

URBANATION



Federation of Rental-housing  
Providers of Ontario

# The Changing Demographic Profile of Renters

Webinar for FRPO Members

November 13, 2018

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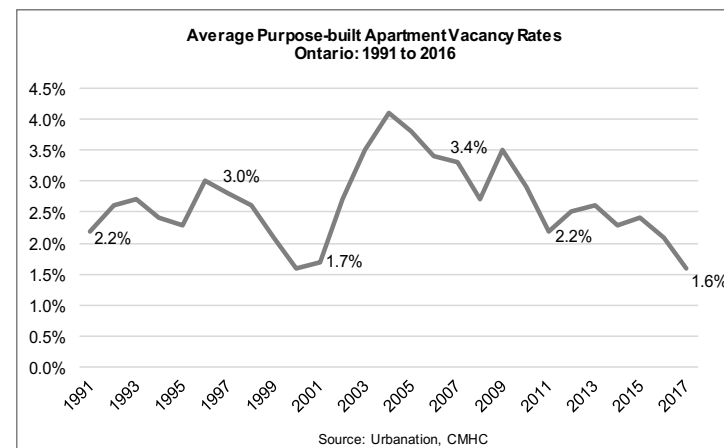
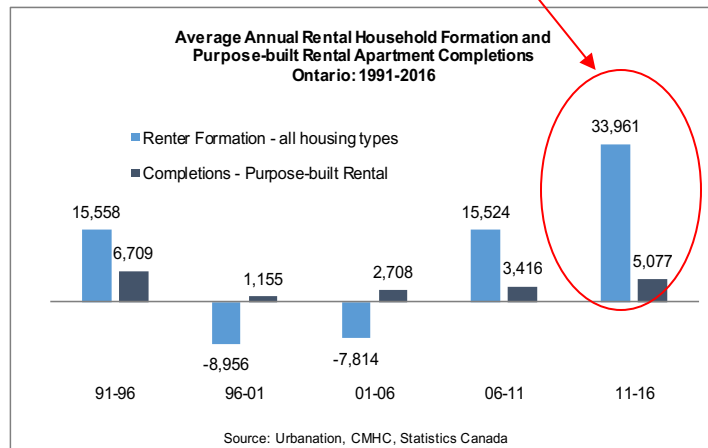
## Webinar Structure

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- New Demographic Data on Renters from the Census
- Supply-Demand by Unit Type & CMA
- Renter Demographics Survey of FRPO members

# Ontario Rental Market: Historical Demand-Supply Trend

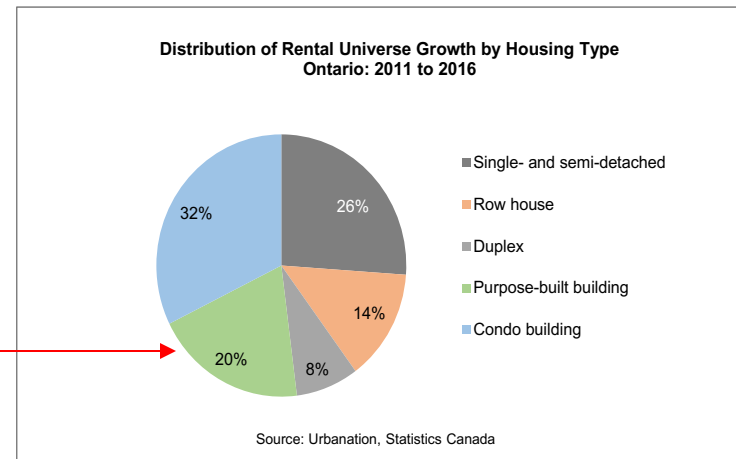
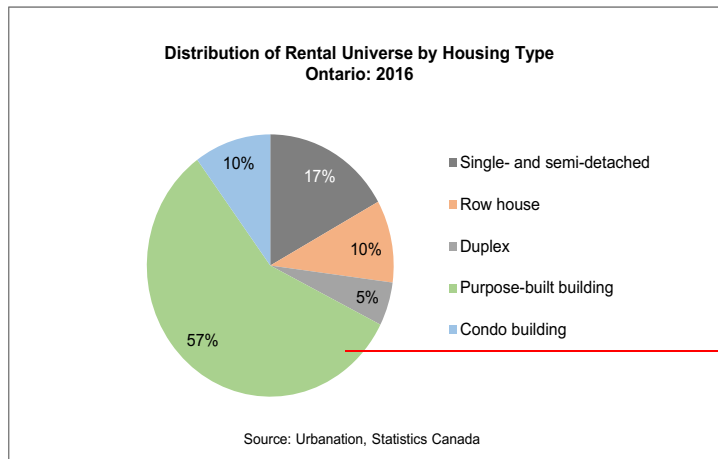
- Largest historical gap between rental demand and purpose-built construction
- Vacancy rates at lowest in over 25 years



