

An increase in supply is essential to improving the GTA's rental issues

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By Richard Lyall
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Buying a home is no easy task in the GTA, but neither is renting when you possibly face bidding wars in either market.

I'm speculating, of course, but I firmly believe Ontario's Millennials and Gen Zers might lead the charge out of Ontario if we don't fix this issue.

About one-third of non-homeowners in Ontario have given up on owning property, while an additional 26 per cent are pessimistic, [according to a recent survey](#).

With vacancy rates trending downward and condo leases surging over the past four quarters – new condos have filled the gap for the GTA's rental market for years – it looks like that mass exodus from the heart of Hogtown might have been a bit overblown.

Rental market growth

Expecting a large rise in activity this fall, meanwhile, Ben Myers of Bullpen Research & Consulting Inc., says his company is “forecasting rent growth of 12 to 14 per cent next year when the borders open, tourism ramps up, students return to campus, and many office towers are back to full capacity.”

And then there’s the bidding wars.

One GTA renter recently told cbc.ca she lost more than 12 bidding wars before finding a new home and paying six months of advance rent – despite having a strong credit rating and steady income. A GTA real estate agent added that she commonly sees tenants offer more than the rental’s list price, plus offer months of advance payments. One of the realtor’s landlord clients recently rented out a house for \$700 per month more than the listing price.

Brain drain

Cue the brain drain: How are we going to keep our young, bright minds in this province if they can’t afford to live in Ontario’s capital and surrounding region, the economic engine of the province and arguably the country? And how are we going to convince new talent from anywhere else that Ontario is the place to live, work and build a life?

Lower supply plus higher demand equals higher prices – that’s part of the basic principle of supply and demand.

So, how do you reverse this trend? Increase the supply.

That action will flatten rental prices and decrease the number of bidding wars in the market.

I’m not the only industry observer beating the supply drum. “While new construction activity is also on the rise, the level of supply underway is expected to lag behind demand, creating conditions for rents to continue rising towards pre-COVID levels and beyond in the months to come,” Urbanation President Shaun Hildebrand recently said.

It’s time for Ontario and its municipalities to open up housing supply – streamline the approvals process, incentivize builders to build purpose-built rentals and create programs for density bonuses.

More units, more young Ontarians stay put.



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