Catalogue no. 36-28-0001
ISSN 2563-8955

Economic and Social Reports

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Release date: August 27, 2025

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Research article

Renters' shelter costs by duration of tenancy

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DOI: https://doi.org/10.25318/36280001202500800003-eng

Abstract

Renters' shelter costs can vary substantially by duration of tenancy. Renters who recently moved into their dwelling can pay substantially more than longstanding renters. This tenure-based discrepancy in rents paid can have important implications in terms of discouraging residential mobility and, by extension, Canadian labour mobility. Using data from the Census of Population and the National Household Survey, this study sheds light on trends in shelter cost differences by duration of tenancy from 1996 to 2021, and how this gap in rental costs between recent renters and longer-term renters varies across municipalities and neighbourhoods. Findings show that the gap between recent and long-term renters' shelter costs has widened over the study period and that tenure-based gaps in rental costs are pervasive beyond the priciest housing markets of Toronto and Vancouver. Accounting for comparable dwellings and neighbourhoods, longstanding tenants of five or more years paid approximately 19% less in monthly shelter costs than recent renters (under one year) in 2021 compared with 6% in 1996. The percentage of renters residing in the same dwelling they did five years ago increased from 30% to 42% of all renters during that period.

Keywords: Rent, housing costs, affordability, tenant turnover, price stickiness

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Acknowledgments

The authors would like to thank Aled ab Iorwerth at the Canada Mortgage and Housing Corporation and Jean-Philippe Deschamps-Laporte and several researchers from the Social Analysis and Modelling Division at Statistics Canada for their comments on previous versions of this study.

Introduction

Approximately one in three Canadians rent their primary residence. Rental costs can vary significantly, with new renters facing substantially higher rents than longstanding renters (Gorski 2023; MacIsaac 2023; Canada Mortgage and Housing Corporation [CMHC] 2024a; Statistics Canada 2024). This partially reflects the contrast between rapidly rising rents for new rentals and capped rent increases for existing renters, whose rent may be subject to controls,[1] thereby resulting in rents typically increasing more during tenant turnover (Gorski 2023). Housing rent rigidity, or stickiness in housing prices among long-term tenants compared with recent renters, can also be the result of landlords seeking to minimize the risk of having a vacant unit (Gallin and Verbrugge 2019), avoid the cost of finding a new tenant or retain a "good tenant," among other possible motives.

The discrepancy between relatively rigid rents for long-term tenants and substantially higher market rates for recent tenants could have important implications in terms of affordability and residential mobility. For instance, tenants who move—whether they do so willingly or because they are forced to—often face steep housing cost increases, which can impose substantial added costs for renters. Moreover, substantial rent increases during tenant turnover may outpace potential affordability gains related to rental sorting mechanisms, whereby the cost of rental units decreases with the age of the dwelling and consequently increases the supply of affordable units for lower-income families (CMHC 2024b).

Potentially large rent increases could dissuade longstanding tenants from moving, and this may hinder labour mobility. Gellatly et al. (2024) show that rising housing prices have disproportionately affected young Canadians' moving decisions, particularly those of renters. Evidence from Sweden suggests that high relative housing prices contributed to lower labour mobility in Stockholm and that the effects were more pronounced among young and highly skilled workers (Eliasson and Westerlund 2024). This could inhibit efficient labour matching, whereby skilled individuals are optimally matched with job vacancies across Canada, and this could have knock-on effects on productivity.

Gaining a better understanding of how the gap between prices for recent and long-term tenants has changed over time and across Canadian municipalities is a priority within this context. Using data from the Census of Population and the National Household Survey (NHS), this study provides an overview of the costs borne by renters in Canada, by duration of tenancy, by addressing the following two research questions:

1. How have renters' shelter costs changed by duration of tenancy from 1996 to 2021?

2. How does the gap in rental costs between recent renters and longer-term renters vary across municipalities?

This article is divided into four sections. The first section outlines the data sources, derived variables and limitations of the analytical sample. The second presents tabular results and trends in tenure-based rental pricing gaps from 1996 to 2021, complemented by a third section that refines the estimation of this gap using multivariate techniques to account for confounding factors. The fourth section provides concluding remarks and implications for future research.

1. While there are generally limitations in terms of the frequency and length of notice to tenants, certain provinces and territories do not limit the annual rent increases that landlords can charge tenants, per the *Residential Tenancies Act* (or other regional equivalent). Manitoba, Prince Edward Island and Quebec are the only provinces that regulate rents for dwellings when renters move at the time of writing. This means that the rent amounts carry over to the next renter during tenant turnover. However, exceptions vary across the three provinces.

