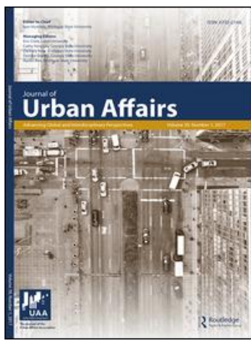

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The financialization of Canadian multi-family rental housing: From trailer to tower

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ABSTRACT

After 20 years of disinvestment, new financial vehicles began targeting Canada's multi-family apartment sector in the 1990s, with the first Real Estate Investment Trust (REIT) declaring "Apartments make money!" on the cover of their 1999 report. This paper details the financialization of multi-family rental, tracing how REITs grew from owning zero to 10% of Canada's apartments, while "financialized" landlords comprise nine of the ten biggest landlords. I argue that neoliberal restructuring, government policy, and financial innovations created conditions for profitable reinvestment. This reinvestment is transforming the sector, building-by-building, into a global asset class. Meanwhile, in each suite, tenants are exposed to the logics of finance capital, in which "repositioning" strategies generate profits via dispossession. This paper traces the expansion of financialized landlords across a nation and down the urban hierarchy, from gentrified neighborhoods, to mobile home parks, to northern resource towns—finding that penetration is more prominent in jurisdictions with weaker rent controls. I propose a typology of geographic-investment strategies, in which "core," "value-add," and "opportunistic" investment strategies are applied in major markets, marginal geographies, and resource-oriented communities. This trend is understood as one with negative impacts on housing justice, affordability, and patterns of social and spatial inequality.

Introduction

In 2010, a 10-story apartment building at 200 Dufferin Street in Toronto's Parkdale area was sold to a new owner. Timbercreek Asset Management, an investment firm, purchased the 200-suite building just before Christmas for $22 million—$5 million over its assessed value.[1] The Lord Dufferin Apartments, built in 1963, was only the latest addition to their growing portfolio. Like many new owners snapping up apartments after the financial crisis, Timbercreek's Canadian multi-family portfolio had grown rapidly in recent years, from zero in 1999 to 18,429 suites by 2017. For residents of the Lord Dufferin—many of whom were on fixed incomes—new ownership brought changes. Their former manager was Metcap Living, a large corporate landlord that had taken over the building only a few years before from a small real estate company. While Metcap pursued rent increases while letting the building deteriorate, Timbercreek's strategy was different. Recognizing the gentrification pressures encircling Parkdale, Timbercreek opted to invest in renovations and upgrades, and to replace existing residents with higher-paying newcomers. Janine, an 18-year resident, described how Timbercreek initiated noisy construction and issued rent increases that spurred many to leave. Their vacated suites were swiftly renovated and advertised for hundreds more per month. Her neighbor's unit jumped from $800 to $1,200 in monthly rent, and as she put it, "it's a gold mine for these guys."[2] This research asks why companies like Timbercreek, which I call

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financialized landlords, are targeting multi-family housing, how they are reshaping the sector in Canada, and how these changes affect tenants, communities, and patterns of socio-spatial inequality.

The changes taking place at 200 Dufferin Street are part of a transformation in multi-family rental housing that has been underway across Canada since the late 1990s and that is associated with broader shifts toward financialization in the global economy. This paper explores the financialization of rental apartments in Canadian towns and cities, from the gentrifying Parkdale neighborhood in central Toronto, to mobile home parks in Atlantic Canada, to resource boom towns in the far north. This process involves the acquisition of apartments by financial vehicles that manage them on behalf of investors. These "financialized landlords" (including real estate investment trusts [REITs], private equity funds, asset management companies, and pension funds) have acquired nearly one fifth of Canada's private multi-family rental stock, with REITs alone growing from owning zero to almost 165,000 suites between 1996 and 2017. I argue that this shift is fundamentally transforming the multi-family sector, and exposing tenants to extractive business practices that engender displacement.

This paper begins by exploring the theoretical and practical relevance of the financialization of multi-family rental housing. I discuss how "financialized" ownership remakes homes into assets, and transforms the sector as a whole into product for investors—creating a new asset class that enriches them via business strategies based on tenant dispossession. The second section launches a nation-wide examination of this process in Canada, showing how state policy and other factors produced multi-family housing as a gold mine for reinvestment in the late 1990s, and tracing the history of domestic firms that grew into sophisticated financial platforms. A key contribution is my list of Canada's biggest landlords, which has not elsewhere been assembled. Third, I examine the crucial role of state policy in creating an uneven landscape of rental regulation, which has lured financial capital to certain provinces and deterred investment in others. Finally, I propose a three-part typology of "geographic-investment" strategies that have allowed financialized landlords to penetrate Canada's diverse regional housing market geographies. The typology identifies "core," "value-add," and "opportunistic" strategies that are used in big cities, smaller towns, and resource-driven markets. This section draws on detailed empirical data on firms, and a novel analysis of their business models, identifying similarities which have important implications for housing justice. In the conclusion, I turn to the apartment suite as a flashpoint for struggle around whether housing ought to be treated as a home or a financial asset.

Financialization, assetization, and accumulation by rental housing dispossession

Underway for 4 decades, financialization is a process of transformation in global and national economies, with profound social and spatial impacts. Emerging alongside neoliberal restructuring, it refers to the growing role of finance in the operations of capitalism, such that profits are increasingly made through financial means rather than industrial commodity production (Krippner, 2005; Magdoff & Sweezy, 1972). Aalbers (2016) defines it as "the increasing dominance of financial actors, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households" (p. 12). While broad definitions of financialization and its frequent usage have been critiqued (e.g. Christophers, 2015), the concept has been defended for its power in making sense of changes in capitalism, and in turn how these changes affect societies (Aalbers, 2015). Like neoliberalism (Brenner & Theodore, 2002), it is a hegemonic but also variegated phenomenon (Aalbers, 2017), playing out unevenly on the ground within and between cities, regions, and nations. This paper examines how "actually existing" financialization is reshaping life for tenants living in private, multi-family rental housing in Canada, while also reshaping the multi-family sector itself.

Finance-driven capital accumulation involves the integration of an ever-greater diversity of formerly non-financial sectors and goods into the purview of finance capital (Foster, 2007), including but not limited to planning firms (Linovski, 2019), the fine art market (Velthuis & Coslor, 2013), the automotive sector (Froud, Johal, Leaver, & Williams, 2006), real estate (Smart & Lee, 2003), and

housing (Aalbers, 2016). In the category of housing, finance has moved from homeownership and mortgage loans (e.g. Aalbers, 2008) into increasingly niche areas, including multi-family housing (August & Walks, 2018; Fields, 2014; Teresa, 2015), social and non-market housing (Aalbers, Loon, & Fernandez, 2017; Fields & Uffer, 2016), co-operatives (Brunn, 2018); seniors' housing and care homes (Horton, 2019), and student housing (Revington & August, 2019). Financial investment and control over formerly non-financial sectors (like housing) changes these sectors, by enforcing the discipline and logics of financial metrics and institutions, and imposing new priorities to maximize shareholder value and investor yield (Epstein, 2005; Erturk, Froud, Johal, Leavear, & Williams, 2008; Froud & Williams, 2007). These priorities and practices may conflict with former business goals and competing social priorities, and may have serious impacts on parts of society touched by this restructuring. Financialization, according to Rolnik (2013), radically commodifies housing, emphasizing its "exchange value" as a salable asset over its use value as a home, a role that arguably needs to be prioritized and defended (Madden & Marcuse, 2016).

My definition of *financialization* for this study is narrowly operationalized, and rests on the moment at which ownership of a multi-family building transfers from a non-financial operator to a financial vehicle, such as a REIT, private equity fund, institutional investor, or asset management firm. At this moment of sale, a building becomes a *financial asset*, ultimately owned by disparate investors. I argue that this has significance at two levels: first, at the level of the building, and by extension, the multi-family sector; and second, at the level of the suite, which becomes a site of struggle as tenants encounter the new priorities of financialized owners. These two points of significance are discussed in turn.

First, at the level of the building, acquisition by a financial vehicle transforms it into a financial asset, which makes it newly liquid, tradeable, and legible to investors (Gotham, 2009), who can compare its metrics to other investment products and add it to their portfolios. Creating financial assets, called *assetization* (Birch, 2017; Ward & Swyngedouw, 2018), opens up *new* access for investors to formerly untappable sources of profit. With multi-family housing, this means novel access to a stream of income from monthly rents previously unavailable to investors. As buildings are acquired by financial vehicles, assetization contributes to the "supply-side of financialization" (Ward & Swyngedouw, 2018), generating a growing stock of new financial assets that will contribute to accumulation through financial channels going forward. Building by building, assetization transforms the multi-family sector into a new global asset class, and reinvents apartments into a new source of profit for finance capital.

