HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Canada Highlights

Canada Mortgage and Housing Corporation

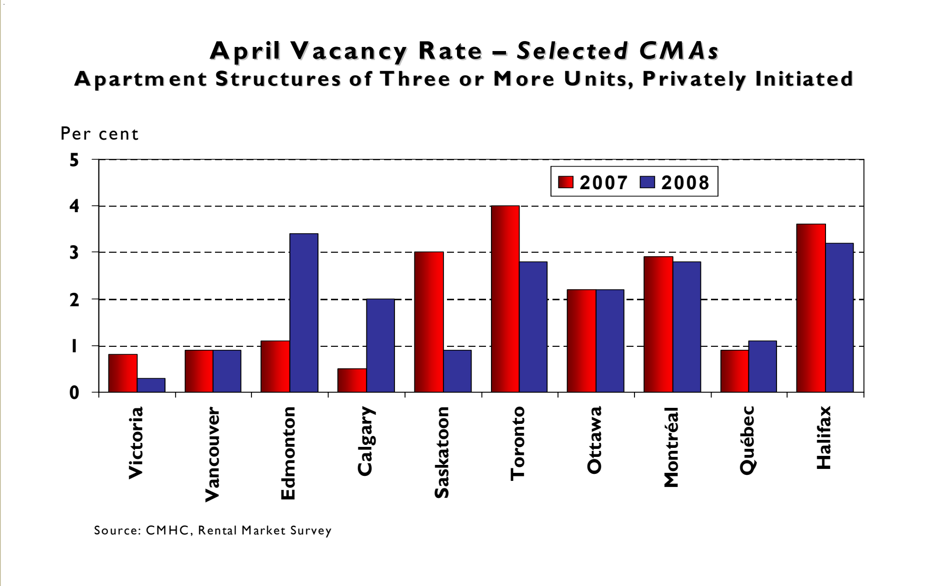
Date Released: Spring 2008

National rental vacancy rate edges lower

The average rental apartment vacancy rate in Canada's 35 major centres[1] decreased slightly by 0.2 of a percentage point to 2.6 in April 2008[2], compared to April 2007 as both demand and supply for rental housing remained relatively stable.

Strong employment growth, solid income gains, and high immigration levels continued to support strong demand for both ownership and rental housing. The rising gap between the cost of home ownership and renting also kept demand strong for rental accommodation. These factors have put downward pressure on vacancy rates over the past year.

Figure 1



Vacancy rates in western Canada were low

Generally speaking, vacancy rates were lowest in Manitoba (1.0 per cent), British Columbia (1.1 per cent), and Saskatchewan (1.2 per cent). The economic expansion experienced in western provinces is attracting workers from Central and Atlantic Canada. Upon their arrival, many of these people settle in rental housing, which has put downward pressure on vacancy rates in major centres in British Columbia, Saskatchewan, and Manitoba. As for Alberta, both Edmonton and Calgary have seen increases in the vacancy rate, mainly due to reduced migration into the province and an increased competition from the secondary rental market.

In October 2007, the vacancy rate was 2.6 per cent nationally. However, due to potential seasonality between the fall and the spring, which could affect rental market conditions, caution should be taken when comparing the October and April vacancy rates (see Cautionary Note).

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High rental demand in British Columbia

The major centres with the lowest vacancy rates in April 2008 were Victoria (0.3 per cent), Kelowna (0.3 per cent), Greater Sudbury (0.7 per cent), Vancouver (0.9 per cent), and Saskatoon (0.9 per cent). All the major centres in British Columbia except for Abbotsford, posted a vacancy rate below one per cent as rising net migration to B.C. and relatively high homeownership costs have resulted in increased rental demand.

At the other end of the spectrum, the major centres with the highest vacancy rates were Windsor (13.2 per cent), Moncton (5.5 per cent), and Hamilton (4.7 per cent).

Average monthly rents for two-bedroom apartments increased across Canada

The highest average monthly rents for two-bedroom apartments in Canada's major centres were in Calgary ($1,096), Toronto ($1,075), Vancouver ($1,071), and Edmonton ($1,000). Of all the major centres, these four were the only ones with average rents at or above $1,000. The lowest average monthly rents for two-bedroom apartments were in Saguenay ($497), and Trois-Rivières ($501).

Year-over-year comparison of rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. However, by excluding new structures, we can get a better indication of actual rent increases paid by tenants. Overall, the average rent for two-bedroom apartments in existing structures across Canada's 35 major centres increased 3.6 per cent between April 2007 and April 2008. While the average rent for two-bedroom apartments in existing structures increased in all major centres, rent increases were particularly strong in Saskatoon (21.3 per cent), Edmonton (13.7 per cent), Regina (10.4 per cent), and Abbotsford (9.1 per cent).

