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OUT-OF-CONTROL RENTS

Rental wages in Canada, 2023

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Summary

Across Canada, rents are out of control.

Housing costs for tenants have become untethered from wages. Even tenants earning decent income find that adequate, affordable housing for themselves and their families is out of reach.

In 2019, the Canadian Centre for Policy Alternatives introduced the concept of the “rental wage” to Canada. The rental wage is the hourly wage required to pay rent while working a 40-hour week, 52 weeks a year, and spending no more than 30 per cent of one’s income on housing. Put simply, the rental wage is the wage people need to earn in order to pay their rent without sacrificing other basic needs.

The 2019 CCPA report examined almost 800 neighbourhoods in Canada and found that the rental wage in most of them was much higher than the local minimum wage. An updated version of the report in 2023 found that the gap had increased.

This 2024 edition of the report presents October 2023 data for all provinces, 62 urban areas, and 787 neighbourhoods. The authors focus on average rents for two-bedroom units, which represent 49 per cent of all purpose-built rentals, and one-bedroom units, which represent 35 per cent.

The rental wage is considerably higher than the minimum wage in every province. The gap between the minimum wage and one-bedroom rental wages varies from $1.79 per hour ($15 vs. $16.79) in Newfoundland and Labrador to $13.21 per hour ($16.75 vs. $29.96 per hour) in B.C. Quebec has the smallest gap between the minimum wage and the two-bedroom rental wage, but even there, workers need to earn $4.79 more per hour ($15.25 vs. $20.04) to afford a unit without spending too much on rent. In B.C. and Nova Scotia, the two-bedroom rental wage is more than double the minimum wage.

From October 2022 to October 2023, minimum wage increases fell behind rental wage increases in all provinces except Manitoba.

Data for cities and city regions across Canada show that among 62 urban areas, minimum-wage workers can afford a one-bedroom apartment in only nine of them and a two-bedroom apartment in only three. Affordable rentals are available only in Brandon, in Cape Breton, and in seven smaller Quebec cities.

At the other end of the spectrum, tenants in Vancouver, Toronto, Victoria, Kelowna, Ottawa, Calgary, and Hamilton cannot afford a two-bedroom unit even with the combined income of two full-time minimum-wage workers. In Vancouver and Toronto, two minimum-wage earners can't even afford a one-bedroom apartment.

Another way to measure rental affordability is to calculate the number of minimum-wage hours needed to pay the average monthly rent.

In 2023, in 29 out of 37 census metropolitan areas (CMAs), rent for a two-bedroom unit consumed 80 or more hours of minimum-wage work. In 18 of these CMAs, rent consumed 100 hours or more. In Toronto and Vancouver, rent on a two-bedroom unit required 138 and 141 hours of work, respectively, leaving precious little for other essentials.

Since 2018, most cities have seen a significant increase in the number of hours of minimum-wage work required to pay rent on a two-bedroom unit, with Calgary, Lethbridge, Hamilton, Guelph, and Brantford leading the pack. A few cities saw improvements; Regina and Winnipeg each required 12 fewer hours worked due to hikes in the minimum wage.

At the neighbourhood level, among 787 neighbourhoods with data, only 22 are affordable for minimum-wage workers who need a two-bedroom unit. (Detailed neighbourhood data is available.)

The disconnect between low wages and high rents is not a "market imbalance." Across the country, laws and regulations related to renting are designed to ensure that there are few limitations on landlords' ability to boost profits.

Landlords don't need to increase rents in vacant units by 20, 30, or 40 per cent. They do it because governments allow them to do it.

In Alberta, Saskatchewan, New Brunswick, and Newfoundland and Labrador, rent controls simply don't exist. In provinces where they do, vacant unit exemptions, new unit exemptions, and fixed-term leases exempt hundreds of thousands of units from rent regulation. Applications for additional increases also put upward pressure on rents, especially when large corporate and financialized landlords systemically use this loophole to drive rents as high as the market will bear.

Provincial governments could stop abusive rent increases today but are choosing not to. In the past, the federal government pushed the provinces to impose rent controls—but is choosing not to.

Recent empirical research supports the use of modern rent controls to improve long-term housing affordability. Extending collective bargaining rights to tenants would strengthen their ability to advocate for fair rents and decent housing. Public funding for non-market housing could create hundreds of thousands of affordable units.

