



National Rental Vacancy Rate Stabilizes at 2.7 per Cent

OTTAWA, Ontario, December 15, 2005 — The average rental apartment vacancy rate in Canada's 28 major centres¹ was unchanged at 2.7 per cent in October 2005 compared to last year, according to the **Rental Market Survey** released today by Canada Mortgage and Housing Corporation (CMHC). This follows three consecutive increases in the vacancy rate over the 2002 to 2004 period. The vacancy rate remains below the average of 2.8 per cent observed over the 1995 to 2004 period.

"Thanks to a solid economy and strong job creation, household formation has been healthy, which has promoted demand for both ownership and rental housing," said Bob Dugan, Chief Economist at CMHC's Market Analysis Centre. "The stabilizing of the vacancy rate across the major centres reflects a number of factors. As the majority of new immigrants initially settle in rental housing, high levels of immigration have been a key driver of rental demand over the past year. Also, across most centres, more renters are remaining in rental units as the gap between the cost of home ownership and renting increased in 2005. These two factors have put downward pressure on vacancy rates over the past year."

"On the other hand, home ownership demand remained very strong, which can be seen from the record level of existing home sales in 2005. Strong home ownership demand continues to apply upward pressure on vacancy rates. Adding to this is the high level of condominium completions in some centres. Condominiums are a relatively inexpensive form of housing that are often purchased by renter households switching to home ownership. In some cases, condos supplement the rental market as they may be purchased by investors who, in turn, rent them out. Therefore, high levels of condominium completions have created competition for the rental market and have put upward pressure on vacancy rates."

"Even though the average rental apartment vacancy rate has moved higher in recent years, many households are still facing affordability issues across Canada. Either these households need to move to less expensive units or require additional help to make their monthly shelter costs more affordable. In many cases, however, there are not enough vacant units to meet the needs of all households in core housing need. Therefore, additional affordable housing units continue to be required," said Bob Dugan.

The centres with the highest vacancy rates in 2005 were Windsor (10.3 per cent), Saint John (NB) (5.7 per cent), Saskatoon (4.6 per cent), Thunder Bay (4.6 per cent), Edmonton (4.5 per cent), St. John's (NFLD) (4.5 per cent), and Saguenay (4.5 per cent). On the other hand, the major urban centres with the lowest vacancy rates were Victoria (0.5 per cent), Sherbrooke (1.2 per cent), Québec (1.4 per cent), Vancouver (1.4 per cent), Trois-Rivières (1.5 per cent), Calgary (1.6 per cent), and Greater Sudbury (1.6 per cent).

In Ontario, vacancy rates were lower in six of 11 major centres. The rising cost of ownership and increasing immigration are largely responsible for boosting rental demand. These factors helped offset the drag on the rental market caused by rising condominium apartment completions. Windsor was the only major centre in Ontario that had an increase of more than one percentage point (1.5 percentage points to 10.3 per cent). On the other hand, the vacancy rate

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in Sudbury decreased by one percentage point to 1.6 per cent, while in Toronto the vacancy rate declined 0.6 percentage point to 3.7 per cent.

Vacancy rates went up in five of the six major centres in Quebec. The moderate increases in the vacancy rate across Quebec were due to the addition of new rental units and a less robust labour market in the youth and part-time labour segments, which limited household formation. However, sustained migration to and within the province increased rental demand. The greatest increase occurred in Gatineau (from 2.1 per cent to 3.1 per cent), while the vacancy rate in Montreal recorded a half percentage point increase to 2.0 per cent. Quebec saw an increase to its vacancy rate of 0.3 percentage point to 1.4 per cent. The only vacancy rate decline was reported in Saguenay with a 0.8 percentage point decrease to 4.5 per cent.

In the Prairies, three of five metropolitan areas had lower vacancy rates than in 2004. Strong net migration to the region, a rise in the cost of homeownership, and declines in the rental market universe are some of the factors that contributed to lower vacancy rates. The largest decreases were in Calgary where the vacancy rate fell by 2.7 percentage points to 1.6 per cent and in Saskatoon where the vacancy rate decreased by 1.7 percentage points to 4.6 percent. In Edmonton the vacancy rate declined from 5.7 per cent to 4.5 per cent.

