



PRESS RELEASE



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National Rental Vacancy Rate Inches Down to 2.6 Per Cent

TORONTO, Ontario, December 14, 2006 — The average rental apartment vacancy rate in Canada's 28 major centres¹ decreased slightly by 0.1 of a percentage point to 2.6 per cent in October 2006 compared to last year, according to the Rental Market Survey released today by Canada Mortgage and Housing Corporation (CMHC).

"Solid job creation and healthy income gains helped to strengthen demand for both ownership and rental housing," said Bob Dugan, Chief Economist at CMHC's Market Analysis Centre. "High levels of immigration were a key driver of rental demand in 2006, as was the increasing gap between the cost of home ownership and renting. These factors have put downward pressure on vacancy rates over the past year."

"However near record levels of existing home sales and the high level of housing starts in 2006 show that home ownership demand remained very strong, and it 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 type of housing for renters moving to home ownership. Also, some condominium apartments are owned by investors who rent them out. Therefore, high levels of condominium completions have created competition for the rental market and have put upward pressure on vacancy rates.

The centres with the highest vacancy rates in 2006 were Windsor (10.4 per cent), Saint John (NB) (6.8 per cent), and St. John's (NFLD) (5.1 per cent). On the other hand, the major urban centres with the lowest vacancy rates were Calgary (0.5 per cent), Victoria (0.5 per cent), and Vancouver (0.7 per cent).

In British Columbia, vacancy rates declined in Vancouver (down 0.7 of a percentage point to 0.7 per cent) and Abbotsford (down 1.8 percentage points to 2.0 per cent) between October 2005 and October 2006, but were unchanged in Victoria (0.5 per cent). The rapid growth of British Columbia's population and the higher cost of homeownership continue to fuel strong rental demand. For a third year, Victoria remains one of the tightest metropolitan rental markets in Canada.

In the Prairies, vacancy rates were down in four of the five metropolitan areas. Very high net migration to the region and a significant jump in mortgage carrying costs due to higher home prices put downward pressure on vacancy rates. Edmonton's vacancy rate decreased by 3.3 percentage points to 1.2 per cent between October 2005 and October 2006 — the sharpest drop among Canada's major centres. Vacancy rates decreased to 3.2 per cent in Saskatoon (down 1.4 percentage points) and to 0.5 per cent in Calgary (down 1.1 percentage points).

In Ontario, vacancy rates were lower in five of 11 major centres and unchanged in two. The rising cost of homeownership, high immigration, and improved job prospects for youth were largely responsible for boosting rental demand across the province. These factors helped offset upward pressures on vacancies triggered by higher condominium and rental apartment completions. The vacancy rate in Ottawa decreased by one percentage point to 2.3 per cent, while in Toronto the vacancy rate declined 0.5 of a percentage point to 3.2 per cent.

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Vacancy rates went up in three of Quebec's six major centres and remained unchanged in one. Low mortgage carrying costs continued to draw renter households toward homeownership. This, combined with weak job opportunities for youths, held back growth in rental demand. Completions of rental units targeting seniors also helped boost vacancy rates in some Quebec centres. Gatineau's vacancy rate increased from 3.1 per cent in October 2005 to 4.2 per cent in October 2006, while the vacancy rate in Montréal increased by 0.7 of a percentage point to 2.7 per cent over this period. Québec saw a modest 0.1 percentage point increase in its vacancy rate to 1.5 per cent.

In the Atlantic region, vacancy rates increased in both St. John's (NFLD) (up 0.6 of a percentage point to 5.1 per cent) and Saint John (NB) (up 1.1 percentage points to 6.8 per cent). The vacancy rate in Halifax edged down by 0.1 of a percentage point to 3.2 per cent. Slower employment growth, out-migration, and low mortgage carrying costs have weakened demand for rental housing and put upward pressure on vacancy rates in Atlantic Canada.

The highest average monthly rents for two-bedroom apartments in new and existing structures were in Toronto (\$1,067) and Vancouver (\$1,045), followed by Calgary (\$960) and Ottawa (\$941). The lowest average monthly rents for two-bedroom apartments in new and existing structures were in Trois-Rivières (\$488) and Saguenay (\$485).

By excluding the impact of new structures built since the last survey and conversions from the calculation, we can get a better indication of the rent increase in existing structures. The greatest rent increases occurred in markets where vacancy rates were lowest in 2006. Rents in existing structures were up 19.5 per cent in Calgary, 9.9 per cent in Edmonton, 5.1 per cent in Greater Sudbury and 4.4 per cent in Vancouver. Overall, the average rent for two-bedroom apartments in existing structures across Canada's 28 major centres increased by 3.2 per cent between October 2005 and October 2006. Excluding Calgary and Edmonton, the average rent for two-bedroom apartments in existing structures was up only 2.4 per cent in 2006 compared to 2005.