Availability rates decreased across Canada

The average rental apartment availability rate in Canada's 35 major centres was 4.9 per cent in April 2008, down from 5.4 per cent in April 2007. A rental unit is considered available if the unit is vacant (physically unoccupied and ready for immediate rental), or if the existing tenant has given or received notice to move and a new tenant has not signed a lease. Availability rates were highest in Windsor (15.6 per cent), Hamilton (8.1 per cent), and Moncton (6.4 per cent), while the lowest rates were in Kelowna (1.3 per cent), Vancouver (1.3 per cent), and Winnipeg (1.5 per cent).

Cautionary Note

In our analysis, we have avoided making comparisons between the results of the April 2008 rental market survey and the October 2007 survey. A key reason for this is that changes in rents, vacancy rates, and availability rates between the spring and the fall may not be solely attributable to changes in rental market conditions; they could also reflect seasonal factors. For example, if more people tend to move in the spring than in the fall, it could have an impact on vacancy and availability rates as well as the level of rents. Alternatively, in centres where there are a significant number of university students, vacancy and availability rates could be higher in the spring if students move home for the summer. To the extent that these types of seasonal variations exist, comparing results from the spring and fall Rental Market Surveys could lead to incorrect conclusions about trends in rental market conditions. To avoid this, we have limited our analysis to the results of our spring Rental Market Survey, comparing results for 2007 and 2008, as well as different centres across Canada.

[1] Major centres are based on Statistics Canada Census Metropolitan Areas (CMAs) with the exception of the Ottawa-Gatineau CMA which is treated as two centres for Rental Market Survey purposes and Charlottetown which is a Census Agglomeration (CA).

[2] The spring survey covers apartments and row structures containing at least three rental units, and unlike the fall survey does not report information on :

a) Smaller geographic zones within centres

b) Secondary rental market (rented condominium apartments, single detached, semi-detached, duplexes or accessory apartments)

Rental Market Indicators
Privately Initiated Apartment Structures of Three Units and Over
Provinces and Major Centres[1]

Centres	Vacancy Rates (%)		Availability Rates (%)		Average Rent 2 Bedroom ($) (New and existing structures)		Percentage Change of Average Rent Two Bedroom [(2)] From Fixed Sample (Existing structures only)	
	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08
Newfoundland & Labrador 10,000+	**4.2** a	**3.2** a	**4.8** a	**4.1** a	**560** a	**581** a	**n/a**	**2.8** a
St. John's CMA	4.6 a	3.7 a	5.3 a	4.8 a	602 a	614 a	n/a	2.5 a
Prince Edward Island 10,000+	**5.7** a	**4.9** a	**8.4** a	**6.5** a	**640** a	**653** a	**n/a**	**2.1** c
Charlottetown CA	5.3 b	5.2 a	8.5 a	7.1 a	653 a	665 a	n/a	**
Nova Scotia 10,000+	**3.8** a	**3.4** a	**4.7** a	**4.1** a	**757** a	**789** a	**n/a**	**2.1** b
Halifax CMA	3.6 a	3.2 a	4.6 a	4.0 a	793 a	827 a	n/a	2.1 b
New Brunswick 10,000+	**6.0** a	**5.3** a	**6.7** a	**5.9** a	**610** a	**635** a	**n/a**	**2.0** b
Moncton CMA	6.1 a	5.5 a	6.8 a	6.4 a	631 a	665 a	n/a	2.0 b
Saint John CMA	5.7 b	4.3 b	6.7 b	4.9 b	568 a	604 a	n/a	3.2 c
Québec 10,000+	**2.4** a	**2.5** a	**5.8** a	**5.6** a	**603** a	**615** a	**n/a**	**3.6** d
Ottawa-Gatineau CMA (Que. Part)	2.8 a	4.1 b	4.2 b	4.5 b	654 a	674 a	n/a	2.3 b
Montréal CMA	2.9 a	2.8 a	6.3 a	5.8 a	630 a	643 a	n/a	**
Québec CMA	0.9 a	1.1 a	4.6 b	5.1 b	638 a	641 a	n/a	2.5 c
Saguenay CMA	3.3 c	1.8 b	8.8 b	5.6 b	491 a	497 a	n/a	**
Sherbrooke CMA	1.6 b	2.1 b	5.2 b	5.4 b	529 a	540 a	n/a	4.9 c
Trois-Rivières CMA	1.0 a	1.3 a	3.6 b	4.0 b	482 a	501 a	n/a	1.2 d
Ontario 10,000+	**3.9** a	**3.1** a	**6.4** a	**5.4** a	**921** a	**931** a	**n/a**	**1.6** a
Barrie CMA	3.5 c	2.9 b	6.0 c	5.9 b	929 a	941 a	n/a	4.2 d
Brantford CMA	2.1 b	2.3 a	3.3 c	2.7 a	735 a	737 a	n/a	1.3 d
Greater Sudbury CMA	0.9 a	0.7 a	2.2 a	1.7 a	723 a	781 a	n/a	7.2 c
Guelph CMA	3.2 b	2.5 a	6.1 a	5.0 a	838 a	856 a	n/a	1.6 a
Hamilton CMA	4.3 a	4.7 a	7.4 a	8.1 a	802 a	815 a	n/a	1.2 a
Kingston CMA	4.1 b	2.6 a	7.8 b	4.0 b	839 a	863 a	n/a	3.8 b
Kitchener CMA	4.0 b	2.0 a	7.0 a	4.5 a	839 a	838 a	n/a	0.9 a
London CMA	3.7 a	3.0 a	7.1 a	6.1 a	795 a	814 a	n/a	2.2 a
St. Catharines-Niagara CMA	3.9 b	3.7 b	6.9 a	5.4 a	760 a	774 a	n/a	2.8 b
Oshawa CMA	3.9 b	4.2 b	5.5 a	6.0 b	867 a	881 a	n/a	1.1 d
Ottawa-Gatineau CMA (Ont. Part)	2.2 a	2.2 a	5.3 a	5.1 a	961 a	957 a	n/a	1.5 a
Peterborough CMA	3.5 b	3.1 b	6.6 b	5.8 a	815 a	819 a	n/a	1.2 d
Thunder Bay CMA	5.5 b	3.6 b	6.7 b	5.4 b	693 a	714 a	n/a	1.6 b
Toronto CMA	4.0 b	2.8 a	6.4 a	4.9 a	1,073 a	1,075 a	n/a	1.2 a
Windsor CMA	11.6 a	13.2 a	15.0 a	15.6 a	769 a	770 a	n/a	++

