

# **SOUTHERN ONTARIO TARGET MARKET STUDY: Identifying Markets Suitable for the Development of New Rental Housing**

by ApartmentResearch.ca<sup>1</sup>

## **Introduction**

The consultant is often asked by developers and other rental market participants which cities and towns in southern Ontario should they target for the development of new rental housing? It's an easy question to answer if a throwaway opinion is all that's needed, but it's a tough question to answer if you need to provide thoughtful, actionable ideas. The easy (and obvious) answer is to say "build in Toronto" or "build in the GTA" because the GTA has the highest rents and highest population in Ontario, both positives for new rental housing development. However, this answer overlooks the large number of small- and medium-sized cities and towns in southern Ontario currently under-supplied with rentals and offering significant opportunities, especially for developers who may not have the resources to squeeze into the Toronto land market. It is the goal of this study, by reviewing a combination of demographic, economic, and housing data for 59 cities and towns in southern Ontario, to help readers identify a preliminary list of cities and towns which may be suitable for the development of new rental housing.

## **Study Description**

This study is a high-level data review; it is not a literature review, market survey, or synthesis of other research reports. The basic methodology is the following: (1) the consultant selects several data points from Census and CMHC data, focusing on population growth, household growth, household affordability, and ways to measure the rental housing supply and calculate depth-of-market; (2) the consultant summarizes data in tables, adding additional calculations where appropriate; (3) the consultant describes the main findings and 'takeaways' suggested by the data and calculations; and (4) the consultant offers interpretations and conclusions which help readers understand the data and how it can be used as a preliminary tool by developers and other market participants as they search for target markets. Note that the descriptions, comments, and conclusions in this study are the consultant's opinions and interpretations only and should not be considered exhaustive or conclusive. Readers are encouraged to make their own interpretations of the data and draw their own conclusions.

## **Data Sources**

The consultant uses two data sources and types of data in this study. First, a combination of demographic, economic, and housing data published by Statistics Canada in the Census is used to compare and sort cities and towns. The most recent Census data was collected in 2016 and the previous Census in 2011<sup>2</sup>. Second, housing data from the Census and rental housing data published by Canada Mortgage & Housing Corporation (CMHC) is used to calculate estimated depth-of-market for rentals. The most recent CMHC data was collected in fall 2018. Both organizations make much of the data they collect available free to the public. Although both organizations offer custom data products for a fee, the consultant used only no-fee data in this study.

The consultant accepts no responsibility for errors or inaccuracies in Census or CMHC data. The Census and CMHC data used in this study is for the City and Town geographic levels, not the Census Agglomeration or Census Metropolitan Area levels, since CAs and CMAs often include surrounding rural and semi-rural areas which are generally speaking not suitable target markets for the development of new rentals<sup>3</sup>.

See following pages for data tables and discussion/analysis. In the data tables the top-fifteen ranked data points are in green text while the bottom-fifteen ranked data points are in red text (where applicable).

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<sup>1</sup> ApartmentResearch.ca is a consulting firm which focuses on Ontario's rental housing sector (contact@apartmentresearch.ca).

<sup>2</sup> Statistics Canada conducts the Census every five years in May. This month is significant since it is the first month after the post-secondary academic year ends which means most university and college students will have returned to their family home for the summer and in theory will be counted there. This eliminates, for the most part, the potential distortion of demographic and economic data in cities and towns which host post-secondary institutions.

<sup>3</sup> For example, the Barrie Census Metropolitan Area (CMA) combines the City of Barrie with the adjacent rural farming municipalities the Town of Innisfil and Township of Springwater. When most readers think of Barrie they are thinking of the City of Barrie only.

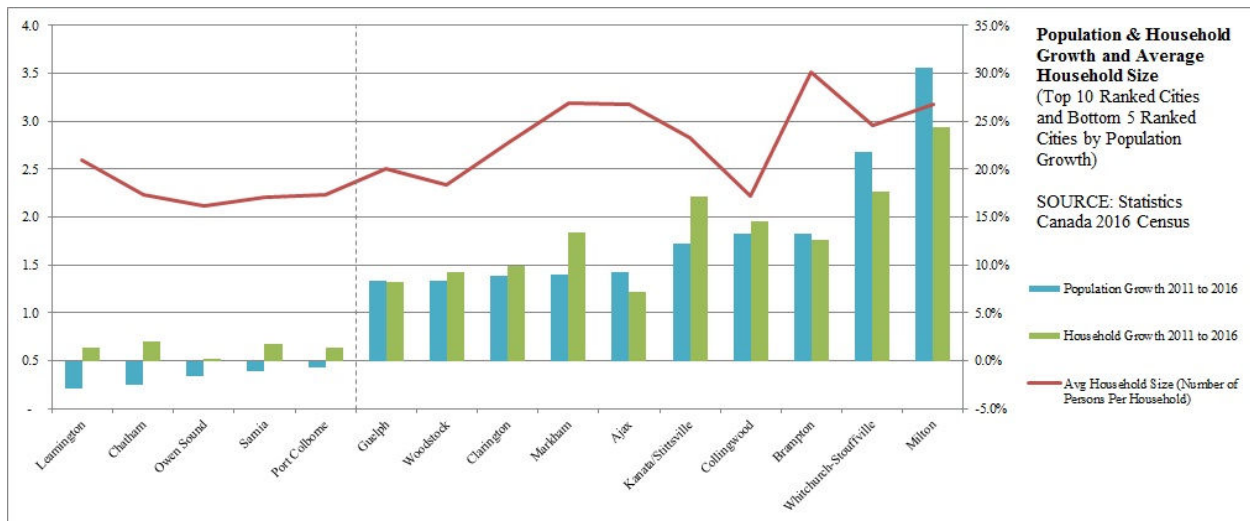
## Population Growth & Household Growth

How quickly, and by how much, a city or town's population is growing is an important factor in gauging that city or town's suitability for new rental housing. As total population grows, the supply of dwelling units does one of two things: either it grows at a similar rate as total population, thus providing more dwelling units to allow new household formation, or it stays static or grows at a rate lower than total population, which means new household formation trails population growth. In the former case, household size, defined as the number of persons per household, stays the same or gets smaller, while in the latter case household size increases. In every population some people will be living in larger size households, such as families and married or partnered couples, while some people, such as single people, will live in smaller households. The relationship between population growth and household growth is complex and the consultant thinks they should be examined side-by-side.

