

Who Lives in Condos?

Nathanael Lauster, UBC

Jens von Bergmann, MountainMath

Douglas Harris, UBC



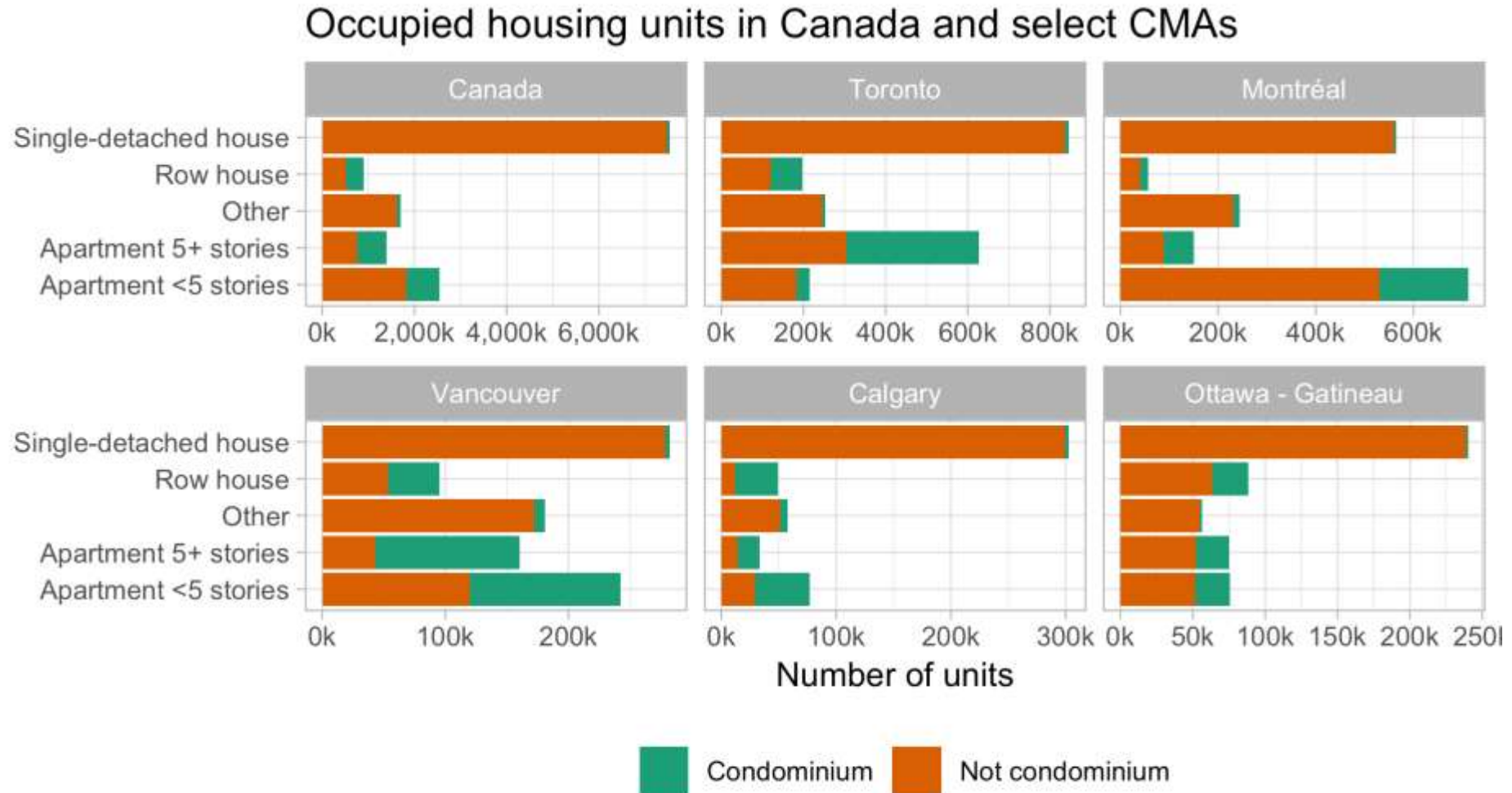
Condominium Property as Rental Stock

DEVELOPMENT: Condominium financing models well-institutionalized, attractively low & decentralized risk for developers