# Rental Universe Breakdown by Housing Type

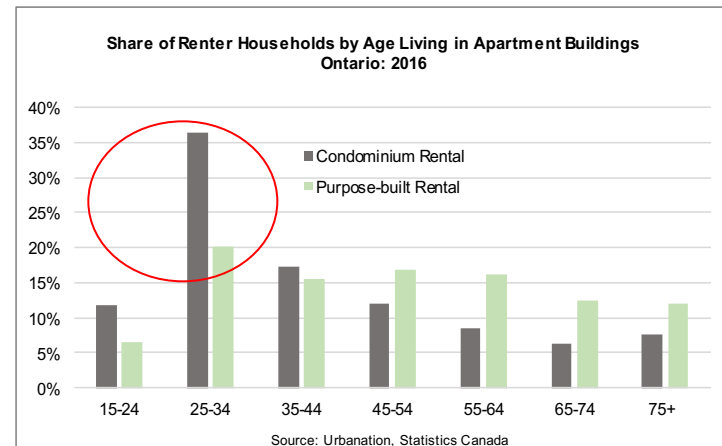
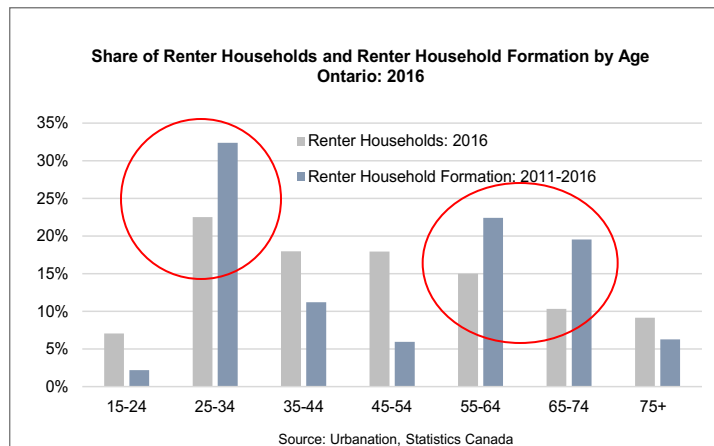
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- More than half (57%) of renters live in a purpose-built apartment
- Purpose-built rentals represented only 20% of renter household formation



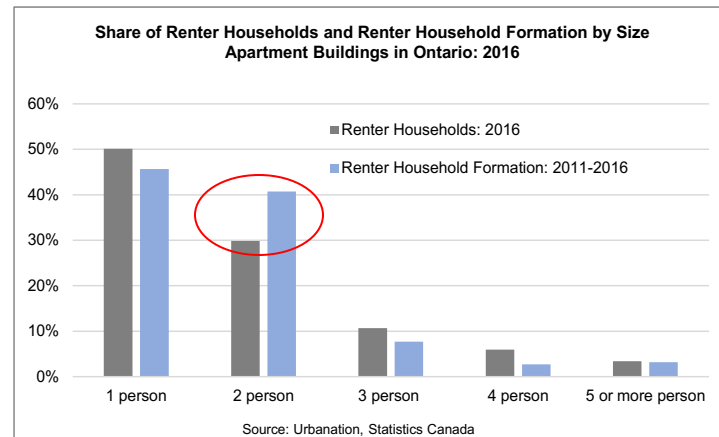
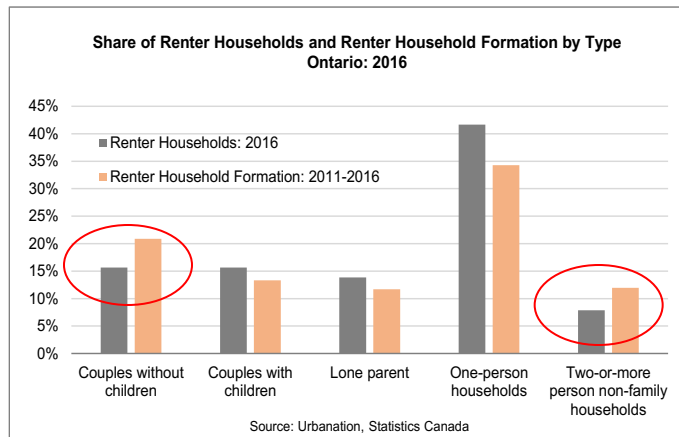
# Composition of Renter Households by Age

