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Real Estate Investment Think Bob Bracken

CMHC Vancouver Rental Market Report of Fall 2015

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CMHC Vancouver Rental Market Report of Fall 2015

By Bob Bracken

On December 16th, Canada Mortgage and Housing Corporation released its Fall Rental Housing Market Report for the Census Market Areas of Vancouver and Abbotsford-Mission. CMHC releases these reports semi-annually, and while the lengthy document contains a great deal of statistical information that is likely not of interest to everyone, the report contains important information regarding the state and trends of the local rental market that should be of interest to landlords and tenants alike.

The report details a rental market which tightened further this year as purpose built apartment vacancy rates in the overall Vancouver Census Metropolitan Area (CMA) declined to 0.8 per cent from 1.0 per cent in 2014 - the first time since 2008 that the overall vacancy rate in the CMA has fallen below one per cent. This is in spite of an increase in construction of new, purpose built rental units as over 834 new units were added, marking the 3rd consecutive year that the # of new rental units have increased in the area.

As well, the overall rent change (increase) in the CMA was 3.9 per cent, considerably higher than the allowable increase of 2.5 per cent in 2015 as set by the Residential Tenancy Branch. This was driven by rental demand as landlords in all areas were able to charge higher rents upon turnover of suites in their buildings.

Highlights of the Fall 2015 Report include:

- The Vacancy Rate in Vancouver City edged up slightly to 0.6% from 0.5% in 2014, although average rental increases through the Vancouver City neighbourhoods ranged from 5.5% to 6.4% - well over double the mandated increases set by the RTB.
- Average rents per every type of unit in Vancouver City showed increases, with the lowest average rents occurring in Marpole, while the highest average rents are recorded in Westside/Kerrisdale, & Downtown.
- Vacancy Rates for apartment condominium units was at 0.9% - higher than for purpose built apartment units, largely due to a very large increase in the number of condo rental units. There were over 4,975 apartment condos added to the stock in 2015 vs only 1,499 new units added in 2014.

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... **bullet point continued:**

-This is the largest addition since 2009, and is a result of newly completed condo projects (from the projects started in the past 2 years) coming on to the market. Even though these new condos rent at a premium over the purpose built stock, the increase in new supply causes the average rent premium to decline by over 60%.

The Major Factors contributing to Current Rental Market conditions, according to CMHC, include:

1. High In-Migration: Almost 16,000 new immigrants came to BC in 2015, and there was strong interprovincial migration with approximately 6,600 persons moving to BC from other Provinces. Approximately 75% of all people coming to BC will settle in the Lower Mainland.
2. The population of people aged 20-34 (the strongest renter demographic) grew by over 9,400 (1.7%).
3. Rising employment levels in full and part time jobs, partly a result of the decline of the Canadian \$ plus the strengthening US economy has increased business opportunities, increased tourism, & caused an increased in local retail spending due to the decline of cross border shopping.

4. Higher home prices, resulting from higher demand for home ownership which may delay movement to home ownership and leave some buyers in the rental market.

Included in this Fall 2015 report are specific details on rental and vacancy rates by municipally and neighbourhood, unit type, and structure size. CMHC offers to supply these and their other housing reports via email for free by subscription, as they are released at their website. Another great service by one the very valuable and useful Government organizations. It is gratifying to see our tax dollars put to such good use!

To review the full CMHC Vancouver Rental Market Report Fall 2015, here is the location online:

http://www.cmhc-schl.gc.ca/odpub/esub/64467/64467_2015_A01.pdf?fr=1450479253763

If you are looking to sell or buy real estate or wish to discuss further any topic on Real Estate, please call Bob Bracken at 604-220-2035 or 604-263-2823.

**BOB AND FAMILY
WISH YOU AND YOURS
THE VERY BEST THIS CHRISTMAS
AND FOR THE NEW YEAR!**

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