

Ontario Rental Market Overview & Outlook

Presentation to FRPO & GTAA – Jan 23, 2008

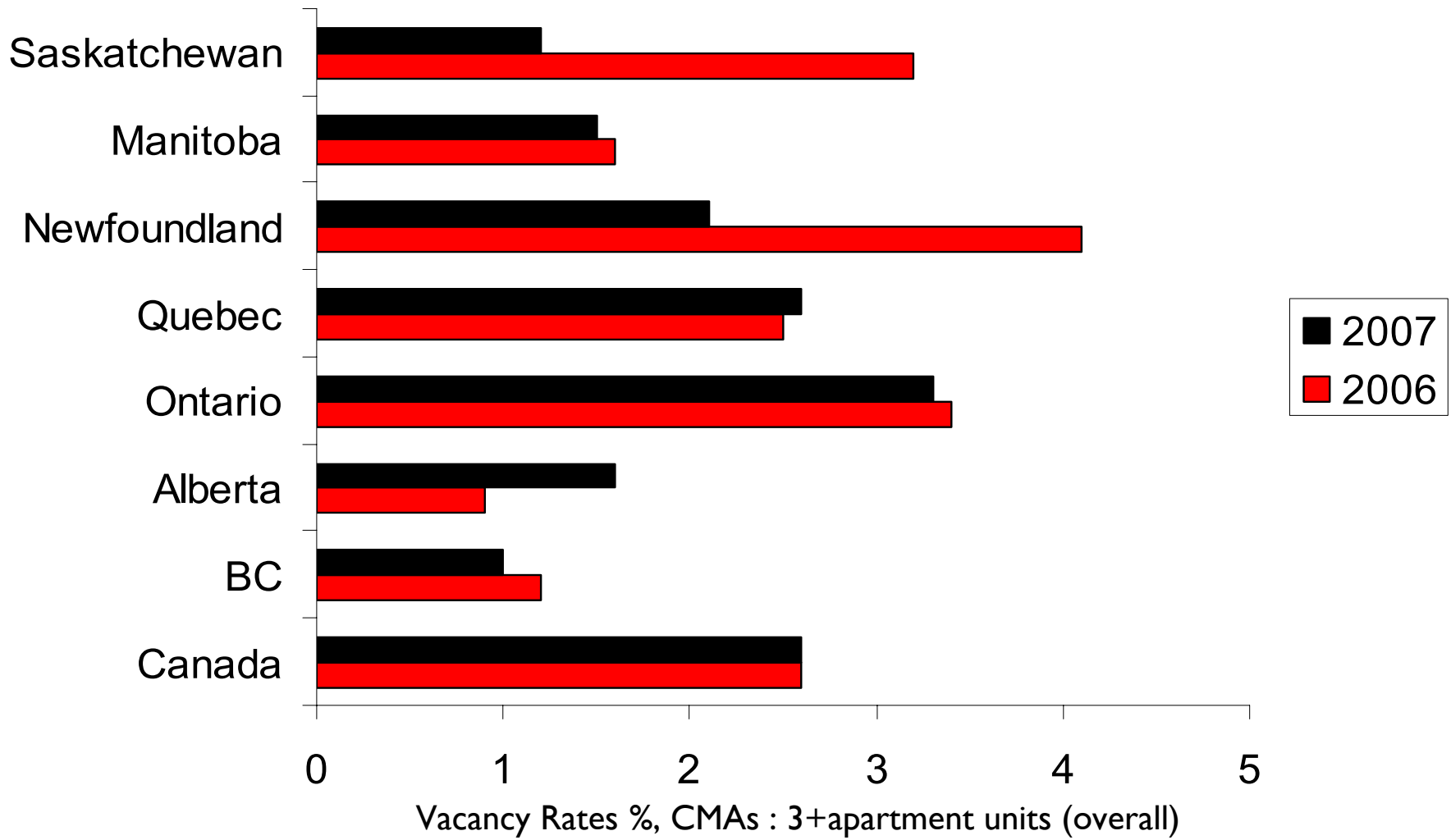
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AGENDA

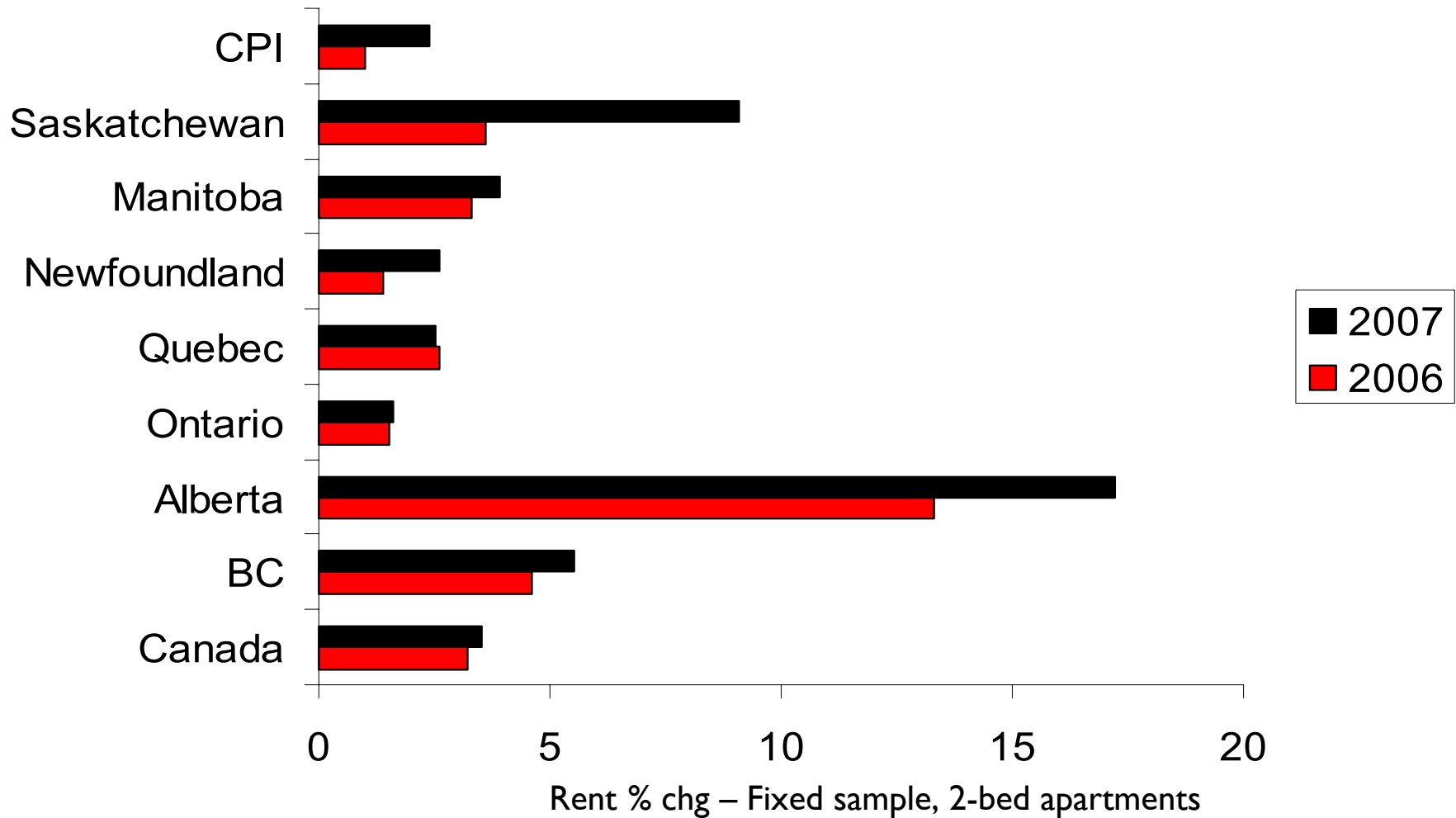
- 2007 Canadian regional rental market results
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- Explaining the variance: Fall 2007 forecast vs Actual 2007
- Factors decreasing vacancy rate
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Vacancy rates in west below Canadian average