- 25-34 group represented the highest share of renters (23%) and renter formation (32%)
- Close to half (48%) of condo renters are under 35



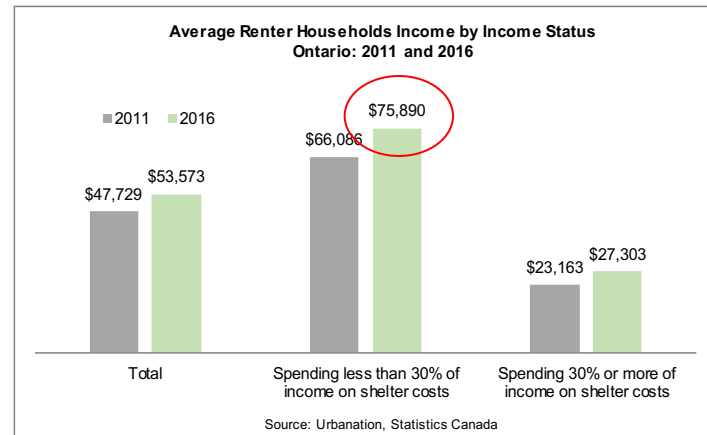
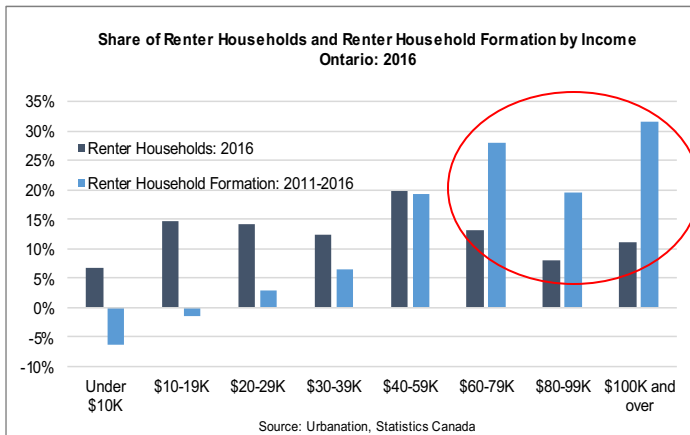
# Renter Households by Type & Size

- Renter formation shifted to couples without children and non-family households (i.e. roommates)
- Two-person households represented 41% of growth in renter households