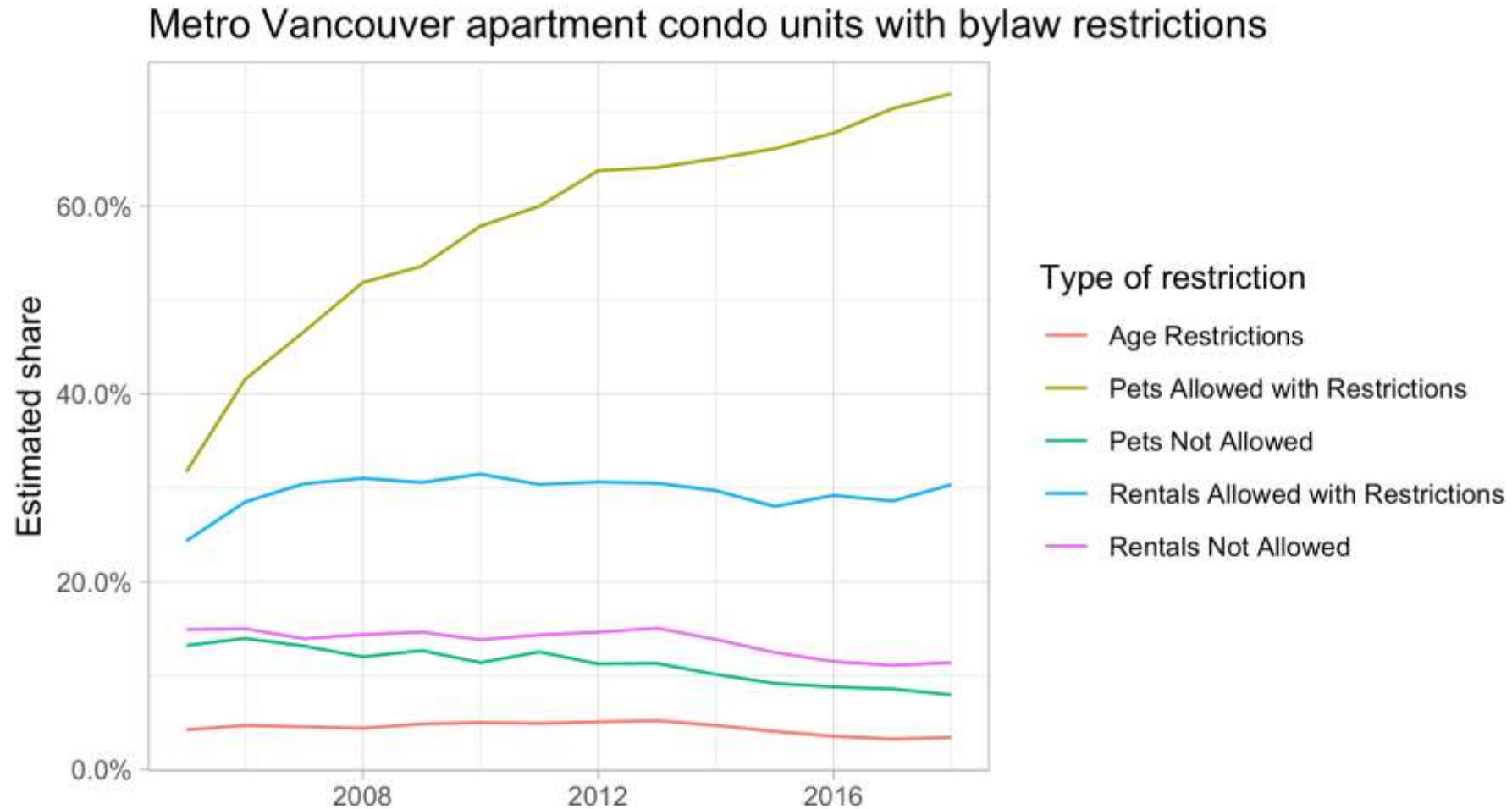
LEGAL: Condominium as flexible owner-occupation or investment-rental, except when bylaws forbid
(note: rentals cannot be forbidden in Ontario)

TENANCY: Decentralized & highly flexible investor-landlords able to claim property for own use may result in more fragile tenancies

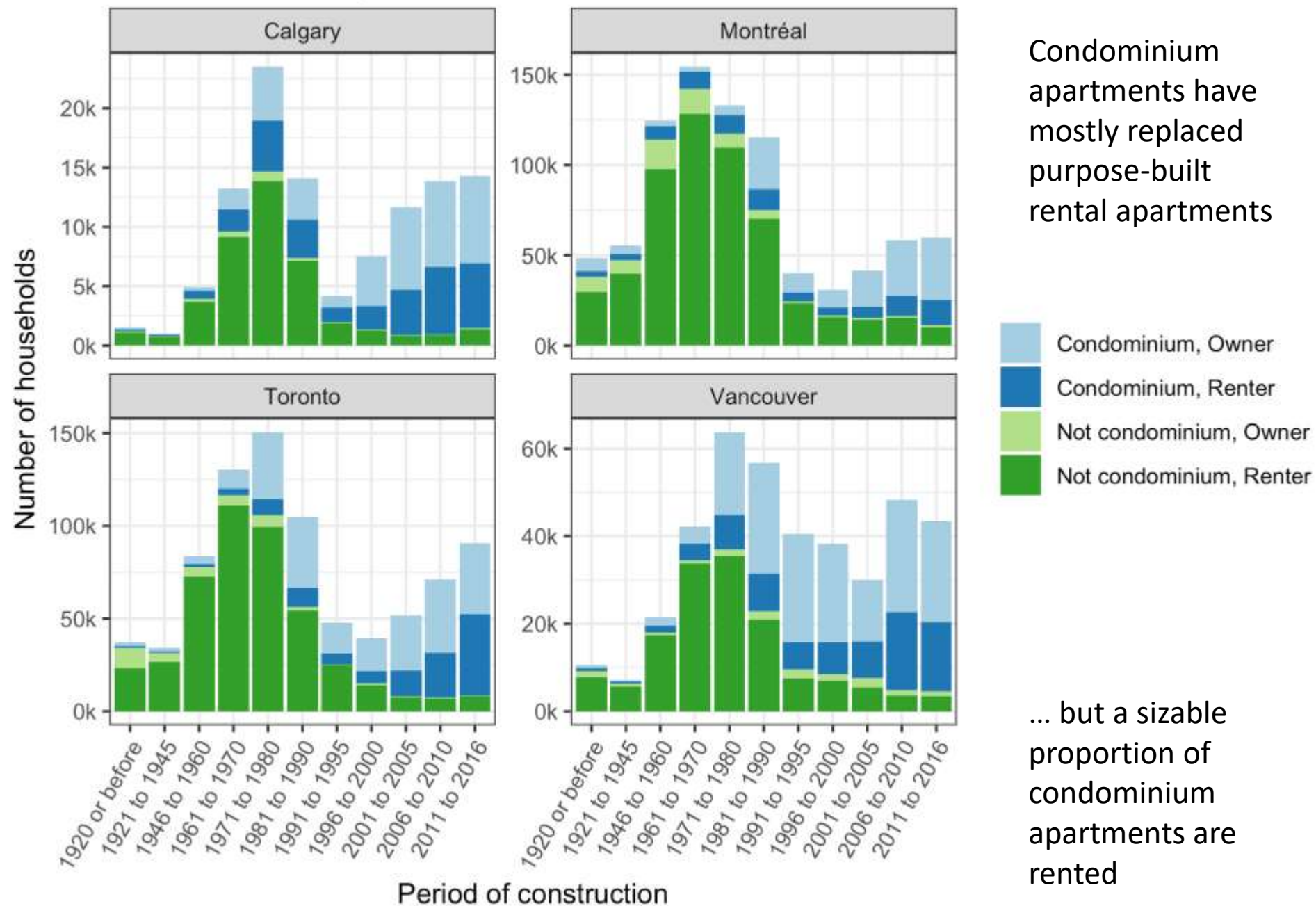
Condominium developments are diverse in terms of building structure, but we focus on low-rise (<5 story) and high-rise (5+ story) condo apartments.



