

CBC News – September 12, 2023

Rent is going up more than \$100 a month right now, pushing average asking price to new record

Average asking price for a new tenant has risen by 9.6% in last year, Rentals.ca says



Pete Evans || September 12, 2023

According to a new report by rentals.ca, average rent across Canada has reached another record high of \$2,117 per month. The report found that between May and August, rent increased by an average of \$103 per month.

Although the pace of increase has come down ever so slightly, the price of rental accommodation in Canada continues to go up, with the average new tenant now being asked to pay \$2,117 a month.

That's according to a new report from Rentals.ca and real estate consulting and data firm Urbanation, which tabulates the data every month from their database of the largest single group of rental listings across the country.

The \$2,117 figure is an increase of 9.6 per cent from the average rent in August of last year. That's down from an all-time high of 12 per cent recorded from August 2021 until August 2022, but still the highest-ever figure in dollar terms.

The ongoing tumult in the housing market has garnered numerous headlines of late, as the Bank of Canada's campaign to tame inflation has caused mortgage rates to skyrocket.

That's spilling over into the rental market, as individual landlords are trying to pass those costs on to their tenants.

In response to demand and a slew of new Canadians coming into the country looking for housing, construction activity has picked up for purpose-built rentals.

But it's not coming online fast enough to bring down rents.

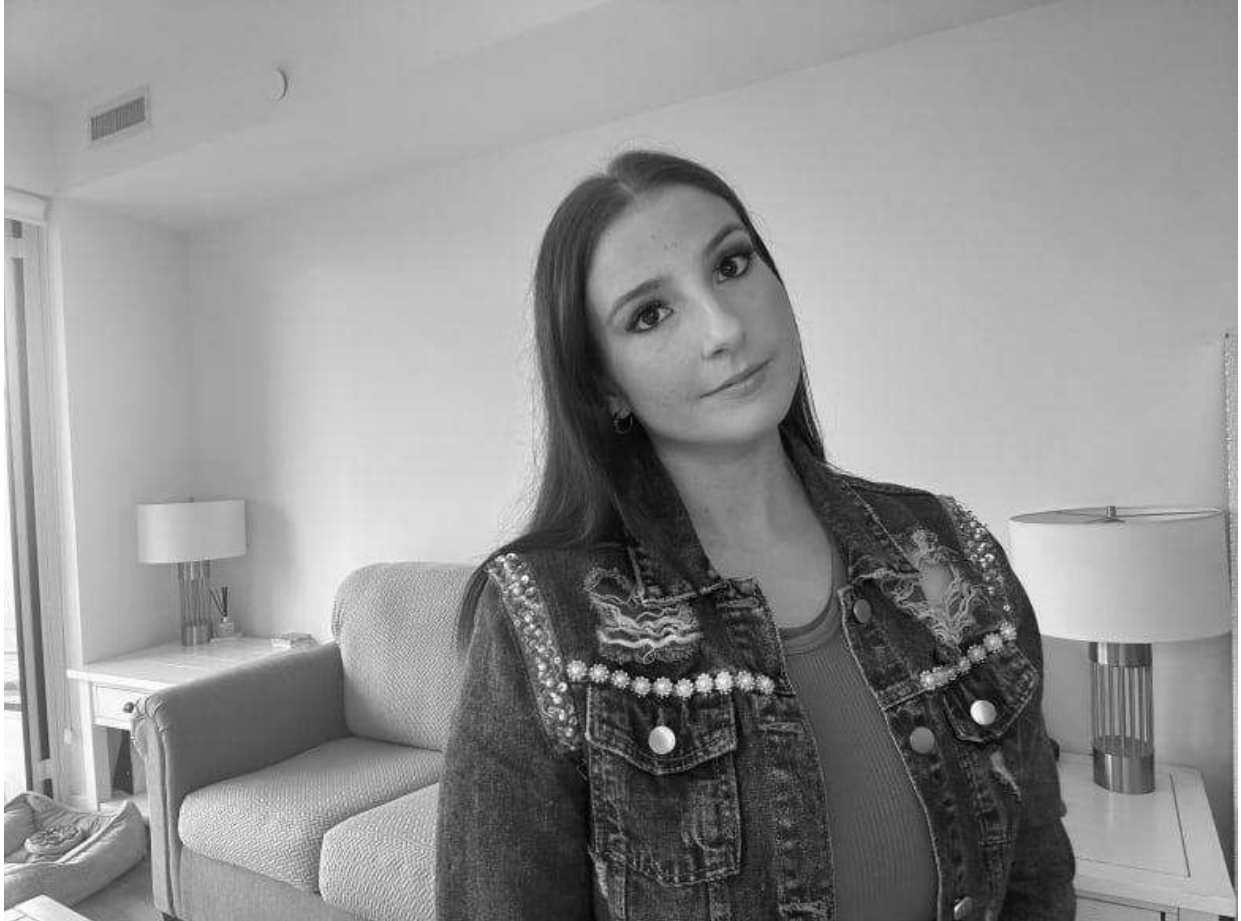
"Despite rental apartment completions in Canada over the past 12 months reaching their highest level since the 1970s, rent growth has remained exceptionally strong," the report said.

