

**WHERE'S HOME? 1999 UPDATE
RELEASED MAY 2000**

INTRODUCTION

This update is drawn from data released annually by CMHC (Canada Mortgage and Housing Corporation) as part of their annual October survey of the significant rental markets in many municipalities. In December and January, CMHC publishes the results.

The October 1999 changes in vacancy rates and average rents for the 21 municipalities studied in the previous reports are included in two tables in this update. An analysis is also provided.

The two previous **Where's Home?** reports collected and analysed a more comprehensive set of data and housing need indicators over the 10 year period from 1989-1998. The annual CMHC surveys create the opportunity to update only two of these data categories: vacancy rates and average rents.

The tables in this 1999 update are consistent with those in **Where's Home?**, using vacancy rates for the total of all private rental housing units and the percent change in average rents for two-bedroom private rental apartments.

HIGHLIGHTS AND ANALYSIS

Overview

Overall in Ontario, the private rental market continues to tighten with fewer vacant units and predictably higher average rents. The Ontario wide vacancy rate of 2.1% is the lowest it has been since 1990, with 1999 seeing the fourth straight year of decline. The decline in vacancy rates occurred in 15 of the 21 **Where's Home?** municipalities (see Table 1). As has been the case for several years, little private rental is being built, and virtually no non-profit housing.

Where's Home? cited a CMHC rental demand study for Ontario which indicated the mid range of new rental demand for the period 1996-2001 would be 80,000 tenant households. **Where's Home?** projected that based on current trends, the total of new rental construction might reach 6,000 units, leaving a gap of 74,000 units. The constantly declining average vacancy rate for Ontario (it has not risen above the minimum norm of 3% in more than a decade) is the result of that unmet need for new rental construction.

Average rents in 1999 increased from the previous year for 15 of the 21 **Where's Home?** municipalities, with 5 registering little change and only one experiencing a decrease (see Table 2). The next CMHC survey in October 2000 will capture the second full year of partial decontrol of rents, and it is expected to show the continued trend of persistent rent increases. Over the ten-year period of 1989-1998, 19 of the 21 municipalities experienced average rent increases equal to or greater than the rate of inflation despite rent controls.

1999 Vacancy Rate Highlights

- Ontario rate decreased to 2.1%, the lowest since 1990
- 15 of 21 municipalities experienced decreases in vacancy rates
- 10 municipalities are below the 3% minimum norm, 3 more than in 1998
- Barrie, Guelph, Kitchener/Waterloo, Ottawa, Peel and Toronto have the lowest rates, at 1% or less
- The scarce availability of rental units is likely to continue and get worse

1999 Average Rents (2-bed units) Highlights

- 15 of 21 municipalities had increases in average rents from the previous year, 5 remained flat and only 1 decreased (Sudbury)
- Hamilton, Kitchener, Ottawa, Sarnia, and Toronto had the highest rate of increase in rents (3% or more)
- Surprisingly, 2 of the 15 municipalities with increases in rents also experienced increases in their vacancy rates (Cornwall and Peel)
- Timmins had no decrease in rents, yet its vacancy rate more than doubled to a very high 13%
- The trend of a disconnect between vacancy rates and rents noted in **Where's Home?** is continuing, ie: average rents are not decreasing and even rising in cases where there appears to be oversupply (vacancy rates in the moderate to high range and increasing)

(ND - Housing Again May 2000)

Table 1

Wheres Home Update - October, 1999
 One-Year Change in Vacancy Rates in Private Rental Housing
 Ontario and 21 Selected Municipalities

Municipality	October, 1998	October, 1999	Increase	Decrease
Ontario	2.6	2.1		↓
Barrie	1	1	- *	-
Cornwall	9.8	11.1	↑	
Guelph	1.6	0.5		↓
Hamilton	3.2	1.9		↓
Kingston	5.4	3.4		↓
Kitchener	1.5	1		↓
London	4.5	3.5		↓
Muskoka District	4	3.1		↓
North Bay	5.8	5.1		↓
Oshawa	2	1.7		↓
Ottawa	2.1	0.7		↓
Owen Sound	9.1	2.9		↓
Peel	0.6	0.8	↑	
Peterborough	4.9	4.4		↓
Sarnia	11.2	8.8		↓
St. Catherines - Niagara	4.5	3.2		↓
Sudbury	9.4	11.1	↑	
Thunder Bay	9.3	7.5		↓
Timmins	6.1	13	↑	
Toronto	0.9	0.9	-	-
Windsor	4.3	2.7		↓

with decreases in 1999: 15

below 3% minimum vacancy rate norm: 10

* - means no change, or negligible

Source - Wheres Home? Parts 1 and 2
 CMHC October 1999 Rental Market Reports

Table 2

Wheres Home Update - October, 1999
 One-Year Change in Average Rents for 2-bed Units for
 21 Selected Municipalities

Municipality	% change in 1999	Increase	Decrease
Barrie	1.8	↑	
Cornwall	2	↑	
Guelph	2.3	↑	
Hamilton	5.4	↑	
Kingston	.8	↑	
Kitchener	3	↑	
London	-	- *	
Muskoka District	1.9	↑	
North Bay	-	-	
Oshawa	2.6	↑	
Ottawa	3.8	↑	
Owen Sound	-	-	
Peel	.9	↑	
Peterborough	1.6	↑	
Sarnia	4.7	↑	
St. Catherines - Niagara	2.8	↑	
Sudbury	-1.7		↓
Thunder Bay	-	-	
Timmins	-	-	
Toronto	4	↑	
Windsor	2.4	↑	

with increases in 1999:

15

* - means no change, or negligible

Source - Wheres Home? Parts 1 and 2
 CMHC October 1999 Rental Market Reports