

# HOUSING MARKET INSIGHT

## Ontario



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: January 2020

*“Purpose-built rental row homes can offer a suitable and relatively lower cost accommodation for larger households.”*

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## What about Purpose-built Rental Row Homes?

*In the recent revival of purpose-built rental<sup>1</sup> construction, row homes (townhouses) have yet to see any significant growth, while their apartment counterparts have surged. Rows are a segment of the rental market sometimes overlooked, likely because they represent only a small share of the primary rental market in terms of unit count (in Canada, that share is 3.6% while in Ontario it is 5.3%<sup>2</sup>). Nevertheless, in a period of elevated homeownership costs<sup>3</sup>, increasingly smaller dwellings<sup>4</sup>, and a renewed interest in rental construction, it is worth examining as to whether row rentals have a place in the current housing landscape.*

### Key Analysis Findings

- The purpose-built rental row universe in Ontario contracted significantly in the 1990s and has remained at a similar level ever since, despite increasing slightly in recent years.
- The secondary rental market has filled the gap left by declining purpose-built offerings. In Ontario, average rents for rented row condominiums, a segment of the secondary rental market, were affordable to fewer households when compared to their purpose-built counterparts.
- With respect to housing suitability, there was a lower prevalence of larger families crowding in rental row homes<sup>5</sup> compared to apartments suggesting that the former is a more suitable dwelling type choice for larger renter households.
- A disproportionate number of households who experienced overcrowding were immigrants. Within this group, rental row homes were found to reduce the prevalence of overcrowding.

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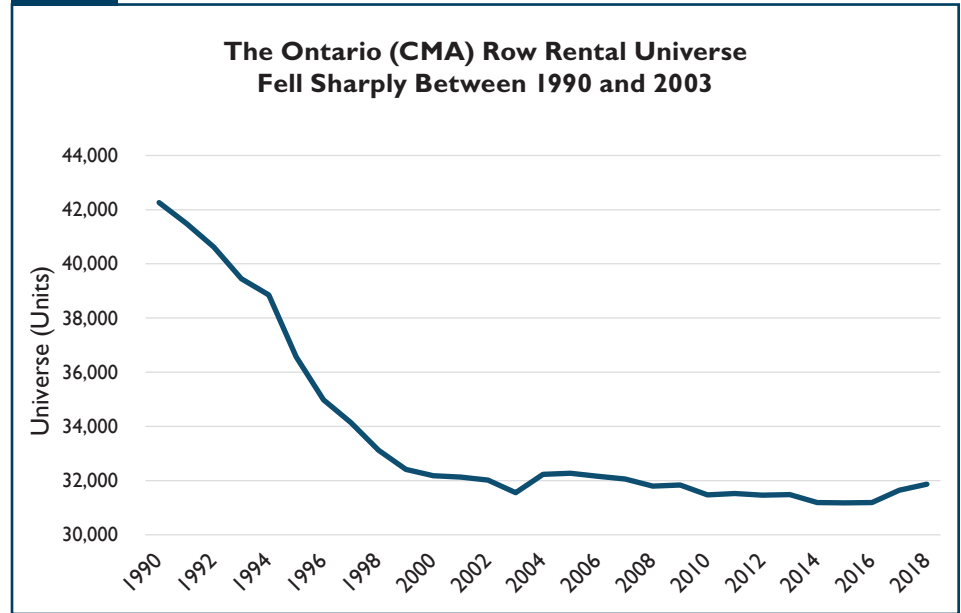
## An overview of purpose-built rental rows in Ontario and select CMAs

The geographic focus of this report is the province of Ontario, which contains nearly half of all rental row units in Canada and the largest number of units of all the provinces and territories. Within Ontario<sup>6</sup>, three Census Metropolitan Areas (CMAs) hold a combined 60.0% share of the province's purpose-built rental row stock: Toronto (24.4%), Ottawa-Gatineau<sup>7</sup> (23.4%), and London (12.2%). As such, these CMAs receive emphasis throughout this report.

