.

— Planning Act, R.S.O. 1990, c. P.13 (Site Plan Control; consent and minor variance).

— Land Transfer Tax Act, R.S.O. 1990, c. L.6 (Ontario Land Transfer Tax schedule).

— City of Ottawa, Comprehensive Zoning By-law 2026-50 (Neighbourhood N1–N6 and Traditional Mainstreet H1–H4 framework) — per-parcel permissions to be confirmed on the City's official mapping.

— City of Ottawa Official Plan (intensification policy; Site Plan Control thresholds).

— Canada Mortgage and Housing Corporation, MLI Select multi-unit mortgage insurance program parameters.

— Geltner, Miller, Clayton, and Eichholtz, Commercial Real Estate Analysis and Investments, 3rd ed. (2014) — development-spread and capitalisation framework.

— Brueggeman and Fisher, Real Estate Finance and Investments (income capitalisation; construction-loan carry).
