

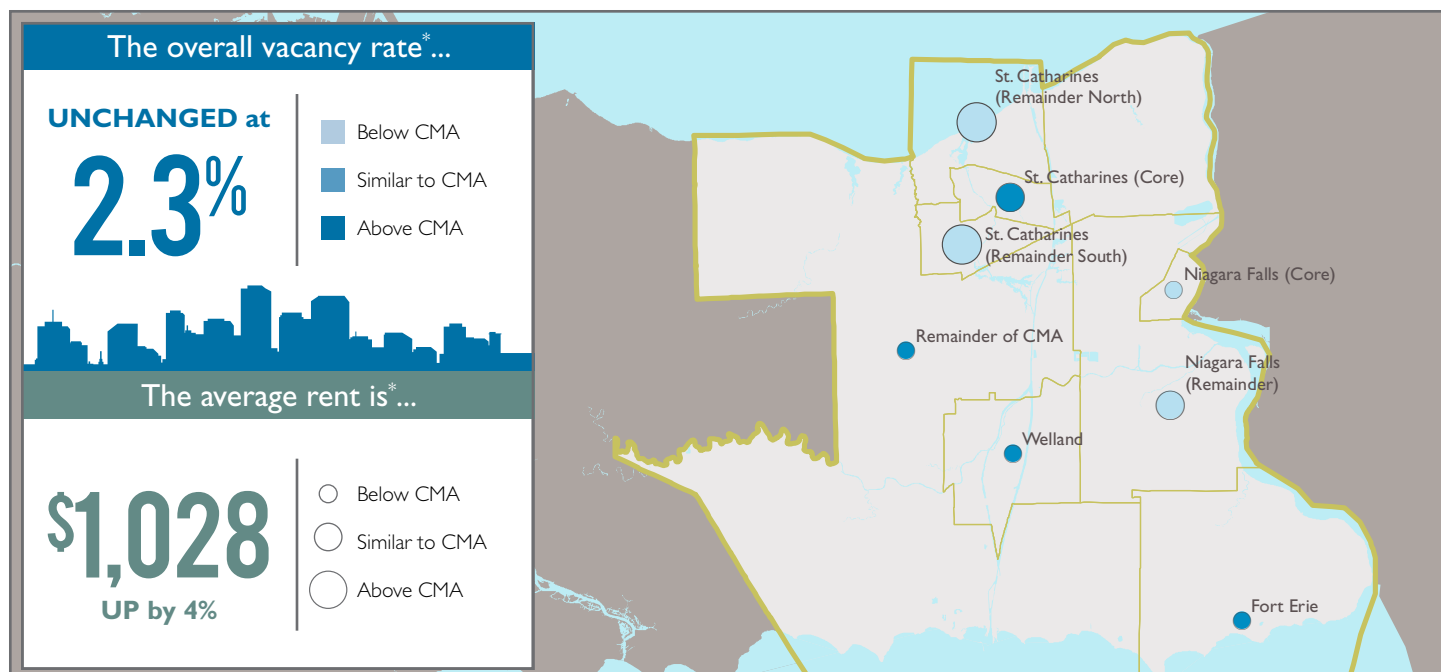
# RENTAL MARKET REPORT

## St. Catharines-Niagara CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
** %	2.6%	2.0%	3.0%
<b>Vacancy Rate</b>	<b>Vacancy Rate</b>	<b>Vacancy Rate</b>	<b>Vacancy Rate</b>
\$689 Avg. Rent	\$914 Avg. Rent	\$1,093 Avg. Rent	\$1,201 Avg. Rent

“There were no significant changes to the purpose-built rental market conditions this year, with demand holding steady and supply growing modestly.”

**Inna Breidburg**  
Senior Analyst, Economics

\*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

\*\*Refer to Rental Market Survey (RMR) and Condominium Apartment Survey (CAS) Data Reliability Section.

## Highlights

- The average vacancy rate for purpose-built rental apartments in the St. Catharines CMA was 2.3% in 2019, unchanged from a year ago.
- Net gains in rental demand and supply were marginal.
- The rent increase for two-bedrooms from a fixed sample eased to an average of 3.9% in 2019 but remained well above the provincial guideline for this year.

