

PRIMARY PRIVATE RENTAL STOCK IN HAMILTON

The 68,545 rental dwellings in Hamilton identified in the 2016 Census can be divided into the three main types of rental units: those in private primary rental buildings, those in private secondary units and subsidized units, most often run by non-profit corporations. Private primary rental market is buildings that were purpose built for renting units to tenants. The private secondary rental market includes a wide variety of units in all kinds of buildings, for example basement apartments in an owner’s home, a duplex with both units rented, but not part of a rental complex, a condo unit owner who rents the unit for long term tenants instead of living in the unit themselves. The secondary market is an important source of rentals, especially in suburban neighbourhoods where there are few purpose built rental buildings, but there is almost no available data on this group of rental units. The Canada Mortgage and Housing Corporation (CMHC) conducts annual rental surveys, but this data only captures private primary rental units. For this reason, the majority of the rental data in this series of bulletin only covers private primary rental units.

In 2016, private primary units comprised approximately 51% of Hamilton’s rental market (chart 1). The number of private primary rental units has been stagnant even on slight decline for many years in Hamilton (chart 2). In the 2016-2018 period, there was a small growth in private primary rental stock, a positive trend that will hopefully continue. Some of the increase in rental stock is simply units that were removed from the market for renovation and now put back on the market at higher rent prices. Other units are a true net increase in stock as more developers are taking advantage of the new CMHC Rental Construction Financing program and the increase in average market rents, making new rental construction more viable than it was previously.

In the upcoming bulletin, *Contributors to Hamilton’s Rental Crisis*, an analysis of this data and the changes in Hamilton’s rental housing stock and its impacts on renters and the rental market will be discussed.

Chart 1. Proportion of rental units types, City of Hamilton and Ontario, 2016
2016 Census, Statistics Canada and Housing Market Information Portal, Rental Market Survey, Canada Housing and Mortgage Corporation (CMHC)

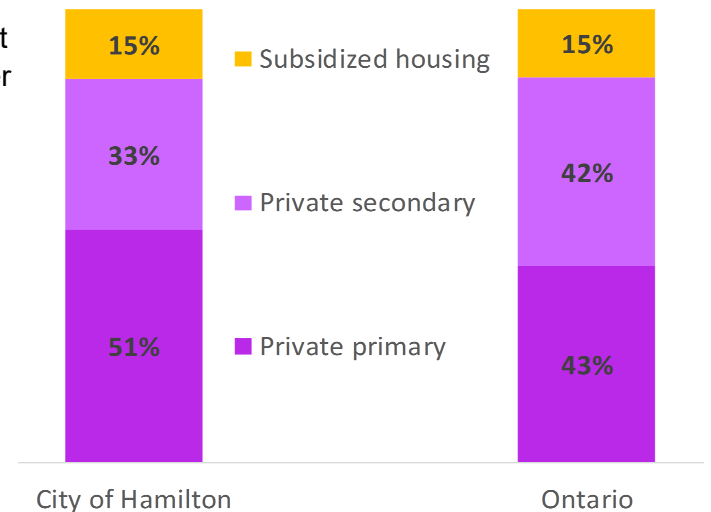
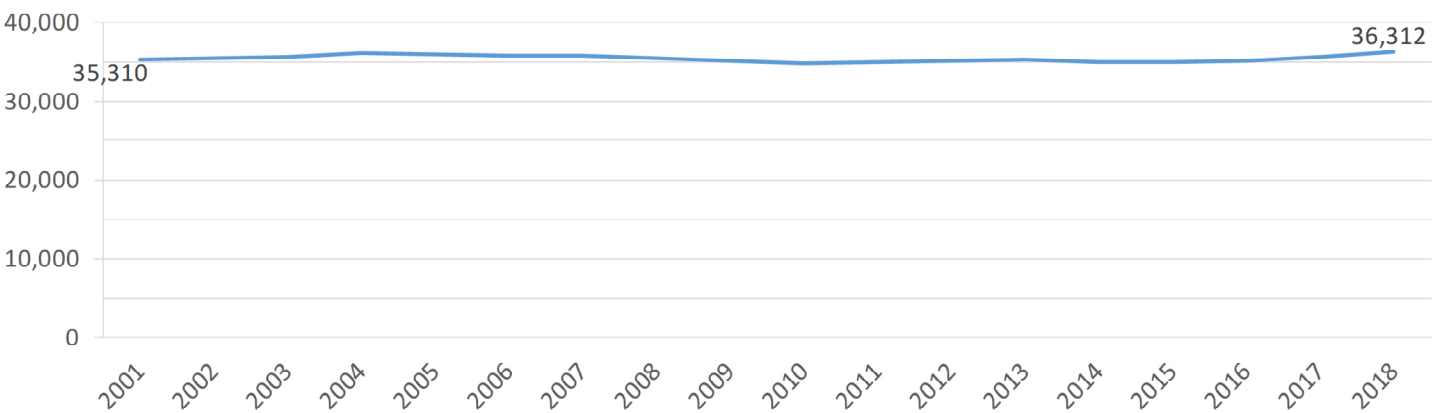


Chart 2. Private Primary Rental Units, City of Hamilton, 2001-2018
Housing Market Information Portal, Rental Market Survey, Canada Housing and Mortgage Corporation (CMHC)



INCREASE IN PRIVATE PRIMARY RENTAL UNITS: 2016-2018

In the 2016-2018 period, there has been an increase of 1,142 private primary rental units in the City of Hamilton. Not all the net increase will be new units, as some may be renovated units put back on the market, but other data shows that there is a real increase in new private primary rental units in Hamilton, for the first time in decades. New rental units on the market are generally the least affordable of all rental housing. There is limited reliable data on price of new units, however, the asking rent on rental housing websites for new and renovated units is often more than double the current average rent paid by tenants in Hamilton. Even at higher prices, these new units do relieve some of the supply pressure on the rental market. By catering to higher income tenants who choose these high priced units, there is some reduction in competition for lower priced units. But these new units don't address the need for more affordable housing.

Comparative data on these new units is presented in chart 3. The upper part of the chart shows which parts of the city have experienced growth (and decline) in rental units in this period. Central East has an over 12% increase in rental units since 2016. In this period, Stoney Creek area combined with the city of Grimsby has seen an almost 8% decline in units. One part of the decline is due to the change in ownership of the Stoney Creek Towers in Riverdale, which has led to the closure of many units for renovation as the new owners pursue a strategy to attract higher income tenants.

The middle part of chart 3 shows that between 2016-2018, City of Hamilton had a higher than the average increase in private primary rental units compared to Ontario (3.2% increase in rental units in City of Hamilton, compared to 2.4% average across Ontario). Comparing with Hamilton's neighbouring communities, Hamilton ranked second, trailing behind Kitchener – Cambridge – Waterloo which has experienced tremendous growth in private primary rental units (just over 12% in two years). The growth in this community is due to a boom in student housing units and developments related to the construction of the Grand River Transit LRT line.

The last part of the chart analyses the increase in private primary rental units by bedroom type. Two bedroom units have seen the most growth, followed by one and three or more bedroom units. Bachelor units have seen negligible growth. In an upcoming bulletin in this series, Single Renters in Hamilton, will examine the slow decline in bachelor units, the most affordable units on the market, in more detail.

Chart 3. Growth and Decline in private Primary Rental Units, City of Hamilton, 2016-2018
Housing Market Information Portal, Rental Market Survey, Canada Housing and Mortgage Corporation (CMHC)