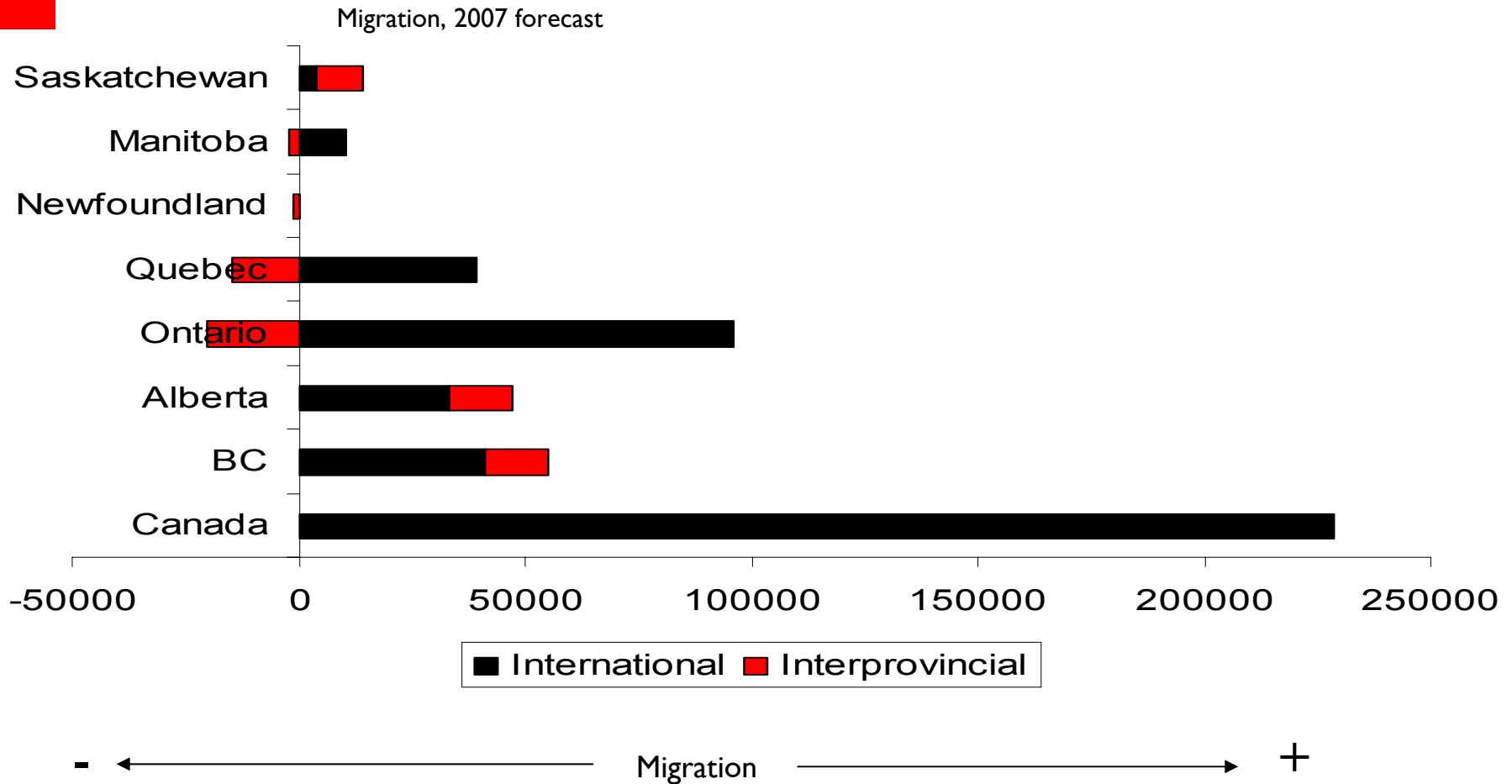
Source: CMHC October RMS Survey

Rent increase in west above Canadian averages



Source: CMHC October RMS Survey, Statistics Canada
*Consumer Price Index (CPI all items), yr-yr Oct % chg

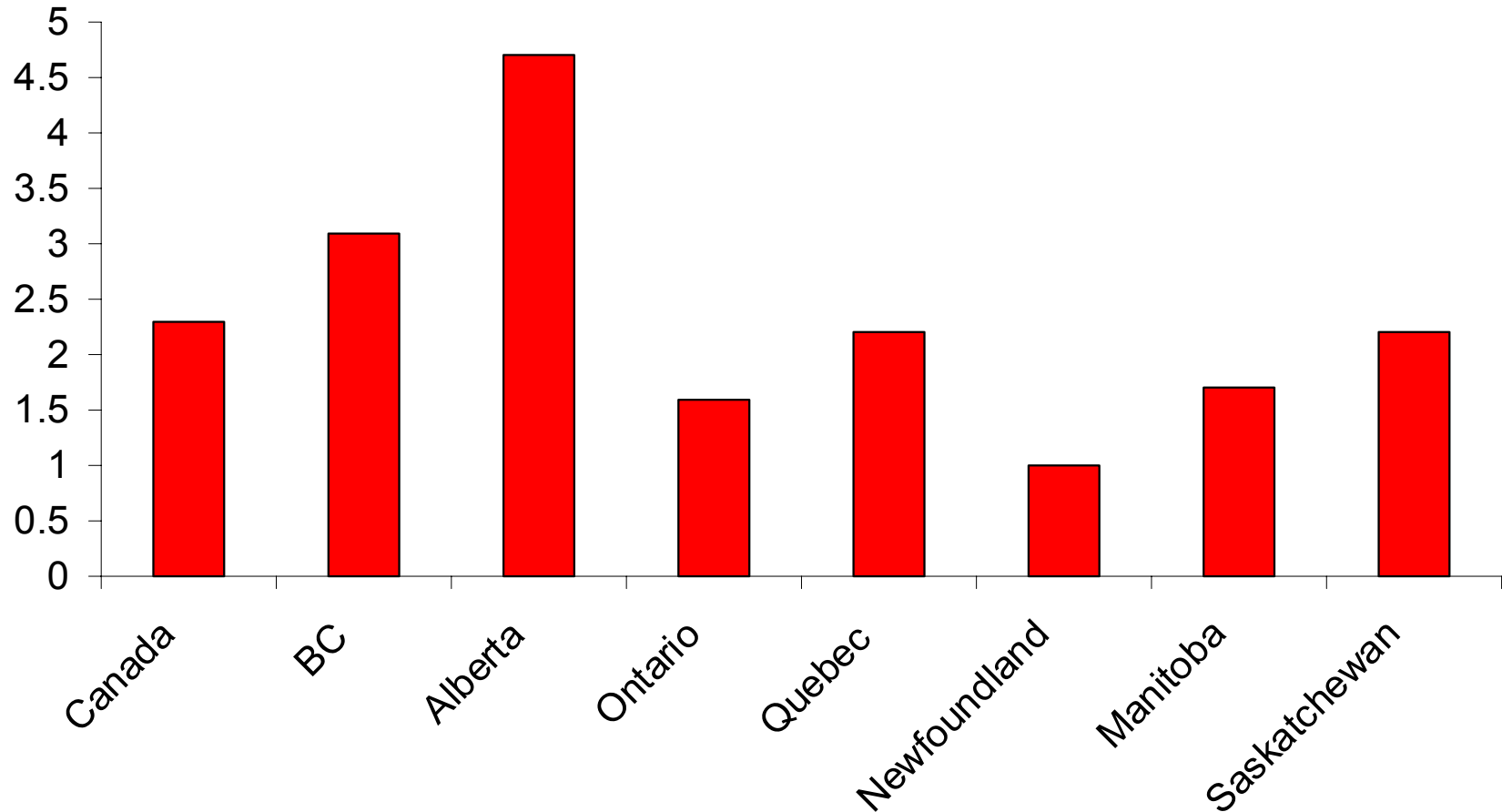
Canadians going west & boosting rental demand



Source: Statistics Canada, CMHC 2007 forecast

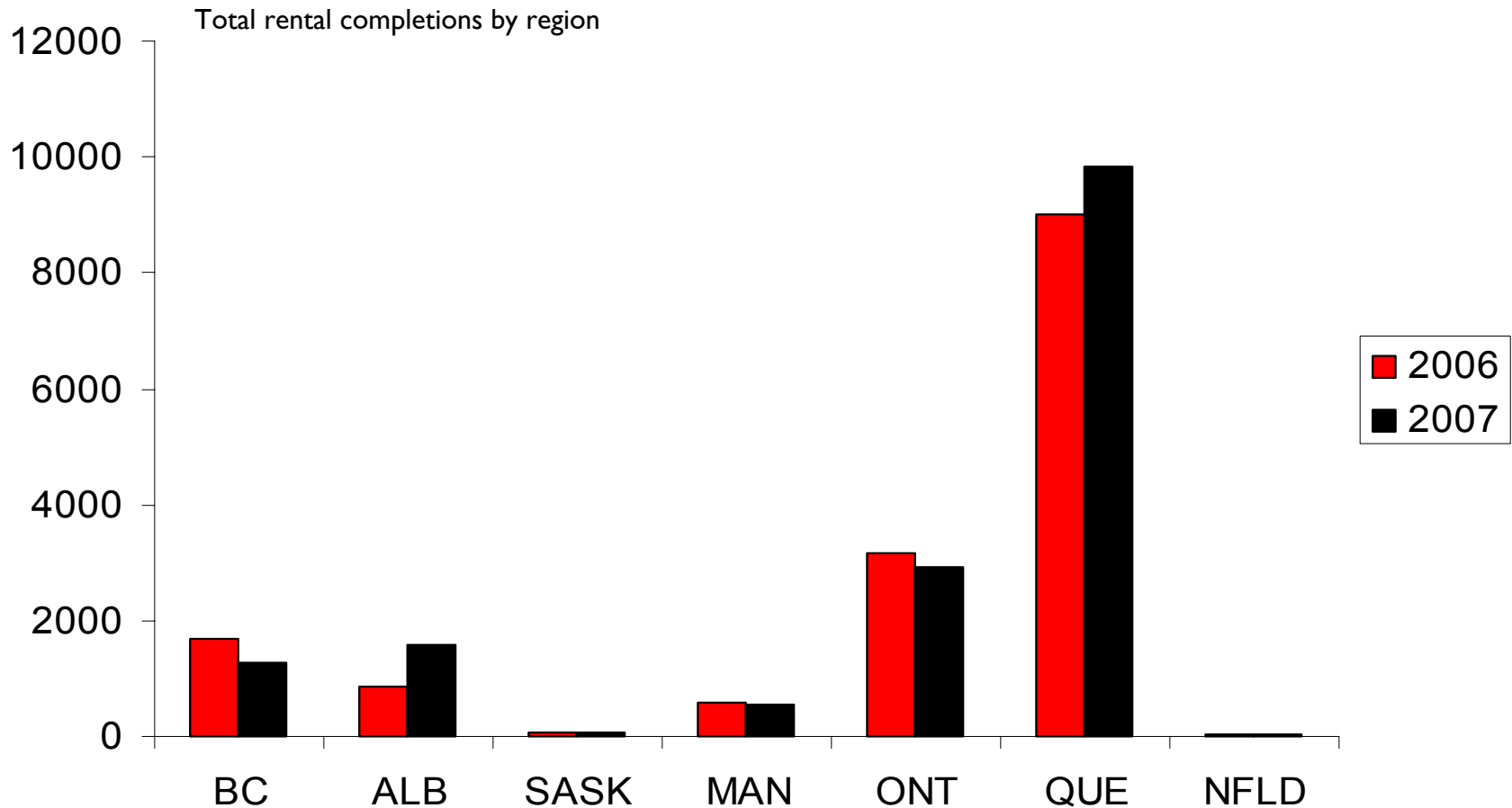
Jobs continue to be a magnet in the west

