

Policies aimed at forcing condo investors to rent out their apartments in Vancouver are working, report suggests

[Frances Bula](#) Published 15 hours ago



The Vancouver region saw an unprecedented 11,000-plus condos come into the rental market in the past year, according to Canada Mortgage and Housing Corporation's annual report released last week. (File Photo).

Bayne Stanley/The Canadian Press

B.C. and Vancouver city policies aimed at forcing investment owners of condos to rent out their apartments appear to be having an impact, say those looking at the latest national rental numbers.

The region saw an unprecedented 11,000-plus condos come into the rental market in the past year, according to Canada Mortgage and Housing Corporation's annual report released last week.

That far exceeds the approximately 9,000 newly built apartments, meaning a minimum of 2,000 older condos were added to the rental stock. Nothing remotely similar happened last year, when about 1,000 condos were lost from the rental market.

The numbers were even more noticeable in downtown Vancouver, where nearly 3,000 condo units were added to the rental market, but only 300 new units had been built.

Both city staff and long-time observers say it looks as though policies such as Vancouver's empty-homes tax, the province's speculation tax and the city's restrictions on Airbnb rentals are having an impact – especially in Vancouver, where all three regulations are in force.

"It is absolutely significant. We haven't seen numbers like that before," said Dan Garrison, the city's assistant director of housing policy. "There could be other explanations in the investor climate, but this to us is a hopeful sign."

Eric Bond, a spokesman for CMHC, said the shift is so marked that the agency is going to dedicate some additional research to figuring out what happened, especially because of the change in Vancouver.

"We did not see the same increase in Victoria and Kelowna."

One Vancouver architect and developer who has been a long-time critic of the city's empty-homes tax, saying it is too broadly applied to second-home owners who are contributors to city life, also said it appears the policies are having an effect.

"The three do appear to be having a positive impact," Michael Geller said.

But the housing picture for the region is still dire.

Vacancy rates improved only slightly, while average rental costs continued to increase beyond the rate of inflation.

The vacancy rate for the region is 1.1 per cent, up from 1 per cent last year and 0.9 per cent in 2017. In Vancouver, it improved to 1 per cent in 2019 from 0.8 in 2018 per cent. The vacancy rate for rental condos in 2019 was 0.3 per cent.

The average apartment rent increased by 4.7 per cent, as the rents for units that turn over – typically about 15 per cent in any given year – are 20 per cent higher than apartments with long-term tenants who are seeing rent increases limited by provincial caps.

The average rent in the region for 2019 was \$1,469, up from \$1,385 the previous year and \$1,297 the year before that.

Housing experts say the still-tough rental situation is the result of a basic problem of supply not meeting demand.

While the region has been seeing a surge of new purpose-built rental buildings along with the condo conversions, the increase in new renters has been just as big.

"If demand increases faster than supply, you're still behind. And we're still in a pretty big hole, region-wide," said Jens von Bergmann, a Vancouver mathematician and consultant who analyzes housing statistics.

Like others, he said there are three drivers keeping demand strong. Immigration is booming; the job-vacancy rate here continues to be one of the highest in the country, meaning there is a lot of new employment; and any new

openings in the rental market encourage those now crowded together – adult children living with parents; people in shared houses – to move out on their own.

In spite of that, he said the statistics show a slight uptick in the housing situation.

“At least they’re heading in the right direction.”

And 2020 and 2021 promise to bring another small improvement because the region is on track to see another big jump in new rentals, with a record 7,500 units under construction as of the end of 2019 and more starts slated for this year and next.

But others are warning that the rental situation could start to get worse again after that because developers are slowing down their applications for rental buildings in the wake of new provincial and city policies introduced in the last two years.

Vancouver’s new council approved only 890 purpose-built rental units in 2019, which is less than half of the city’s target of 2,000 a year.