Financialization has opened up the multi-family sector as a new frontier for financial accumulation, while simultaneously offering new power to industry players to reshape the sector. According to the CEO of Starlight Investments,[3] a large financialized landlord, "there are a lot of people with money that want apartments, but it is very challenging to get them." Specifically, the challenge is that Canada's highly fragmented landscape of private multi-family ownership had long ensured that only expert local investors with specialized knowledge (of markets, building codes, property management, planning regulations, tenant laws, and so on), could access the tenant rents flowing monthly from these buildings. New financial innovations like securitization (Gotham, 2009), and new financial vehicles like REITS (and companies like Starlight), have enabled investors to access real estate as easily as purchasing a share on a stock exchange. As the CEO put it, Starlight is "a *bridge* between 'shoebox due diligence' and institutional capital"—referring to small-scale, unsophisticated operators who might keep their financial records in a shoebox. As financial vehicles acquire properties from these "shoebox" operators, they are transforming the private multi-family sector from a collection of aging, underfunded structures providing homes (often at affordable rents) into an investment product for domestic and international finance capital—a new global asset class. While capital benefits from new access to apartments, industry players benefit from new access to capital—which has generated dramatic change and new property management techniques. Capital-rich financialized landlords have new powers to develop sophisticated operating platforms, make large portfolio acquisitions, access cheap financing, and capitalize on economies of scale in new ways—

harmonizing property management, bulk purchasing, and investing in costly "repositioning" (upgrading, refurbishing, and retrofits) both to save money and remake buildings for a luxury consumer. They are also newly driven by the financial objectives and timelines for generating investor returns. Industry analysts at Colliers International have observed this shift, noting that "mom and pop ownership" did not "work to singlemindedly maximize the potential of their properties" in the same way (2015, p. 4). As they remake the sector with these practices, all firms (financialized and non-financialized alike) will feel compelled to adopt similar practices to remain competitive.

A second point of significance with the financialization of multi-family housing is at the level of individual suites within a building. When a building becomes an asset, an important struggle begins in each suite, where tenants are freshly exposed to the logics and practices of finance capital, and where financialized landlords attempt to produce investor returns via "accumulation by dispossession," targeting tenants. Accumulation by dispossession (Harvey, 2003), also called "primitive accumulation" by Marx (1976) and Luxemburg (1968), describes the process by which capitalism "originally" grew through privatization, theft, predation, and the enclosure of common lands and resources. According to Harvey (2003), these practices have remained central to capitalist accumulation, and particularly so in the neoliberal era. Capital continues to expand not simply through commodity production, but through force, violence, and "extra-economic" means (Andreucci, Garcia-Lamarca, Wedekind, & Swyngedouw, 2017; Glassman, 2006). This involves the privatization of social and ecological assets (Mansfield, 2007), public assets (public lands, infrastructure, social housing), and re-investment into disinvested places and formerly devalued assets (Harvey, 2003). In the multi-family housing sector, financialization does not freshly commodify a non-privatized "commons" for the first time, but it does involve the "enclosure" of buildings *by finance capital*, assetizing them as described above. It also involves dispossession, in which investors profit from dispossessing tenants of their earnings and wealth, and potentially their homes.

Financialized landlords have two ways to profits: they can either (1) reduce expenses or (2) raise revenues. Reducing expenses involves cutting costs, finding efficiencies, purchasing in bulk, reducing staff (such as superintendents), harmonizing property management, leveraging credit, and so on. To raise revenues, there is only one source, which is tenants. Revenues are raised by imposing rent increases or applying new charges (for storage, amenities, parking, laundry, sub-metered utilities, etc.). The biggest gains are made, however, from replacing low-rent-paying tenants with higher paying ones. As Starlight CEO Daniel Drimmer, put it: "the money and returns are made in the suites when the suites turn over." In this way, financialized landlords accumulate by dispossessing tenants of greater portions of the income and wealth (via new charges), or by "turning" over suites to raise rents, dispossessing tenants of their homes. This process of "value grabbing" (Andreucci et al., 2017) enriches investors who capture tenants' future income streams, and facilitates a wealth transfer (from tenants to investors) paralleling the broader transfer of wealth associated with financialization, in which the world's wealthiest people (often called "the one percent") have gained at the expense of declines in income and wealth among lower income and working people (Lapavistas, 2009; Piketty, 2013). Because suites are central to investor profits, they emerge as a key site of struggle—between tenants and landlords—over who has the right to control rent levels and occupancy.

The financialization of Canadian multi-family housing, 1997-2017

This paper uses qualitative methods to explore the changing landscape of multi-family housing in Canada, the business strategies of financialized landlords, and impacts on tenants. To track ownership, I consulted public filings with the Canadian Securities Administrators from 1997 to present for public REITs, which list their holdings in reports. For private REITs and other non-listed entities, I examined data from gray literature, websites, and media, including "Canada Who's Who" landlord lists compiled annually by *Canadian Apartment Magazine*. It is challenging to determine who owns what in Canada, and a key contribution has been to document ownership

(see Table 1). To understand business strategies, this paper drew on extensive analysis of annual reports, business documents, industry media, gray literature, news media, and data gathered from attending industry events. My insights into tenant impacts are informed by engagement with organizers in Toronto, interviews with tenants in Parkdale and other neighborhoods, and ethnographic participant observation at tenant meetings and events. For impacts outside of Ontario, I depended on news media reporting. This section examines financialization of multi-family housing at the national scale, outlining (i) how government policies and neoliberal restructuring *produced* financialization in the multi-family sector by creating conditions for profitable reinvestment, and (ii) how Canadian players evolved into financialized landlords.

Producing reinvestment

Canada is a country made largely of homeowners (69% of households), a trend supported by housing policy since the postwar period. Nonprofit and social rentals comprise only 6% of housing, built in a short postwar burst. Privately owned, purpose-built rental housing stock—the focus of this study—was largely produced in the 1960s and 1970s, when federal subsidies and tax advantages attracted development (Sewell, 1994). In the following decades, these subsidies were withdrawn, and developers turned to condominium construction (Rosen & Walks, 2015). By the late 1990s, when financialized investment began, private rental housing was a moribund sector. In Toronto, losses of rental housing to demolitions and condo conversions was outpacing new construction (Shapcott, 2002), and supply was stagnating nationwide, despite growing demand. Private multi-family towers in many places offered an important, if undermaintained, de facto source of affordable housing for seniors, immigrant households, lone-parent families, and racially marginalized renters—groups over-represented among low-income renters. Scholars of uneven development (Harvey, 1982; Smith, 1984) note that periods of disinvestment can be paradoxically productive, in that they create fresh opportunities for reinvestment. Understanding this, some landlords opt to strategically "milk" buildings for rental income while letting them deteriorate during periods of decline—gaining windfall profits if property values rise again. An analogous windfall awaited the disinvested sector in Canada in the late-1990s, when two REITs launched IPOs for investment in multi-family: CAPREIT in 1997, and ResREIT in 1998. In 1999, CAPREIT announced "Apartments make money!" on the cover of their annual report, signaling a turnaround in the sector's fortune. I argue that neoliberal state policy and financialization contributed to this change in prospects for multi-family housing.

Government policy reinvigorated the multi-family sector in part by generating a crisis in rental housing affordability. In the mid-1990s, the federal government canceled involvement in social housing and downloaded responsibility to the provinces—effectively putting an end to new construction and reducing the supply of affordable housing going forward (Suttor, 2016). Federal efforts turned to financializing homeownership, by securitizing and guaranteeing mortgage loans with risk-free returns for finance capital (Kalman-Lamb, 2017; Walks, 2014; Walks & Clifford, 2015). These policies attracted (and indebted) borrowers, and drove housing price increases. For renters, the effect has been a pricier milieu with fewer subsidized options, resulting in cost burdens and declining wealth (Kalman-Lamb, 2017). In Ontario, the provincial government "double downloaded" social housing, passing it onto municipalities. The impact, predictably, has been declining availability of affordable housing. Crisis for renters was a lure for investors, as CAPREIT and ResREIT noted in their IPO prospectuses, promising that state withdrawal from social housing would ensure steady demand for their product from low-income families (and new immigrants in particular) who lacked alternative options (August & Walks, 2018). This condition persists today, as Starlight CEO Daniel Drimmer explained in 2019: "we think there is a definite housing shortage, or almost a crisis level in Canada … and the good news for investors is there is no easy solution in sight. This is not good news for consumers."[4]

Government deregulation of rent controls further intensified crises and primed the multi-family sector for re-investment. In 1997, Ontario passed the landlord-friendly Tenant Protection Act

(TPA), which introduced "vacancy decontrol"—allowing rent increases of any amount upon turnover. In strong markets, this incentivized landlords to remove existing tenants and raise rents on the vacated suites. For occupied suites, rents could only be raised annually by a "guideline" amount (in 2018, it was 1.8%). The TPA included a loophole for "above-guideline increases" (AGIs), allowing landlords to pass along the costs of tax increases, security improvements, and major capital repairs to tenants. These legislative changes were immediately felt by tenants via increases in rents and evictions (Mahoney, 2001). They also drew investors to the multi-family sector. The first REITs were launched in anticipation of vacancy decontrol and AGIs in the pending TPA (August & Walks, 2018), and the Assistant Deputy Minister responsible for housing, Dino Chiesa, even left his post in the government to launch ResREIT and capitalize on the opportunities for profit he had helped to legislate (Shapcott, 2002).

