

URBANATION



Federation of Rental-housing
Providers of Ontario

Ontario Rental Market Study Update

Rental Demand & Supply Outlook to 2034



March 2025

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ABOUT FRPO

Since 1985, the Federation of Rental-housing Providers of Ontario (FRPO) has been the voice of Ontario's rental housing industry and the leading advocate for quality rental housing. The Federation of Rental-housing Providers of Ontario is the largest association representing those who own, manage, build and finance, service and supply residential rental homes in Ontario. We have led the rental housing industry in Ontario for over 30 years, offering public advocacy, representation and promotion, industry research, standards and best practices, education and training along with marquee industry events and awards.

ABOUT URBANATION

Urbanation is a real estate research and consulting firm that has been providing market data, in-depth market analysis and advisory services to the condominium and rental housing industry since 1981. Urbanation uses a multi-disciplinary approach that combines empirical research techniques with first-hand observations and qualitative information gathered through relationships forged within the industry during the past 45 years. Urbanation's subscription-based reports monitor the new condominium and rental markets in the Greater Toronto Hamilton Area, the Greater Golden Horseshoe and the Ottawa Region. Urbanation actively conducts customized research and market feasibility studies across the country for new condominium and purpose-built rental apartment projects. Urbanation's clients include the province's largest developers as well as mid- and smaller-tier real estate organizations, institutional investors, major lenders, government agencies, and a variety of service providers.

1.0 INTRODUCTION

Since 2017, Urbanation has been working with FRPO to prepare market studies that provide a framework for measuring the demand and supply of rental housing in Ontario. The main goal of the studies is to estimate the supply gap in the marketplace for rental units and determine the current and future requirements for new purpose-built rental development across the province.

The latest study, completed in 2022 during the late stages of COVID-19, projected that the gap between rental housing demand and new supply delivered from purpose-built rentals and secondary condominium rentals would total 236,000 units during the 10-year period ending 2031.

It was recognized in the 2022 study that government initiatives introduced to encourage more rental development, such as rent control exemptions for new units, development charge deferrals and installment payments, the release of public land for development, and low-cost construction financing have arguably aided in expanding the rental supply pipeline. However, it was determined that more incentivization was needed to close the supply gap.

To aid in the process of identifying avenues for new supply, in 2020 Urbanation undertook research that identified nearly 1,000 existing purpose-built rental sites in the Greater Toronto Hamilton Area that were able to accommodate infill development, offering the potential to add more than 150,000 units to the market.

Urbanation was again retained by FRPO to provide a current assessment of rental market conditions as of year-end 2024, with updated demand and supply projections over the next 10 years to 2034. As well, Urbanation updated its research of rental infill sites to track development progress and reassess the potential inventory that could be added through this form of development.

The intention of these studies is to raise awareness of the present and future expected factors impacting Ontario's rental market and rental housing needs, providing targets for new rental construction to meet the level of demand in the marketplace.

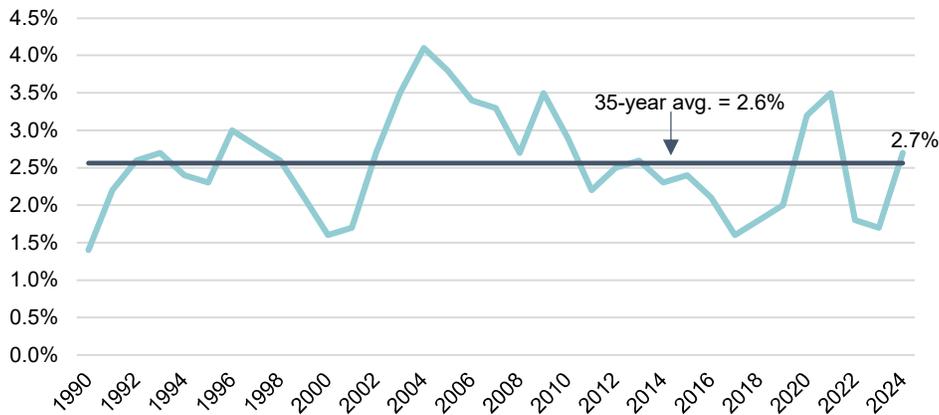
2.0 EXECUTIVE SUMMARY

- In 2024, the Ontario rental market experienced its largest single-year increase in supply in over 35 years as more than 50,000 purpose-built and condominium rental apartments were added. Even with this surge in supply, vacancy rates were in line with their long-term average at 2.7%.
- Rental demand has grown by an historic amount over the past three years as the Ontario population increased by nearly 1.3 million new residents. It is estimated that the rental supply deficit totaled approximately 147,000 units in the period since 2021 and 213,000 units in the period since 2016.
- In the next 10 years, rental demand is projected to increase by a total of 418,000 units, while rental supply from both purpose-built rentals and condominium rentals is projected to increase by a total of approximately 211,000 units.
- Without a significant improvement in the economic feasibility of building purpose-built rentals, the projected rental supply deficit will total 207,000 units in the next 10 years, nearly doubling the total deficit accumulated since 2016.
- The supply gap is expected to continue increasing despite downward revisions to population growth projections resulting from new government policies that target a lower number of non-permanent residents and new immigrants. Furthermore, the supply gap has the potential to become even larger under a trade conflict with the U.S.
- Supply is expected to lag behind demand as construction starts trend lower. Purpose-built rental starts in Ontario fell 5% in 2024 to 17,676 units, the first annual decline in rental construction activity in 11 years, and condominium starts dropped 25% to 28,260 units. While purpose-built rental construction is expected to eventually return to its growth trend, rental supply from condominium investors is projected to tighten significantly as condo completions drop to multi-decade lows following the dramatic slowdown in presale activity.
- More than half of new housing demand in the province is represented by renters but only 25% of total housing construction is represented by purpose-built rentals, requiring more incentivization to raise the overall level of rental development. At the end of 2024, Ontario had the lowest number of per capital rental units under construction across Canada.
- There is a significant opportunity to grow rental supply in the province. Across the Greater Golden Horseshoe and Ottawa regions, a total of 360,555 purpose-built rental units were proposed for development. Of this total, 178,000 units were in projects approved for development but had not yet started construction due to economic feasibility challenges.
- Across the GTHA, a total of 942 existing purpose-built rental sites were identified as having potential for infill development at a zero land cost for existing owners, accommodating 182,000 units – most of which are located in relatively affordable parts of the region.

3.0 ONTARIO RENTAL MARKET UPDATE

The purpose-built rental vacancy rate in Ontario increased to 2.7% in 2024, returning to its long-run average for the first time in over 10 years outside of the pandemic period in 2020-2021. The vacancy rate increased from 1.7% in 2023 as rental supply expanded by the most in four decades.

Figure 3.0
Purpose-built Rental Apartment Vacancy Rate
Ontario: 1990 to 2024



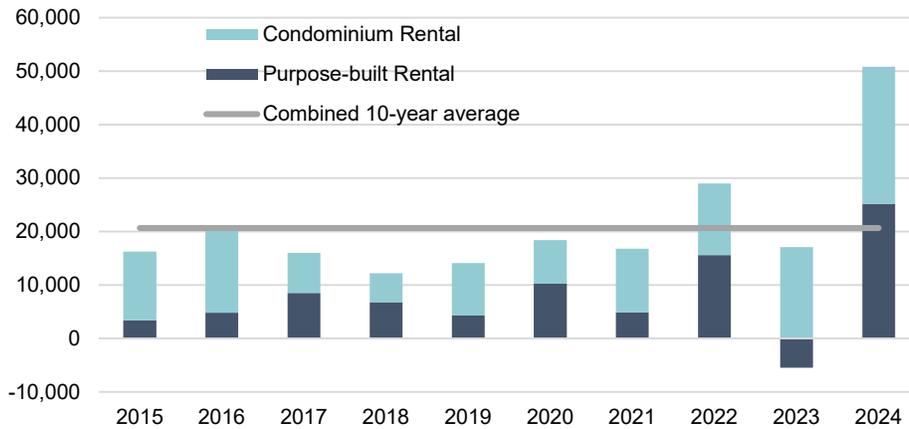
Source: CMHC, Urbanation

3.1 Rental Supply Conditions

According to the latest CMHC survey, the purpose-built rental apartment universe in Ontario increased by 25,206 units in 2024 to reach a total of 707,853 units, a 3.7% expansion and the largest single-year increase in more than 35 years. The increase in new purpose-built rental supply last year was more than five times larger than the average annual increase during the past 20 years.

Additionally, secondary rental supply from condominiums increased by a record 25,629 units in 2024 to a total universe of 234,012 condominiums used as rental apartments across markets in Ontario tracked by CMHC. This resulted in a total rental apartment supply increase of 50,835 units in 2024, which was more than double the latest 10-year average increase of 20,652 units for purpose-built and condominium rentals.

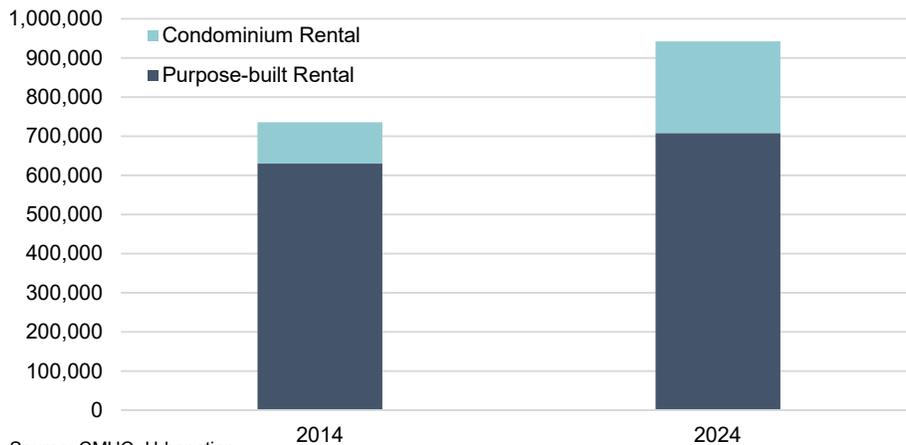
Figure 3.1.1
Annual Change in Purpose-built and Condominium Rental Apartments
Ontario: 2015 to 2024



Source: CMHC, Urbanation

As of 2024, the total purpose-built rental and condominium rental apartment universe reached 941,865 units. This represented an increase of 206,522 units compared to 10 years earlier in 2014, with nearly half of that growth occurring during the past three years.