Job growth % by region – 2007



Source: Statistics Canada Labor Force Survey

Rental supply constraints in western Canada

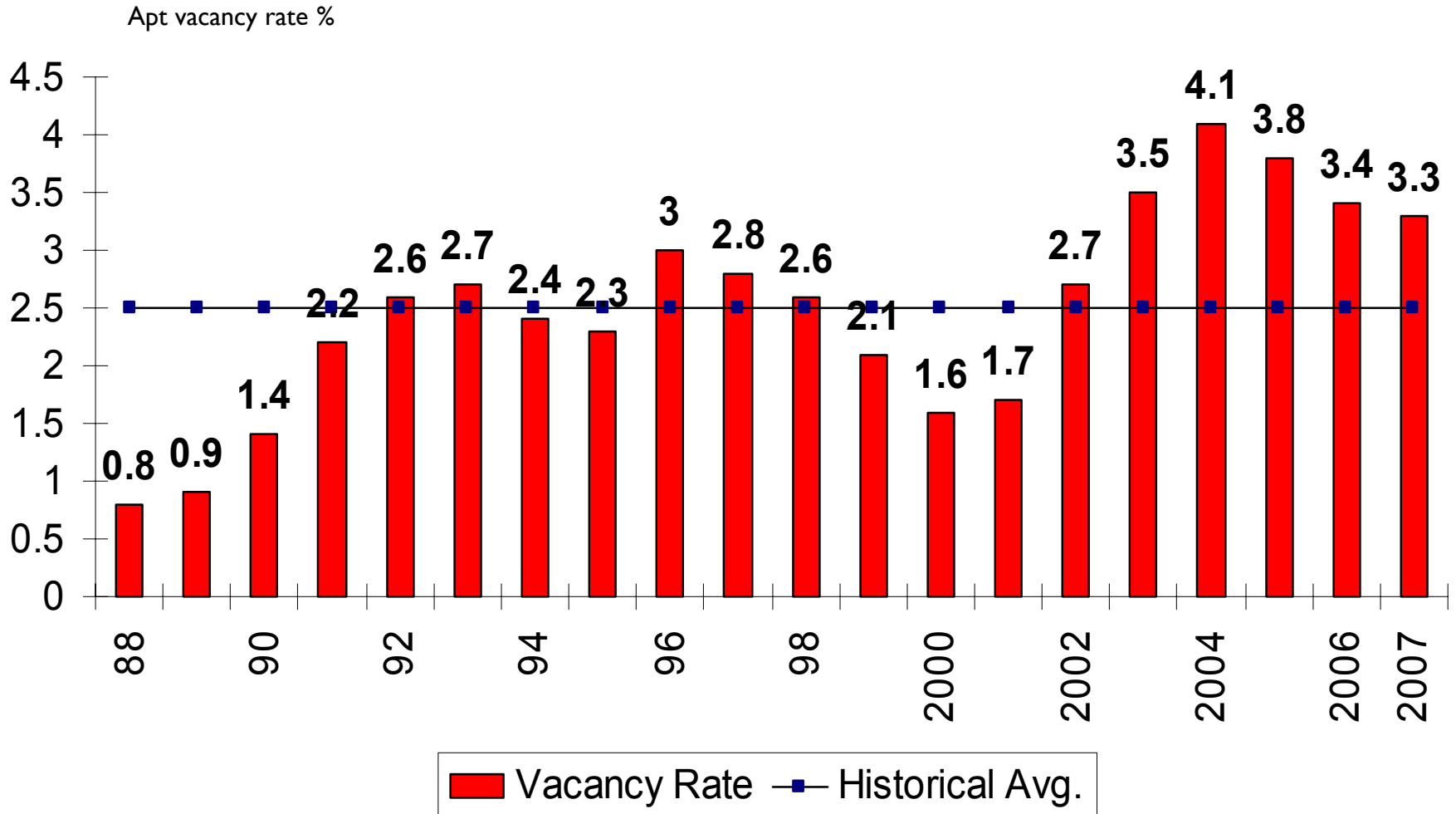


Source: CMHC year end October 2006, 2007

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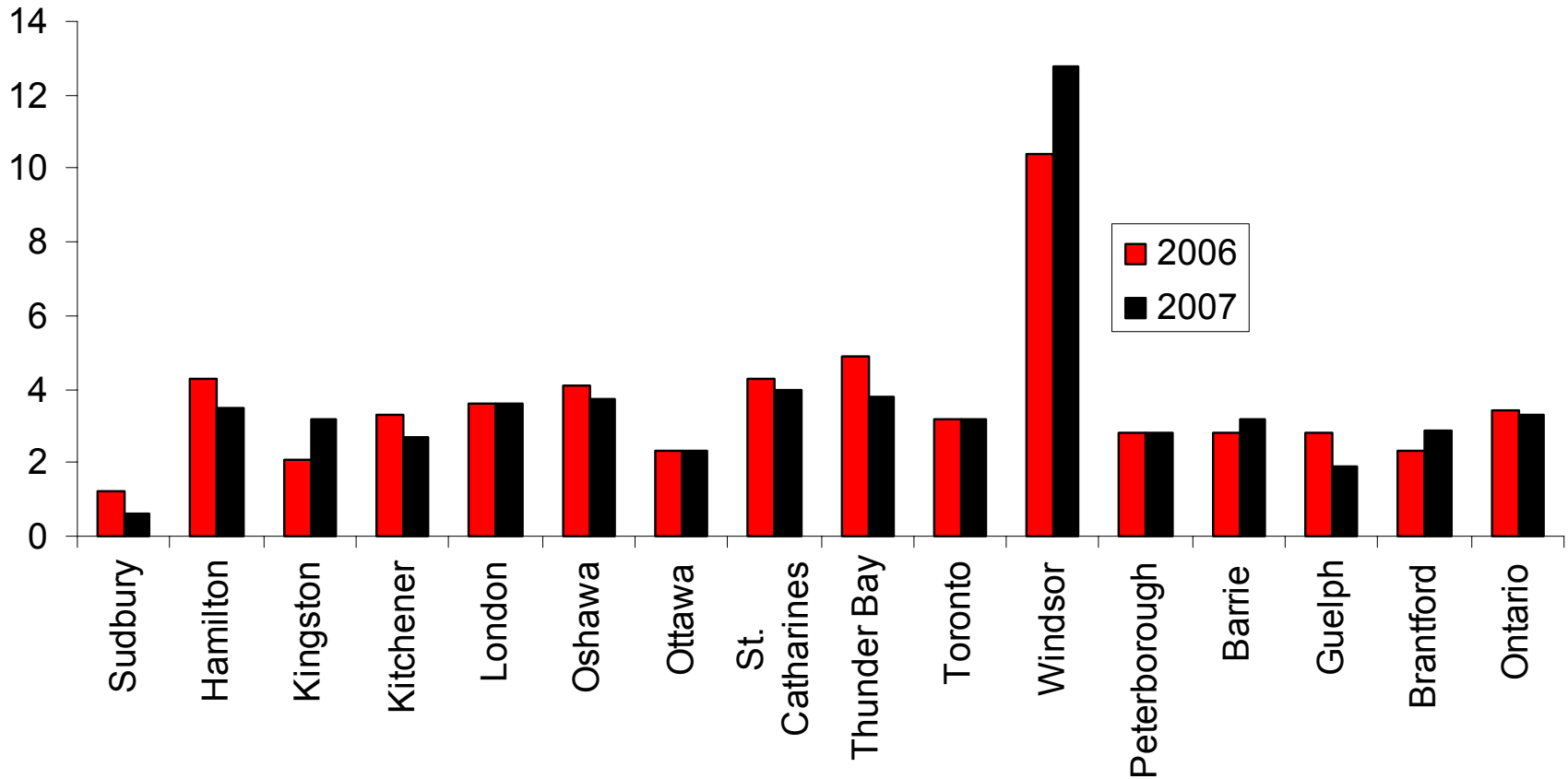
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Ontario vacancy rates inch lower in 2007