### The decline of the purpose-built rental row stock

In 1990, the earliest year of available data from CMHC's Rental Market Survey (RMS), the purpose-built rental row universe<sup>8</sup> in Ontario, stood at 42,260 units. By 2018, the latest RMS data available as of this writing, that number had fallen to 31,868 units<sup>9</sup>. Between 1990 and 2003, the universe experienced a sharp and protracted decline, contracting by 25.3%. Leading the decline were the three CMAs holding the largest share of the Ontario universe in 1990: Ottawa, Toronto, and London. Over this thirteen-year period, these three metropolitan areas accounted for 8,700 of the 10,710 units lost in Ontario CMAs. Consultations with industry contacts indicate that much of this lost stock was converted into the freehold or condominium tenures throughout the 1990s following the recession of the early part of that decade<sup>10</sup>.

Figure 1



Source: CMHC Rental Market Survey (1990-2018)

### The secondary rental market fills the gap

Likely due in part to both population growth and the elevated cost of homeownership, demand for rental housing has increased in recent years. Between Census years 2006 and 2016, the number of renter households (the total for all dwelling types) in Ontario CMAs increased substantially. Nearly all of this demand was absorbed by the secondary rental market<sup>11,12</sup> as the primary rental market was hampered by limited growth and low vacancy rates (for both apartments and rows). Indeed, despite the decline in the purpose-built row stock, the number of households renting row homes increased between 2006 and 2016 owing to greater offerings from the secondary rental market (see Table 1).

Historically, the secondary rental market has held the largest share of row renter households and this share has been growing in Ontario and select CMAs (see Table A in the appendix for household share breakdown by rental market segment).

It is evident that rows remain popular given the increase in households renting this particular dwelling type. As of Census 2016, they were the second most commonly rented dwelling type<sup>13</sup> after apartments in the three CMAs under study and in Ontario CMAs as a whole. Perhaps for these reasons, some developers in the primary rental market have recently begun re-introducing this product. In recent years, the purpose-built row universe in Ontario has experienced its strongest growth since 2004-2005, growing by an annual average of 0.7% since 2016.

## Row homes provide suitable housing for larger renter households<sup>14</sup>

Rental rows were most likely to be occupied by larger household types such as couple families with children and lone-parent households. For the three CMAs studied, approximately 60.0% of rental row homes were occupied by these two household types (see Table C in the appendix for a detailed breakdown). On average, there were 3.1 persons in a rental row household in Ottawa, compared to 1.6 persons in apartments. Toronto and London show similar dynamics with about one more person<sup>15</sup> residing in a row home (see Table E in the appendix).

This preference among larger households is likely because, on average, rows offered a higher bedroom count compared to apartment substitutes. In this regard, row homes were more likely to provide suitable housing. CMHC measures housing suitability, an indicator of core housing need, based on the National Occupancy Standards. Consequently, a household is deemed to be living in a suitable dwelling if there are enough bedrooms based

Geography	Year	Total Row Renter Households	Primary Rental Market (Row Households)	Secondary Rental Market (Row Households)
Toronto CMA	2006	34,230	7,748	26,482
	2016	45,775	7,539	38,236
	Change	11,545	-209	11,754
Ottawa CMA	2006	19,725	7,549	12,176
	2016	26,350	7,240	19,110
	Change	6,625	-309	6,934
London CMA	2006	8,580	3,363	5,217
	2016	9,990	3,518	6,472
	Change	1,410	155	1,255
Ontario (CMAs)	2006	103,345	30,872	72,473
	2016	132,440	30,378	102,062
	Change	29,095	-495	29,590

\*The number of households in the primary and secondary rental markets were calculated estimates (see endnote 12).

Sources: CMHC Rental Market Survey (2006, 2016), Statistics Canada (Census 2006, 2016), CMHC calculations

on size, relationship and composition of a household (see text box in the appendix for further details).

