RENTAL MARKET REPORT
Hamilton CMA

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020

The overall vacancy rate*...

INCREASED to

3.9%

- Below CMA
- Similar to CMA
- Above CMA

The average rent is*...

$1,133
UP by 5.3%

- ○ Below CMA
- ○ Similar to CMA
- ○ Above CMA

Map labels:
- Burlington
- Ancast./ Dundas/ Flambor./ Glanbrk.
- West End
- Central
- Central East
- East End
- Downtown Core
- Mountain
- Grimsby and Stoney Creek
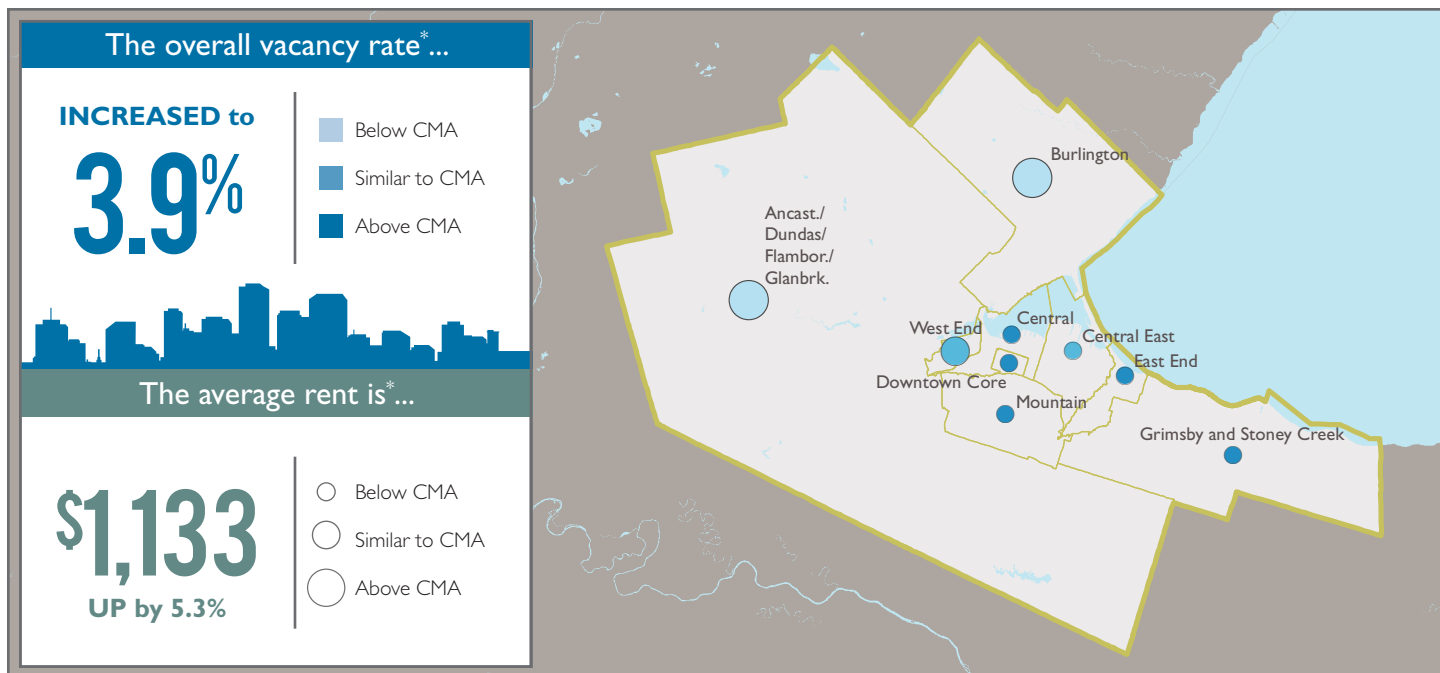
PRIMARY RENTAL MARKET *(by bedroom type)*

Bachelor	One bedroom	Two bedroom	Three or more bedrooms
7.9% **Vacancy Rate**	4.1% **Vacancy Rate**	3.5% **Vacancy Rate**	3.9% **Vacancy Rate**
$826 **Avg. Rent**	$1,020 **Avg. Rent**	$1,219 **Avg. Rent**	$1,450 **Avg. Rent**

> "Greater competition from new student housing and more condominium rentals, as well as a greater number of renters transitioning into homeownership, led to a higher vacancy rate."
>
> **Anthony Passarelli**
> *Senior Analyst*

*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

Canada

CMHC ♦ SCHL

Key Findings

- Weaker rental demand combined with a steady supply of units led to a higher vacancy rate.

