

Lower Mainland Rental Markets Tight

CMHC, Spring 2007

Demand for rental accommodation in the lower mainland will remain strong in the coming 18 months, bolstered by ongoing employment growth, which is drawing migrants to the region. The high cost of homeownership in both Abbotsford and Vancouver compared to other Canadian centres will also mean that many people relocating to the area will rent for some time before buying. As well, high home prices in the region are keeping many would be first time buyers renting. Further adding to demand for rental housing are those who have already purchased condo units and are awaiting the completion of projects. Condo completion times have been extended due to labour shortages, as projects compete for skilled trades with other residential and nonresidential developments.

New purpose-built rental construction will continue to be scarce in the lower mainland, with investor condominiums providing much needed rental supply. In 2006, just three per cent of all starts in the Vancouver CMA were rental units.

Vacancy rates in purpose-built rental buildings will remain low over the next 18 months, coming in at one per cent for October 2007 and 1.3 per cent in 2008. Average one and two bedroom rents will increase by four per cent in 2007 and three per cent in the following year.

Renter demand will remain strong in Abbotsford over the next 18 months based on employment growth and population gains through migration. Purpose-built rental vacancy rates are set to increase to 2.3 per cent this year and three per cent next, while rents will rise at just above the rate of inflation each year.