Based on data from the 2016 Census<sup>16</sup>, the suitability of rows becomes most apparent when focusing on larger household types. For couple families with children in Ontario, the share of households overcrowding in apartments was

45.0% and a much lower 15.3% for row homes (see Table 2). A similar disparity was observed for lone-parent families. Lone-parent families were more likely to be crowded in apartments, particularly in Toronto where 44.7% fell below suitability standards. In comparison, the share of lone-parent households crowding into row homes ranged from 23.0% in Toronto to 9.6% in London.

Geography	Couple family household with children		Couple family without children		Lone-parent family		Non-family household		All Households	
	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment
Toronto CMA	18.2%	50.5%	0.7%	2.5%	23.0%	44.7%	3.3%	5.4%	17.0%	18.7%
Ottawa CMA	18.2%	36.4%	0.8%	1.4%	17.7%	32.7%	3.7%	3.8%	13.2%	8.3%
London CMA	13.0%	39.2%	0.0%	0.7%	9.6%	28.3%	2.7%	2.4%	8.6%	7.5%
Ontario	15.3%	45.0%	0.4%	1.7%	15.8%	37.2%	2.3%	3.9%	11.6%	13.1%

Sources: Statistics Canada (Census 2016), CMHC calculations

Of the renter households that experienced overcrowding, a disproportionate number of them were immigrants. In Ontario, 77.8% of renter couple family households with children that fell below suitability standards were immigrants. Within this group, rental row homes also reduced the amount of overcrowding for larger immigrant families (see Table 3). The number of households that fell below suitability standards was also higher among recent immigrant families.

The higher prevalence of crowding among larger recent immigrant households indicates that this group has a harder time compared to other household types finding suitable accommodation and are crowding into apartments due to budget constraints (see Table D in the appendix). Renter households in apartments tend to be small, but for recent immigrant households crowded in apartment dwellings, the average size of a household in Ontario was 3.9 persons, which was much higher than for all household types at 1.8 persons.

## A comparison of relative dwelling costs

### Purpose-built rows vs. Purpose-built apartments

Our analysis demonstrated that rows are a more suitable option for larger family households, but are they an affordable one? The bulk of the rental row universe is comprised of three-bedroom units, while rental apartments are mostly one- and two-bedroom units<sup>17</sup>. In terms of average rent comparisons to apartments,

**Table 3: Share of Immigrant Renter Households below Suitability Measure, Rows vs. Apartments**

Geography	Couple family household with children		Couple family without children		Lone-parent family		Non-family household		All Households	
	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment
Toronto CMA	23.4%	55.1%	0.0%	3.5%	27.4%	48.7%	3.2%	5.3%	22.6%	26.6%
Ottawa CMA	29.3%	46.6%	0.0%	2.5%	25.6%	41.7%	4.4%	3.8%	24.9%	16.8%
London CMA	21.1%	53.3%	0.0%	1.1%	18.2%	38.6%	0.0%	2.5%	16.9%	16.3%
Ontario	23.9%	53.5%	0.6%	2.9%	24.4%	46.6%	2.8%	4.5%	20.8%	23.5%

Sources: Statistics Canada (Census 2016), CMHC calculations

**Table 4: Share of Recent Immigrant Renter Households below Suitability Measure, Rows vs. Apartments**

Geography	Couple family household with children		Couple family without children		Lone-parent family		Non-family household		All Households	
	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment	Row	Apartment
Toronto CMA	21.8%	62.3%	0.0%	5.0%	22.2%	65.8%	0.0%	13.1%	21.2%	40.5%
Ottawa CMA	31.1%	52.6%	0.0%	2.2%	27.4%	43.8%	26.3%	12.1%	30.3%	30.2%
London CMA	35.0%	62.3%	0.0%	0.0%	38.5%	56.4%	0.0%	12.9%	32.9%	39.7%
Ontario	25.1%	60.5%	0.0%	4.6%	25.9%	62.0%	9.5%	12.4%	23.9%	38.7%

Sources: Statistics Canada (Census 2016), CMHC calculations

the 2018 RMS results were mixed. On average, two-bedroom purpose-built apartments were less expensive than similar bedroom count row units in both Toronto and London, but were more expensive in Ottawa and in Ontario as a whole. For three-bedroom units, where the purpose-built apartment stock is limited, three-bedroom rows were less expensive in our selected regions, except for Toronto (see Table 5).

