



Canadian National Multifamily Report

Fourth Quarter 2024



Canadian Apartment Insights and Analysis

- Canada's apartment market continues to reflect extremely tight conditions. Rent growth is decelerating, but too slowly to solve the ongoing concerns about affordability, while vacancy and turnover remain extremely low. Policymakers recognize that supply must keep up with demand, but actions to limit population growth and increase supply will take time to implement and take effect.
- Economic growth in Canada remains modest. After weak economic growth in 2023, when GDP rose only 0.2% over the last three quarters, it grew at an annualized 2.0% rate in the first half of 2024, driven by retail trade, public sectors, energy, finance and insurance. The labour market grew by 313,000 workers in the 12 months ending in September, which is positive but disappointing given the growth in population. The unemployment rate was 6.5% in September, up 100 basis points year-over-year and 140 basis points since the trough in early 2023.
- The Bank of Canada is in a rate-cutting phase, with rates dropping 75 basis points since June to 4.25% as of mid-October. More rate cuts are likely, as inflation has decelerated rapidly and fell to 1.6% in September, below the bank's 2.0% target. Analysts expect a steady trickle of rate cuts over the next year, with an eventual landing spot in the 2.5% range.
- To spur the residential market, the Canadian government increased the home mortgage amortization period from 25 years to 30 years. The goal is to reduce monthly mortgage payments and give home buyers more spending power, but there are concerns that the maneuver will increase demand and raise prices of for-sale homes. The average home sale in September was just under \$670,000, with prices up 2.1% year-over-year, according to the Canada Real Estate Association. Prices are down slightly or flat in the most expensive provinces: British Columbia (average price of \$948,500 as of August, -2.2% year-over-year) and Ontario (\$851,000, up 0.2%), while rising in less expensive provinces. As of September, home prices were up 9.8% year-over-year in Alberta (average price \$491,000) and 6.7% in Quebec (average price \$538,000).

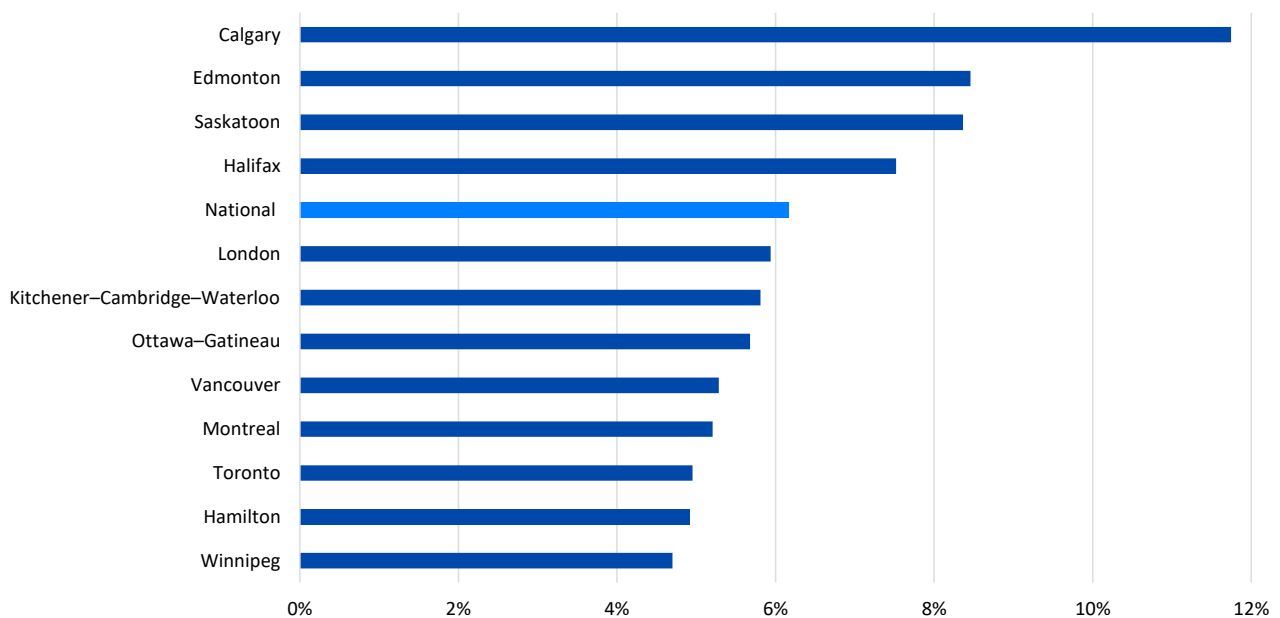
Apartment market fundamentals in Canada remain healthy. Vacancies and annual turnover are low, while rent growth is robust but moderating.