City/Town	Population Growth				Household Growth			
	Total Population (2016)	+/- Change from 2011	% Change	AVG Household Size	Total Households (2016)	+/- Change from 2011	% Change	Population Growth minus Household Growth
Ajax	119,677	10,077	9.2%	3.2	37,550	2,515	7.2%	-2.0%
Aurora	55,445	2,242	4.2%	2.9	18,850	1,155	6.5%	2.3%
Barrie	141,434	5,371	3.9%	2.7	52,475	2,535	5.1%	1.1%
Belleville	50,716	1,262	2.6%	2.3	21,730	665	3.2%	0.6%
Brampton	593,638	69,732	13.3%	3.5	168,010	18,735	12.6%	-0.8%
Brantford	97,496	3,846	4.1%	2.4	39,215	1,715	4.6%	0.5%
Brock	11,642	301	2.7%	2.5	4,540	205	4.7%	2.1%
Burlington	183,314	7,535	4.3%	2.5	71,370	2,590	3.8%	-0.5%
Cambridge	129,920	3,172	2.5%	2.7	48,240	1,780	3.8%	1.3%
Centre Wellington	28,191	1,498	5.6%	2.6	10,825	880	8.8%	3.2%
Chatham	43,550	-1,126	-2.5%	2.2	18,960	375	2.0%	4.5%
Clarington	92,013	7,465	8.8%	2.8	32,840	2,960	9.9%	1.1%
Cobourg	19,440	921	5.0%	2.2	8,640	595	7.4%	2.4%
Collingwood	21,793	2,552	13.3%	2.2	9,555	1,215	14.6%	1.3%
Cornwall	46,589	249	0.5%	2.2	20,930	495	2.4%	1.9%
East Gwillimbury	23,991	1,518	6.8%	2.9	8,075	535	7.1%	0.3%
Georgina	45,418	1,901	4.4%	2.7	16,820	970	6.1%	1.8%
Grimsby	27,314	1,989	7.9%	2.6	10,375	775	8.1%	0.2%
Guelph	131,794	10,106	8.3%	2.5	52,090	3,975	8.3%	0.0%
Halton Hills	61,161	2,148	3.6%	2.9	21,080	820	4.0%	0.4%
Hamilton	536,917	16,968	3.3%	2.5	211,595	7,785	3.8%	0.6%
Kanata/Stittsville	117,304	12,745	12.2%	2.8	40,905	5,985	17.1%	4.9%
Kawartha Lakes	75,423	2,204	3.0%	2.4	31,110	1,430	4.8%	1.8%
Kingston	123,798	435	0.4%	2.2	53,520	1,105	2.1%	1.8%
Kitchener	233,222	14,069	6.4%	2.5	92,220	5,845	6.8%	0.3%
Leamington	27,595	-808	-2.8%	2.6	9,995	130	1.3%	4.2%
London	383,822	17,671	4.8%	2.3	163,140	9,510	6.2%	1.4%
Markham	328,966	27,257	9.0%	3.2	102,675	12,140	13.4%	4.4%
Milton	110,128	25,766	30.5%	3.2	34,260	6,700	24.3%	-6.2%
Mississauga	721,599	8,156	1.1%	3.0	240,915	6,330	2.7%	1.6%
Newmarket	84,224	4,246	5.3%	2.9	28,670	1,260	4.6%	-0.7%
Niagara Falls	88,071	5,074	6.1%	2.4	35,775	2,395	7.2%	1.1%
Oakville	193,832	11,312	6.2%	2.9	66,270	3,855	6.2%	0.0%
Orangeville	28,900	925	3.3%	2.7	10,565	495	4.9%	1.6%
Orillia	31,166	580	1.9%	2.2	13,475	495	3.8%	1.9%
Oshawa	159,458	9,851	6.6%	2.5	62,595	3,800	6.5%	-0.1%
Ottawa	934,243	50,852	5.8%	2.5	373,755	20,515	5.8%	0.1%
Owen Sound	21,341	-347	-1.6%	2.1	9,630	25	0.3%	1.9%
Peterborough	81,032	2,255	2.9%	2.3	34,710	1,275	3.8%	1.0%
Pickering	91,771	3,050	3.4%	2.9	30,920	1,590	5.4%	2.0%
Port Colborne	18,306	-118	-0.6%	2.2	8,015	105	1.3%	2.0%
Port Hope	16,753	539	3.3%	2.3	7,075	525	8.0%	4.7%
Richmond Hill	195,022	9,481	5.1%	3.0	64,115	5,460	9.3%	4.2%
Sarnia	71,594	-772	-1.1%	2.2	31,935	555	1.8%	2.8%
Scugog	21,617	48	0.2%	2.6	8,215	255	3.2%	3.0%
St. Catharines	133,113	1,713	1.3%	2.3	56,870	1,450	2.6%	1.3%
St. Thomas	38,909	1,004	2.6%	2.3	16,585	895	5.7%	3.1%
Stratford	31,465	562	1.8%	2.2	13,845	515	3.9%	2.0%
Thorold	18,801	870	4.9%	2.5	7,465	385	5.4%	0.6%
Tillsonburg	15,872	571	3.7%	2.2	7,130	315	4.6%	0.9%
Toronto	2,731,571	116,511	4.5%	2.4	1,112,930	65,055	6.2%	1.8%
Uxbridge	21,176	553	2.7%	2.7	7,665	320	4.4%	1.7%
Vaughan	306,233	17,932	6.2%	3.2	94,255	8,195	9.5%	3.3%
Waterloo	104,986	6,206	6.3%	2.6	40,380	2,865	7.6%	1.4%
Welland	52,293	1,662	3.3%	2.3	22,490	1,005	4.7%	1.4%
Whitby	128,377	6,355	5.2%	2.9	43,530	2,510	6.1%	0.9%
Whitchurch-Stouffville	45,837	8,209	21.8%	3.0	15,355	2,310	17.7%	-4.1%
Windsor	217,188	6,297	3.0%	2.3	91,630	3,800	4.3%	1.3%
Woodstock	40,902	3,148	8.3%	2.3	17,150	1,455	9.3%	0.9%

SOURCE: Statistics Canada 2016 Census.

Five cities and towns saw a double-digit increase in total population during the Census period 2011 to 2016: Milton, Whitchurch-Stouffville, Brampton, Collingwood, and Kanata/Stittsville. Milton has been Ontario's fastest growing city for the last two Census periods, most recently by 30.5% from 2011 to 2016 (its growth from 2006 to 2011, at 56.5%, was even higher). This huge population growth was made possible by the development of large quantities of single-family housing, plus some townhouses and condominiums. Only two small purpose-built rental projects were built in the city during this period, too small to have had a significant impact on the city's housing market or to meet demand for rentals. Whitchurch-Stouffville, located northeast of Markham, experienced the next highest population growth which was made possible by the development of new single-family housing. Brampton, one of Ontario's largest cities with over half-a-million people, supported high population growth with new single-family homes (mostly in the north and northwest parts of the city), plus new condominiums and purpose-built rental projects (mostly infill). Collingwood grew by the same percentage as Brampton, followed by Kanata/Stittsville. New housing development in both cities made population growth possible; in Kanata this took the form of a large amount of new purpose-built rental apartments. The next five fastest growing cities were Ajax, Markham, Clarington, Guelph, and Woodstock. Only in Clarington (i.e. Bowmanville) and Woodstock did new purpose-built rentals play a role in supporting population growth. In Guelph, new rentals came to market after 2016 and have not yet shown up in Census data.



The remaining cities and towns experienced population growth ranging from around 8% down to zero. Several large cities including Windsor, Peterborough, Cambridge, St Catharines, Mississauga, and Kingston experienced low population growth. In the case of Mississauga this is surprising given the city's large population, prominent location in the GTA, and strong economy: Mississauga, now approaching three-quarters of a million people, is the third largest city in Ontario, but it grew by only 8,156 people from 2011 to 2016; by contrast, Whitchurch-Stouffville, the 37<sup>th</sup> largest city/town in Ontario with less than fifty thousand people, grew by 8,209 people. The difference is that in Whitchurch-Stouffville a large amount of land has been available for greenfield housing development, whereas Mississauga is largely built-out and now must rely mostly on infill and redevelopment projects to accommodate population growth.

Five cities had negative population growth: Leamington, Chatham, Owen Sound, Sarnia, and Port Colborne shrank in total population from 2011 to 2016. These medium-sized cities are former industrial cities somewhat isolated geographically from Ontario's major urban areas, so their negative growth is probably due to limited employment opportunities for younger residents and a drift to larger urban areas among younger and older residents (including retirees). Household growth was positive in each of these cities, however, suggesting that it wasn't necessarily a shortage of housing causing negative population growth.

How does population growth compare to household growth? There appears to be a parallel between high population growth and high household growth, which makes sense given that more housing is required to accommodate more people, and significant population growth can't happen without household growth (unless new residents join existing households, which is not possible in all cases). Interestingly, in almost all cities, percentage household growth was higher than percentage population growth, even in cities in which population growth was negative or low. This means that significant new household formation took place, often at a faster rate than overall population growth (it should be noted that this does not necessarily result in smaller average household sizes since in some cases high household growth and large average household sizes are found in the same city or town, as in Brampton for example).

## Household Incomes (Affordability)

The ability of households to afford high rents is another important factor in gauging a city or town's suitability for new rental housing, since new rentals are usually priced much higher than existing rentals. Average after-tax total household incomes are used, which combine renter and owner households. Homeowners have higher incomes than renters on average, and will usually have a greater ability to pay higher rents thanks to the proceeds of a home sale when downsizing, so it makes sense to use data for all households<sup>4</sup>. The average shelter rent is the all-in housing costs for renter households.

Household incomes have now risen to the point in Ontario that average households in nearly all of the cities and towns included in this study can theoretically afford well over \$2,000 per month on housing. This suggests substantial affordability, since in most cities, as comparison with the average monthly shelter costs paid by renters reveals, housing can on average be rented for significantly less than \$2,000 in all markets. (In practice, of course, household incomes and monthly shelter costs will both range much higher and lower than the averages, so on a neighbourhood basis affordability can vary significantly.)

Oakville has the highest average household income in Ontario, which, despite high average shelter costs paid by renters, means it has on average the greatest capacity to afford high rents. Eight of the next nine highest ranked cities—Aurora, Vaughan, Burlington, Halton Hills, Whitchurch-Stouffville, Uxbridge, and East Gwillimbury—are located in suburban and exurban areas of the GTA and of these only Burlington contains significant quantities of purpose-built rentals. Kanata/Stittsville, ranked seventh, has a large supply of purpose-built rentals. Remaining cities and towns show a gradual drop in affordability, but in most cases this remains well above average shelter costs paid by renters.