Vacancy rates in British Columbia were up in two of the three major centres. However, increased employment opportunities attracted people to the resource-dependent areas of the province, stabilizing rental demand. Victoria remains the tightest metropolitan rental market in Canada as the vacancy rate fell by 0.1 percentage point to 0.5 per cent. In Vancouver, the vacancy rate increased slightly by 0.1 percentage point to 1.4 per cent, while the Abbotsford vacancy rate increased by 1.0 percentage point to 3.8 per cent.

Two of the three metropolitan centres in Atlantic Canada recorded vacancy rate increases with St. John's (NFLD) rising by 1.4 percentage points to 4.5 per cent. On the other hand, Saint John (NB) saw a slight drop in vacancy rates by 0.1 percentage point to 5.7 per cent. Slow employment growth reduced the influx of young households moving into the rental markets, while declining long-term mortgage rates have resulted in a greater outflow of tenants towards home ownership.

Average rents for two-bedroom apartments increased in 25 of the 28 major centres. However in 15 of the 25 major centres where rents were up, the increases were small. The greatest increases occurred in Kitchener, Victoria, and Quebec where rents were up 6.0 per cent, 4.8 per cent, and 4.2 per cent, respectively. Overall, the average rent for two-bedroom apartments across Canada's 28 major centres increased by 1.6 per cent in October 2005 compared to last year.

The highest average monthly rents for two-bedroom apartments were in Toronto (\$1,052), Vancouver (\$1,004), and Ottawa (\$920), while the lowest were in Trois-Rivières (\$474) and Saguenay (\$472).

CMHC's Rental Market Survey found that the average rental apartment availability rate in Canada's 28 major centres remained at 3.9 per cent in October 2005, unchanged from a year ago. 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 (12.1 per cent), Hamilton (7.3 per cent), and Saint John (NB) (6.9 per cent), while the lowest rates were in Sherbrooke (1.4 per cent), and Victoria (1.5 per cent).

The Rental Market Survey results are based on the universe of row and apartment buildings with three or more units built specifically for rental purposes. CMHC is conducting survey pilots related to rental units not currently covered, such as rented condominiums, singles, duplexes, accessory apartments, etc. The potential coverage of this additional segment of the market within the Rental Market Survey will be considered in 2006.

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CMHC's Rental Market Survey is conducted yearly in October, to provide vacancy rate and rent information on privately initiated apartment structures containing at least three rental units.

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¹Major 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.

Vacancy Rates in Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

	October 2001	October 2002	October 2003	October 2004	October 2005
Atlantic Region					
St.John's	2.5	2.7	2.0	3.1	4.5
Halifax	2.8	2.7	2.3	2.9	3.3
Saint John	5.6	6.3	5.2	5.8	5.7
Quebec Region					
Gatineau	0.6	0.5	1.2	2.1	3.1
Montréal	0.6	0.7	1.0	1.5	2.0
Québec	0.8	0.3	0.5	1.1	1.4
Saguenay	4.4	4.9	5.2	5.3	4.5
Sherbrooke	2.3	1.8	0.7	0.9	1.2
Trois-Rivières	4.7	3.0	1.5	1.2	1.5
Ontario Region					
Hamilton	1.3	1.6	3.0	3.4	4.3
Kingston*	1.5	0.9	1.9	2.4	2.4
Kitchener	0.9	2.3	3.2	3.5	3.3
London	1.6	2.0	2.1	3.7	4.2
Oshawa	1.3	2.3	2.9	3.4	3.3
Ottawa	0.8	1.9	2.9	3.9	3.3
St.Catharines – Niagara	1.9	2.4	2.7	2.6	2.7
Greater Sudbury	5.7	5.1	3.6	2.6	1.6
Thunder Bay	5.8	4.7	3.3	5.0	4.6
Toronto	0.9	2.5	3.8	4.3	3.7
Windsor	2.9	3.9	4.3	8.8	10.3
Prairie Region					
Calgary	1.2	2.9	4.4	4.3	1.6

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Edmonton	0.9	1.7	3.4	5.3	4.5
Regina	2.1	1.9	2.1	2.7	3.2
Saskatoon	2.9	3.7	4.5	6.3	4.6
Winnipeg	1.4	1.2	1.3	1.1	1.7
British Columbia Region					
Abbotsford*	2.4	2.0	2.5	2.8	3.8
Vancouver	1.0	1.4	2.0	1.3	1.4
Victoria	0.5	1.5	1.1	0.6	0.5
Total (1)	1.1	1.7	2.2	2.7	2.7

(1) Weighted average of metropolitan areas surveyed does not include the newly created Abbotsford and Kingston CMAs prior to 2002.