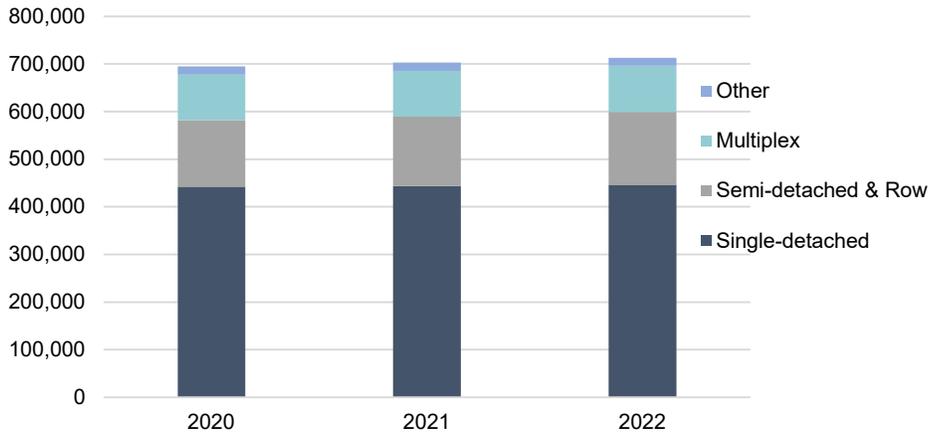
Figure 3.1.2
Total Purpose-built and Condominium Rental Apartment Stock
Ontario: 2014 and 2024



Source: CMHC, Urbanation

The remainder of the secondary rental stock is measured less frequently. According to the latest estimates provided through Statistics Canada’s Canadian Housing Statistics Program, the total number of residential homes (other than condominiums) used as investment properties totaled 713,060 units, increasing by 10,485 homes compared to 2021 and by 18,270 homes compared to 2020.

Figure 3.1.3
Residential (Non-Condo) Homes Used As Investment Properties
Ontario: 2020 to 2022

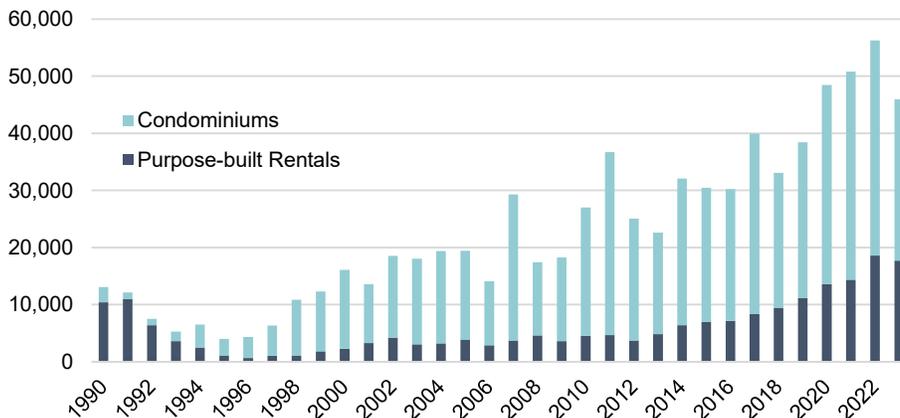


Source: Statistics Canada, Urbanation

Until recently, the growth in supply of purpose-built and condominium rentals has been supported by a generally rising trend for construction starts. In 2023, condominium apartment construction starts grew to a record high 37,678 units and purpose-built rental starts reached a multi-decade high 18,567 units, combining for 56,245 total apartment starts.

In 2024, condominium apartment construction starts, which have been the dominate form of apartment development in Ontario for the past 30 years, experienced a 25% decline to a four-year low of 28,260 units. As well, purpose-built rental starts declined in 2024 for the first time in 11 years, decreasing 5% to 17,676 units. The 18% overall decline in apartment construction in 2024 to 45,936 starts resulted from a slowdown in new condominium presale activity and a reduction in economic feasibility for purpose-built rental development due to high interest rates, construction costs, development charges and taxes.

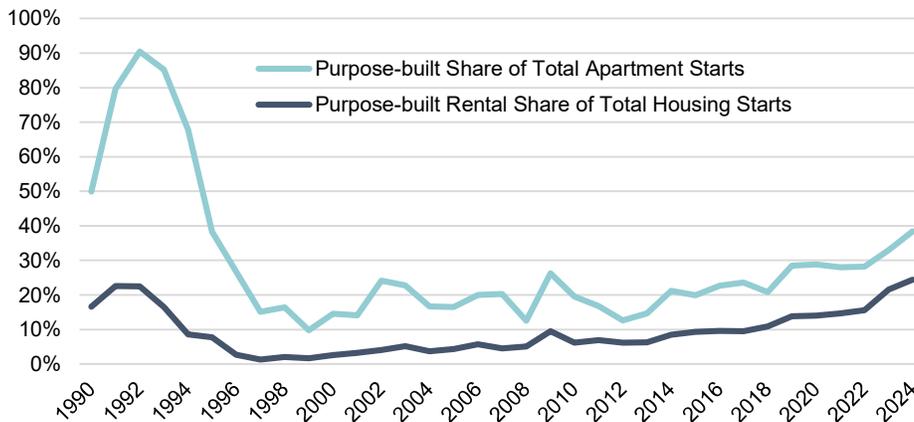
Figure 3.1.4
Annual Purpose-built and Condominium Apartment Construction Starts
Ontario: 1990 to 2024



Source: CMHC, Urbanation

Purpose-built rentals represented a 38% share of total apartment starts in 2024, rising from a 29% share five years earlier and a 21% share 10 years earlier to reach its highest proportion of new apartment construction starts since 1995. Overall, purpose-built rentals comprised 25% of total housing starts in Ontario in 2024, the highest level in more than 35 years.

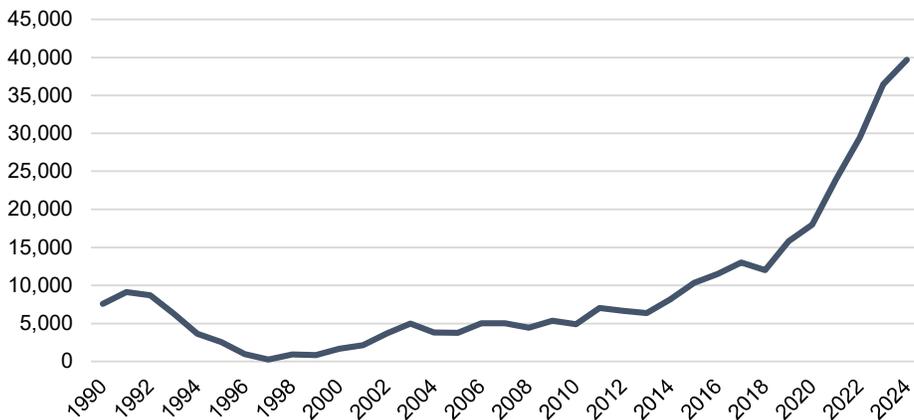
Figure 3.1.5
Annual Share of Purpose-built Rental Apartment Starts
Ontario: 1990 to 2024



Source: CMHC, Urbanation

At year-end 2024, a total of 39,687 purpose-built rental apartments were under construction across Ontario, a multi-decade high that was 2.5 times above the number of units under construction five years earlier and nearly five times higher than the number of units under construction 10 years earlier. While the decline in starts in 2024 should begin to reduce the total amount of rental development underway in the province, the elevated inventory of units currently under construction will bring increasingly higher levels of rental completions in the near-term.

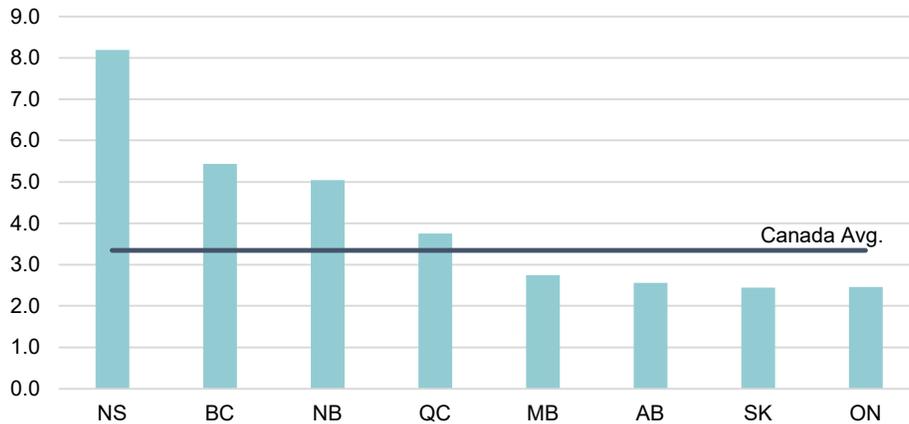
Figure 3.1.6
Purpose-built Rental Apartments Under Construction
Ontario: 1990 to 2024, year-end



Source: CMHC, Urbanation

Compared to the rest of the country, Ontario is significantly underbuilding purpose-built rentals. On a per capita basis, the province of Ontario had 2.5 units under construction for every 1,000 residents as of 2024, below the Canada-wide average of 3.3 units and ranking lowest among all provinces outside of Newfoundland and Labrador and PEI. Provinces such as Nova Scotia, British Columbia and New Brunswick were building two-to-three-and-a-half times more rental units than Ontario when adjusting for population.