Rising In-Place Rents Put Spotlight on Housing Shortage

- Rent growth in Canada's purpose-built-rental market is gradually moderating. The average national in-place rent increased \$26 in Q3 2024 to \$1,547 and is up \$90 over the last four quarters. The average in-place rent rose 6.2% year-over-year as of Q3, down 10 basis points from the previous quarter. In-place rents represent an aggregation of all rents in a given Census Metropolitan Area, including those for new leases, renewals and existing leases.
- Prairie CMAs once again produced the highest in-place rent growth—led by Calgary, where rents rose \$41 to \$1,607 in Q3 2024 and are up 11.7% year-over-year, and Edmonton, where rents rose \$35 in the quarter to \$1,449 and are up 8.5% for the year. Growth is also high in Saskatoon (up 8.4% year-over-year to \$1,438) and Halifax (up 7.5% year-over-year to \$1,508).
- Global analytics firm Oxford Economics recently estimated that Canada needs to build a total of 4.2 million new units to balance the housing market and improve affordability. Of that total, 2.9 million units are needed to meet the demand from household formation, while the other 1.3 million units are needed to make up for underbuilding and to create a "normal" vacancy rate. Oxford projects that the total number of households in Canada will increase from 15.7 million in 2023 to 17.5 million in 2030 and 18.6 million in 2035.
- We've added a new feature to the report, a ranking of the top trending cities for renter interest (see page 12). The ranking incorporates analysis of millions of interactions on RentCafe.com based on availability of apartments, listing views, how many apartments are saved as favourites and saved personalized searches. Winnipeg, which at 1.6% had the lowest vacancy rate among Canadian CMAs in Q3, claimed the top spot in trending cities, followed by Saskatoon and Edmonton.

Year-Over-Year In-Place Rent Growth (Q3 2024)

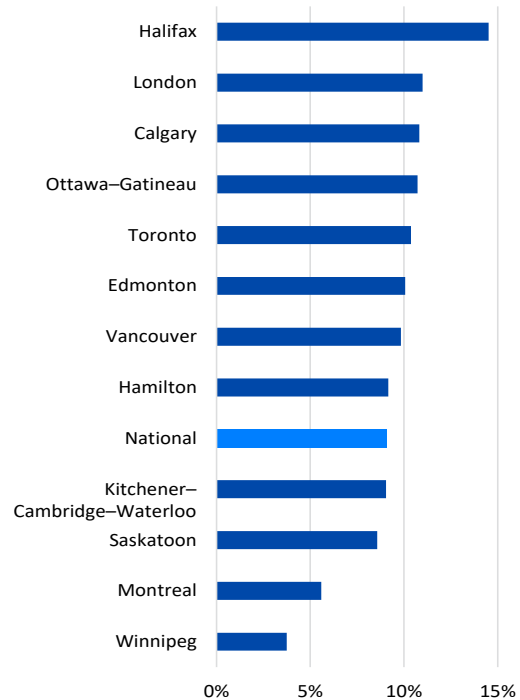


Source: Yardi

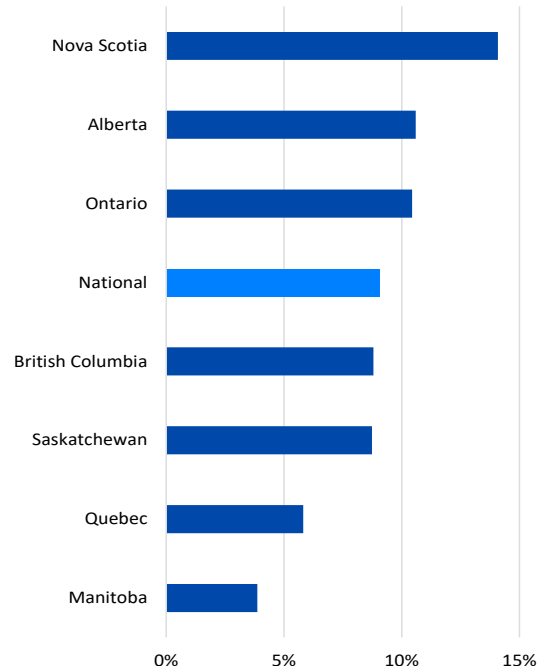
New Lease Growth Slows, but Demand Remains High

- The growth rate for lease-over-lease rents—which represent new leases on units that are re-leased after becoming vacant—dipped to 9.1% in Q3 2024, the first quarter under 10.0% in more than two years. The third quarter growth rate was down by 90 basis points from Q2 and is 4.0 percentage points off the Q3 2023 peak. Leases not subject to rent control serve as a good measure of supply-demand metrics.
- CMAs with the highest lease-over-lease growth in Q3 were Halifax (14.5% year-over-year), London (11.0%) and Calgary (10.8%). However, growth rates are strong most everywhere, reflecting rents on vacant properties catching up to market rates. Only two markets—Winnipeg (3.7%) and Montreal (5.6%)—recorded growth of less than 8.6%.
- The imbalance between supply and demand is gradually decreasing. Demand for apartments remains strong, but it is a little more diffused than in 2021 and 2022, when a sudden swell of demand was created due to migration in the wake of COVID-19 lockdowns, work-from-home and rapid population growth. Canada’s population grew by 1.2 million in 2023 and is expected to top that number in 2024, with roughly 1 million of the newcomers settling in Ontario, according to Statistics Canada.
- Nova Scotia—a province that has more demand than its small amount of stock can handle—led in year-over-year growth at 14.5%. Alberta (10.6%) and Ontario (10.4%) also saw above-average growth. Demand has soared in Calgary and Edmonton, as population is growing and housing is relatively cheaper. Meanwhile, Manitoba (3.9%) maintained modest but consistent growth.
- The average renewal lease rate increased by 4.2% nationally, down by 10 basis points from the previous quarter. Markets not subject to rent control—Calgary (9.6% year-over-year), Edmonton (7.6%) and Saskatoon (7.2%)—led in growth.