* Data prior to 2002 is based on the census agglomeration definition; 2002, 2003 and 2004 data is based on the census metropolitan area definition.

Average Rents in Privately Initiated Apartment Structures of Three Units And Over in Metropolitan Areas

	One-Bedroom		Two-Bedroom	
	Oct. 2004	Oct. 2005	Oct. 2004	Oct. 2005
Atlantic Region	\$	\$	\$	\$
St.John's	521	539	618	634
Halifax	612	626	747	762
Saint John	432	441	520	526
Quebec Region				
Gatineau	557	562	663	660
Montréal	539	562	594	616
Québec	523	536	596	621
Saguenay	377	385	459	472
Sherbrooke	392	407	495	505
Trois-Rivières	389	403	457	474
Ontario Region				
Hamilton	641	646	789	791
Kingston	646	660	785	807
Kitchener	651	677	765	811
London	602	620	758	775
Oshawa	750	753	852	855
Ottawa	771	762	940	920
St.Catharines – Niagara	611	624	722	736
Greater Sudbury	529	544	655	668
Thunder Bay	550	556	679	689

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Toronto	886	888	1,052	1,052
Windsor	650	650	776	780
Prairie Region				
Calgary	655	666	806	808
Edmonton	597	608	730	732
Regina	503	505	602	607
Saskatoon	472	477	580	584
Winnipeg	519	539	664	683
British Columbia Region				
Abbotsford	546	560	684	704
Vancouver	774	788	984	1,004
Victoria	630	657	799	837

Vacancy and Availability Rates in Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

	Vacancy Rate	Availability Rate
	October 2005	October 2005
Atlantic Region		
St.John's	4.5	5.9
Halifax	3.3	4.1
Saint John	5.7	6.9
Quebec Region		
Gatineau	3.1	3.2
Montréal	2.0	2.5
Québec	1.4	1.6
Saguenay	4.5	5.0
Sherbrooke	1.2	1.4
Trois-Rivières	1.5	1.6
Ontario Region		
Hamilton	4.3	7.3
Kingston	2.4	3.9
Kitchener	3.3	6.0
London	4.2	6.7
Oshawa	3.3	4.8
Ottawa	3.3	5.6
St.Catharines – Niagara	2.7	4.6
Greater Sudbury	1.6	3.8

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Thunder Bay	4.6	5.8
Toronto	3.7	5.6
Windsor	10.3	12.1
Prairie Region		
Calgary	1.6	3.4
Edmonton	4.5	5.7
Regina	3.2	4.9
Saskatoon	4.6	6.7
Winnipeg	1.7	2.5
British Columbia Region		
Abbotsford	3.8	4.6
Vancouver	1.4	2.7
Victoria	0.5	1.5
Total (1)	2.7	3.9

(1) Weighted average of metropolitan areas surveyed

Availability Rates in Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

	Availability Rate	Availability Rate
	October 2004	October 2005
Atlantic Region		
St. John's	4.5	5.9
Halifax	3.9	4.1
Saint John	7.3	6.9
Quebec Region		
Gatineau	2.6	3.2
Montréal	1.9	2.5
Québec	1.5	1.6
Saguenay	NA	5.0
Sherbrooke	1.5	1.4
Trois-Rivières	1.6	1.6
Ontario Region		
Hamilton	5.4	7.3
Kingston	4.3	3.9
Kitchener	6.3	6.0
London	5.9	6.7
Oshawa	4.4	4.8

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Ottawa	6.7	5.6
St.Catharines – Niagara	4.4	4.6
Greater Sudbury	4.4	3.8
Thunder Bay	7.9	5.8
Toronto	6.2	5.6
Windsor	10.4	12.1
Prairie Region		
Calgary	6.2	3.4
Edmonton	6.9	5.7
Regina	4.4	4.9
Saskatoon	8.5	6.7
Winnipeg	1.8	2.5
British Columbia Region		
Abbotsford	4.0	4.6
Vancouver	2.3	2.7
Victoria	1.9	1.5
Total (1)	3.9	3.9

(1) Weighted average of metropolitan areas surveyed