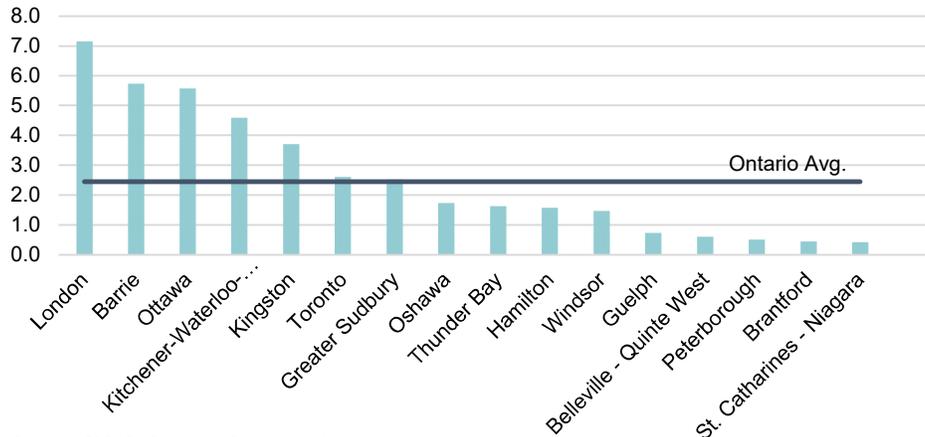
Figure 3.1.7
Purpose-built Rentals Under Construction Per 1,000 Population
By Province: 2024 year-end



Source: CMHC, Statistics Canada, Urbanation

Within Ontario, much of the rental activity underway has been driven by five key Census Metropolitan Areas: London, Barrie, Ottawa, Kitchener-Waterloo-Cambridge and Kingston, which had between four and seven rental units under construction per 1,000 residents. Toronto, which has mainly relied on condominiums for new rental supply, had 2.6 purpose-built rentals under construction per 1,000 residents, in line with the provincial average but well below the national average.

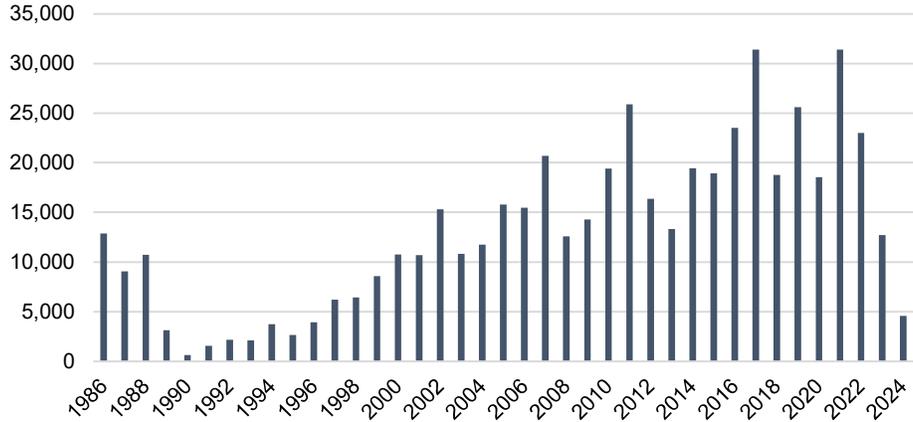
Figure 3.1.8
Purpose-built Rentals Per 1,000 Population
Ontario Census Metropolitan Areas (CMAs): 2024 year-end



Source: CMHC, Statistics Canada, Urbanation

Going forward, Toronto will not likely be able to rely as heavily on condominium investors to supply rental units to the market. In the Greater Toronto Hamilton Area, new condominium sales declined to a 30-year low of only 4,590 units in 2024, falling 78% below the 10-year average and dropping 85% from three years ago in 2021. As new condominium sales are a leading indicator for construction starts, decreases in construction activity for condos will intensify in the coming years. Investors, representing the largest purchasers of presale condominiums, have become mostly inactive due to increasingly larger amounts of negative rental cash flow and a lack of price appreciation.

Figure 3.1.9
Annual New Condominium Apartment Sales
Greater Toronto Hamilton Area: 1986 to 2024



Source: Urbanation

3.2 Rental Demand Conditions

At the same time that rental supply increased by a multi-decade high in 2024, rental demand grew by an historic amount due to record population growth. In the year ending June 2024, the Ontario population increased by 500,909, a single-year high that followed an increase of 481,752 in 2023 – both roughly double the pre-COVID highs of just under 250,000 new residents in 2018 and 2019. The Ontario population reached just over 16 million in 2024, representing an increase of over 1.5 million residents compared to five years earlier and 2.5 million new residents compared to 10 years earlier.

Figure 3.2.1
Total Population Annual Increase
Ontario: 2015 to 2024

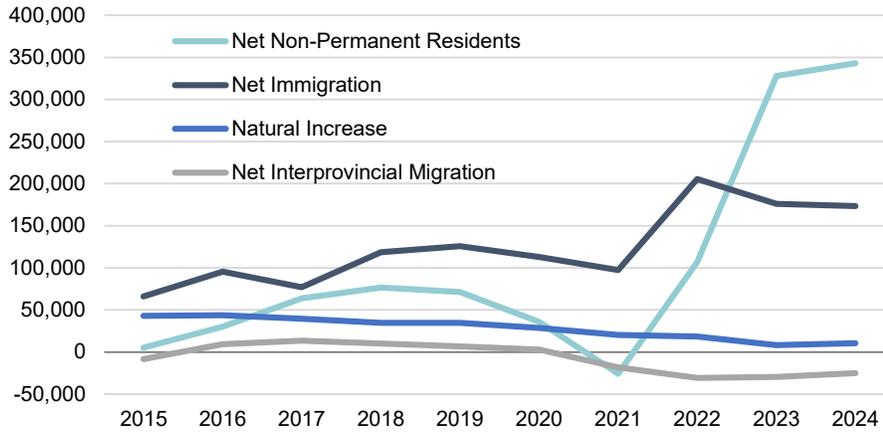


Source: Statistics Canada, Urbanation

Non-permanent residents, primarily composed of international students and temporary foreign workers, represented more than two-thirds of Ontario’s population increase during the past two years, reaching a record high net inflow of 342,736 in 2024 – nearly five times larger than in 2019 (71,256) and more than 30 times higher than 10 years ago in 2014 (10,692).

While net immigration of permanent residents totaling 173,284 in 2024 represented a three-year low, it remained at one of the highest levels on record, accounting for 35% of Ontario’s overall population growth and by far offsetting the net provincial population outflow of 25,273 residents last year.

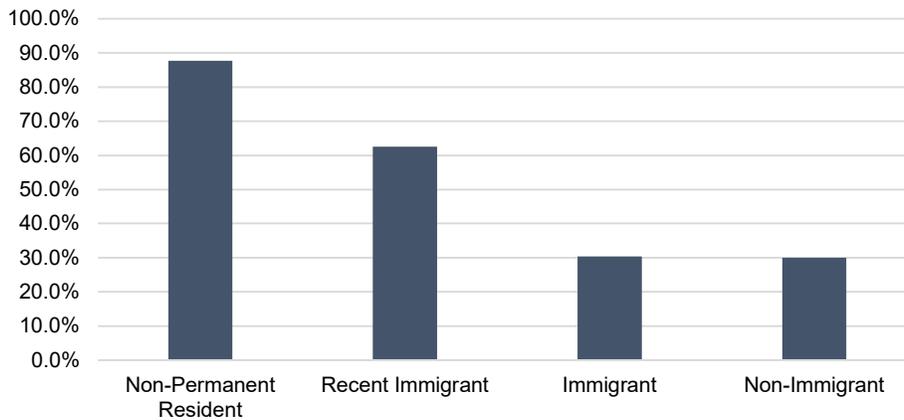
Figure 3.2.2
Components of Annual Population Growth
Ontario 2015 to 2024



Source: Statistics Canada, Urbanation

The record inflow of non-permanent residents and continued strength in permanent resident admissions had a direct impact on rental demand in the province. According to the latest census, 88% of non-permanent residents and 63% of recent immigrants were renters, making them two-to-three times more likely to rent than existing immigrant and non-immigrant residents.

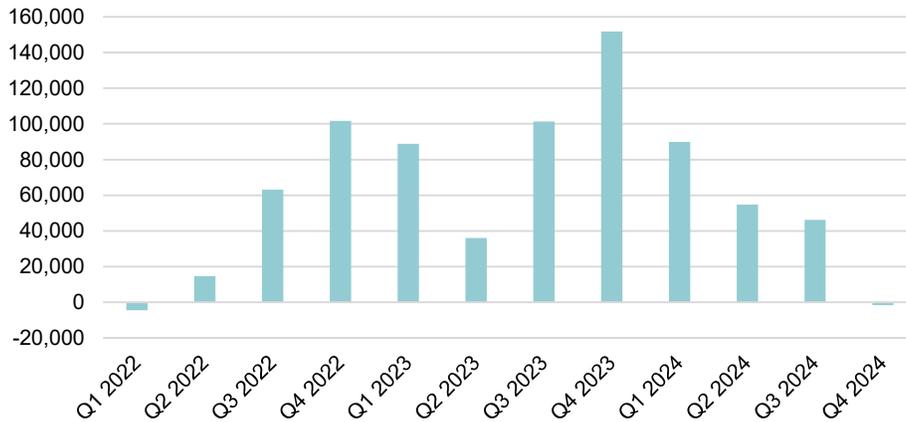
Figure 3.2.3
Share of Households that Rent by Immigrant Status
Ontario: 2021



Source: Statistics Canada, Urbanation

While the record growth in population was able to absorb the growth in rental supply in 2024, population growth trends in Ontario began to slow during the second half of the year. Annual population growth moderated to 353,337 new residents in Q4-2024, which was still well above normal but down 36% from the record annual increase in Q2-2024 as the net inflow of non-permanent residents turned slightly negative in Q4-2024 for the first time since COVID-19. This followed the release of the federal government’s plan to target a lower number of temporary residents in Canada.

