

CBC – November 7, 2024

Annual rental prices fell for the 1st time in over three years, but only in big cities

Average cost of rent is down just \$50 a month from June's record high



Jenna Benchetrit || November 7, 2024



The exterior of an apartment building in North Vancouver, B.C. Canadian rental prices fell 1.2 per cent in October compared to the same time last year. (Ben Nelms/CBC)

Canadian rental prices fell 1.2 per cent in October compared to the same time last year, marking the first time that annual rents have declined since July 2021, according to a new report.

The decline is mostly concentrated in urban centres in Ontario and British Columbia, according to a national rent report released on Thursday by Rentals.ca and real estate data firm Urbanation.

The average cost of rent around the country is now \$2,152 per month. That's down \$50 a month from June's record high of \$2,202 per month.

Throughout the summer, CBC News heard from seniors, young people, newcomers and many others about their struggles to afford housing during the rental affordability crisis.

For perspective, when the last annual decline was recorded in July 2021, the average cost of rent was \$1,752 per month — \$400 less per month than in October 2024.

"The downward trend is great, but we've got a long way to go to get back to kind of some semblance of affordability or the standards that tenants used to enjoy," said Geordie Dent, executive director of the Federation of Metro Tenants' Associations in Toronto.

Declines in big cities, prices up in smaller markets

Toronto, Montreal, Vancouver and Calgary each saw decreases in October. However, rental prices in smaller mid-sized markets were still on the rise, reflecting a spike in demand as Canadians seek housing in less expensive markets.

"It is a rare occurrence for rents to decline at the national level," said Urbanation president Shaun Hildebrand in a press release.

"This is happening as the key drivers of rent growth in recent years — a strengthening economy, quickly rising population, and worsening homeownership affordability — are beginning to reverse."

Hildebrand said he expects the downward trend will continue as more apartment construction is completed.

Steve Pomeroy, an industry professor at McMaster University's Canadian Housing Evidence Collaborative, said that Canada has seen "a very significant increase in rental construction over the last five or six years."

The Canada Mortgage and Housing Corporation noted in a fall housing supply report released in September that several major cities saw record apartment completions as developers cleared their backlogs. Montreal and Vancouver were an exception.

"What we're now seeing is the beginning of those units coming onto the market. So that additional supply is helping to meet the demand," said Pomeroy, adding that the federal government's revised policies around temporary foreign workers and international students have also eased pressure on housing demand.

'There isn't much else to go'

Some landlords, especially in rental condo-heavy markets like Toronto, have also dropped rental prices to fill units.

Prices have "already gone up to what the market can currently bear, there isn't much else to go," he said.

And those factors together have created the conditions for rent to come down, he said.

Dent, the tenant advocate, says the market forces of the last year are having an effect. "And it's finally putting downward pressure on rents."