

CMHC Vacancy and Rental Rate Survey Results 2008

Rents Again Highest in Canada, While Vacancies Rise Again Too

Canada Mortgage and Housing Corporation's (CMHC) Rental Market Report for Calgary released in December 2008 reported that Calgary's overall vacancy rate was 2.1%, up only .1% from the 2.0% reported in Spring 2008, and .6% from the 1.5% recorded in December 2007. There were 29% fewer net migrants to Calgary in 2008 than in 2007. The Report suggests that vacancies will rise moderately in 2009 toward 3.0%, primarily due to continued movement into home ownership, and that the days of double-digit rent increases and low vacancies are over, replaced by vacancy management and rent stability.

CMHC continued their survey of condominiums in the rental pool for the third year, with vacancy rising considerably, to 3.5% from .7% the previous year, despite the fact the rental condominium universe actually shrank. The total universe of condominiums grew by 9.8% in 2008 (compared to 12.8% in 2007) to just over 33,055 units, compared to 30,109 in 2007 (26,689 units in 2006). There was a decrease in the number of condominiums in the rental pool, estimated at 5,939 units – 7.9% less than the 6,447 units recorded in 2007 (CMHC estimated 4,704 rental condominium units in 2006). Condominium rents rose moderately; two bedrooms averaged \$1,293 per month compared to \$1,217 in 2007, and higher than the average “typical” two bedroom unit rent in Calgary of \$1,148 per month. The highest two bedroom condominium rent surveyed was once again in the downtown area at \$1,407 per month. One bedroom condominium rents rose to \$1,106, up from the \$1,063 recorded in 2007.

The inventory of traditional apartments also shrank in 2008, although the 912 conversion units recorded (783 apartments and 123 townhomes) was 50% less than 2007's record of 1,917 conversions. At year-end 2007 there were just over 38,100 purpose-built rental units in Calgary's universe – at the end of 2008, this number declined to 36,858.

Geographically, all areas of Calgary saw an increase in vacancy except for the northwest, which saw a decrease to 2.5% from the 2.7% recorded in 2007. Of the 771 units vacant as of the survey (compared to 583 in 2007), 192 (25%) were in the Beltline, 126 (16%) were in the suburban southwest and 111 (14%) were in the suburban northwest – the 39 (5%) units found in Chinook proved to be the fewest (see area definitions below). Vacancy in all suite types increased, the highest being bachelors at 2.9% compared to 1.4% in 2007; one bedroom vacancy increased to 1.9% from 1.5%, and two bedrooms to 2.2% from 1.5% in 2007. The highest vacancy rate was found in the southeast at 3.7% (compared to 1.7% in 2007); the lowest was in the Chinook area at just 1.4% (up from just .3% in 2007), followed closely by Downtown at 1.5% (1.3% in 2007), the North Hill at 1.6% (doubling from .8% in 2007), and Fish Creek at 1.7% (up from .8% in 2007). The remaining survey areas recorded vacancies of 2.0% in the Beltline (compared to 1.6% in 2007) 2.6% in the southwest (up from 2.0% in 2007), and 2.8% in the northeast (up from 2.2% in 2007), for an overall city-wide vacancy rate in 2008 of 2.1%.

Comparing 2007 to 2008, rents increased by an average of \$57 per month, to an average monthly rate of \$1,033 – compared to \$974 in 2007, \$851 in 2006, \$723 in 2005 and \$716 in 2004. Of note, rents have increased over 44% from that of 2004. Two bedroom rents increased \$59 per month, from \$1,092 in 2007 to \$1,151 in 2008, one bedroom rents increased \$54 per month, from \$898 in 2007 to \$952 in 2008, and bachelors saw a 12.6% increase, equivalent to \$87 per month, rising to \$778 per month from \$691 in 2007.

The overall two bedroom rent increase was in the range of 5.4%, compared to 15% in 2007, and 20% in 2006. One bedroom rents increased by 6.0% in 2008, compared to an increase of 15% in 2007. Two bedroom rents were the highest Downtown at \$1,272, and the lowest in the southeast at \$976, the only area that saw an overall decrease in rents. One bedroom rents were the highest in Fish Creek at \$1,033, and the lowest in the suburban southwest at \$851. Of note, average rents in the north hill appeared to have finally caught up, increasing 15%, or \$127 per month, while the suburban northeast saw rents grow by \$87, or 9%.

The survey areas found average rents of \$1,028 and \$1,272 for one and two bedrooms downtown; \$947 and \$1,200 in the Beltline; \$871 and \$1,080 in the North Hill; \$851 and \$1,080 in the southwest; \$948 and \$976 in the southeast; \$969 and \$1,139 in the suburban northwest; \$947 and \$1,139 in the suburban northeast; \$970 and \$1,161 in the Chinook area, and \$1,033 and \$1,169 for one and two bedrooms respectively in the Fish Creek area.

CMHC zones are defined as Downtown; the Beltline (including Bankview and Sunalta); the North Hill (16th Avenue to the North, between Deerfoot and 37th Street NW); Southwest (south of the Bow River to the Glenmore Reservoir, and west of the Elbow River, excluding Downtown and Beltline zones); Southeast (east of Blackfoot and South of Memorial Drive); Northwest (west of Deerfoot, north of 16th Avenue and the Bow River line); Northeast (east of Deerfoot, north of Memorial Drive); Chinook (south of Mount Royal, east of the Elbow River, west from Blackfoot, and north from Heritage Drive); and Fish Creek (south of Heritage Drive and west of Blackfoot Trail, to the south city limit).

For the past two years, downtown Calgary rents have surpassed the average two bedroom rent found in Greater Vancouver. In 2008 Calgary had the highest monthly two bedroom rents in Canada at \$1,148, compared to Vancouver at \$1,123, Toronto at \$1,095 and Ottawa at \$995. The lowest rents were once again found in Trois-Rivieres at \$505 average per month, and Saguenay at \$518 per month. Calgary ranked third in the country in terms of average two bedroom condominium rents at \$1,293 per month, compared to Toronto at \$1,625 and Vancouver at \$1,507.

Nationally, vacancy decreased to 2.2%, from 2.6% in 2007 – placing Calgary very close to that of Canada's average. Toronto reported 2.0% vacancy, while Montreal and Edmonton were both at 2.4%. The highest vacancy rate was in Windsor at 14.6%, while the lowest was Kelowna at just .3%, followed closely by Vancouver, Victoria and Regina, all at .5%. Saskatoon saw an increase in rents of 20%, compared to a national average of 2.9%.

For more vacancy and rental rate statistics, visit CMHC's website at www.cmhc-schl.gc.ca.

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