With the release of its 2006 Rental Market Survey, CMHC has broadened its coverage of the rental market to include apartment condominiums offered for rent in the following centres: Vancouver, Calgary, Edmonton, Toronto, Ottawa, Montréal, and Québec. In 2006, vacancy rates for rental condominium apartments were at or below one per cent in five of the seven centres surveyed. Rental condominiums in Vancouver and Toronto had the lowest vacancy rate at 0.4 per cent. On the other hand, Québec and Montréal registered the highest vacancy rates for condominium apartments at 1.2 per cent and 2.8 per cent in 2006, respectively. The survey showed that vacancy rates for rental condominium apartments in 2006 were lower than vacancy rates in the conventional rental market in all the surveyed centres, except Montréal and Calgary. The highest average monthly rents for two-bedroom condominium apartments were in Toronto (\$1,487), Vancouver (\$1,273), and Calgary (\$1,257). All surveyed centres posted average monthly rents for two-bedroom condominium apartments that were higher than average monthly rents for two-bedroom private apartments in the conventional rental market in 2006.

In Toronto, Montreal, and Vancouver, the scope of CMHC's Rental Market Survey was further extended to gather information on monthly rents in dwelling types² other than private apartments and condominium apartments such as duplexes and accessory apartments. The results showed that the average monthly rent for a two-bedroom unit in the secondary rental market was lower than the average rent in both the conventional and condominium apartment markets in Montréal and Vancouver. In Toronto, the average monthly rent for a two-bedroom unit in the secondary rental market was slightly higher than in the conventional rental market.

Starting in 2007, CMHC will be conducting a rental market survey in the spring, in addition to the one conducted in the fall. The results of the spring survey will be published in June and will provide centre-level information on key rental market indicators such as vacancy rates and average rents.

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 60 years. CMHC is committed to helping Canadians access a wide choice of quality, affordable homes, while making vibrant, healthy communities and cities a reality across the country.

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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.

2. CMHC's October Rental Market Survey, which covers private row and apartment structures with three or more units, is being expanded to include information on the secondary rental market. More specifically, for the Vancouver, Toronto and Montréal CMAs, the following types of units are now surveyed:

- rented single-detached houses;
- rented double (semi-detached) houses;
- rented freehold row/town houses;
- rented duplex apartments;
- rented accessory apartments;
- rented apartments which are part of a commercial or other type of structure containing one or two dwelling units.

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To access CMHC's 2006 reports on the rental market select from the links below:

- [Rental Market Reports – Major Centres](#) now offer more coverage of the secondary rental market in selected centres
- NEW — [Rental Market Report – Canada Highlights](#) — containing at a glance rental market information for Canada's 28 major centres
- [Rental Market Report — Provincial Highlights](#) — providing a summary of rental market statistics for urban centres with a population of over 10,000 in each province and Yellowknife, Northwest Territories
- NEW — [Rental Market Statistics Report](#) — a sourcebook of statistical tables with national, provincial and local rental housing market data

For local rental market information, please contact your local CMHC branch.

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

	October 2002	October 2003	October 2004	October 2005	October 2006
Atlantic Region					
St. John's	2.7	2.0	3.1	4.5	5.1
Halifax	2.7	2.3	2.9	3.3	3.2
Saint John	6.3	5.2	5.8	5.7	6.8
Quebec Region					
Gatineau	0.5	1.2	2.1	3.1	4.2
Montréal	0.7	1.0	1.5	2.0	2.7
Québec	0.3	0.5	1.1	1.4	1.5
Saguenay	4.9	5.2	5.3	4.5	4.1

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Sherbrooke	1.8	0.7	0.9	1.2	1.2
Trois-Rivières	3.0	1.5	1.2	1.5	1.0
Ontario Region					
Hamilton	1.6	3.0	3.4	4.3	4.3
Kingston*	0.9	1.9	2.4	2.4	2.1
Kitchener	2.3	3.2	3.5	3.3	3.3
London	2.0	2.1	3.7	4.2	3.6
Oshawa	2.3	2.9	3.4	3.3	4.1
Ottawa	1.9	2.9	3.9	3.3	2.3
St.Catharines – Niagara	2.4	2.7	2.6	2.7	4.3
Greater Sudbury	5.1	3.6	2.6	1.6	1.2
Thunder Bay	4.7	3.3	5.0	4.6	4.9
Toronto	2.5	3.8	4.3	3.7	3.2
Windsor	3.9	4.3	8.8	10.3	10.4
Prairie Region					
Calgary	2.9	4.4	4.3	1.6	0.5
Edmonton	1.7	3.4	5.3	4.5	1.2
Regina	1.9	2.1	2.7	3.2	3.3
Saskatoon	3.7	4.5	6.3	4.6	3.2
Winnipeg	1.2	1.3	1.1	1.7	1.3
British Columbia Region					
Abbotsford*	2.0	2.5	2.8	3.8	2.0
Vancouver	1.4	2.0	1.3	1.4	0.7
Victoria	1.5	1.1	0.6	0.5	0.5
Total (1)	1.7	2.2	2.7	2.7	2.6

(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.