Until such time as all levels of government get serious about realigning rents to incomes, rents in Canada will remain as they are: out of control.

Introduction

Between October 2022 and October 2023, 12.5 per cent of rental units in Canada saw a change of tenant. At the turnover from the old to the new tenant, landlords increased rents by an average of 24 per cent. In Vancouver, the average increase was 34 per cent; in Calgary, 20 per cent; in Toronto, 40 per cent; and in Halifax, 23 per cent.[1] Similar increases happened the year before, and there is no reason to believe similar increases won't happen next year. Rents are out of control across Canada—and have been for quite some time.

The negative impacts of exorbitant housing costs go beyond housing insecurity. High rents make it hard for businesses to attract and retain workers in certain cities. They also impact how much disposable income families spend on other goods and services. The impact of skyrocketing rents on the overall economy deserves more attention.[2]

In 2019, the Canadian Centre for Policy Alternatives (CCPA) published the first *rental wage* report, aiming to broaden the housing affordability debate by showing the relationship between wages and rents.[3]

The rental wage is the hourly wage required to afford rent while working a standard 40-hour week and spending no more than 30 per cent of one's income on housing. (The 30 per cent threshold is a standard housing affordability measure). Put simply, the rental wage is how much people need to earn to pay rent without spending too much on it and sacrificing other basic needs like food and clothing.

Depending on the focus of the analysis, the rental wage for any area can be compared with different income measures (e.g., the minimum wage, the living wage, social assistance rates, and wage deciles). The CCPA report presented the rental wage for all provinces and census metropolitan areas (CMAs) and compared it with the local minimum wage. It looked at almost 800 neighbourhoods in Canada, providing a detailed picture across the country.

The 2019 report found that the rental wage in most neighbourhoods in Canada was much higher than the local minimum wage. We reproduced the report in 2023, finding that the gap had increased. In Canada's two most expensive cities, Toronto and Vancouver, the rental wage for a one-bedroom unit was higher than the combined income of two minimum-wage workers.[4]

In this 2024 edition of the report, we present the updated rental wage for all provinces, 62 urban areas, and 787 neighbourhoods across Canada. (Detailed neighbourhood-level data is available only on the interactive map; provincial- and city-level data are available in the body of the report and the interactive map).

The report also compares the latest calculations with earlier findings, showing worsening trends. In the conclusion section, we argue that efforts to increase the housing supply should be coupled with measures to strengthen rent controls, which would provide direct and immediate relief to tenant households.

Methodology

The rental wage calculation is inspired by the National Low Income Housing Coalition's annual *Out of Reach* study of affordable housing in the United States.[5] The rental wage would ensure tenants spend no more than 30 per cent of their pre-tax earnings on rent, and it assumes tenants work a standard 40-hour week for all 52 weeks of the year. The 30 per cent rent-to-income threshold is one of three criteria (alongside state of repair and adequate number of rooms) used by the Canada Mortgage and Housing Corporation (CMHC) to determine core housing need. If a tenant household spends more than 30 per cent of its income on housing, it is living in unaffordable housing.

Two-bedroom apartments are the most common rental type in Canada (49 per cent of all purpose-built units)[6] and data for them is less likely to be suppressed in CMHC data, especially at the neighbourhood level outside of central-city areas. A two-bedroom unit also acts as a proxy for various family types in Canada, since it provides a modest amount of room for multiple people. Many households rely on only one income but contain more than one person—a single parent, a single-income family, or an adult caring for a senior, to list a few examples. In a country as rich as Canada, a sole-income earner working full time should be able to afford a modest two-bedroom apartment for their family. In most cities, this is not the case.

One-bedroom units make up 35 per cent of all purpose-built units; less data is available for them. Since the number of persons living alone in Canada has more than doubled in the past 35 years,[7] and singles living in poverty are not receiving enough attention in policy debates,[8] we calculated the rental wages for one-bedroom units, where possible.

What's the difference between the rental wage and the living wage?

The rental wage and the living wage are distinct ways to calculate the cost of basic necessities and the hard choices low-wage workers face every day. The two calculations highlight these challenges in slightly different ways.