City/Town	Affordability			
	AVG After-Tax Total Household Income (2015)	(1) Est. Maximum Affordable Monthly Housing Costs*	(2) AVG Mon. Shelter Costs for Renter Households** (2015)	(1) minus (2)
Ajax	\$100,451	\$2,790	\$1,208	\$1,582
Aurora	\$125,098	\$3,475	\$1,345	\$2,130
Barrie	\$87,323	\$2,426	\$1,219	\$1,207
Belleville	\$75,709	\$2,103	\$952	\$1,151
Brampton	\$89,470	\$2,485	\$1,225	\$1,260
Brantford	\$77,464	\$2,152	\$923	\$1,229
Brock	\$84,140	\$2,337	\$896	\$1,441
Burlington	\$114,143	\$3,171	\$1,329	\$1,842
Cambridge	\$88,812	\$2,467	\$1,025	\$1,442
Centre Wellington	\$95,036	\$2,640	\$1,052	\$1,588
Chatham	\$73,387	\$2,039	\$761	\$1,278
Clarington	\$98,843	\$2,746	\$1,197	\$1,549
Cobourg	\$81,757	\$2,271	\$1,039	\$1,232
Collingwood	\$82,785	\$2,300	\$1,124	\$1,176
Cornwall	\$63,988	\$1,777	\$788	\$989
East Gwillimbury	\$110,360	\$3,066	\$1,277	\$1,789
Georgina	\$87,831	\$2,440	\$1,122	\$1,318
Grimsby	\$101,907	\$2,831	\$1,124	\$1,707
Guelph	\$93,223	\$2,590	\$1,050	\$1,540
Halton Hills	\$113,921	\$3,164	\$1,170	\$1,994
Hamilton	\$88,381	\$2,455	\$947	\$1,508
Kanata/Stittsville	\$112,201	\$3,117	\$1,511	\$1,606
Kawartha Lakes	\$80,109	\$2,225	\$937	\$1,288
Kingston	\$88,295	\$2,453	\$1,065	\$1,388
Kitchener	\$85,392	\$2,372	\$1,028	\$1,344
Leamington	\$78,820	\$2,189	\$836	\$1,353
London	\$84,210	\$2,339	\$941	\$1,398
Markham	\$99,131	\$2,754	\$1,436	\$1,318
Milton	\$103,853	\$2,885	\$1,522	\$1,363
Mississauga	\$96,759	\$2,688	\$1,281	\$1,407
Newmarket	\$105,300	\$2,925	\$1,247	\$1,678
Niagara Falls	\$77,561	\$2,154	\$908	\$1,246
Oakville	\$140,794	\$3,911	\$1,523	\$2,388
Orangeville	\$90,728	\$2,520	\$1,126	\$1,394
Orillia	\$74,463	\$2,068	\$954	\$1,114
Oshawa	\$83,229	\$2,312	\$1,070	\$1,242
Ottawa	\$104,030	\$2,890	\$1,148	\$1,742
Owen Sound	\$72,594	\$2,017	\$843	\$1,174
Peterborough	\$77,151	\$2,143	\$956	\$1,187
Pickering	\$105,825	\$2,940	\$1,359	\$1,581
Port Colborne	\$74,506	\$2,070	\$816	\$1,254
Port Hope	\$86,470	\$2,402	\$954	\$1,448
Richmond Hill	\$102,395	\$2,844	\$1,446	\$1,398
Sarnia	\$88,738	\$2,465	\$878	\$1,587
Scugog	\$101,936	\$2,832	\$1,143	\$1,689
St. Catharines	\$78,956	\$2,193	\$907	\$1,286
St. Thomas	\$73,763	\$2,049	\$797	\$1,252
Stratford	\$83,933	\$2,331	\$886	\$1,445
Thorold	\$81,022	\$2,251	\$910	\$1,341
Tillsonburg	\$74,793	\$2,078	\$845	\$1,233
Toronto	\$100,343	\$2,787	\$1,242	\$1,545
Uxbridge	\$110,609	\$3,072	\$1,186	\$1,886
Vaughan	\$114,737	\$3,187	\$1,587	\$1,600
Waterloo	\$105,469	\$2,930	\$1,146	\$1,784
Welland	\$73,066	\$2,030	\$841	\$1,189
Whitby	\$108,567	\$3,016	\$1,168	\$1,848
Whitchurch-Stouffville	\$113,391	\$3,150	\$1,356	\$1,794
Windsor	\$77,079	\$2,141	\$796	\$1,345
Woodstock	\$82,084	\$2,280	\$978	\$1,302

SOURCE: Statistics Canada 2016 Census.

\* Maximum affordable monthly rent is estimated using the generally held rule of allocating one-third of total household income to housing.

\*\* Average monthly shelters costs combines all costs of renting including rent, utilities, insurance, etc.

As noted above, the estimated maximum affordable monthly rent is well over \$2,000 a month in most cities and towns, which is enough to afford a new, upmarket 1 or 2 bed rental unit in most markets outside Toronto. It must be understood, however, that because some households have incomes much higher than the averages, and because some households are willing to allocate a high proportion of their total household income for housing, rents significantly higher than the average shelter costs are theoretically payable by many households in virtually all cities and towns.

<sup>4</sup> The traditional, generally held rule for estimating affordability was to assume the allocation of one-third of a household's total income to pay for housing. That rule used pre-tax household income, thereby overstating affordability because everybody pays their rent from after-tax income, not pre-tax income; in this study after-tax incomes are used.

## Official Vs. Unofficial Rentals

The rental housing market is made up of two types of rentals: purpose-built rentals and non-purpose-built rentals. Rental apartments and townhouses that were originally designed and developed to be rentals (and are still used as rentals) are known as purpose-built rentals; these can be thought of as ‘official’ rentals. Owned dwellings such as condominiums, townhouses, and detached and semi-detached houses that are being rented to renters by their owners, which were never intended to be rentals, are defined as non-purpose-built rentals; these can be thought of as ‘unofficial’ rentals. In some cities and towns non-purpose-built rentals can constitute a large portion of the overall supply of rental housing and should not be overlooked as potential competition to new rentals and sources of prospective renters willing to switch to purpose-built rentals.

One of the most striking things about the purpose-built rental housing supply is how much it varies from city to city. In Markham, for example, purpose-built rentals make up only about 11.4% of the city’s total rental supply, while in London purpose-built rentals make up approximately 70%.

What then, is the appropriate ratio of purpose-built to non-purpose-built rentals? The consultant thinks that London provides an indication of how high the proportion of purpose-built rentals can reach. London has been undergoing new apartment development almost non-stop from the 1960s, which continued at a steady pace during the most restrictive Rent Control period from 1975 to the late 1990s, a period during which developers in the rest of the province slowed or stopped their development of new purpose-built rentals. This history of steady long-term building means that London’s rental housing supply is now large and sophisticated, offering rentals of all ages (from the 1906s through to the present day) and all types (low-rise and high-rise apartments, rental townhouses, mass-market product to luxury product). This is often called a mature market, since it is able to offer rentals to all types of renters at all price points, and the total number of units is sufficiently large that there is always enough turnover to allow renters to enter and leave the rental housing supply and for landlords to steadily raise rents.

It is important to note that Ontario’s largest cities, those with the largest and most mature rental supplies such as Kingston, Kitchener, Burlington, Ottawa, Hamilton, Toronto, Guelph, and Windsor<sup>5</sup>, also contain high proportions of purpose-built rentals, although only Kingston approaches London. This means that cities and towns with lower proportions of purpose-built rentals are ‘under-supplied’ and in theory could absorb significant quantities of new rental housing. The only caveat is that this probably doesn’t apply equally to large and small cities: it is likely that only cities and towns with large populations can support the highest proportions of purpose-built rentals, although the consultant suspects that many small towns could absorb more new rentals than developers and other industry participants realize.