CMA Lease-Over-Lease Rent Growth
(New Leases, Q3 2024)



Province Lease-Over-Lease Rent Growth
(New Leases, Q3 2024)



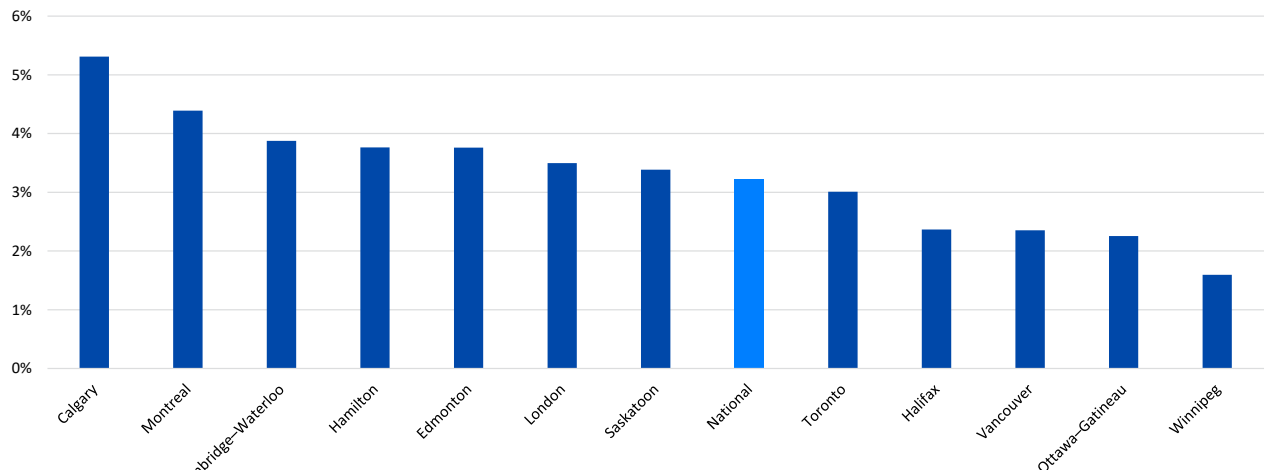
Source: Yardi

Vacancy Rates, Turnover Reflect Tight Market

- The national apartment vacancy rate rose by 20 basis points to 3.2% in Q3 2024. Despite the increase, the rate remains low and reflects a tight market. The Q3 vacancy rate is up 0.4% year-over-year and is the highest it has been since Q2 2022. There are reports that some new properties coming online are taking longer to get filled, as some owners sacrifice occupancy to keep rates high. Some new properties are finding it necessary to lower rents to increase the pace of lease-ups.
- Despite strong demand that is pushing rents up, Calgary's 5.3% Q3 2024 vacancy rate is highest among CMAs and is up 1.3 percentage points from the previous quarter and 3.4 percentage points year-over-year. Ottawa's vacancy rate is 2.3%, dropping 0.5% year-over-year.
- Recognizing that population growth is putting pressure on housing costs, the federal government has decided to implement caps on foreign students and reductions in non-permanent residents, a segment that has grown by 130% since 2021, according to Statistics Canada. The goal is to alleviate demand by reducing the non-permanent share of the population to 5% by 2027 from 7% today. Work permits for non-permanent residents are generally being issued for shorter periods of time, and the government is beginning to stiffen requirements for temporary workers to ensure that they are not displacing local workers.
- The annual turnover percentage, which measures the number of residents that did not renew leases over the previous 12 months, fell to 22.8% in Q3 2024, its lowest level in years. The rate is down 10 basis points from the previous quarter and 30 basis points year-over-year. Turnover is particularly low in Ontario (15.0%) and in CMAs in that province including Toronto (12.0%), Hamilton (14.9%) and Kitchener-Cambridge-Waterloo (17.9%).

The annual turnover rate for apartments in Canada reached multi-year lows.

