



Highlights

- Vacancy rates dropped across B.C.'s rental markets in 2023; rents surged in the province as rental demand outpaced supply

B.C. rental market tightened in 2023

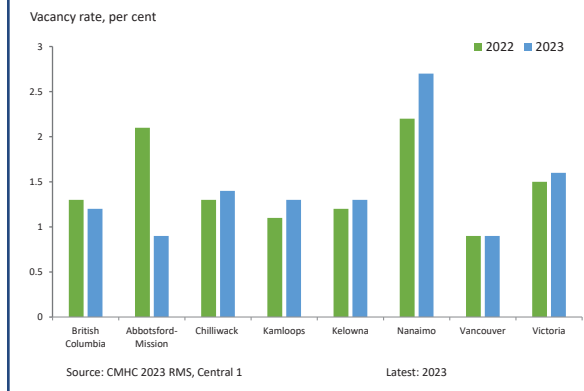
Eloho Ennah, Economic Analyst

In 2023, increasing mortgage costs and sky-high home prices made homeownership more difficult for many Canadians. Unfortunately, the rental market did not offer much solace, as conditions tightened even further throughout the year. The 2023 Canada Mortgage and Housing Corporation (CMHC) Rental Market Survey (RMS) showed a 30-year low national vacancy rate of 1.5 per cent and a surge in rents. National trends can be found in our recent commentary: [Canada's Rental Market Crisis: Pain deepens in 2023, but is relief in sight?](#)

Like other parts of the country, B.C.'s strong rental demand was bolstered by chartbusting population growth and a surprisingly resilient labour market. The province recorded an annual population growth rate of 3.0 per cent in 2023, which marked a modern record and a pace last observed in early 1980s and through the 1990s. A swelling population came with climbing demand for rental units in an already tight rental market. The vacancy rate for purpose-built rental apartment housing was 1.2 per cent during the year, down slightly from 1.3 per cent in 2022, and lower than it should be in a balanced market.

Vancouver was listed as the CMA (census metropolitan areas) with the tightest rental market in Canada with a notably low purpose-built vacancy rate of 0.9 per cent in 2023. This remained unchanged from the previous year. Abbotsford-Mission recorded a decline in its

Low vacancy rates recorded across B.C. as rental market remained tight in 2023



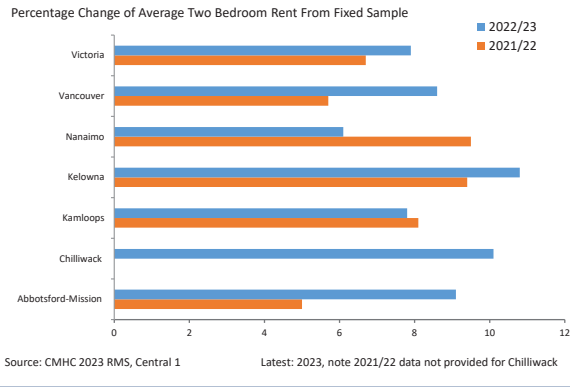
vacancy rate, down to 0.9 over cent in 2023 compared to 2.1 per cent in 2022. All other CMAs had vacancy rates below 1.6 per cent, except Nanaimo which saw vacancy rates rise from 2.2 per cent to 2.7 per cent.

Condominium apartment rentals are a substitute for purpose-built rental units but conditions in this market were even more dire in Victoria, where the condominium vacancy rate fell from 0.2 per cent to 0.1 per cent in 2023. In Kelowna, condominium vacancy rates also worsened from 0.7 per cent to 0.3 per cent.

Vancouver was the least affordable rental market with the average rent for a two-bedroom increasing by 8.6 per cent to \$2,181 and accelerating from 5.7 per cent uptick seen in 2022. Supply in the rental apartment universe grew by 2.7 per cent during the year but this was insufficient in compensating for higher rental demand in the city given its promising labour market and booming post-secondary student population. Rent for similar units in Chilliwack and Abbotsford-Mission was around \$1,400 and the cheapest among the largest urban areas, however both areas recorded some of the largest yearly rent increases.

Scarcity issues worsened due to lower turnover rates of rental units, as potential home buyers were forced to remain in the rental market. The potential for rate cuts during the year may increase the chances of prospective home buyers finally achieving home ownership.

Rent growth accelerated in most major cities in B.C.



Additionally, the growth in rental construction will contribute to the existing supply of rental properties. That said, the rental market's outlook remains uncertain as population growth will remain elevated in 2024. However, the federal government has announced a cap of inflow of international students which could taper Canada's sharp population growth.

For more information, contact economics@central1.com.