A final ingredient that made rental apartments newly accessible to investors in the mid-1990s was financialization, including new innovations like REITs. REITs are trusts that allow investors to pool capital to purchase real estate which is managed by expert advisors. After crisis affecting open-end mutual fund trusts in the 1980s left many firms facing bankruptcy, REIT legislation was introduced in 1993 (Perkins, 2013). Together with government, industry players innovated the REIT "out of the ashes of crisis" as a better-designed, less volatile, closed-end trust (Deloitte, 2004; Koval & Knowling, 2013). For inspiration, they looked to the U.S., where advantageous tax code changes had popularized REITs in the 1990s (Hill, 2005; REALpac, 2015, p. 1–2). REITs were quickly embraced for providing high yields, stable distributions, and tax advantages (Koval & Knowling, 2013). Total assets in Canadian REITs grew from $80 million in 1993 to $4 billion in 1998 (Londervillle, 2002), to around $75 billion today,[5] while the number publicly-listed REITs grew from two in 1993 to 50 by 2017.[6] Expansion in size and value has paralleled diversification, with REITs advancing from a focus on commercial real estate (retail plazas, office parks) in the early 1990s, to increasingly more specialized asset classes, including hotels, long-term care homes, and multi-family residential (in 1997), storage (in 2007), health-care properties (in 2010), industrial-only properties (in 2013), and automotive properties (in 2016).

Canadian players evolve into financialized landlords

Since the late 1990s, there has been spectacular growth in the portfolios of financialized landlords in Canada. REITs alone rose from owning zero to 164,498[7] suites between 1996 and 2017, accounting for a shift from zero to nearly 10% of the private multi-family stock in the country (Figure 1).[8] During this time the number of apartment suites grew by just about half that number. From my list of Canada's top 25 biggest landlords (Table 1), it is clear that the field is dominated by financialized landlords (REITs and others), who make up nine of the top 10, and 18 of the top 25. The combined holdings of financialized players in this "top 25" alone is over 290,00 suites—18% of all Canadian privately initiated apartments (structures over six units).[9] Due to data collection challenges, these numbers likely substantially underestimate financialized ownership.[10]

A central point to emphasize is that this concentration in ownership among big landlords (and financialized landlords) is a new phenomenon. In just 5 years, the proportion of Canadian suites owned by the 20 biggest landlords rose from 15.8% in 2011, to 20.2% in 2017.[11] This is an increase of 27.8%, while the number of apartments grew by only 6.5% over these same years,[12] demonstrating the swift rise in the concentration and of ownership among big owners and financialized landlords in particular.

In Canada, financialization of multi-family private rental has not been driven by global capital and foreign firms, but is homegrown—involving the evolution of small, locally based, often family run firms into sophisticated financialized players. The first REITS were launched in Ontario by long-time industry players who assembled portfolios of existing properties, and issued IPOs to fund greater expansion (see Table 2). From 1997 through to the global financial crisis, other private and family based companies went public, often converting later to REITs. Atlantic Canada's Killam Apartment Properties is typical. They began as a small company with a few buildings, went public in

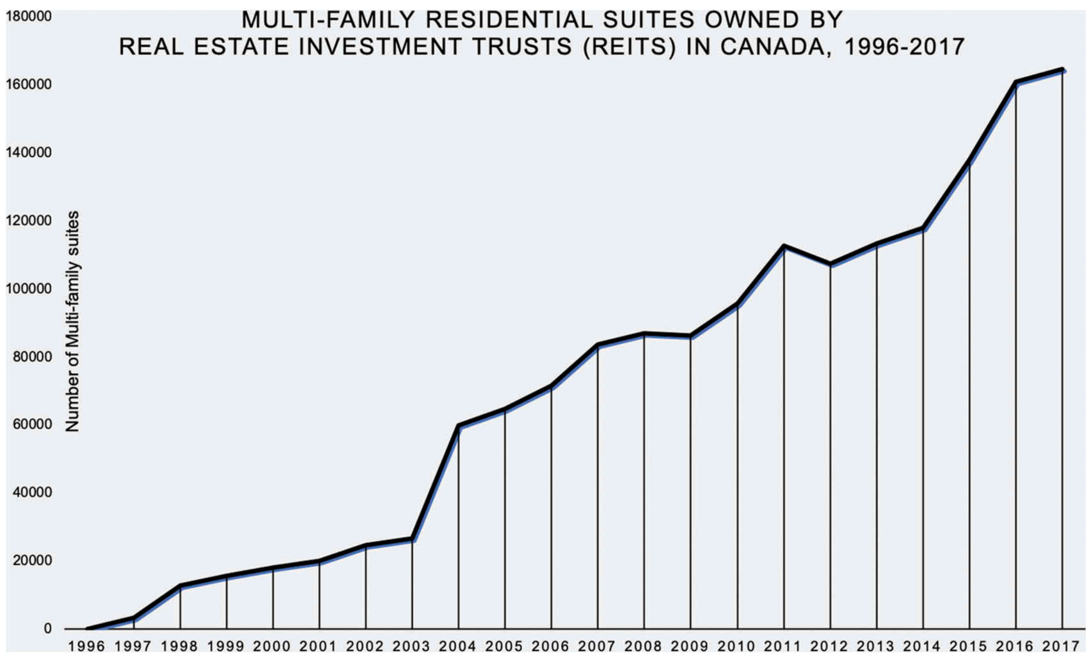

Figure 1. REIT ownership and the financialization of rental housing in Canada.

Table 1. The top 25 largest Canadian landlords, 2017[a]

Rank	Landlord	Type of Company ("shaded if financialized")	Suites
1	CAPREIT	REIT	43,080
2	Boardwalk REIT	REIT	33,187
3	Realstar Properties Ltd.	Real Estate Investment and Asset Manager for pensions (e.g. bcIMC)	30,200
4	Homestead Landholdings Ltd.	Private, family-run company	25,790
5	Starlight Investments Ltd.	Real Estate Investment and Asset Management Company	26,221
6	Northview REIT	REIT	25,188
7	Timbercreek Asset Management	Real Estate Investment and Asset Management Company	18,429
8	Skyline REIT	REIT (private)	16,654
9	Killam REIT	REIT	14,983
10	Minto Properties Inc.	Private integrated real estate company and fund manager (REIT as of 2019)	11,755
11	Quadreal (bcIMC)	Institutional Investor (Pension fund)	11,258
12	Mainstreet Equity Corporation	Publicly-traded real estate company (TSX: MEQ)	10,181
13	Drewlo Holdings Inc.	Private, family-run company	8,558
14	Park Property Management	Private real estate company	8,418
15	InterRent REIT	REIT	8,660
16	Morguard Corporation (includes North American Residential REIT)	REIT and publicly-traded company (TSX: MRG.UN, TSX: MRC)	9,364
17	Q Residential (Conundrum Capital)	Private Equity firm	7,418
18	Akelius Canada Ltd.	Foreign private real estate company	5,500
19	Oxford Properties Group	Institutional Investor, on behalf of OMERS, large Canadian pension plan	6,403
20	Globe General Agencies	Private real estate company	6,720
21	Centurion REIT	REIT (private)	5,511
22	Osgoode Properties	Private real estate company	5,624
23	Hollyburn Properties Ltd.	Private, family-run company	5,143
24	M&R Holdings	Private, family-run company	4,810
25	Pinedale Properties	Private, family-run company	3,855
	Total ownership by financialized landlords in Top 25, 2017 (ie. shaded entries)		**290,712**
	Total ownership by all landlords in Top 25, 2017 (ie. all entries on this list)		**352,910**

[a]CAPREIT (2017, p. 4), Boardwalk REIT (2017, p. 3), Northview (Northview REIT, 2017), Killam (2017), Akelius (2017, p. 3); InterRent REIT (2017), Morguard (2017), Q Residential's 2017 totals estimated by combining suites held by their two operable funds (http://conundrumcapital.com/funds/). Canada Apartment Magazine's 2017 "Who's Who" in Canadian apartment ownership data was used for the remaining companies not cited above.