- Greater competition came from outside the primary rental market[1], in the form of new on-campus student housing and more condominium rental apartments.

- A greater number of renters transitioned into homeownership this year.

- Asking rents remained significantly higher than rents for occupied units.

More Student Rental Options Outside of Primary Market

Vacancy rates in the two zones with McMaster University campuses, Zone 1 - Downtown Core and Zone 5 - West End, were up this year, suggesting there were fewer student renters in the primary rental market. A newly opened on-campus student residence with over 500 beds likely pulled some student renters out of the primary rental market, as did the growing number of condominium rental apartments. Overall, student rental demand was likely steady or modestly higher than last year, based on campus expansion and the upward trend in international student enrollment in recent years. McMaster enrollment data for the fall 2019 semester has not been released yet.

Greater Number of Renters Transitioned into Homeownership

Vacancy rates increased for units in the high rent ranges, which typically signifies that a greater number of renters transitioned into homeownership this year. A large percentage of first-time buyers come from these rental units, since their monthly rent is similar to a mortgage payment on lower priced homes. Homeownership costs became slightly more affordable this year, as wages increased more than the average qualifying payment[2] on a conventional mortgage. This contributed to a higher number of resale property transactions. House prices increased this year, however, a reduction in the Bank of Canada benchmark mortgage rate in Q3 restrained growth in qualifying payments. Strong wage growth occurred in Hamilton this year due to the unemployment rate being well below its historical average. Employment conditions improved, particularly for the 25 to 44 age group, which typically makes up the largest share of first-time buyers in Hamilton.

Very Low Condominium Apartment Vacancy Rate

The increase in vacancy rates in the high rent ranges is also indicative of greater outflows from the primary rental market into condominium rental apartments, generally the newest and most expensive rental housing in Hamilton. Condominium rental apartments attract tenants that can afford to pay a premium for the newest finishes and amenities. Demand for condominium rental apartments increased significantly this year and outpaced the strong growth in its supply. As a result, the vacancy rate for condominium rental apartments decreased to just 0.2%, which was among the lowest in Canada.

Figure 1

Wages Increased More Than Mortgage Qualifying Payments in Hamilton
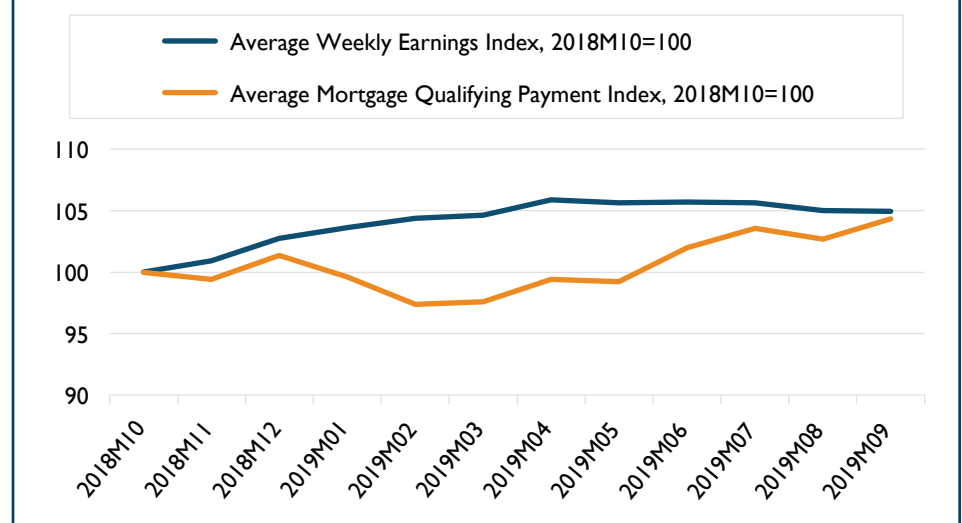
Sources: CREA, Bank of Canada, Statistics Canada and calculations by CMHC

---

[1] The primary rental market only includes privately initiated apartment structures with at least three rental units that were originally purpose-built for the rental market.
[2] Conventional mortgage payment was calculated using the average MLS® price, a 20 per cent down payment, the Bank of Canada qualifying rate for a five-year mortgage and a 25 year amortization.