CMA Vacancy Rates (Q3 2024)



Source: Yardi

Rent, Vacancy, Turnover and Digital Prospects by CMA (Total)

| CMA | Year-Over-Year Change in In-Place Rents | Lease-over-Lease Change in New Lease Rents | Vacancy Rate | Annual Turnover % | Digital Prospect Conversion % | Digital Prospects Per 100 Units Per Month |
|------------------------------|---|--|--------------|-------------------|-------------------------------|---|
| Calgary | 11.7% | 10.8% | 5.3% | 39.6% | 6.9% | 27 |
| Edmonton | 8.5% | 10.1% | 3.8% | 35.9% | 5.6% | 32 |
| Saskatoon | 8.4% | 8.6% | 3.4% | 40.2% | 7.5% | 27 |
| Halifax | 7.5% | 14.5% | 2.4% | 17.4% | 3.3% | 24 |
| National | 6.2% | 9.1% | 3.2% | 22.8% | 6.9% | 19 |
| London | 5.9% | 11.0% | 3.5% | 19.3% | 8.9% | 14 |
| Kitchener–Cambridge–Waterloo | 5.8% | 9.0% | 3.9% | 17.9% | 6.1% | 16 |
| Ottawa–Gatineau | 5.7% | 10.7% | 2.3% | 21.2% | 10.2% | 13 |
| Vancouver | 5.3% | 9.8% | 2.4% | 18.4% | 8.7% | 16 |
| Montreal | 5.2% | 5.6% | 4.4% | 27.1% | * | * |
| Toronto | 5.0% | 10.4% | 3.0% | 12.0% | 6.9% | 13 |
| Hamilton | 4.9% | 9.2% | 3.8% | 14.9% | 9.9% | 13 |
| Winnipeg | 4.7% | 3.7% | 1.6% | 28.4% | 5.4% | 28 |

* Sample size is too small to produce a reliable data set in this category. | Source: Yardi, all data as of Q3 2024

Rent, Vacancy and Turnover by CMA (Bedroom Type)

| Bachelor Unit Data by CMA | In-Place Rents | Lease-over-Lease Rents | Vacancy Rate | Annual Turnover % |
|------------------------------|----------------|------------------------|--------------|-------------------|
| Vancouver | \$1,545 | 10.8% | 4.8% | 21.5% |
| Toronto | \$1,471 | 7.9% | 6.7% | 18.7% |
| National | \$1,250 | 9.3% | 5.5% | 29.1% |
| Calgary | \$1,234 | 10.0% | 6.7% | 44.4% |
| Hamilton | \$1,180 | * | 4.1% | 9.1% |
| Montreal | \$1,171 | 7.1% | 6.1% | 37.5% |
| Halifax | \$1,168 | * | 3.2% | 31.7% |
| Ottawa-Gatineau | \$1,135 | 12.4% | 4.3% | 22.8% |
| London | \$1,109 | * | 5.6% | 25.6% |
| Edmonton | \$1,086 | 10.4% | 5.8% | 43.7% |
| Saskatoon | \$1,025 | * | 7.3% | 60.0% |
| Kitchener-Cambridge-Waterloo | \$1,006 | * | 2.5% | 22.9% |
| Winnipeg | \$956 | 2.3% | 1.8% | 33.5% |

* Sample size is too small to produce a reliable data set in this category. | Source: Yardi

| 1-Bedroom Unit Data by CMA | In-Place Rents | Lease-over-Lease Rents | Vacancy Rate | Annual Turnover % |
|------------------------------|----------------|------------------------|--------------|-------------------|
| Vancouver | \$1,800 | 9.9% | 2.0% | 19.2% |
| Toronto | \$1,621 | 10.8% | 3.4% | 14.0% |
| Kitchener-Cambridge-Waterloo | \$1,497 | 6.2% | 4.6% | 21.9% |
| National | \$1,425 | 8.7% | 3.5% | 24.8% |
| Calgary | \$1,413 | 10.3% | 5.4% | 41.3% |
| Montreal | \$1,348 | 5.6% | 4.2% | 28.6% |
| Halifax | \$1,341 | 14.8% | 2.6% | 20.5% |
| Ottawa-Gatineau | \$1,337 | 9.9% | 2.5% | 23.9% |
| Hamilton | \$1,286 | 8.8% | 5.0% | 16.7% |
| Saskatoon | \$1,286 | 6.6% | 4.0% | 46.6% |
| Edmonton | \$1,255 | 8.4% | 4.3% | 39.1% |
| London | \$1,246 | 9.8% | 4.2% | 23.1% |
| Winnipeg | \$1,239 | 2.9% | 1.3% | 27.1% |

