

Executive Summary

HIGHLIGHTS

The lingering effects of the pandemic continued to impact demand in the purpose-built rental market negatively and led to a second consecutive annual increase in the vacancy rate.

Despite increased rental supply, the stock of units more affordable to low- and middle-income renter households declined.

Average rent growth for apartments slowed to its lowest level since 2007 owing to increased competition among landlords and provincial pandemic response measures limiting rent increases for existing tenants.

The vacancy rate in the condominium rental apartment market held steady as a substantial increase in demand was met by a comparable supply response.

Higher vacancies driven by pandemic effects

Greater Toronto Area (GTA)

PURPOSE BUILT RENTAL MARKET

Vacancy Rate

4.4%

Average Two-Bedroom Rent

\$1,666

UP by 1.5%

CONDOMINIUM APARTMENT MARKET

Vacancy Rate

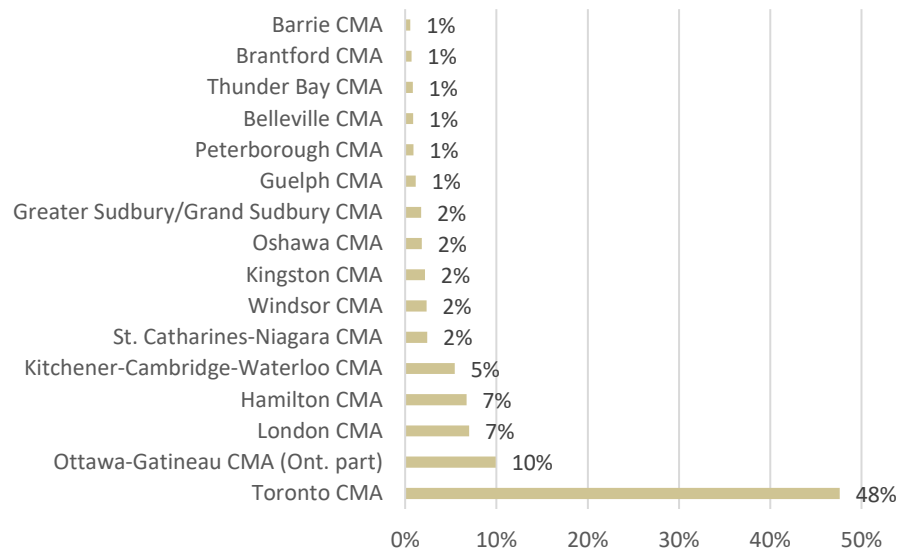
1.6%

Average Two-Bedroom Rent

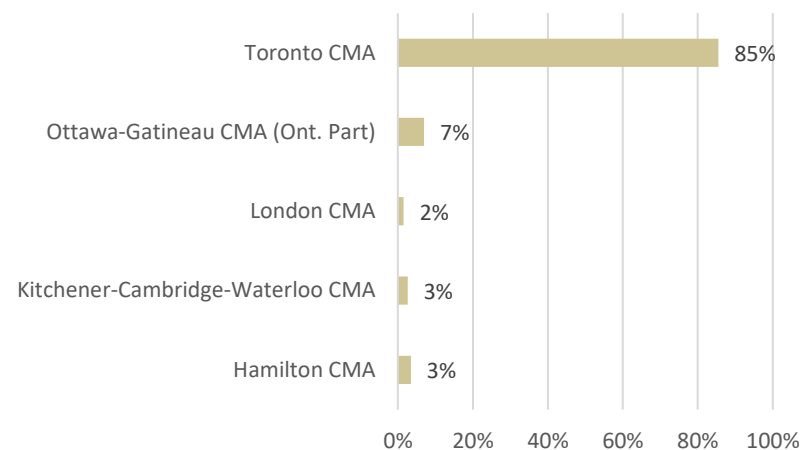
\$2,355

Rental Apartment Universe

Share of Purpose-built Apartment Universe

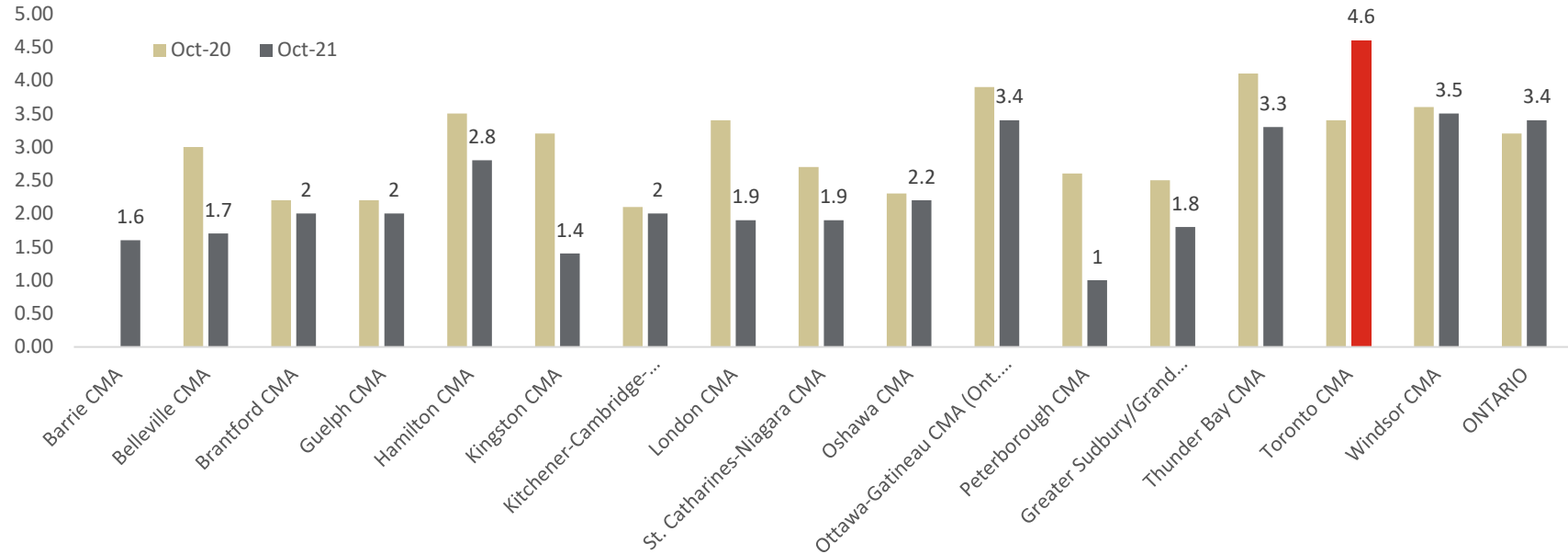


Share of Rental Condominium Apartment Universe

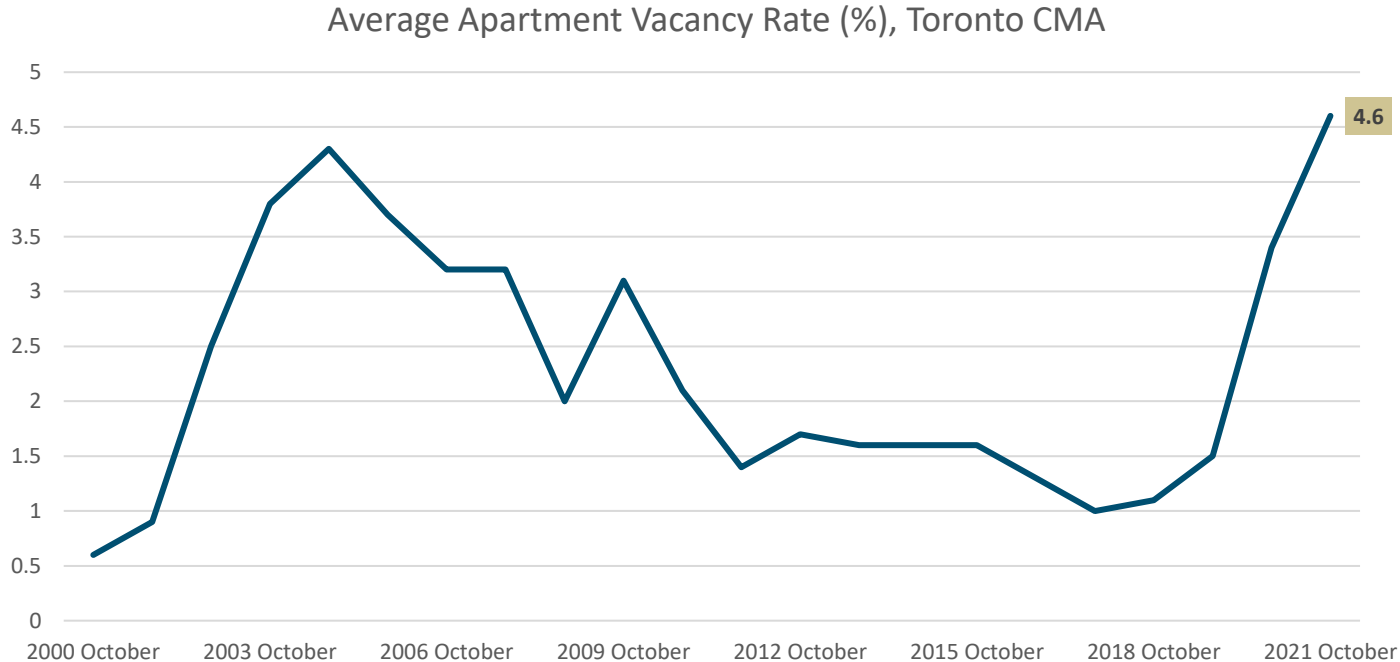


Toronto was the only CMA to see an increase in vacancy rate

Average Purpose-built Apartment Vacancy Rate (%)

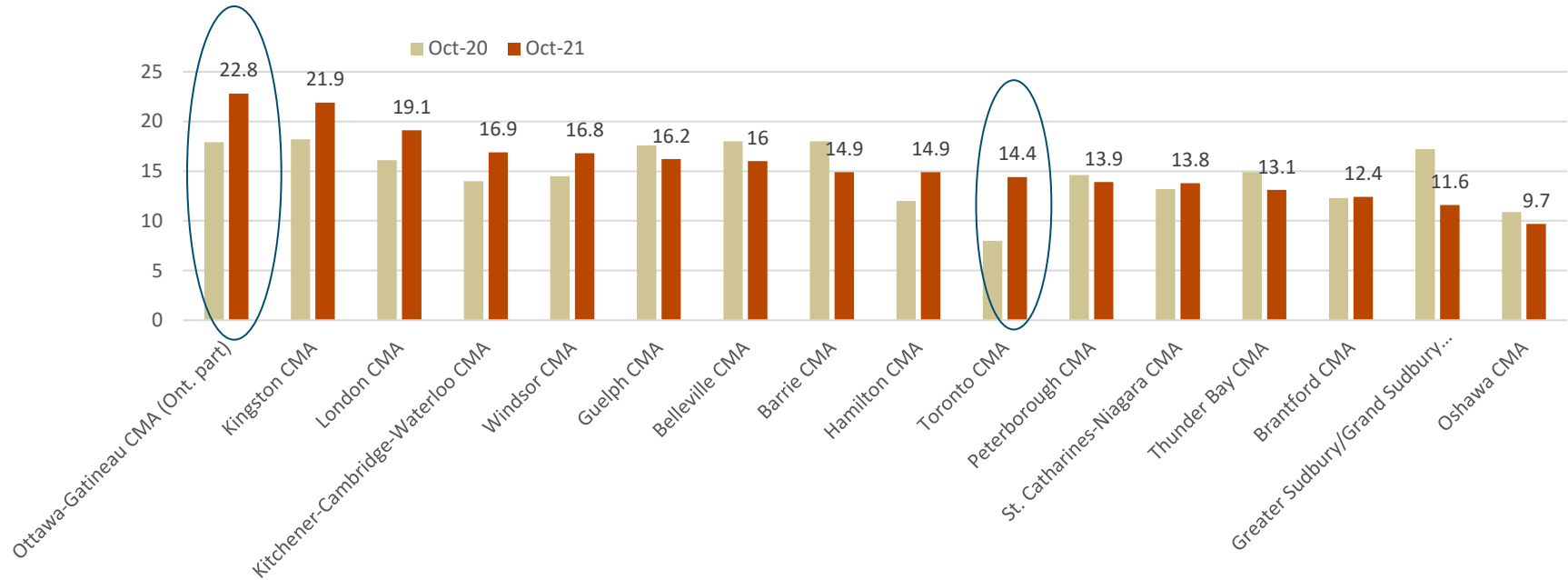


Toronto CMA vacancy rate was at an all time high



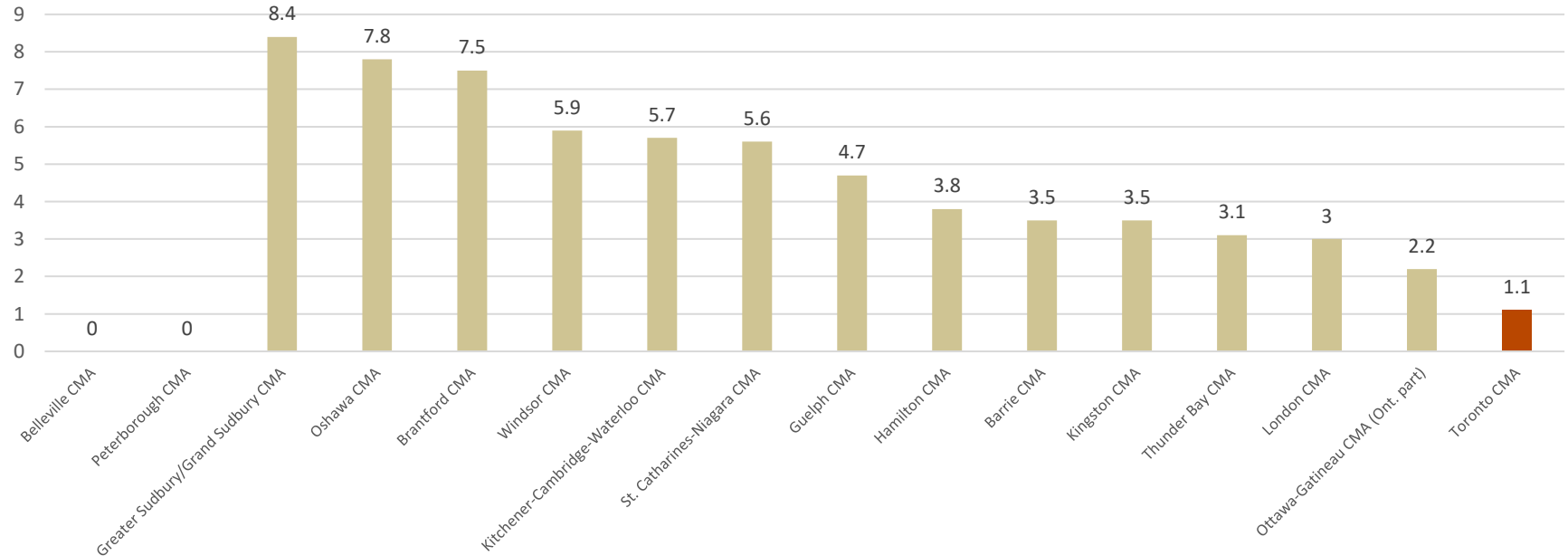
Turnover increased in most CMAs

Purpose-built Apartment Turnover Rate (%)