City/Town	Supply of Purpose-Built vs Non-Purpose-Built Rentals				
	Total Renter Households (2016)	Total Purpose-Built Rentals (2018)	Non-Purpose-Built Rentals*	% Non-Purpose-Built Rentals	New Rental Units Needed for 50% Purpose-Built Rentals
Ajax	5,165	1,642	3,523	68.2%	1,881
Aurora	3,035	804	2,231	73.5%	1,427
Barrie	15,140	4,136	11,004	72.7%	6,868
Belleville	8,225	4,251	3,974	48.3%	-277
Brampton	33,610	10,988	22,622	67.3%	11,634
Brantford	12,765	5,410	7,355	57.6%	1,945
Brock	815	102	713	87.5%	612
Burlington	16,835	10,045	6,790	40.3%	-3,255
Cambridge	14,160	6,345	7,815	55.2%	1,470
Centre Wellington	1,965	768	1,197	60.9%	429
Chatham	6,770	3,584	3,186	47.1%	-398
Clarington	3,900	734	3,166	81.2%	2,432
Cobourg	2,575	1,068	1,507	58.5%	439
Collingwood	2,510	553	1,957	78.0%	1,404
Cornwall	9,480	3,843	5,637	59.5%	1,794
East Gwillimbury	850	42	808	95.1%	766
Georgina	2,685	318	2,367	88.2%	2,050
Grimsby	1,480	390	1,090	73.6%	701
Guelph	17,030	7,766	9,264	54.4%	1,498
Halton Hills	3,000	763	2,237	74.6%	1,474
Hamilton	68,545	36,312	32,233	47.0%	-4,079
Kanata/Stittsville	5,515	1,782	3,733	67.7%	1,951
Kawartha Lakes	5,325	1,494	3,831	71.9%	2,337
Kingston	21,620	13,981	7,639	35.3%	-6,341
Kitchener	34,975	21,491	13,484	38.6%	-8,007
Leamington	3,095	996	2,099	67.8%	1,103
London	65,070	45,563	19,507	30.0%	-26,056
Markham	14,285	1,627	12,658	88.6%	11,031
Milton	4,840	709	4,131	85.4%	3,422
Mississauga	66,785	29,083	37,702	56.5%	8,619
Newmarket	5,875	1,044	4,831	82.2%	3,787
Niagara Falls	10,120	3,386	6,734	66.5%	3,348
Oakville	12,135	4,743	7,392	60.9%	2,649
Orangeville	2,410	855	1,555	64.5%	700
Orillia	5,115	1,763	3,352	65.5%	1,589
Oshawa	19,720	9,824	9,896	50.2%	72
Ottawa	128,285	69,495	58,790	45.8%	-10,704
Owen Sound	4,130	1,813	2,317	56.1%	504
Peterborough	13,145	6,498	6,647	50.6%	150
Pickering	3,895	352	3,543	91.0%	3,191
Port Colborne	2,070	659	1,411	68.2%	753
Port Hope	1,530	589	941	61.5%	352
Richmond Hill	11,260	1,717	9,543	84.8%	7,826
Sarnia	10,195	6,216	3,979	39.0%	-2,237
Scugog	1,115	144	971	87.1%	827
St. Catharines	18,960	8,412	10,548	55.6%	2,136
St. Thomas	5,400	2,670	2,730	50.6%	60
Stratford	4,610	2,029	2,581	56.0%	552
Thorold	2,060	574	1,486	72.1%	912
Tillsonburg	2,160	899	1,261	58.4%	362
Toronto	525,835	264,832	261,003	49.6%	-3,834
Uxbridge	1,055	221	834	79.1%	613
Vaughan	9,765	103	9,662	98.9%	9,559
Waterloo	12,590	9,002	3,588	28.5%	-5,414
Welland	6,855	2,945	3,910	57.0%	965
Whitby	7,255	2,484	4,771	65.8%	2,287
Whitchurch-Stouffville	1,750	172	1,578	90.2%	1,406
Windsor	33,410	14,987	18,423	55.1%	3,436
Woodstock	5,670	2,861	2,809	49.5%	-52

SOURCE: Statistics Canada 2016 Census and CMHC 2018.

\* Calculated by subtracting total purpose-built rentals from total renter households.

<sup>5</sup> Waterloo has not been included in this list since its purpose-built rental housing supply is dominated by an extremely large quantity of purpose-built student housing, making it unique in the province and therefore not comparable with other cities and towns.

## Rental Supply: Age (New vs. Old)

Purpose-built rentals can be separated by the building age into ‘new’ and ‘old’ rentals. CMHC defines new purpose-built rentals as those constructed in the year 2000 or later. The consultant thinks this definition is appropriate since the Harris government exempted new purpose-built rentals from Rent Control<sup>6</sup> starting in the late 1990s, which means the first new rental buildings fully exempt from Rent Control were built in the early 2000s. In other words, there is a significant administrative and pricing difference between buildings constructed before and after the year 2000, thanks to Rent Control, so CMHC’s definition of ‘new’ rentals makes sense.

The data shows that in most cities and towns the bulk of purpose-built rentals were constructed during the 1960s and 1970s. The next largest amount of purpose-built rentals were constructed during the 1980s and 1990s, in most cases more than were built prior to 1960—most cities and towns contain a large number of aged rentals. Here’s an interesting data point: the number of rentals constructed during the 1980s and 1990s is fairly substantial in many cities and towns, often more than the number of rentals constructed during the nineteen years after 2000. This suggests that Rent Control, which was at its most restrictive during the 1980s and 1990s, didn’t ‘kill’ new rental development, despite some claims.

What is the ideal proportion of new rentals? The proportion of new rentals varies widely among larger cities and towns which have absorbed significant amounts of new rentals, ranging from around 10.7% in Burlington to 39.1% in Waterloo. Some cities such as Kanata/Stittsville, Newmarket, Orillia, and Vaughan have even higher proportions of new rentals but that’s because these cities had very few older rentals in place before new ones were constructed, so the new rentals dominate percentage-wise. The consultant thinks that 15% is a reasonable percentage to use as a guide since large cities such as Cambridge, Kingston, Kitchener, London, Waterloo, and Woodstock have absorbed proportions of new rentals slightly higher than 15%, while Barrie,

Brampton, and Burlington are almost at 15% and will likely match or exceed it in the near future. Most cities and towns contain far less than 15% new rentals, of course, so by applying 15% as a target it is possible to calculate the number of new rentals that would need to be constructed in each city so that new rentals make up 15% of the total. In most cities and towns this means a significant amount of new rentals are needed, enough to suggest one or two additional rental buildings (at a minimum) could be absorbed in most cities and towns, and in larger cities several new rental buildings.

City/Town	Age (Purpose-Built Rentals)					Total	New Rental Units Needed for 15% New
	Before 1960	1960-1979	1980-1999	2000 or Later	% 2000 or Later		
Ajax	289	452	629	272	16.6%	1,642	-29
Aurora	43	624	137	-	0.0%	804	143
Barrie	879	1,795	1,227	535	12.9%	4,136	101
Belleville	654	2,578	1,015	4	0.1%	4,251	746
Brampton	305	6,243	3,222	1,218	11.1%	10,988	507
Brantford	463	3,873	677	397	7.3%	5,410	488
Brock	46	8	48	-	0.0%	102	18
Burlington	826	7,871	271	1,077	10.7%	10,045	506
Cambridge	335	4,181	477	1,352	21.3%	6,345	-470
Centre Wellington	237	470	6	55	7.2%	768	72
Chatham	514	2,458	565	47	1.3%	3,584	578
Clarington	94	357	159	123	16.8%	734	-14
Cobourg	295	505	185	83	7.8%	1,068	92
Collingwood	48	168	310	27	4.9%	553	67
Cornwall	1,651	1,537	525	130	3.4%	3,843	526
East Gwillimbury	-	6	36	-	0.0%	42	7
Georgina	21	65	232	-	0.0%	318	57
Grimsby	46	334	-	10	2.6%	390	58
Guelph	541	5,995	642	588	7.6%	7,766	679
Halton Hills	158	380	225	-	0.0%	763	136
Hamilton	7,719	26,122	1,007	1,464	4.0%	36,312	4,686
Kanata/Stittsville	10	189	391	1,192	66.9%	1,782	-1,088
Kawartha Lakes	422	763	281	28	1.9%	1,494	231
Kingston	2,359	6,010	2,995	2,617	18.7%	13,981	-611
Kitchener	1,755	12,168	3,747	3,821	17.8%	21,491	-702
Leamington	77	596	291	32	3.2%	996	139
London	5,324	23,594	7,924	8,721	19.1%	45,563	-2,219
Markham	8	1,619	-	-	0.0%	1,627	288
Milton	47	628	22	12	1.7%	709	111
Mississauga	598	22,450	5,021	1,014	3.5%	29,083	3,940
Newmarket	143	460	190	251	24.0%	1,044	-111
Niagara Falls	942	1,747	548	149	4.4%	3,386	423
Oakville	417	3,892	434	-	0.0%	4,743	837
Orangeville	111	497	188	59	6.9%	855	82
Orillia	416	534	454	359	20.4%	1,763	-111
Oshawa	864	6,836	1,277	847	8.6%	9,824	738
Ottawa	14,259	44,346	6,397	4,493	6.5%	69,495	6,978
Owen Sound	173	1,330	288	22	1.2%	1,813	295
Peterborough	1,228	3,709	1,234	327	5.0%	6,498	762
Pickering	5	21	326	-	0.0%	352	63
Port Colborne	157	297	188	17	2.6%	659	97
Port Hope	106	444	39	-	0.0%	589	104
Richmond Hill	105	1,304	286	22	1.3%	1,717	278
Sarnia	601	4,894	377	344	5.5%	6,216	693
Scugog	57	-	84	3	2.1%	144	22
St. Catharines	1,249	5,774	1,158	231	2.7%	8,412	1,213
St. Thomas	511	1,442	585	132	4.9%	2,670	317
Stratford	223	1,466	228	112	5.5%	2,029	227
Thorold	66	314	173	21	3.7%	574	78
Tillsonburg	106	660	129	4	0.4%	899	155
Toronto	71,122	175,517	7,949	10,244	3.9%	264,832	34,682
Uxbridge	41	89	91	-	0.0%	221	40
Vaughan	-	20	-	83	80.6%	103	-79
Waterloo	195	3,939	1,348	3,520	39.1%	9,002	-2,551
Welland	502	1,653	756	34	1.2%	2,945	481
Whitby	206	1,753	521	4	0.2%	2,484	434
Whitechurch-Stouffville	9	121	42	-	0.0%	172	31
Windsor	3,760	9,242	1,483	502	3.3%	14,987	2,055
Woodstock	343	1,009	822	687	24.0%	2,861	-303

SOURCE: CMHC 2018.