Data

This study employs data from the Census of Population (1996, 2001, 2006, 2016 and 2021) and the 2011 NHS, with rented primary residences as the main unit of analysis. The sample is restricted to private dwellings with renters who paid non-zero rents and that were geographically located within the 41 census metropolitan areas (CMAs) in 2021.[2] The sample also excludes dwellings built during the previous five calendar years or during the census year because these new dwellings were not available to longstanding tenants of five years or more but are common across recent renters, and this could hinder comparability.[3] For 2021, this yields a sample of approximately 815,000 unweighted rental dwellings.

Several sources report on rental market rates, which capture the cost of newly listed properties available for rent. Market rates offer timely insights into the costs borne by prospective renters, but do not account for the typically lower rental costs of longstanding tenants. To address this difference, a variable for duration of tenancy is derived from two census questions asking whether respondents lived at the same residence that they did a year prior to the given census reference date and whether they lived at the same address that they did five years prior to the reference date. This variable indicates whether a respondent has resided in their current dwelling for less than one year, for one year to less than five years, or for five years or more.[4] A tenancy of less than one-year acts as a proxy of market rates, which can then be compared with rents paid by longer-term tenants.

The census provides valuable information on shelter costs and the duration of tenancy for rented dwellings from 1996 to 2021. The data also include numerous dwelling characteristics that act as control variables, and the large sample facilitates disaggregation at a more granular geographic level. For comparability across rental units, the main variable of interest is shelter cost, which includes both rent and utilities, to account for variability in the inclusion of electricity, heating, water and other municipal services as part of rent.[5] These data complement those from CMHC's Rental Market Survey, which provide valuable information about the gap in average rents between turnover (last 12 months) and non-turnover units (CMHC 2024a).

However, there are some limitations to these data and hence the interpretation of this study's findings. Reliance on data from specific census years introduces temporal constraints, especially given that the analysis ends in May 2021, when there were numerous rental market disruptions caused by the COVID-

2. The sample is restricted to the 41 2021 CMAs and their equivalent CMAs or census agglomerations (CAs) for previous years. The number of CMAs increased from 35 in 2016, with the reclassification of Nanaimo, Kamloops, Chilliwack, Fredericton, Drummondville and Red Deer from CAs to CMAs. The estimates reflect similar changes in previous years.
3. This was done for comparability purposes. For example, for census year 2021, dwellings built in the last six calendar years (i.e., 2016 to 2021) were excluded. All analyses were repeated including dwellings built within the last five years, and the results and conclusions were similar to those that excluded these newer-built dwellings. The latter was chosen for reporting for a more appropriate comparison.
4. A small portion of in-sample dwellings (approximately 0.2% in 2021) corresponds to respondents who reported residing in a different dwelling a year earlier but living in the same dwelling five years earlier; these were excluded. This is because the duration of tenancy for these individuals (e.g., individuals who moved back into their former rented dwelling from one year to less than five years earlier) cannot be determined conclusively. Differences between analyses that include or exclude this small group had little to no effect on the results presented in this study.
5. The inclusion of utilities enhances comparability between rental units that include utilities in rent and those that exclude them, but limitations remain in terms of other inclusions that could be tied to differences in rent paid (e.g., air conditioning, parking, appliances) (MacIsaac 2023).

19 pandemic, such as a relatively high number of vacancies[6] (CMHC 2024a) and temporary protections for renters in some provinces.[7]

