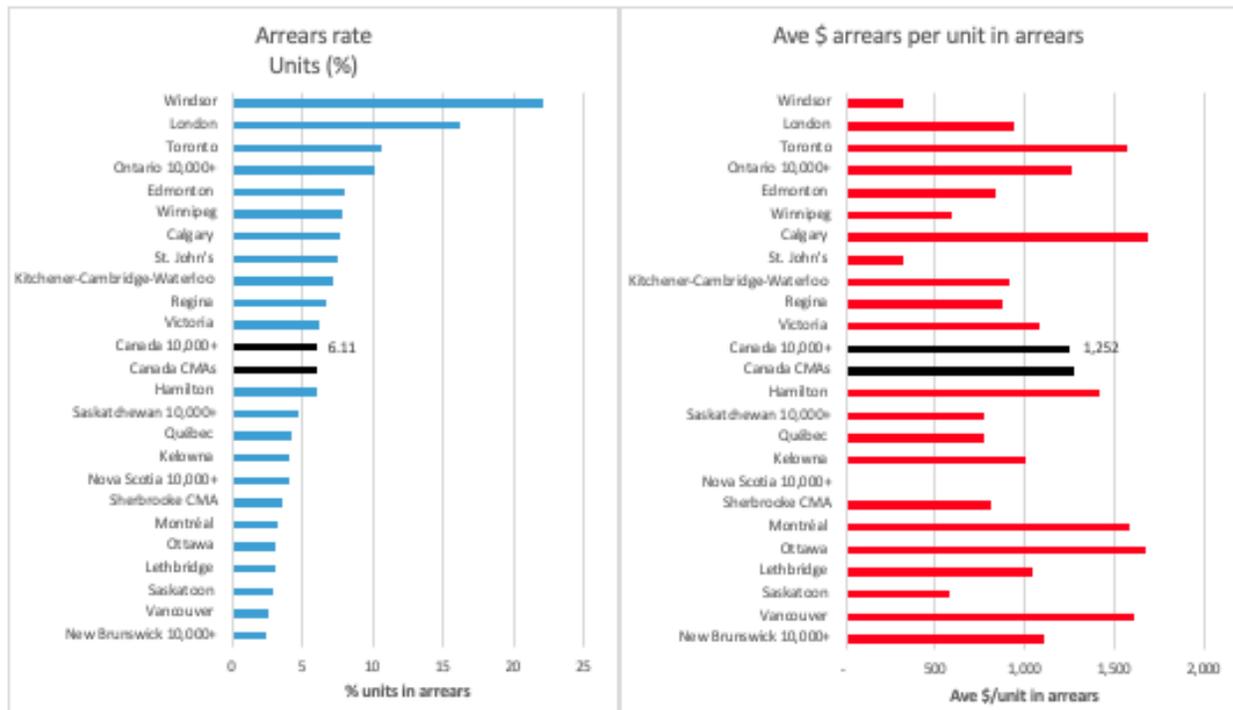


CMHC survey provides new insight into rental arrears during COVID

Steve Pomeroy, Senior Research Fellow, Carleton University, Centre for Urban Research and Education (CURE)



For the first time, in 2020 CMHC added questions to its annual October Rental Market Survey to explore the level of rent arrears, a concern heightened by the COVID pandemic. This new data source reveals a wide range of arrears rates with Windsor recording the highest arrears rate of 22% compared to a national average of 6.6%. This represents the percentage of units in arrears across the full 2.050 million universe of purpose built rental units.

How serious are the amounts of arrears in these cases

The survey collected data on the accumulated arrears as of the date of Oct 2020 survey and compared this amount to the total rent revenue that would be collected over the full year. This reveals that the dollar amount of arrears (in aggregate \$157 million) is quite small at .59% of annual potential rent revenue. As such it may not have a serious impact on landlords – especially those with large portfolios (landlords with only 1 or a few units may however be harder hit).

Looking at this from the perspective of tenants, of those in arrears the amount of accumulated arrears nationally averages \$1,252. This is slightly more than one-months rent (which nationally across all units averages \$1,086. Again it varies considerably across cities.