<sup>6</sup> Rent Control was introduced in 1975 and applied to all purpose-built rentals thereafter until the Harris government’s exemption for new rentals was introduced in the late 1990s. The Wynn government’s extension of Rent Control to new rentals in early 2018 before cancellation by the Ford government in late 2018 was not long enough to have had a significant or lasting impact on the industry.

## Rental Supply: Unit Mix

CMHC shows purpose-built rentals by unit mix which can help identify potential market niches which developers could target with new rentals, or which can be used as a guide to what unit mix might be best for a given rental market. Studying unit mix in detail is beyond the scope of this study, but some general observations can be made. The data shows that 2 beds are the most common purpose-built rental units in Ontario, followed by 1 beds. This larger number of 2 beds is not evenly shared across cities, though, since there is appears to be a general, although by no means definite, tendency for suburban and exurban cities (examples: Brampton, Mississauga) and for cities located away from major urban areas (examples: Brantford, Kingston) to contain more 2 beds than 1 beds. The biggest urban areas (examples: Toronto, Ottawa) contain more 1 beds. Bachelors (with no bedrooms) are never more than 10% of the total mix and rarely more than 5%. Three bedroom units, many of which are actually rental townhouses (except in Toronto where most 3 beds are found in apartment buildings), range from just below 5% to around 15%. Although 3 bed can be found in proportions which greatly exceed these ranges, these outliers are best ignored since they are cities and towns with tiny rental supplies dominated by only one or two properties, which means in those cities and towns the unit mixes can be misleading.

City/Town	Unit Mix (Purpose-Built Rentals)					Total	% THs
	0 Bed	1 Bed	2 Bed	3+ Bed			
Ajax	1 0.1%	106 6.5%	1,208 73.6%	327 19.9%		1,642	2.3%
Aurora	10 1.2%	216 26.9%	302 37.6%	276 34.3%		804	24.4%
Barrie	112 2.7%	1,163 28.1%	2,251 54.4%	610 14.7%		4,136	10.2%
Belleville	107 2.5%	1,329 31.3%	2,557 60.2%	258 6.1%		4,251	3.2%
Brampton	212 1.9%	3,554 32.3%	5,746 52.3%	1,476 13.4%		10,988	4.9%
Brantford	86 1.6%	1,487 27.5%	2,889 53.4%	948 17.5%		5,410	13.8%
Brock	2 2.0%	28 27.5%	67 65.7%	5 4.9%		102	0.0%
Burlington	110 1.1%	2,871 28.6%	5,529 55.0%	1,535 15.3%		10,045	13.1%
Cambridge	82 1.3%	1,559 24.6%	4,276 67.4%	428 6.7%		6,345	11.9%
Centre Wellington	27 3.5%	206 26.8%	501 65.2%	34 4.4%		768	0.0%
Chatham	107 3.0%	1,258 35.1%	1,759 49.1%	460 12.8%		3,584	2.1%
Clarington	4 0.5%	248 33.8%	389 53.0%	93 12.7%		734	13.5%
Cobourg	37 3.5%	254 23.8%	596 55.8%	181 16.9%		1,068	14.7%
Collingwood	45 8.1%	225 40.7%	260 47.0%	23 4.2%		553	2.0%
Cornwall	187 4.9%	1,141 29.7%	2,111 54.9%	404 10.5%		3,843	2.8%
East Gwillimbury	- 0.0%	12 28.6%	27 64.3%	3 7.1%		42	0.0%
Georgina	9 2.8%	78 24.5%	155 48.7%	76 23.9%		318	14.2%
Grimsby	52 13.3%	120 30.8%	186 47.7%	32 8.2%		390	0.0%
Guelph	192 2.5%	2,335 30.1%	4,397 56.6%	842 10.8%		7,766	9.6%
Halton Hills	22 2.9%	230 30.1%	452 59.2%	59 7.7%		763	0.0%
Hamilton	1,615 4.4%	16,138 44.4%	15,880 43.7%	2,679 7.4%		36,312	3.7%
Kanata/Stittsville	12 0.7%	727 40.8%	787 44.2%	256 14.4%		1,782	16.5%
Kawartha Lakes	70 4.7%	588 39.4%	741 49.6%	95 6.4%		1,494	3.3%
Kingston	685 4.9%	4,522 32.3%	7,722 55.2%	1,052 7.5%		13,981	2.0%
Kitchener	621 2.9%	6,741 31.4%	12,435 57.9%	1,694 7.9%		21,491	6.7%
Leamington	22 2.2%	405 40.7%	514 51.6%	55 5.5%		996	1.5%
London	1,079 2.4%	16,763 36.8%	23,448 51.5%	4,273 9.4%		45,563	8.1%
Markham	12 0.7%	621 38.2%	862 53.0%	132 8.1%		1,627	2.6%
Milton	9 1.3%	321 45.3%	370 52.2%	9 1.3%		709	0.8%
Mississauga	631 2.2%	9,999 34.4%	14,150 48.7%	4,303 14.8%		29,083	6.7%
Newmarket	39 3.7%	529 50.7%	415 39.8%	61 5.8%		1,044	6.1%
Niagara Falls	83 2.5%	968 28.6%	2,037 60.2%	298 8.8%		3,386	4.3%
Oakville	157 3.3%	1,462 30.8%	2,510 52.9%	614 12.9%		4,743	6.1%
Orangeville	45 5.3%	312 36.5%	390 45.6%	108 12.6%		855	13.6%
Orillia	102 5.8%	571 32.4%	905 51.3%	185 10.5%		1,763	7.8%
Oshawa	213 2.2%	2,748 28.0%	5,360 54.6%	1,503 15.3%		9,824	9.0%
Ottawa	5,242 7.5%	29,324 42.2%	26,562 38.2%	8,367 12.0%		69,495	10.7%
Owen Sound	71 3.9%	687 37.9%	828 45.7%	227 12.5%		1,813	0.7%
Peterborough	176 2.7%	2,183 33.6%	3,413 52.5%	726 11.2%		6,498	7.3%
Pickering	1 0.3%	6 1.7%	2 0.6%	343 97.4%		352	5.1%
Port Colborne	9 1.4%	175 26.6%	410 62.2%	65 9.9%		659	1.2%
Port Hope	28 4.8%	218 37.0%	320 54.3%	23 3.9%		589	0.0%
Richmond Hill	74 4.3%	648 37.7%	888 51.7%	107 6.2%		1,717	0.0%
Sarnia	185 3.0%	2,404 38.7%	3,278 52.7%	349 5.6%		6,216	10.4%
Scugog	1 0.7%	39 27.1%	54 37.5%	50 34.7%		144	2.1%
St. Catharines	310 3.7%	3,087 36.7%	4,111 48.9%	904 10.7%		8,412	3.9%
St. Thomas	88 3.3%	902 33.8%	1,580 59.2%	100 3.7%		2,670	3.3%
Stratford	33 1.6%	786 38.7%	1,064 52.4%	146 7.2%		2,029	1.0%
Thorold	12 2.1%	238 41.5%	303 52.8%	21 3.7%		574	0.7%
Tillsonburg	12 1.3%	283 31.5%	577 64.2%	27 3.0%		899	1.6%
Toronto	23,197 8.8%	111,601 42.1%	105,139 39.7%	24,895 9.4%		264,832	1.7%
Uxbridge	8 3.6%	78 35.3%	126 57.0%	9 4.1%		221	0.0%
Vaughan	- 0.0%	3 2.9%	28 27.2%	- 0.0%		103	0.0%
Waterloo	121 1.3%	2,363 26.2%	5,325 59.2%	1,193 13.3%		9,002	8.7%
Welland	60 2.0%	1,012 34.4%	1,407 47.8%	466 15.8%		2,945	7.3%
Whitby	144 5.8%	853 34.3%	1,221 49.2%	266 10.7%		2,484	0.2%
Whitchurch-Stouffville	- 0.0%	72 41.9%	100 58.1%	- 0.0%		172	0.0%
Windsor	1,194 8.0%	7,512 50.1%	5,610 37.4%	671 4.5%		14,987	3.8%
Woodstock	38 1.3%	991 34.6%	1,604 56.1%	228 8.0%		2,861	8.2%

SOURCE: CMHC 2018.

## Rental Supply Density

Rental supply density is a calculation that compares a city or town's total population to total purpose-built rentals, expressed as the ratio of rental units to every 1,000 people in a city's population: the higher the rental supply density number, the greater the number of purpose-built rentals by population.