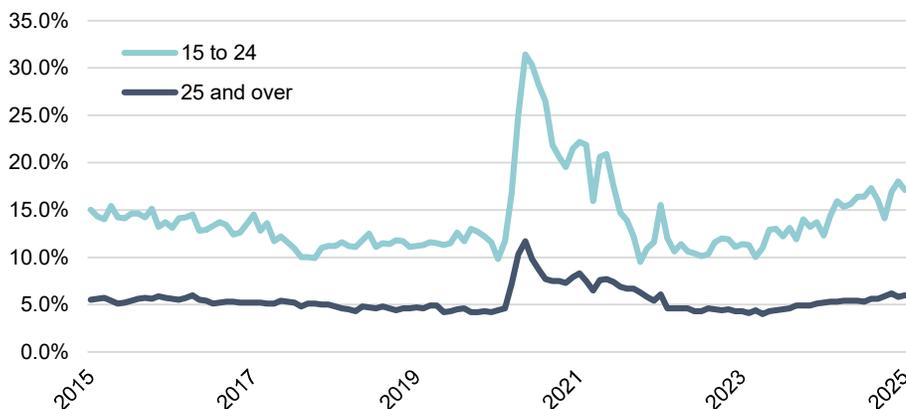
Figure 3.2.4
Annual Net Change in Non-Permanent Residents, Quarterly
Ontario: Q1-2022 to Q4-2024



Source: Statistics Canada, Urbanation

Another factor that could impact rental demand in the near-term is a slowing economy. Per capita real GDP growth has been negative in Canada for the past two years. The unemployment rate in Ontario reached 7.6% as of January 2025 – the highest level since 2014 outside of the COVID-19 period. Most of the softening in the labour market occurred within the young adult cohort aged 15-24, representing a large share of non-permanent residents, which saw unemployment rise to 17%.

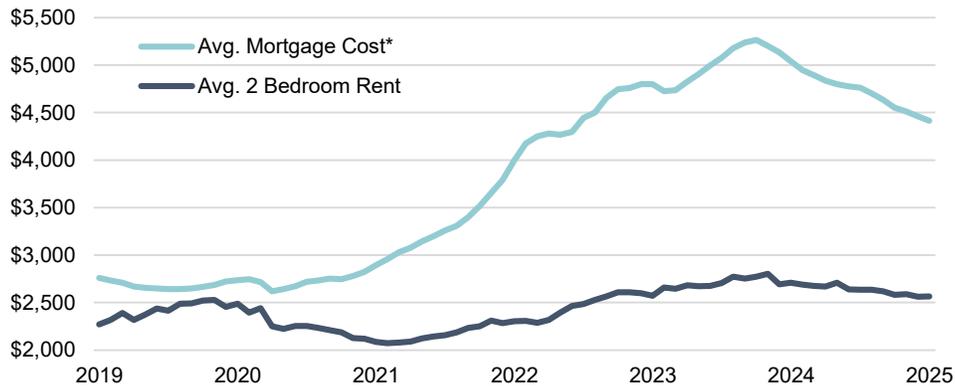
Figure 3.2.5
Unemployment Rate by Age Cohort, Seasonally Adjusted
Ontario: Jan-2015 to Jan-2025



Source: Statistics Canada, Urbanation

Despite some recent softening in population growth and the economy, rental demand remains supported by weak homeownership affordability, which has continued to represent a strong barrier for first-time homebuyers. As of January 2025, the monthly mortgage cost associated with purchasing the benchmark home in Ontario (valued at \$875,000) was approximately \$4,415, which was 72% higher than the average two-bedroom apartment rent of \$2,566. While the gap between monthly mortgage costs and rents has narrowed somewhat from a high of over 90% in 2023, it remained seven times higher than five years ago when the gap was only 10%.

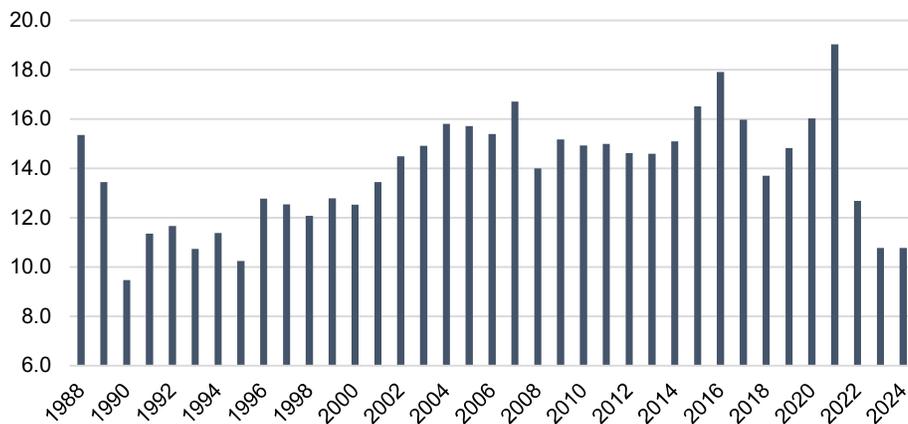
Figure 3.2.6
Average Ownership Cost vs Rent
Ontario: Jan-2019 to Jan-2025



Source: Statistics Canada, CREA, Rentals.ca, Urbanation
 *Based on benchmark MLS price, 10% down payment and 5-year insured fixed mortgage rate.

Weak homeownership affordability has weighed heavily on home sales in Ontario, directing more demand into the rental market. On a per capita basis, resale activity in Ontario fell to more than 30-year lows in 2023 and 2024.

Figure 3.2.7
Total MLS Sales per 1,000 Population
Ontario: 1988 to 2024



Source: Statistics Canada, CREA, Urbanation

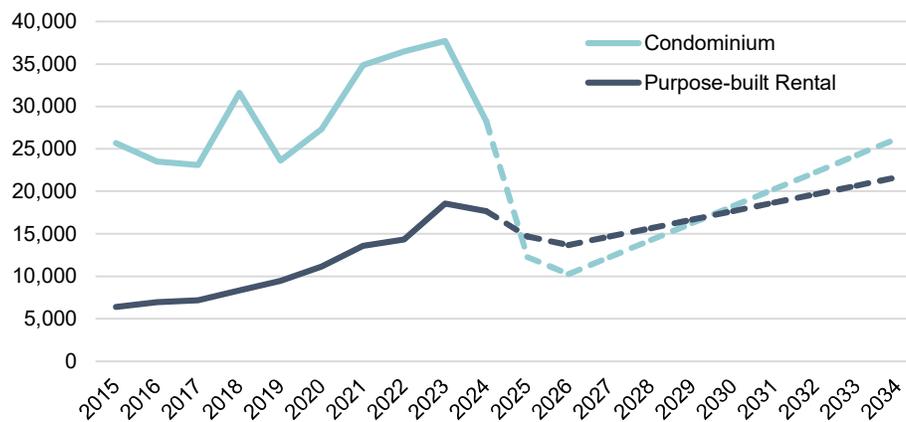
4.0 ONTARIO RENTAL DEMAND & SUPPLY OUTLOOK

4.1 Rental Supply Outlook

The outlook for rental supply in Ontario is derived from the future expected path for construction starts for purpose-built rentals and condominiums. Purpose-built rental construction starts are expected to continue moving lower in 2025 and 2026 before resuming growth in 2027. Construction activity will remain challenged in the short-term but is expected to eventually improve with lower interest rates and construction costs, and government incentives, which so far have included the removal HST as well as reductions and deferrals of development charges and property taxes in some municipalities. However, a substantial amount of risk to construction costs and supply chains has materialized amid a potential trade war with the U.S., creating more uncertainty for the outlook. Under the base case scenario of no tariffs, purpose-built rental starts are projected to total approximately 174,000 units over the next 10 years, increasing by approximately 53% compared to total starts of nearly 114,000 units during the past 10 years.

Condo construction starts are expected to experience a much steeper decline than purpose-built rentals in the next few years and are not expected to make a recovery until the end of the 10-year forecast horizon. The depressed conditions in the presale condo market and the sector's heavy reliance on private individual investors are expected to have a profound impact on construction activity. Overall, condo starts are projected to total approximately 177,000 units over the next 10 years, representing a 40% decline compared to the past 10 years.