## Tight Rental Market Conditions Continue

According to the Canada Mortgage and Housing Corporation's Rental Market Survey (RMS) conducted in October 2019, the vacancy rate for purpose-built rental apartments<sup>1</sup> in the St. Catharines Census Metropolitan Area (CMA) remained stable at 2.3% in 2019. The supply of purpose-built rental accommodations was essentially unchanged from a year ago. The overall increase in demand was not enough to produce substantial changes to rental market conditions, which remained tight in 2019.

## Migrants Drive up Rental Demand

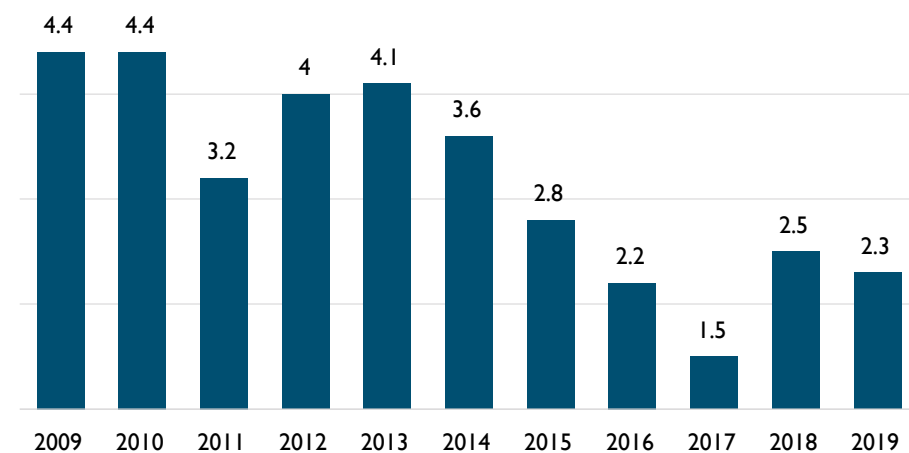
Continued recovery in population growth in St. Catharines CMA, driven by higher net migration levels, boosted rental demand. Particularly, in-migration of non-permanent residents (i.e., temporary residents who come for work or to study) reached unprecedented levels and was responsible for more than half of the area's population increase last year. It is consistent with the data from Immigration, Refugees and Citizenship Canada (IRCC)<sup>2</sup>, which reported that the number of study permit holders with the intended destination of studying in the St. Catharines CMA has doubled over the recent years. Non-permanent residents, who have a higher likelihood of renting, were a source of strength in the rental market.

Furthermore, elevated intra-provincial migration has also played a part. For some time, migrants from more

expensive areas such as Hamilton and the Greater Toronto Area (GTA) have moved to St. Catharines to buy more affordable homes. However, a rising share of younger intra-provincial migrants<sup>3</sup> into St. Catharines, aged 15 to 34, over recent years suggests that the affordability advantage may have also attracted some renters, as well as more students from other parts of Ontario. The vacancy in Niagara Falls (Zone 4 and Zone 5) — the area with a high concentration of post-secondary institutions, declined to 0.7% in 2019 from 3.8% a year prior due to the stronger student population inflow. Students, who tend to share large rental accommodations, have also put additional pressure on demand for the rental purpose-built rows, which saw their vacancy rate drop to 0.8% in 2019 from 2.4% a year earlier. Supply of the rental rows in the area nevertheless is limited; they make up less than 5% of the total primary rental stock.

Figure 1

### St. Catharines CMA Average Purpose-Built Apartment Vacancy Rate



Source: CMHC Rental Market Survey

<sup>1</sup> Based on privately initiated rental apartment structures of three or more units.

<sup>2</sup> IRCC. Temporary Residents: Study Permit Holders – Monthly Updates.