The rental wage is based only on the cost of rent and is calculated for a single-earner household living either in a one-bedroom or a two-bedroom rental home. It is defined as the hourly wage that would allow tenants to spend no more than 30 per cent of their pre-tax earnings on rent.

The living wage is the hourly wage that a worker needs to cover their basic expenses and participate in the community, once government benefits (or transfers) have been added to the family's income, and taxes and mandatory deductions have been subtracted. It has been traditionally based on a two-earner household with two young children, where both parents work full-time. Although the two calculations result in different numbers, they both point to the challenges faced by low-wage Canadians in supporting themselves and their families, the untenable situation of unaffordable rental housing across Canada, the inadequacy of the minimum wage to meet even the most basic costs of living, and the need for urgent government action to control skyrocketing rents.

Bachelor (seven per cent) and three-bedroom or more (nine per cent) apartments make up the remainder of the rental stock. We did not calculate the rental wages for these unit sizes. Townhomes, which are less common and generally more expensive to rent, are excluded from this study.

Rent data were obtained from the CMHC's Housing Market Information Portal, which displays data from the CMHC's Rental Market Survey (RMS). Only cities with a population of 10,000+ and buildings with three or more rental units are included in the RMS and, therefore, in this analysis.[9] The RMS is a survey of purpose-built rental apartment buildings and row houses. A large share of renters isn't in purpose-built rental apartment buildings; they rent sections of other types of dwellings, and those units aren't included here.

Renters also increasingly rent condominiums. CMHC also conducts a secondary rental market survey to determine average rents for condominiums.[10] The condominium and apartment datasets are rarely combined to create an average rent across both, but that has been done in all figures in this report, unless otherwise noted. The average rent for other types of secondary market housing (e.g., entire houses and second units within a house) are excluded due to lack of data. Average rents are for both occupied and vacant units. Since rent for unoccupied units is higher, averages underestimate rental costs for units that are actually available on the market.[11]

We have used provincial minimum wages at their October 2023 level to match the time frame of the rental data survey. Some provincial minimum wages have gone up since then. Notably, on June 1, 2024, the minimum wage in B.C. increased to $17.40. However, it is very likely that rents went up by June 2024 as well.

Generally, median and average rental costs are quite similar in most of the neighbourhoods studied here, except in Vancouver and Toronto, where the average rent is significantly higher than the median.[12] We have attempted to overcome any shortcomings of using the average rent as the measure of central tendency by examining trends at the neighbourhood level. Readers can check the rental wage in their neighbourhood by consulting the interactive rental wage map on the CCPA website.

Census metropolitan areas (CMAs) combine large cities and densely populated areas surrounding them. For example, Toronto's CMA covers most of the GTA (Greater Toronto Area); Montreal's CMA includes Laval and the South Shore; Vancouver's CMA includes most of the Lower Mainland. CMAs are often considered the local level for housing and labour markets since people consider housing and job opportunities within their broader region and don't limit their choices to city limits. The Ottawa-Gatineau CMA has a somewhat integrated housing market but different minimum wages; we used the separated data—Ottawa (Ontario side) and Gatineau (Quebec side).

Rental wages across Canada in 2023

Province by province

The rental wage is considerably higher than the minimum wage in every province, as seen in Table 1. The gap between the minimum wage and one-bedroom rental wages varies from $1.79 per hour ($15 vs. $16.79) in Newfoundland and Labrador to $13.21 per hour ($16.75 vs. $29.96 per hour) in B.C. Quebec has the smallest gap between the minimum wage and the two-bedroom rental wage, but even there, workers need to earn $4.79 more per hour ($15.25 vs. $20.04) to afford a unit without spending too much on rent. In B.C. and Ontario, the two-bedroom rental wage is more than twice as much as the minimum wage; that's nearly the case in Nova Scotia too.

In the province with the highest minimum wage in the country as of October 2023, British Columbia ($16.75 per hour), minimum-wage workers cannot rent a place without spending more than 30 per cent of their income, on average. British Columbia and Ontario had the country's highest minimum wage and the two highest rental wage. Because of recent increases, Manitoba now has the third highest minimum wage. Still, Manitoba's minimum wage is 36 per cent below the rental wage for a one-bedroom unit.