Source: CMHC October RMS Survey

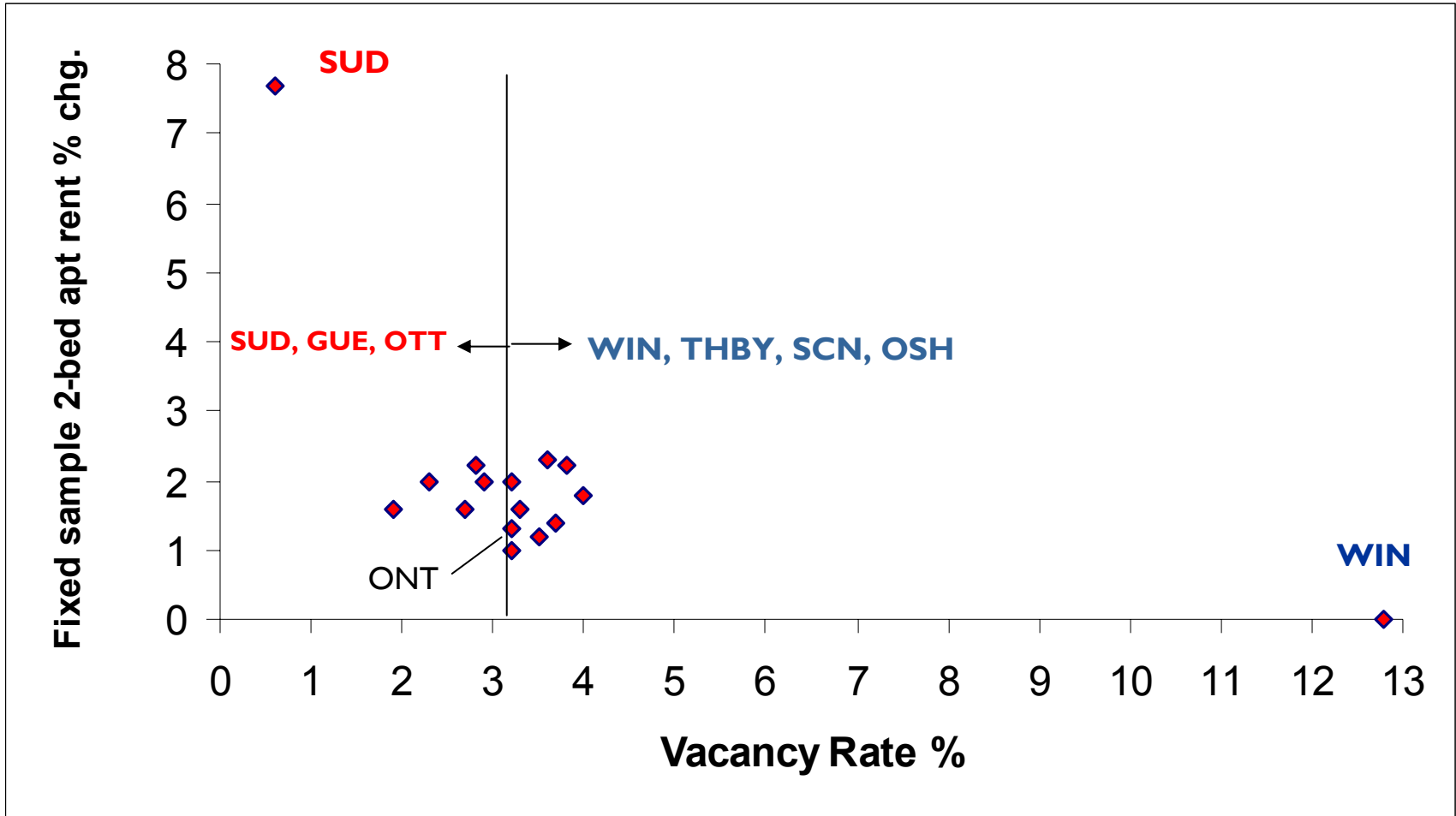
Vacancy rates stable to lower in most centres



Source: CMHC October RMS Survey

Sudbury tightest; a cooler Windsor market

2007



Source: CMHC October RMS Survey

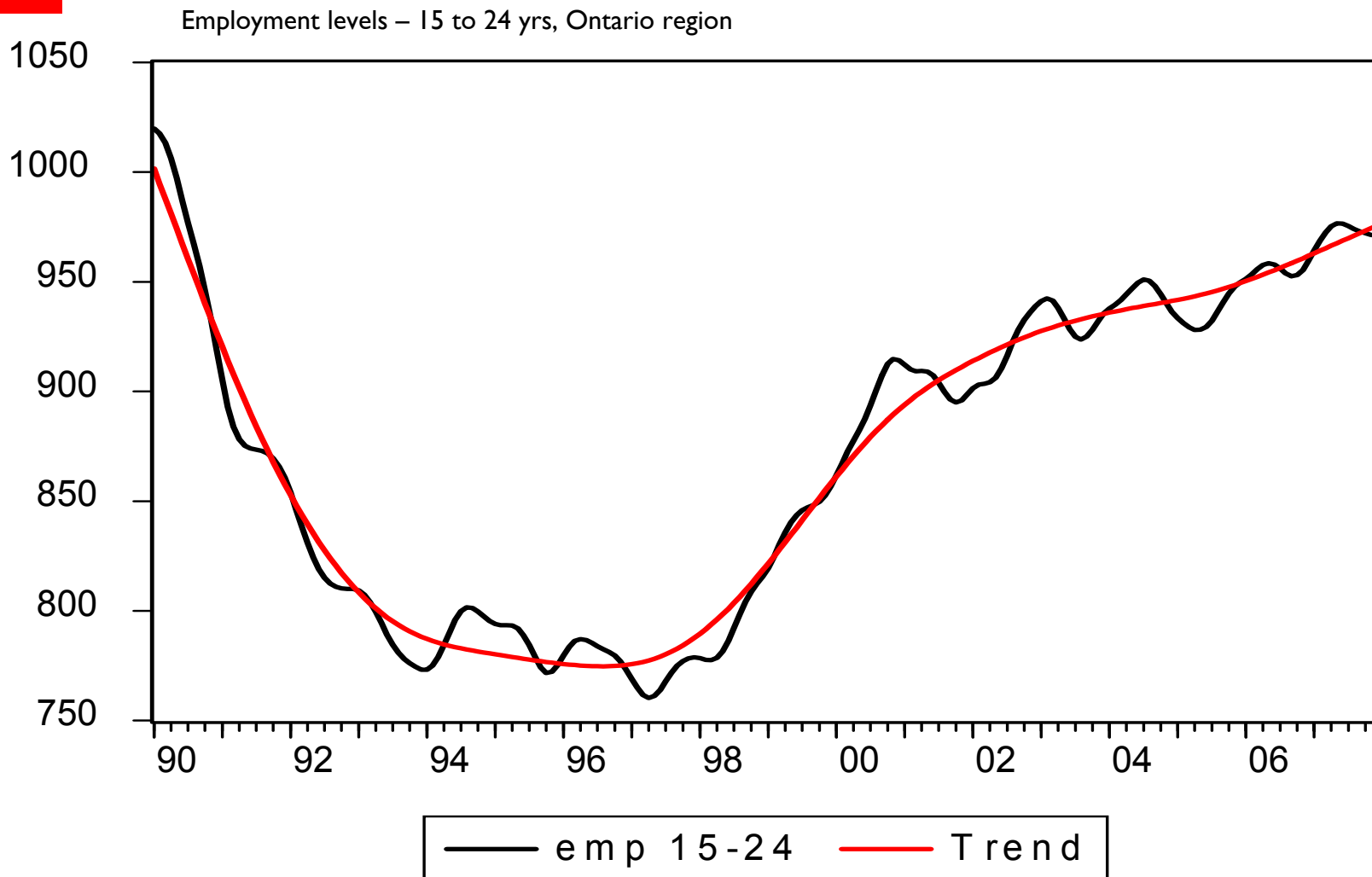
2007 vacancy rate forecast vs 2007 actual (Direction)

Ontario CMAs	2007 Forecast	2007 Actual	Variance ?
Hamilton	↓	↓	
Toronto	↓	↔	ownership
Ottawa	↓	↔	ownership
London	↑	↔	completions
Kitchener	↓	↓	
Windsor	↓	↑	economy
Oshawa	↓	↓	
Thunder Bay	↑	↓	service sector
Kingston	↓	↑	rental supply & ownership
St. Catharines- Niagara	↑	↓	conversions
Greater Sudbury	↓	↓	

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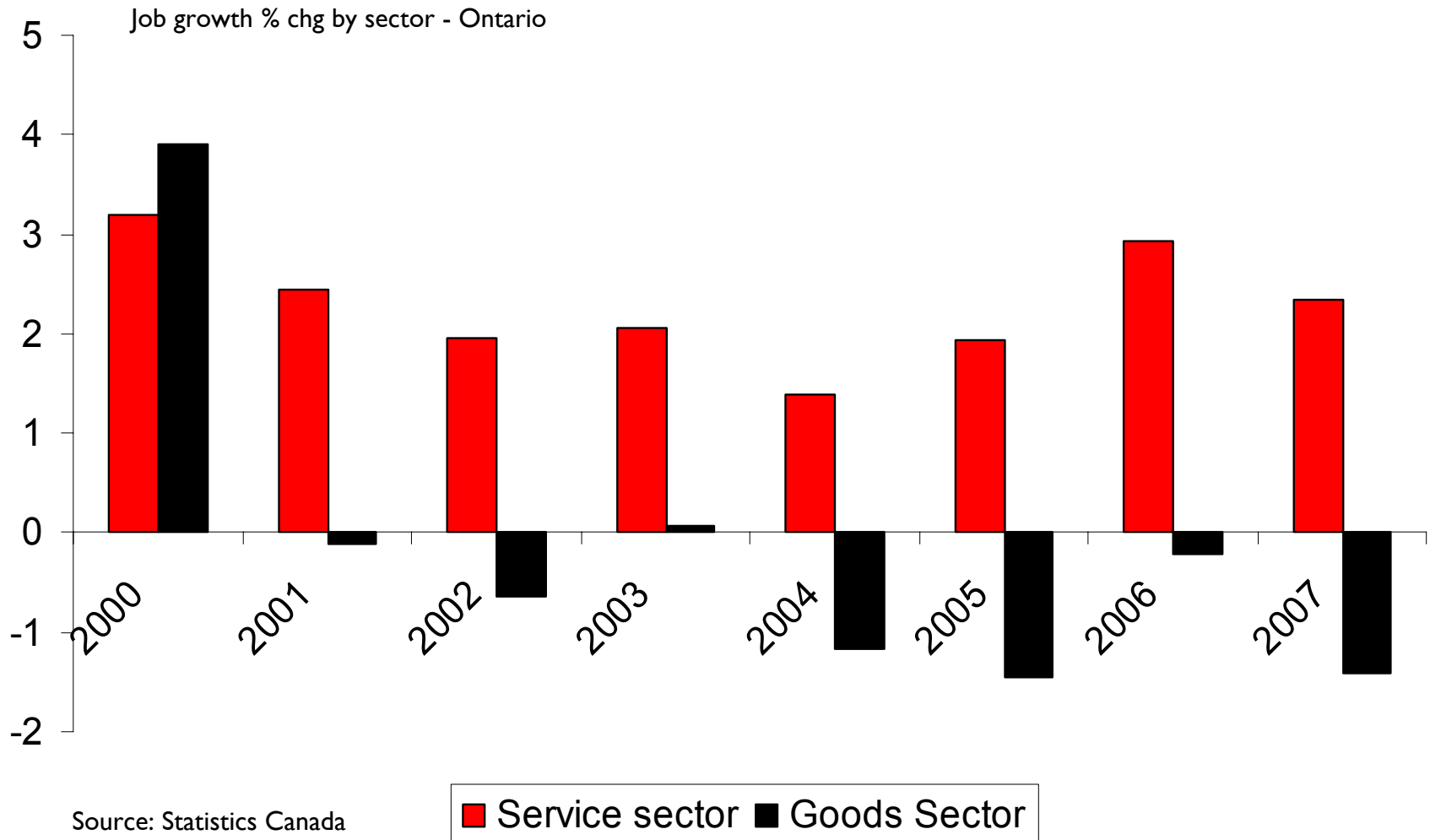
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Young Ontario adults are landing jobs....