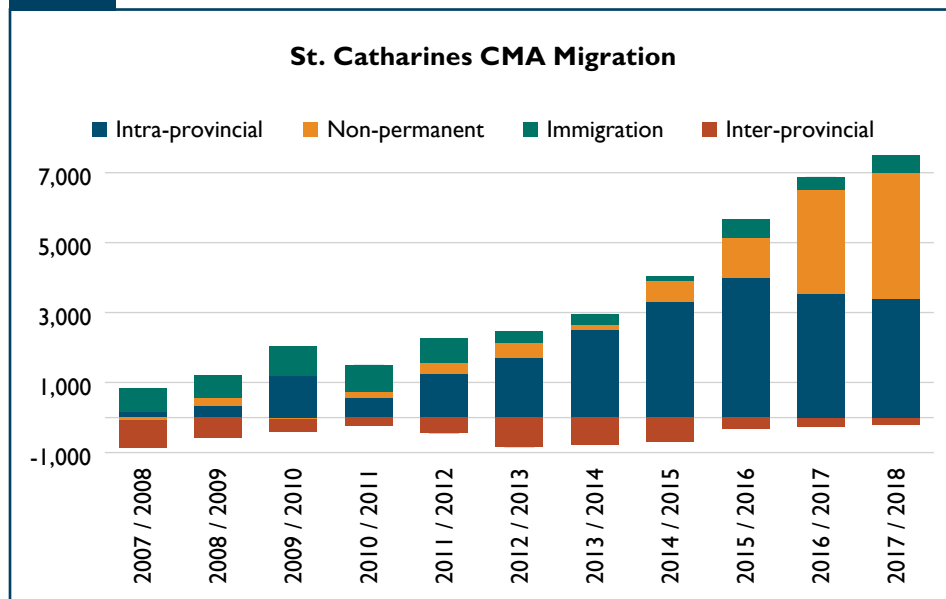
<sup>3</sup> Statistics Canada.

<sup>4</sup> Year-to-date refers to the period of January to September.

<sup>5</sup> Statistics Canada. Table: 11-10-0010-01.

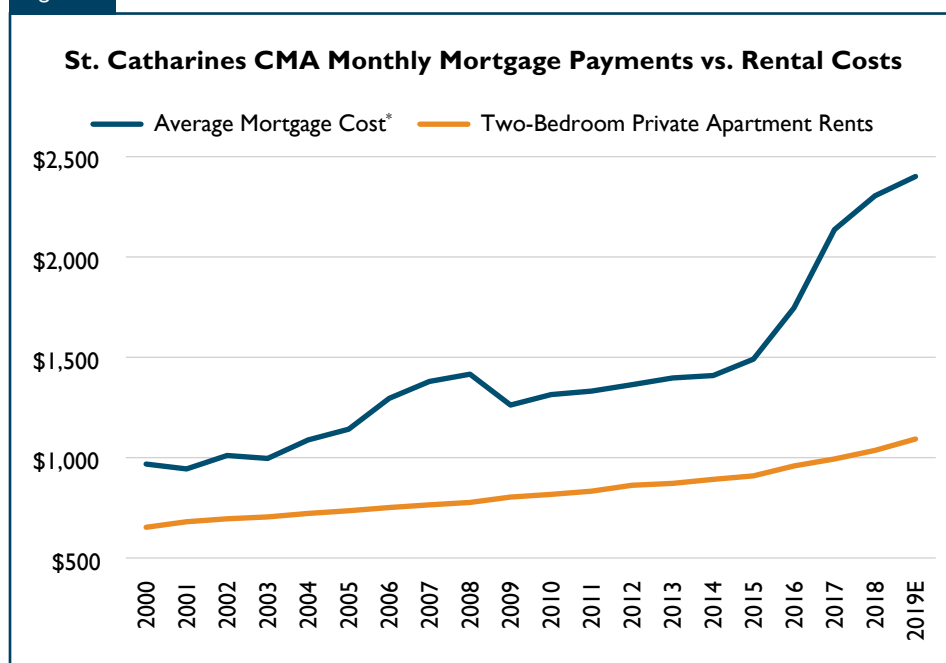
Another supporting factor for rental demand this year was a relatively slow transition of renters into homeownership. With rapidly rising house prices over recent years, in the course of last year, the cost gap between owning and renting reached the highest level in almost three decades. Although the situation improved marginally in 2019, we continued to see renters delaying their plans for homeownership and opting to remain in their accommodations until they can save for a larger down payment or increase their earnings. However, the net positive effect on rental demand was marginal, as the inflow of households into the rental market has eased as well. Slowdown in economic fundamentals somewhat discouraged new renter household formation this year. Year-to-date<sup>4</sup>, full-time employment levels and wages for the core working age group of 25 to 44-year-olds has been on the downswing. Data from Statistics Canada<sup>5</sup> suggests that about one-third of 25 to 34-year-olds are still living with their parents. Stable jobs usually provide individuals with the financial ability to form households and pay for rental accommodations; however, the decline in stable jobs in 2019 contributed to fewer young people moving out to rent.