Immigration Remained High

Immigration is a significant factor affecting rental demand in Hamilton, as Census data show that approximately two-thirds of new immigrants (less than five years in Canada) rent their home. Data up to Q2-2019 show that, while immigration was lower this year in Ontario, it remained at an elevated level. Hamilton immigration data for 2019 has not been released yet, however it has traditionally moved in the same direction as Ontario, since Hamilton typically makes up a significant portion of the province's population. Therefore, immigration in Hamilton was likely lower this year, but nonetheless remained supportive of rental demand.

Supply Unchanged in Primary Market, Increased in Secondary Market

The overall size of the primary rental market universe was similar to last year. Fewer apartments in Zone 1- Downtown Core and Zone 4 - Central were roughly offset by an increase in Zone 8 - Burlington.

The secondary rental market expanded due to a greater number of condominium apartments offered for rent. That growth was driven by a significant increase in newly completed condominium apartments since last year's survey.

Strong Rent Growth

The average rent increase in apartment structures surveyed in both 2018 and 2019 was 5.3%[3]. Despite a higher number of vacancies this year, options were limited enough for asking rents on vacant units to

be significantly higher than rents on occupied units. This caused a larger percentage of tenants to stay put this year and accept the full 1.8% Ontario Rent Increase Guideline. The overall turnover rate was 14.0%, down from 15.9% a year earlier[4]. Many of the apartments that did turn over to a new tenant saw much stronger rent increases. This could have been due to a number of factors, including higher turnover of units previously occupied by long-term tenants, as well as some units being renovated and re-rented at much higher rates.

Figure 2

Asking Rents Significantly Higher than Rents for Occupied Units in Hamilton
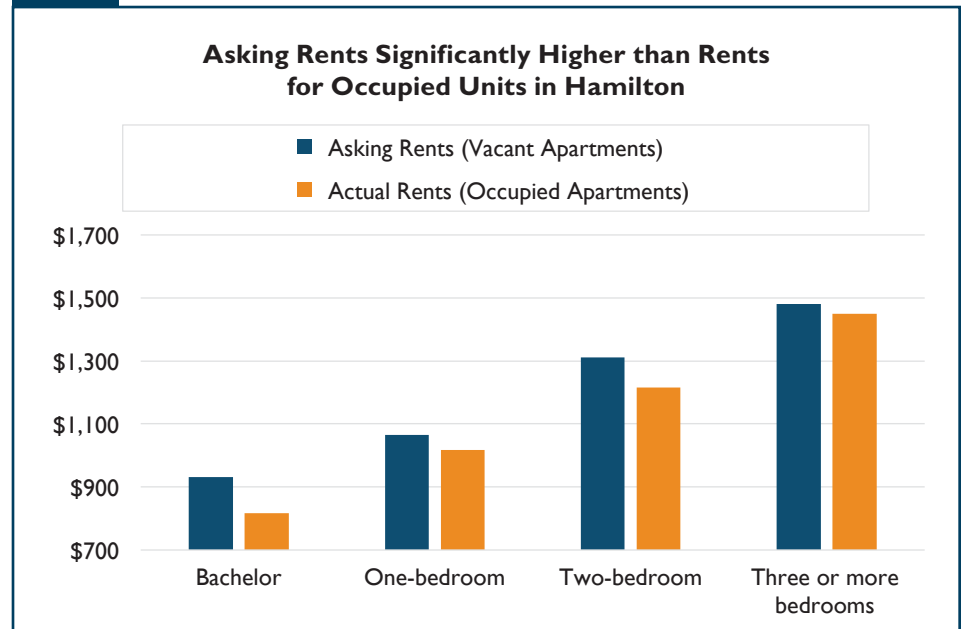
Source: CMHC, Rental Market Survey (October 2019)

---

[3] When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2018 and 2019 October rental market surveys, we can get a better indication of actual rent increases paid by most tenants.