Table 2. Multi-family real estate investment trusts in Canada, 1997-2017.[a]

Name of REIT (shaded if defunct)	Years in operation	Suites, 2017 (or noted)	Markets	Details
Canadian Apartment Properties REIT (**CAPREIT**) CAR.UN	1997 –	43,080	Focus on ON, also holdings in: BC, AB, SK, QC, NS, PEI	Toronto-based; Canada's first REIT, absorbed ResREIT in 2004
Residential Equities (**ResREIT**) REE.UN	1998–2004	10,890 (as of 2004)	Focus on Greater Toronto Area (GTA)	Toronto-based, Purchased by CAPREIT in 2004
Northern Properties REIT (NPR.UN)	2002–2015	10,765 (as of 2015)	Biggest landlord in NL and North (NWT, NU); resource focus in BC, AB, SK, QC	Calgary-based; Merged into Northview REIT in 2015
Lanesborough REIT (LRT.UN)	2002 –	1,279	Mostly AB, one property in MB	Winnipeg based; invested heavily in Fort McMurray, AB
Boardwalk REIT (BEI.UN)	2004 –	33,187	Most suites (19,752) in AB, other holdings in SK, ON, QC	Calgary-based REIT, converted from Boardwalk Equities Inc. in 2004
InterRent REIT (IIP.UN)	2007 –	8,660	Secondary market focus in ON and QC	Ottawa-based, converted from publicly-traded company in 2007
TransGlobe REIT (TGA.UN)	2010–2012	21,516 (as of 2012)	ON (70%) with remainder in AB, QC, and Atlantic Canada (NS and NB)	Created from TransGlobe Property Management in 2010; Privatized in 2012 and sold to Starlight, TN REIT, and others
True North REIT (TN.UN)	2012–2015	8,908 (as of 2015)	ON (53%), QC (24%), AB, NS, NB	Created by Daniel Drimmer with properties from TransGlobe REIT
Morguard North American Residential REIT (MRG.UN)	2012 –	5,335	Most suites in ON, small number in AB	Toronto-based, Created with properties from Morguard Corporation (TSX:MRC)
Northview REIT (NVU.UN)	2015 –	25,188	BC, AB, SK, ON, QC, NB, NS, PEI, NF, NWT, NU	Merger of NP and TN REITs and properties from Starlight and a public sector pension
Killam Apartment REIT (KMP.UN)	2016 –	14,983	Atlantic Canada (NS, NB, PEI, NL), also AB and ON	Halifax-based, converted from publicly-traded Killam Properties Inc.

[a]This table only includes Canadian multi-family REITs with properties in Canada. Not included here are two TSX-listed multi-family REITS that exclusively invest in properties in the United States. These are Pure Multi-family REIT (TSX:RUF.UN) and Milestone Apartment REIT (TSX:MFT.UN).

2002, and converted into a REIT in 2016 with a portfolio of 14,983 suites. In addition to REITs, asset managers and institutional investors entered the fray in these early years, including British Columbia Investment Management Corporation (bcIMC) in 1999, Kingsett Capital in 2002, and Timbercreek in 2007.[13]

Financialization to date has expanded not through new development, but largely by consolidating existing stock. In Canada, the scarcity of this stock (amidst high demand) is central to its appeal. In 1999, Mainstreet Equity, explained that "the threat of new supply coming into the marketplace does not exist in the multi-family market throughout Canada" (p. 18), and 2 decades later Starlight's CEO argued that "there is a significant shortage and nothing is being replaced … we like the fact that there is still virtually a complete barrier to entry in the multi-family space." Financialization has created opportunities to overcome these barriers, and a goal of many firms is to acquire as much of the finite existing stock as possible.

Demand for apartments went from "insatiable" in the early 2000s (McMahon, 2015), to "sizzling" after the 2008–2009 global financial crisis, with multi-family outperforming all other sectors of the real estate market (Lobo, 2013). New players emerged and snapped up properties at a "torrid pace" (Ashlar Urban, 2013), including Akelius—the only foreign firm among Canada's biggest landlords. Post-crisis, other large companies (e.g. Realstar, Minto Group, and Oxford Properties[14]) launched IPOs, expanded, and transformed into sophisticated financial vehicles. Starlight Investments exemplifies this trend. It began as Transglobe Property Management with three buildings in 1995, and had expanded to 26,500 properties by 2010 when it was converted into TransGlobe REIT. Two years later, CEO Daniel Drimmer privatized the REIT and many of its properties were acquired by his newly-launched vehicles, Starlight Investments and True North (TN) REIT. In 2016, TN merged with failing Northern Properties REIT to create the 25,188-suite Northview REIT. In 2018, Starlight managed Northview and multiple financial vehicles with $9 billion in assets.

As REITs and other real estate investment vehicles have grown, the profile of investors has changed as well. Early investors were individuals (i.e. "retail" investors), seeking high yields and payout ratios. As the vehicles matured and grew, domestic institutions came to dominate, and more recently the larger players have garnered sufficient trading volume to attract foreign institutional investors as well. Minto REIT, the newest multi-family REIT launched in 2018, found that 80% of its investors were large institutions—a reversal of the experience of early REITs in which individuals held the majority of the stock.[15]

Uneven geographies of rent control

A national-scale analysis is valuable for revealing how state policies enable or limit financialization (Fernandez & Aalbers, 2016). Canada's varied landscape of rent control regulations provides an opportunity to compare the uneven penetration of financial investment into different provincial apartment markets. Perhaps the most striking pattern is that some provinces are over-represented in terms of REIT penetration (compared to their total share of the nation's multi-family stock), while others are under-represented. The absence of rent controls, which are set by provincial legislation, appears to be strongly related to REIT activity.

In Manitoba, Quebec, and British Columbia—three of five provinces with rent control (Prince Edward Island and Ontario also have it)—the share of Canada's REIT-owned suites is *lower* than would be expected, given each province's proportional share of the country's total stock (see Figure 2 and Table A1 in the Appendix). Manitoba is noteworthy: it is home to 3.22% of Canada's apartment units, but only 0.05% of its REIT-owned suites. Manitoba has been virtually ignored by REITs, save for one 77-suite property. Manitoba's rent control is especially strong, as it is tied to apartment *units* and not to *tenants*, preventing the increases enabled elsewhere by vacancy decontrol. By comparison, Manitoba's prairie neighbor Saskatchewan, which scrapped rent control in 1992, has half the suites but 70 times more REIT ownership. In Saskatchewan, other factors attract investment, including strong market fundamentals associated with an economic boom on the back of oil and gas

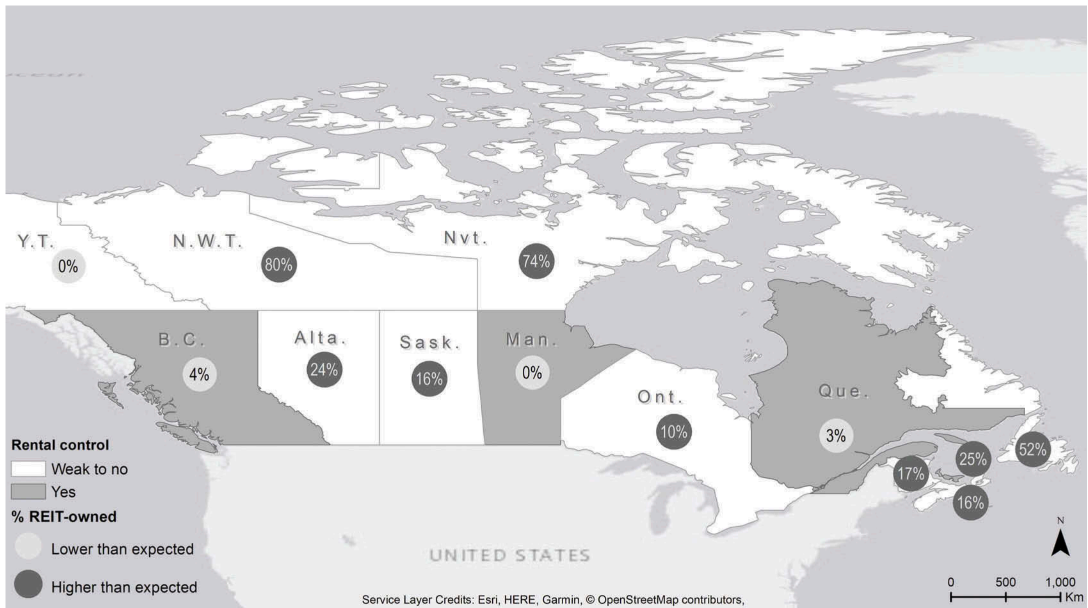

Figure 2. REIT-owned suites (as a percentage of suites in a given province/territory) and patterns of rent control in Canada. Map credit: Rob Feick.

development. In addition, the biggest investor, Boardwalk REIT, started in Alberta and expanded in 1996 into Saskatchewan as its economy boomed. At that time and subsequently, the absence of rent controls in both provinces was noted favorably in the REIT's reports (Boardwalk, 1998, 2010).