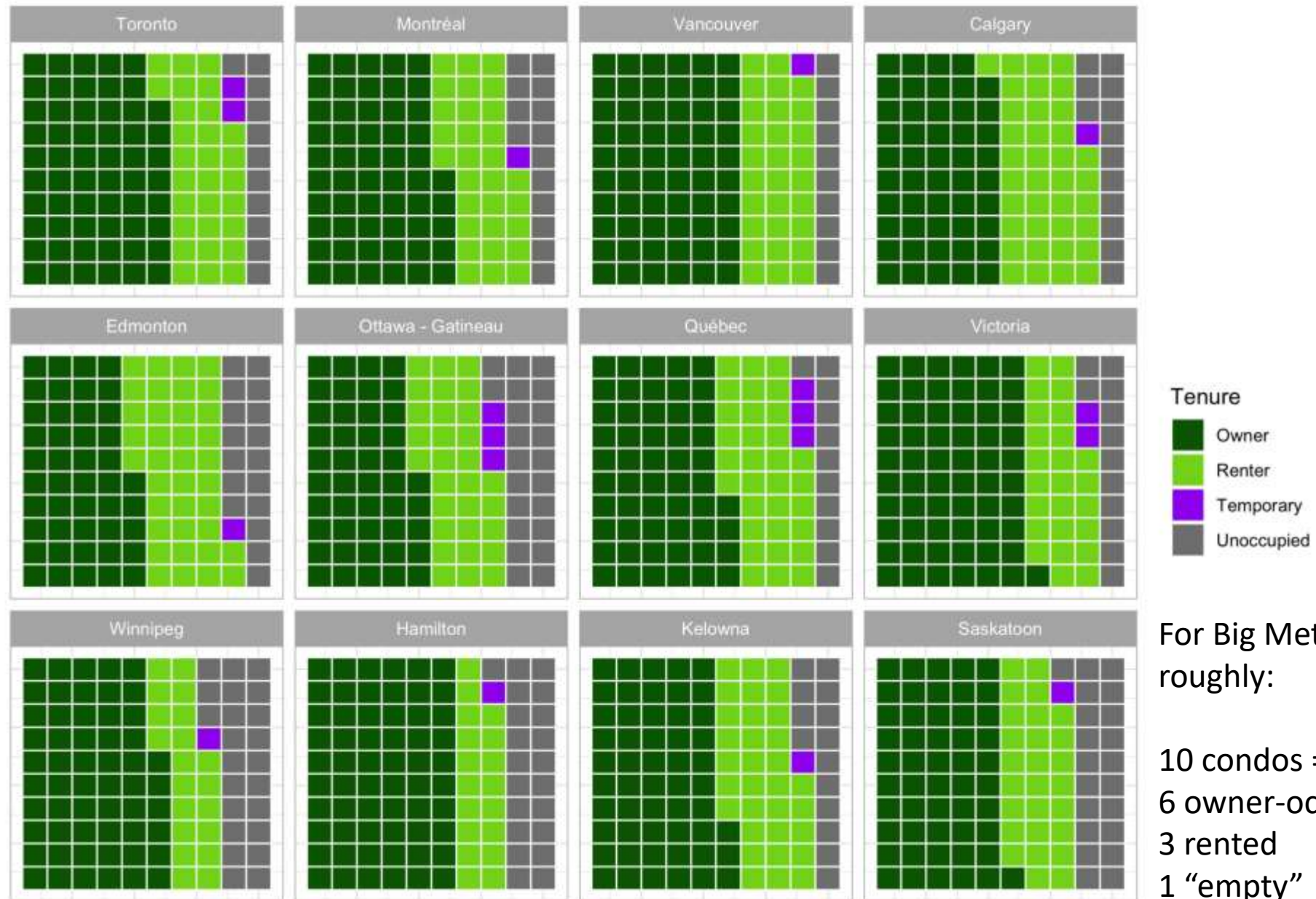
We estimate nearly half of condo apartments across Metro Vancouver have some kind of rental restriction, but only about 11%-15% forbid rentals outright