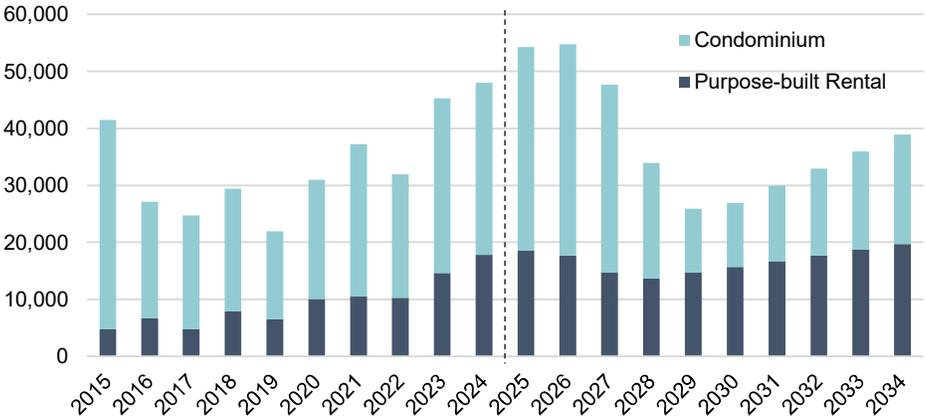
Figure 4.1.1
Annual Apartment Construction Starts and Projections
Ontario: 2015 to 2034



Source: CMHC, Urbanation

In the near-term, the previous strength in construction activity for purpose-built rentals and condominiums is expected to result in record high apartment completions, totaling over 50,000 units in 2025 and 2026, and remaining near a record high in 2027 with approximately 48,000 completions. By 2028, recent trends for construction starts will result in total apartment completions dropping to a six-year low of approximately 34,000 units in 2028 and a 10-year low of 26,000 units in 2029. By the end of the projection period in 2034, total annual apartment completions are expected to reach 39,000 units, roughly equally split between purpose-built rentals and condominiums.

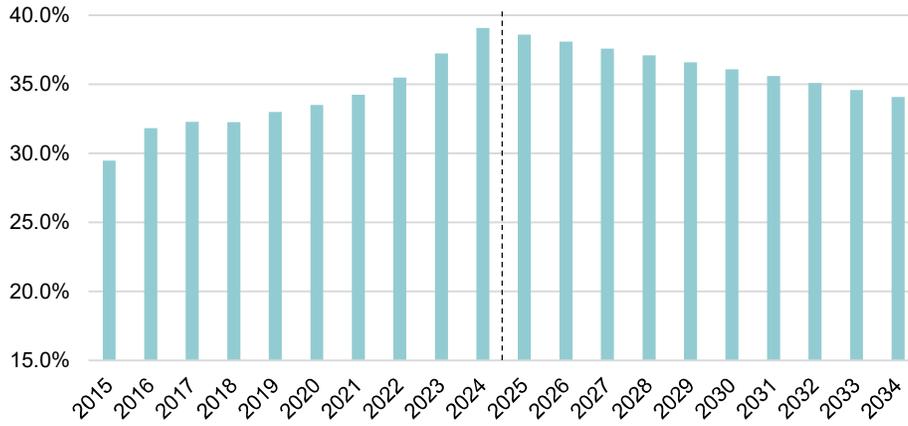
Figure 4.1.2
Annual Apartment Completions and Projections
Ontario: 2015 to 2034



Source: CMHC, Urbanation

Growth in secondary condominium rental supply will also ultimately depend on the share of condos used as rental investments. As of 2024, a record high 39% of condos in Ontario were owned by rental investors, rising from a 34% share three years earlier in 2021. It is expected that the share of condos owned by rental investors will gradually revert back to 34% by 2034 as investors slowly unwind their rental holdings as the economics of owning condominium rentals remains challenging.

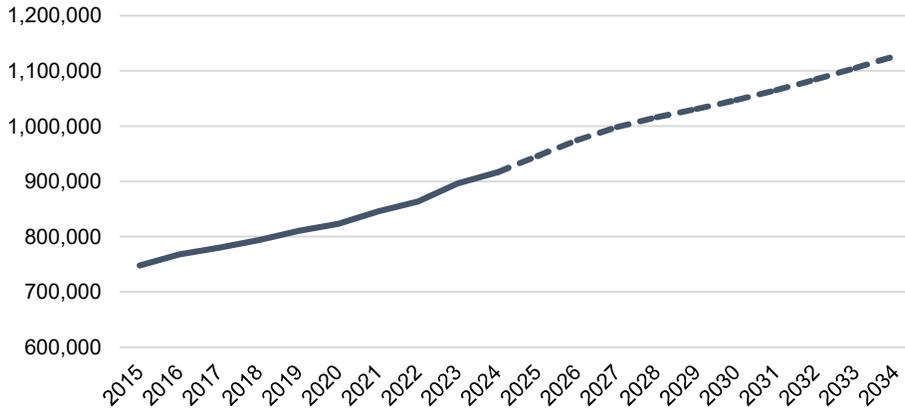
Figure 4.1.3
Share of Total Condos Used as Rentals with Projections
Ontario: 2016 to 2034



Source: CMHC, Urbanation

Based on these assumptions, the total supply of purpose-built and condominium rentals is expected to increase by approximately 23% or 211,000 units over the next decade to reach a total of 1,127,000 units by 2034.

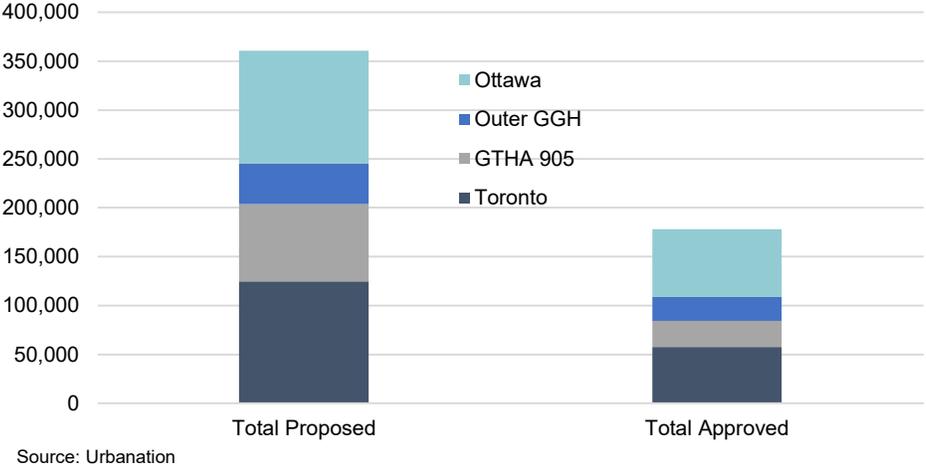
Figure 4.1.4
Total Purpose-built Rental and Condominium Rental Supply
Ontario: 2015 to 2034



Source: CMHC, Urbanation

To achieve or exceed this supply forecast, it is critical that development economics become more favourable to building rental apartments. As of Q4-2024, an inventory totaling 360,000 units were proposed as purpose-built rentals but had not yet started construction across the Greater Golden Horseshoe and Ottawa regions. Of this total, 178,000 units were in projects that received approvals for development but have not yet proceeded with construction due to economic feasibility challenges.

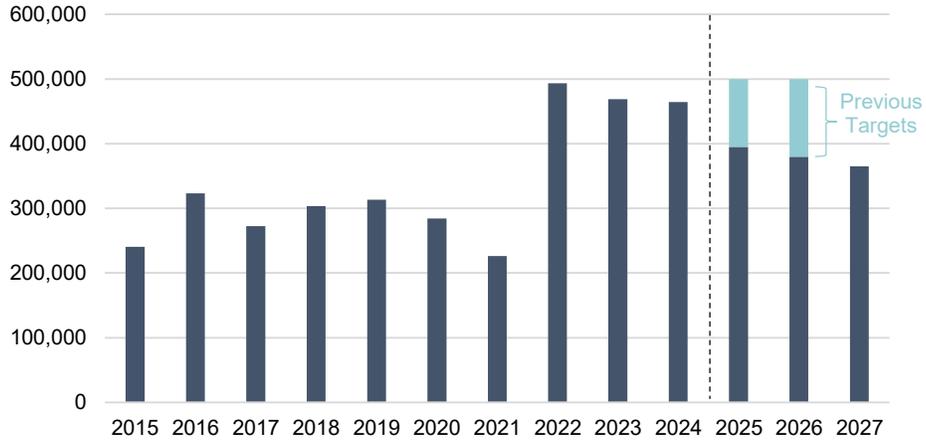
Figure 4.1.5
Total Proposed and Approved New Purpose-built Rentals
Greater Golden Horseshoe and Ottawa Regions: as of Q4-2024



4.2 Rental Demand Outlook

The outlook for rental demand in Ontario is dependent on the outlook for population growth and rental housing needs. Population growth is largely predetermined through federal immigration targets, which have recently been released for the period to 2027 and included downward revisions made to earlier immigration targets for 2025 and 2026. After totaling between 464,000 and 493,000 immigrants per year during the 2022-2024 period, total annual immigration for Canada is projected to decline to 395,000 in 2025, 380,00 in 2026, and 365,000 in 2027. Earlier immigration targets for 2025-2026 were 500,000 per year. While immigration is set to slow compared to recent years, annual intake levels will remain significantly higher than the pre-COVID high of just over 300,000.

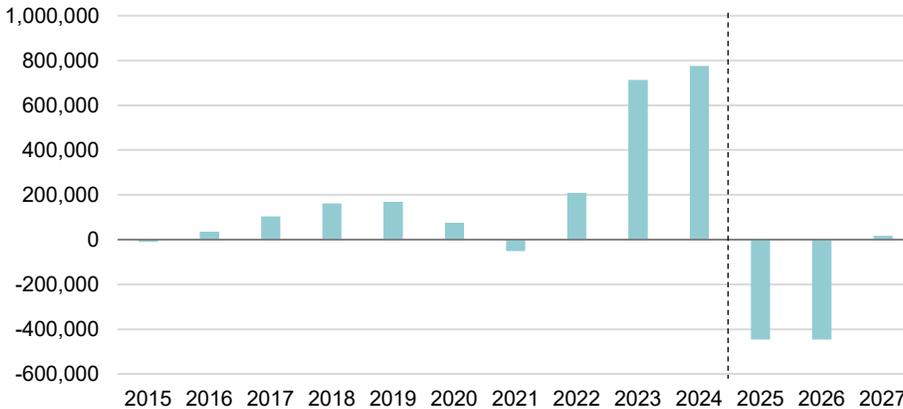
Figure 4.2.1
Annual Immigration Levels and Future Targets
Canada: 2015 to 2027



Source: Statistics Canada, Urbanation

A more significant adjustment to the population will come from the reduced number of temporary residents, which have been the largest contributor to population growth in recent years. The total number of non-permanent residents in Canada increased by nearly 1.5 million over the past two years. Under new federal policies, non-permanent residents will decline by nearly 900,000 over the next two years, before returning to a small net positive increase for 2027.