Larger CMAs recorded lower rent increases

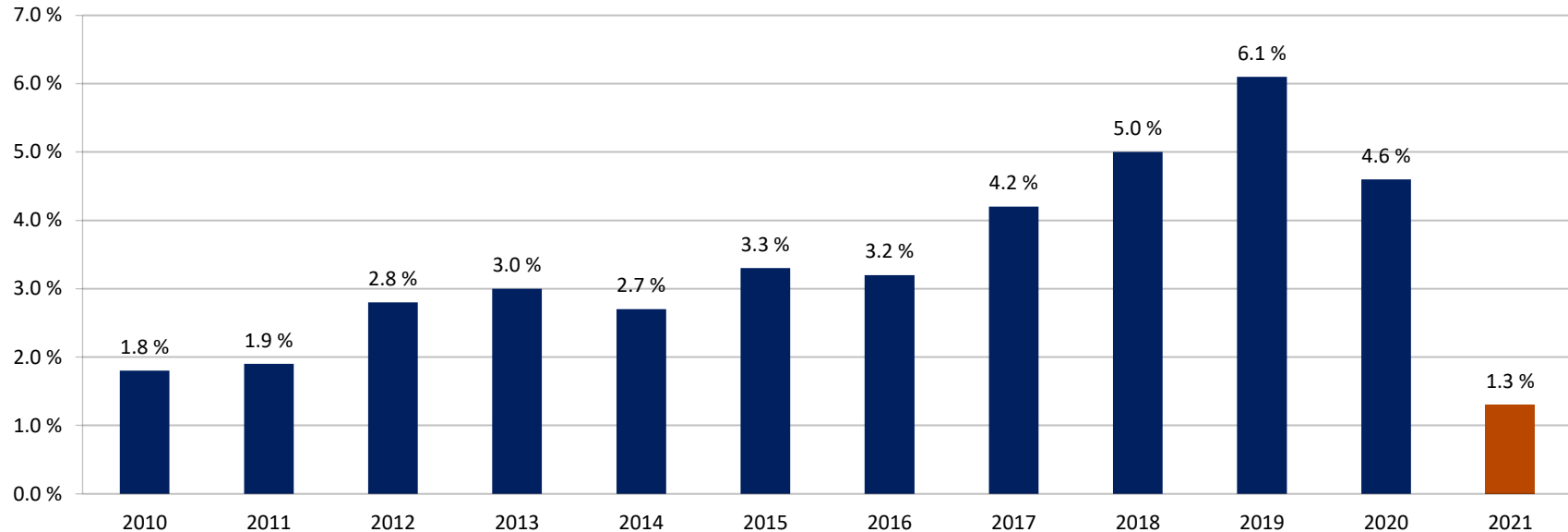
Purpose-built Apartment Percentage Change in Average Rent*



* The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

Primary rent growth eased in Toronto CMA

Fixed-sample average two-bedroom apartment rent, Toronto CMA

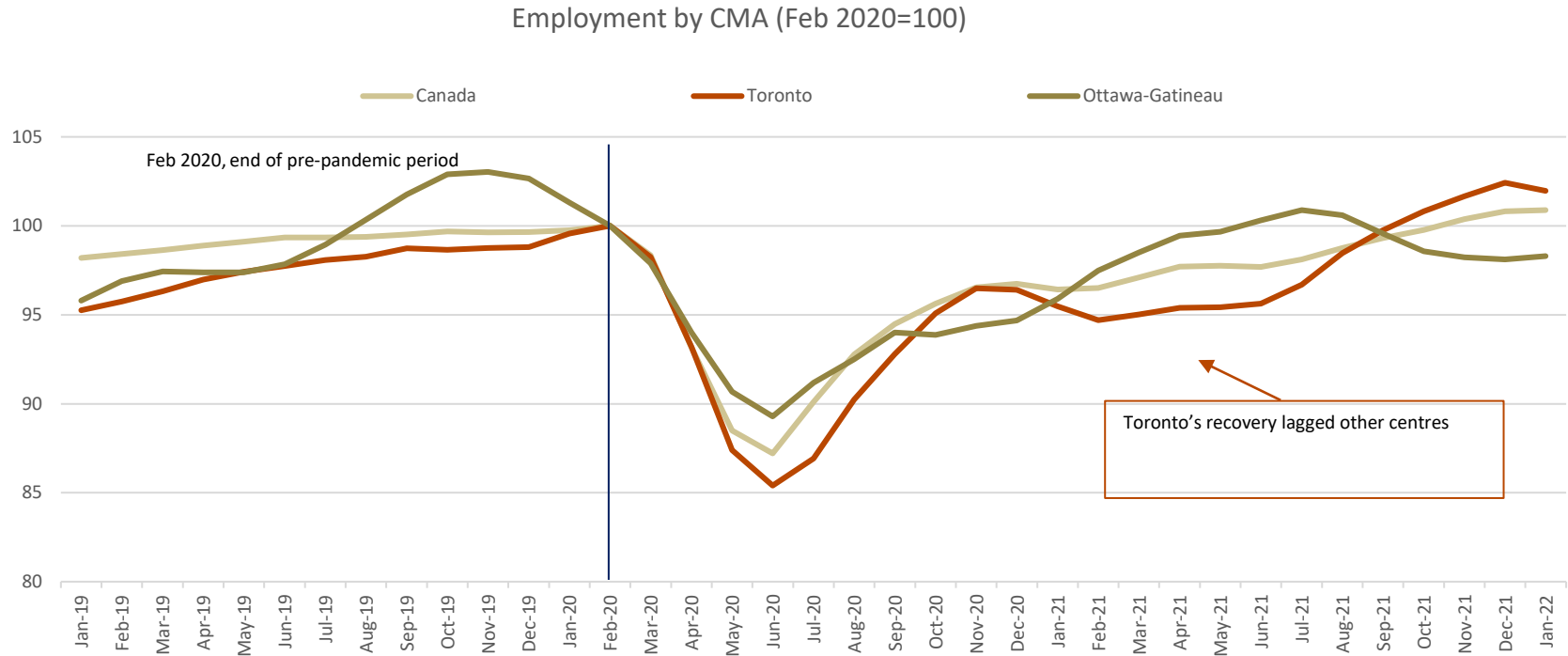


Negative economic impact of pandemic on rental demand



- Throughout 2020 and 2021, Ontario faced more stringent COVID-19 pandemic containment measures compared to other regions of the country.
- These measures were often implemented first, lasted longer, and were more pronounced in the GTA, where virus case counts tended to be higher over the pandemic's successive waves.
- The measures continued to disproportionately impact service-sector industries that were more reliant on in-person interactions.
- This delayed the economic recovery for segments of the population that were more likely to rent, such as youth and low-to-middle income households.

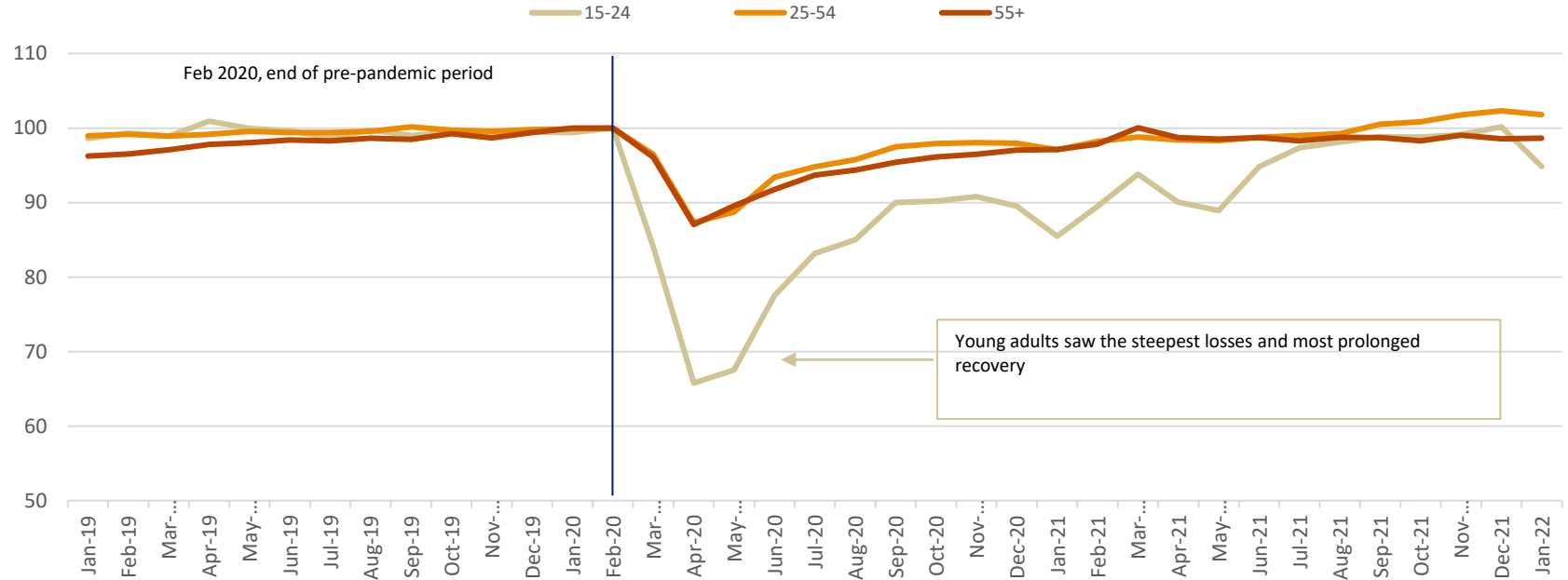
Toronto's recovery lagged other centres



Source: Sources: Statistics Canada (14-10-0380-02) and CMHC (calculations)