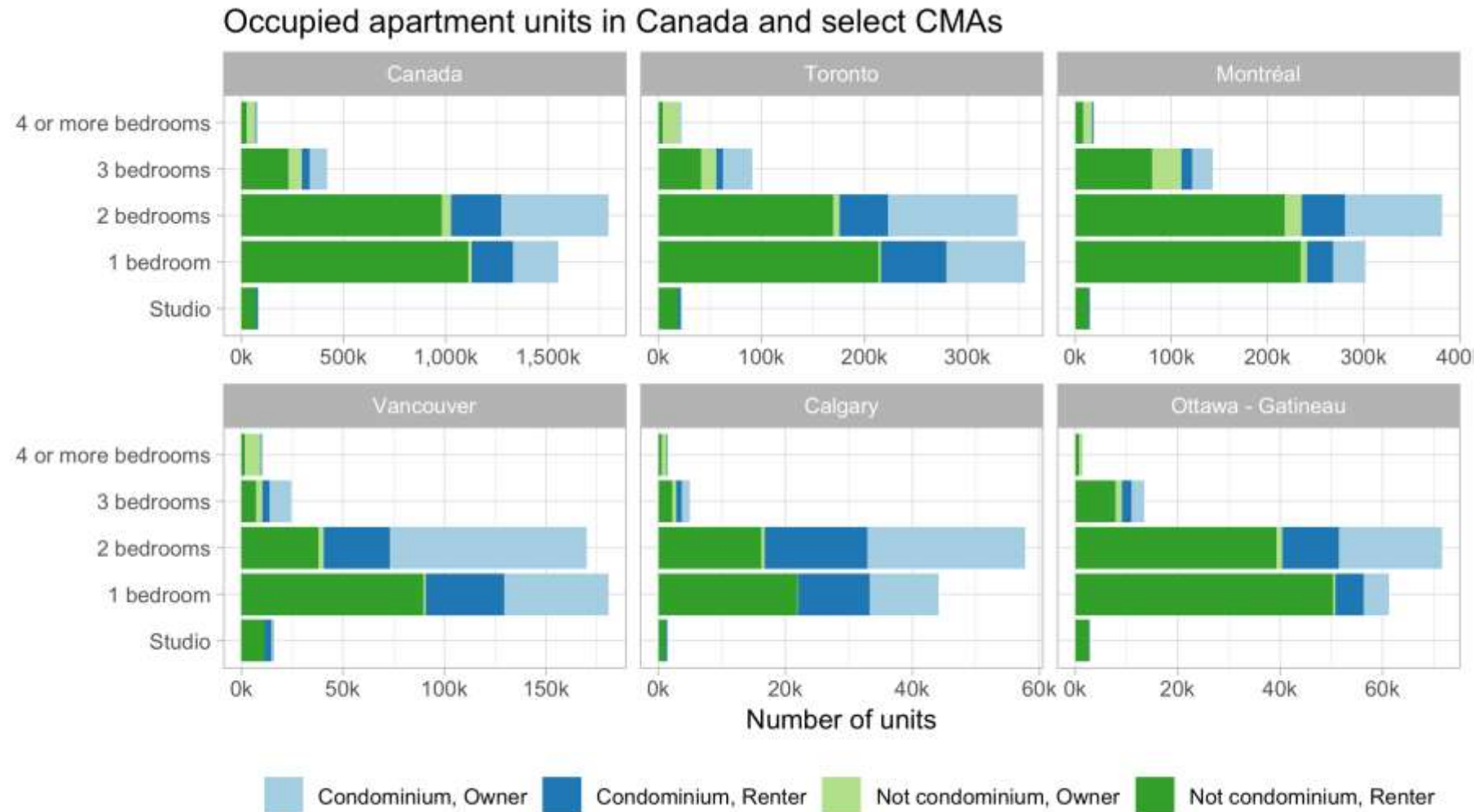
Households in Apartments for select CMAs



Apartment condominium units for select CMA
(temporarily occupied units attributed by condo share)

