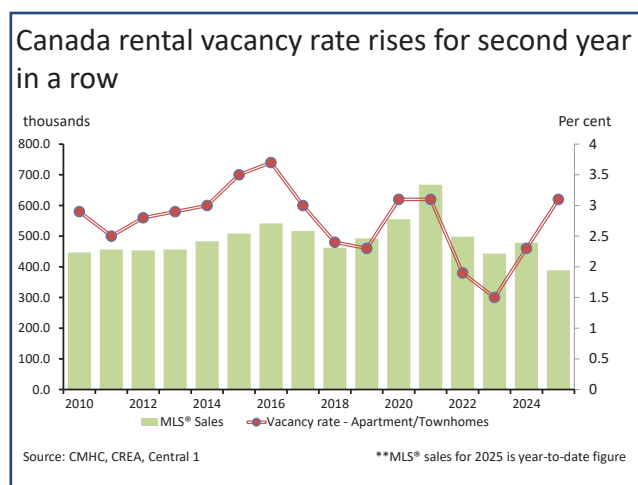




## Rental market cools in 2025

Canada's rental market softened as expected this year. This comes as no surprise as federal migration caps, weak youth employment growth, and a generally soft economy have constrained demand, while a multi-year surge in rental starts and construction has led to a large rental stock. Specifically, temporary residents have been a key source of rental demand in recent years and the federal shift in immigration policy and subsequent outflow of individuals have reduced demand.



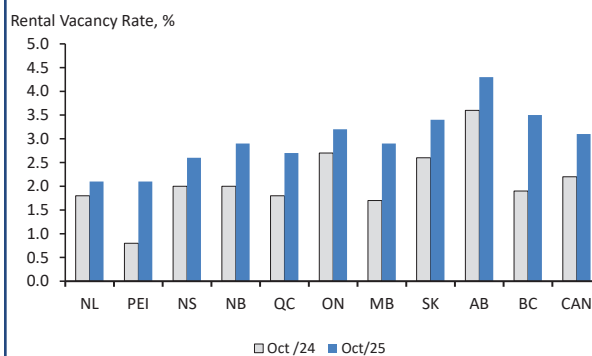
Canada's rental vacancy as estimated by CMHC jumped to 3.1 per cent in urban markets, up from 2.2 per cent in 2024. Outside the pandemic period of 2020-21, this was the highest since 2017.

While vacancy rates increased, average same-sample rent growth climbed by a still robust 5.1 per cent, down from 5.4 per cent<sup>1</sup>. The average two-bedroom rent reached \$1,550. CMHC rent growth is at odds with softer asking rents and anecdotal evidence of increased rental incentives offered in the market. However, recall that CMHC's survey covers the entire purpose-built rented stock. As many provinces have some form of rent control (excluding Alberta and newer Ontario units), tenant turnover means re-pricing of unit rent back to market levels. This is generally significantly higher than the existing rent, particularly in units with long-time renters, even if rents are in decline. Annual rent growth has aligned with the rental component of the consumer price index (5.2 per cent in October). The rise in vacancy rate is a better gauge of the rental market than rent increases, where growth will likely slow going forward given market conditions.

1 Same-sample units are those common to both years

Vacancy rates rose in all provinces, pointing to more favourable conditions for renters across the country. A scan of apartment data showed B.C. with a large increase from 1.9 per cent in 2024 to 3.5 per cent in 2025. Ontario's increase was notably mild, rising from 2.7 per cent to 3.2 per cent. Alberta rose from 3.6 to 4.3 per cent.

### Alberta and B.C. noting highest vacancy rates amongst provinces

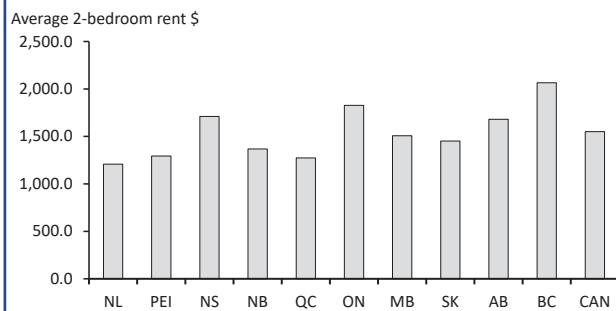


The highest provincial vacancy rate was observed in Alberta, and given strong population growth, reflected elevated construction levels. This was followed by B.C. and Saskatchewan (3.4 per cent). The lowest vacancies were found in the Atlantic provinces with both PEI and Newfoundland and Labrador at 2.1 per cent, while Quebec is at 2.7 per cent (albeit up from 1.8 per cent).