Table 1 / Rental wage is the hourly wage required to afford average market rent for the unit size, shown by province, from highest to lowest two-bedroom rental wage, October 2023

Province	Minimum wage	One-bedroom rental wage	Two-bedroom rental wage
British Columbia	$16.75	$29.96	$35.90
Ontario	$16.55	$28.50	$32.63
Nova Scotia	$14.50	$24.38	$29.29
Alberta	$15.00	$23.98	$27.98
Manitoba	$15.30	$20.81	$26.31
Saskatchewan	$14.00	$20.15	$24.54
New Brunswick	$14.75	$17.96	$22.50
P.E.I.	$15.00	$17.37	$21.73
Newfoundland and Labrador	$15.00	$16.79	$21.00
Quebec	$15.25	$17.58	$20.04

Source CMHC, Rental Market Survey Data Tables; ESDC, Minimum Wage Database; authors' calculations.

In a year-over-year comparison, from October 2022 to October 2023, minimum wage increases fell behind rental wage increases in all provinces except Manitoba and P.E.I., the two provinces with strongest rent controls in the country, as shown in Table 2.

Alberta is the starkest case. The minimum wage in the province didn't budge, while the rental wage for two-bedroom units rose by more than 10 per cent. At the other end of the spectrum, Manitoba saw the largest minimum wage increase: 13.3 per cent. Regretfully, minimum-wage earners in the province spent a considerable portion of their additional income on rent since the rental wage increased by 5.1 per cent in the same period.

Higher minimum wages don't always translate into better living conditions because landlords capture a large share of wage gains through rent hikes. Hard-fought-for wage increases should improve the material conditions of working families, not go back into the pockets of landlords. Higher wages should also fuel productive economic activity through consumption, but that would require the money to be spent on Main Street.

Table 2 / Minimum wage increases compared to rental wage increases between October 2022 and October 2023, provinces, from largest to lowest gap between increases

Province	Minimum wage increase between Oct. 2022-Oct. 2023	Two-bedroom rental wage increase between Oct. 2022-Oct. 2023	Gap between increases
Alberta	0.0%	10.3%	-10.3%
Newfoundland and Labrador	9.5%	16.2%	-6.7%
Nova Scotia	6.6%	12.4%	-5.8%
New Brunswick	7.3%	10.3%	-3.0%
Saskatchewan	7.7%	10.2%	-2.5%
Ontario	6.8%	9.1%	-2.4%
British Columbia	7.0%	8.5%	-1.4%
Quebec	7.0%	7.1%	-0.1%
P.E.I.	9.5%	8.5%	0.9%
Manitoba	13.3%	5.1%	8.3%

Source CMHC, Rental Market Survey Data Tables; ESDC, Minimum Wage Database; authors' calculations.

Urban areas

Soaring rents are everywhere. Table 3 presents the rental wages for 62 urban areas for which data are available. In only nine cities, minimum-wage workers can afford a one-bedroom unit without spending too much on rent; in three cities, they can afford a two-bedroom unit. Almost all the affordable areas are in Quebec, except for Brandon, Manitoba, and Cape Breton, Nova Scotia.

In turn, in Vancouver, Toronto, Victoria, Kelowna, Ottawa, Calgary, and Halifax, the combined income of two full-time minimum-wage workers is insufficient to afford a two-bedroom unit. In Vancouver and Toronto, the combined income of minimum-wage workers isn't enough to afford a one-bedroom unit without sacrificing other needs.

Compared to last year's analysis, the five cities with the highest rental wages remain the same. Hamilton climbed closer to the top of the list, passing Guelph, Saskatoon, Barrie, Winnipeg, and Halifax to become the city with the seventh-highest two-bedroom rental wage. Hamilton is on the precipice: it almost joined the group of cities where two minimum-wage earners can't afford a two-bedroom unit.

Winnipeg became comparatively more affordable in this period, likely due to a significant minimum wage increase and the fact that the province has rent control on vacant units, which tame rent increases.

Table 3 / Rental wage by urban area, from highest to lowest, two-bedroom rental wage

Green indicates the rental wage is lower than the minimum wage.
Red indicates the rental wage is more than twice the minimum wage.

