

From: **"Mochrie, Paul"**

To: **"Direct to Mayor and Council - DL"**

Date: 2/12/2024 7:37:14 PM

Subject: Memo - Updated Rental Market Data from CMHC for 2023

Attachments: Memo to Mayor & Council - Memo - Updated Rental market Data from CMHC for 2023.pdf

Dear Mayor and Council,

Please see the attached from Doug Smith, GM of PDS, providing a summary of the 2023 Rental Market Report published by CMHC on January 31.

Highlights of the 2023 Report include:

- Vancouver saw an increase in its rental stock both in purpose-built rental and rental condominiums, leading the new rental supply in the region.
- Vancouver and other Canadian cities experienced tighter markets due to increasing demand, driven by record immigration and decreases in homeownership affordability.
- Despite the increased supply, the high rental demand was reflected by the vacancy rate in Vancouver's purpose-built rental stock inching down to 0.8%, while city-wide average rents grew by over 9% to \$1,884.

If you have any questions, please reach out to Doug Smith (doug.smith@vancouver.ca).

Best,
Paul

Paul Mochrie (he/him)
City Manager
City of Vancouver



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Snw̓x̓w̓ Áwú7mesh (Squamish), and səliłwətał (Tsleil-Waututh) Nations.

MEMORANDUM

February 8, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Margaret Wittgens, General Manager, ACCS
Matt Shillito, Director of Planning, PDS

FROM: Doug Smith
Acting General Manager, Planning, Urban Design and Sustainability

SUBJECT: Updated Rental market Data from CMHC for 2023

Below are the highlights of the Canada Mortgage and Housing Corporation (CMHC) [Rental Market Report – 2023](#) published on January 31, 2024. CMHC collects data on the primary and secondary rental market annually in the fall of each year. The trends and indicators in the report provide policy makers with key insights into the state of the rental housing market in Vancouver. This memo summarizes the key indicators included in the report for the City of Vancouver and the Vancouver Census Metropolitan Area (CMA). Appendices provide additional details on the data and explanation of the survey methodology.

Highlights

- Vancouver saw an increase in its rental stock both in purpose-built rental and rental condominiums, leading the new rental supply in the region.
- Vancouver and other Canadian cities experienced tighter markets due to increasing demand, driven by record immigration and decreases in homeownership affordability.
- Despite the increased supply, the high rental demand was reflected by the vacancy rate in Vancouver's purpose-built rental stock inching down to 0.8%, while city-wide average rents grew by over 9% to \$1,884.

Vacancy rates

The purpose-built rental vacancy rate in Vancouver inched down from 0.9% in 2022 to 0.8% in 2023, continuing the downward trend since the pandemic. In Metro Vancouver, the vacancy rate stayed unchanged at 0.9% in 2023. Similarly, vacancy rates decreased or remained low across all Canadian urban centres. Within Vancouver's neighbourhoods, vacancy rates mostly decreased or remained constrained, with Kerrisdale experiencing the most significant fall from 2.5% in 2022 to 1.1% in 2023, likely due to absorption of new-builds in the neighbourhood.

For rented condos, vacancy rates dropped from 2.3% to 1% in Vancouver, and from 2.2% to 0.9% across the region.

Average rents

Average rents increased in all of Canada's major markets in 2023, including Vancouver and the region. In Vancouver, the average rent was \$1,884 in 2023, up by 9.2% from 2022. For occupied units, the average rent increased by 9.5%, compared to the 2% provincial allowable rate for 2023, likely due to new-builds and units that turned over getting leased at current market rents. A sharp fall was observed in the turnover rate from 10.8% to 8.4% in 2023, indicating more renters were unable to move considering high market rents and rising inflation.

The average rent in newly constructed apartments and rowhouses completed between July 2020 and June 2023 was reported at \$3,023, 60% higher than average rents for all units.

Rental stock

In 2023, the region saw a strong increase in rental supply, adding 3,144 purpose-built rental units across Metro Vancouver, less than in 2022 but still above the 5-year average. In the City of Vancouver, the purpose-built rental stock increased by 2.8% (+1,749) to 63,441, making up 55.6% of the region's growth. Notably, 90% of Vancouver's added rental supply in 2023 was outside of the Downtown area. In addition, the number of condo units in the rental pool increased by 1,452 units in the city and 6,329 in the region, a slowdown compared to 2022, but above the ten-year average. CMHC attributes this to a reduction in new condo completions in 2023 and to high mortgage rates discouraging potential investors from purchasing condos.