[4] Please see Methodology and/or Definitions for the definition of turnover and the calculation of turnover rate.
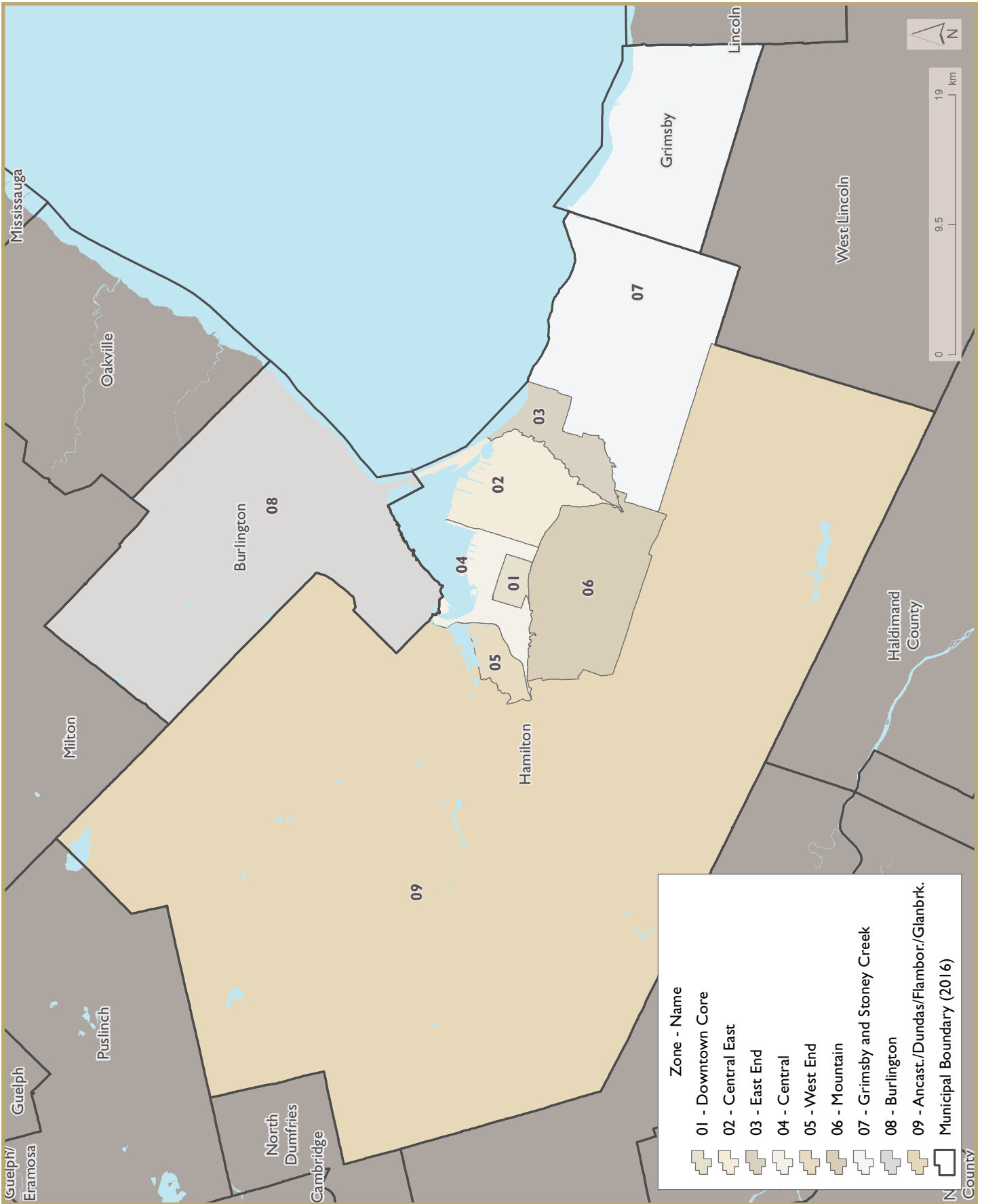
Zone - Name

01 - Downtown Core
02 - Central East
03 - East End
04 - Central
05 - West End
06 - Mountain
07 - Grimsby and Stoney Creek
08 - Burlington
09 - Ancast./Dundas/Flambor./Glanbrk.

Municipal Boundary (2016)