A similar comparison can be made between Quebec and Ontario. Quebec is subject to rent control and has 42% of Canada's apartments, but only 14% of Canada's REIT-owned suites. Only 3% of multi-family rental units in the province are REIT-owned.[16] By contrast, Ontario—with vacancy decontrol and weak tenant protection—has fewer of Canada's suites (33%) but 42% of its REIT-owned suites, and three times more than Quebec. This disparity is striking, and rent controls likely play a role. Ontario also hosts headquarters for many key firms, which built up local portfolios based on local expertise. In Quebec, other factors also serve to chill investor interest (lower demand, more social housing, French language barriers), along with housing characteristics that might deter investors—including small buildings (many have three to five units) with a low-rise, walk-up character. While other factors have contributed to the varied REIT penetration across provinces, the general pattern is clear: provinces that are over-represented in terms of REIT ownership have weak or no rent control, including Ontario, Alberta, Saskatchewan, the North (Northwest Territories and Nunavut), and parts of Atlantic Canada (Nova Scotia, New Brunswick, Newfoundland and Labrador).[17]

Financialized landlords have articulated their preferences for deregulation. Killam's management noted in 2017 that with "the majority Killam's portfolio not exposed to rent controls," they have the "flexibility to move rents to market on an annual basis" (p. 8). They also noted that "in Ontario and PEI, both with rent control," the REIT will still "maximize rental rates" because the markets are extremely tight (Ibid.). Representatives of several big firms shared their thoughts on rent control with the media, with Starlight's Drimmer calling it "completely counterproductive," and Timbercreek's Ugo Bizarri underlining the need for "vacancy decontrol" (Marr, 2017).

A typology of geographic-investment strategies

Examining changes in private multi-family ownership at the national scale reveals how financialization opens up geographical frontiers. Investors have distinct strategies for different types of properties, and I argue that these map on to the geography of multi-family housing in Canada. Financial investors differentiate between core, value-add, and opportunistic strategies (Kuzmicki & Simunac, 2008).[18] The safest approach preferred by institutional investors is to target *core* real estate assets, which are stable, well-maintained assets that generate reliable cash flow. In the world of apartments, these would be luxury or recently renovated, fully occupied buildings with higher rents. Secondly, for those seeking higher returns and open to higher risk, a *value-add* asset is appealing. Value-add properties have room for improvement: they may be under-maintained and in marginal locations. Value-add properties can be improved through "repositioning," which extracts greater value and generates profits for shareholders. A third category of property attracts an *opportunistic* strategy, which offers higher risk and reward, for properties that are badly neglected, vacant, poorly located, or in emerging markets (Ibid.).

It is possible to conceive of geographical choices in these categories of core, value-add, and opportunistic (see Table 3). Well-located parts of major-market communities would be a spatial analog of core investments, while marginal areas (such as disinvested inner suburbs) and secondary and tertiary towns and cities would align with a value-add investment strategy—offering higher risk and potentially higher reward. Finally, communities experiencing resource-driven economic growth attract opportunistic strategies for risk-taking investors chasing resource-based speculation. The following sections explore these "actually existing" geographies of financialization in detail.

Major markets, repositioning, and accumulation by dispossession

In major market cities with high growth, risk-averse institutional investors own and operate a range of core multi-family assets. Financialized landlords can make bigger gains, however, from value-add buildings, using investment strategies that "reposition" them to be more profitable, sometimes even transforming them into core assets that can be sold to pension funds and insurance companies. Repositioning strategies fall on a spectrum ranging from bare-bones efforts to "squeeze" new value from old buildings, to intensive renovation programs that remake buildings for a gentrified tenant base. Elsewhere these strategies have been called "squeezing" and "gentrification-by-upgrading" (August & Walks, 2018). "Squeezing" extracts value with minimal investment, and can be achieved via strategic deployments of capital, finding operating efficiencies, and by extracting revenue from tenants (via rent increases, fees, sub-metering, AGIs, and so on). In areas with a rent gap, "gentrification-by-upgrading" goes a step further and features investments in upgrading (lobbies and suites) to attract higher income renters. It requires tenant removal (sometimes through harassment or eviction), and includes significant rent increases. In both cases, repositioning is a business model that accumulates by dispossession—it extracts greater value from sitting tenants, or displaces them and extracts higher rents from the subsequent (potentially more affluent) tenant who replaces them.

Mainstreet Equity is an example of a firm that appears to operate on the slumlord-end of the "squeezing" spectrum. Operating in major western Canadian markets, Mainstreet went public in 1998, growing from 250 to 9,878 suites by 2017. They purchase "underperforming" buildings in Edmonton and Calgary, and implement a multi-stage process to add value through repositioning. They "unlock value" (1999, p. 10) first through operational efficiencies: making energy and utility

Table 3. A typology of geographic-investment strategies.

Asset/Investment Type	Geography
Core	Well-located parts of major-market communities
Value-Add	Marginal parts of major-markets; secondary- and tertiary-towns; Manufactured home communities
Opportunistic	Remote and "emerging" markets; Communities with extractive and resource-based growth

modifications to save on costs. The greatest gains, however, come from tenants: in 1 year alone, Mainstreet boasted a 10% increase on rent rolls (2000, p. 10). According to a market analyst, "Mainstreet's business model is snapping up run-down apartment buildings, fixing them up (i.e. 'stabilizing' them), and renting them out at higher rents suitable for the middle of the market" (Milstead, 2015). Displacing tenants is central to this business model. Mainstreet's website (2017a) explained a strategy to reposition buildings "at higher rents [with] attractive features for credit-worthy tenants" who would replace existing tenants—a group characterized as to blame for creating a "downward spiral effect" on buildings.

Mainstreet's strategy emphasizes profits over upgrades. In 2015, they were issued the largest public health prosecution fine in Alberta's history. The $250,000 fine (plus a $37,500 victim fine surcharge) was for "life threatening" risks related to unsanitary and unhealthy conditions at an Edmonton property with pest infestation, garbage issues, mold, faulty plumbing, unheated common areas, unlit stairwells, broken windows and scattered glass, and the presence of a squatter (Blais, 2015). This extreme property neglect was acceptable to Mainstreet's management, who claimed that "the long-term benefits will far outweigh the short-term effect [of the fine] on the financial performance of the corporation" (2017b, p. 3).

Boardwalk targets major markets in the west, using value-add strategies. The company has a three-tier repositioning program, with "Boardwalk Living"—the lowest end category—comprising the majority of their stock. When western markets were hot, the REIT found it easy to squeeze rents from lower-income (or "price-sensitive") tenants, but post-resource crash, they have turned to "repositioning a large number of suites" (2017, p. 4) into their "Boardwalk Communities" brand or "Boardwalk Lifestyle" luxury suites. The "Communities" buildings are surrounded by gentrification—"mature areas near schools, parks, downtown core, shopping, and other desirable amenities"—and are targeted for suite modernization. In "extremely attractive locations and desirable neighborhoods" the "Living" brand targets "the more discriminating renter" (2017). Boardwalk's renovations are followed by rental increases, aiming for an 8% return (2017, p. 38).

Starlight also uses a range of value-add strategies in major markets. As per their website, their "Canadian multi-family value-add program" targets "underperforming and undercapitalized properties in strong rental markets," and has repositioned "more than 100 buildings." Starlight's business model reveals the importance of displacement to financialized landlords, and how accumulation advances by dispossession at the site of the individual suite. As described earlier, the company's CEO explained, "the money and returns are made in the suites when the suites turnover." In other words, the site for profits is *in the suites*, but these are realized *when the suites turnover*, that is, when tenants are removed. In addition, Starlight has what they call a "core plus" business line, in which they sell a partially-repositioned building (having completed "30–40% of the unit turns") to a buyer who can "take it for the next 5–10-year hold period and wait to turn the next batch of un-renovated units." Drimmer explained that "in a rising market-rent environment there is also money to be made on the *second turn* apartments, as we call it, as the first apartments turn over." Investor profits therefore derive, in some cases, from plans to capitalize on repeated tenant turnover and rent increases.