While Windsor has by far the highest percentage of units in arrears (22%), the average amount for units in arrears in Windsor is quite small, at \$318, well below the national average of \$1,252.

Cities with the highest amounts are Calgary (\$1,692) and Ottawa (\$1,680). Notably, Ottawa has quite a lower percentage of units in arrears, but those that have arrears face a larger level of accumulated arrears.

Data in the charts report only those for which the survey generated sufficient counts – in many cities the counts were low and consequently the data was suppressed – so only cities with available data are shown (along with aggregate provincial data for other jurisdictions).

Only a partial picture

It should also be noted that the CMHC survey covers only purpose built rental units in structures with three or more units. Nationally, this totals 2.050 million units and represents just under half (46%) of all (4.45 million) rental units identified in the 2016 census.

The remaining rentals known as the “secondary rental market” include rented single and semi-detached houses (20% of all), apartments in dwellings (e.g. basement suites) and a substantial number of investor owned condominium rentals (estimated in excess of 25% of all rentals).

No arrears data is available to determine if a similar rate of arrears extends across this secondary market. However, assuming a similar incidence rate would increase the count of units and households in arrears from 125,200 to 273,200 units. And the aggregate amount of arrears would be estimated to be \$348 million (extrapolated from \$157 million in the surveyed purpose built segment).

The cited level of arrears per unit (and therefore per household) is an average so many households, especially lower income ones may be facing much higher arrears, and have minimal capacity to repay these – many struggle just to pay current rent.

These amounts reflect arrears outstanding in October, 2020, so capture six months of the pandemic period of reduced work and income. Since then a further four months have passed, with renewed lockdowns. So its likely that addition al arrears have accumulated – and could now be approaching a total of over \$500 million.

With the second wave lockdowns again reducing incomes, the number and amount of arrears may well be continuing to grow. Nonetheless this is a useful new source of data.

Detailed data from CMHC RMS

	Units in arrears	Arrears rate Units (%)	\$ Arrears rate Rent (%)	Ave \$ arrears per unit in arrears
Newfoundland & Labrador 10,000+	314	7.55	0.23	318
St. John's CMA	314	7.55	0.23	318
Nova Scotia 10,000+	2,283	4.07	**	-
New Brunswick 10,000+	822	2.51	0.27	1,107
Moncton CMA	405	2.98	**	-
Québec 10,000+	28,695	3.39	**	1,353
Montréal CMA	19,697	3.26	**	1,585
Québec CMA	4,078	4.27	**	777
Sherbrooke CMA	1,301	3.60	**	807
Ontario 10,000+	69,206	10.18	0.81	1,261
Hamilton CMA	2,704	6.00	**	1,424
Kitchener-Cambridge-Waterloo CMA	2,823	7.17	**	917
London CMA	8,130	16.12	**	936
Ottawa-Gatineau CMA (Ont. part)	2,316	3.15	**	1,680
Toronto CMA	34,858	10.68	0.92	1,570
Windsor CMA	3,553	22.11	**	318
Manitoba 10,000+	5,391	7.67	0.36	603
Winnipeg CMA	5,034	7.77	0.35	590
Saskatchewan 10,000+	1,428	4.73	0.28	777
Regina CMA	983	6.64	0.43	875
Saskatoon CMA	445	2.89	0.13	584
Alberta 10,000+	11,189	7.49	0.59	1,101
Calgary CMA	3,552	7.74	**	1,692
Edmonton CMA	6,451	7.97	0.47	834
Lethbridge CMA	125	3.14	0.27	1,040
British Columbia 10,000+	5,685	3.23	0.27	1,360
Abbotsford-Mission CMA	127	2.61	**	-
Kelowna CMA	307	4.13	0.28	1,010
Vancouver CMA	3,008	2.59	0.24	1,609
Victoria CMA	1,745	6.19	**	1,089
Canada CMAs1	116,929	6.11	0.59	1,282
Canada 10,000+	125,200	6.11	0.59	1,252