



Canadian  
Federation  
of Apartment  
Associations

Fédération  
Canadienne Des  
Associations  
De Propriétaires  
Immobiliers

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## News Release

**14 December 2006**  
(For Immediate Release)

### **Rental Markets Balanced – Affordability Concerns Remain**

According to CMHC's annual rental survey, the average apartment vacancy rate in the primary rental market across Canada decreased slightly to 2.6% in October 2006, just 0.1% lower than the vacancy rate in October 2005. This reflects a balanced rental housing market with adequate housing supply.

Excluding Calgary and Edmonton, the average rent increase in Canadian cities was 2.4%, which is very close to the increase in the Consumer Price Index.

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, the vacancy rate is 0.5%, but the availability rate is 1.6%. That means that 733 rental suites were available for rent in Calgary at October 2006, even though only 241 rental suites were vacant. 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 people who have recently moved to those cities. "Rents in Edmonton and Calgary are still substantially 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. "For housing policy determinations, the relevant vacancy rate is the rate for the primary rental market," says CFAA President John Dickie. See our Backgrounder for more details.

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 \$30 billion rental housing industry.*



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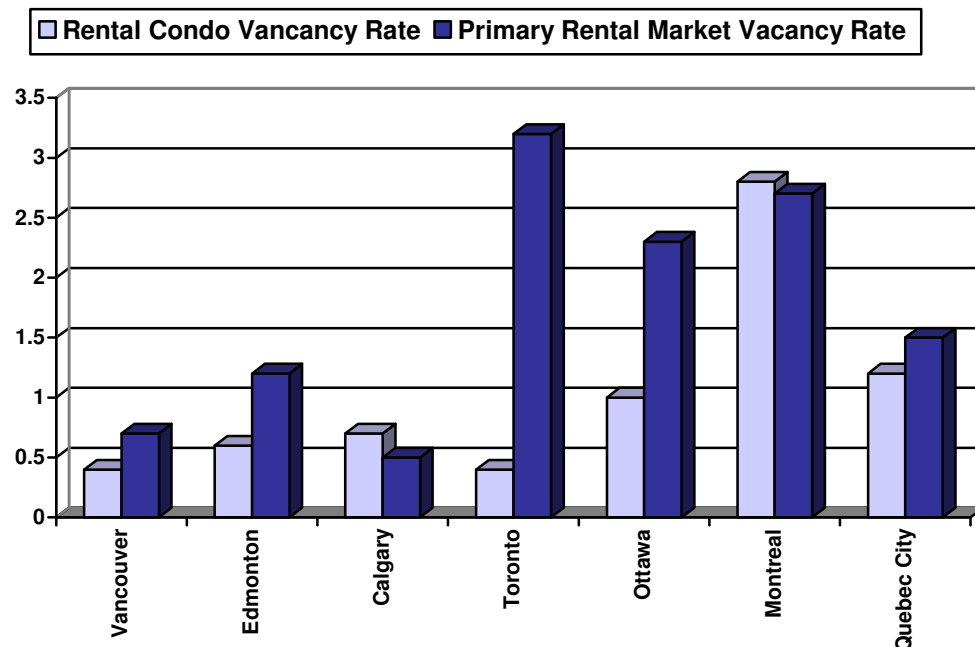
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## BACKGROUND

December 14, 2006

### Vacancy Rates in the Condominium Versus Primary Rental Markets

In 2006, CMHC expanded its Rental Market Surveys to include rent and vacancy figures for rental condominiums in seven Canadian markets: Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal, and Quebec City.

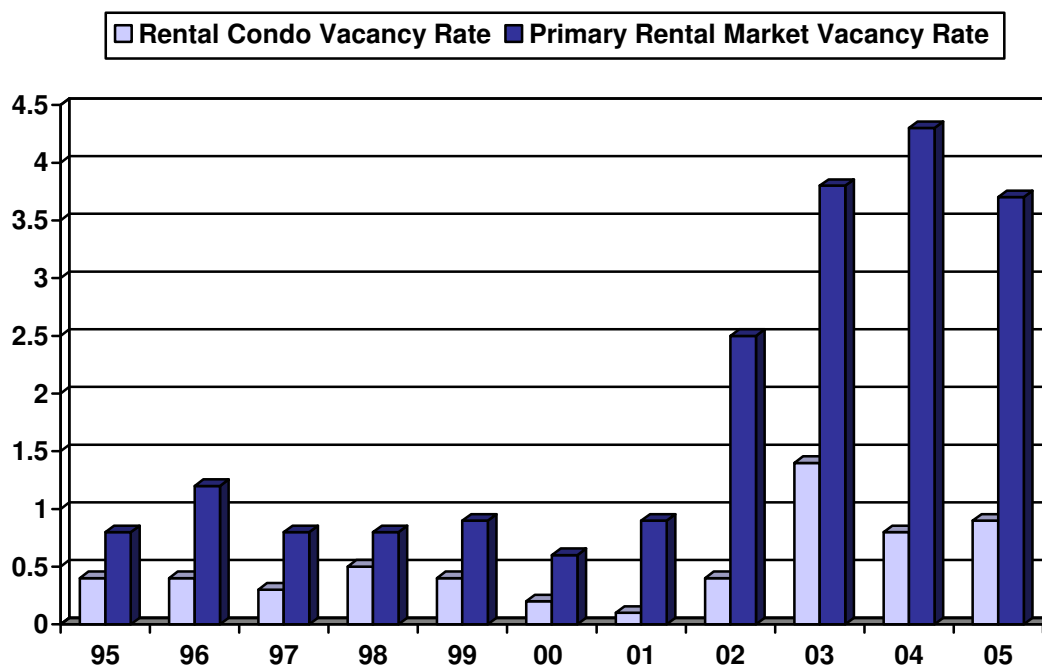


Source: CMHC Rental Market Reports for Vancouver, Edmonton, Calgary, Toronto, Ottawa, Montreal and Quebec City, October 2006

Set out above is the cross-Canada vacancy rate data for October 2006. The chart shows a significantly lower vacancy rate for rental condominiums than for the primary rental market in four of the five CMAs surveyed in English-Canada. This is a normal condition in the most rental housing markets across Canada. CMHC says that “unlike property management firms that can spread out vacancy losses over hundreds of units, individual investors have a significant incentive to make sure that their unit does not remain vacant for very long in order to maintain positive cash flows”<sup>1</sup>.

<sup>1</sup> Condominium Report, Greater Toronto Area, Fall 2001

Unlike the case in other CMAs where the condominium survey is a recent addition to the rental survey, CMHC has studied the rental condominium market in Toronto since 1995. The vacancy rate for rental condominiums is consistently much lower than the vacancy rate in the primary rental market regardless of the state of the market, as shown below in the CMHC data from 1995 to 2005.



*Toronto CMA: (Sources: CMHC's 2005 Canadian Housing Observer; CMHC Rental Market Report, Toronto, October 2005, CMHC Condominium Report, Greater Toronto Area, 2005)*

Between 1995 and 2005, the average vacancy rate for rental condominiums was 0.5%. Whether the number of condominiums being rented increases or decreases from year to year, individual investors will do what is necessary to rent their units as quickly as possible. Where they cannot, or where doing so means renting at rates that result in a less than desirable return on their investment, they will typically sell their units to owner-occupiers. That is not generally the case in the primary market, which accounts for the consistently lower vacancy rate among condos.

The fact that the vacancy rate for rental condominiums is significantly and consistently below what is considered the balanced rate for the primary market is of no consequence for housing policy. The vacancy rate for the primary market is the relevant vacancy rate.