

From: Tasnim Fariha

To: Housing Watchers

Date: March 25, 2025

Re: **SLOWING POPULATION GROWTH MAY ALREADY BE SLOWING INCREASES IN RENTS**

Canada's housing sector is grappling with a multifaceted crisis characterized by soaring prices, declining affordability, and an increasing disparity between housing supply and population growth.

Since 2016, home prices have surged by nearly 40 percent, contributing to a nationwide decline in homeownership. Between 2011 and 2021, the share of Canadians who own their homes dropped by 2.5 percent, with nearly all age groups experiencing a decline. As a result, demand for rental housing has risen, driving rental prices up by 41 percent since 2018 and prompting developers to prioritize more cost-effective living options.

Apartments represented 72 percent of all housing starts in the first half of 2024, according to the Canada Mortgage and Housing Corporation (CMHC), with 47 percent designated as rental units. And the growth in rental prices appears to have slowed dramatically in some provinces as population growth decreased, and provinces such as Manitoba implemented new rent control policies (see Figure).

Compared to 2023, there is slower annual population growth, which fell to 2.4 percent in 2024 from 3.1 percent the year prior. This overall decline in population growth, along with a softening labour market and a record number of new apartments finished in 2024, has affected rental prices across Canada to varying degrees.

The chart shows rental price changes between 2023 and 2024 for a standard two-bedroom unit, the most popular dwelling type in Canada. Overall, rental price growth in Canada decreased to 5.4 percent from 8 percent, aligning with the decline in population growth. All provinces, except Manitoba, saw a decrease in rental price growth, with the extent of impact further influenced by provincial rent control guidelines and other factors.

Provinces with lower population growth in 2024, such as Ontario and British Columbia, saw significantly lower rent growth than in 2023. For the first time in recent years, both Ontario and British Columbia experienced lower population growth than the national average in 2024, which may have contributed to slower rent growth in these provinces. Ontario, with the strictest rent increase policies, saw a moderate rent increase of 4 percent, less than half of 2023's growth, while British Columbia's rent growth slowed to 4.5 percent in 2024 from 9 percent in 2023, despite an increase in its rent cap from 2 percent to 3.5 percent.

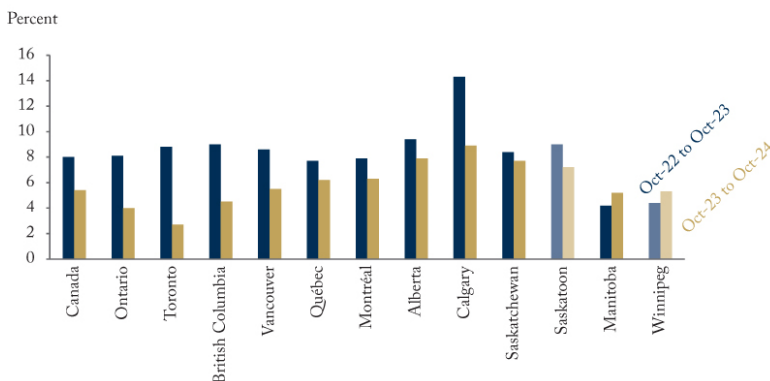
In contrast, provinces like Quebec, Alberta, and Saskatchewan maintained relatively strong rent growth in 2024, albeit slightly lower than in 2023, driven by strong population inflows, absence of strict rent increase caps, and other factors. Quebec, with a moderate population growth (2 percent) and a soft rent control policy that recommends an annual target for rent increases to landlords and tenants, experienced a 6.2 percent increase in rents, higher than the national average of 5.4 percent in 2024. Alberta, with the highest population growth and no rent control, saw the highest rent increase at 7.9 percent in 2024. Saskatchewan, also with no rent control regulations, saw rent increases of 7.7 percent in 2024.

Notably, Manitoba saw higher rent increases in 2024 than in 2023 as the province lifted its two-year rent freeze, allowing rent to rise by 3 percent in 2024. Manitoba also experienced above-average population growth in 2024.

While rent is a local matter rather than a provincial one, rent trends in major cities closely mirrored those of their respective provinces.

Although correlation does not necessarily imply causation, 2024's slower population growth appears to have helped lower rent increases. Rent controls may also have contributed, but policymakers must carefully weigh the goal of short-term affordability against the long-term negative impacts of strict rent controls on the overall supply of rental housing.

Percentage Change in Average Rent, Two Bedroom Units – 2023 and 2024



Note: Provinces ordered by the gap in average rent change between 2023 and 2024 paired with their largest cities. Considered existing structures only.

Source: Rental Market Survey Canada 2024 by Canada Mortgage and Housing Corporation (CMHC).

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