Source: Yardi

| 2-Bedroom Unit Data by CMA | Lease-over-Lease | | | Annual Turnover % |
|----------------------------------|------------------|-------------|--------------|----------------------|
| | In-Place Rents | Rents | Vacancy Rate | |
| Vancouver | \$2,139 | 9.2% | 2.4% | 16.7% |
| Montreal | \$1,825 | 5.0% | 4.0% | 23.5% |
| Toronto | \$1,824 | 10.4% | 2.3% | 9.7% |
| Calgary | \$1,706 | 11.3% | 5.5% | 37.1% |
| Kitchener- Cambridge-Waterloo | \$1,675 | 11.4% | 3.5% | 15.9% |
| National | \$1,670 | 9.2% | 2.9% | 20.9% |
| Halifax | \$1,548 | 16.1% | 1.8% | 13.8% |
| Ottawa-Gatineau | \$1,543 | 11.4% | 2.0% | 18.6% |
| Hamilton | \$1,534 | 9.9% | 2.7% | 14.3% |
| Winnipeg | \$1,531 | 4.3% | 1.6% | 28.8% |
| Edmonton | \$1,497 | 11.0% | 3.3% | 34.5% |
| Saskatoon | \$1,480 | 9.2% | 3.0% | 37.4% |
| London | \$1,429 | 11.7% | 2.8% | 16.4% |

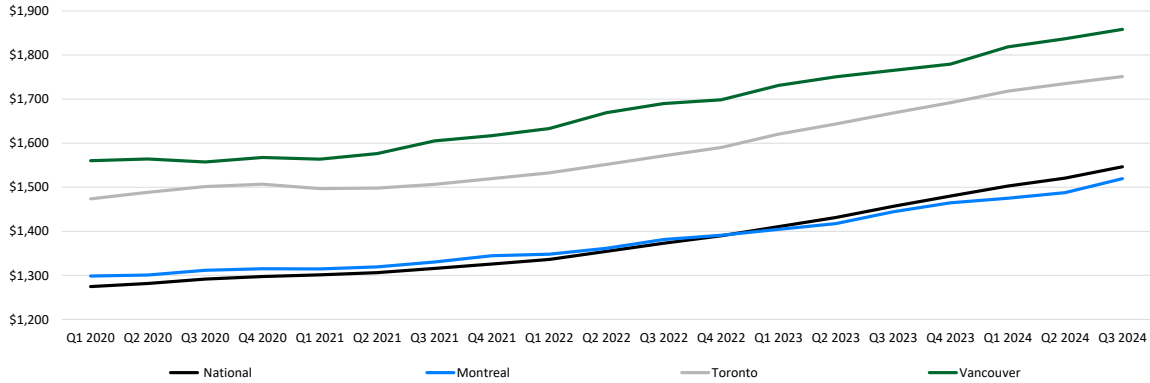
Source: Yardi

| 3-Bedroom Unit Data by CMA | Lease-over-Lease | | | Annual Turnover % |
|----------------------------------|------------------|--------------|--------------|----------------------|
| | In-Place Rents | Rents | Vacancy Rate | |
| Vancouver | \$2,499 | 9.8% | 1.9% | 13.2% |
| Montreal | \$2,290 | 6.7% | 4.9% | 22.1% |
| Toronto | \$2,054 | 12.2% | 1.7% | 6.2% |
| Calgary | \$1,975 | 11.4% | 4.4% | 35.7% |
| Kitchener- Cambridge-Waterloo | \$1,918 | * | 2.2% | 12.4% |
| National | \$1,907 | 10.1% | 2.7% | 17.8% |
| Winnipeg | \$1,865 | 4.5% | 2.4% | 34.5% |
| Hamilton | \$1,811 | * | 2.0% | 7.6% |
| Ottawa-Gatineau | \$1,711 | 12.2% | 1.3% | 14.4% |
| Edmonton | \$1,699 | 10.8% | 3.6% | 29.1% |
| Halifax | \$1,653 | * | 3.0% | 16.0% |
| Saskatoon | \$1,643 | * | 4.3% | 37.9% |
| London | \$1,621 | * | 4.3% | 17.2% |

* Sample size is too small to produce a reliable data set in this category. | Source: Yardi