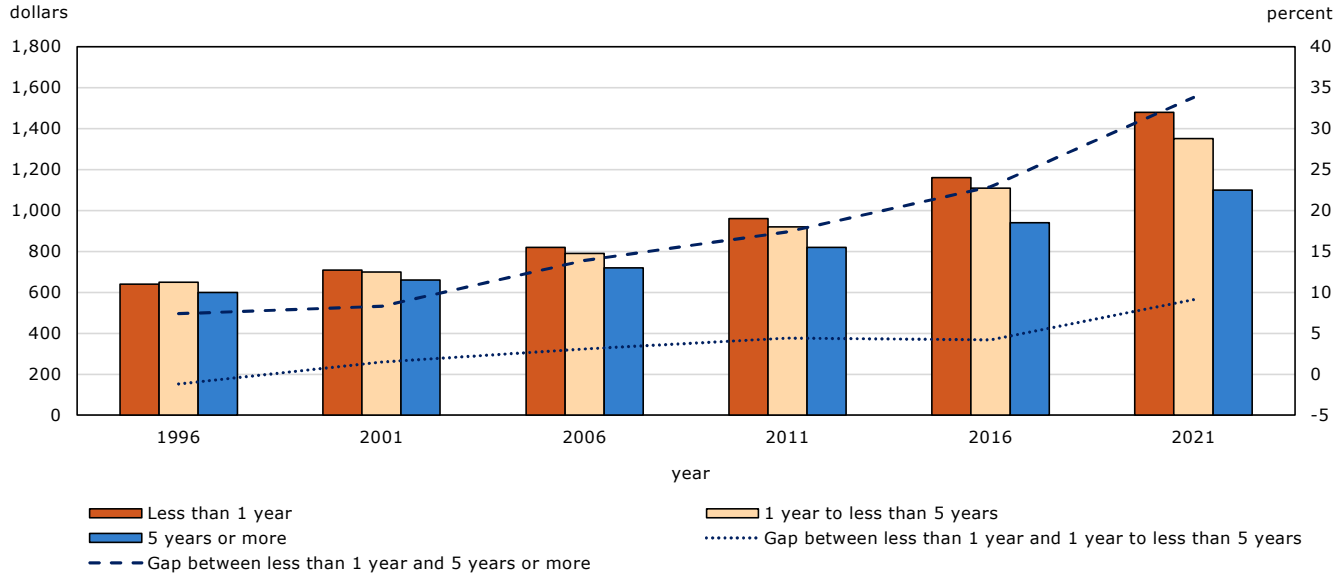
Other data limitations involve omitted variables. For instance, known factors tied to variability in rental costs, such as the rental property ownership structure (Teresa 2019; St-Hilaire et al. 2024), are unavailable when using census data. Moreover, the primary (i.e., purpose-built rentals) and secondary rental markets cannot be analyzed separately when using census data. Another limitation is that data on whether a dwelling is subsidized are available only from 2011 onward. Lastly, the duration of the tenancy variable remains relatively crude for those who resided at the same address for more than five years—key distinctions between tenure intervals exceeding five years (e.g., 5 to 10 years, 11years or more) are overlooked.[8]

Shelter cost gaps between recent and longer-term tenants

From 1996 to 2021, average shelter costs in Canadian CMAs rose substantially. For dwellings with a tenancy of less than a year, average shelter costs rose from $640 per month in 1996 to $1,480 per month in 2021, while those with tenures of five years or more saw shelter costs increase from $600 per month in 1996 to $1,100 per month in 2021 (Chart 1). Rental turnover declined alongside this growth in the gap between shelter costs by duration of tenancy. This marks a shift toward a larger proportion of tenants living at the same address for five years or more. The share of renters who lived at a different address a year earlier dropped from 29.5% to 19.9% of renters (Chart 2).

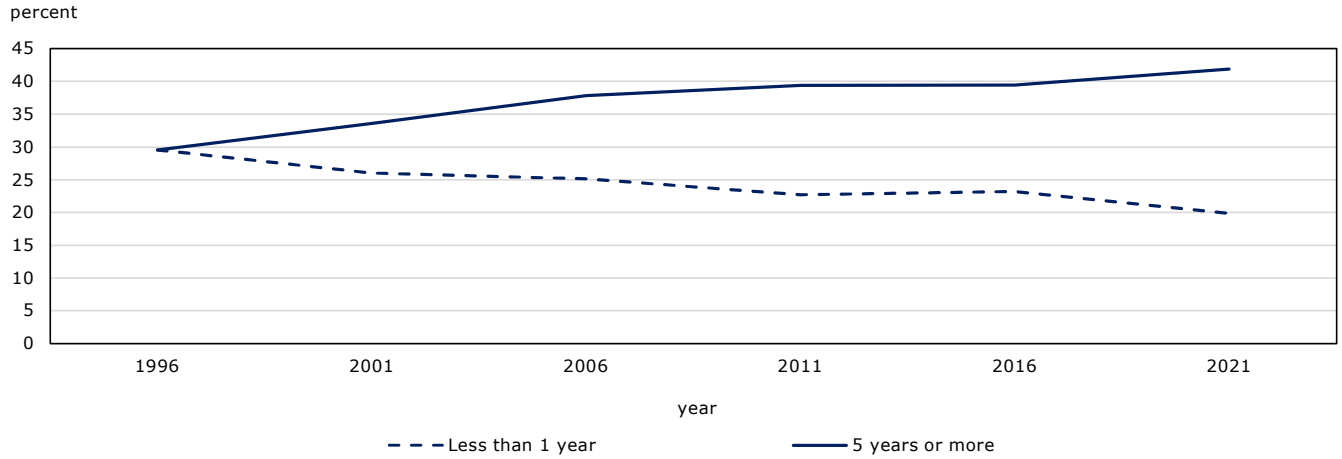
6. This study does not factor in rental unit vacancies and is limited to rental dwellings that serve as a primary residence.
7. There were temporary rent freezes and eviction bans across many provinces and territories at the onset of the pandemic (CMHC 2020). For example, Nova Scotia implemented temporary rent control policies (with a 2% cap on rent increases applicable from September 2020 to December 2023, and a 5% cap for 2024 and 2025), which were later extended to December 31, 2027 (Government of Nova Scotia 2024).
8. The Canadian Housing Survey offers valuable disaggregation across various durations of tenancy but is more limited in terms of years of historical data (2018, 2021, and 2022 to 2023).