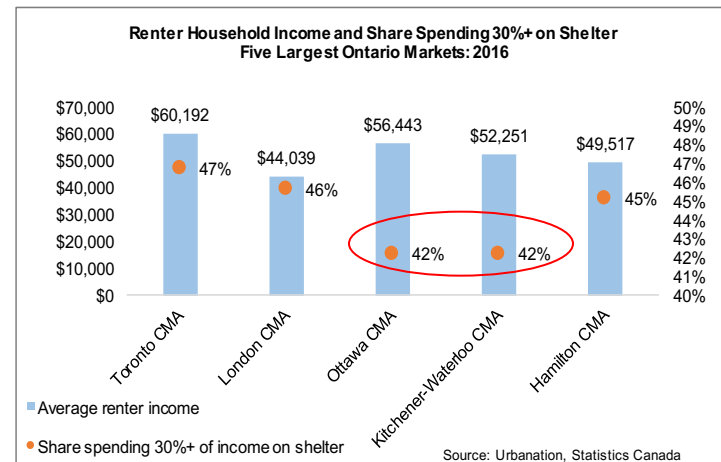
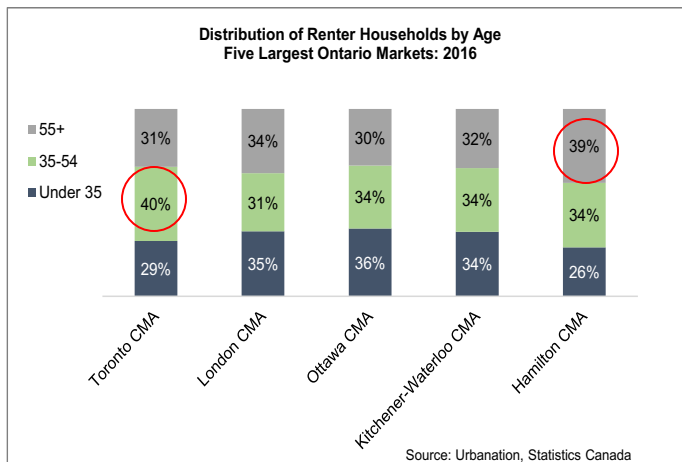
# Renter Household Income

- Approximately 80% of renter formation in households earning \$60K+
- More than half (54%) of renters spending <30% of income on shelter. Avg. income of \$76K



# Differences Across Major CMAs

- Relatively high % of renters in Toronto aged 35-54, and in Hamilton aged 55+
- Lowest % of renters spending >30% of income in Ottawa and Kitchener-Waterloo

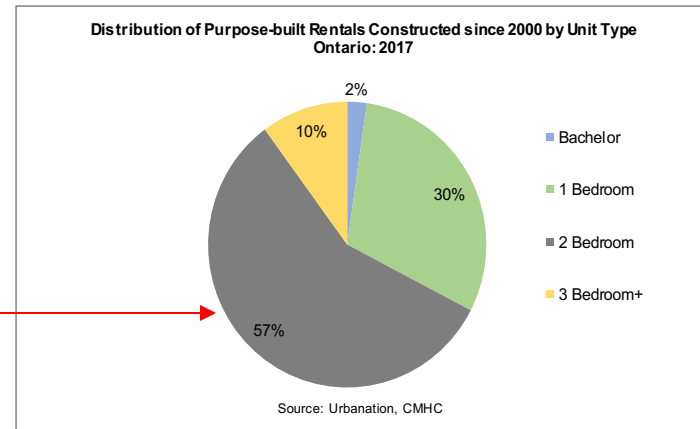
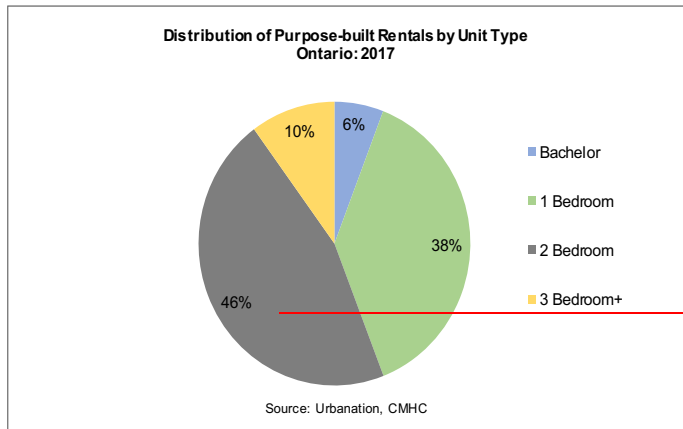