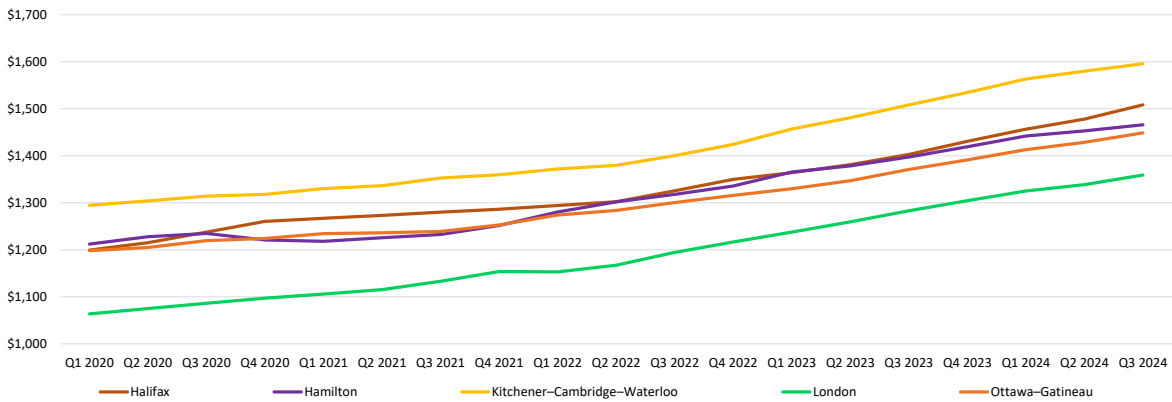
Historical In-Place Rents

National and Major CMA In-Place Rents



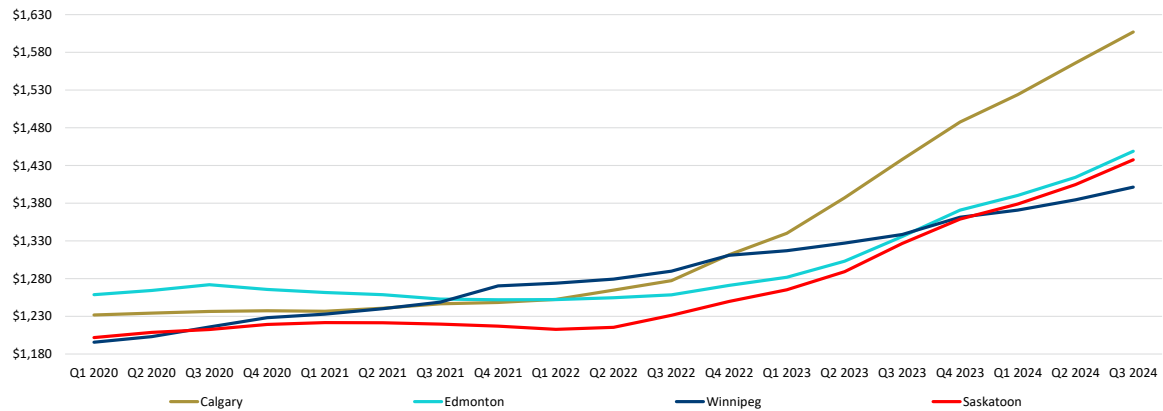
Source: Yardi

Smaller Eastern CMA In-Place Rents



Source: Yardi

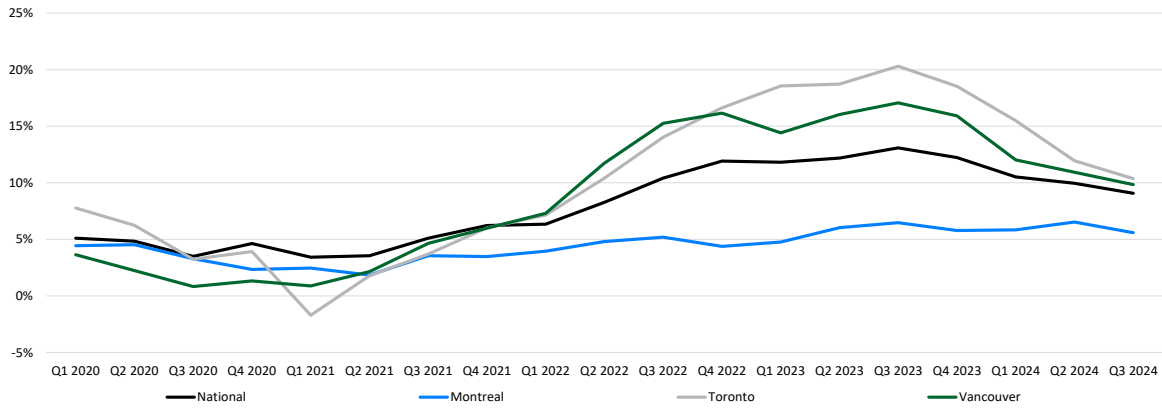
Smaller Western CMA In-Place Rents



Source: Yardi

