

Tenants still face rental crunch

Vacancies stay low despite rising home sales

BY ROBERT BOSTELAAR, THE OTTAWA CITIZEN DECEMBER 17, 2009

Rising home sales in Ottawa have done little to ease an apartment rental market that is one of the tightest in Ontario.

Ottawa's apartment vacancy rate rose to just 1.5 per cent in October from 1.4 per cent a year earlier, despite low interest rates that are helping to spur many renters to buy houses, according to a report from Canada Mortgage and Housing Corp.

Average rent for a two-bedroom apartment in Ottawa was up 2.9 per cent over last year, reaching \$1,028. Among 35 major centres across Canada, only Vancouver (\$1,169), Calgary (\$1,099) and Toronto (\$1,096) were more expensive.

Renters have a bit more selection in the Gatineau market, where the vacancy rate reached 2.2 per cent, up from 1.9 per cent in October 2008. Gatineau is also cheaper, with a two-bedroom going for an average \$690.

"Low borrowing costs coupled with steady employment conditions in the capital city gave many renters the right incentives to jump into the homeownership market," said CMHC analyst Sandra Pérez Torres.

"On the other hand, minimal rental apartment construction and fewer secondary rental market units (condominiums offered as rentals) kept vacancies low."

Across Ontario, the rate hit 3.5 per cent in October, up from 2.7 per cent last year. In Toronto, 3.1 per cent of apartments are vacant, a jump from last year's 2.0 per cent.

Ottawa's rate has swung from a high of 4.9 per cent in 1996 to a marginal 0.2 per cent in 2000.

CMHC's rental survey found demand strongest in Ottawa for smaller apartments, with vacancy rates of 1.3 per cent for bachelor units and 1.4 per cent for one-bedrooms, compared to 1.7 per cent for two- and three-bedroom apartments.

It's the opposite in Gatineau, where 1.6 per cent of large units and 2.2 per cent of one-bedrooms are vacant.

This demand for larger units is shared with other Quebec cities and is thought to be a continuing effect of the recession.

"For one thing, the less favourable situation for working renters -- young people and part-time workers -- likely encouraged them to share accommodations," said Kevin Hughes, CMHC's Quebec regional economist.

"Also, by slowing the movement of renters to home ownership, the economic uncertainty stimulated demand for more affordable substitute dwellings, including large apartments."

- - -

Average Ottawa Rents

2009 2008

Bachelor \$688 \$671

1-bedroom \$853 \$827

2-bedroom \$1,028 \$995

3+ bedroom \$1,257 \$1,227

Average \$926 \$897

Source: Canada Mortgage and Housing Corp. Rental market survey

© Copyright (c) The Ottawa Citizen