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Rent Growth Slowed in 2025 as National Vacancy Rate Continued to Rise: CMHC

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Rent growth slowed in 2025 with more supply, weakening demand, and stricter immigration policies shaping the shift. CTV's Kamil Karamali explains.

Canada's housing agency says the pace of rent growth ticked lower this year as vacancies continued rising, while increased rental supply also contributed to softer market conditions.

Canada Mortgage and Housing Corp. said the average rent for a two-bedroom purpose-built apartment, which it uses as its representative sample, grew 5.1 per cent to \$1,550, compared with a 5.4 per cent increase in 2024.

The figures represent the growth in rent costs for both existing and new tenants, so prices differ from reports that focus only on asking rents for new tenants. For instance, the average asking rent for a two-bedroom purpose-built apartment last month was \$2,247, according to separate research from Rentals.ca and Urbanation.

The vacancy rate for purpose-built rental apartments sat at 3.1 per cent in October when CMHC conducted the annual survey, up from 2.2 per cent at the same point last year and 2023's record low of 1.5 per cent. The 2025 rate was above the national 10-year average.



A duplex shows a "For Rent" sign in the Montreal borough of Lasalle on Thursday, June 26, 2025. THE CANADIAN PRESS/Christinne Muschi

CMHC said historically strong completions of rental units, combined with weaker demand caused by slower population and economic growth, were responsible for softening rents last year.

It added that as vacancies rose, landlords in many major cities lowered rents on new leases to stay competitive. The average two-bedroom turnover unit rent declined in Vancouver, Calgary, Toronto and Halifax.

“The tight conditions that defined rental markets in the past few years in Canada’s largest cities loosened in 2025,” said CMHC deputy chief economist Tania Bourassa-Ochoa in a press release.

“Purpose-built rental operators responded to these market conditions by offering incentives to new tenants, such as a month of free rent, moving allowances and signing bonuses. However, affordability is still a challenge in most markets, as the supply of units affordable to lower income households remains low.”



A for rent sign outside a home in Toronto on Tuesday July 12, 2022. THE CANADIAN PRESS/Cole Burston (Cole Burston)

Nationally, turnover rents rose 8.7 per cent from last year, marking a significant slowdown from a 23.5 per cent year-over-year increase in 2024.

Meanwhile, the average rent for a two-bedroom rental condo was \$2,305, up 4.8 per cent year-over-year, with the vacancy rate for such units at 1.3 per cent.

The report said Toronto's vacancy rate for purpose-built apartments rose to three per cent for the first time since the pandemic, driven by declining immigration, less demand from international students and economic uncertainty. Rental condo vacancy rates remained low at one per cent.



For rent signs are seen in the Montreal borough of Verdun on Thursday, June 26, 2025. (Christinne Muschi/The Canadian Press)

Montreal also saw vacancy rates of both purpose-built and condominium apartment rentals rise due to reduced numbers of non-permanent residents, including temporary workers and international students. Average rents grew by 7.2 per cent, outpacing income growth, largely driven by lease renewals applying higher rent increases.

In Vancouver, vacancy rates in purpose-built rentals rose to 3.7 per cent, the highest level since 1988, while rent growth reached a two-decade low as record levels of rental supply hit the market.

Calgary's vacancy rate remained stable at five per cent as strong demand kept pace with rental supply, which in 2025 grew at the fastest pace in decades. Purpose-built rental supply grew by 11 per cent this year.