Over the past ten years, the City of Vancouver continued to lead in new rental supply in the region, adding 7,593 net new units to the purpose-built rental market universe between 2014 and 2023. See Appendix C for details on local jurisdictions.

Staff will continue to liaise with CMHC to monitor market trends and use this information to inform policy. If you have any questions or require further information, please contact me or Dan Garrison, Director of Housing Policy and Regulation, at 604-673-8435 or dan.garrison@vancouver.ca.



Doug Smith
Acting General Manager, Planning, Urban Design and Sustainability
604.829-4308 | doug.smith@vancouver.ca

Appendix A – Vacancy rates

Table 1: Vacancy rates in purpose-built rental apartments in the City of Vancouver and Vancouver CMA, 2019-2023

	2019	2020	2021	2022	2023	Change 2022-2023
City of Vancouver	1.0%	2.8%	1.1%	0.9%	0.8%	-0.1% pts
Vancouver CMA*	1.1%	2.6%	1.2%	0.9%	0.9%	No change

*Census Metropolitan Area

Table 2: Vacancy rates in purpose-built rental apartments across major urban areas, 2022-2023

	2022	2023	Change 2022-2023
Vancouver CMA	0.9%	0.9%	No change
Victoria CMA	1.5%	1.6%	+0.1% pts
Toronto CMA	1.6%	1.4%	-0.2% pts
Ottawa CMA (Ontario)	2.1%	2.1%	No change
Montreal CMA	2.0%	1.5%	-0.5% pts

Table 3: Vacancy rates in purpose-built rental apartments by bedroom type and CMHC rental zone in the City of Vancouver, 2023

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom +	Total
West End / Stanley Park	0.3%	0.4%	1.3%	0.0%	0.5%
English Bay	**	0.6%	0.8%	**	0.9%
Downtown	1.3%	1.2%	2.4%	**	1.4%
South Granville / Oak	0.2%	0.5%	0.4%	0.0%	0.4%
Kitsilano / Point Grey	1.0%	0.3%	**	0.0%	0.9%
Westside / Kerrisdale	1.6%	0.9%	1.1%	**	1.1%
Marpole	**	1.0%	0.0%	**	1.1%
Mount Pleasant / Renfrew Heights	0.8%	0.3%	1.1%	0.7%	0.5%
East Hastings	0.1%	0.4%	0.6%	0.0%	0.4%
Southeast Vancouver	0.6%	0.4%	0.2%	0.8%	0.4%
Total	1.0%	0.6%	1.2%	1.3%	0.8%

**Data suppressed by CMHC

Table 4: Vacancy rates by rent levels in purpose-built rental apartments in the City of Vancouver, 2022-2023

	2022	2023	Change 2022-2023
LT \$750	1.3%	0.6%	-0.7% pts
\$750 - \$999	0.4%	0.8%	+0.4% pts
\$1,000 - \$1,249	0.4%	0.7%	+0.3% pts
\$1,250 - \$1,499	0.3%	0.8%	+0.5% pts
\$1,500 - \$1,749	0.6%	0.5%	-0.1% pts
\$1,750 +	1.7%	1.0%	-0.7% pts
Total	0.9%	0.8%	-0.1% pts

Table 5: Vacancy rates in rented condominiums in the City of Vancouver and Vancouver CMA, 2019-2023

	2019	2020	2021	2022	2023	Change 2021-2022
City of Vancouver	0.2%	0.7%	0.8%	2.3%	1.0%	-1.3% pts
Vancouver CMA	0.3%	0.8%	0.8%	2.2%	0.9%	-1.3% pts

Appendix B – Average rents

Table 6: Average rents in purpose-built rental apartments in the City of Vancouver and Vancouver CMA, 2019-2023

	2019	2020	2021	2022	2023	Change* 2022-2023
City of Vancouver	\$1,568	\$1,598	\$1,609	\$1,726	\$1,884	+9.2%
Vancouver CMA	\$1,469	\$1,508	\$1,537	\$1,665	\$1,819	+9.2%

*straight % change based on entire universes in 2022 and 2023, including brand new structures.