Figure 2



Source: Statistics Canada

Figure 3



Source: CREA, Statistics Canada, CMHC

\*Mortgage carrying costs are calculated based on a 10 per cent down payment, the average MLS® price, posted 5-year fixed mortgage rate and 25-year amortization. CMHC calculations.

<sup>4</sup> Year-to-date refers to the period of January to September.

<sup>5</sup> Statistics Canada. Table: 11-10-0010-01.

## Limited Changes to Rental Supply

Although new purpose-built rental apartment completions in St. Catharines CMA in 2019 were marginally higher than the ten-year average, they remained modest. Furthermore, while 108 rental units were completed over the 12 months ending June 30, 2019, the cut-off point for the survey, the rental universe increased by only 12 units after accounting for demolitions, renovations, and conversions of existing rental buildings to ownership. Limited growth to supply left primary rental market conditions tight.

## Rents Increase Well Above the Provincial Guideline

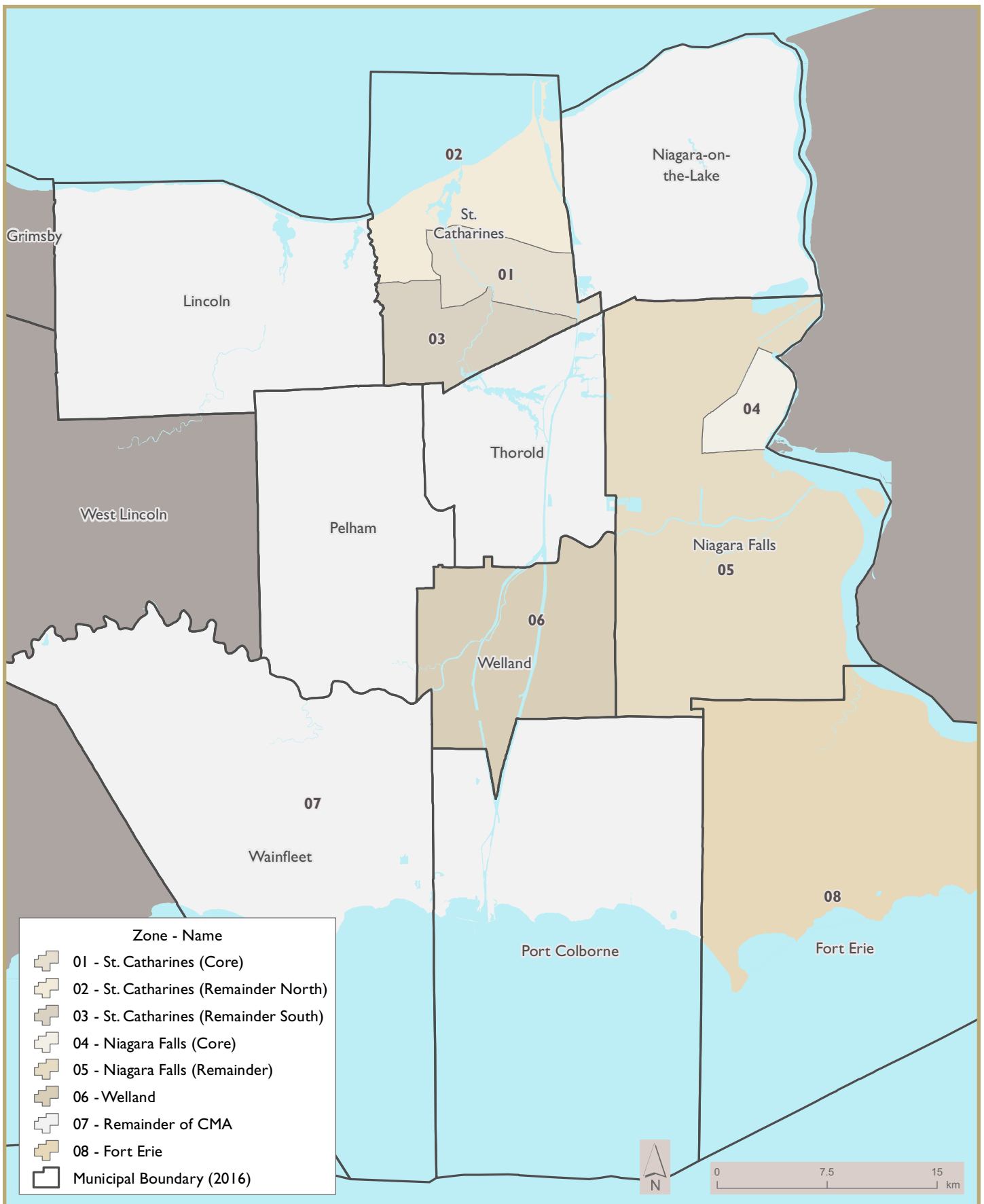
The percentage increase in the average rent for two-bedroom units from a fixed sample<sup>6</sup> in 2019 eased to 3.9%, from 4.7% a year prior. This however, remained well above the provincial guideline set at 1.8% for 2019. Tight rental market conditions allowed property owners to apply the maximum allowed rate of increase on existing tenants and rent vacant units at significantly higher rates. Smaller purpose-built apartments, including bachelor and one-bedrooms,