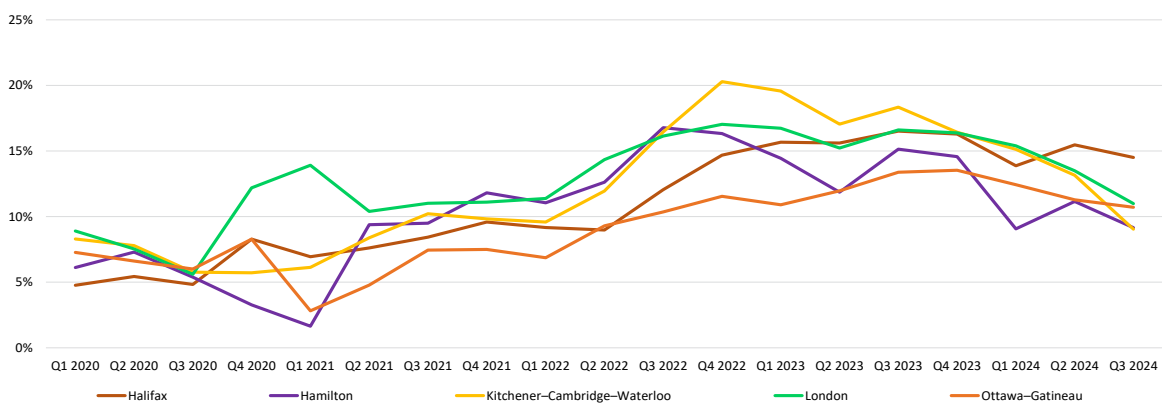
Historical New Lease Rent Growth

National and Major CMA New Lease Rent Growth



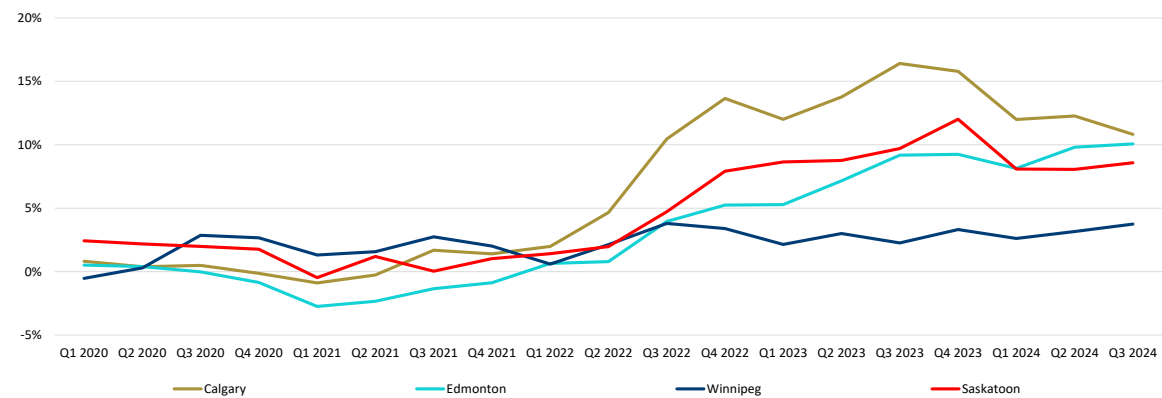
Source: Yardi

Smaller Eastern CMA New Lease Rent Growth



Source: Yardi

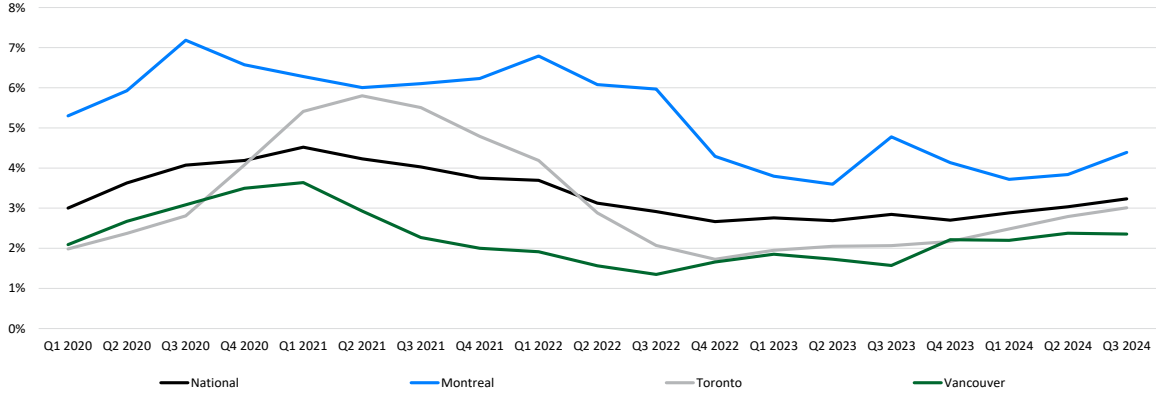
Smaller Western CMA New Lease Rent Growth