Rental supply density ranges from 118.71 purpose-built rentals per 1,000 people in London to 0.34 in Vaughan. This is a huge range and illustrates just how geographically inconsistent new rental development has been in Ontario. Of the ten cities with the highest rental supply density, only four (London, Kingston, Kitchener, and Waterloo) have a high ratio of purpose-built rental units built in 2000 or later. As ever, London shows just how many purpose-built rentals can potentially be added to a city's housing market and be absorbed. Of the ten cities and towns with the lowest rental supply density six have no new rentals, three have almost no new rentals, and one (Clarington) has a density only slightly greater than one purpose-built rental unit per 1,000 people. This data shows that some cities and towns are deeply under-supplied with purpose-built rentals.

How can developers and other market participants use this data? The best use is to make comparisons between cities of similar population, income, and geographical characteristics but with different rental supply density numbers. This allows estimates to be made of how many new rentals could be added to the city with the smaller rental supply density to match the city with the higher rental supply density. For example, consider Oakville and Burlington, two suburban cities in the west GTA which are geographically adjacent and demographically similar: could Oakville absorb as many new purpose-built rentals as Burlington has absorbed? If the answer is yes—which the consultant thinks is so—then approximately 5,879 new rental units would need to be built in Oakville to match Burlington.

Developers and other market participants should look at the cities and towns with low rental supply density numbers since these areas are under-supplied with purpose-built rentals and could theoretically absorb significant amounts of new rentals. To help gauge the opportunities this presents, the consultant has calculated the number of new purpose-built rental units which would need to be added to bring the rental supply density number up to 75 units per 1,000 people, a rental supply density number equivalent to Ottawa but much lower than London, Kingston, Toronto, etc. Using this measure, it is clear, that in theory at least, hundreds and even thousands of new units could be developed in most cities and towns. Even if only a minority of these were built it would mean adding at least one new rental building in each city and town, and in many cities several new rental buildings.

City/Town	Rental Supply Density (per 1,000 People)				
	Total Population (2016)	Total Purpose-Built Rentals (2018)	Density: All Purpose-Built Rentals	Density: New* Purpose-Built Rentals Only	New Rental Units Needed for Rental Supply Density of 75.00
Ajax	306,233	103	0.34	0.27	22,864
Aurora	23,991	42	1.75	0.00	1,757
Barrie	45,837	172	3.75	0.00	3,266
Belleville	91,771	352	3.84	0.00	6,531
Brampton	328,966	1,627	4.95	0.00	23,045
Brantford	110,128	709	6.44	0.11	7,551
Brock	21,617	144	6.66	0.14	1,477
Burlington	45,418	318	7.00	0.00	3,088
Cambridge	92,013	734	7.98	1.34	6,167
Centre Wellington	11,642	102	8.76	0.00	771
Chatham	195,022	1,717	8.80	0.11	12,910
Clarington	21,176	221	10.44	0.00	1,367
Cobourg	84,224	1,044	12.40	2.98	5,273
Collingwood	61,161	763	12.48	0.00	3,824
Cornwall	119,677	1,642	13.72	2.27	7,334
East Gwillimbury	27,314	390	14.28	0.37	1,659
Georgina	55,445	804	14.50	0.00	3,354
Grimsby	117,304	1,782	15.19	10.16	7,016
Guelph	593,638	10,988	18.51	2.05	33,535
Halton Hills	128,377	2,484	19.35	0.03	7,144
Hamilton	75,423	1,494	19.81	0.37	4,163
Kanata/Stittsville	193,832	4,743	24.47	0.00	9,794
Kawartha Lakes	21,793	553	25.38	1.24	1,081
Kingston	28,191	768	27.24	1.95	1,346
Kitchener	141,434	4,136	29.24	3.78	6,472
Leamington	28,900	855	29.58	2.04	1,313
London	18,801	574	30.53	1.12	836
Markham	16,753	589	35.16	0.00	667
Milton	18,306	659	36.00	0.93	714
Mississauga	27,595	996	36.09	1.16	1,074
Newmarket	88,071	3,386	38.45	1.69	3,219
Niagara Falls	721,599	29,083	40.30	1.41	25,037
Oakville	129,920	6,345	48.84	10.41	3,399
Orangeville	183,314	10,045	54.80	5.88	3,704
Orillia	19,440	1,068	54.94	4.27	390
Oshawa	97,496	5,410	55.49	4.07	1,902
Ottawa	52,293	2,945	56.32	0.65	977
Owen Sound	31,166	1,763	56.57	11.52	574
Peterborough	15,872	899	56.64	0.25	291
Pickering	131,794	7,766	58.93	4.46	2,119
Port Colborne	159,458	9,824	61.61	5.31	2,135
Port Hope	133,113	8,412	63.19	1.74	1,571
Richmond Hill	31,465	2,029	64.48	3.56	331
Sarnia	536,917	36,312	67.63	2.73	3,957
Scugog	38,909	2,670	68.62	3.39	248
St. Catharines	217,188	14,987	69.00	2.31	1,302
St. Thomas	40,902	2,861	69.95	16.80	207
Stratford	934,243	69,495	74.39	4.81	573
Thorold	81,032	6,498	80.19	4.04	-421
Tillsonburg	43,550	3,584	82.30	1.08	-318
Toronto	46,589	3,843	82.49	2.79	-349
Uxbridge	50,716	4,251	83.82	0.08	-447
Vaughan	21,341	1,813	84.95	1.03	-212
Waterloo	104,986	9,002	85.74	33.53	-1,128
Wellsburg	71,594	6,216	86.82	4.80	-846
Whitby	233,222	21,491	92.15	16.38	-3,999
Whitchurch-Stouffville	2,731,571	264,832	96.95	3.75	-59,964
Windsor	123,798	13,981	112.93	21.14	-4,696
Woodstock	383,822	45,563	118.71	22.72	-16,776

SOURCE: Statistics Canada 2016 Census and CMHC 2018.

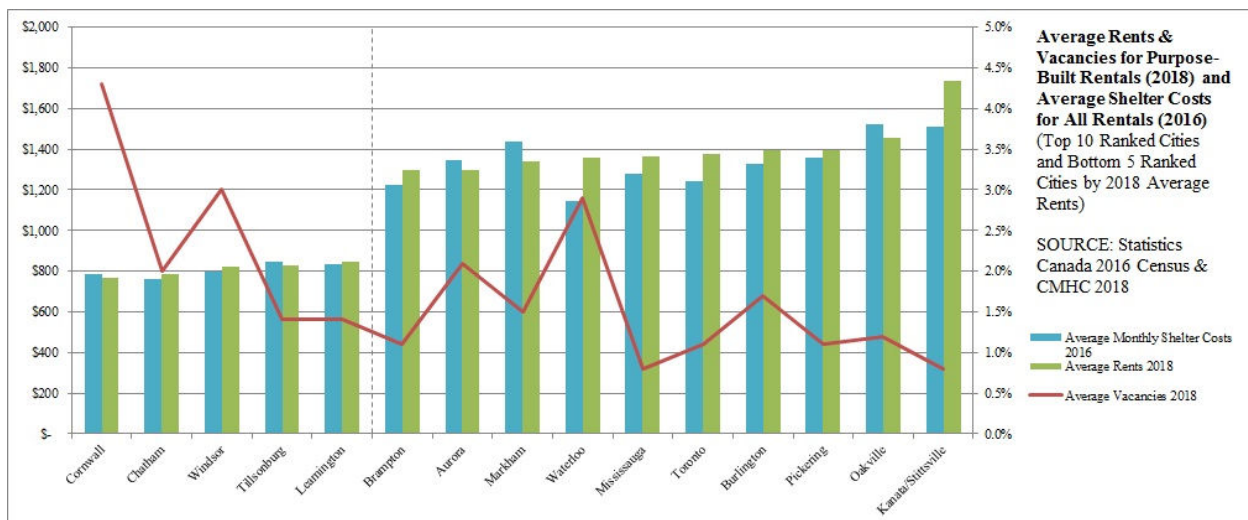
\* Defined as constructed in 2000 or later.



## Rents & Vacancies

Average rents reported by CMHC for purpose-built rentals (see table in next page) are included in this study since they can be useful for making generalized pricing comparisons between cities and towns which have large rental supplies (this data is not useful or reliable for small cities and towns with small rental supplies since these are not large enough to be statistically reliable sample sizes). The consultant includes calculated annualized rent growth for the period 2008 to 2018<sup>7</sup>. It should be noted that average rents mathematically smooth out local pricing quirks and trends and conceal rents being achieved among the highest-priced rentals. This means CMHC average rents do not provide a reliable guide to the rents that could be achieved by new rental housing, so developers should not use CMHC average rents when choosing rents for new rental properties.

