



Ontario

RENTAL MARKET REPORT

Canada Mortgage and Housing Corporation

Ontario's vacancy rate jumps

TORONTO, November 26, 2002 -- Ontario's average vacancy rate jumped on the tail of a modest increase last year and four consecutive years of declines prior to that. The province's average vacancy rate moved up to 2.7 per cent in October 2002 from 1.7 per cent a year ago. All bedroom types registered significantly higher rates.

Ontario's average two bedroom apartment rent rose by 2.3 per cent, which was equal to September's Consumer Price Index inflation rate.

Two bedroom apartment vacancy rates jumped in nine of Ontario's 11 Census Metropolitan Areas (CMAs). Kingston, Ottawa and Hamilton had Ontario's tightest rental markets, with two bedroom unit vacancy rates of 1.1, 1.5 and 1.6 per cent respectively. Windsor, Sudbury and Thunder Bay are the province's and Canada's coolest rental markets, with two bedroom unit vacancy rates of 4.6, 4.1 and 3.8 per cent.

Three factors are responsible for the dip in rental demand: last year's job lull, lower net migration and affordable mortgage rates.

The employment story is that job creation stalled last year, with job losses in Ontario's younger renter aged population. The younger age segment has only recently recovered those jobs.

The migration story is that new arrivals tend to be renters and net migration is down. Latest available partial migration data for 2002 shows that net migration from other provinces has fallen off significantly and immigration (from abroad) is slightly lower.

Finally, affordable mortgage rates have induced some rental households to take the plunge into home-ownership. First-time home buyers tend to be active during periods when borrowing costs are low. The current principal and interest carrying cost on Ontario's average priced resale home is not far from its historical low.

Condominium completions have added to rental supply. Just under a third of Toronto's newly constructed condominiums are rented.

Alex Medow, Ontario Regional Economist, Market Analysis Department, CMHC Ontario Business Centre. (416) 218-3344

Apartment Vacancy Rates	2001	2002
Bachelor	2.2%	3.1%
1 Bedroom	1.7%	2.7%
2 Bedroom	1.6%	2.6%
3 Bedroom and +	1.4%	2.7%
Total	1.7%	2.7%

Average Apartment Rents	2001	2002
Bachelor	\$623	\$645
1 Bedroom	\$747	\$766
2 Bedroom	\$863	\$883
3 Bedroom and +	\$1084	\$1111
Total	\$815	\$836

Apartment Units (2002)	Vacant	Total
Bachelor	1,241	39,825
1 Bedroom	6,623	245,987
2 Bedroom	7,273	282,865
3 Bedroom and +	1,147	42,676
Total	16,284	611,353



1. Apartment Vacancy Rates

Apartment Vacancy Rates by Ontario's Census Metropolitan Areas and Bedroom Type

Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		Total	
	'01	'02	'01	'02	'01	'02	'01	'02	'01	'02
Hamilton CMA	2.7	2.5	1.3	1.5	1.2	1.6	0.8	1.1	1.3	1.6
Kingston CMA	3.5	0.5	1.2	0.7	1.6	1.1	0.0	0.6	1.5	0.9
Kitchener CMA	1.6	1.0	1.4	2.3	0.6	2.3	0.6	3.7	0.9	2.3
London CMA	3.1	3.7	1.3	1.2	1.8	2.4	1.2	2.9	1.6	2.0
Oshawa CMA	2.0	3.8	1.2	1.8	1.3	2.1	1.5	4.7	1.3	2.3
Ottawa CMA	0.3	2.0	0.9	2.3	0.8	1.5	0.6	1.6	0.8	1.9
St. Catharines-Niagara CMA	1.8	4.2	2.5	2.6	1.5	2.1	2.4	2.5	1.9	2.4
Sudbury CMA	17.4	12.5	6.0	5.9	4.0	4.1	6.1	2.5	5.7	5.1
Thunder Bay CMA	17.7	14.1	6.3	5.3	4.9	3.8	3.1	6.8	5.8	4.7
Toronto CMA	1.2	2.8	1.0	2.7	0.8	2.4	0.8	2.3	0.9	2.5
Windsor CMA	4.0	5.0	2.9	3.2	2.4	4.6	5.3	4.7	2.9	3.9

2. Average Apartment Rents

Average Apartment Rents by Ontario's Census Metropolitan Areas and Bedroom Type

Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		Total	
	'01	'02	'01	'02	'01	'02	'01	'02	'01	'02
Hamilton CMA	\$453	\$476	\$608	\$627	\$740	\$765	\$913	\$952	\$677	\$699
Kingston CMA	\$446	\$471	\$594	\$598	\$709	\$727	\$873	\$851	\$667	\$675
Kitchener CMA	\$481	\$518	\$615	\$638	\$722	\$750	\$951	\$898	\$691	\$714
London CMA	\$433	\$440	\$547	\$566	\$683	\$705	\$852	\$900	\$625	\$646
Oshawa CMA	\$542	\$579	\$692	\$713	\$799	\$819	\$903	\$925	\$766	\$789
Ottawa CMA	\$622	\$624	\$762	\$767	\$914	\$930	\$1099	\$1129	\$825	\$836
St. Catharines-Niagara CMA	\$424	\$431	\$569	\$583	\$680	\$695	\$761	\$786	\$635	\$650
Sudbury CMA	\$387	\$387	\$500	\$513	\$620	\$647	\$693	\$719	\$570	\$590
Thunder Bay CMA	\$375	\$398	\$529	\$532	\$657	\$657	\$819	\$820	\$605	\$612
Toronto CMA	\$695	\$729	\$866	\$891	\$1027	\$1047	\$1224	\$1253	\$949	\$975
Windsor CMA	\$466	\$481	\$618	\$638	\$738	\$769	\$883	\$906	\$660	\$686