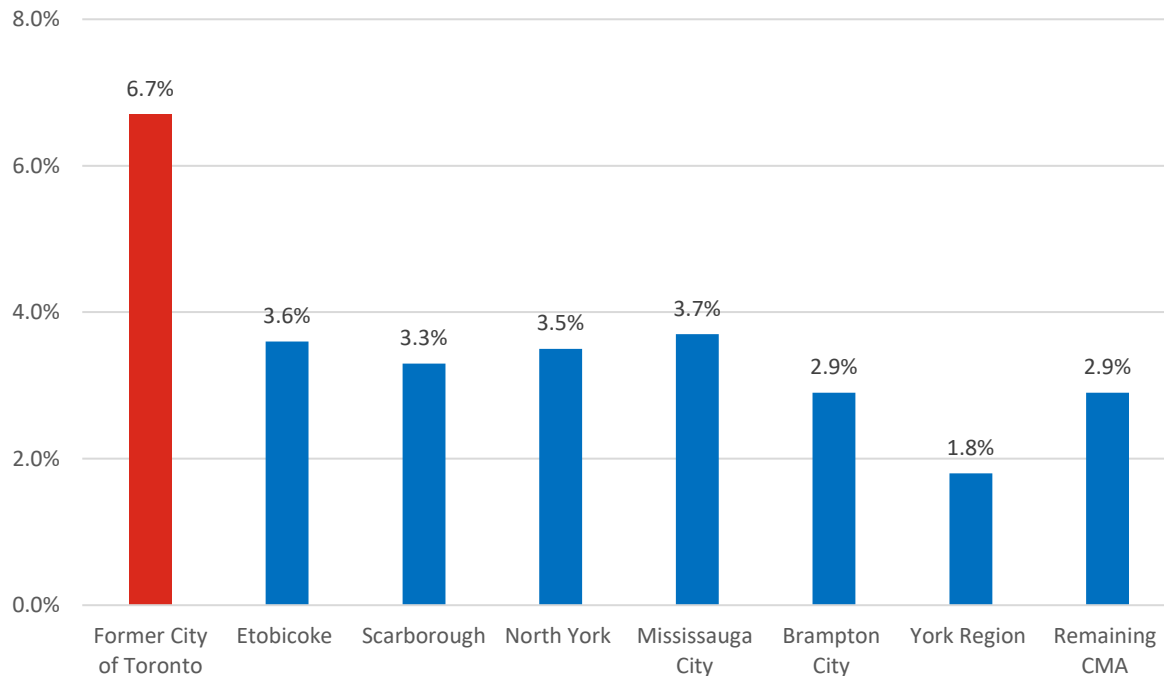
Younger people more impacted as a result of the pandemic

Employment by age group (Feb 2020=100), Canada

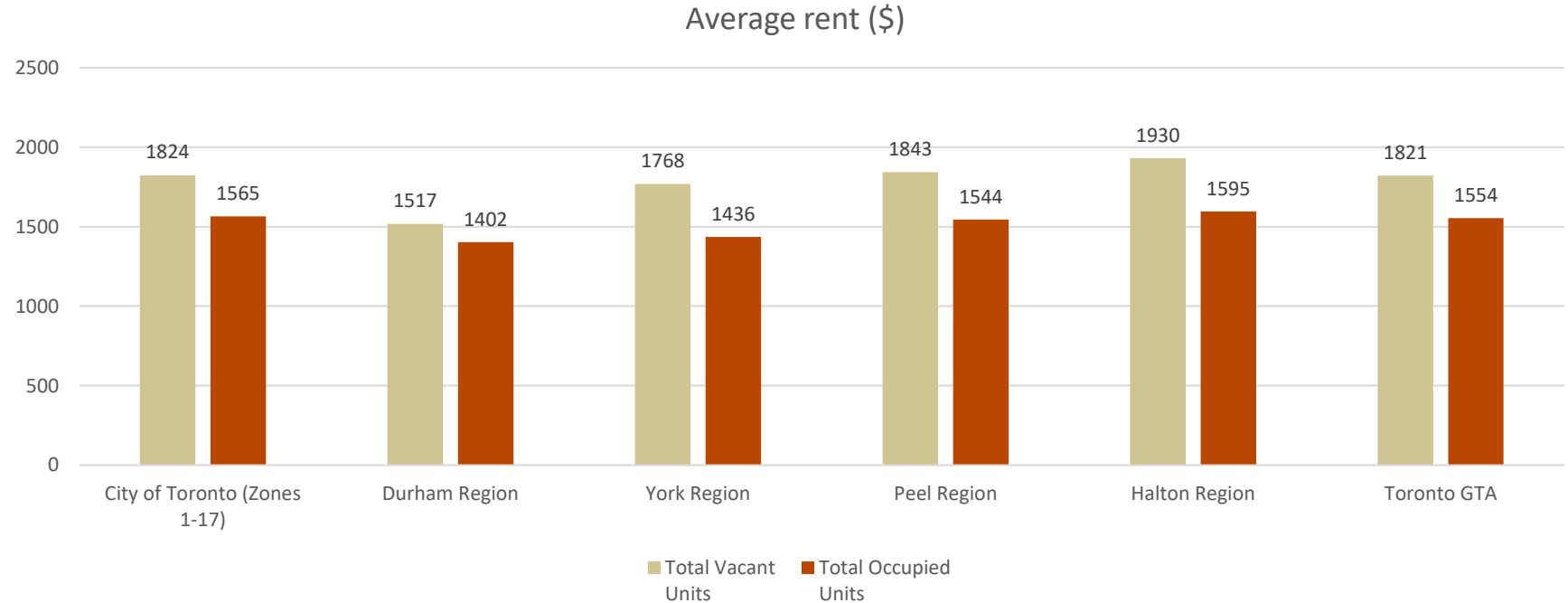


Source: Sources: Statistics Canada (14-10-0380-02) and CMHC (calculations)

Downtown core most impacted by pandemic



Vacant unit rents are on average 17% higher



Rental affordability an acute challenge in Toronto

- Centers showing more than 150 hours required for affordability implies that the average rent is not affordable for a single average wage earner without another source of income, even if they work full time.