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
++ change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0)
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

Rental Market Indicators
Privately Initiated Apartment Structures of Three Units and Over
Provinces and Major Centres[1]

Centres	Vacancy Rates (%)		Availability Rates (%)		Average Rent 2 Bedroom ($) (New and existing structures)		Percentage Change of Average Rent Two Bedroom (2) From Fixed Sample (Existing structures only)	
	Apr-07	Apr-08	Apr-07	Apr-08	Apr-07	Apr-08	Apr-06 to Apr-07	Apr-07 to Apr-08
Manitoba 10,000+	**1.4** a	**1.0** a	**2.2** a	**1.5** a	**715** a	**726** a	**n/a**	**3.1** b
Winnipeg CMA	1.2 a	1.0 a	2.0 a	1.5 a	733 a	746 a	n/a	3.1 b
Saskatchewan 10,000+	**3.2** a	**1.2** a	**5.1** a	**2.4** a	**619** a	**712** a	**n/a**	**14.3** a
Regina CMA	2.7 a	1.4 a	4.1 a	2.5 a	636 a	718 a	n/a	10.4 a
Saskatoon CMA	3.0 a	0.9 a	6.3 a	2.6 a	626 a	759 a	n/a	21.3 a
Alberta 10,000+	**0.9** a	**2.9** a	**2.0** a	**4.3** a	**932** a	**1,049** a	**n/a**	**10.6** a
Calgary CMA	0.5 a	2.0 a	1.8 b	4.0 b	1,037 a	1,096 a	n/a	6.0 c
Edmonton CMA	1.1 a	3.4 b	1.8 a	4.4 b	877 a	1,000 a	n/a	13.7 a
British Columbia 10,000+	**1.2** a	**1.1** a	**2.2** a	**1.8** a	**893** a	**921** a	**n/a**	**5.5** b
Abbotsford CMA	0.6 a	2.4 a	3.0 a	3.7 a	700 a	775 a	n/a	9.1 a
Kelowna CMA	0.7 a	0.3 a	0.8 a	1.3 a	817 a	881 a	n/a	8.9 a
Vancouver CMA	0.9 a	0.9 a	1.6 b	1.3 a	1,051 a	1,071 a	n/a	5.1 c
Victoria CMA	0.8 a	0.3 a	3.4 c	1.6 a	892 a	900 a	n/a	4.4 d
Canada CMAs (1)	2.8 a	2.6 a	5.4 a	4.9 a	784 a	805 a	n/a	3.6 b
Canada 10,000+	2.8 a	2.6 a	5.3 a	4.9 a	760 a	782 a	n/a	3.7 b

[1] Major centres refer to Census Metropolitan Areas (CMA), except for Charlottetown.

[2] The Estimate of Percentage Change is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)

** Data suppressed to protect confidentiality or data is not statistically reliable

++ change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0)

n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The data collected for a structure depends on whether it is an apartment or a row structure. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

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

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the April 2007 and April 2008 Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

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

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

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

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

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

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

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

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

All data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

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

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