Source: Yardi

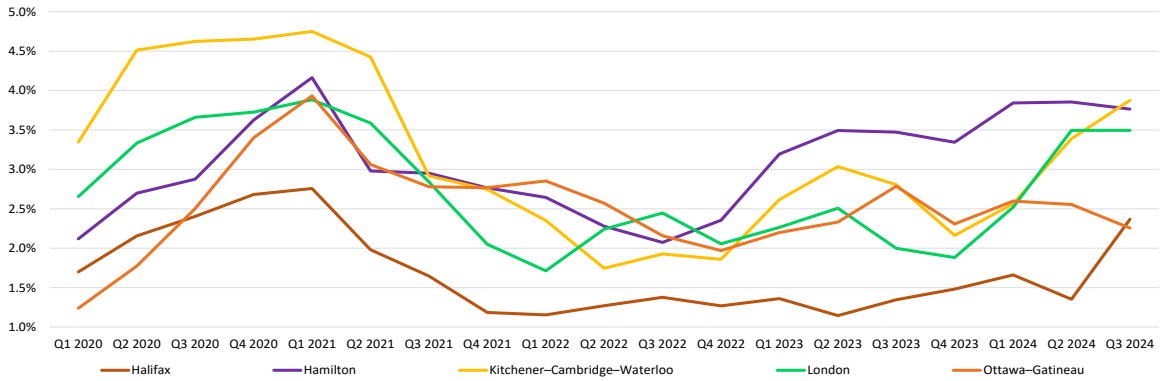
Historical Vacancy Trends

National and Major CMA Vacancy Trends



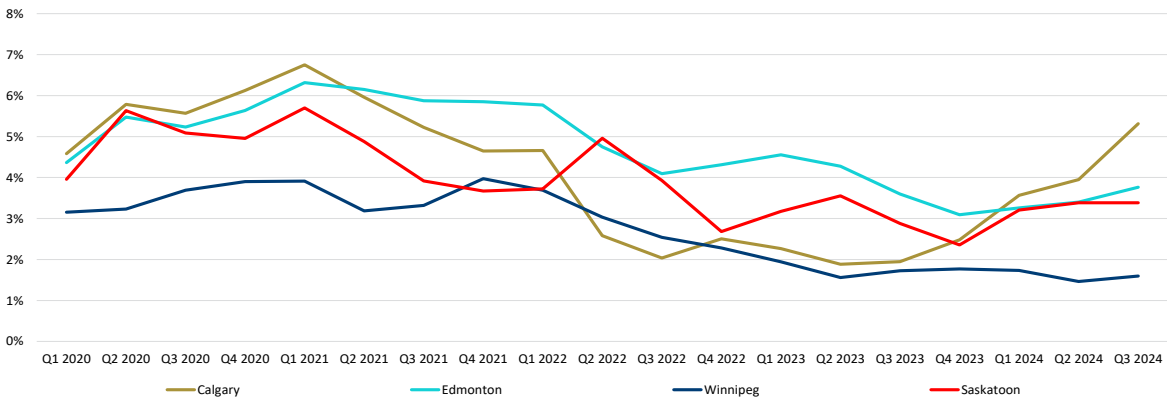
Source: Yardi

Smaller Eastern CMA Vacancy Trends



Source: Yardi

Smaller Western CMA Vacancy Trends



Source: Yardi

Canada's Top Trending Cities for Renter Interest in Q3 2024

| Rank | City, State | Score |
|------|--------------------|-------|
| 1 | Winnipeg, MB | 100 |
| 2 | Saskatoon, SK | 90.49 |
| 3 | Edmonton, AB | 88.88 |
| 4 | Victoria, BC | 88.0 |
| 5 | Ottawa, ON | 86.71 |
| 6 | Regina, SK | 81.24 |
| 7 | Nanaimo, BC | 77.0 |
| 8 | Kingston, ON | 76.93 |
| 9 | London, ON | 72.35 |
| 10 | Niagara Falls, On | 69.86 |
| 11 | Halifax, NS | 67.59 |
| 12 | Oshawa, ON | 65.94 |
| 13 | St. Catharines, ON | 61.9 |
| 14 | Kitchener, ON | 61.0 |
| 15 | Calgary, AB | 61.0 |
| 16 | Hamilton, ON | 59.86 |
| 17 | Barrie, ON | 59.83 |
| 18 | Guelph, ON | 57.94 |
| 19 | Gatineau, QC | 57.92 |
| 20 | Toronto, ON | 57.62 |
| 21 | Vancouver, BC | 55.63 |
| 22 | Montréal, QC | 54.59 |
| 23 | Kelowna, BC | 52.13 |
| 24 | Windsor, ON | 47.89 |
| 25 | Moncton, NB | 43.15 |

The final ranking is based on the sum of scores across all categories: availability of apartments (maximum of 40 points), page views (maximum of 30 points), apartments saved as favourites (maximum of 15 points), and saved personalized searches (maximum of 15 points). For each score, we considered year-over-year percentage change and overall volume.

Source: RentCafe Data, Created with Datawrapper

Definitions

Lease-Over-Lease Rent Growth (New Leases): Percentage change in monthly rent between a new lease and the previous lease for the same unit

In-Place Rent Per Unit: Monthly rent per unit for all leases, including new lease rents, renewal lease rents and existing leases

Vacancy Percent: Property vacancy percentage based on average number of units vacant in the month

Turnover %: Tenant move-outs as a percent of total units

CMA: Census Metropolitan Area

Digital Prospect Conversion %: Percentage of prospects who first contacted a property through digital sources, who became residents.

Digital Prospects Per 100 Units Per Month: Count of prospects who first contacted a property through digital sources, normalized for a 100-unit property.

Digital sources include the Property's Website, ILS, Online Search, Classified Sites, Social Media Sites, SEM, and Ratings Sites. Excludes brick and mortar sources, such as referrals and walk-ins.

The data in the report encompasses 5,400 properties that represent more than 483,000 private rental units across Canada.

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