



News Release

June 9, 2011

Rents lag inflation

According to CMHC, average rent increase across Canada was 2.2% from April 2010 to April 2011 (Rental Market report – Canada highlights, p. 4). For that period, the rate of inflation was 3.3% across Canada. In real terms, average rents fell by 1.1%.

The national vacancy rate declined from 2.9% in April 2010 to 2.5% in April 2011. The average availability rate also declined from 5.4% to 4.3%. However, this still indicates a good availability of apartments for prospective renters.

While the national average rent for a two-bedroom apartment was \$839 in 2010, six of Canada's major centres continue to have average two-bedroom rents above \$1,000, namely Vancouver, Toronto, Calgary, Ottawa, Edmonton and Victoria. Even at those rents, apartment values are not as high as replacement costs.

In most centres much of the new supply of rental housing is in the form of condominiums. CMHC notes a decrease in condominium completions between the periods before April 2010 and April 2011 as a reason for the decline in the vacancy rate.

Since they are new properties, condo rental rates tend to be higher than the average rental rate in each market. However, the difference may not be dramatic.

Addressing the lower-end of the rental market, CMHC's data (reported in the 2010 Housing Observer) shows that only 3.9% of Canadians were in housing need persistently. (Persistent housing need was defined as being in housing need for all three years of the study period 2005 to 2007.)

It is usually reported that 12% to 14% of Canadian households are in core housing need. That number remains almost constant from year to year, and is accurate for any specific year. That creates the impression that the same 12% to 14% of Canadians suffer housing problems every year. But in fact, people move into and out of housing need quite rapidly.

Almost all housing need is a question of low income. 91% of core housing need is because households need to pay more than 30% of their income for their rent (Housing Observer, 2010, figure 6.4). In other words, of the 13.5% of households in core housing need in 2007, 12.3% were in need because of affordability.

The CMHC Housing Observer goes further, and shows that the main problem is not just low income, but in fact **temporary** low income. Only 3.9% of Canadians are in housing need persistently. The current home ownership and private rental markets serve almost all Canadians extremely well.

For more information, contact: John Dickie, President, CFAA (613) 235-0101

The Canadian Federation of Apartment Associations represents the owners and managers of close to one million residential rental suites in Canada, through 17 associations across Canada. CFAA is the sole national organization representing the interests of Canada's \$40 billion private rental housing industry, which houses more than seven million Canadians.