On the rent front, there is a clear relationship between higher vacancies and the pace of rent growth. B.C. same-sample rent rose by a relatively modest 3.6 per cent from 4.5 per cent last year, while Alberta rose by 2.4 per cent, coming off 7.9 per cent in 2024. Manitoba showed the weakest growth at 1.9 per cent. Ontario rent rose a modest 3.7 per cent, while growth was accelerated in Quebec and the Atlantic. Rental market conditions also align with resale housing market trends, as prices have risen in more affordable markets.

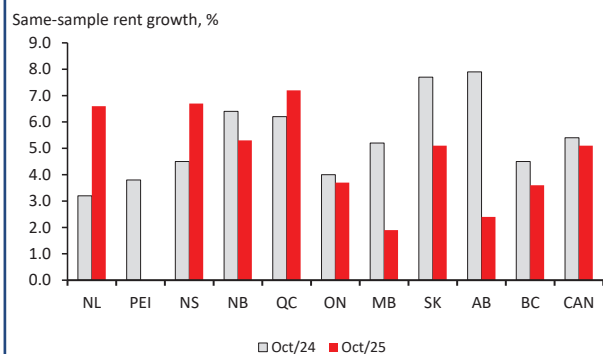
Examining some of Canada's largest metro markets, Metro Vancouver's apartment vacancy rate "surged" to 3.7 per cent, which was a record high for the region and followed a 1.6 per cent rate last year. Toronto's rental vacancy rate increased slightly from 2.5 to 3.0 per cent, while Calgary's remained elevated but rose mildly from 4.8 to 5.0 per cent which was still below

## Rents remain elevated particularly in B.C. and Ontario



Source: CMHC, Central 1

## Rent growth slows in most regions across the country



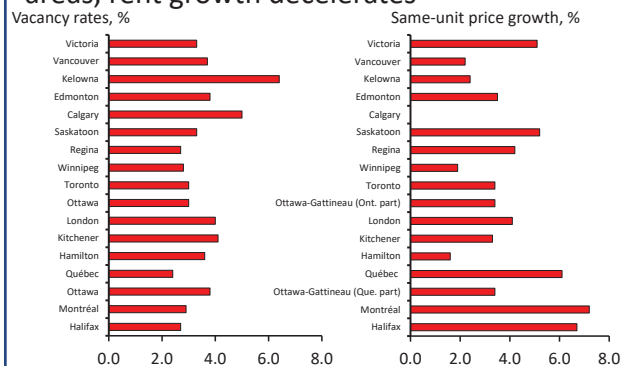
Source: CMHC, Central 1

\*\*2025 data for PEI suppressed

cycle highs for the area. In Montreal, the vacancy rate rose from 2.1 per cent to 2.9 per cent. Higher vacancy rates contributed to only 2.2 per cent 2-bedroom average rent growth in Vancouver and essentially no change in Calgary, while Montreal rents surged 7.2 per cent, with Toronto rents accelerating to 3.4 per cent from 2.7 per cent.

CMHC also surveyed the apartment condominium rental stock, which over the past decade was a significant source of market rental supply. The vacancy rate was 1.3 per cent in 2025 compared to 0.9 per cent in 2024, albeit some caution is warranted about survey coverage. Rents rose 4.8 per cent (based on all units) but average rent at \$2,305 in Canada metro areas is well above the purpose-built average reflecting age of units, amenities and other factors. The highest average condo rents were in Vancouver and Toronto near \$2,900.

## Vacancy rates continued to grow across metro areas, rent growth decelerates



Source: CMHC, Central 1

The key takeaway from the latest annual rental market survey data is of a softening rental market. This is expected to continue. As we highlighted in our report [“Assessing Canada’s coming rental supply wave”](#), there are several factors at play. The immigration cap will continue to limit demand, while supply is rising with the completion of rental projects under construction. Government incentives and weak pre-sale condominium market are still driving projects forward but higher rental supply and soft rents will ultimately lead to developers to pull back. Rental markets will ultimately rebalance as construction stalls and migration picks up, but slow rent growth and high vacancies continue in the interim.

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