However, comparing the average rent levels of rows and apartments using the same bedroom type may not always be appropriate. Due to differences in stock by bedroom type between rows and apartments (see endnote 17), larger households would likely be faced with the choice of renting a smaller two-bedroom apartment or a larger three-bedroom row. In other words, they would encounter a trade-off between affordability and suitability. Indeed, when comparing these two rental offerings, two-bedroom apartment rents were more affordable to households in all centers with the exception of London, where the disparity between average two-bedroom apartment and three-bedroom row rents was negligible (see Table 6).

An additional constraint faced by larger households, which may explain in part why they were crowding into apartments, is the limited availability of suitable accommodation that were affordable such as rows. As mentioned at the outset of this report, rows comprise a very small share of the total purpose-built universe (5.3%<sup>18</sup> in Ontario).

### Purpose-built rows vs. Rented condominium rows

Our analysis also shows that the loss of the purpose-built rental row universe may have resulted in higher rent levels for said dwelling type when secondary market units

are offered for rent instead. From the 2016 Census, it was observed that secondary market units that were part of a condominium<sup>19</sup> had higher average rents<sup>20,21</sup> compared to CMHC's RMS average rents of the same year (see Table 7).

**Table 5: Percent Difference in Average Rents, Purpose-Built Apartments vs. Rows, by Bedroom Type**

Geography	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom +	Total
Toronto CMA	**	**	-3.0%	-4.1%	-18.0%
Ottawa CMA	**	20.1%	4.1%	12.0%	-14.0%
London CMA	**	-15.2%	-2.2%	2.6%	-16.0%
Ontario	40.4%	29.4%	8.3%	7.8%	-8.1%

Note: \*\*refers to data suppression due to confidentiality or low reliability of the estimate.

Source: CMHC Rental Market Survey (2018)

**Table 6: Percent of Renter Households who could Afford\* Rents in Select Rental Offerings**

Geography	Rental Offering	Renter households (Total)	Couple families with children	Lone-parent families
Toronto CMA	Row (3-BR+)	37.5%	53.6%	30.5%
	Apt (2-BR)	46.4%	64.2%	40.9%
Ottawa CMA	Row (3-BR+)	46.6%	68.4%	40.4%
	Apt (2-BR)	57.3%	78.7%	53.8%
London CMA	Row (3-BR+)	44.6%	70.8%	43.0%
	Apt (2-BR)	44.6%	70.8%	43.0%
Ontario	Row (3-BR+)	41.2%	65.0%	36.1%
	Apt (2-BR)	52.0%	76.7%	49.6%

\*Based on a threshold of 30% of income.

Sources: CMHC Rental Market Survey (2016), Statistics Canada (Census 2016), CMHC calculations

**Table 7: Average Row Rents by Type, Census and RMS\***

Geography	Census 2016	RMS 2016	Difference, Census & RMS
	Part of a condo	Purpose-built row	
Toronto CMA	\$1,687	\$1,515	11.4%
Ottawa CMA	\$1,360	\$1,295	5.0%
London CMA	\$1,165	\$1,016	14.7%
Ontario	\$1,372	\$1,209	13.5%

\*Respondents to the Census are households whereas respondents to CMHC's RMS are property owners and managers.

Sources: CMHC Rental Market Survey (2016), Statistics Canada (Census 2016), CMHC calculations



From an affordability perspective, fewer households in Ontario would have been able to afford the higher rents on the condominium side. Assuming an affordability threshold of 30% of household income, 65.0% of couple family households with children would have been able to afford rents for row condominiums while 76.7% would have been able to afford rents on the purpose-built side<sup>22</sup>. The disparity was slightly greater for lone-parent family households, where the lack of an additional earner likely created additional affordability pressures. For these households, 36.1% could afford rents in row condominiums whereas 49.6% could afford rents on the purpose-built side<sup>23</sup>.