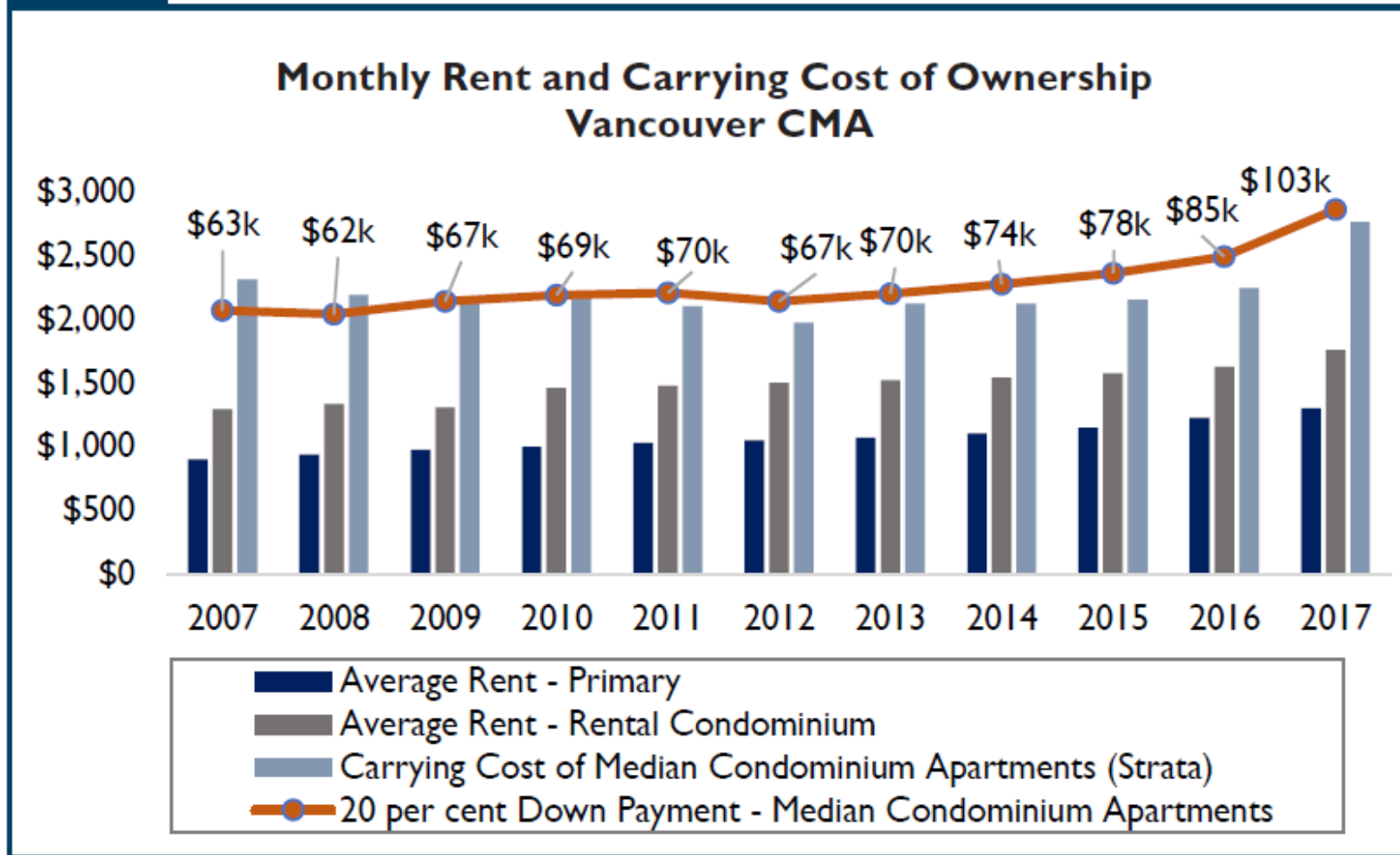


Condominium apartments tend to be newer than purpose-built rentals and more concentrated in 1BR and 2BR units, with 1BR units more likely rented out



Condominium Apartments tend toward Higher Rents than Purpose-Built

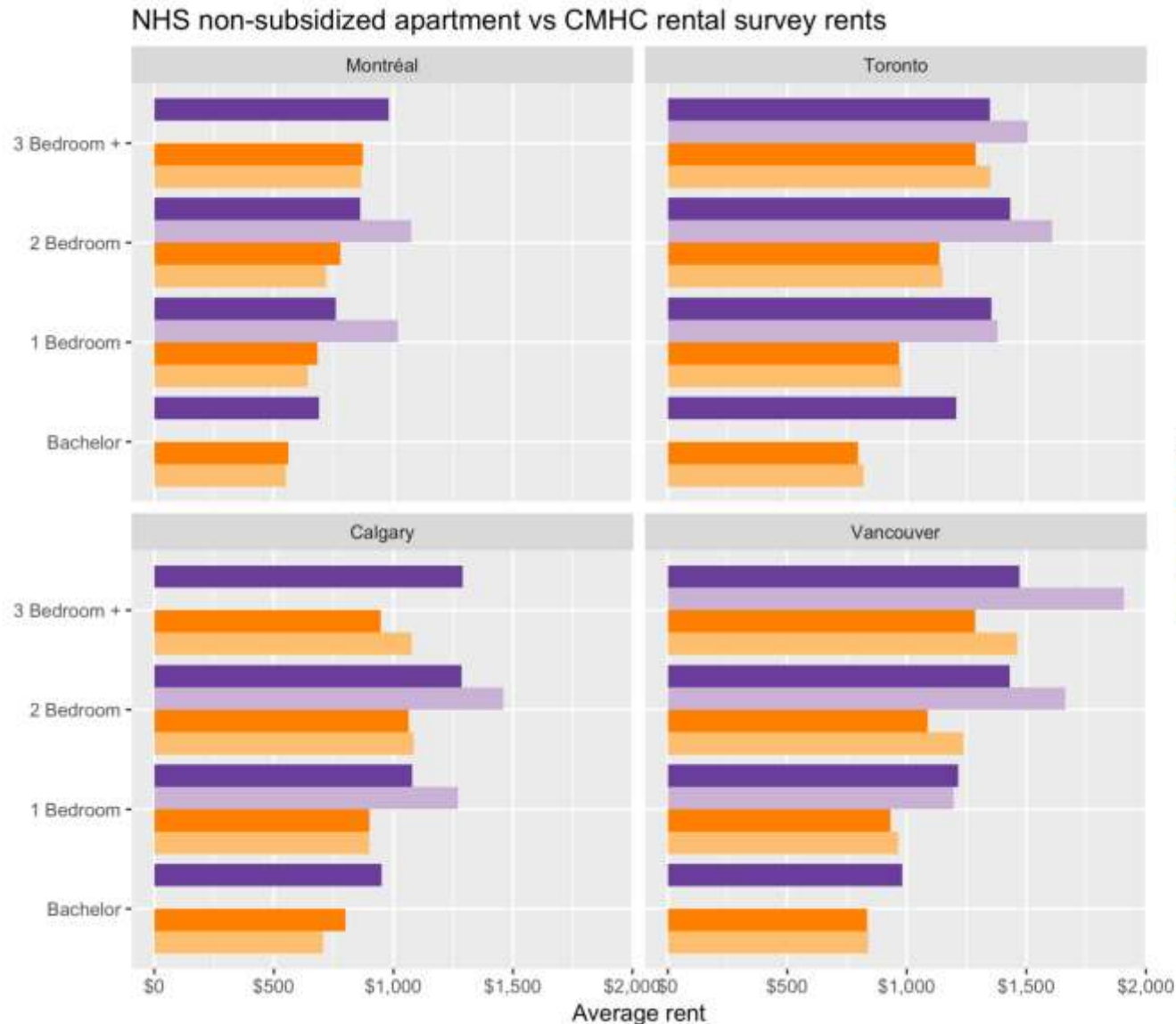
Figure 1



Sources: CMHC Rental Market Survey, CMHC Secondary Rental Market Survey, REBGV, FVREB.
Internal calculations by CMHC.

Note: Carrying cost includes mortgage payment, median condominium (strata) fees and median property taxes.