Urban area (CMAs and CAs)	Minimum wage (Oct. 2023)	One-bedroom rental wage	Two-bedroom rental wage
Vancouver (CMA)	$16.75	**$34.98**	**$45.29**
Toronto (CMA)	$16.55	**$37.31**	**$44.00**
Victoria (CMA)	$16.75	$27.44	**$35.37**
Kelowna (CMA)	$16.75	$28.40	**$34.71**
Ottawa (CMA)	$16.55	$28.06	**$33.66**
Calgary (CMA)	$15.00	$28.92	**$33.46**
Hamilton (CMA)	$16.55	$26.29	$32.71
Nanaimo (CMA)	$16.75	$25.37	$32.33
Kitchener-Cambridge-Waterloo (CMA)	$16.55	$25.88	$31.88
Guelph (CMA)	$16.55	$29.00	$31.65
Halifax (CMA)	$14.50	$25.48	**$31.40**
Oshawa (CMA)	$16.55	$26.90	$31.02
Barrie (CMA)	$16.55	$27.44	$30.96
Kingston (CMA)	$16.55	$25.56	$30.94
Kawartha Lakes (CMA)	$16.55	$26.04	$28.81
Kamloops	$16.75	$23.23	$28.81
Abbotsford-Mission (CMA)	$16.75	$23.54	$28.52
London (CMA)	$16.55	$23.27	$28.44
Courtenay	$16.75	$25.23	$28.37
Vernon	$16.75	$21.56	$27.60
Brantford (CMA)	$16.55	$23.37	$27.54
Chilliwack	$16.75	$21.48	$27.50
Winnipeg (CMA)	$15.30	$21.14	$27.32
Peterborough (CMA)	$16.55	$22.56	$27.13
Edmonton (CMA)	$15.00	$21.87	$26.71
St. Catharines Niagara (CMA)	$16.55	$23.56	$26.69
Wood Buffalo	$15.00	$21.88	$26.62
Saskatoon (CMA)	$14.00	$20.96	$26.48
Greater Sudbury (CMA)	$16.55	$20.06	$26.17
Belleville-Quinte West (CMA)	$16.55	$23.06	$25.63
Thunder Bay (CMA)	$16.55	$20.27	$25.38
Regina (CMA)	$14.00	$20.99	$25.26
Sarnia	$16.55	$21.13	$24.96
Lethbridge (CMA)	$15.00	$21.27	$24.40
Fredericton	$14.75	$20.38	$24.38

Urban area (CMAs and CAs)	Minimum wage (Oct. 2023)	One-bedroom rental wage	Two-bedroom rental wage
Gatineau (CMA)	$15.25	$21.30	$24.12
North Bay	$16.55	$19.06	$23.85
Moncton (CMA)	$14.75	$19.19	$23.69
Windsor (CMA)	$16.55	$20.04	$23.60
Prince George	$16.75	$19.02	$23.42
Red Deer	$15.00	$19.42	$23.27
Grande Prairie	$15.00	$20.04	$23.10
St. John's (CMA)	$15.00	$17.67	$23.04
Charlottetown	$15.00	$17.50	$22.42
Chatham-Kent	$16.55	$20.48	$22.13
Sault Ste. Marie	$16.55	$18.38	$22.10
Montreal (CMA)	$15.25	$19.00	$21.78
Medicine Hat	$15.00	$19.31	$21.54
Cornwall	$16.55	$17.33	$21.21
Saint John (CMA)	$14.75	$17.54	$21.04
Quebec (CMA)	$15.25	$17.79	$20.26
Norfolk	$16.55	$22.21	$19.94
Brandon	$15.30	**$15.04**	$18.96
Saint-Hyacinthe	$15.25	$16.19	$18.87
Granby	$15.25	**$13.50**	$18.71
Cape Breton	$14.50	**$13.94**	$17.94
Sherbrooke	$15.25	**$14.48**	$17.33
Drummondville	$15.25	**$11.73**	$15.65
Rimouski	$15.25	**$12.52**	$15.35
Trois-Rivières	$15.25	**$11.77**	**$14.96**
Saguenay	$15.25	**$11.52**	**$14.90**
Shawinigan	$15.25	**$10.00**	**$13.56**

Source CMHC, Rental Market Survey Data Tables; ESDC, Minimum Wage Database; authors' calculations.