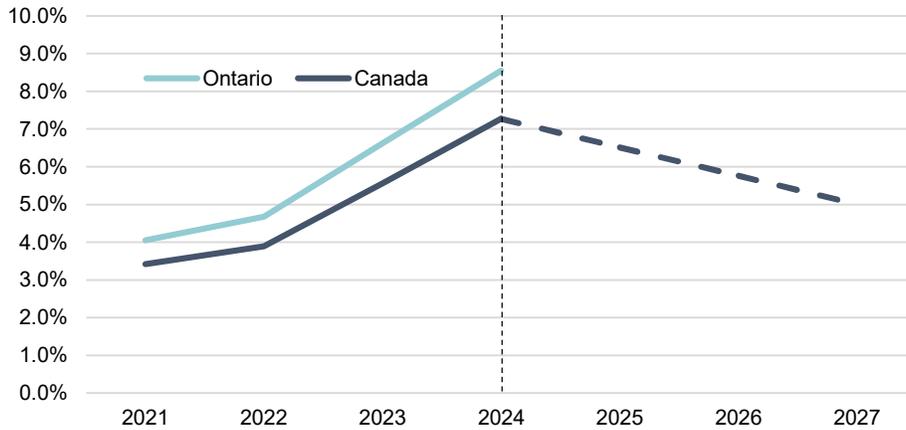
Figure 4.2.2
Annual Net Change in Non-Permanent Residents and Future Targets
Canada: 2015 to 2027



Source: Statistics Canada, Urbanation

As of 2024, temporary residents represented a 7.3% share of the total Canadian population, more than doubling the 3.4% share three years earlier in 2021. The new government policy sets a 5% share target by 2027. As Ontario has a relatively high share of its population represented by non-permanent residents at 8.5%, the province can be expected to see a relatively large impact to its population over the next three years.

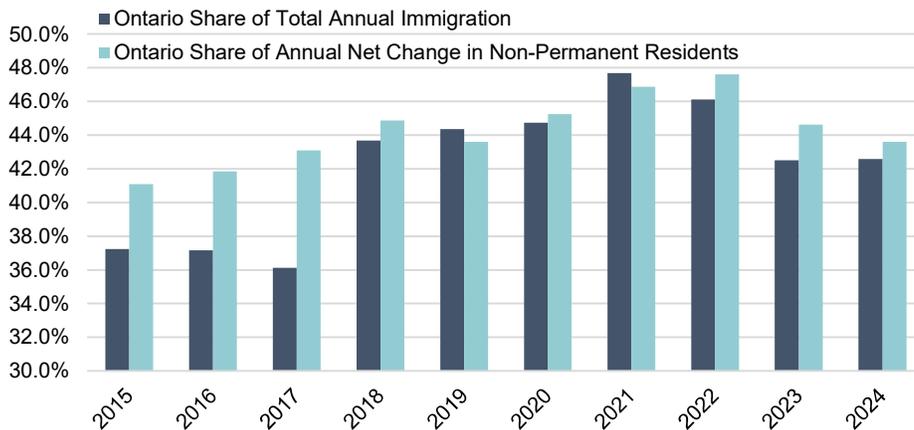
Figure 4.2.3
Non-Permanent Resident Share of the Population and Future Targets
Canada and Ontario: 2021 to 2027



Source: Statistics Canada, Urbanation

As of 2024, Ontario represented a 43% share of total Canadian immigration and a 44% share of the total annual net growth in non-permanents residents.

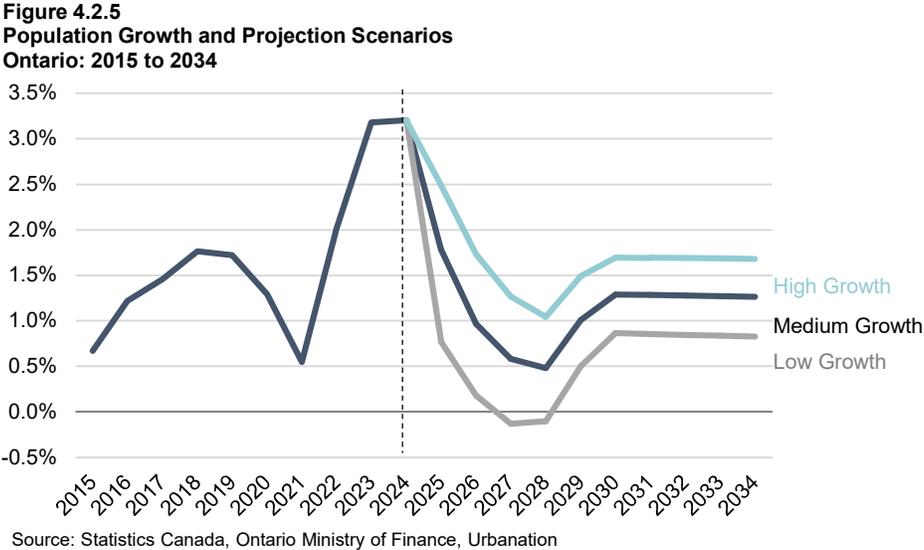
Figure 4.2.4
Ontario Share of Total Annual Immigration and Non-Permanent Residents
Canada: 2015 to 2024



Source: Statistics Canada, Urbanation

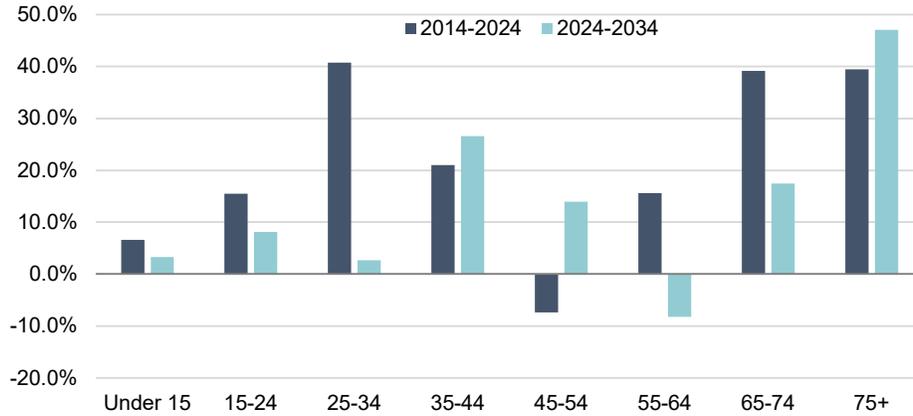
The Ontario Ministry of Finance released updated population projections for the province that incorporate these federal policy changes. Under the base case or medium growth scenario, annual population growth is projected to slow from 3.2% in 2023 and 2024 to 0.5% by 2028, which would be the weakest growth in population since COVID-19 in 2021. Population growth is projected to recover to the long-term average of 1.3% by 2030 and stabilize at that level in the years that follow. In the low growth scenario, the population will experience declines over the next three years before reaching annual growth of 0.9% by 2030. In the high growth scenario, population growth will slow to 1.0% by 2028 before bouncing back to 1.7% by 2030.

For the purposes of this study, the medium growth scenario for the population projection was used, resulting in a total population increase of 1.9 million residents in the next 10 years, down from the 2.5-million increase during the past 10 years.



In addition to a changing population growth profile in the coming years, demographic shifts will occur that will impact the level and composition of rental demand in the province. In the base case scenario, population growth in the next 10 years will slow substantially for the under 35 age cohort, particularly the 25-34 age group, which has been an important factor for growth in rental demand over the past decade. As the millennial generation ages, population growth will accelerate for the 35-44 age group, with growth also set to rise for the 45-54 age group and remain strong for the 65-plus age group. This suggests demand may begin to shift towards larger two- and three-bedroom units in the coming years.

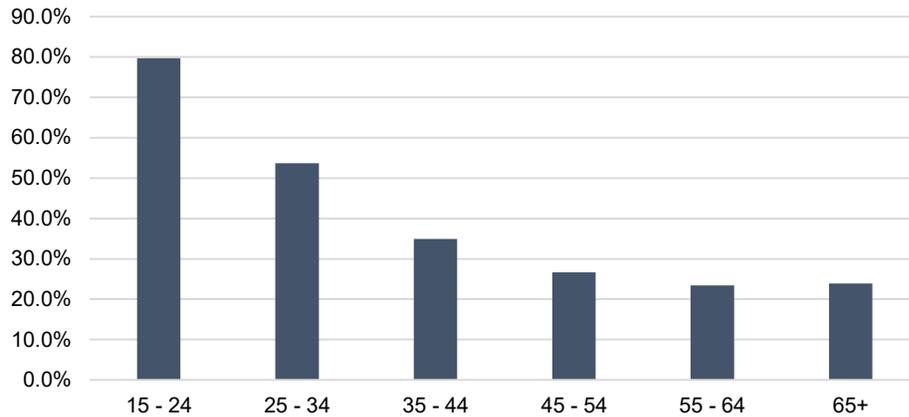
Figure 4.2.6
Population Growth and Projections (Medium Growth) by Age Group
Ontario: 2014 to 2034



Source: Statistics Canada, Ontario Ministry of Finance, Urbanation

According to the latest Census, an 80% share of households aged 15-24 are renters, a segment of the population that is expected to see continued growth in the coming years, although not as strong as recent years due to the projected slowdown in non-permanent residents. Outside of the 54% share of households aged 25-34 that were renters, all other age cohorts had a majority share of households that own their home. However, declining rates of homeownership are contributing to higher rates of renter household formation across all segments, a trend that is expected to continue over the next 10 years.

