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Toronto is barely outbuilding Edmonton for new rental homes

JASON KIRBY || JULY 5, 2024

Canada is undergoing a once-in-a-generation boom in rental housing construction that should eventually help renters faced with a dearth of vacancies and soaring rental rates. Unfortunately not all parts of the country are building at the same speed, and Canada's largest city risks falling behind.

Rental housing construction starts in Canada exceeded 80,000 a year in both 2022 and 2023, nearly double the average annual increase between 2015 and 2019, according to a report this week by Royal Bank of Canada. The surge in building follows moves by all levels of government since 2017 to promote more rental building.

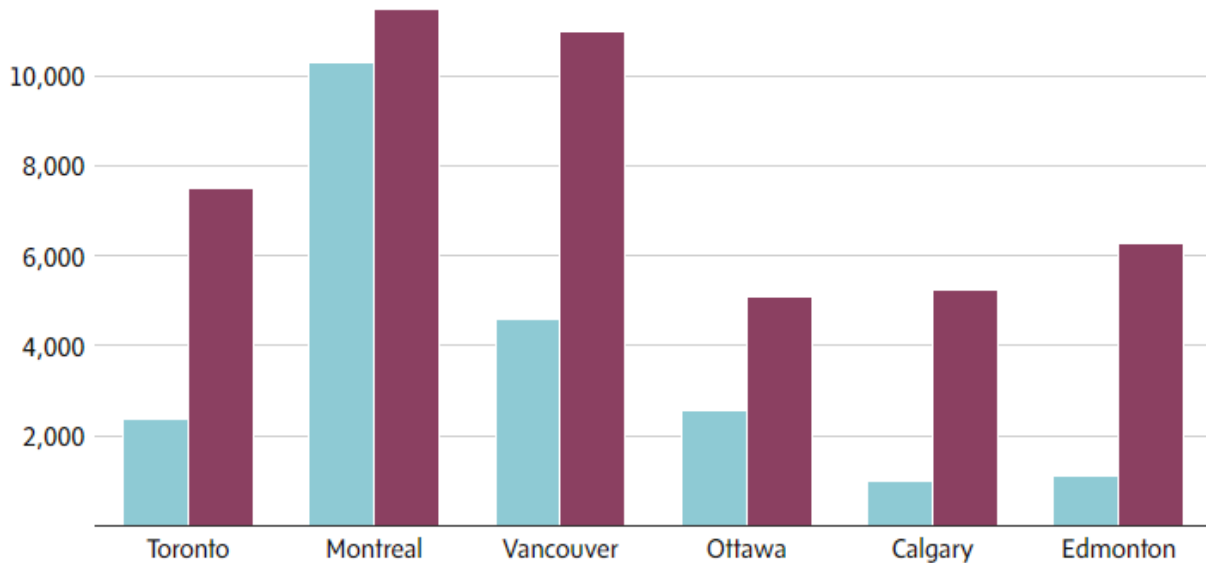
Yet a comparison of Canada's major cities highlighted by RBC shows that in the 12 months prior to May, there were only 1,200 more new rental starts in Toronto than in Edmonton.

Even though Toronto's population is 4.4 times larger than that of Edmonton, and the Ontario provincial capital added more than 600,000 people since 2017 compared with 176,000 for Edmonton, rental construction starts actually grew faster in Alberta's capital during the period.

Rental housing starts in major census metropolitan areas

Number of rental starts

● 2017 ● 12 months ending May 2024



THE GLOBE AND MAIL, SOURCE: CMH; RBC ECONOMICS

Toronto's rental supply is being weighed down by a sharp slowdown in new starts that began in the second half of last year. High interest rates are behind part of that trend, as are rising construction costs. Yet over that same period, rental starts in Edmonton have actually ramped up.

Even if rental starts in some cities gain steam, Canada's overall rental imbalance is worsening as a combination of record immigration levels, high interest rates and steep home ownership costs push more people into the rental market.

Demand for rentals grew more than three times faster than Canada added purpose-built rental homes between 2017 and 2023, wrote RBC economist Rachel Battaglia in the report. "The rental market supply shortage is massive."