Charlottetown also improved positions compared to Windsor, Thunder Bay, Lethbridge, and Saint John, and that could also be the impact of a minimum wage increase coupled with rent control on vacant units.

Rents versus working hours

We have also calculated the number of minimum-wage working hours average rents consume. In 2023, in 29 out of 37 census metropolitan areas (CMAs), rent for a two-bedroom unit consumed 80 hours of work or more, the equivalent of two weeks of full-time work. In 18 CMAs, rent consumed 100 hours or more, the equivalent of two-and-a-half weeks of full-time work. In Toronto and Vancouver, rent consumed more than the equivalent of three weeks of work. There are other expenses for workers than rent, and with so much of their income going to landlords, there is precious little for anything else.

Compared to 2018, rent consumed more working hours in 28 out of 37 CMAs. In this five-year period, rents in Calgary consumed almost three more days of full-time work at the minimum wage. In Hamilton, the minimum wage hours required to pay rent rose from 85 to 103. In Regina and Winnipeg, the number of hours has dropped by 12. In Regina, the biggest drop happened in the early 2020s, after the minimum wage jumped from $11.32 an hour in 2019 to $13 an hour in 2022. Winnipeg saw a seven-hour drop in the past year as the minimum wage rose from $13.50 to $15.30 an hour.

Table 4 / Number of monthly minimum-wage hours required to rent a two-bedroom unit, census metropolitan areas, 2018 and 2023

Urban area (CMA)	2018	2023	Change
Calgary	93	116	23
Lethbridge	65	85	20
Hamilton	85	103	18
Guelph	83	99	16
Brantford	72	87	15
Gatineau	69	82	13
Toronto	125	138	13
London	78	89	11
Kingston	86	97	11
Kitchener-Cambridge-Waterloo	89	100	11
Halifax	102	113	11
St. Catharines-Niagara	74	84	10
Kelowna	98	108	10
Moncton	74	84	10
Windsor	65	74	9
Ottawa	97	106	9
Oshawa	89	97	8
Peterborough	77	85	8
Belleville-Quinte West	73	81	8
Abbotsford-Mission	81	89	8
Greater Sudbury	75	82	7
Saint John	67	74	7
Edmonton	86	93	7
Sherbrooke	53	59	6
Thunder Bay	74	80	6
Montreal	70	74	4
Barrie	95	97	2
Trois-Rivières	50	51	1
Saguenay	51	51	0
Quebec	71	69	-2
Charlottetown	80	78	-2
Saskatoon	102	98	-4
Vancouver	146	141	-5
St. John’s	86	80	-6
Victoria	117	110	-7
Winnipeg	105	93	-12
Regina	106	94	-12

Source CMHC, Rental Market Survey Data Tables; ESDC, Minimum Wage Database; authors’ calculations.

Neighbourhood by neighbourhood

Of the 787 neighbourhoods across Canada with data, only 22 are affordable for minimum-wage workers who need a two-bedroom unit.

If we zoom in on Canada's larger CMAs, there is data for 37 of them. In 26 out of 37 CMAs, there are no neighbourhoods where a minimum-wage worker could afford a one-bedroom unit without spending more than 30 per cent of their income on rent. In only four CMAs (St. John's, Sherbrooke, Saguenay, Trois-Rivières), these workers could live in more than one-third of all neighbourhoods in their city without spending too much on rent.

Minimum-wage workers who need a two-bedroom unit cannot comfortably afford any neighbourhood in 31 out of 37 CMAs. In only two CMAs (Saguenay and Trois-Rivières), these workers can live in more than one-third of all neighbourhoods in their city without spending too much on rent.

Even in large urban centres where significant shares of the workforce are employed in low-wage industries (e.g., retail and hospitality), the number of neighbourhoods affordable to minimum-wage workers is mostly non-existent.

Minimum-wage workers cannot afford to live anywhere in the census metropolitan areas of Toronto or Vancouver without exceeding the 30 per cent affordability threshold. In Montreal, a city that used to be known as affordable, workers looking for a one-bedroom rental are priced out of 87 per cent of all neighbourhoods. In traditional working-class towns in Ontario, like Hamilton and Oshawa, no areas remain affordable for minimum-wage workers.

