

POPULATION GROWTH AND HIGH INTEREST RATES DRIVE RENTAL DEMAND IN GTA

TORONTO, ONTARIO, January 31, 2023 – Average condominium apartment rents continued to increase by double-digit annual rates in the fourth quarter of 2022. However, while market conditions remained tight enough to support very strong rent growth, there was more balance in the rental marketplace compared to the same period a year earlier in 2021.

The number of condominium apartment rental transactions reported through the Toronto Regional Real Estate Board's (TRREB) MLS® System was down on a year-over-year basis by 19.9 per cent in the fourth quarter of 2022. The number of rental listings was also down over the same period, but by a lesser annual rate of 11.8 per cent. The fact that the number of units leased was down by more than the number of units listed suggests that would-be renters benefitted from more choice compared to a year ago.

“Strong population growth based on record immigration and robust job creation across a diversity of economic sectors drove rental demand in 2022. In addition, aggressive interest rate hikes by the Bank of Canada impacted affordability for many households, prompting a shift from homeownership to rental. All of these factors will continue to support strong rental demand in 2023,” said TRREB President Paul Baron.

The average rent for a one-bedroom condominium apartment increased by 19 per cent to \$2,503 in the fourth quarter of 2022. Over the same period, the average two-bedroom rent increased by 14.1 per cent to \$3,178.

“Tight rental market conditions and strong rent increases will be the norm more often than not for the foreseeable future. On one hand, we will continue to experience strong rental demand in the GTA based on solid fundamentals. On the other hand, the persistent supply shortage will continue to result in strong competition between would-be renters, exerting upward pressure on rents. The solution is no secret: we need to see new policies pointed on more supply to translate into shovels in the ground for many years to come,” said TRREB Chief Market Analyst Jason Mercer.

Rental Market Summary: Fourth Quarter 2022

Apartments

	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q3 2022	14,880	8,687	338	\$2,072	4,861	\$2,503	3,198	\$3,178	290	\$4,183
Q3 2021	16,869	10,848	394	\$1,721	6,184	\$2,103	3,977	\$2,786	293	\$3,936
Yr./Yr. % Chg.	-11.8%	-19.9%	-14.2%	20.4%	-21.4%	19.0%	-19.6%	14.1%	-1.0%	6.3%

Townhouses

	All Bedroom Types		Bachelor		One-Bedroom		Two-Bedroom		Three-Bedroom	
	Listed	Leased	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent	Leased	Avg. Rent
Q3 2022	1,486	754	2	\$1,973	74	\$2,320	310	\$2,877	368	\$3,209
Q3 2021	1,429	810	5	\$1,694	77	\$1,875	362	\$2,586	366	\$2,939
Yr./Yr. % Chg.	4.0%	-6.9%	-60.0%	16.5%	-3.9%	23.7%	-14.4%	11.3%	0.5%	9.2%

FOR THE FULL REPORT, [CLICK HERE](#).

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