(From CMHC Vancouver rental market report 2017)



Comparing Census (NHS) to CMHC Survey for same year (2011), rents for condominium apartments tend to be higher by BR

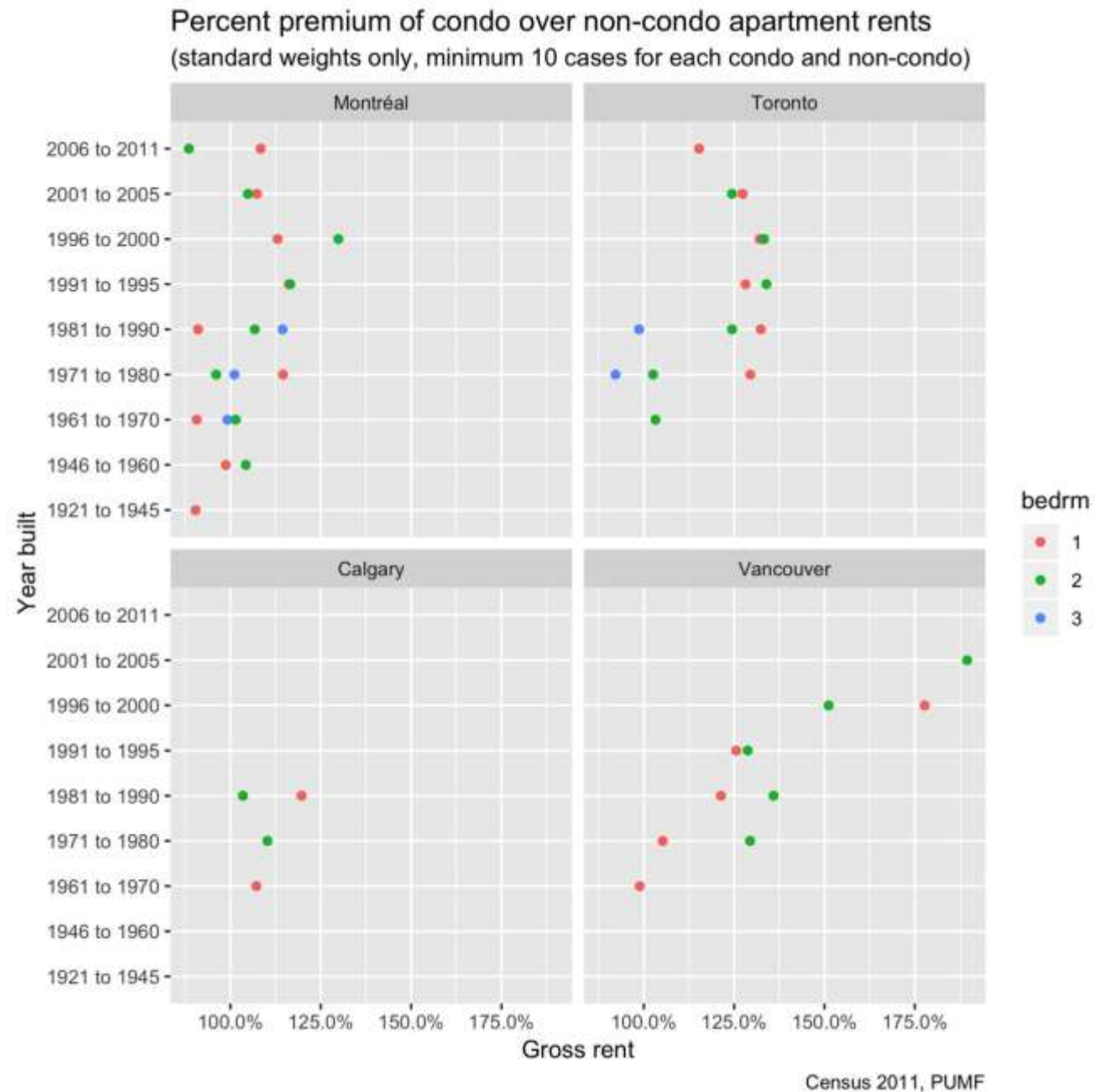
Source

- Market Apartments (CMHC)
- Non-condo Apartments (NHS)
- Condo Apartments (CMHC)
- Condo Apartments (NHS)

