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New townhomes in the \$200K range? Builders weigh in on what needs to happen

By **Mia Jensen**

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Recent policy changes and a focus on off-site building models are allowing homebuilders to construct new homes at prices not seen in Ottawa for many years.

In Stittsville, Caivan Group's newest development, the Summit Series at Magnolia, contains 248 new homes, including multi-bedroom townhomes starting at \$289,914. The company said that price could translate to estimated monthly mortgage payments of around \$1,330, assuming a \$20,000 downpayment, a 3.94 per cent interest rate and 30-year amortization.

"We were dreaming of and hoping for home prices to start with a two," co-founder and CEO Frank Cairo told OBJ recently. "It is a really proud moment for not only our organization, but partners of the provincial and federal government that really took a bold maneuver to make affordability not just a discussion point, but something real that we can all rally around and demonstrate some action for."

At \$289,914, the homes are accessible to households earning \$67,000 a year, Cairo said.

According to the Ottawa Real Estate Board (OREB), as of July 2026, the average selling price for a townhome in Ottawa was \$543,061. That's an 81 per cent increase over the past decade. The overall average price of a residential home in Ottawa currently sits at \$683,308, according to OREB.

Though Ottawa is less affordable than it used to be, Jason Burggraaf, executive director of the Greater Ottawa Home Builders' Association (GOHBA), said the city has a competitive advantage when compared to the pricier markets of southern Ontario.

"That makes eastern Ontario and Ottawa especially attractive to people who are migrating from those areas, who are selling a more expensive home and then buying something of equal size for less money," he said. "We're seeing more families, professionals who are 30 to 45, with young kids who are 12 or under. More of those people are moving to communities outside of Ottawa — Arnprior, Kemptville, Rockland, Carleton Place — because of affordability."

In recent years, various levels of government have responded to the demand for affordability with a push for policies that accelerate "missing middle" housing, leading to developers building more duplexes, townhouses and semi-detached residences across the city.

"We're seeing more and more condo townhouse projects as builders attempt to find typologies that come in at a lower price that people can afford," said Burggraaf. "Townhomes have been the biggest type of house being built in Ottawa the entire time I've been at GOHBA. People are looking for something that's still ground-oriented but affordable."

Despite the city's relative affordability and the push for more diverse housing types, Burggraaf said homeownership remains out of reach for many Ottawans. Costs are a major factor keeping home prices high, he said, as developers deal with the rising expense of labour, materials and land.

"When prices go up quicker because of a hot market, it's because those factors start to get squeezed," he said.

While developers can make some changes in response to those expenses, there is only so much they can do, Burggraaf said. As a result, the only way to provide significant savings is to change

government policy.

“Whatever taxes, fees and charges they put on the cost of a house — the people who are imposing those charges have direct control as to what the level of those charges are.”

Earlier this year, the province temporarily expanded HST relief on new homes, allowing all homebuyers who purchase before April 2027 to save up to \$130,000. At the same time, the province introduced an initiative to reduce municipal development charges to cut costs for developers and support more housing projects.

“That sales strength has continued, which tells us that people are taking advantage of this low price, which is what we want to see them do to prove to the government that putting the HST on new housing is one of the impediments to housing supply,” Burggraaf said.

At Caivan, Cairo said those recent policy changes were a major factor in his project’s affordability. In recent years, his company has dedicated significant time to policy advocacy, pushing for more changes that improve affordability.

“We have dozens and dozens of initiatives across the country that we’re working on that have nothing to do with our business interests,” he said. “The best indication that these initiatives are working is the fact that HST has been addressed and that takes bold, decisive, generational leadership to make that type of systemic change.”

While the policy changes are a good sign, Cairo added that they are only temporary and will be debated again next spring. And so, with no guarantee of ongoing relief and the unpredictability of costs across the board, he said it’s hard to know whether Ottawa homebuyers will see prices in the \$200,000 range in the coming years.

“We are, as a business, forecasting some pretty significant price increases over the next two years and we’re also seeing the market on the demand side increase, which could create some stress on the supply side once again,” he said.

Off-site manufacturing a cost-saver

While policy changes have been key to affordability, Cairo said other advantages are in-house.

Caivan has a manufacturing company with an Ottawa-based factory that produces components for five to seven homes a day, reducing costs and saving time in the construction process.

“What gives us a really strong, defined advantage is our vertical and horizontal integrations through our corporate ecosystem, which is set up in such a way that we have so many different opportunities along the value chain to squeeze and twist and add value for the customer,” Cairo said.

“We ship those structural blocks to the site, where they get erected like Lego blocks. Our tolerances for construction are exponentially lower than what would be typical of an on-site framed home. There’s nothing that I would say is a compromise with our manufacturing

method. If anything, you're getting a highly precise product that, quite frankly, is better built than anything that's possible on-site."

While Ottawa-based prefab homebuilder Ekobuilt isn't aiming to build homes at the same price point as Caivan, co-founder and president Paul Kealey said its custom-built homes are significantly more affordable than equivalent homes built on-site.

"Prefab isn't about building faster. It's about building with control and having control over the process to minimize cost along the way is why it ends up being cheaper at the end of the day," he told OBJ. "The biggest enemy of affordable housing is unpredictability, with cost overruns and scheduling delays. If we want to become more affordable, construction has to become more efficient."

According to Kealey, a typical prefab home can save two to six months of construction time, translating to a lower sale price for the buyer, while also leading to cost savings for the builder.

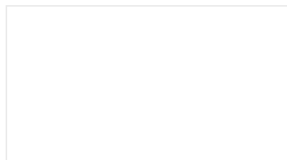
Prefab builders can also use their assembly lines to build more, allowing them to strike better deals with suppliers.

"We've been able to really reduce our costs as much as 25 per cent compared to two or three years ago, simply by focusing on volume," Kealey said. "You can't really get good deals from suppliers, and good attention from suppliers, unless you have a minimum volume to work with."

Despite the advantages of prefab, Kealey said the process alone isn't enough to reduce home costs.

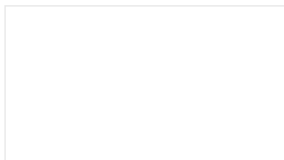
"It has to come with high-performance prefab. The only way that we can get into an affordable living situation is by reducing the operational cost of the building," he said, referring to systems like heating and cooling. "We've been able to get the cost for a high-performance passive house down to what I call an absolute minimum, being limited to a five per cent to 10 per cent incremental cost compared to a more traditional system."

He added, "Someone might think, well, that's a more expensive house. But when we're down to just a five to 10 per cent increment, that incremental cost in mortgage payment is instantly offset with the savings in the utilities."



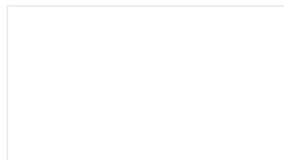
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