## Supply: Purpose-built Rental Universe by Type

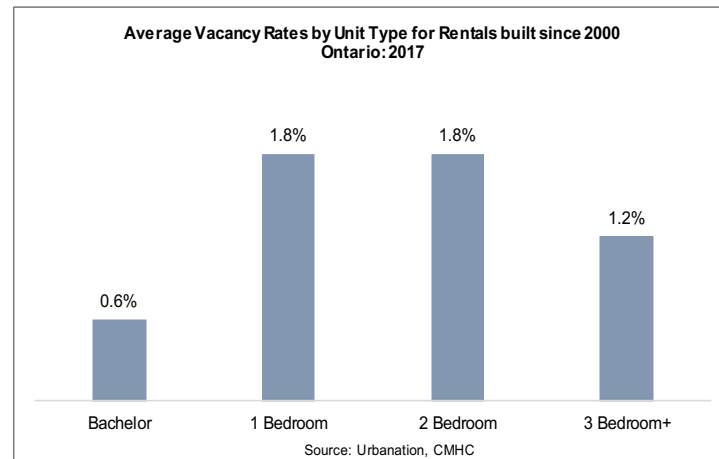
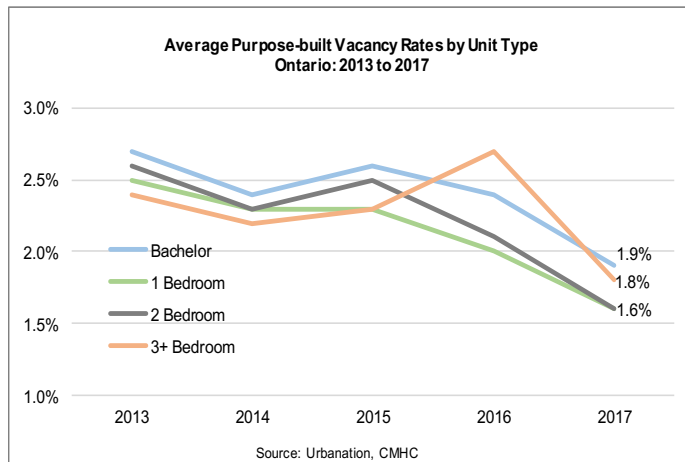
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- 2 bedroom share of total universe at 46%, rising to 57% in new stock
- 1 bedroom and studio shares reduced in new stock



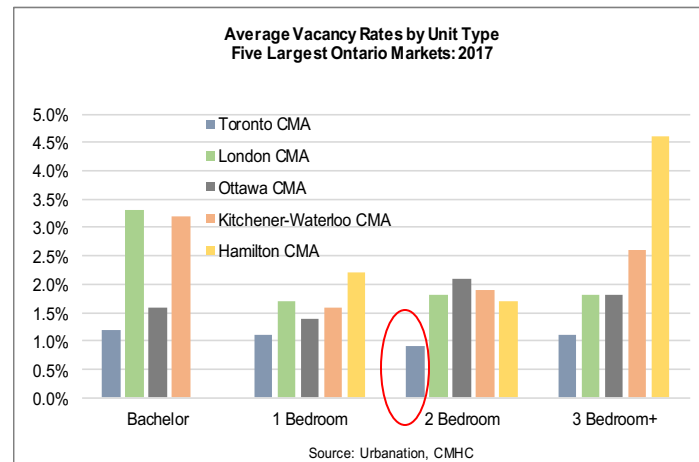
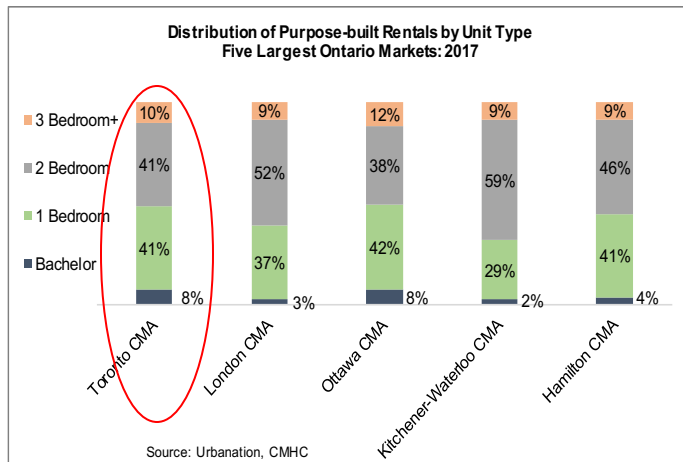
# Vacancy Trends by Unit Type

- Vacancy rates lowest for both 1 & 2 bedroom units at 1.6%
- Within new stock, bachelor vacancy rates lowest at 0.6%