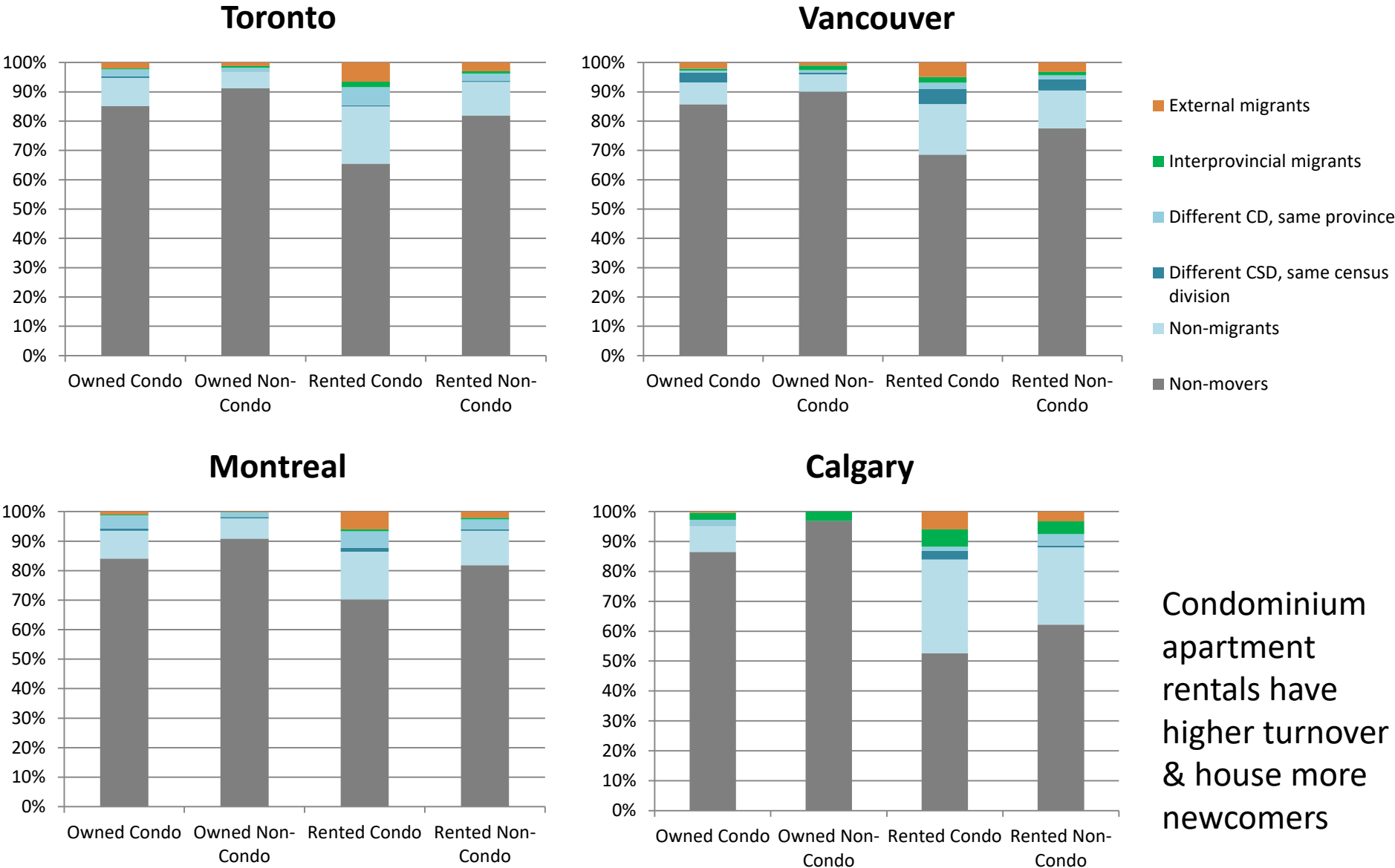
But condo premium varies & CMHC estimates often run high relative to census.

Holding Age & Bedroom mix constant, condominium apartments still tend to enjoy a premium

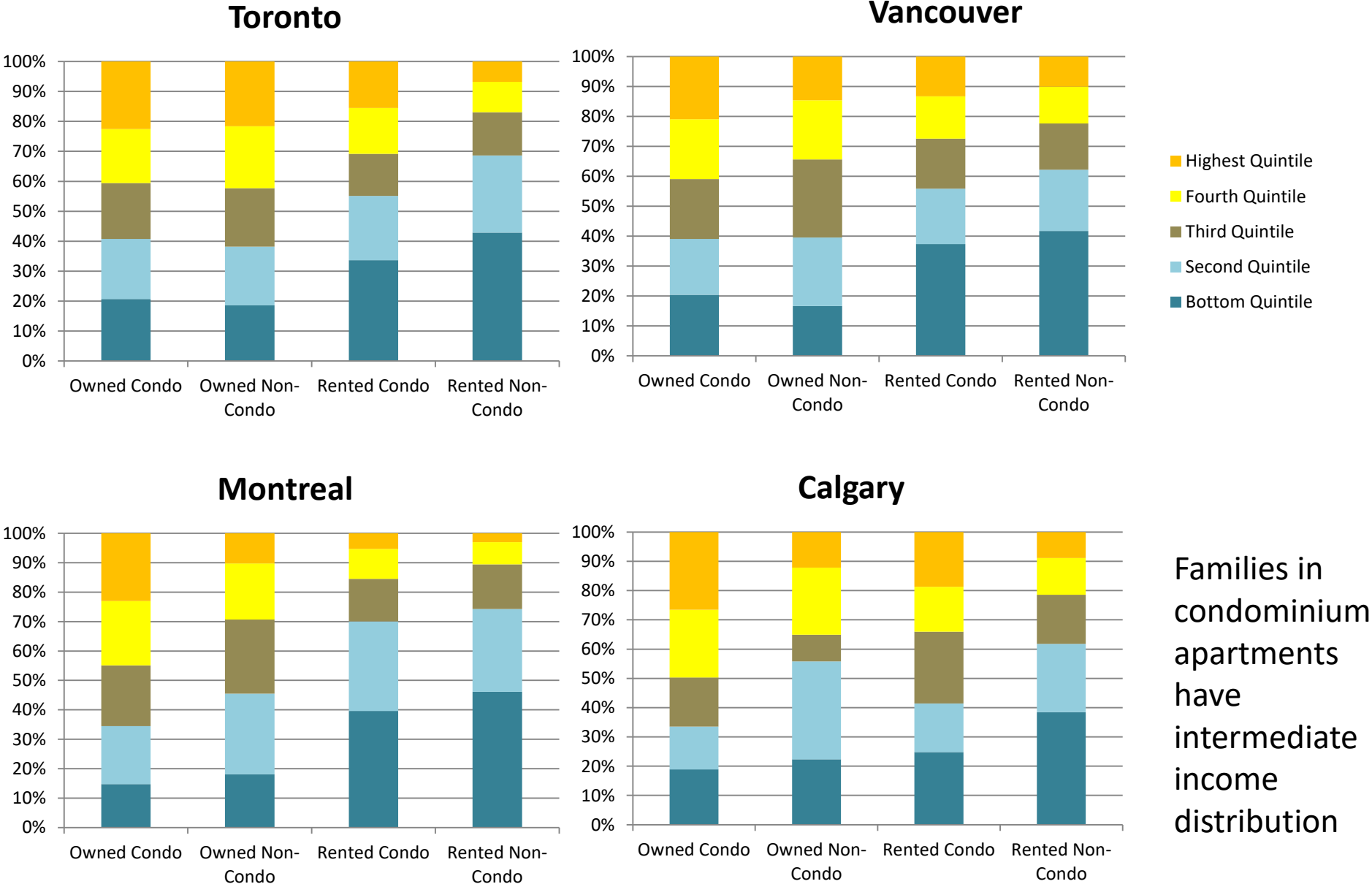
Turnover (esp. in rent control metros), location, quality, security & building status may help explain