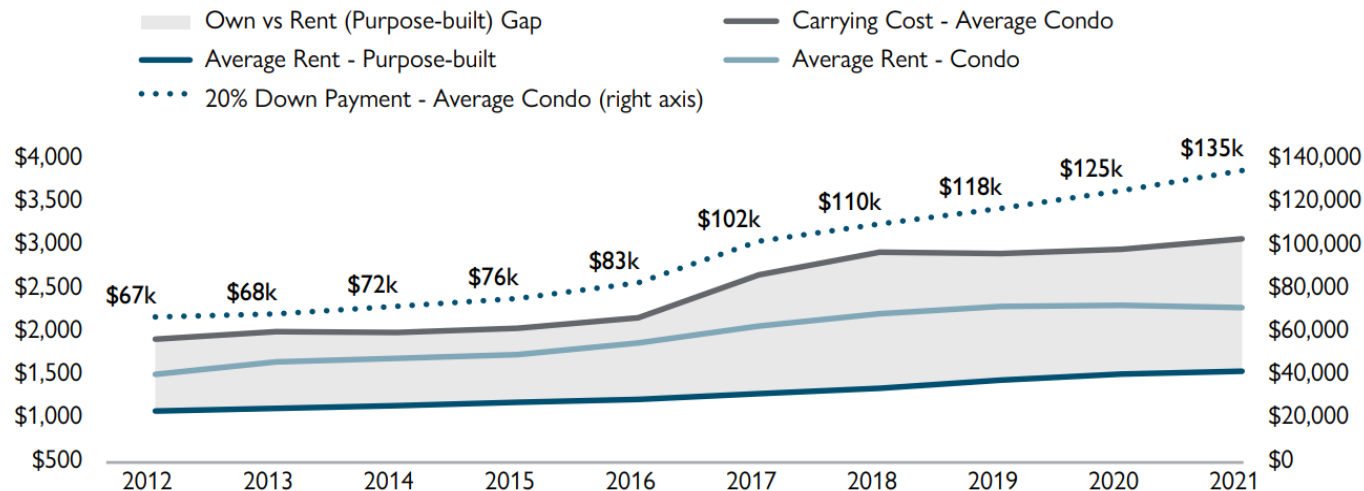


Selected CMAs	Oct-21	Oct-20	Change (number of hours)
Vancouver	198.0	197.8	0.3
Victoria	162.6	162.8	-0.3
Edmonton	130.6	124.4	6.3
Calgary	136.7	128.5	8.2
Saskatoon	136.1	130.5	5.6
Regina	127.0	123.0	4.1
Winnipeg	164.0	159.5	4.5
Hamilton	148.0	143.2	4.7
Greater Sudbury	141.8	130.0	11.9
Kitchener-Cambridge-Waterloo	143.4	140.5	2.9
Peterborough	160.5	123.8	36.7
Windsor	137.8	119.2	18.6
St. Catharines - Niagara	149.4	138.5	11.0
London	154.1	139.2	14.9
Kingston	156.4	154.4	1.9
Toronto	178.3	170.7	7.6
Ottawa	146.5	144.3	2.3
Gatineau	107.1	99.2	7.9
Québec	105.6	100.5	5.1
Montréal	105.8	102.9	3.0
Halifax	162.6	150.8	11.8

Source: Rent payments from CMHC's Rental Market Survey. Average hourly wage earnings from Statistics Canada in Q3 2021 (special tabulation).



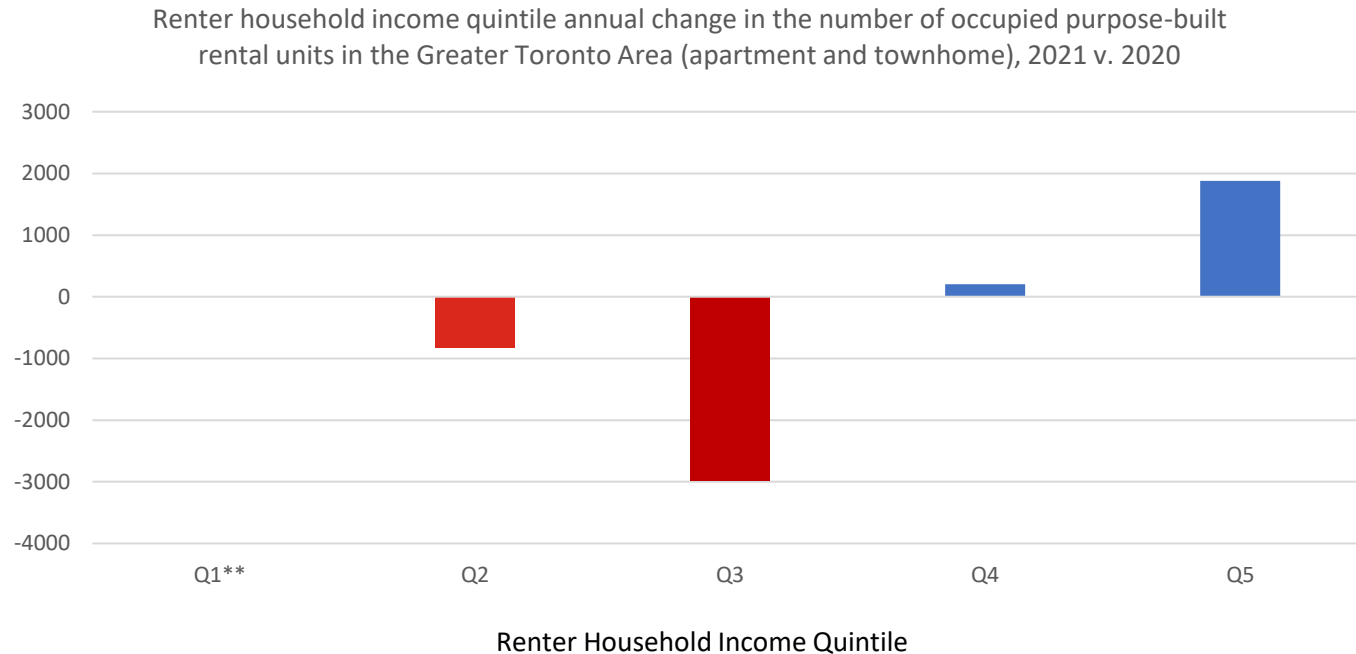
GTA Monthly rent and carrying cost of ownership



Sources: CMHC, TRREB. CMHC calculations

Note: Carrying cost includes mortgage payment (conventional with 25 year amortization and discounted 5-year rate) with a 20% down payment, average condominium fees and average property taxes.

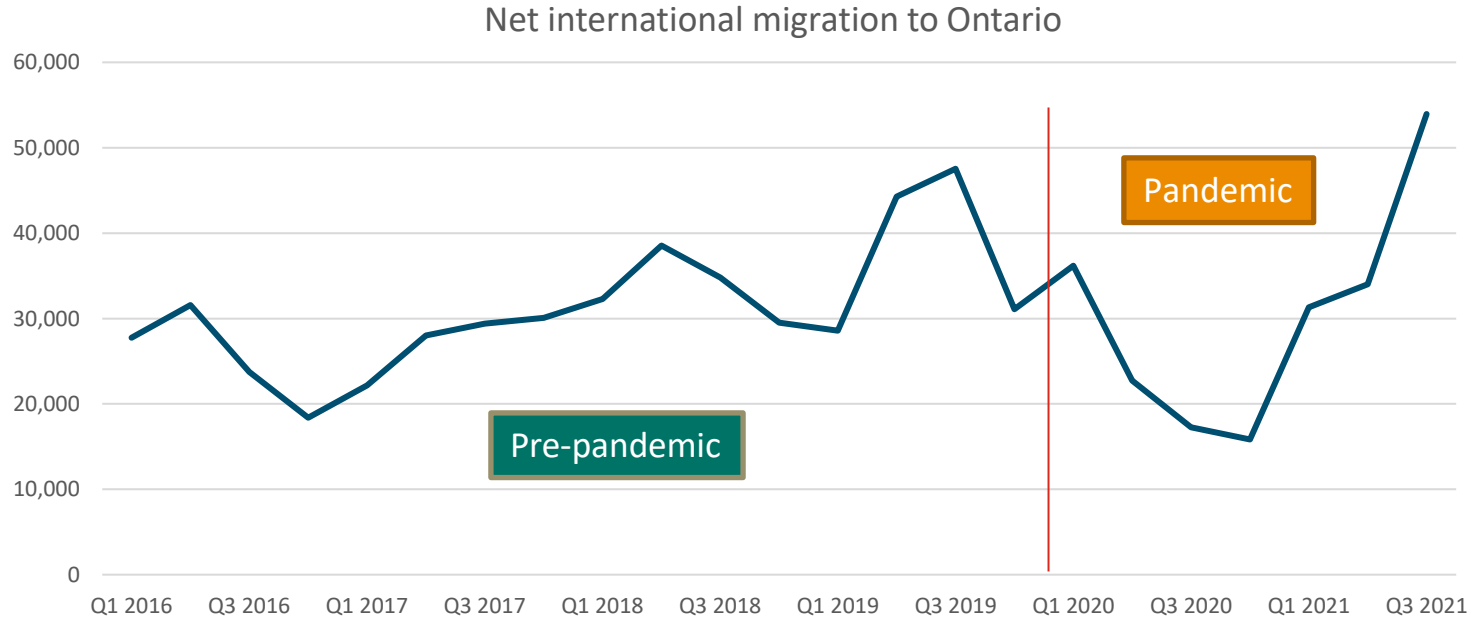
Low to middle income households disproportionately impacted