Table 7: Average rents in purpose-built rental apartments across major urban areas, 2022-2023

	2022	2023	Change 2022-2023
Vancouver CMA	\$1,665	\$1,819	+9.2%
Victoria CMA	\$1,457	\$1,560	+7.1%
Toronto CMA	\$1,660	\$1,826	+10.0%
Ottawa CMA (Ontario)	\$1,461	\$1,538	+5.3%
Montreal CMA	\$998	\$1,074	+7.6%

Table 8: Average rents in purpose-built rental apartments by bedroom type and CMHC rental zone in the City of Vancouver, 2022

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom +	Total
West End / Stanley Park	\$1,440	\$1,825	\$2,391	\$3,036	\$1,828
English Bay	\$1,451	\$1,958	\$3,014	**	\$2,020
Downtown	\$1,791	\$2,060	\$3,089	**	\$2,138
South Granville / Oak	\$1,441	\$1,715	\$2,256	**	\$1,776
Kitsilano / Point Grey	\$1,441	\$1,835	\$2,606	\$3,481	\$1,987
Westside / Kerrisdale	\$1,590	\$1,732	\$2,618	\$4,126	\$2,078
Marpole	\$1,082	\$1,366	\$1,709	**	\$1,396
Mount Pleasant / Renfrew Heights	\$1,521	\$1,609	\$2,338	\$3,499	\$1,759
East Hastings	\$1,535	\$1,594	\$2,336	\$2,650	\$1,717
Southeast Vancouver	\$1,192	\$1,606	\$1,954	\$2,168	\$1,739
Total	\$1,529	\$1,786	\$2,461	\$2,994	\$1,884

Table 9: Average rents in purpose-built rental apartments by occupancy status in the City of Vancouver, 2019-2023

	2019	2020	2021	2022	2023	Change 2022-2023
Vacant	\$1,873	\$1,868	\$1,771	\$2,534	\$2,212	-12.7%
Occupied	\$1,565	\$1,590	\$1,608	\$1,718	\$1,881	+9.5%
Gap between Vacant / Occupied	19.7%	17.5%	10.1%	47.5%	17.6%	-

Table 10: Profile of new rental stock (apartment and rowhouses) for structures completed between July 2020 and June 2023 in the City of Vancouver

	Universe	Vacancy rate	Average rent
Bachelor	611	1.9%	\$2,248
1-Bedroom	1,446	1.4%	\$2,553
2-Bedroom	1,029	1.9%	\$3,839
3-Bedroom +	277	2.6%	\$4,303
Total	3,363	1.7%	\$3,023

Table 11: Average rents in rented condominiums in the City of Vancouver and Vancouver CMA, 2019-2023

	2019	2020	2021	2022	2023	Change 2022-2023
City of Vancouver	\$2,117	\$2,135	\$2,330	\$2,477	\$2,543	+2.7%
Vancouver CMA	\$1,893	\$1,914	\$2,125	\$2,259	\$2,356	+4.3%

Appendix C – Rental universe

Table 12: Number of rental units in purpose-built rental apartment universe in the City of Vancouver and Metro Vancouver, 2019-2023

	2019	2020	2021	2022	2023	Change 2022-2023
City of Vancouver	58,557	59,453	60,333	61,692	63,441	+2.8%
Vancouver CMA	110,753	113,141	114,743	118,548	121,692	+2.7%

Figure 1: Net change in the total number of purpose-built rental apartments in Metro Vancouver municipalities, 2014-2023

