



Canadian
Federation
of Apartment
Associations

Fédération
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Immobiliers

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News Release

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Rental Markets Balanced – Affordability Concerns Remain

According to CMHC's annual rental survey, the average apartment vacancy rate in the primary rental markets across Canada remained unchanged between October 2006 and October 2007, at 2.6%. This reflects a balanced rental housing market with adequate housing supply. Vacancy rates increased in Calgary and Edmonton, as the rental market responded to the rapid economic growth in those cities.

Excluding Calgary and Edmonton, the weighted average rent increase in existing structures in Canada's six largest cities was 2.3 %, which is below the 2.4% increase in the Consumer Price Index for the same period.

The availability of rental suites remains at healthy rates, and higher than the vacancy rate in all CMA's. Even where vacancy rates are low, rental suites are still available because of tenant turnover. For example, in Calgary and Edmonton, the vacancy rate is 1.5%, but the availability rates are 2.9% and 2.4 % respectively. That means that substantial numbers of rental suites were available for rent in Calgary and Edmonton in October 2007, even though the vacancy rate is low as compared with other points in the economic cycle. In addition, other rental suites are available in the secondary market (i.e. rental condominiums and one and two unit buildings).

In Calgary and Edmonton, rents have risen significantly because of the strong economic growth, and the influx of workers. Rising rents encourage existing renters to economize on their housing consumption, which has maintained availability for all renters, including people who have recently moved to those cities. "Rents in Edmonton are still below rents in other major centres such as Vancouver and Toronto," says CFAA President John Dickie.

In English-Canada, condominium vacancy rates are substantially below vacancy rates in the primary rental market. This is normal, due to the financial constraints on rental condo owners. The 2007 condo vacancy rates are similar to what they were in 2006. "For housing policy determinations, the relevant vacancy rate is the rate for the primary rental market," says CFAA President John Dickie.

Rooming houses and rental apartments are the most affordable housing across Canada. However, due to very low incomes, some households cannot afford to rent apartments of the size they need. This is not a housing supply problem, but rather an income problem. CFAA and many housing advocates recommend that the federal government create a national housing allowance program to ensure that housing costs are manageable for all Canadians. CFAA President John Dickie says, "Portable housing allowances are the most cost-effective way to make housing affordable for low-income Canadians. Unlike many other housing programs, they also preserve choice for tenants."

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The Canadian Federation of Apartment Associations represents the owners and managers of more than one million residential rental suites in Canada, through 17 organizations across Canada. CFAA is the sole national organization representing the interests of Canada's \$37 billion rental housing industry.