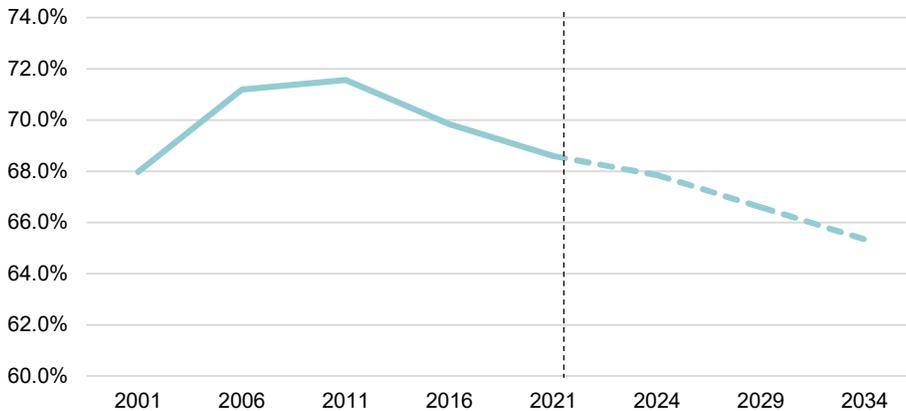
Figure 4.2.7
Share of Households that Rent by Age Range
Ontario: 2021



Source: Statistics Canada, Urbanation

The homeownership rate in Ontario was 68.6% as of 2021, falling from a peak of 71.6% in 2011 to reach its lowest level since 2001. Remaining consistent with assumptions used in previous studies, ownership affordability is expected to remain restrictive during the projection period, resulting in a continuing decline in the homeownership rate that will fall to approximately 65% by 2034.

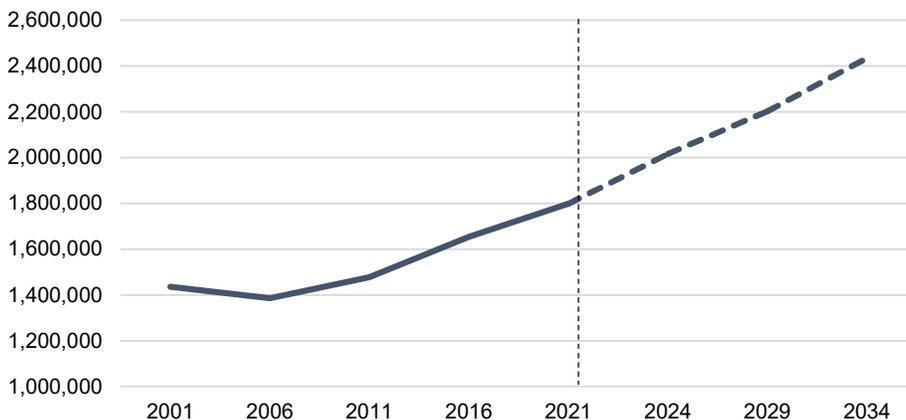
Figure 4.2.8
Homeownership Rate and Projections
Ontario: 2001 to 2034



Source: Statistics Canada, Urbanation

Applying the medium growth population projection, and accounting for demographic shifts and the assumed trajectory for homeownership rates, produces a rental household estimate of approximately 2.4 million by 2034. This represents an estimated increase of 418,000 renter households in the next 10 years, which compares to an estimated increase of 218,000 renters just in the past three years and a 10-year increase of 321,000 renters between 2011 and 2021.

Figure 4.2.9
Number of Renter Households and Projections
Ontario: 2001 to 2034

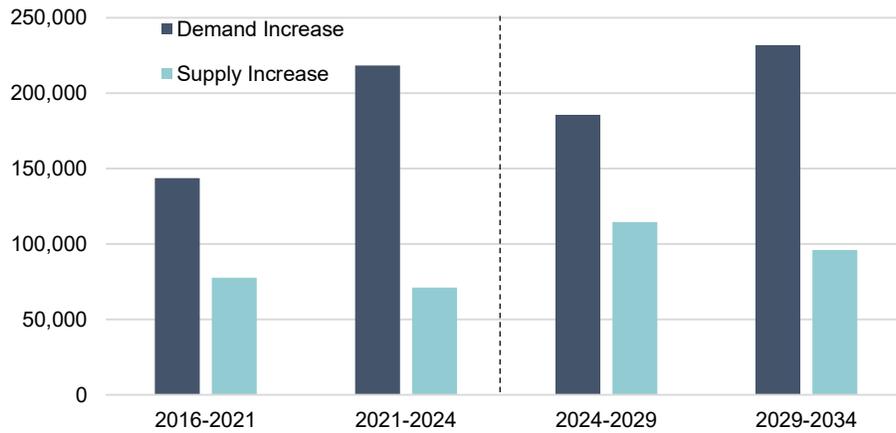


Source: Statistics Canada, Urbanation

4.3 Rental Supply Gap Projections

The rental supply gap is estimated by taking total estimated growth in rental demand and subtracting the total increase in rental supply over a given period. In the three-year period to 2024, it is estimated that rental demand outpaced new supply by approximately 147,000 units, adding to the 66,000-unit deficit accumulated during the 2016-2021 period.

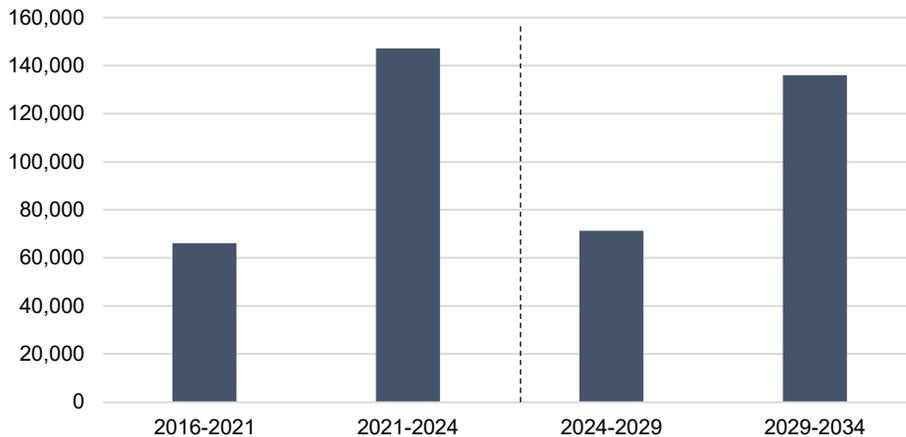
Figure 4.3.1
Total Rental Demand vs. Supply Growth and Projections
Ontario: 2016 to 2034



Source: Urbanation

Over the next five years, demand is expected to outpace supply by approximately 71,000 units, with a further 136,000 units of excess rental demand projected over the 2029-2034 period, bringing the 10-year supply deficit to a total of 207,000 units.

Figure 4.3.2
Rental Demand vs. Supply Growth Gap and Projections
Ontario: 2016 to 2034



Source: Urbanation

5.0 INFILL RENTAL DEVELOPMENT UPDATE

As part of an ongoing effort to identify potential areas of growth for new purpose-built rental development, updated research on rental infill development sites was conducted, with the understating that these sites could be more cost-effective to intensify by the existing landowners.

Each purpose-built rental property across the GTHA region was assessed individually to determine whether there was sufficient excess land available for intensification. The approach taken was to first identify every purpose-built rental project containing at least 50 units, then a visual inspection of each site was performed through the use of site plans and satellite imagery. Urbanation was cautious not to be aggressive in its assessment of excess density potential, recognizing potential zoning and physical site limitations. The intensification assessment for each candidate site used a basic assumption on the quantity of new units that could be accommodated by applying a multiplier consistent with the site's existing amount of residential density.

As of Q4-2024, a total of 180 purpose-built rental projects with a combined 37,040 units were completed since 2000 in the GTHA. Of this total, 30 projects totaling 5,804 units were identified as purpose-built rental infill projects, representing a 16% share of the total rental stock built in the region during the past 25 years. Most of the infill projects were located in the City of Toronto, where new rental development has been concentrated.

Example of an Infill Rental Development Site Proposal



Current aerial view



Intensification rendering

Table 5.1
New Purpose-built Rental Apartment Projects Completed since 2000
Greater Toronto-Hamilton Area: as of Q4-2024

Region	Municipality	Total Projects	Total Units	Total Infill Projects	Total Infill Units	Infill Share of Total Projects	Infill Share of Total Units
	Central (former) Toronto	77	19,109	10	2,599	13%	14%
	North York	14	3,416	5	903	36%	26%
	Etobicoke	8	1,782	1	251	13%	14%
	Scarborough	1	29	0	0	0%	0%
	East York	2	319	1	57	50%	18%
	York	5	655	1	369	20%	56%
City of Toronto	Sub-total:	107	25,310	18	4,179	17%	17%
	Ajax	2	580	0	0	0%	0%
	Clarington	2	72	0	0	0%	0%
	Oshawa	6	924	0	0	0%	0%
	Pickering	1	227	0	0	0%	0%
	Whitby	1	73	0	0	0%	0%
Durham Region	Sub-total:	12	1,876	0	0	0%	0%
	Markham	1	64	0	0	0%	0%
	New market	3	616	0	0	0%	0%
	Richmond Hill	1	64	0	0	0%	0%
	Vaughan	2	503	0	0	0%	0%
York Region	Sub-total:	7	1,247	0	0	0%	0%
	Mississauga	8	1,195	6	682	75%	57%
	Brampton	9	2,190	2	506	22%	23%
Peel Region	Sub-total:	17	3,385	8	1,188	47%	35%
	Burlington	8	1,049	0	0	0%	0%
	Milton	2	129	0	0	0%	0%
	Oakville	7	1,270	3	373	43%	29%
Halton Region	Sub-total:	17	2,448	3	373	18%	15%
	Hamilton	20	2,774	1	64	5%	2%
Hamilton	Sub-total:	20	2,774	1	64	5%	2%
GTHA	Total	180	37,040	30	5,804	17%	16%

Source: Urbanation Inc.