Results by year of construction also generally showed a rent premium for condominium units when compared to purpose-built rental row homes (see Table F in the appendix). Although secondary market units have filled a gap left by the decline in the purpose-built rental row universe, this likely resulted in higher, potentially less affordable, rents for tenants<sup>24</sup>.

### **Purpose-built rental rows vs. Owned rows**

Lastly, households looking for larger dwellings could also consider purchasing a row home on the new

or resale home markets. We, therefore, compare the monthly average carrying costs of homeownership<sup>25</sup> for resale row homes to the average rent of a purpose-built unit in 2018 in the three CMAs under study<sup>26</sup> (see Table 8). Our analysis shows that purpose-built rents were significantly less than homeownership costs. Mortgage carrying costs were about double the average rent for a purpose-built row unit in Toronto, 33.9% higher in Ottawa, and 13.6%<sup>27</sup> higher in London.

## **Conclusion**

Since 2014, the number of purpose-built rental units under construction in Ontario has increased significantly. Largely this has been in the form of one and two-bedroom apartment units. Our findings suggest that purpose-built rows are preferable for larger households and were more affordable than certain other rental

options. However, when purpose-built rows were compared to purpose-built apartments, apartments were often, but not always, the more affordable option. Evidence suggests that larger households were opting for smaller apartment units rather than larger row units, likely foregoing suitability for the more pertinent issue of affordability. The scarcity of suitable accommodations that were affordable may have also been a factor in their decision.

As interest in the construction of purpose-built accommodation continues to grow, it is worth revisiting the merits of purpose-built rental row homes. The data suggests this type of structure can provide a suitable and in certain cases (e.g. renting condominium rows or ownership), a relatively lower cost accommodation for larger renter households, in particular, for newcomers.

**Table 8: Comparison of Monthly Carrying Costs of Ownership and Average Purpose-built Rents, 2018**

Geography	Monthly Carry Costs	Average Rent	Difference
	Resale Row	Purpose-built Rental Row	
Toronto CMA	\$3,406	\$1,688	101.8%
Ottawa CMA	\$1,829	\$1,366	33.9%
London CMA	\$1,339	\$1,179	13.6%

Sources: CMHC Rental Market Survey (2018), CMHC, Toronto Real Estate Board, Ottawa Real Estate Board, London Real Estate Board, CMHC calculations

## Appendix

### National Occupancy Standards

CMHC's National Occupancy Standards determines the number of bedrooms a household requires as follows:

- A maximum of two persons per bedroom.
- Household members, of any age, living as part of a married or common-law couple share a bedroom with their spouse or common-law partner.
- Lone-parents, of any age, have a separate bedroom.
- Household members aged 18 or over have a separate bedroom, except those living as part of a married or common-law couple.
- Household members under 18 years old of the same sex share a bedroom, except lone-parents and those living as part of a married or common-law couple.
- Household members under 5 years old of the opposite sex share a bedroom if doing so would reduce the number of required bedrooms. This situation would arise only in households with an odd number of males under 18, an odd number of females under 18, and at least one female and one male.

**Table A: Share of Row Renter Households\* by Rental Market Segment**

Year	Toronto CMA		Ottawa CMA		London CMA		Ontario (CMAs)	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
1991	26.2%	73.8%	42.9%	57.1%	64.5%	35.5%	33.3%	66.7%
1996	19.8%	80.2%	39.5%	60.5%	38.1%	61.9%	29.5%	70.5%
2001	19.5%	80.5%	36.2%	63.8%	38.0%	62.0%	28.7%	71.3%
2006	22.6%	77.4%	38.3%	61.7%	39.2%	60.8%	29.9%	70.1%
2011	20.2%	79.8%	34.4%	65.6%	39.8%	60.2%	27.5%	72.5%
2016	16.5%	83.5%	27.5%	72.5%	35.2%	64.8%	22.9%	77.1%

\*Share calculations were based on estimates of households in the primary and secondary rental markets in each Census year.