This data shows that the cities and towns with the highest average rents do not always have the highest annualized historical rent growth. Which is better? High average rents are most important because new rental housing typically needs high rents to ensure financial feasibility and new rental projects are more likely to achieve high rents in cities with high average rents. But high rent growth is also important since it indicates if rents are headed in the right direction and if the rental market is able to accept rising rents. It also indicates if new rentals are supportable at high rents, which is important since new rental construction appears, in most cities and towns, to have been the main driver of rent growth: of the twenty cities with the highest annualized rent growth from 2008 to 2018, fifteen experienced significant amounts of new rental housing construction. There are exceptions to the relationship between high average rents and high rent growth: Brampton, for example, experienced relatively low rent growth over the last ten years despite containing several new rental buildings. Markham, which has high average rents, experienced low rent growth since nearly all new housing in the city has been in the ownership sector. Pickering and Aurora also have high average rents but low rent growth; in the case of Pickering, high rents are due to a single rental property with extra-large-sized units asking high rents, while in Aurora high rents are due to high incomes and a shortage of rentals; neither city contains new rentals able to push average rents upwards.



Average vacancies reported by CMHC for purpose-built rentals are now low enough in almost all areas of southern Ontario that the consultant does not think developers and other market participants need worry about vacancies, at least in general (some individual buildings and/or neighbourhoods will have extra-high or extra-low vacancies, but these are localized trends only). The consultant remembers several years back when comparing average vacancies versus unit mix could yield insights—for example, high vacancies among 1 beds but low vacancies among 2 beds in a given city or town would suggest low demand for 1 beds—but those variations no longer appear to exist, not surprising since in a consistently low vacancy environment with a shortage of rental housing renters will rent almost any type or rental unit whether it's their first choice or not. The consultant thinks it is reasonable to expect that a return to a high-vacancy environment in southern Ontario is not on the visible horizon.

<sup>7</sup> Average rents are not available from CMHC for all cities for the entire period. Annualized growth for Chatham and Kanata/Stittsville is for the period 2013 to 2018, while annualized growth for Uxbridge and Whitchurch-Stouffville is for 2008 to 2017. The consultant has included the growth in average rents from 2017 to 2018 but cautions this data point is of questionable value given that some cities and towns have too few purpose-built rentals to be statistically reliable (and in the case of Woodstock, reliability is questionable since CMHC average rents have shown some wild ups and downs in past years, fluctuations which are simply not possible in the real world).

(See previous page for discussion of the table below.)

City/Town	Average Rents (Purpose-Built Rentals)							Average Vacancies
	0 Bed	1 Bed	2 Bed	3+ Bed	Total	% Growth 2017 to 2018	Annualized Growth 2008 to 2018	Total
Ajax	n/a	\$963	\$1,248	\$1,378	\$1,254	11.3%	2.7%	0.6%
Aurora	n/a	<b>\$1,127</b>	<b>\$1,347</b>	n/a	\$1,298	-5.2%	1.9%	n/a
Barrie	\$848	<b>\$1,145</b>	<b>\$1,332</b>	\$1,466	\$1,288	9.2%	3.2%	3.1%
Belleville	\$759	\$950	\$1,072	\$1,250	\$1,036	4.5%	2.8%	2.4%
Brampton	\$842	<b>\$1,160</b>	<b>\$1,334</b>	\$1,540	\$1,294	3.5%	2.3%	1.1%
Brantford	\$677	\$902	\$1,010	\$1,171	\$1,006	2.8%	2.9%	1.4%
Brock	n/a	\$862	<b>\$927</b>	n/a	\$908	0.9%	1.9%	0%
Burlington	\$1,456	<b>\$1,282</b>	<b>\$1,405</b>	\$1,545	\$1,394	2.7%	3.5%	1.7%
Cambridge	\$725	\$965	\$1,142	\$1,049	\$1,086	7.2%	3.2%	1.8%
Centre Wellington	n/a	\$852	\$1,047	\$1,183	\$985	3.9%	3.1%	1.6%
Chatham	\$576	<b>\$723</b>	<b>\$837</b>	\$783	\$783	3.7%	2.4% **	2%
Clarington	n/a	\$1,050	\$1,199	\$1,538	\$1,189	1.5%	3.4%	1.3%
Cobourg	n/a	\$849	\$1,110	\$1,341	\$1,042	2.2%	3.4%	0.3%
Collingwood	n/a	\$918	\$1,082	\$1,128	\$1,003	2.9%	3.1%	0.6%
Cornwall	\$610	<b>\$674</b>	<b>\$808</b>	\$914	\$766	-2.8%	2.1%	4.3%
East Gwillimbury	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Georgina	n/a	<b>\$830</b>	\$1,008	n/a	\$969	1.1%	2.0%	n/a
Grimsby	n/a	<b>\$750</b>	<b>\$901</b>	n/a	\$903	8.1%	2.2%	n/a
Guelph	\$773	\$1,035	\$1,165	\$1,336	\$1,133	3.7%	2.7%	1.4%
Halton Hills	\$759	\$985	\$1,197	\$1,672	\$1,141	4.2%	2.3%	0.9%
Hamilton	\$746	\$916	\$1,085	\$1,257	\$1,009	6.9%	3.6%	3.4%
Kanata/Stittsville	n/a	<b>\$1,615</b>	<b>\$1,853</b>	n/a	\$1,734	-0.6%	3.8% **	0.8%
Kawartha Lakes	\$718	\$865	\$1,075	\$1,177	\$972	-3.4%	2.1%	1.4%
Kingston	\$744	\$1,011	\$1,201	\$1,883	\$1,185	6.9%	3.5%	0.6%
Kitchener	\$774	\$940	\$1,132	\$1,300	\$1,071	5.4%	3.1%	3.4%
Leamington	n/a	<b>\$760</b>	<b>\$909</b>	\$915	\$847	1.3%	2.1%	1.4%
London	\$687	\$887	\$1,095	\$1,221	\$1,017	4.4%	2.7%	2.3%
Markham	n/a	<b>\$1,213</b>	<b>\$1,408</b>	\$1,538	\$1,337	-0.1%	2.3%	1.5%
Milton	n/a	<b>\$1,181</b>	\$1,273	n/a	\$1,234	2.3%	2.6%	0.9%
Mississauga	\$922	<b>\$1,233</b>	<b>\$1,396</b>	\$1,590	\$1,363	5.4%	2.7%	0.8%
Newmarket	\$759	<b>\$1,161</b>	<b>\$1,308</b>	n/a	\$1,205	-0.4%	2.8%	2.2%
Niagara Falls	\$575	\$881	<b>\$989</b>	\$1,189	\$962	4.1%	2.6%	3.7%
Oakville	\$1,047	<b>\$1,310</b>	<b>\$1,498</b>	\$1,719	\$1,454	2.3%	3.0%	1.2%
Orangeville	\$901	\$1,059	\$1,171	\$1,106	\$1,113	-1.6%	2.8%	3.6%
Orillia	\$669	\$894	\$1,053	\$1,444	\$1,032	7.9%	2.9%	2.2%
Oshawa	\$827	<b>\$1,204</b>	<b>\$1,275</b>	\$1,432	\$1,267	8.8%	3.8%	3%
Ottawa	\$881	\$1,088	<b>\$1,303</b>	\$1,468	\$1,197	5.3%	2.7%	1.6%
Owen Sound	\$644	<b>\$786</b>	<b>\$926</b>	\$1,000	\$869	5.3%	2.4%	2.3%
Peterborough	\$727	\$910	\$1,079	\$1,260	\$1,031	8.5%	2.5%	1.5%
Pickering	n/a	n/a	n/a	\$1,414	\$1,395	4.0%	2.0%	1.1%
Port Colborne	n/a	\$845	<b>\$954</b>	\$1,068	\$928	4.7%	2.7%	n/a
Port Hope	n/a	\$1,100	\$1,271	\$1,384	\$1,213	12.7%	3.6%	1.7%
Richmond Hill	\$1,020	<b>\$1,146</b>	<b>\$1,363</b>	\$1,591	\$1,282	-0.8%	1.9%	1.3%
Sarnia	\$679	<b>\$840</b>	\$1,007	\$1,166	\$940	2.3%	3.2%	3.8%
Scugog	n/a	<b>\$841</b>	<b>\$876</b>	n/a	\$858	-0.8%	-0.4%	n/a
St. Catharines	\$710	\$909	\$1,109	\$1,251	\$1,036	5.3%	3.1%	2.2%
St. Thomas	\$513	<b>\$694</b>	\$1,005	\$1,212	\$910	11.5%	3.2%	2.2%
Stratford	\$622	<b>\$786</b>	<b>\$945</b>	\$1,101	\$888	4.8%	2.3%	1.8%
Thorold	n/a	<b>\$812</b>	<b>\$999</b>	n/a	\$924	13.0%	3.4%	n/a
Tillsonburg	\$652	<b>\$750</b>	<b>\$872</b>	\$939	\$828	0.2%	2.3%	1.4%
Toronto	\$1,089	<b>\$1,270</b>	<b>\$1,494</b>	\$1,674	\$1,378	5.0%	3.1%	1.1%
Uxbridge	n/a	\$1,086	<b>\$1,355</b>	\$1,302	\$1,227	7.3% *	2.7% ***	n/a
Vaughan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Waterloo	\$962	<b>\$1,243</b>	<b>\$1,443</b>	\$1,301	\$1,356	17.9%	4.4%	2.9%
Welland	\$596	<b>\$788</b>	<b>\$956</b>	\$987	\$901	1.0%	2.8%	2.8%
Whitby	\$905	\$1,069	\$1,152	\$1,290	\$1,138	3.8%	2.3%	1.4%
Whitchurch-Stouffville	n/a	<b>\$1,116</b>	\$1,167	n/a	\$1,153	0.0% *	2.3% ***	n/a
Windsor	\$599	<b>\$767</b>	<b>\$907</b>	\$1,138	\$821	6.2%	1.7%	3%
Woodstock	\$747	<b>\$830</b>	<b>\$998</b>	\$918	\$929	-17.3%	3.2%	n/a

SOURCE: CMHC 2018.