# CMA Supply by Unit Type

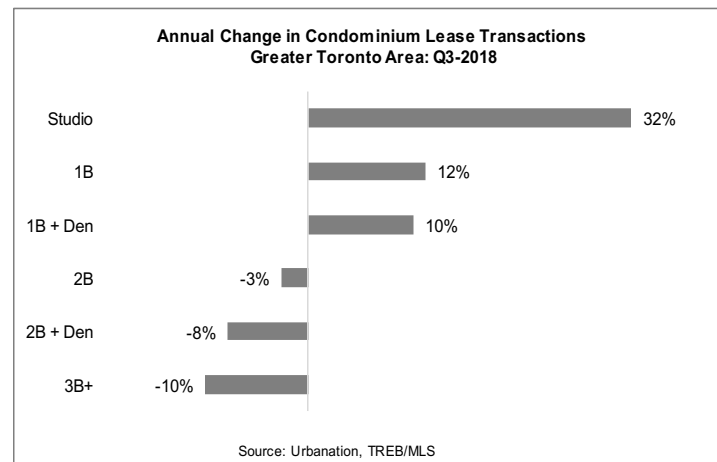
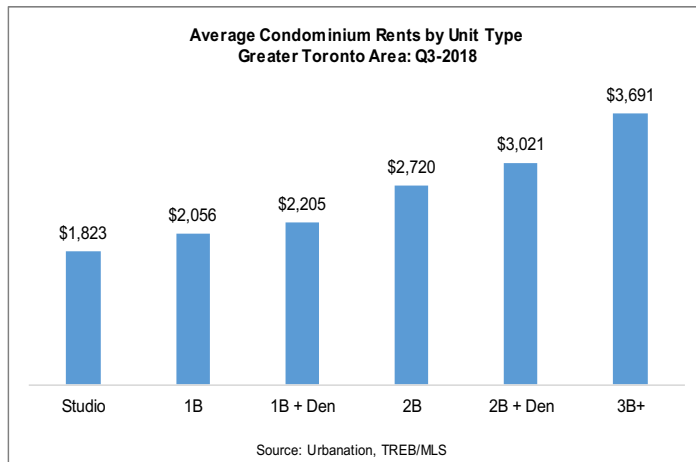
- Toronto has most balanced rental unit mix by CMA
- Vacancy rates lowest in Toronto across all unit types, with low of 0.9% for 2 bedroom



# GTA Condominium Rentals: Activity by Unit Type

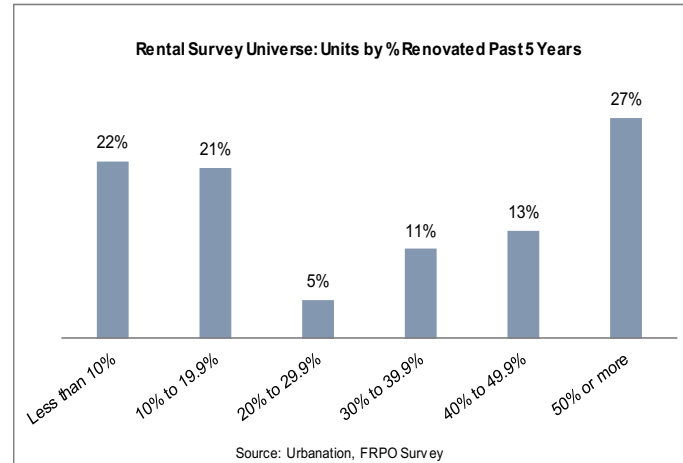
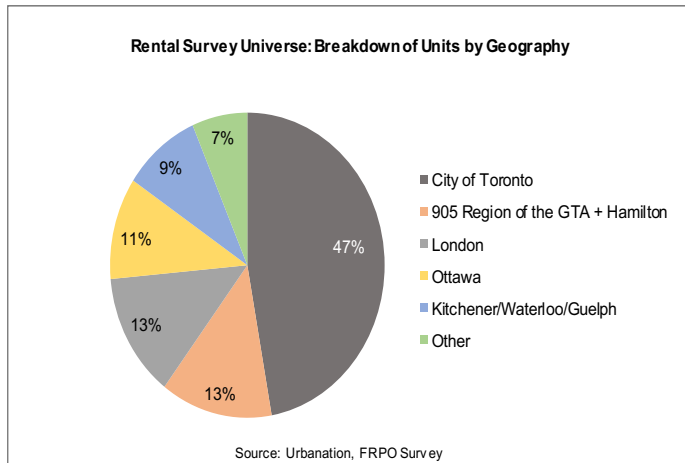
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- GTA condo rents grew 8% y/y in Q3-18 to \$2,385
- Lease activity surging for small units