Sources: CMHC Rental Market Survey (1991, 1996, 2001, 2006, 2011, 2016), Statistics Canada (Census 1991, 1996, 2001, 2006, 2011, 2016), CMHC calculations

**Table B: Households by Dwelling Type and Tenure**

Geography	All Households			Row House Households			Apartment Households			Share in Total Households		Share in Renter Households	
	Total	Renter	Renter share	Total	Renter	Renter share	Total	Renter	Renter share	Row	Apt	Row	Apt
Toronto CMA	2,135,910	715,540	33.5%	196,435	45,775	23.3%	928,585	602,475	64.9%	9.2%	43.5%	6.4%	84.2%
Ottawa CMA	395,395	131,725	33.3%	80,285	26,350	32.8%	117,005	90,740	77.6%	20.3%	29.6%	20.0%	68.9%
London CMA	206,450	74,275	36.0%	21,765	9,990	45.9%	60,620	53,305	87.9%	10.5%	29.4%	13.5%	71.8%
Ontario	5,169,170	1,559,715	30.2%	463,425	153,050	33.0%	1,580,205	1,136,035	71.9%	9.0%	30.6%	9.8%	72.8%

Sources: Statistics Canada (Census 2016), CMHC calculations

**Table C: Renter Household Shares by Household Type and Dwelling Choice**

Geography	Dwelling type	Total - Household type	Family household	Couple family household with children	Couple family household without children	Lone-parent family household	Multiple-family household	Non-family household	One-person household	Two-or-more-person non-family household
Toronto CMA	All Structures	715,540	53.3%	19.7%	16.3%	15.5%	1.8%	46.7%	38.3%	8.4%
	Row	45,775	81.6%	32.7%	11.4%	33.1%	4.5%	18.4%	12.7%	5.7%
	Apts	602,475	48.8%	17.0%	16.8%	13.8%	1.2%	51.2%	42.6%	8.6%
Ottawa CMA	All Structures	131,725	46.1%	14.1%	17.3%	13.8%	0.9%	53.9%	43.5%	10.4%
	Row	26,350	76.4%	30.2%	14.1%	29.7%	2.4%	23.6%	14.4%	9.2%
	Apts	90,740	34.0%	7.2%	17.8%	8.8%	0.2%	66.0%	55.6%	10.4%
London CMA	All Structures	74,275	44.7%	13.1%	16.1%	14.8%	0.7%	55.3%	46.4%	8.9%
	Row	9,990	77.4%	30.4%	11.2%	33.9%	1.9%	22.6%	15.9%	6.8%
	Apts	53,305	34.5%	7.4%	16.7%	10.1%	0.2%	65.5%	56.7%	8.8%
Ontario	All Structures	1,559,715	50.5%	16.8%	16.5%	15.9%	1.3%	49.5%	41.7%	7.9%
	Row	153,050	76.9%	28.4%	12.7%	33.2%	2.6%	23.1%	17.1%	6.0%
	Apts	1,136,035	42.6%	12.5%	16.9%	12.4%	0.8%	57.4%	49.4%	8.0%

Sources: Statistics Canada (Census 2016), CMHC calculations

**Table D: Immigrant Rental Row Resident Share of Total Immigrant Households by Period of Migration**

Period of Migration	Toronto (Rows)	Toronto (Apartments)	Ottawa (Rows)	Ottawa (Apartments)	London (Rows)	London (Apartments)	Ontario (Rows)	Ontario (Apartments)
2001 to 2005	11.1%	12.3%	12.2%	12.0%	14.1%	9.1%	11.9%	11.5%
2006 to 2010	10.8%	14.0%	19.2%	14.2%	17.1%	12.4%	13.6%	13.3%
2011 to 2016	11.9%	17.3%	15.4%	18.4%	16.1%	16.5%	12.9%	16.7%

