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Real Estate Investment Think Bob Bracken

CMHC Vancouver Rental Market Report Fall 2016

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CMHC Vancouver Rental Market Report Fall 2016

By Bob Bracken

On November 28th, Canada Mortgage and Housing Corporation released its Fall Rental Housing Market Report for the Census Market Areas of Vancouver. CMHC releases these reports semi-annually, and the lengthy document contains a great deal of statistical information that should be of interest to landlords and tenants alike.

The report details a rental market which tightened further this year as strong employment growth, populations growth and rising home prices contributed to even stronger demand for rental accommodation, which outpaced additions to supply. This has put upward pressure on rents, in spite of record highs for starts of purpose built rental housing.

As a result, the overall rent change (increase) in the CMA was 6.4% - well over double the 2016 allowable increase of 2.9% as set by the Residential Tenancy Branch. This was driven by a strong job market which saw employment growth increase by 5.8% generally, and by over 12% in the 15-24 year age group. With more than 12,000 full time jobs and

7,000 part time jobs added, it's easy to see why Vancouver and the Lower Mainland has experienced significant in-migration from the rest of Canada and abroad, and why upward pressure has been put on housing and rental demand.

Highlights of the Fall 2016 Report include:

- Average rental increases through the Vancouver City neighbourhoods ranged from 4.0% (Marpole) to 10.7% (English Bay), with a City average increase of 7%.
- Over the entire Vancouver CMA (from the North Shore, to Langley, Delta, Tri Cities/Pitt Meadows), Average Rents increased by 6.4% - more than double the allowable 2.9% for existing tenants allowed in 2016 by the Residential Tenancy Branch.
- The overall Vacancy Rate in the total Vancouver CMA declined from 0.8% to 0.7% in 2016.
- For "Investor Held" rental condos, the Vacancy Rate fell from 0.9% to 0.3%, while the average rent for condominiums rose to \$1,625/mo.
- Approximately 1,500 new, purpose-built rental units were added to the rental condominium stock in 2016, compared to almost 5000 units in 2015, which likely contributed to the drop in vacancy rates for these units.

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... bullet point continued.

- At the same time, Turnover Rates remained consistent with those seen over the past number of years, ranging from 10% - 30%, with an average of 15.8%, which means that rental units have been regularly available, in spite of the low rates.

Summary of Key analysis findings:

1. Strong employment growth, population growth and rising entry-level home prices support strong demand for rental properties.
2. Strong demand for rental accommodation out-paced new additions to the supply, pushing vacancy rates lower for both primary rental apartments and rental condominium apartments.
3. These supply - demand dynamics have put upward pressure on rents in the region.
4. Starts of purpose-built rentals have reached record highs.

Included in this Fall 2016 report are specific details on rental and vacancy rates by municipally and neighbourhood, unit type, and structure size. As well, there is data and charts on turnover and availability rate, and much more data than most people would need or want! 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 2016, here is the location online:

https://www.cmhc-schl.gc.ca/odpub/esub/64467/64467_2016_A01.pdf?lang=en

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