**data is suppressed

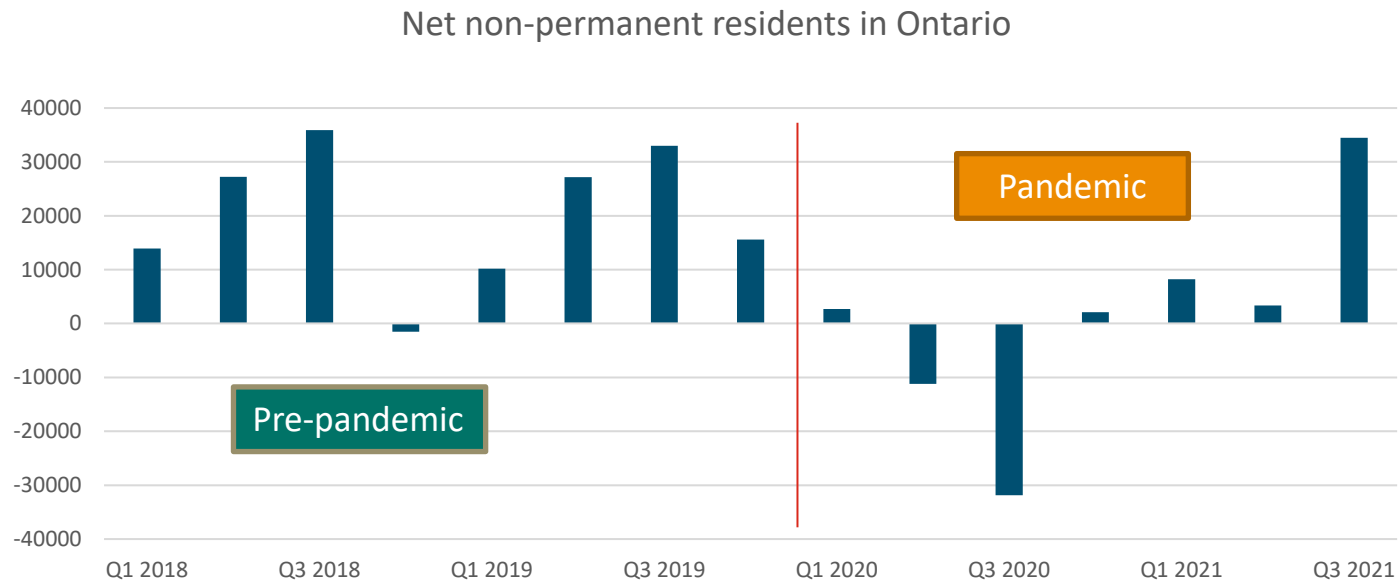


Immigration picked up towards end of 2021



Source: Sources: Statistics Canada. Table 17-10-0040-01 Estimates of the components of international migration, quarterly, CMHC calculations

Inflow of non-permanent residents increased later in 2021



Source: Sources: Statistics Canada. Table 17-10-0040-01 Estimates of the components of international migration.

Toronto



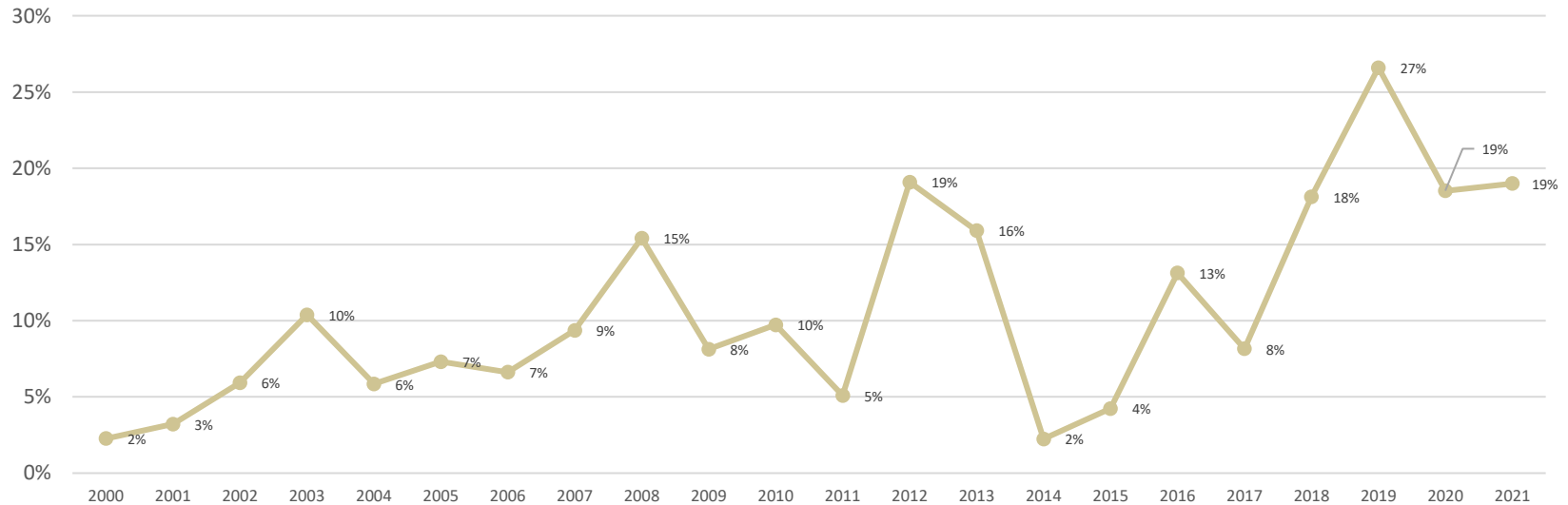
Rental Supply

Canada 



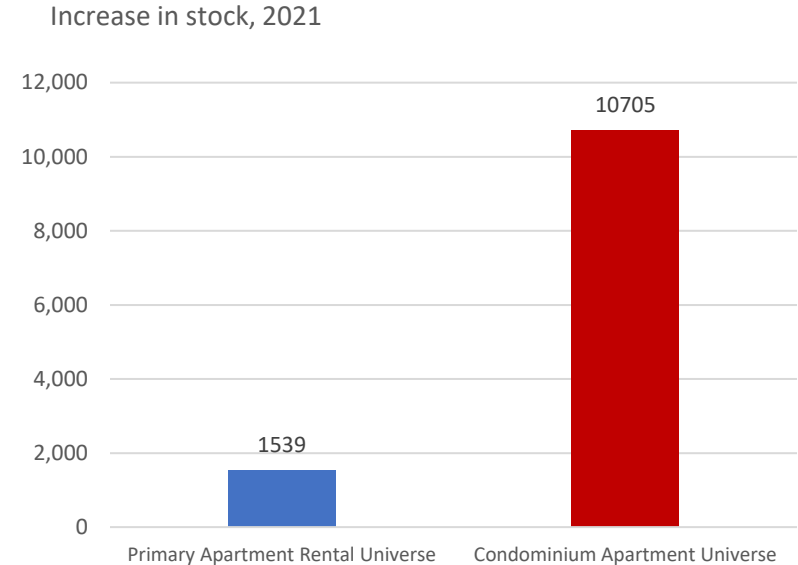
New rental supply increasing at a slower pace in the GTA