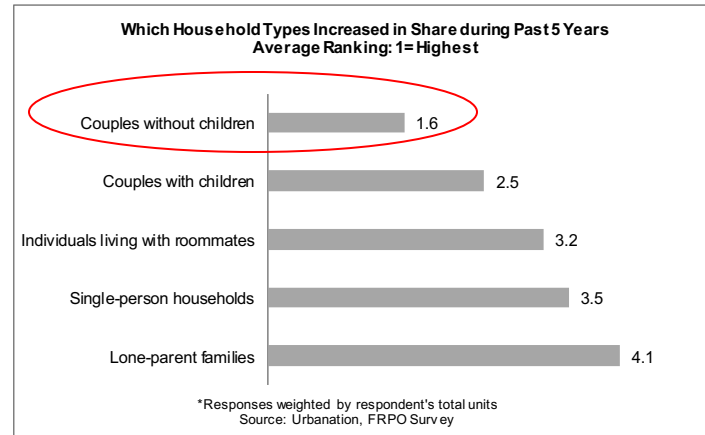
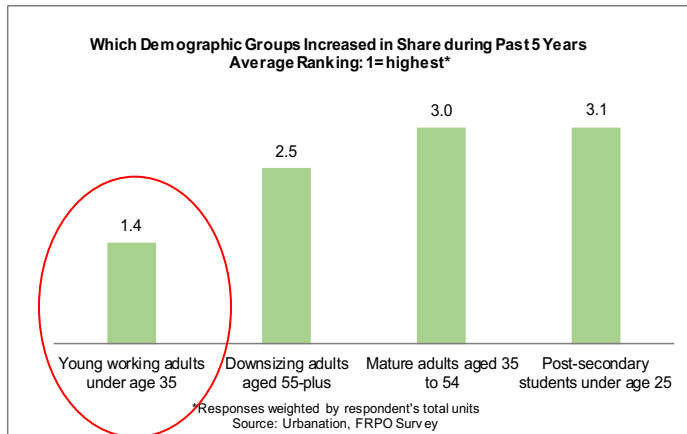
# FRPO Survey: Sample Breakdown

- Survey respondents represented 75K units, 60% share in GTA-Hamilton
- More than half of respondents undertook renovations to 20%+ of their units



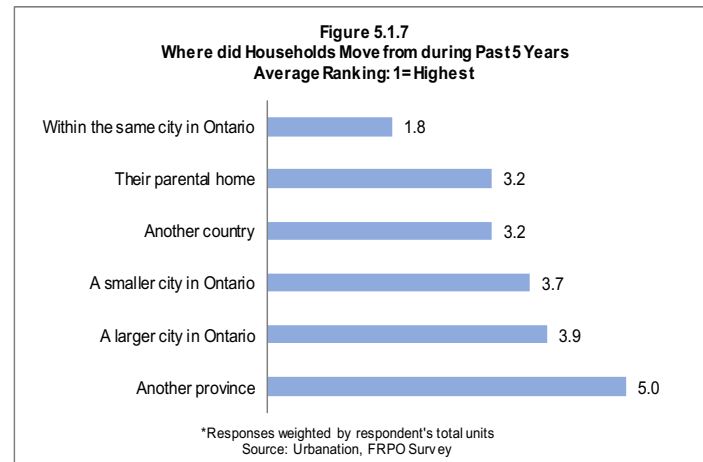
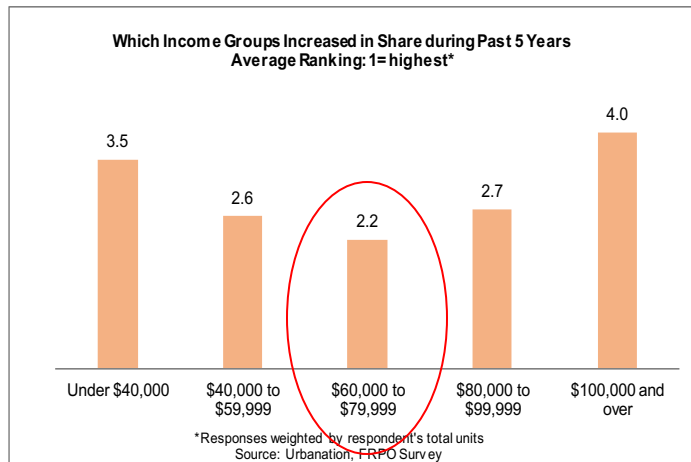
# FRPO Survey: Fastest Growing Demographic Groups