\* Growth from 2016 to 2017 (data not available for 2018)

\*\* Annualized growth for last 5 years only (2013 to 2018).

\*\*\* Annualized growth for 2008 to 2017 (data not available for 2018).

## Conclusion

It is the goal of this study to help readers identify a list of cities and towns in southern Ontario which may be suitable for the development of new rental housing. The table below lists the cities and towns which ranked the twenty highest for the data points reviewed in this study; these cities and towns can be considered, at least on a preliminary basis, the most favourable or most suitable for the development of new rental housing. Cities and towns which appear four or more times in the rankings are shaded.

Rank	Population Growth (% 2017-2018)	Household Growth (% 2017-2018)	Affordability (2016 Household Income)	Non-Purpose-Built Rentals (% of Total Rentals)	New Rentals (% of Purpose-Built Rentals)	Rental Supply Density (Number of Purpose-Built Rentals per 1,000 People)	Average Rents (2018)
1	Milton	Milton	Oakville	Vaughan	Aurora	Vaughan	Kanata/Stittsville
2	Whitchurch-Stouff.	Whitchurch-Stouff.	Aurora	East Gwillimbury	Brock	East Gwillimbury	Oakville
3	Brampton	Kanata/Stittsville	Vaughan	Pickering	East Gwillimbury	Whitchurch-Stouff.	Pickering
4	Collingwood	Collingwood	Burlington	Whitchurch-Stouff.	Georgina	Pickering	Burlington
5	Kanata/Stittsville	Markham	Halton Hills	Markham	Halton Hills	Markham	Toronto
6	Ajax	Brampton	Whitchurch-Stouff.	Georgina	Markham	Milton	Mississauga
7	Markham	Clarington	Kanata/Stittsville	Brock	Oakville	Scugog	Waterloo
8	Clarington	Vaughan	Uxbridge	Scugog	Pickering	Georgina	Markham
9	Guelph	Woodstock	East Gwillimbury	Milton	Port Hope	Clarington	Aurora
10	Woodstock	Richmond Hill	Whitby	Richmond Hill	Uxbridge	Brock	Brampton
11	Grimsby	Centre Wellington	Pickering	Newmarket	Whitchurch-Stouff.	Richmond Hill	Barrie
12	East Gwillimbury	Guelph	Waterloo	Clarington	Belleville	Uxbridge	Richmond Hill
13	Oshawa	Grimsby	Newmarket	Uxbridge	Whitby	Newmarket	Oshawa
14	Kitchener	Port Hope	Ottawa	Collingwood	Tillsonburg	Halton Hills	Ajax
15	Waterloo	Waterloo	Milton	Halton Hills	Owen Sound	Ajax	Milton
16	Oakville	Cobourg	Richmond Hill	Grimsby	Wellsand	Grimsby	Uxbridge
17	Vaughan	Ajax	Scugog	Aurora	Chatham	Aurora	Port Hope
18	Niagara Falls	Niagara Falls	Grimsby	Barrie	Richmond Hill	Kanata/Stittsville	Newmarket
19	Ottawa	East Gwillimbury	Ajax	Thorold	Milton	Brampton	Ottawa
20	Centre Wellington	Kitchener	Toronto	Kawartha Lakes	Kawartha Lakes	Whitby	Clarington

SOURCE: The consultant. KEY: Colour coding for number of listings = 6 5 4 (see main text for discussion).

The cities and towns which rank most frequently in the top twenty (six times in the table above) are East Gwillimbury, Markham, Milton, Richmond Hill, and Whitchurch-Stouffville. All six of these cities and towns are located in the GTA, or in the so-called Greater GTA, and show up frequently in the rankings because of strong population growth, strong affordability, and purpose-built rental under-supply. Although Markham, Milton, and Richmond Hill contain some old-stock rentals, these are in small numbers relative to population and only a handful are new rentals. Neither East Gwillimbury nor Whitchurch-Stouffville contain new rentals.

The cities and towns which rank next most frequently in the top twenty (five times in the table above) are Ajax, Clarington, Grimsby, Kanata/Stittsville, Pickering, Uxbridge, and Vaughan. Only two of these are located outside the GTA: Grimsby is a small town located east of Hamilton in the Niagara Peninsula, while Kanata/Stittsville is a growing exurban development area west of Ottawa. In terms of rental supply, Clarington contains several low-rise purpose-built rental buildings constructed in the past decade, which now make up the bulk of that town's rental supply, while Kanata contains over a thousand new rentals in a single new complex with several hundred rentals in a second, older complex built a decade ago. The remaining cities contain practically no purpose-built rentals (although there is a major new rental project under construction in Ajax) and Vaughan stands out in particular as containing virtually no purpose-built rentals despite a large population.

The cities and towns which rank four times in the top twenty are Aurora, Brampton, Newmarket, Oakville, and Waterloo. Aurora and Newmarket are both some distance north of the GTA's northern suburbs but are so closely connected in terms of transportation and economics that they are in some ways a single city. Aurora has only a small amount of rentals; Newmarket has slightly more, plus a newly constructed purpose-built rental building achieving high rents. Brampton and Oakville are older areas of the GTA suburbs; Brampton has significant amounts of old and new rentals, while Oakville has only a handful of new rentals.

Overall, the cities and towns which rank four, five, or six times in the top twenty for the data points examined in this study are under-supplied with purpose-built rentals. This means these should be put on a shortlist of potential target cities and made the subjects of more detailed study. But in reality, as the data reviewed in this study and the consultant's calculations have shown, nearly all cities and towns in southern Ontario are under-supplied with purpose-built rentals. Even markets as well-supplied as London could absorb more new rentals, although the consultant thinks that developers and other market participants looking for target markets would probably be smart to be cautious towards the small number of markets in which competition would be stiff such as Kanata, Kingston, London, Toronto, and Waterloo<sup>8</sup> and focus instead on cities and towns with lower rental supply density numbers and greater proportions of unofficial rentals.

<sup>8</sup> London and Kingston both contain growing and competitive rental supplies at all price points and operated by experienced developers, while in Toronto new rentals have to contend with a huge quantity of condominiums-for-rent. Waterloo is dominated by student housing and is a crowded market that most developers will understandably be cautious towards. The consultant would probably suggest caution towards Kanata/Stittsville; although it ranked well in this study, it has a large supply of recently constructed purpose-built rentals which offer significant competition.

## Future Research

What's the next step? This study compared 59 cities and towns using seven data points but it is intended to be a preliminary tool only. Ideally, the same study could be conducted using a more complex methodology including more data points, weighting them for relative importance, and applying a scoring system to generate a (weighted) ranked list of target cities and towns. This more advanced approach would probably generate a slightly different list of cities and towns than this study, a list tailored to the preferences and goals of a particular developer. However, if a developer already has a list of cities and towns that he or she is satisfied with, generated either through this study or by other means, then the next step would be to conduct a more detailed analysis of each of the cities and towns on that list. This should include the following:

- an expanded demographic study including growth projections,
- an expanded affordability study,
- an expanded depth-of-market study to gauge the capability of rental markets to accept new rentals,
- an expanded rental pricing study (known as a 'market survey') to gauge future rents,
- a review of the development pipeline to gauge future competition,
- a review of the condominiums-for-rent supply where it exists, and
- a possible review of vacant land availability.

Detailed opportunity studies that look deeper than this study should be conducted by a knowledgeable consultant working closely with developers and other market participants who know roughly where they want to build and what they want to build (or what they can build). Once geographies have been identified which fit the developer's development goals or capabilities, then highly focused feasibility studies and market surveys should be conducted to focus-in on demand, depth-of-market, potential rents, and appropriate unit mix, sizes, and amenities so that the developer can begin the process of designing, submitting, and approving their new rental project. Some of these topics will be the focus of future studies and related articles by this consultant.