

Rental rates up in city

Saskatoon rents tops in province: CMHC report

BY JEANETTE STEWART, THE STARPHOENIX DECEMBER 17, 2009 10:55 AM



According to the Canada Mortgage and Housing Corp. (CMHC), vacancy rates remained unchanged in Saskatoon from October 2008 to October 2009, but monthly rents went up an average of \$64

Photograph by: Don Healy, Canwest News Service

Samantha Hansen hopes to relocate, fed up with high rental rates in the city.

The Saskatoon resident recently posted an ad online looking for a place in a rural area, hoping to pay less than \$900 per month.

"We're trying to move out of the city just so that it won't be so expensive," said Hansen.

According to the Canada Mortgage and Housing Corp. (CMHC), Saskatoon this year recorded the third-highest increase of rental rates on record.

Vacancy rates remained unchanged from October 2008 to October 2009, but monthly rents went up an average of \$64. In Saskatoon, the average monthly rent for a two-bedroom apartment increased to \$905 this October from \$841 in October 2008, says a CMHC report released Wednesday. Saskatoon has the highest rental costs in the province.

"If property owners and landlords get the message that demand is very strong and they can increase rent . . . then they will do so, and indeed they have," said Paul Caton, senior market analyst with CMHC.

Hansen and her partner own their own trucking company and work "double time," but have trouble with rental costs. They live in downtown Saskatoon and make a long commute to the north end each day. The couple needs enough room for Hansen's mother and a child. They also have two dogs.

"Pets are just a big no-no," Hansen said. "There might be 30 ads in the paper for a place to rent but only two of them accept animals."

She has rented property since 2007. The last time she moved her rent went up by \$200, plus utilities.

People may double up, move to areas with less expensive suites or get into smaller apartments. Those outside the city will be less inclined to migrate to the city, or residents may leave to cope with the increases, Caton said.

Historically, there were years without increased rental rates in Saskatoon, he noted.

"Every opportunity that a property owner has to increase his rents to compensate for those previous times when they weren't able to recapture these costs will be taken advantage of," he said.

Caton expects to see continued increases in rental rates, but at a "more moderate rate" than in the 2007 to 2009 period.

Rents are only just starting to reflect the overall increase in property values, said the owner of a Saskatoon property management company.

"It's unfortunate, but in the last 10 years, house prices have gone up 200 per cent," said Terry Williams, who operates Ocaso Consulting. He believes rental rates have to go up to mirror the increase in housing costs.

"The reality is, the price of the property, the cost of property, warrant higher rents than they are even now," Williams said. "Wages and rent and all the other things haven't caught up to the house prices yet."

Though Hansen and her partner work constantly, she said it's hard to keep up.

"It's too hard to pay \$1,300 plus \$500 in utilities. It's like \$1,700 or \$1,800 a month and that's just crazy," she said.

Across the province the vacancy rates in centres with a population of 10,000 or more increased slightly to 1.9 per cent from 1.2 per cent. Rents increased an average of \$67 for a two-bedroom apartment, to \$833 from \$766.

"The margin between Saskatchewan and other locations in Canada has narrowed," Caton said.

Regina's apartment vacancy rate reached 0.6 per cent in October 2009, tied with Quebec City for the lowest vacancy rate in Canada.

jstewart@sp.canwest.com

© Copyright (c) The StarPhoenix