Sources: Statistics Canada (Census 2016), CMHC calculations



**Table E: Household Size and Room Count (Renter Households)**

Geography	Dwelling Type	Average number of bedrooms	Average number of rooms	Average number of persons in private households
Toronto CMA	Apartment	1.5	3.4	2.1
	Apartment in building with < 5 storeys	1.6	3.7	1.9
	Apartment in a building that has 5+ storeys	1.5	3.4	2.1
	Apartment in a flat or duplex	2.1	4.2	2.3
	Row House	2.9	5.6	3.3
Ottawa CMA	Apartment	1.5	3.6	1.6
	Apartment in building with < 5 storeys	1.7	3.8	1.7
	Apartment in a building that has 5+ storeys	1.4	3.4	1.6
	Apartment in a flat or duplex	2.0	4.5	1.9
	Row House	2.9	5.9	3.1
London CMA	Apartment	1.6	3.8	1.6
	Apartment in building with < 5 storeys	1.6	3.9	1.6
	Apartment in a building that has 5+ storeys	1.5	3.8	1.7
	Apartment in a flat or duplex	2.0	4.7	1.8
	Row House	2.8	6.0	3.0
Ontario	Apartment	1.7	3.8	1.9
	Apartment in building with < 5 storeys	1.8	4.1	1.8
	Apartment in a building that has 5+ storeys	1.6	3.6	1.9
	Apartment in a flat or duplex	2.8	5.8	2.6
	Row House	2.9	6.0	2.7

Source: Statistics Canada (Census 2016)

**Table F: Average Row Rents by Age of Structure, RMS and Census (2016)**

Geography	Before 1960	1946-1960	Difference	1960-1979	1961-1980	Difference	1980-1999	1981-2000	Difference	2000+	2001-2016	Difference
	RMS	Census, Part of Condo		RMS	Census, Part of Condo		RMS	Census, Part of Condo		RMS	Census, Part of Condo	
Toronto CMA	\$1,199	\$1,545	-22.4%	\$1,483	\$1,489	-0.4%	**	\$1,691	**	\$1,773	\$1,827	-3.0%
Ottawa CMA	\$1,069	\$1,313	-18.6%	\$1,300	\$1,297	0.2%	\$1,316	\$1,369	-3.9%	\$1,435	\$1,548	-7.3%
London CMA	**	\$993	**	\$981	\$1,054	-6.9%	\$964	\$1,160	-16.9%	\$1,517	\$1,486	2.1%
Ontario	\$1,001	\$1,158	-13.6%	\$1,208	\$1,240	-2.6%	\$1,153	\$1,343	-14.1%	\$1,465	\$1,616	-9.3%

Note: \*\*refers to data suppression due to confidentiality or low reliability of the estimate.

Sources: CMHC Rental Market Survey (2016), Statistics Canada (Census 2016), CMHC calculations