Of the 82 new purpose-built rental projects totaling 23,665 units under construction in the GTHA as of Q4-2024, only nine projects representing 1,826 units (an 8% share) were infill developments, with all but one project located in the City of Toronto. This represented a marginal increase in infill development compared to five years earlier in Q4-2019, when five infill projects totaling 1,298 units were under construction – a 10% share of total rentals under construction at the time.

Table 5.2 Purpose-built Rental Apartment Projects Under Construction Greater Toronto-Hamilton Area: as of Q4-2024							
Region	Municipality	Total Projects Under Construction	Total Units Under Construction	Total Infill Projects Under Construction	Total Infill Units Under Construction	Infill Share of Total Projects Under Construction	Infill Share of Total Units Under Construction
	Central (former) Toronto	39	11,887	4	644	10%	5%
	North York	7	2,028	0	0	0%	0%
	Etobicoke	8	2,017	3	608	38%	30%
	Scarborough	4	1,453	1	303	25%	21%
	East York	1	404	0	0	0%	0%
	York	1	31	0	0	0%	0%
City of Toronto	Sub-total:	60	17,820	8	1,555	13%	9%
	Ajax	4	992	0	0	0%	0%
	Clarington	1	32	0	0	0%	0%
Durham Region	Sub-total:	5	1,024	0	0	0%	0%
	New market	2	585	0	0	0%	0%
York Region	Sub-total:	2	585	0	0	0%	0%
	Mississauga	4	1,495	1	271	25%	18%
	Brampton	1	166	0	0	0%	0%
Peel Region	Sub-total:	5	1,661	1	271	20%	16%
	Oakville	2	600	0	0	0%	0%
Halton Region	Sub-total:	2	600	0	0	0%	0%
	Hamilton	8	1,975	0	0	0%	0%
Hamilton	Sub-total:	8	1,975	0	0	0%	0%
GTHA	Total	82	23,665	9	1,826	11%	8%

Source: Urbanation Inc.

A total of 561 purpose-built rental projects were proposed for development in the GTHA as of Q4-2024, totaling 203,711 units. This represented a 245% increased in proposed purpose-built rental units compared to five years earlier in Q4-2019 (59,095 units). Of this total, 90 proposed rental projects totaling 25,937 units were located at rental infill development sites. This represented a 16% share of total proposed purpose-built rental projects and a 13% share of total proposed purpose-built rental units. Compared to five years earlier, the number of proposed purpose-built rental units at infill sites increased 75% from 14,808 units in Q4-2019, which represented a 25% of total proposed rental units at the time.

Region	Municipality	Total Proposed Projects	Total Proposed Units	% Approved Proposed Units	Total Proposed Infill Projects	Total Proposed Infill Units	Infill Share of Total Proposed Projects	Infill Share of Total Proposed Units	% Approved Infill Units
	Central (former) Toronto	169	47,299	55%	18	4,680	11%	10%	67%
	North York	67	31,543	23%	23	6,595	34%	21%	47%
	Elobicoke	38	11,705	51%	10	3,424	26%	29%	46%
	Scarborough	55	22,551	64%	7	2,894	13%	13%	46%
	East York	15	5,311	33%	1	126	7%	2%	0%
	York	16	6,213	36%	1	155	6%	2%	100%
City of Toronto	Sub-total:	360	124,622	46%	60	17,874	17%	14%	52%
	Ajax	14	6,798	33%	0	0	0%	0%	-
	Clarington	3	351	56%	0	0	0%	0%	-
	Oshawa	21	4,939	79%	3	669	14%	14%	75%
	Whitby	6	2,282	84%	1	53	17%	2%	0%
Durham Region	Sub-total:	44	14,370	57%	4	722	9%	5%	70%
	Aurora	3	1,673	9%	0	0	0%	0%	-
	Georgina	1	84	0%	0	0	0%	0%	-
	King	1	24	100%	0	0	0%	0%	-
	Markham	6	1,355	19%	0	0	0%	0%	-
	New market	7	1,159	25%	0	0	0%	0%	-
	Richmond Hill	12	5,237	56%	1	90	8%	2%	100%
	Vaughan	6	2,229	30%	0	0	0%	0%	-
	Whitchurch-Stouffville	2	160	19%	0	0	0%	0%	-
York Region	Sub-total:	38	11,921	36%	1	90	3%	1%	100%
	Brampton	26	12,495	34%	8	2,934	31%	23%	83%
	Caledon	1	19	0%	0	0	0%	0%	-
	Mississauga	32	22,212	11%	8	1,924	25%	9%	0%
Peel Region	Sub-total:	59	34,726	19%	16	4,858	27%	14%	50%
	Burlington	6	1,843	30%	0	0	0%	0%	-
	Halton Hills	1	157	0%	0	0	0%	0%	-
	Milton	5	813	90%	0	0	0%	0%	-
	Oakville	5	2,649	18%	1	27	20%	1%	100%
Halton Region	Sub-total:	17	5,462	32%	1	27	6%	0%	100%
	Hamilton	43	12,610	45%	8	2,366	19%	19%	28%
Hamilton Region	Sub-total:	43	12,610	45%	8	2,366	19%	19%	28%
GTHA Total		561	203,711	41%	90	25,937	16%	13%	50%

Source: Urbanation Inc.

A total of 1,715 existing purpose-built rental sites located in the GTHA were examined for potential infill development. Of these sites, 942 were identified as being able to accommodate infill development, representing a 55% share. Further, a 36% share of sites were deemed transit-oriented. The potential infill sites could accommodate an estimated 182,023 units, which was 4.5 times as many units as currently proposed at existing rental sites when including both purpose-built rentals and condos. While the greatest potential for infill development was in the City of Toronto, with 136,159 units that could be accommodated, most of the supply potential totaling 111,738 units was in more affordable areas outside of Central Toronto, with an additional 45,865 units located in the 905 region.

Region	Total Apartment Sites	Total Potential Infill Sites	Potential Infill Sites % Total Apartment Sites	% Transit- Oriented Sites*	Total Potential Infill Units	Existing Infill Units Proposed**	Existing Infill Units Proposed % Total Potential Infill Units
Central (former) Toronto	371	105	28%	83%	24,421	6,364	26%
North York	332	245	74%	32%	50,594	15,589	31%
Scarborough	188	133	71%	27%	26,243	3,190	12%
Etobicoke	138	118	86%	23%	22,730	6,882	30%
East York	76	30	39%	83%	8,268	718	9%
York	59	23	39%	57%	3,904	0	0%
City of Toronto	1,164	654	56%	41%	136,159	32,743	24%
Ajax	6	5	83%	0%	1,006	0	0%
Clarington	1	1	100%	0%	104	0	0%
Oshawa	40	24	60%	4%	2,798	669	24%
Pickering	1	1	100%	100%	80	0	0%
Uxbridge	1	0	0%	-	0	0	-
Whitby	7	5	71%	0%	431	0	0%
Durham Region	56	36	64%	6%	4,419	669	15%
Aurora	5	2	40%	50%	117	0	0%
Markham	12	5	42%	40%	650	0	0%
New market	5	3	60%	33%	450	0	0%
Richmond Hill	11	6	55%	67%	530	90	17%
Whitchurch-Stouffville	1	0	0%	-	0	0	-
York Region	34	16	47%	50%	1,747	90	5%
Brampton	39	25	64%	16%	7,119	2,632	37%
Mississauga	158	108	68%	42%	18,547	2,820	15%
Peel Region	197	133	68%	37%	25,666	5,452	21%
Burlington	42	12	29%	0%	1,371	0	0%
Halton Hills	1	1	100%	100%	210	0	0%
Milton	4	4	100%	0%	606	0	0%
Oakville	29	8	28%	13%	1,235	27	2%
Halton Region	76	25	33%	8%	3,422	27	1%
City of Hamilton	188	78	41%	14%	10,611	1,178	11%
GTHA Total	1,715	942	55%	36%	182,023	40,159	22%

Source: Urbanation Inc.

*Located within 800m of current and future rapid transit

**Includes both purpose-built rental and condominium unit proposals

6.0 CONCLUSION

The province of Ontario has made progress in growing its pipeline of future rental projects, which can be partly credited to specific policies put in place to encourage more rental development. However, the outlook for rental demand tells us that much more work will need to be done to ensure there is sufficient supply in the market over the next decade and beyond.

Given the long lead time from planning to construction to delivery of new units, it's important for this work to begin immediately. Adding an extra 200,000 rental units into the pipeline to meet demand in the next decade requires a strategic, coordinated effort from all levels of government. Never before has housing affordability and the need for more housing supply been a bigger issue for the province, and increasing rental construction is one of the most viable ways to address the crisis. While the purpose of this report is not to provide specific policy recommendations, it can be broadly stated that a focus on alleviating the economic and planning-related barriers to building new purpose-built rentals in order to deliver on the projected supply target is greatly needed.

Data Limitations and Note to Readers

The analysis and projections contained herein have been prepared on the information and assumptions set forth in this report. However, components of this report were built on information and data from secondary sources and Urbanation cannot guarantee the accuracy of this data. Moreover, it is not possible to fully document all factors or account for all changes that may occur in the future.