Rental apartment completions as a share of condominium apartment completions

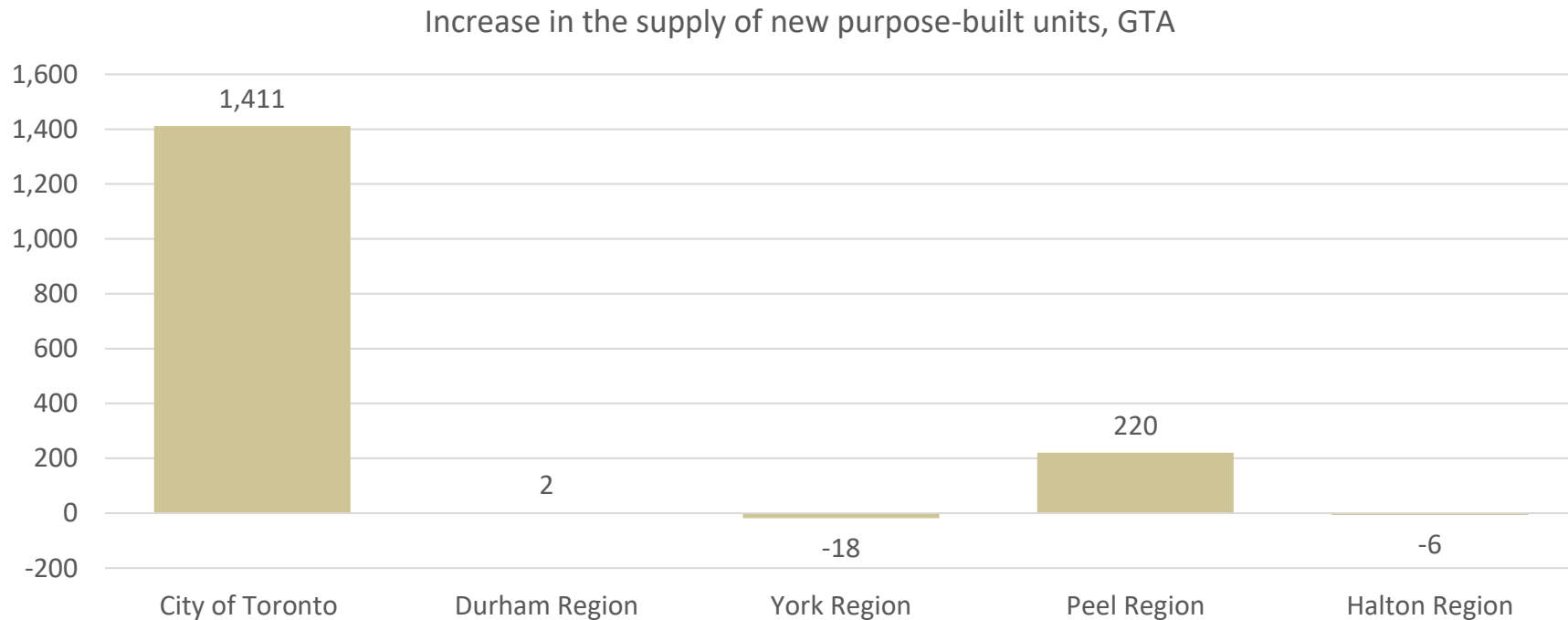


Increase in new supply led by condominium apartments

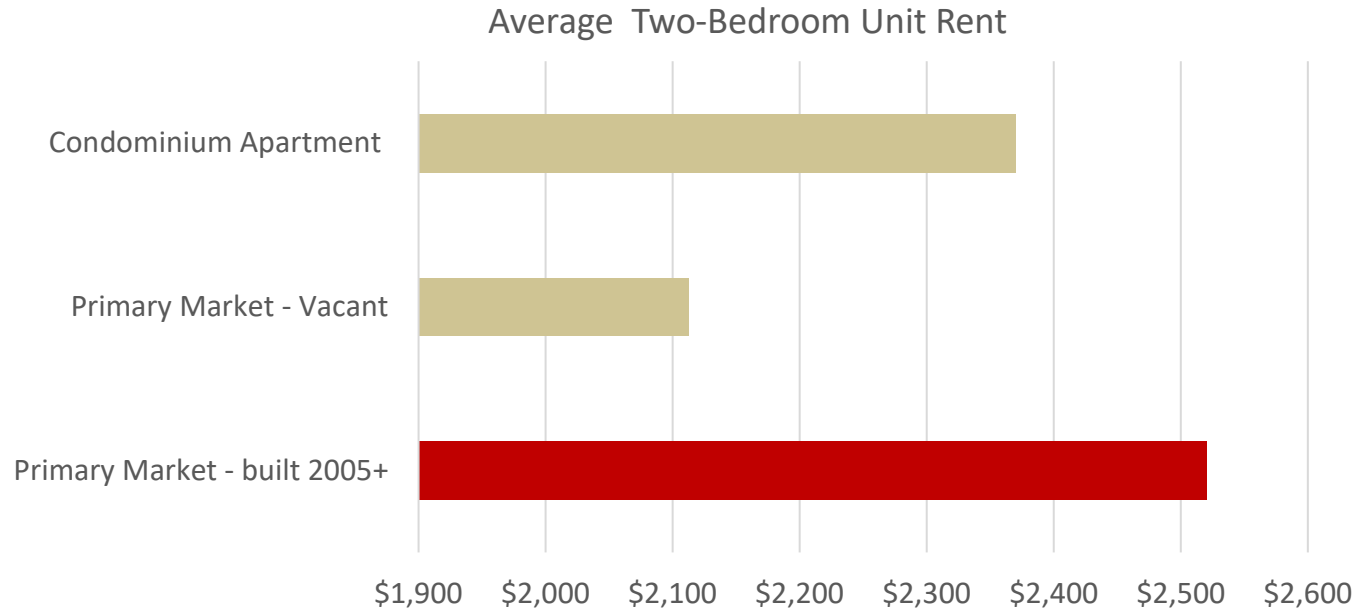
- For every 1.5 units of purpose-built units added to primary rental universe in the Toronto CMA, condominium apartment universe increased by 10 units in 2021.