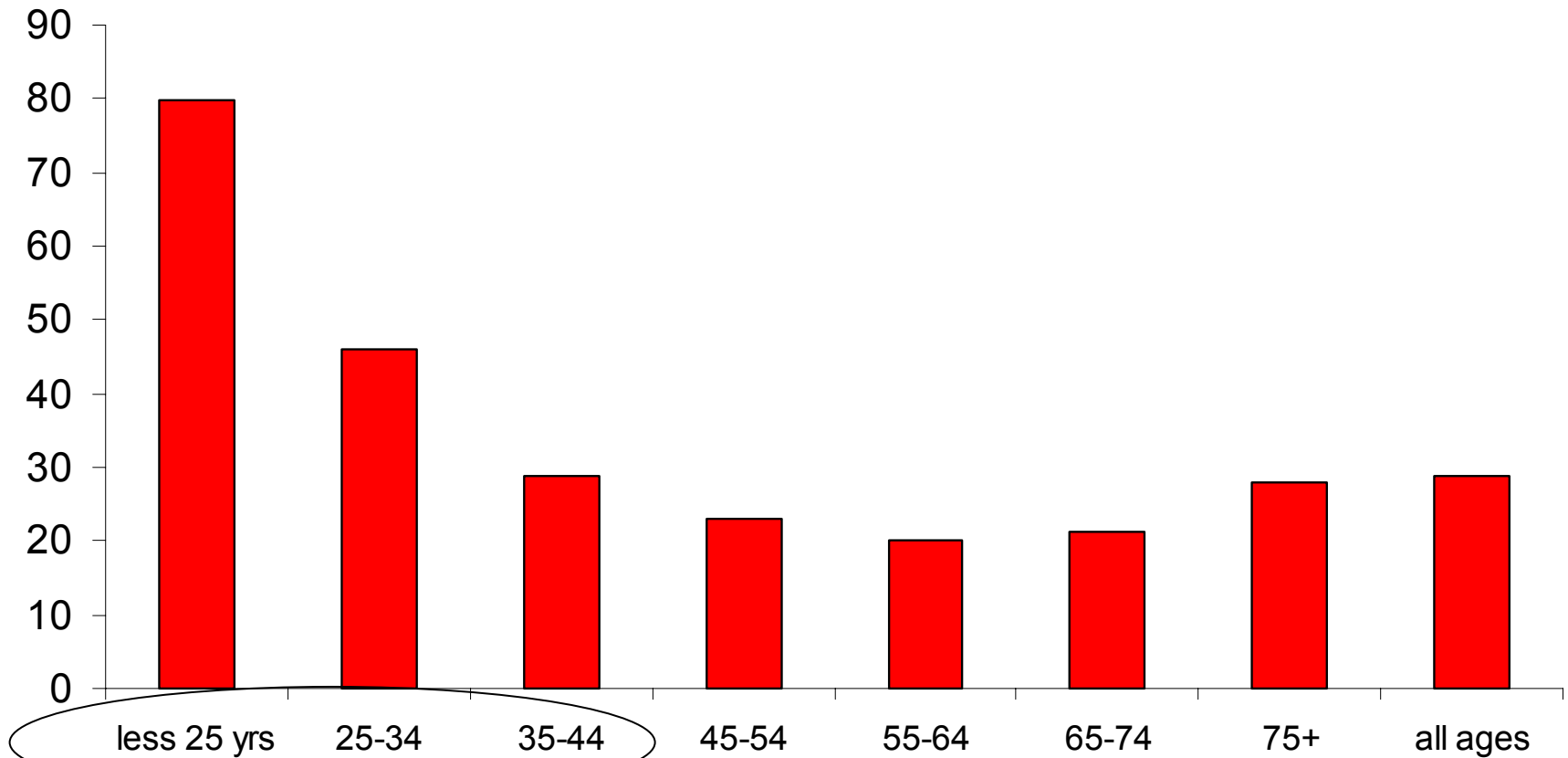
Source: Statistics Canada

...most likely in Ontario's service sector



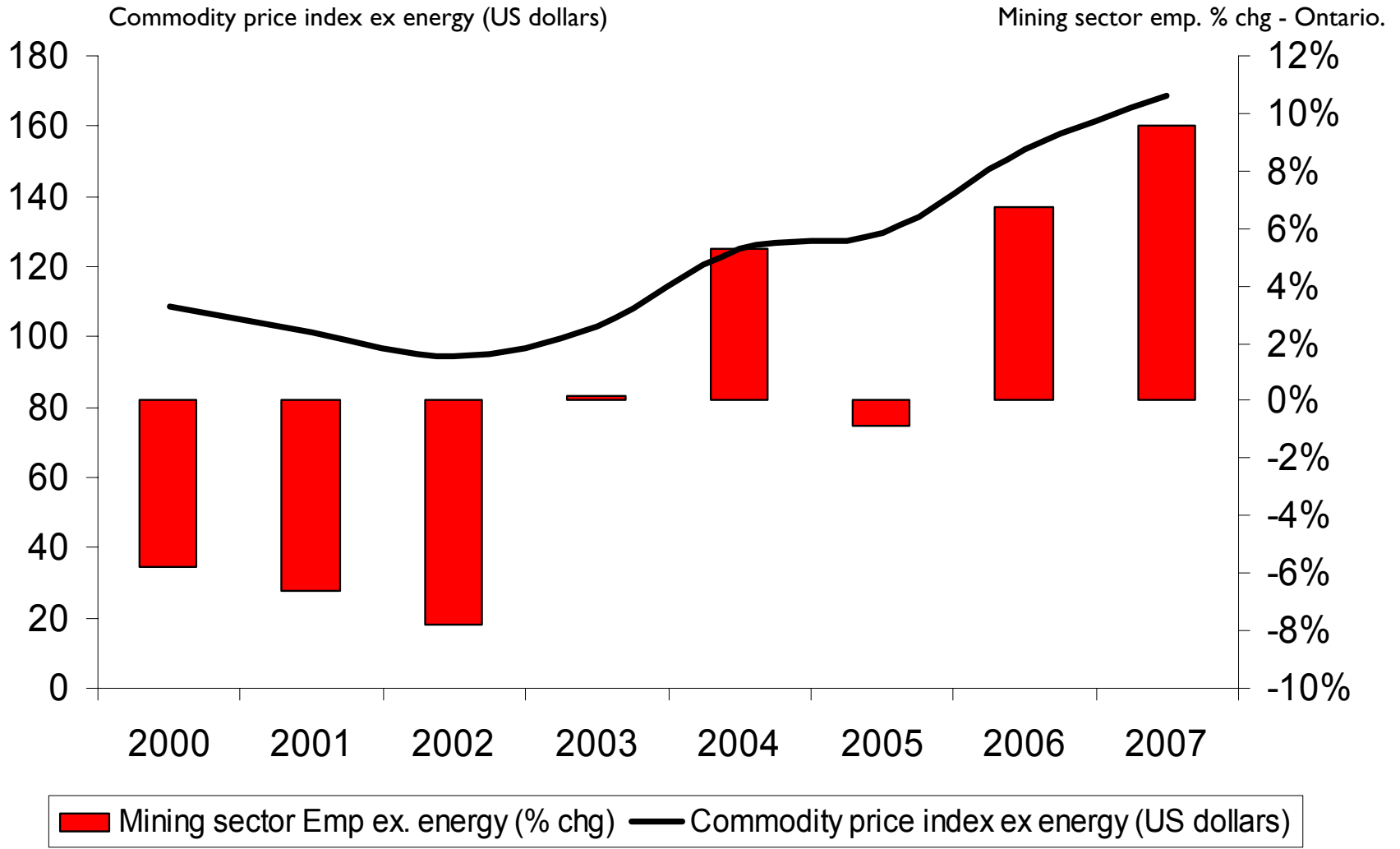
Young adults are more likely to rent

Share % of Renter Households by Age



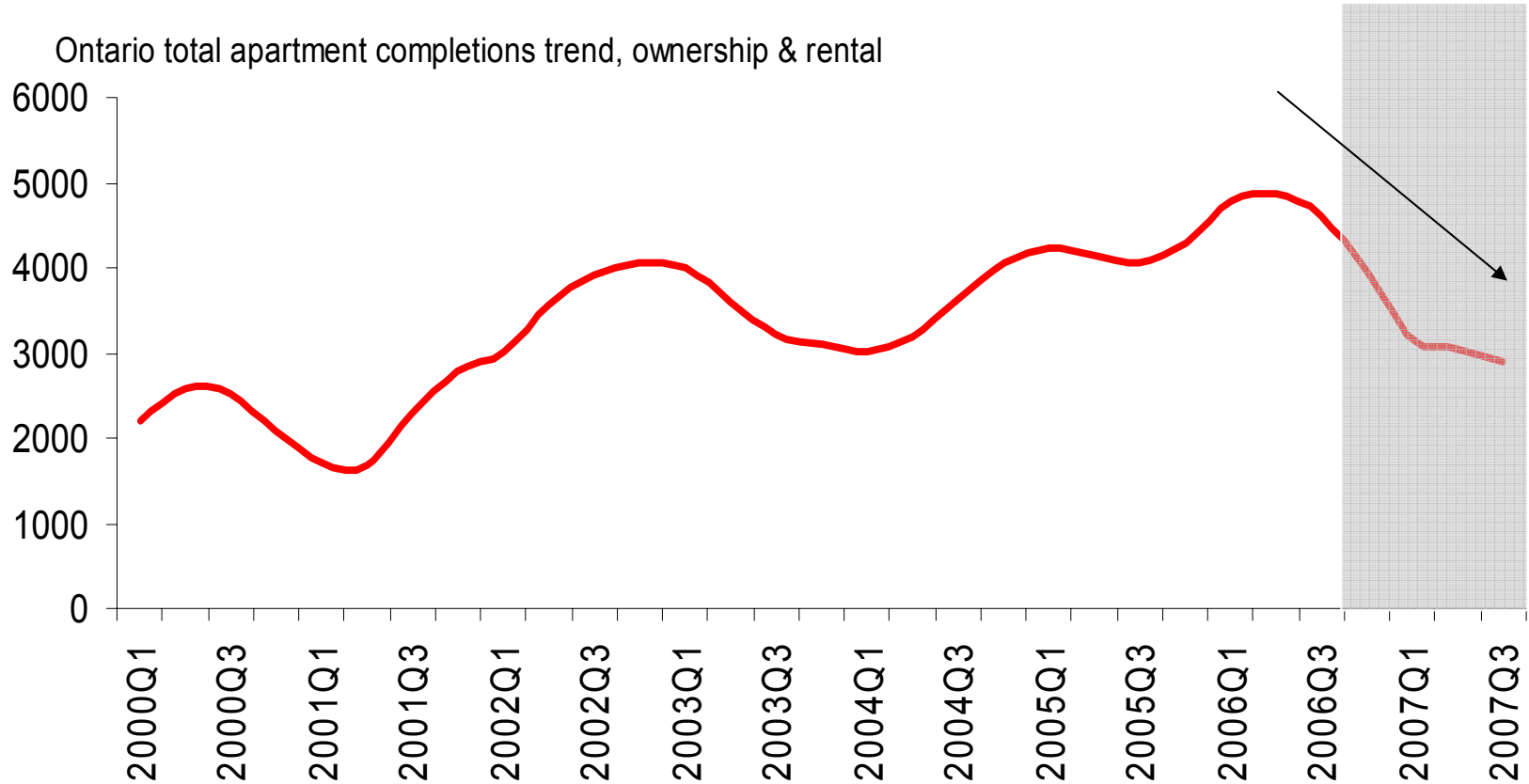
Source: Statistics Canada 2006 census data