- Young adults under 35 & couples ranked highest for growth
- Second fastest represented by downsizers and couples without children



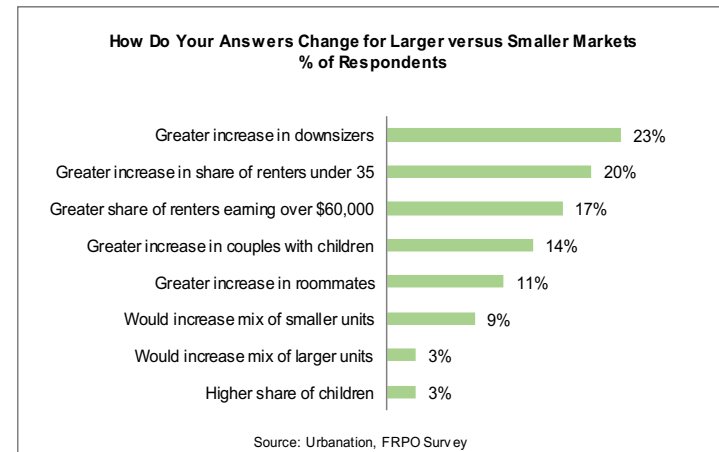
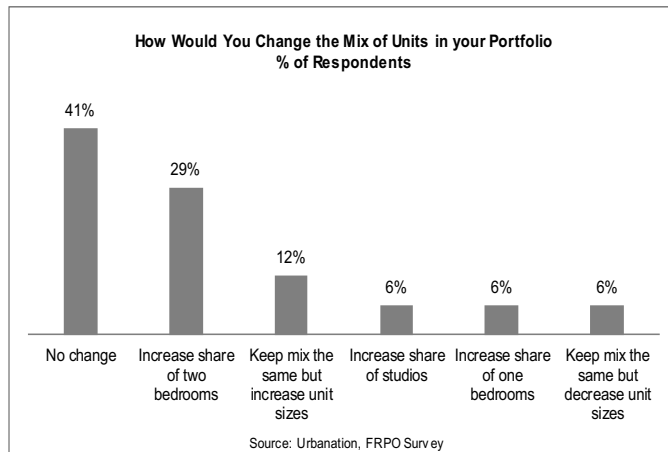
# FRPO Survey: Income & Migration

- Fastest growing income group was \$60-80K
- Most new tenants came from within the same city



# FRPO Survey: Unit Mix Changes & Larger vs. Smaller Markets

- Most respondents would make no change to their unit mix or increase % of 2 bedrooms
- Stronger growth for downsizers, under 35 tenants, & renters earning \$60K+ in larger markets





## Summary Points

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- Rental growth driven by couples without children and two-person non-family households — reflecting an increase in downsizers, young adults shut out of the ownership market or preferring the rental lifestyle, and roommates living together to save on costs.
- Concentrated demand among higher-income earning renters, more than half spending less than 30% of income. Limited supply and rent controls creating market distortions
- More single-person renters than one bedroom and bachelor units, a further likely consequence of rent control contributing to a supply trap. Share of one bedroom & bachelors is falling
- Experience of FRPO members generally aligns with official statistics
- Demand-Supply gap largest ever. Need more rental supply of all types for diverse demographics

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