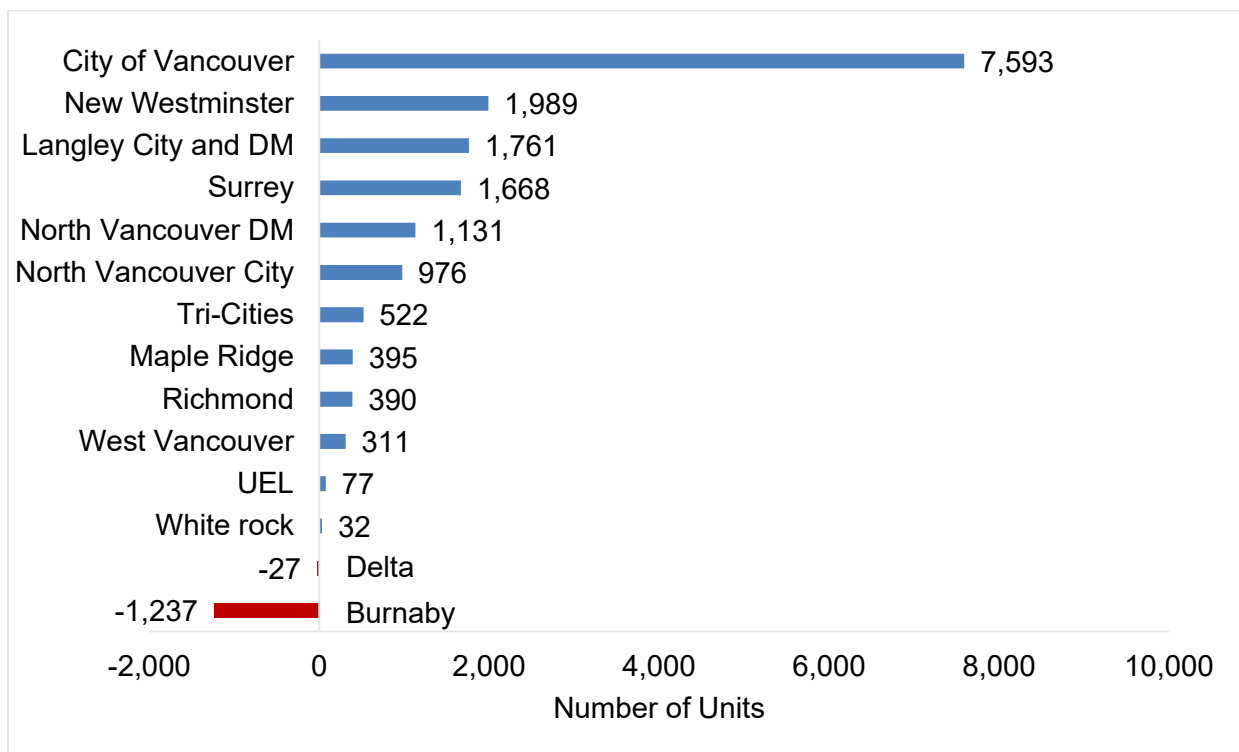


Table 13: Purpose-built rental apartment universe by bedroom type in the City of Vancouver and Vancouver CMA, 2023

	Bachelor	1-Bedroom	2-Bedroom	3-Bedroom +	Total
City of Vancouver	15.7%	64.8%	18.0%	1.6%	100%
Vancouver CMA	11.5%	60.0%	25.7%	2.7%	100%

Table 14: Purpose-built rental apartment universe by neighbourhood in the City of Vancouver, 2022-2023

	2022	2023	Change 2022-2023
West End / Stanley Park	3,913	3,910	-0.1%
English Bay	6,804	6,864	+0.9%
Downtown	12,098	12,219	+1.0%
South Granville / Oak	8,570	8,977	+4.7%
Kitsilano / Point Grey	7,342	7,530	+2.6%
Westside / Kerrisdale	3,352	3,398	+1.4%
Marpole	3,754	3,869	+3.1%
Mount Pleasant / Renfrew Heights	7,010	7,370	+5.1%
East Hastings	5,557	5,921	+6.6%
Southeast Vancouver	3,292	3,383	+2.8%
Total	61,692	63,441	+2.8%

Table 15: Net year-over-year change in condominium units in the rental pool in the City of Vancouver and Vancouver CMA, 2019-2023

	2018 / 2019	2019 / 2020	2020 / 2021	2021 / 2022	2022 / 2023
City of Vancouver	+5,920	+2,455	+615	+1,631	+1,452
Vancouver CMA	+11,118	+7,137	+2,550	+7,850	+6,329

Table 16: Share of condominium units dedicated to long-term rental in the City of Vancouver and Vancouver CMA, 2019-2023

	2019	2020	2021	2022	2023
City of Vancouver	36.5%	37.7%	37.2%	37.4%	38.4%
Vancouver CMA	28.0%	29.6%	29.4%	30.5%	31.8%

Appendix D - Methodology of the Rental Market Report

- **Primary rental survey:** Canada Mortgage and Housing Corporation (CMHC) conducts the Rental Market Survey (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled structures.
- **Rented Condominium survey:** Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in major urban areas, including Vancouver. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.