Table 5 / Percentage of neighbourhoods with affordable one- and two-bedroom rental units for a full-time minimum-wage worker, census metropolitan areas, 2023

Green indicates that there are affordable rental units

Urban area (CMA)	One-bedroom unit	Two-bedroom units
Abbotsford-Mission	0%	0%
Barrie	0%	0%
Belleville-Quinte West	0%	0%
Brantford	0%	0%
Calgary	0%	0%
Charlottetown	0%	0%
Edmonton	0%	0%
Gatineau	0%	0%
Greater Sudbury	25%	0%
Guelph	0%	0%
Halifax (RGM)	5%	0%
Hamilton	0%	0%
Kelowna	0%	0%
Kingston	0%	0%
Kitchener-Cambridge-Waterloo	0%	0%
Lethbridge	0%	0%
London	0%	0%
Moncton	0%	0%
Montreal	13%	1%
Oshawa	0%	0%
Ottawa	0%	0%
Peterborough	0%	0%
Quebec	23%	6%
Regina	0%	0%
Saguenay	100%	86%
Saint John	13%	0%
Saskatoon	0%	0%
Sherbrooke	60%	10%
St. Catharines-Niagara	0%	0%
St. John's	33%	0%
Thunder Bay	0%	0%
Toronto	0%	0%
Trois-Rivières	100%	57%
Vancouver	0%	0%
Victoria	0%	0%
Windsor	10%	0%
Winnipeg	7%	7%

Source CMHC, Rental Market Survey Data Tables; ESDC, Minimum Wage Database; authors' calculations.

Conclusion

The disconnect between low wages and high rents is not simply a market imbalance. The large and growing gap illustrates how Canada's employers and landlords double-dip on low-wage workers, paying them inadequate wages and then taking a large portion of their wage increases back in the form of rent increases. The structural exploitation of tenants is deeply embedded in Canadian history.[13] It didn't start this year, the year before, or 30 years ago.[14] It goes back much further to the expropriation of Indigenous land, the creation of land and housing markets, the establishment of financial institutions that buttress those markets, and the robust funding of enforcement apparatuses that ensure nobody stands in the way of profit.

While it is in the interest of market housing providers to argue that more market housing is the solution to the problems that for-profit housing has created, affordability being one of them, a serious debate would consider other alternatives.

Chief among them would be limiting profit and halting profiteering in housing. Landlords in Toronto don't need to increase rents in vacant units by 40 per cent. They do it because they can. Because governments allow them to do it. That should change.

Provincial governments have the authority to impose or strengthen rent controls, but they're not doing so. In provinces where rent controls currently don't exist—Alberta, Saskatchewan, New Brunswick, and Newfoundland and Labrador—governments are simply looking the other way. Nova Scotia has extended its temporary and weak rent controls, which is a wiser, if timid, move.

Where controls exist—P.E.I., Quebec, Ontario, Manitoba, Nova Scotia, and B.C.—vacant unit exemptions, new unit exemptions, and conversions to fixed-term leases exempt large portions of the stock from rent regulation. Applications for additional increases (called above-guideline rent increases, additional rent increases, or increases due to major work) also put upward pressure on rents, especially when large corporate and financialized landlords systemically use this loophole to increase rents to as much as the market will bear.[15]

These provinces are not trying to strengthen rent controls. On the contrary, many are weakening them. In 2018, Ontario exempted new units from all forms of rent control. In 2021, the B.C. government passed legislation making above rent increases easier to apply for. In 2023, Quebec restricted lease transfers that served as a form of rent control on vacant units. Nova Scotia is choosing not to crack down on fixed-term leases, which have become more common since the enactment of rent increase guidelines.

Provincial governments have the regulatory authority to stop abusive rent increases today, but they are choosing not to.

The federal government could act, too. In the mid-1970s, one of Ottawa's main anti-inflation measures was to persuade provinces to impose rent controls. It worked. When inflation hit 12.5 percent in 1981, rent inflation was 6.4 per cent. Controlling rents helped tame inflation. Today, uncontrolled rents are pushing inflation up, not restraining it. Between May 2023 and May 2024, rents rose 8.9 per cent, against the 2.9 per cent headline inflation figure.

In its 2024 budget, the federal government announced the creation of a Renters' Bill of Rights. So far, it looks like this bill will not include rent controls; a grave mistake.