In addition to squeezing value add properties in major markets, firms like Timbercreek more aggressively gentrify-by-upgrading. Their "value-add repositioning program" begins with "stabilizing" a building to increase operating revenue with minimal capital investment. This involves finding operational efficiencies, but also "improving the quality of the tenant and tenant profitability" using "stronger disciplinary measures for problem tenants, including evictions" (2012, p. 7). Second, Timbercreek applies a "value-add renovation and repositioning program … with the objective of increasing monthly rents," which involves "structural and cosmetic renovations to the building's common areas and apartment suites" (Ibid.). Timbercreek's niche focus is on gentrifying buildings in areas that will support significant rental increases. According to founding director Ugo Bizarri: "we look for buildings in good locations that need a little TLC … you can fix a building but it is very, very hard to fix a location" (Anderson, 2012, p. 19). They acquire run-down buildings in "local markets that are getting gentrified," (O'Dea & Schwartz-Driver, 2014) and in under 3 years, can sell a repositioned building to an institutional investor seeking a stabilized "core"

asset. Like their competitors, Timbercreek's profits are linked to displacement. According to Patrick Smith, VP of Debt Investments, repositioning brings apartments "up to a condo quality" and "in many cases, double rents." Referencing Vancouver, he explained that "the business plan there is to *roll the tenants*, and in that market, we are seeing them take rents two-three times what the existing rents are."[19]

Akelius, the only foreign-based financialized landlord among Canada's major players, operates similarly. Since 2012, Akelius has acquired 5,500 suites in Toronto and Montreal, aggressively upgrading to what they call "first class". They target gentrifying areas, "such as Brooklyn in New York, Parkdale in Toronto, and Kreuzberg in Berlin," where "young people move in and lift the area" having a "positive effect on the rent level" (2017, p. 12). In Toronto, their aggressive approach has attracted media attention and tenant resistance, related to firing superintendents, disruptive renovations, illegal unit entries, failure to repair suites, and issuing costly back-to-back AGIs (Gallant, 2014a, 2014b; Spurr, 2014). Eviction-related data from the Landlord and Tenant Board (or LTB, where disputes are resolved) speak to the qualitative shift in the approach taken by Akelius. In one building, acquired in 2014, the previous landlord had made four LTB applications over the previous 2 years. Akelius matched this after a month of ownership, and has averaged 28 LTB filings per year ever since—14 times the rate of the former owner.[20]

Secondary and tertiary towns, and manufactured home communities

A second geographical category for investors includes secondary and tertiary markets—communities with slower growth and fewer existing apartments. Their strategy is to overcome the barriers to investment in these smaller places—including economics that do not support new construction, distance from other markets, and the absence of large stocks of apartments to build a significant portfolio. Once situated, financialized landlords benefit from lack of competition, barriers to new entrants, and monopoly-style benefits over local markets.

Skyline REIT exclusively pursues smaller markets. The family-run company started with one building in the 1990s, and by 2017 owned 15,178 suites in six provinces. According to CEO Jordan Castellan, "Our bread and butter is the secondary and tertiary markets—cities like London, Kingston and Windsor, which we like to call 'OHL hockey towns'" (cited in Ruddy, 2015, p. 24).[21] Sidestepping large cities where financialized players compete for pricier properties, Skyline has acquired modest apartment blocks in a large number of "B and C market communities" (White, 2013), like Ontario's Tillsonburg, New Hamburg, or Mount Forest—with populations under 20,000. Skyline's markets "do not have rental rates that justify competition from new building and/or condo development" (Skyline, 2016, p. 57) and lack "the critical mass required by large real estate companies to enter the market and increase competition for acquisitions" (Skyline Apartment REIT, 2016, p. 57). Focusing on value-add properties, Skyline benefits from strategic debt management and from "economies of scale and the supportive infrastructure to drive added value from its properties," compared to previous owners who had "less leverage with vendors and utility companies for paring expenses and/or bulk purchasing" (Skyline Apartment REIT, 2016, p. 55).

Skyline's gains are also "squeezed" from tenants. Castellan put it this way: "we have one major revenue stream (rent), we work at controlling expenses … and then we take the income that is left over and share it on a pro-rata basis with our Unitholders" (2015, p. 8). Limited supply in small markets ensures that tenants have few alternatives, and are forced to absorb increases. In 2013, Castellan explained that "the rental stock has not kept up with the population in 90% of the communities we buy in," putting Skyline "in a position to make significant rent increases" (White, 2013).

InterRent REIT targets secondary markets that are "fragmented in terms of ownership and are not generally the focus of larger [REITs], pension funds, or institutional investors" (InterRent, 2007, p. 12). In addition to higher cap rates[22] and low vacancies, InterRent identified "greater opportunities for rent increases" in these markets, given "the relative lack of significant competition from the development of condominiums" (InterRent REIT, 2007, pp. 15–16). Unlike Skyline, InterRent aggressively repositions value add buildings in gentrifying areas. This began in 2006, when InterRent entered the city of Hamilton,

"with the intention of undertaking significant capital improvements to reposition the building of a highly desirable neighborhood" (InterRent, 2006, p. 39). Their "value creation" strategy involves "increasing rents through exterior, common area, and in-suite improvements," applying for AGIs, raising parking and ancillary fees, and "improving first impressions of buildings (lobbies, entrances, landscaping) to make them more marketable" (InterRent, 2014, p. 5). Displacement is central to "value creation," as InterRent seeks to "grow the rental revenue base … by removing undesirable tenants and implementing policies and processes to attract more desirable tenants" (Ibid.). In addition to explicitly promoting displacement, management explicitly intends to capitalize on gentrification. In 2006, they explained that the "common element" in buildings targeted for acquisition, "is the working-class target market of its tenant profile," despite being "generally located in middle class neighborhoods with good transportation access" (2006, p. 39). In other words, they target buildings in gentrifying communities and remove "working class" tenants. In Hamilton this has inspired tenants in four buildings to declare a rent strike, opposing AGIs that InterRent is seeking to cover cosmetic renovations while neglecting basic repairs (Moro, 2018).

Mobile home parks represent another non-major-market geography that has been swept into the orbit of finance capital. In 2005, Realstar was one of the first to bring "institutional investment and management" to the sub-market, with its "Manufactured Housing Partnership Fund I" (followed by II and III). The 5,000 mobile home pads acquired through these funds are operated under the Keystone and Realstar brands.[23] CAPREIT has also financialized the trailer park, with its first acquisition in 2007 and growing to 6,456 "manufactured home community" (MHC) suites by 2017. According to former CEO Tom Schwartz, MHCs offer stable long-term cash flows, high occupancy rates, steady increases in average monthly rents, and far lower capital and maintenance costs than apartment buildings (Marketwire, 2012). Called "recession proof" by one industry observer (cited in O'Brien, 2016), trailer parks have also attracted investment from Boardwalk REIT and from bcIMC, which bought Canada's largest modular home park developer (Parkbridge Lifestyle Communities) in 2010 (Ibid.). Killam REIT also owns trailer parks, and their strategy appears to be to milk them for profits. In Gander, Newfoundland, tenants were frustrated at constant fee hikes that had been imposed since Killam took over. According to a tenant, "Ever since they've bought the land, every year our land lease goes up $10 dollars every year … They're just collecting money and just sitting back and the money is coming in, just raising it every year" (quoted by CBC News, 2016a). At two communities, Killam was accused of neglecting basic health and safety, with arsenic reported in the drinking supply at a community in Ottawa, and a 13-month boil water advisory at a community in Lake Echo, Halifax. In that community, Killam's lawyers fought a tenant who sought a rent abatement after living over a year without drinking water in his home (CBC News, 2016b; Jeffrey, 2013).

Opportunistic investing in resource-oriented and northern communities

A third geographic-investment strategy adopted by financialized landlords is opportunistic investment in resource-oriented and northern communities. In private equity real estate, "opportunistic" strategies offer high risk and high return, and involve things like "repositioning of poorly managed, obsolete, and/or vacant assets," and investing in "emerging markets" (Kuzmicki & Simunac, 2008). Opportunistic strategies have been common in the United States, in areas affected by the foreclosure crisis. Timbercreek (2012), for example, has acquired assets from "distressed operators" in order to allow Canadian investors to "take advantage of the recent correction in the U.S. multi-residential real estate market." Focusing on "landlord-friendly legal environments" where they can acquire "mispriced or mismanaged" buildings, their U.S. Opportunity Fund repositions properties, increases rents and seeks a gain on the sale of the asset (Ibid.). In Canada, declining buildings are targeted with value-add strategies and squeezed for profits, while the truly opportunistic strategies, I argue, chase speculative growth associated with resource extraction in northern communities. This is an approach taken by Northview and its predecessors (Urbco Ltd. and NP REIT), and by Lanesborough and Boardwalk REITs (for some of their holdings).

Canada's north includes three territories: Yukon, Northwest Territories (NWT), and Nunavut (NU; established in 1999), with a combined 2016 population of 113,604, and a dispersed pattern of settlement, with many communities accessible by airplane or by winter ice road. The roots of financialized investment trace to 1991 when Calgary-based Urbco Ltd. went public to "get in on the ground floor" (1998, p. 5) with northern economic development, acquiring the properties and expertise of 11 existing northern real estate companies. Urbco targeted "opportunistic real estate markets such as Yellowknife and Iqualuit"—"emerging" areas "overlooked by other developers," with limited housing supply (1998, pp. 3–7), and burgeoning growth from the "treasure chest" of resources (2003, pp. 2–3). Specifically, diamond mining, oil and gas exploration, and pipeline development spoke to opportunity in NWT, while government-driven business expansion and housing shortages in the newly-created NU promised long-term growth in the east. Urbco's goal of "continuously prospecting new land development opportunities" (1998, p. 2) led them to chase natural gas extraction in Fort Liard; pipeline development in Inuvik; oil drilling in St. John's Newfoundland; coal, gas, oil, and timber development in northern British Columbia; and rapid speculative growth in Fort McMurray, home to the largest oil sands production facility in the world. In 2002, Urbco converted to Northern Properties (NP) REIT, which continued to capitalize on speculation accompanying resource exploration and extraction, charging high rents to the rush of workers who encounter very tight housing markets.