## ENDNOTES

- <sup>1</sup> The primary rental market consists of all rental units in privately initiated, purpose-built rental structures with at least three rental units (apartments and row housing). As defined in CMHC's Rental Market Survey (RMS), a rental row structure is 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.
- <sup>2</sup> Source: CMHC Rental Market Survey (October 2018).
- <sup>3</sup> *Examining Escalating House Prices in Large Canadian Metropolitan Centres* (CMHC, May 2018).
- <sup>4</sup> *Overview of Residential Property Living Areas in British Columbia, Nova Scotia and Ontario* (CMHC, May 2019).
- <sup>5</sup> For both the primary and secondary rental markets.
- <sup>6</sup> Ontario, beginning here and throughout this section ("An overview of purpose-built rental rows in Ontario and select CMAs"), refers only to the province's 16 CMAs: Barrie, Belleville, Brantford, Greater Sudbury, Guelph, Hamilton, Kingston, Kitchener-Cambridge-Waterloo, London, Oshawa, Ottawa, Peterborough, St. Catharines-Niagara, Thunder Bay, Toronto, and Windsor. Census Agglomerations (CAs) and rural centers were left out of the analysis. In Statistics Canada's quinquennial Census, rural centers can be promoted to CAs and CAs can be retired back to rural centers. Focusing on just the CMAs allowed us to analyze a relatively consistent geography over time. Consult the following link for definitions and additional context: <https://www12.statcan.gc.ca/census-recensement/2016/ref/dict/geo009-eng.cfm>.
- <sup>7</sup> The analysis in this report is for Ottawa-Gatineau CMA, Ontario part.
- <sup>8</sup> As part of its annual RMS, CMHC tracks the number of units in the primary rental market. The totality of units is referred to as the purpose-built rental universe.
- <sup>9</sup> Rental units are permanently removed from CMHC's RMS universe when demolished, converted into a different housing tenure (freehold or condominium), or converted for non-residential use.
- <sup>10</sup> Following the recession of the early 1990s, falling home prices and interest rates made homeownership an increasingly attractive option. Between Census years 1991 and 2001, homeownership rates for row homes rose sharply in Ontario and the three CMAs under study. Simultaneously, as per data from CMHC's RMS, demand for purpose-built rental rows began to wane as evidenced by a rising vacancy rate for these units in Ontario until 1996. These changes likely prompted property owners to liquidate their row holdings, causing the universe to contract.
- <sup>11</sup> The secondary rental market consists of all rental units not in the primary rental market, namely: rented condominiums, publically initiated (subsidized) rental units, freehold row home rentals and rental units in structures with fewer than three units.
- <sup>12</sup> The number of households in the secondary rental market was calculated by deducting the estimate of row renter households in the primary rental market (derived from CMHC's Rental Market Survey) from total row renter households in each Census year.
- <sup>13</sup> Not including single-attached houses and movable dwellings both of which represented only a small share of occupied rental households in the three CMAs and Ontario (CMAs). For a breakdown of the different dwelling types, please consult the following link: <http://www23.statcan.gc.ca/imdb/p3VD.pl?Function=getVD&TVD=144257&CVD=144258&CLV=0&MLV=2&D=1>.
- <sup>14</sup> Any reference to Ontario henceforth (beginning from section entitled, "Row homes provide suitable housing for larger renter households") refers to all centers of the province (CMA, CA, and rural).
- <sup>15</sup> To be exact, the combined average for the three CMAs is 1.3 more persons in a rental row home compared to an apartment of any type.
- <sup>16</sup> For units rented in the primary and secondary rental market.
- <sup>17</sup> As of the latest RMS results as of this writing (October 2018), the average share of three-bedroom rows in the total row universe for the three CMAs is 74.2%, while two-bedroom units make up an average share of 24.2%. The share of three-bedroom apartments in total is only 5.6%, while two- and one-bedroom apartments represent 45.4% and 42.7% respectively.

- <sup>18</sup> In addition, using the occupied stock (from Census 2016) as a proxy for the total stock, both purpose-built and secondary market rows combined, still make up a relatively small share of total renter households (10.0% in Ontario).
- <sup>19</sup> Census data did not allow for a breakdown of non-condominium secondary market rents. Therefore, in this section, we focused exclusively on rents for secondary rental market units that were part of a condominium development.
- <sup>20</sup> Rents are termed 'shelter costs' in Statistics Canada's Census.
- <sup>21</sup> The rent premium on condominium units may have been due to differences in structure age. That is, condominium units may have been, on average, newer and included additional amenities that purpose-built units did not include.
- <sup>22</sup> Source: CMHC RMS (October 2016), Census 2016, CMHC calculations.
- <sup>23</sup> Ibid.
- <sup>24</sup> Additional data, particularly for freehold row rentals, which represent another component of the secondary rental market, is required to substantiate this hypothesis. The Census does not distinguish between freehold rows and subsidized row housing. The Ontario average share of households living in freehold and subsidized row units in 2016 was 53.7% of total row households. In Toronto, Ottawa, and London, the shares were 63.0%, 47.8% and 25.7% respectively.
- <sup>25</sup> Mortgage carrying costs were calculated using the five-year conventional mortgage rate for 2018, a 10% down payment, and a 25-year amortization period.
- <sup>26</sup> The average carrying cost and rent were based on the total for all bedroom types.
- <sup>27</sup> The calculation for London was based on the median price of a resale row home. Calculations for Toronto and Ottawa were based on the average price.

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