Strained budgets

Since May, the average asking price for a new rental has increased by \$103 a month.

That comes as no surprise to Cassandra Kranjec, who earlier this year begrudgingly agreed to a 14 per cent increase in her rent on a one-bedroom, one-bathroom condo in Toronto's Liberty Village neighborhood.

"I was originally paying \$2,100 a month, which was above my budget, but he mentioned that we had to up the rent to \$2,400 a month due to his mortgage," she told CBC News.



Cassandra Kranjec recently faced a 14 per cent increase to her rent on a one-bedroom condo unit in Toronto. (Cassandra Kranjec)

Kranjec works two jobs yet still spends more than half of her income on rent. Her main job could be done remotely, so she contemplated moving to a part of Ontario with cheaper rent, but quickly realized those options were also limited.

Prior to moving to Toronto last year, she was paying \$1,850 for a similar unit in Kitchener, Ont., where she had to have a car. At least living where she does in Toronto, she doesn't need the expense of a vehicle.

"It's really not worth it ... to move anywhere else, because the prices are being increased all over Ontario," she said.

She's not wrong. While Toronto and Vancouver still lead the way in terms of rent, the rest of the country is catching up fast.

Rents rising almost everywhere

According to the report, average asking rents in Ontario overall hit \$2,496 last month, only slightly behind Toronto's \$2,898 average.

Prices in the rest of the province are actually going up at a faster pace than they are in Toronto - 9.9 per cent compared to 8.7 per cent.

In terms of the pace of increase, other parts of the country have it worse.

In British Columbia, the average rent clocked in at \$2,675 during the month, up 10.8 per cent in the past year. Vancouver alone saw the average asking price for a rental apartment hit \$3,316 a month - an increase of 7.3 per cent.

Some renters in Vancouver say the city is already too expensive for them to face further increases in their rents, while others say the market should be allowed to dictate rental costs.

Bertug Ozer, who has lived in Vancouver for the better part of a decade, says he's never seen anything like the current rental market. He's currently paying \$2,000 a month in rent, but was intrigued when his girlfriend showed him a listing for a one-bedroom unit for \$1,850.

When he went to take a look last weekend, he was crestfallen at what he discovered.

"I saw a lot of people outside already, waiting. And at first I didn't understand: Why are there so many people? And then it clicked - all these people are here to see the place, just like us," he said.

His video of the incident on TikTok showing dozens of would-be tenants went viral. "People just kept on coming and coming and coming," he said.

Rental nightmares in Toronto and Vancouver are well documented, but tenants in the rest of the country don't have it much better.

For the fourth month in a row, Alberta led the country in terms of growth, with average rental asking prices increasing by 15.6 per cent to \$1,634. Tenants in Calgary are feeling the squeeze most of all, where average rents increased by 17.3 per cent, to \$2,068.

Rent increases were slowest over the past year in Manitoba and Saskatchewan, with annual growth of 8.3 per cent and 2.7 per cent, respectively, reaching average costs of \$1,457 and \$1,102.

Even Quebec, once a bastion of cheap and plentiful rental accommodation, is feeling the pinch. Average rent hit \$1,932 across the province in August, an increase of 14.2 per cent. In Montreal specifically, rent increased by 16.4 per cent in the past year, with average rent topping \$2,000 a month for the first time ever.

Booming demand

Steve Pomeroy, a professor at McMaster University's Canadian Housing Evidence Collaborative, says rents have skyrocketed across Canada for a variety of reasons. One thing all possible housing solutions have in common is that they take time.

"In the short term, it's very, very difficult to solve the fact we have excess demand, because the only way to respond to excess demand is to significantly increase supply," he told CBC News in an interview.

While he says Canada's impressive population growth and surge in international students may pay off down the line for the economy, in the short term, at least, it is exacerbating an already acute housing shortage.

"There's a drastic shortage of units at the lower end of the rental market, renting for less than \$1,000 a month, and way too many people trying to chase after them now," he said.

"People can jump on a plane this morning and arrive [in Canada] tonight, but we can't put a house on the production line today and have it ready by tomorrow - it takes us three or four or five years to do that."

Until that happens, he cautions that any tenant upset about a rent hike from their existing landlord needs to think long and hard about what alternatives they may have, before pulling the trigger and finding a new place.

"My advice to tenants is: don't move," he said