Vacancy Rates, Availability Rates, Average Rents for New and Existing Structures, and Percentage Change of Average Rents for Existing Structures in Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

	Vacancy Rate	Availability Rate	Average Rent Two-Bedroom for New and Existing Structures	Percentage Change of Average Rent Two-Bedroom in Existing Structures *
	Oct. 2006	Oct. 2006	Oct. 2006	Oct. 2006
Atlantic Region	%	%	\$	\$
St.John's	5.1	5.6	635	0.4
Halifax	3.2	3.8	799	3.5

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Saint John	6.8	7.8	556	2.1
Quebec Region				
Gatineau	4.2	4.4	667	0.6
Montréal	2.7	3.3	636	2.8
Québec	1.5	1.8	637	2.2
Saguenay	4.1	4.8	485	1.2
Sherbrooke	1.2	1.4	515	3.2
Trois-Rivières	1.0	1.7	488	2.1
Ontario Region				
Hamilton	4.3	7.0	796	1.1
Kingston	2.1	3.7	841	2.3
Kitchener	3.3	5.6	824	1.6
London	3.6	5.6	790	1.7
Oshawa	4.1	6.3	861	0.4
Ottawa	2.3	4.6	941	3.0
St.Catharines – Niagara	4.3	6.1	752	2.3
Greater Sudbury	1.2	2.2	706	5.1
Thunder Bay	4.9	5.9	696	1.4
Toronto	3.2	5.0	1,067	1.1
Windsor	10.4	12.0	774	-0.3
Prairie Region				
Calgary	0.5	1.6	960	19.5
Edmonton	1.2	1.7	808	9.9
Regina	3.3	4.7	619	2.0
Saskatoon	3.2	4.2	608	4.0
Winnipeg	1.3	2.0	709	3.4
British Columbia Region				
Abbotsford	2.0	3.5	719	3.0
Vancouver	0.7	1.3	1,045	4.4
Victoria	0.5	1.5	874	4.1
Total (1)	2.6	3.6	780	3.2

(1) Weighted average of metropolitan areas surveyed

*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 2005 and 2006 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.

Vacancy Rates and Average Rents for Rental Condominium Apartments and Privately Initiated Apartment Structures of Three Units and Over in Metropolitan Areas

	Vacancy Rate		Average Rent Two-Bedroom for New and Existing Structures		
	Rental Condo Apts	Conventional market Apts	Rental Condo Apts	Conventional market Apts	Secondary Rental Market, excluding condominiums*
	%	%	\$	\$	\$
Montréal	2.8	2.7	970	636	596
Québec	1.2	1.5	844	637	N/A
Ottawa	1.0	2.3	1,048	941	N/A
Toronto	0.4	3.2	1,487	1,067	1,096
Calgary	0.7	0.5	1,257	960	N/A
Edmonton	0.6	1.2	908	808	N/A
Vancouver	0.4	0.7	1,273	1,045	932

N/A: Data not available

*CMHC's October Rental Market Survey, which covers private row and apartment structures with three or more units, is being expanded to include information on the secondary rental market. More specifically, for the Vancouver, Toronto and Montréal CMAs, the following types of units are now surveyed:

- rented single-detached houses;
- rented double (semi-detached) houses;
- rented freehold row/town houses;
- rented duplex apartments;
- rented accessory apartments;
- rented apartments which are part of a commercial or other type of structure containing one or two dwelling units.

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

	Availability Rate	Availability Rate
	October 2005	October 2006
Atlantic Region		
St.John's	5.9	5.6
Halifax	4.1	3.8
Saint John	6.9	7.8
Quebec Region		
Gatineau	3.2	4.4
Montréal	2.5	3.3
Québec	1.6	1.8

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Saguenay	5.0	4.8
Sherbrooke	1.4	1.4
Trois-Rivières	1.6	1.7
Ontario Region		
Hamilton	7.3	7.0
Kingston	3.9	3.7
Kitchener	6.0	5.6
London	6.7	5.6
Oshawa	4.8	6.3
Ottawa	5.6	4.6
St.Catharines – Niagara	4.6	6.1
Greater Sudbury	3.8	2.2
Thunder Bay	5.8	5.9
Toronto	5.6	5.0
Windsor	12.1	12.0
Prairie Region		
Calgary	3.4	1.6
Edmonton	5.7	1.7
Regina	4.9	4.7
Saskatoon	6.7	4.2
Winnipeg	2.5	2.0
British Columbia Region		
Abbotsford	4.6	3.5
Vancouver	2.7	1.3
Victoria	1.5	1.5
Total (1)	3.9	3.6

(1) Weighted average of metropolitan areas surveyed