Critics of rent controls claim they reduce the incentive to build rental housing supply. These claims disingenuously draw on studies of rent freezes enacted in war times and abstract economic theory.[16] Today's rent controls—known as second-generation controls and rent stabilization policies—allow landlords to increase rents every year up to a maximum amount that usually matches inflation. Recent empirical research supports the use of second-generation controls to improve long-term housing affordability, especially in cases where governments provide financial incentives for construction, which the Canadian government currently does. (We review the rent control literature elsewhere).[17]

Rent control is not the only policy intervention required to reign in rents. Extending collective bargaining rights to organized tenants is also a critical step in ensuring tenants have a better chance when fighting for fair rents and decent housing. A massive increase in public funding for non-market housing (social, co-op, and not-for-profit housing) could create rental units that are more affordable for low-income families. Zoning reforms allowing more housing to be built in urban areas can critically increase housing availability, though these reforms have a limited impact on affordability unless land values are concomitantly regulated.[18]

There are many things that could and should be done, but enacting strong rent control is the most obvious measure and the one that would have the most direct impact on stopping the proffering that is driving rents up across the country. There is more than one way to design rent controls to balance benefits and risks, and a thoughtful debate is long overdue.

If wages and rents remain decoupled, who is all new housing being constructed for? Not workers.

Notes

1 CMHC, "Rental Market Survey Data Tables," 2023.

2 For a notable exception, see John Rapley, "Canada's approach to housing is bad for the economy," *The Globe and Mail*, July 14, 2023.

3 David Macdonald, "Unaccommodating: Rental Housing Wage in Canada" (Ottawa: Canadian Centre for Policy Alternatives, 2018), policyalternatives.ca/unaccommodating.

4 David Macdonald and Ricardo Tranjan, "Can't afford the rent. Rental wages in Canada 2023" (Ottawa: Canadian Centre for Policy Alternatives, 2023), policyalternatives.ca/publications/reports/cant-afford-rent

5 See, Andrew Aurand et al, "Out of Reach: The High Cost of Housing" (Washigtion, D.C. The National Low Income Housing Coalition, 2021), nlihc.org/sites/default/files/oor/2021/Out-of-Reach_2021.pdf

6 CHMC, "Urban Rental Market Survey Data: Number of Units," 2023.

7 Jackie Tang, Nora Galbraith, Johnny Truong, "Living alone in Canada," Insights on Canadian Society, Statistics Canada, 2019.

8 Dean Herd, Yuna Kim, and Christina Carrasco, "Canada's Forgotten Poor? Putting Singles Living in Deep Poverty on the Policy Radar" (Montreal: Institute for Public Policy Research, 2020), irpp.org/research-studies

9 CMHC, "Housing Market Information Portal, Methodology for Rental Market Survey," 2023.

10 This survey is only conducted in the following cities: Halifax, Montreal, Gatineau, Ottawa, Toronto, Hamilton, Kitchener-Cambridge-Waterloo, London, Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Kelowna, Vancouver and Victoria. Adjustments are made to average rents in these cities as well as to provincial and national figures, unless otherwise noted.

11 CMHC, "Average Apartment Rents (Vacant & Occupied Units," 2021).

12 See Figure 1 in Ron Kneebone and Margarita Wilkins, "The very poor and the affordability of housing," *University of Calgary, School of Public Policy Research papers* 9, no.27 (2016).

13 Ricardo Tranjan, *The Tenant Class* (Toronto: Between the Lines, 2023).

14 John C. Bacher, *Keeping to the Market Place: The Evolution of Canadian Housing Policy* (Montreal: McGill-Queen's University Press, 1993).

15 Philip Zigman aand Martine August, "Above Guideline Rent Increases in the Age of Financialization" (Toronto: RenovictionsTO, 2021), renovictionsto.com/reports

16 Tom Slater, "Rent control and housing justice," *Finisterra* 55, no. 114 (2020).

17 Ricardo Tranjan and Paulina Vargatoth, "Rent control in Ontario—facts, flaws, and fixes" (Ottawa: Canadian Center for Policy Alternatives, 2024), monitormag.ca/reports/rent-control-in-ontario-part-1

18 Patrick M. Condon, *Broken City: Land Speculation, Inequality, and Urban Crisis* (Vancouver: UBC Press, 2024).

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