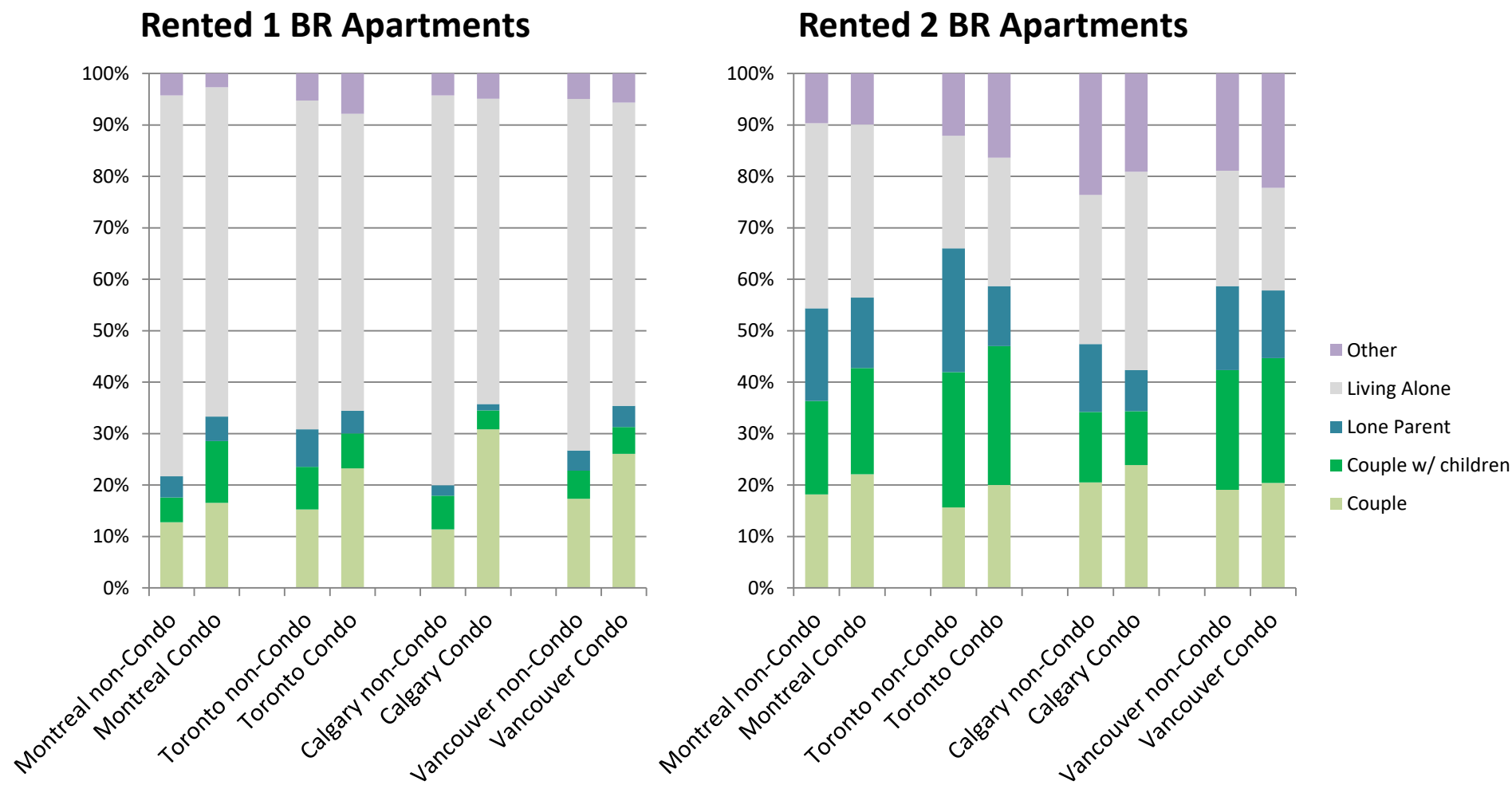
Low-Rise & High-Rise Apartment Dwellers by Tenure, Condominium Status, and One-Year Mobility, NHS 2011 PUMF



Low-Rise & High-Rise Apartment Dwellers by Tenure, Condominium Status, and Adjusted After-Tax Economic Family Quintile, NHS 2011 PUMF



Low-Rise & High-Rise Apartment Households by Tenure, Condominium Status, and Family Type, NHS 2011 PUMF



Rented Condominium apartments tend to host more couples and fewer single parents

Condos as Rental Stock

RENTAL STOCK: Condos provide important rental stock, but they differ from purpose-built rentals. Higher rent, higher turnover units gather more mobile (newcomer) and slightly higher income households with fewer kids

DRAWBACKS: Condos rentals seem to provide less stable housing, at higher rents, and gather fewer households more likely to be in core housing need (e.g. lower income & single parents).

POSSIBLE RECOMMENDATIONS:

- 1) Reinvigorate purpose-built rentals: institutional funding models, risk-pooling, taxes, non-profit models, etc.
- 2) Limit condo rental restrictions & more firmly institutionalize tenant rights.

Thank you!

Nathanael Lauster

UBC Sociology ; homefreesociology.com

Jens von Bergmann

mountainmath.ca

Douglas Harris

UBC Allard School of Law