Most of the purpose-built rental growth occurred within City of Toronto



Newly built units in the primary market are expensive



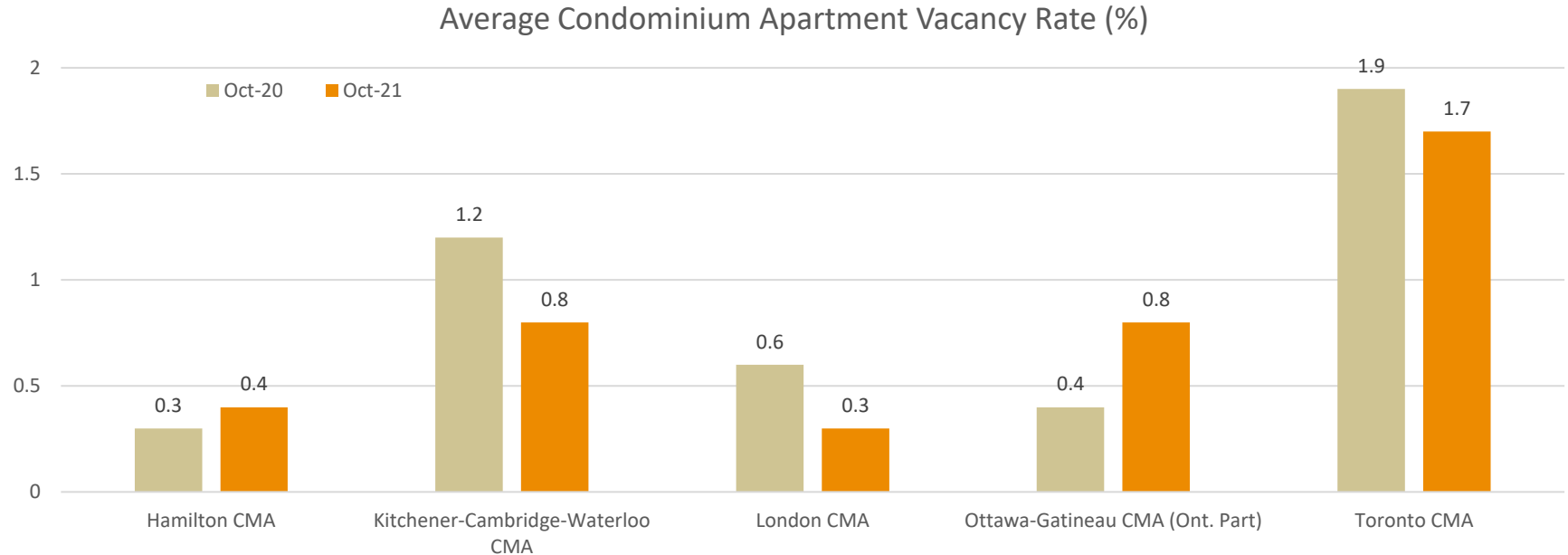


Condominium Rental Market

Canada 

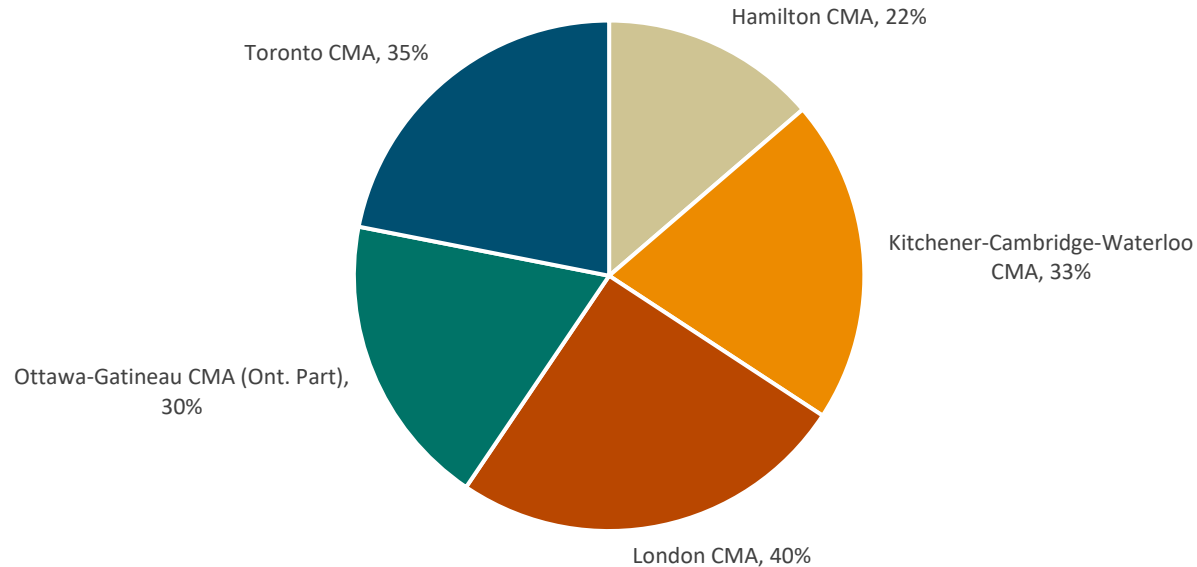


Vacancy rates in the secondary market significantly lower



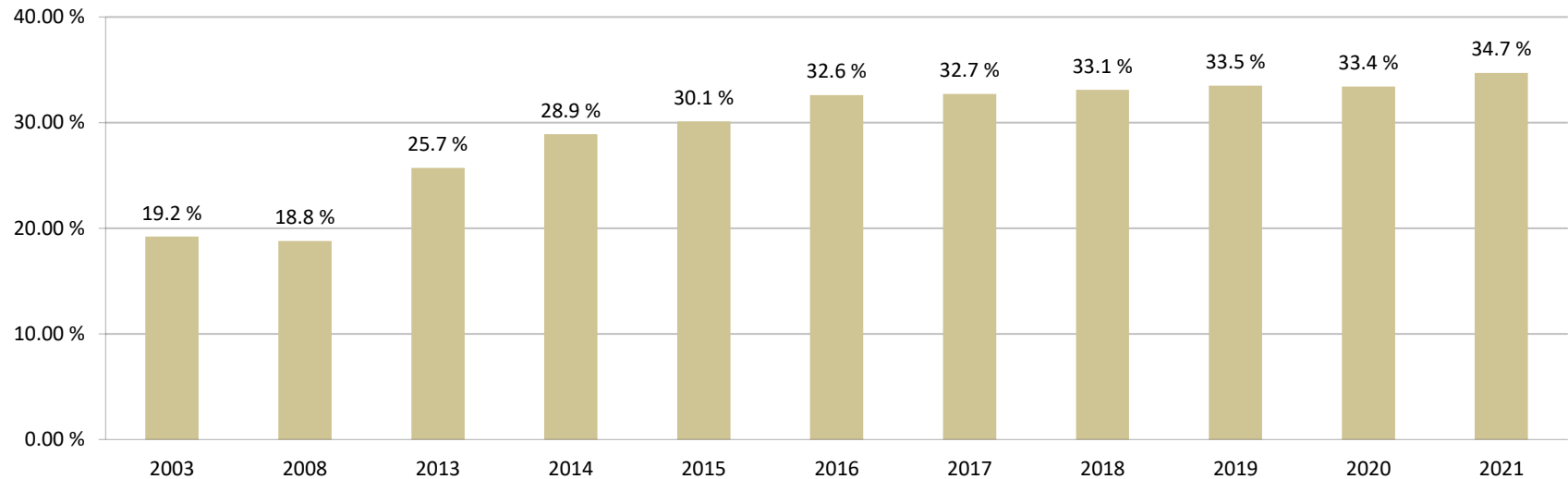
Investor held units are widespread across Ontario

Share of condominium rental units



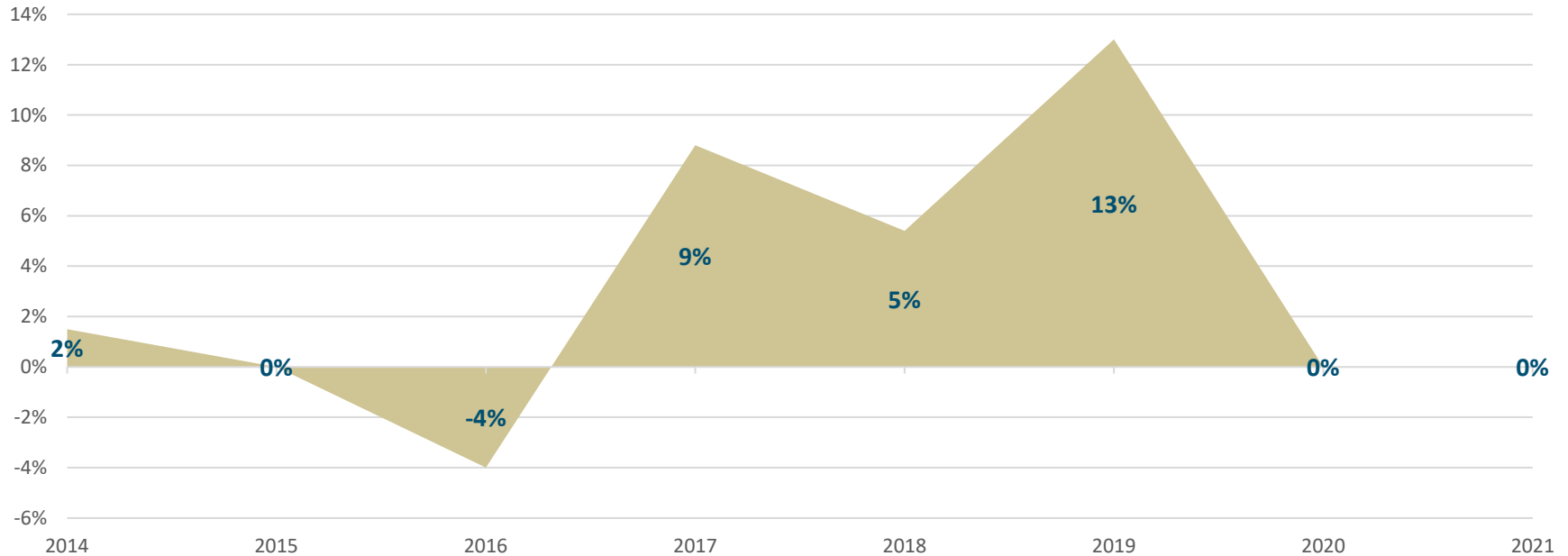
Condo investor share edged up in the GTA

Share of rental condominium apartments, GTA



No significant condo rent growth in the GTA

Average fixed-sample condominium apartment rent growth (%)



Thank You/Merci

For more information, please visit www.cmhc.ca or
www.schl.ca