High barriers to entry are central to NP REIT's objective of renting to "creditworthy tenants in northern Canadian markets which are experiencing rapid economic growth and where there are significant structural impediments to new competition" (Urbco, 2002, p. 6). NP REIT (now Northview) has an effective monopoly, holding 74 and 85% of all privately-initiated rental structures in Iqaluit and Yellowknife, respectively.[24] As a result, the REIT boasts its ability to "influence rental rates and other rental conditions favourably" (Ibid., p. 36). For tenants, the downsides of this are obvious. In the media, NP REIT was accused of using monopoly power to drive high rents (Sabin, 2014), neglect service, and allow pest problems to fester in some buildings (CBC News, 2015; Rendell & Taylor, 2016; Willis, 2013). Monopoly enables exclusionary practices, and in 2014, NP announced that it would no longer provide housing to income assistance recipients in Yellowknife (Punter, 2014), a move challenged as contrary to the NWT Human Rights Act (Campbell, 2014). While NP REIT formally reversed its position, they retained de facto power to rent selectively. According to people who have experienced homelessness in Yellowknife, Northview is known for "blacklisting" tenants, preventing them from accessing housing—even in different northern communities (Christensen, Personal Communication, 2017 02 09). Blacklisted tenants have very few options—even if they obtain a government subsidy for use in the private market, Northview's refusal to rent to them has forced some to remain in homeless shelters.

Northview's business model reproduces social divisions and uneven development. Their focus on "creditworthy" tenants in centers of economic growth sharpens patterns of uneven rural-urban development in the north (see Christensen, 2013), and privileges spaces with higher proportions of non-Indigenous local residents. In these centers, the REIT pursues "strong rental covenants"—long-term leases with government and corporate tenants (who then sub-lease to their employees, often from the Canadian south). This reinforces a divide between higher-paid people from the south and locals from the north—the majority of whom are Indigenous peoples (including people with First Nations, Inuit, and Metis ancestry) and who tend to experience higher levels of poverty, lower quality housing options, and higher levels of homelessness (Ibid.). While investment in government administration and resource extraction boosts northern economies, it rarely benefits Indigenous peoples (in terms of jobs, housing, or wealth), and is often experienced as another step in a long history of colonial dispossession. Industrial mining, for example, has enriched non-Indigenous outsiders, while leaving a legacy of social and cultural disruption, health issues, and environmental destruction for locals (Keeling & Sandlos, 2009). In these ways, financialization premised on catering to privileged populations and chasing extractive industries deepens existing patterns of exploitation and intensifies uneven landscapes of northern housing opportunity.

The key strategy in opportunistic markets appears to be to "squeeze" high rents while making minimal investments, thus capitalizing on tenant desperation in tight markets. With opportunism, however, comes

risk. In 2007–2008, the global financial crisis was followed by a 2009 collapse in western Canadian oil markets, leading to significant losses for NP REIT, and also for Boardwalk and Lanesborough, investors in Fort McMurray and oil sands communities. NP REIT initially faced the crisis with brazen opportunism, promising to "more efficiently 'mine' property we already own" for more profit (2008, Ibid., p. 5). The next year NP conceded "this seemed to good to last … and it was" (Northern Property REIT, 2010, p. 3). As "business conditions began to decline for the REIT" (Ibid.), they acknowledged the limits of a bare-bones "squeezing" strategy dependent on low vacancy rates, noting that "in the boom years in Alberta pre-2008, apartment buildings in places like Fort McMurray and Lloydminster were so full and labour conditions so tight, that it had been difficult for us to keep properties in 'tip top' condition" (p. 4), and once vacancies increased, their properties "were not in rentable condition for the few potential tenants willing to take them up" (Ibid.). The opportunistic approach, it would seem, is to cash in on squeezing tenants and neglecting upkeep until the party is over.

Conclusions

Financialization is re-shaping Canada's multi-family private rental housing sector. Beginning in the mid-1990s, financialized ownership has expanded to penetrate formerly fragmented markets in all corners of the country. In 2 decades, REIT ownership rose from zero to 10% of suites, and financial vehicles now dominate among the nation's biggest landlords. In Canada, this process has been homegrown, involving the evolution of small, locally based real estate companies into large and sophisticated real estate investment platforms. The conditions for profitable reinvestment in the moribund multi-family sector were produced by neoliberal retrenchment and deregulation, generating an affordability crisis for tenants and an opportunity for investors. In addition, financial innovations offered new and lucrative opportunities to access vast amounts of capital, consolidate ownership, and reinvest in the scarce supply of aging multi-family structures, buoyed by strong demand from tenants with few other options.

Across Canada, financialized landlords have targeted big city neighborhoods with sizzling markets and sleepy rural towns alike, adopting varied geographical-business strategies. In this paper, I propose a typology that links core, value-add, and opportunistic investment strategies to geographies including major markets, secondary and tertiary towns and cities, and northern and resource-driven boom towns in Canada. For many financialized landlords, a value-add strategy extracts profits from aging buildings in marginal areas: by finding efficiencies, raising rents, and profiting from tenant dispossession. In hotter markets, an aggressive strategy of "gentrifying-by-upgrading" remakes entire buildings for an affluent tenant base. By furthering impoverishment in marginal markets, and intensifying gentrification pressures in others, this process contributes to patterns of socio-spatial inequality, within and between cities and regions.

In the neoliberal era, capital increasingly accumulates by dispossession (Harvey, 2003), a process that centers, according to Andreucci et al. (2017), on the transfer of property rights. In this paper, I have argued that when property rights transfer to financialized landlords, a multi-family structure undergoes a transformation that has relevance at two scales. The first is the scale of the building, which is reborn as a financial asset and is newly available to finance capital as an investment product. Across the country, the steady "assetization" of buildings enrolls them into the supply-side side of financialization (Ward & Swyngedouw, 2018), opening up the sector as a new frontier for financial accumulation going forward. As a financial asset, a building is changed in many ways. First, its potential to make money for investors is prioritized over its value as a home. Mainstreet Equity's comments on real estate illustrates this: "many would say Mainstreet Equity Corp. is in the real estate business. The truth is, we're in the business of making money. And the real estate industry happens to be our vehicle for doing that" (2000, p. 4). As vehicles for making money, multi-family properties are subjected to new styles of management driven by financial logics, metrics, and priorities to expand shareholder gains. As this paper has shown, these practices aggressively "reposition" buildings to be more profitable. Importantly, this affects not only the "assetized" corner of the sector, but will increasingly compel non-financialized landlords to follow suit. Colliers International (2006)

noted, "the emergence of REITs and other large investors has deeply impacted the multifamily investment landscape," and warned that "Laissez-faire landlords will not survive unless they maintain competitive product quality and service level" (p. 3).

A second site of importance is the suites—or individual homes—in multi-family buildings. While financialization occurs when a building changes hands, the profits for investors are made from individual tenants, in individual suites. As Starlight's CEO put it, "the money and returns are made in the suites when the suites turn over." Specifically, financialized landlords accumulate from each suite through dispossession, whether by dispossessing tenants of a greater share of their income and wealth (through rent increases, AGIs, cost increases, submetering, and so on), or by dispossessing tenants of their homes (to achieve vacancies that enable decontrolled rent increases). These practices can harm tenants by burdening them with new costs, generating stress and anxiety, and displacing them from their home and community. Because the suite is so important to both financialized landlords (as their source of revenue generation) and to tenants (as their home), it emerges as a key site of struggle, and a key point of contradiction between the use value and exchange value of housing. According to Andreucci et al. (2017), property will increasingly be the focus for challenges to neoliberal capitalism, in a context where finance accumulates by "grabbing value" from future income streams of working people in the form of rents. It is not surprising then that financialized landlords are keenly eager to control the property rights related to suites—including rights over occupancy and eviction, and control over rents. This points to the value, from the perspective of advancing housing justice, in strengthening regulations that protect tenants from rent increases and that secure their tenure. Indeed, my analysis has shown that in Canadian provinces with rent controls, financialized landlords have been less active in acquiring properties and seeking to, in the words of a Timbercreek executive, "roll the tenants." It is also not surprising that tenant-based movements have begun to gain power. In Canada, organized tenants have recently launched struggles against the tactics of financialized landlords (and non-financialized landlords using similar strategies) in Parkdale (Parkdale Organize, 2018), Ottawa (Crosby, 2019), and Hamilton (Power & Risager, 2019).[25] Their efforts have involved extra-legal rent strikes, acknowledging the failure of existing laws to protect tenants from rent gouging and eviction, and to protect communities from rampant gentrification.