RMS ZONE DESCRIPTIONS - HAMILTON CMA	
Zone 1	**Downtown Core** (census tracts 0034, 0035, 0036, 0037, 0038, 0039, 0048, 0049 and 0050).
Zone 2	**Central East** (census tracts 0025, 0027, 0028, 0029, 0030, 0031, 0032, 0052, 0053, 0054, 0055, 0056, 0057, 0058, 0059, 0060, 0068, 0069, 0070, 0071 and 0073).
Zone 3	**East End** (census tracts 0026.01, 0026.02, 0026.03, 0026.04, 0026.05, 0026.06, 0072.01, 0072.02, 0072.03 and 0072.04).
Zone 4	**Central** (census tracts 0017, 0033, 0040, 0041, 0042, 0047, 0051, 0061, 0062, 0063, 0064, 0065, 0066 and 0067).
Zone 5	**West End** (census tracts 0043, 0044, 0045 and 0046).
Zone 6	**Mountain** (census tracts 0001.01, 0001.02, 0001.04, 0001.05, 0001.06, 0001.07, 0001.08, 0001.09, 0002.01, 0002.03, 0002.04, 0002.05, 0002.06, 0003.01, 0003.02, 0003.03, 0003.04, 0004.01, 0004.02, 0005.01, 0005.02, 0005.03, 0006, 0007, 0008, 0009, 0010, 0011, 0012, 0013, 0014, 0015, 0016, 0018, 0019, 0020, 0021, 0022, 0023 and 0024).
Zones 1-6	**Former City of Hamilton**
Zone 7	**Grimsby and Stoney Creek** (census tracts 0080.01, 0080.03, 0080.05, 0080.06, 0080.07, 0081, 0082, 0083, 0084.01, 0084.02, 0084.03, 0084.04, 0084.05, 0085.01, 0085.02, 0085.03, 0086, 0300, 0301, 0302, 0303.01 and 0303.02).
Zone 8	**Burlington** (census tracts 0200, 0201, 0202, 0203, 0204, 0205.01, 0205.02, 0206, 0207.01, 0207.02, 0207.03, 0207.04, 0208, 0209, 0210, 0211, 0212, 0213, 0214, 0215, 0216, 0217.01, 0217.02, 0218, 0219, 0220, 0221, 0222.01, 0222.02, 0222.03, 0223.01, 0223.02, 0223.05, 0223.06, 0223.07, 0223.09, 0223.10, 0223.12, 0223.13, 0223.14, 0223.15, 0223.16, 0224.01 and 0224.02).
Zone 9	**Ancaster, Dundas, Flamborough, Glanbrook** (census tracts 0100.01, 0100.02, 0101.01, 0101.02, 0120.02, 0120.03, 0120.04, 0121, 0122.01, 0122.02, 0123, 0124, 0130.02, 0130.03, 0131, 0132, 0133.01, 0133.02, 0140.02, 0140.03, 0140.04, 0141, 0142.01, 0142.02, 0143, 0144.01 and 0144.02).
Zones 1-9	**Hamilton CMA**

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover rates and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.

RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be $\bar{x}$ and its standard deviation be $\sigma_{\bar{x}}$. Then the Coefficient of Variation is given by $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$.

Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

a — Excellent
b — Very good
c — Good
d — Fair (Use with Caution)
** — Poor — Suppressed
++ – Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
- – No units exist in the universe for this category
n/a – Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

Sampling Fraction (%) range

Structures in Universe	(0,20]*	(20,40]	(40,60]	(60,80]	(80,100)
3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

Coefficient of Variation (CV) %

Vacancy Rate	0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor	Poor

Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
** — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

↑ **indicates the year-over-year change is a statistically significant increase.**
↓ **indicates the year-over-year change is a statistically significant decrease.**
– indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

△ **indicates that the change is statistically significant**

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Turnover: A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 50,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

Acknowledgement

CMHC HELPS CANADIANS MEET THEIR HOUSING NEEDS

Canada Mortgage and Housing Corporation (CMHC) has been helping Canadians meet their housing needs for more than 70 years. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer unbiased housing research and advice to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

For more information, visit our website at www.cmhc.ca or follow us on Twitter, LinkedIn, Facebook, Instagram and YouTube.

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

PUBLICATIONS AND REPORTS AVAILABLE ONLINE
Local, regional and national analysis and data on current market conditions and future trends.

- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Northern Housing
- Housing Market Outlook, Canada and Major Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Seniors' Housing Reports
- Mortgage and Consumer Credit Trends Report

DATA TABLES AVAILABLE ONLINE
- Funding and Securitization Data
- Household Characteristics
- Housing Market Data
- Housing Market Indicators
- Mortgage and Debt Data
- Rental Market Data

HOUSING MARKET INFORMATION PORTAL
The housing data you want, the way you want it.

- ✔ Information in one central location
- ✔ Desktop and mobile friendly
- ✔ Neighbourhood-level data

cmhc.ca/hmiportal

SUBSCRIBE NOW
Get email notifications when CMHC publications are released or updated. Sign up for a free myCMHC account for enhanced site access, including one-click subscriptions to the reports and tables that matter to you.

Get your myCMHC account today!

Get the market intelligence you need today!
Find all the latest trends, research and insights at **cmhc.ca/housingmarketinformation**

Housing Observer

Featuring quick reads and videos on...
- • Analysis and data   • Timely insights
- • Updates to housing conditions, trends and much more!

Subscribe today to stay in the know!

www.cmhc.ca/observer