

FACT sheet

May 2007

Rental Housing in Edmonton

Introduction

Renters in Edmonton are being hit with a perfect storm. Fewer new rental units are being built, many existing rental units are being converted to condos, and vacancy rates are extremely low. Put together, these powerful housing market trends are a recipe for rapidly rising rents.

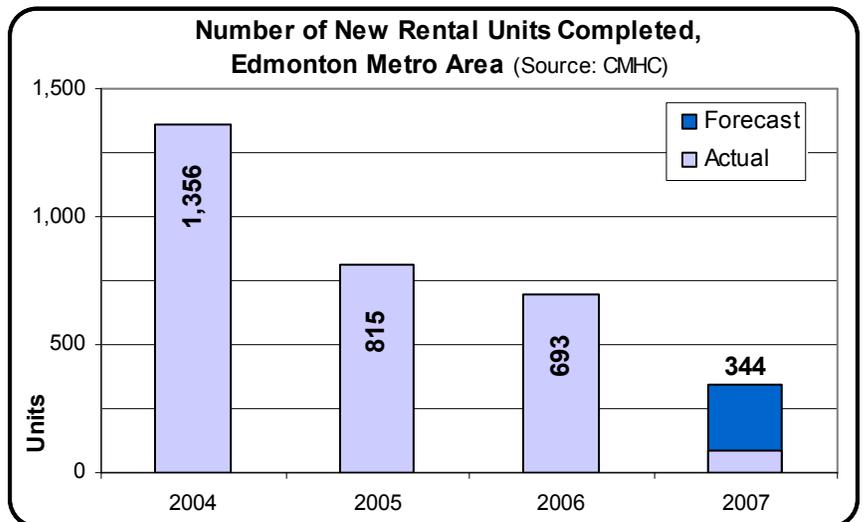
Close to 40 per cent of Edmontonians rent – rather than own – their homes, either by choice or due to financial necessity. Yet renters lack the political influence that should result from their impressive numbers. Some organizations have made great efforts to speak out for and even organize tenants in some buildings. However, tenants lack a clear united voice to represent their interests.

Meanwhile, landlords have well-organized and influential associations to speak for them. Groups like the Edmonton Apartment Association ensure that senior bureaucrats, politicians and the media regularly hear their point of view.

Fewer Rental Units Being Built

While the amount of housing being completed for the ownership market has been reaching record levels, the number of new rental units being built has steadily declined in the past few years. Construction of new rental units dropped by half between 2004 and 2006.

Despite large rent hikes that should lead to new construction, it looks like even fewer rental units will be built in 2007.



Existing Rental Units Being Converted into Condos

It appears that there are no reliable statistics on how many rental units are being converted to condos.

However, sale prices for condos have more than doubled in the past three years. April 2007 prices alone are 60 per cent higher than in the same month last year. This gives landlords a strong incentive to sell their rental units as condominiums.

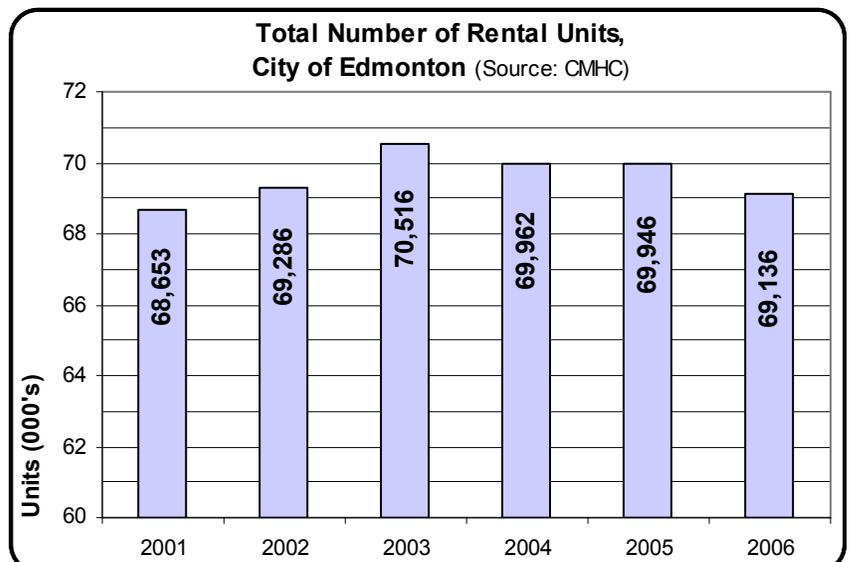
Not all condos are lost to the rental housing market. About one in six Edmonton condos are rented out by their owners. (Source: CMHC)

While they provide another option for renters, rental condos only represent about five per cent of all rental units. Plus, vacancy rates for rental condos are even lower than for regular apartments, and average monthly rents are higher.

No Increase in Rental Units Despite Huge Population Growth

The City of Edmonton has over 90 per cent of all rental housing in the metropolitan region, even though it has only 70 per cent of the population.

The number of rental units in Edmonton peaked in 2003 at 70,500 and has declined to 69,100 units today. This means that there has been a net loss of 1,400 rental units at a time when the population is growing very quickly.