While policymakers might laud financialized landlords for reinvesting in aging multi-family housing, this reinvestment is uneven and extractive, improving assets not for tenants but at their expense. If preserving and providing affordable housing are a priority, governments could focus on better rent control regulations and tenant protections. Federally, the Canadian government could stop providing favorable CMHC-backed lending to financialized landlords, or make lending contingent on anti-displacement guarantees. Governments could also bar financial vehicles from owning multi-family residential housing, in recognition that this important component of social wealth should not be treated as a financial asset. Germany, for example, has banned REITs from owning certain multi-family residential buildings. In Berlin, a planned referendum proposes to ban rental housing ownership by large landlords, and expropriate 200,000 units for conversion to social housing (Stone, 2019), potentially setting a bold example for Canada and other countries.

Notes

1. The assessed value, according to data publicly available on the Municipal Property Assessment Corporation's (MPAC's) kiosk at Toronto City Hall, was $16,879 million in 2010. A sales data report, purchased from MPAC by the author revealed the sales price to be $22 million.
2. Janine is a pseudonym.
3. These and subsequent quotes were taken public comments made by Starlight Investments CEO Daniel Drimmer in his capacity as a panelist in a Queen's University Commercial Real Estate Executive Seminars event, "Real Estate Capital Markets, 2019," held in Toronto on Feb. 7, 2019.
4. Op cit, footnote 2.
5. This figure was cited by an industry expert at the executive seminar, *Real Estate Capital Markets 2019*, held in Toronto on Feb. 7, 2019.

6. The history and growth of REITs described here is compiled from the author's analysis of REIT filings on to Canadian Securities Administrators (www.sedar.com) from 1997 to 2017.
7. This total includes all publicly-traded REITS and two private REITs in Canada, and includes their apartment suite holdings *and* manufactured home community (MHC, or mobile home park) holdings. Without the latter, Canadian REIT suite holdings total 153,868 in 2017.
8. This figure (9.5%) was calculated using the REIT suite holdings (153,968), without MHCs (see footnote 7), divided by the October 2017 total for privately-initiated rental stock in Canada, six suites or more (1,622,752), as reported by CMHC (2017). While most data on privately-initiated rental refers to buildings with 3+ suites, the figure for buildings with 6+ suites more accurately reflects the trends explored in this paper, given that buildings targeted by financialized investors are apartments (very few are three to five units).
9. Calculated based on data in Table 1 for all entries excluding "family-owned private real estate company." The percentage was calculated with this total of 291,702 suites, and the total number of privately-initiated rental structures over six suites in Canada, as in footnote 1.
10. These figures are underestimates because I only include in the "financialized" category those entities that are in the top 10, missing out the (potentially) large aggregate ownership of smaller players. Secondly, it's very hard to get hard portfolio numbers for nonpublic financialized players, including pension funds. In this sense, large players may be missing from my list. AIMCO, which manages public pensions in Alberta, for example, co-owns 1,203 suites in Toronto's Parkdale, which I discovered through industry literature and media sources. They are an example of an entity whose holdings aren't included in these totals.
11. For the top 20 biggest landlords in 2017 (who are estimated to hold 327,967 units), I used figures from Table 1. For the top 20 biggest landlords in 2011 (who were estimated to have held 241,449 units), I adapted self-reported data (by landlords) submitted to *Canadian Apartment Magazine's* (2011) annual "Who's Who" list of apartment owners in Canada, including both "owned" and "owned and managed" categories, improving it to the best of my knowledge (adding in data for Northern Properties REIT and Interrent REIT, for example).
12. This was calculated based on data for the privately-initiated apartment universe in Canada in 2017 (1,624,353) and 2011 (1,525,577), using data available from CMHC's online Housing Market Information Portal.
13. While launching earlier, Timbercreek entered the Canadian multi-family housing market in 2007.
14. Realstar began in the 1970s as a family-based firm with few properties, and by the 2000s had adopted an asset management function for pensions and banks, and in the 2010s launched private equity real estate funds investing in Canadian multi-family housing. Minto similarly evolved from a family-run firm to include asset management functions, private equity, joint ventures, and co-tenancies with institutional partners. In 2018 Minto converted to a REIT. Oxford properties began with one Edmonton property and now serves as the real estate investment arm of an Ontario pension fund, managing $20 billion in assets.
15. These trends were discussed by participants at the Queen's University *Real Estate Capital Markets* executive seminar held in Toronto, Feb. 7, 2019.
16. Incidentally, at the 2019 Canadian Apartment Investment Conference, Montreal was identified by many presenters as a "hot market" with lots of new interest.
17. An outlier in this general trend: Prince Edward Island is also over-represented in terms of REIT ownership, but it does have rent control.
18. These definitions and categories are derived from an article outlining six types of private equity real estate funds (core, core plus, value-add, opportunistic, mezzanine lending/distressed debt, and funds of funds). The three simplified categories used here emerged from an analysis of the language used and strategies adopted by multi-family oriented REITs and other financialized landlords, in annual reports and other filings, as well as through other literature.
19. Mr. Smith's comments were made as a panelist at the Queen's University Commercial Real Estate Seminars event "Real Estate Capital Markets," held in Toronto, February 7, 2019.
20. This was calculated using LTB data for applications made to the board, but does not include information on what the application was for, or the outcome of the application. The building is 99 Tyndall Avenue, the former owner was Jeff Rand.
21. OHL stands for "Ontario Hockey League," a league for players aged 16–21 and recruiting ground for the big league National Hockey League (NHL). The OHL has teams across smaller centers in southern Ontario and the American Midwest.
22. The capitalization rate or "cap rate" is used to describe the rate of return that can be expected from a property investment. It is calculated by dividing the net operating income (NOI) from a property by its current market value.
23. Details available at: http://www.realstargroup.com/capital.
24. This was calculated using Northview's 2017 figures for its multi-family and execusuites holdings in Nunavut (1,235) and Yellowknife (1,409), from their annual report. In 2017, Nunavut had a private rental housing universe of 1,675 units (Canada Mortgage and Housing Corporation [CMHC], 2017, p. 15), and Yellowknife is estimated to have had 1,724 privately-initiated rental suites, based on CMHC's (2015) rental housing statistics (p. 20), updated to include new multi-family starts and forecasts listed in CMHC, 2017).

25. In Ottawa tenants are fighting against Timbercreek's plans to demolish the Herongate community (see herongatetenants.ca/); In Hamilton, organizers in seek to build tenant power, and have launched rent strikes in InterRent-owned buildings (hamiltontenantssolidarity.ca/).

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Appendix

Table A1. REIT-owned suites by province and territory.

% of Canada's rental suites in each P/T	% of Canada's REIT-owned suites in each P/T	Total Rental Suites[a]	REIT-		Proportion of REIT-owned to rental suites in each P/T	owned suites[b]	% of P/T suites owned by REITs
	Province/Territory (P/T)	A	B	(B÷A) x 100%	D	E	= E ÷ D
West/Prairies	British Columbia	169,586	7,360	4%	8.81%	5.07%	0.58
	Alberta	119,103	28,591	24%	6.19%	19.71%	3.18
	Saskatchewan	33,318	5,406	16%	1.73%	3.73%	2.15
	Manitoba	61,927	77	0%	3.22%	0.05%	0.02
Central	Ontario	632,938	63,439	10%	32.89%	43.72%	1.33
	Quebec	809,255	21,005	3%	42.06%	14.48%	0.34
Atlantic Canada	Nova Scotia	53,283	8,360	16%	2.77%	5.76%	2.08
	New Brunswick	32,018	5,484	17%	1.66%	3.78%	2.27
	Prince Edward Island	5,840	1,457	25%	0.30%	1.00%	3.31
	Newfoundland	5,323	2,791	52%	0.28%	1.92%	6.95
North	Northwest Territories	1,724	1,409	80%	0.08%	0.90%	10.67
	Nunavut	1,675	1,235	74%	0.09%	0.85%	9.44
	Yukon	1,036	0	0%	0.05%	0.00%	0
	Canada	**1,924,218**	**145,091**	**7.5%**	**100%**	**100%**	**1.00**

[a]The figures for total rental suites per province here refer to privately-initiated rental structures over three units, spring 2015 (CMHC, 2016), the most current province-by-province data available. Data for rental structures over six units (used in the rest of the paper) were not available. Data for Yukon, NWT, and Nunavut are for 2016 (CMHC, 2017). The Canadian total is from CMHC (2016) and thus does not quite equal the sum of figures in the column.

[b]REIT-owned suites by province were calculated from 2016 Annual Reports for each REIT.