N. Ontario benefits from rising base metal prices



Source: Statistics Canada

Fewer competitive supply pressures in 2007

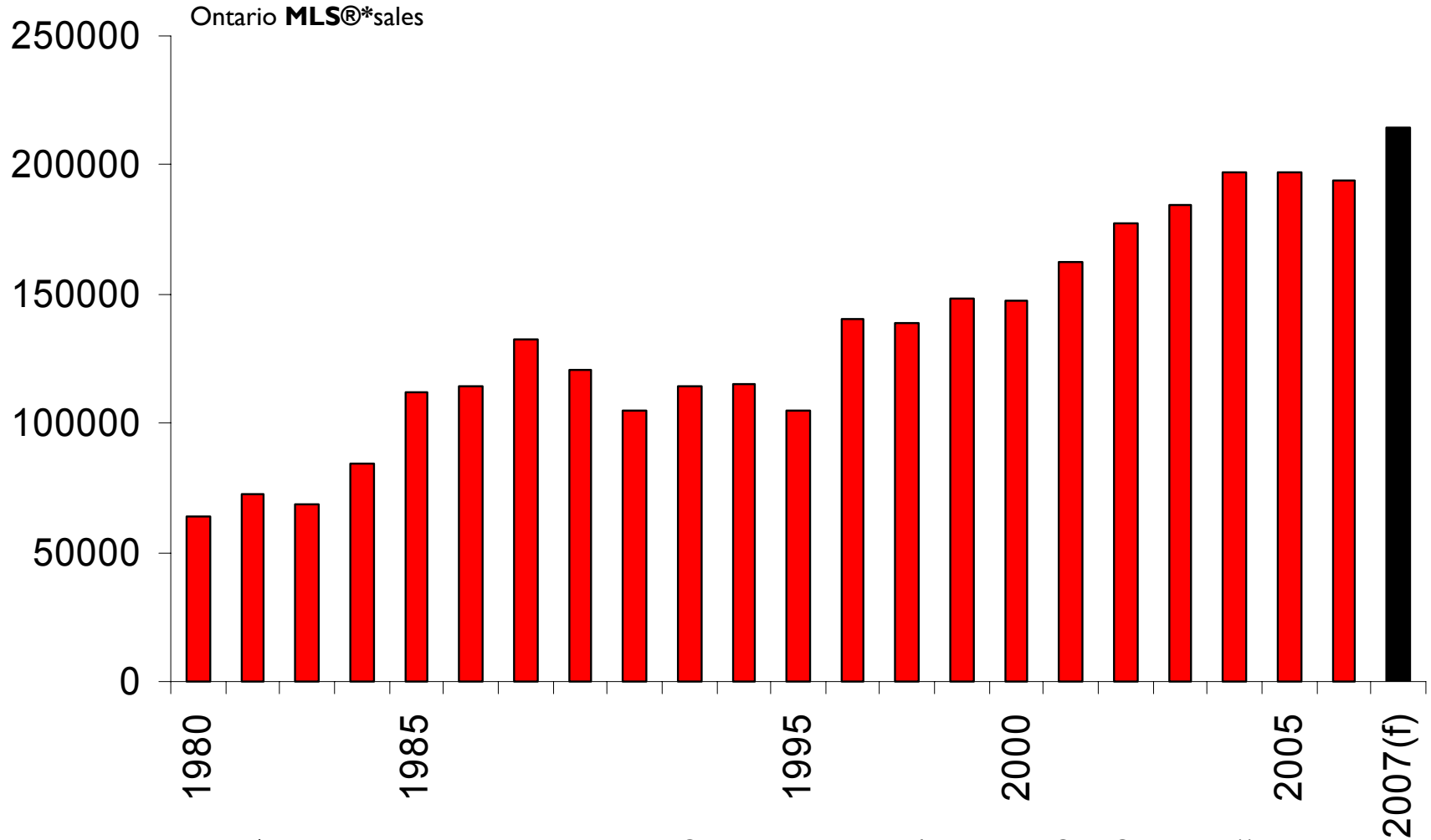


Source: CMHC

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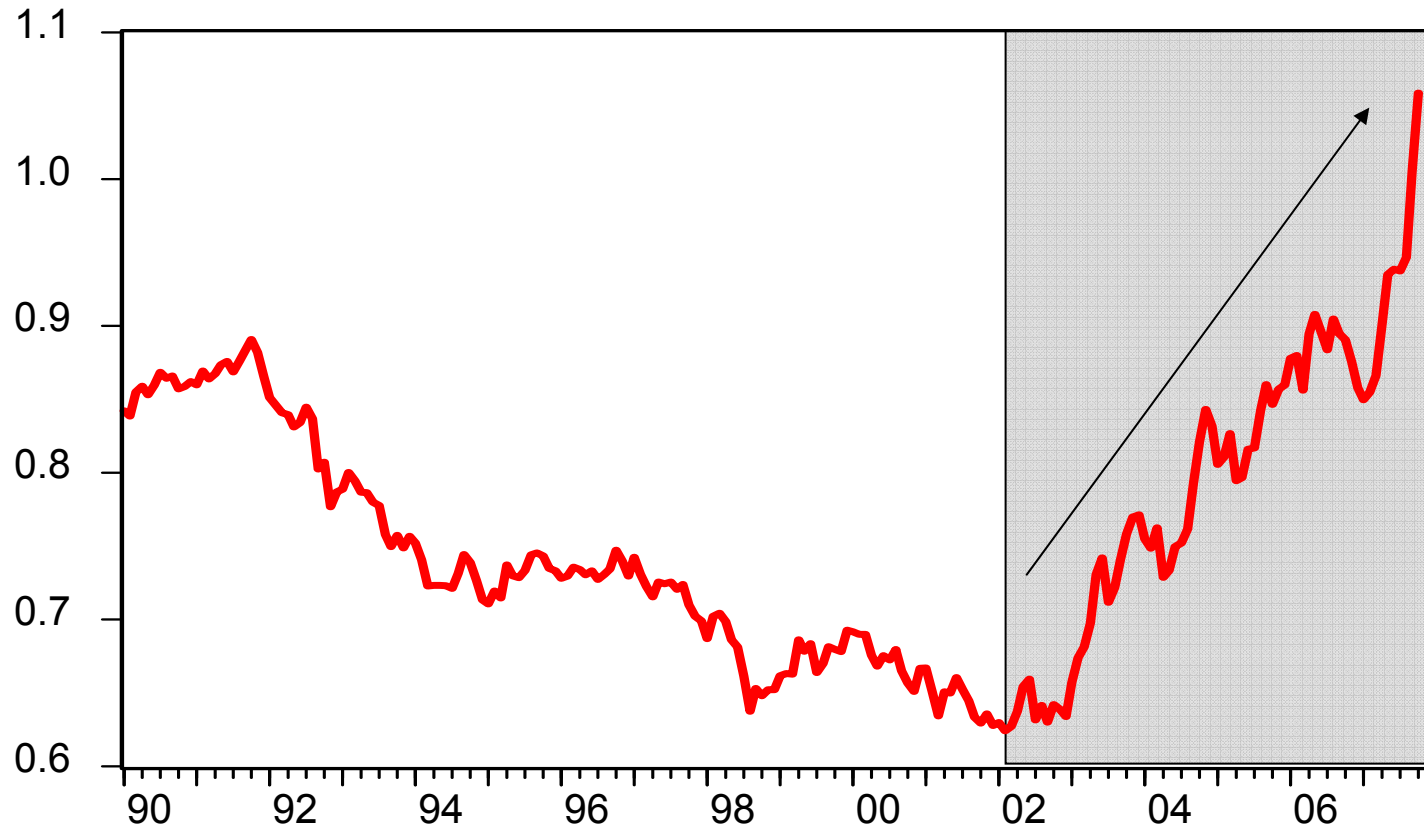
Ontario ownership demand hits new record