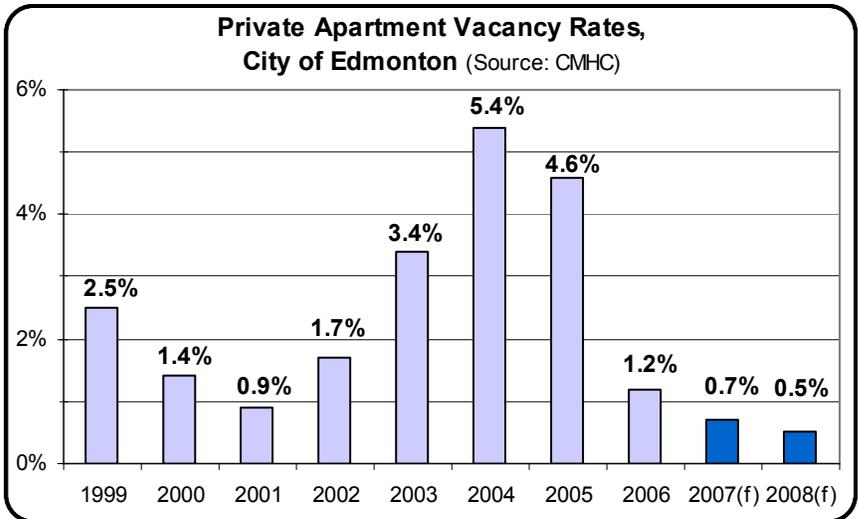
Declining Vacancy Rates; Fewer Available Rental Units

Landlords have had an advantage for most of the past ten years. The need for rental housing has been high, so few units have been empty.

Other than a short upward blip in 2003 and 2004, rental vacancy rates have generally been in the 2 per cent range or below.

The October 2006 CMHC rental survey saw vacancy rates drop to near historic lows of just 1.2 per cent.

CMHC's Second Quarter 2007 Outlook forecasts that rental availability will continue to drop. They have predicted vacancy rates of 0.7 per cent this year and 0.5 per cent next year.



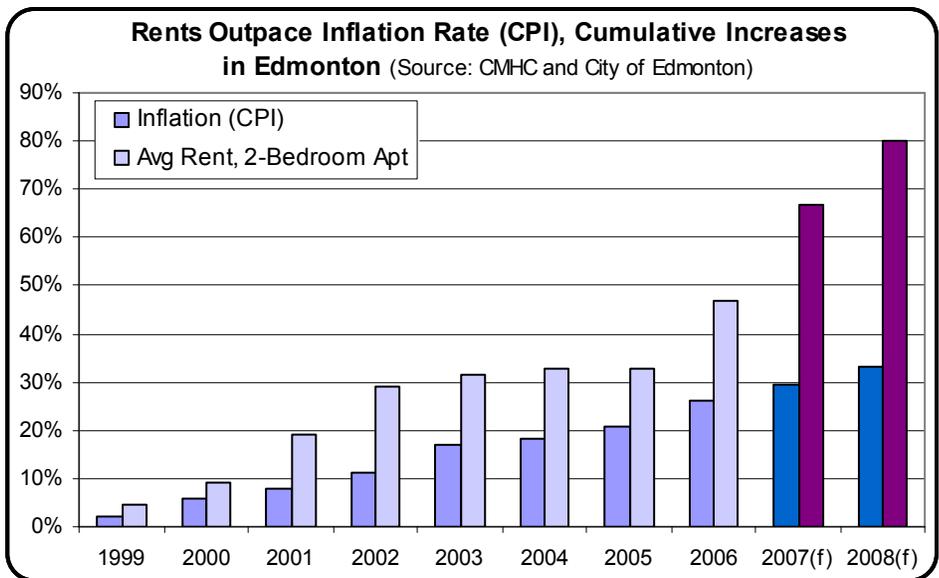
Rents Increasing Rapidly

In the past decade, Edmonton rents have been going up more than twice as fast as living costs generally.

Since 1998, the average rent for a two-bedroom apartment has gone up by 47 per cent, compared to an increase of only 26 per cent in the Consumer Price Index.

CMHC has predicted that the tight rental market will cause rents to go up 20 per cent in 2007 and another 13 per cent in 2008.

At these rates, a typical two-bedroom apartment will rent for \$1,115 per month in 2008.



Rent Supplement Program Leaves Many Renters Unprotected

About half of Edmonton's renters (about 38,000 households) have incomes low enough to qualify for rent supplements if more subsidized housing were available. There are about 5,000 applicants on social housing wait lists in Edmonton, and the City has reported a two and a half year wait time.

The recently announced increase for rent supplements will likely only meet the needs of about one in ten of those waiting for subsidized housing.

Conclusion

There are both benefits and costs to homeowners of rapidly rising housing prices, but for renters rising rents mean only added costs. The extreme effects of this rental housing situation can be seen in the number of homeless, which has more than doubled in the past six years - reaching 2,618 in October 2006.

This perfect storm of declining rental availability and rapidly rising rents threatens to put tens of thousands of more Edmontonians at serious risk of either homelessness or being forced to move to unsafe, substandard housing.

Alberta Government Service Centre for Housing Pressures
 A one-stop source for information and assistance for individuals facing housing pressures.
Employment, Immigration and Industry Office, Edmonton
 Address: 10242 - 105 Street
 Office Hours: Monday - Friday, 8:15 am - 4:30 pm
 Call toll-free: 1 (866) 644 5135