recorded the largest rent raise this year. This is likely to reflect a growing competition for more affordable units among younger and cost-sensitive renters. Stronger demand for shared rental accommodations led to a rent increase of 9.2% for purpose-built rental townhomes with three bedrooms or more.

## RESOURCES

You can find this data – and data for all provinces and census metropolitan areas (CMAs) in Canada – at [cmhc.ca/rental-market-report-data](https://cmhc.ca/rental-market-report-data).

<sup>6</sup> Statistics Canada. Table: 11-10-0010-01.



RMS ZONE DESCRIPTIONS - ST. CATHARINES-NIAGARA CMA	
Zone 1	St. Catharines (Core)
Zone 2	St. Catharines (Remainder North)
Zone 3	St. Catharines (Remainder South)
<b>Zones 1-3</b>	<b>St. Catharines City</b>
Zone 4	Niagara Falls (Core)
Zone 5	Niagara Falls (Remainder)
<b>Zones 4-5</b>	<b>Niagara Falls City</b>
Zone 6	Welland
Zone 7	Niagara-on-the-Lake, Lincoln, Wainfleet, Port Colborne, Thorold, Pelham
Zone 8	Fort Erie
<b>Zones 1-8</b>	<b>St. Catharines-Niagara CMA</b>

## TECHNICAL NOTE:

*Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):*

**Percentage Change of Average Rents (New and Existing Structures):** The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

**Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):** This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

## METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in 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 rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled 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 month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover 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 previous and the current 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 percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent 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.

## METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.



## RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be  $\bar{x}$  and its standard deviation be  $\sigma_{\bar{x}}$ . Then the Coefficient of Variation is given by  $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$ .

### Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

a — Excellent

b — Very good

c — Good

d — Fair (Use with Caution)

\*\* — Poor — Suppressed

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

— — No units exist in the universe for this category

n/a — Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

#### Sampling Fraction (%) range

Structures in Universe	(0,20]*	(20,40]	(40,60]	(60,80]	(80,100)
3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

\*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

#### Coefficient of Variation (CV) %

Vacancy Rate	0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor	Poor

## Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

- a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
- b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
- c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
- d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
- \*\* — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

## Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

↑ indicates the year-over-year change is a statistically significant increase.

↓ indicates the year-over-year change is a statistically significant decrease.

– indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

△ indicates that the change is 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.

**Turnover:** A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

## 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 50,000 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.

October 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

## Acknowledgement

The Rental Market Survey and the Condominium Apartment Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members 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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