Source: * MLS is a registered trademark of the Canadian Real Estate Association, CMHC forecast (f)

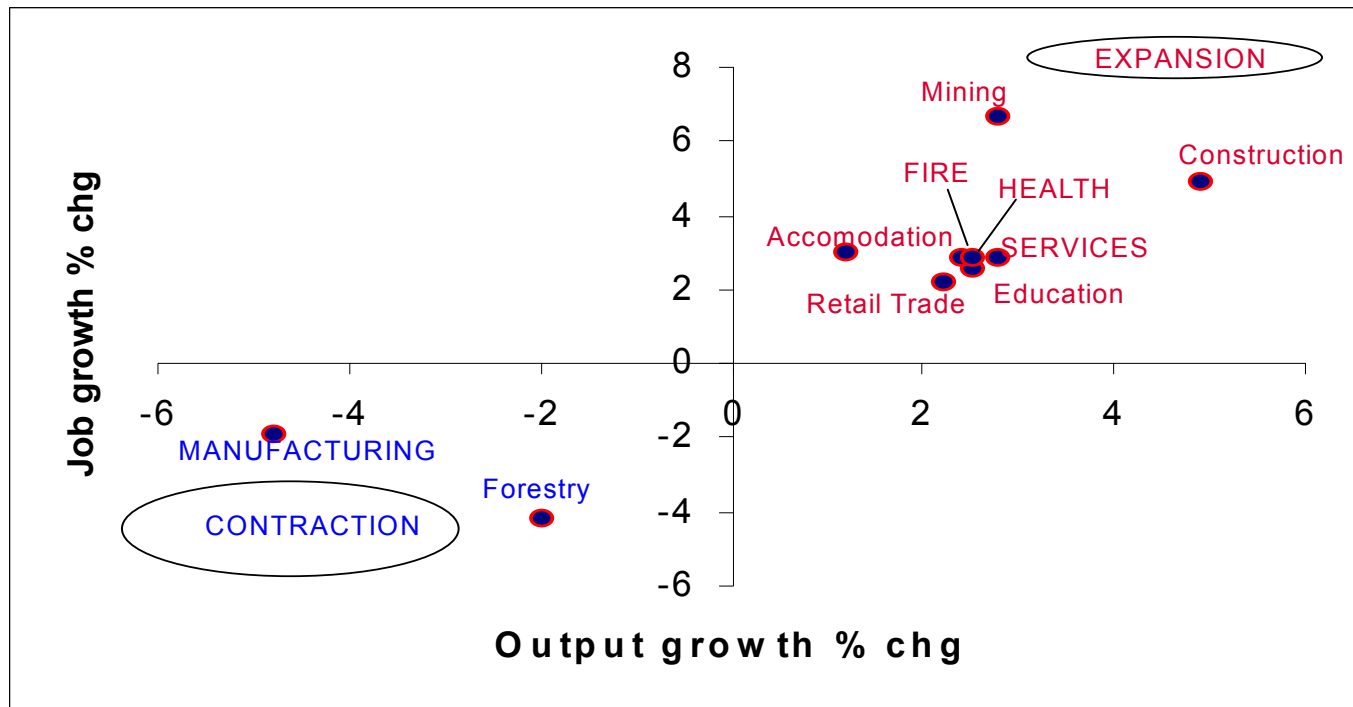
Canadian dollar strength accelerates since 2002

US per Canadian dollar



Source: CMHC, Statistics Canada

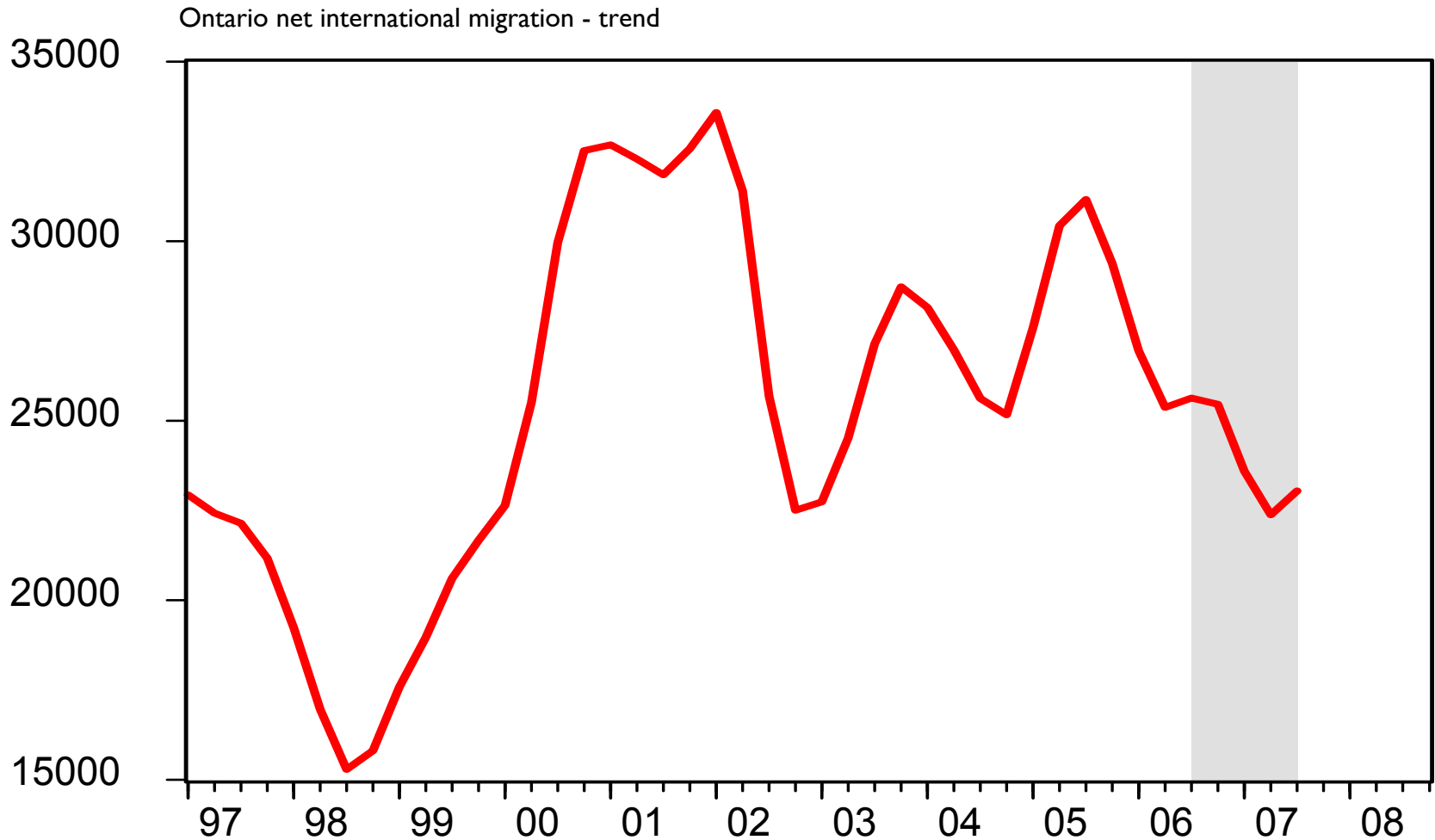
Centres tied to goods production/tourism hurting



Source: Statistics Canada, Ontario Ministry of Finance, CMHC



Ontario international migration slows in 2007



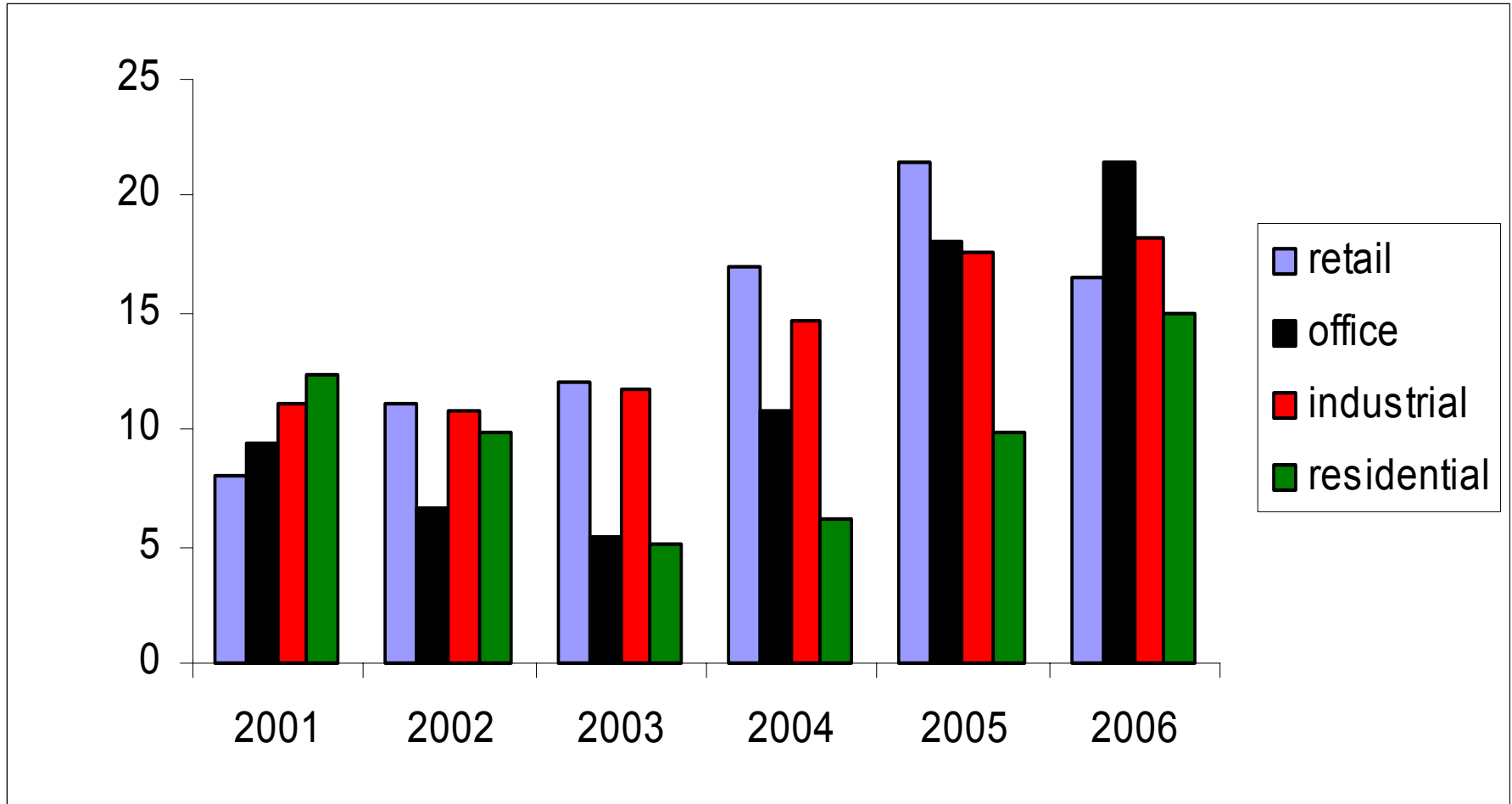
Source: Statistics Canada, CMHC seasonal/trend adjustment

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Multi-residential total returns lower vs other real estate classes but....

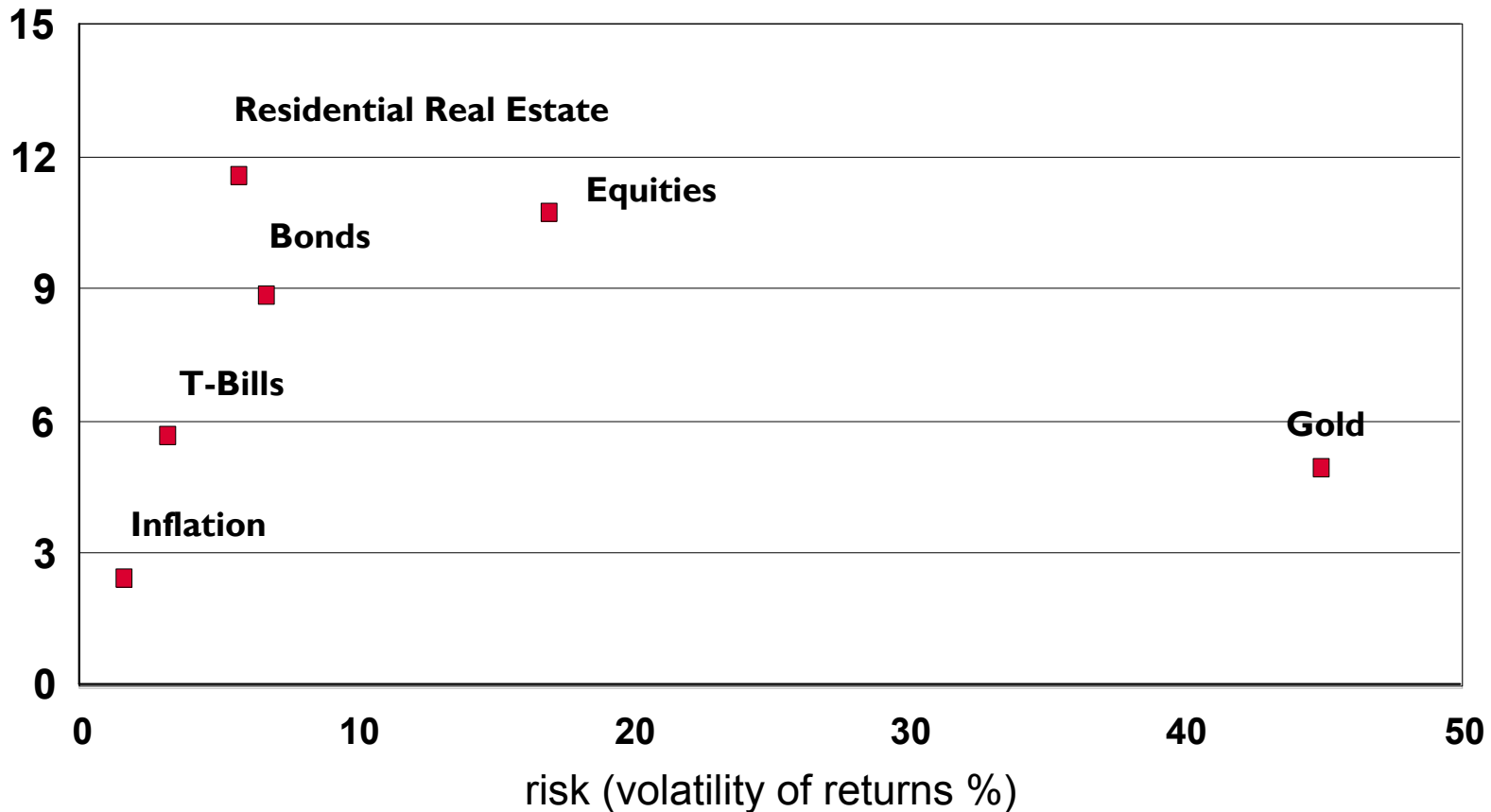
Total return % chg over last 12 months - CANADA



Source: ICREIM/IPD Canadian Property Index

..long term returns stable for real estate

Average annual % total return: 1988 - 2006



Source: ICREIM/IPD Canada Property Index Database, Statistics Canada, Bank of Canada, CMHC

Direction in Ontario Vacancy Rates (-)/(+)

(-) : down

(+) : up

Factor	2008f	2009f
Demographics	↓	↓
Ownership vs rental costs	↔ ↓	↓
Job market	↔	↔
New supply	↑	↑

Ontario vacancy rate forecasts by centre

Year	2007	2008f	2009f
Hamilton	3.5	3.2	3.0
Kingston	3.2	3.4	2.9
Kitchener	2.7	2.5	2.4
London	3.6	3.8	3.8
Oshawa	3.7	3.5	3.4
Ottawa	2.3	2.1	2.0
St. Catharines	4.0	4.0	3.8
Sudbury	0.6	0.3	0.2
Thunder Bay	3.8	3.3	2.8
Toronto	3.2	3.5	3.0
Barrie	3.2	2.7	2.3
Peterborough	2.8	2.6	2.2
Brantford	2.3	2.9	2.8
Guelph	1.9	1.8	1.7
Windsor	12.8	11.0	8.8

Source: CMHC October forecast (f)

SUMMARY

- Rising ownership costs good thing for industry
- Vacancy rates to remain elevated & choppy
- Centres tied to manufacturing & trade with US will see above average vacancy rates
- Average rent growth to run shy of inflation
- Multi-unit residential investments yield stable/predictable returns in long run

CONTACT INFORMATION

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