Chart 1
Average monthly shelter costs by duration of tenancy, 1996 to 2021



Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are rounded to the nearest $10 and are conditional upon rent being greater than $0 per month. The sample is restricted to the 41 census metropolitan areas (CMAs) in 2021 and their equivalent CMAs or census agglomerations for previous years, and to dwellings that were not built in the last six calendar years (e.g., built before 2016 for the 2021 census year). Duration of tenancy is derived from questions about residing in the same dwelling one year and five years before the census reference date. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. These averages do not account for compositional effects (e.g., number of bedrooms, type of dwelling), which are considered in Table 2.
Sources: Statistics Canada, Census of Population (1996, 2001, 2006, 2016 and 2021) and National Household Survey (2011).

Chart 2
Proportion of total rented dwellings by duration of tenancy, 1996 to 2021



Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are rounded to the nearest $10 and are conditional upon rent being greater than $0 per month. The sample is restricted to the 41 census metropolitan areas (CMAs) in 2021 and their equivalent CMAs or census agglomerations for previous years, and to dwellings that were not built in the last six calendar years (e.g., built before 2016 for the 2021 census year). Duration of tenancy is derived from questions about residing in the same dwelling one year and five years before the census reference date. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. These averages do not account for compositional effects (e.g., number of bedrooms, type of dwelling), which are considered in Table 2.
Sources: Statistics Canada, Census of Population (1996, 2001, 2006, 2016 and 2021) and National Household Survey (2011).

This carries important implications for Canadians' living arrangements and their residential mobility. The rising gap in shelter costs between recent and longstanding renters and the shift from 29.5% to 41.9% of renters residing in the same dwelling they lived in five years earlier from 1996 to 2021 point to growing

groups of renters that are susceptible to large increases in their housing costs (e.g., new renters facing rapidly rising rents).

Table 1 further disaggregates the results from Chart 1 for five census divisions (CDs): Toronto, Montréal, Greater Vancouver, Calgary (Alberta, Division No. 6) and Ottawa.[9] In 2021, the average shelter costs for recent renters (i.e., less than a year of tenancy) were 34% higher than for renters with tenancies dating back five years or more across Canadian CMAs. By comparison, the same gap was 52% in Toronto, 41% in Ottawa, 39% in Vancouver, 31% in Montréal and 10% in Calgary. In 1996, the gap for Canadian CMAs was around 7%, and there was no significant difference in shelter costs between the two groups in Montréal. There is a similar tenure-based gap in shelter costs between rented dwellings with tenancies of less than one year and those with tenancies of one year to less than five years, but it is expectedly smaller.

9. CDs were chosen instead of CMAs because they align better with the urban cores and municipal boundaries of each city. For example, the CMA of Vancouver includes several other municipalities, extending all the way to Maple Ridge and Langley (City of Langley and Township of Langley). In the case of Montréal, the CMA spans from Saint-Jérôme to Joliette in the north, and from Salaberry-de-Valleyfield to Saint-Jean-sur-Richelieu in the south, but the CD is limited to the Island of Montréal.

Table 1

Average monthly shelter costs by duration of tenancy and selected census division, 1996 to 2021

	1996	2001	2006	2011	2016	2021
			dollars			
Canada						
Less than 1 year	640	710	820	960	1,160	1,480
1 year to less than 5 years	650	700	790	920	1,110	1,350
5 years or more	600	660	720	820	940	1,100
Toronto						
Less than 1 year	790	960	1,000	1,130	1,440	1,970
1 year to less than 5 years	770	890	970	1,060	1,320	1,790
5 years or more	690	790	870	940	1,070	1,290
Montréal						
Less than 1 year	540	580	710	800	930	1,150
1 year to less than 5 years	560	580	690	780	900	1,050
5 years or more	550	570	630	710	800	880
Greater Vancouver						
Less than 1 year	800	850	950	1,160	1,430	1,890
1 year to less than 5 years	790	840	930	1,090	1,310	1,780
5 years or more	680	770	830	960	1,110	1,360
Calgary (Alberta, Division No. 6)						
Less than 1 year	610	810	900	1,160	1,430	1,460
1 year to less than 5 years	620	770	880	1,160	1,450	1,470
5 years or more	570	700	800	1,040	1,230	1,330
Ottawa						
Less than 1 year	740	850	910	1,070	1,230	1,660
1 year to less than 5 years	740	780	900	1,010	1,210	1,480
5 years or more	670	730	810	900	1,010	1,180

Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are rounded to the nearest $10 and are conditional upon rent being greater than $0 per month. The sample is restricted to dwellings that were not built in the last six calendar years. Average shelter costs for Canada include only 2021 census metropolitan areas (CMAs) and their equivalent CMAs or census agglomerations for previous census years. Meanwhile, average shelter costs for Toronto, Montréal, Greater Vancouver, Calgary (Alberta, Division No. 6) and Ottawa use census division boundaries. Duration of tenancy is derived from questions about residing in the same dwelling one year and five years before the census reference date. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. These averages do not account for compositional effects (e.g., number of bedrooms, type of dwelling), which are considered in Table 2. Rents are in current dollars (i.e., not adjusted in constant dollars) and should therefore be used to compare rents by duration of tenancy for specific years, yet are not well suited for comparisons across years.

Sources: Statistics Canada, Census of Population (1996, 2001, 2006, 2016 and 2021) and National Household Survey (2011).

While descriptive statistics provide valuable insights into average shelter costs overall, they could mask a variety of compositional effects across dwellings. For instance, thus far, the analysis has not discounted differences in shelter costs by duration of tenancy potentially reflecting recent renters living in pricier, recently built dwellings.[10] Another possible explanation could be that recent renters have inherently different dwelling and neighbourhood characteristics, compared with long-term renters. For example, of the 41% of all rented dwellings in the bottom 20% of neighbourhoods by median income in 2021, less than one-fifth housed tenants with a tenancy of less than one year, compared with over two-fifths that

10. This accounts for differences in rent based on the age of the dwelling in the multivariate analysis that follows. Moreover, this controls for changes in rental dwelling composition, with older dwellings and cheaper rent being defining features of purpose-built rentals, despite recent increases in the supply of such units (CMHC 2024a). Furthermore, accounting for the age of the dwelling controls for filtering and sorting effects on rents paid (CMHC 2024b).

housed tenants with a tenancy of five years or more. To address this, the next section provides a more in-depth look at the relationship between duration of tenancy and shelter costs using multivariate hedonic pricing models that account for renters' dwelling and neighbourhood characteristics.

Shelter costs by duration of tenancy accounting for compositional effects

To better understand how shelter costs vary in accordance with differences in dwelling and neighbourhood characteristics, Table 2 presents multivariate analysis results using hedonic pricing models. Hedonic pricing models estimate the value of a certain good (e.g., monthly shelter costs as the dependent variable) as determined by its constituent characteristics (e.g., type of dwelling, number of bedrooms) and the sum of their contributory values (Keshishbanoosy and Taylor 2019; MacIsaac 2023). Ordinary least squares regressions are used to estimate five models. Models 1 to 3 use shelter costs in 2021 as the dependent variable, while models 4 and 5 use the natural logarithm of shelter costs in 2021 and 2016, respectively, as dependent variables.[11] Models were estimated using survey weights and cluster-robust standard errors to account for unobserved similarities within each dissemination area (DA).

Model 1 is a model without any controls and shows that, without control variables, dwellings with a tenancy of five years or more cost $373 less per month on average than dwellings rented out in the last year. However, this overstates the gap attributable to duration of tenancy, which requires comparing dwellings with similar characteristics. The addition of control variables for these characteristics in models 2 and 3 reduces this difference to between $237 to $266 per month. Though smaller, this gap remains substantial and represents an annualized difference of $2,844 to $3,192. The gap between dwellings rented within the last year and those with tenancies of one year to less than five years was $73 to $85 per month, corresponding to an annualized difference of $876 to $1,020 (models 2 and 3).

Differences between models 2 and 3 reflect the choice of neighbourhood control variables. While Model 2 includes neighbourhood (i.e., DA level) median income quintiles and accounts for census subdivision fixed effects, Model 3 includes DA fixed effects. The effects on coefficients between the two models are similar, but goodness of fit (i.e., the R-squared value) is somewhat better in Model 3. This likely reflects controlling for more granular neighbourhood characteristics beyond differences in median income. Note that these fixed effects likely capture various local regulatory differences (e.g., zoning laws in the case of DA-level controls) and market differences (e.g., vacancy rates) across geographies, which act as valuable controls for differences in rents paid.

Other control variables include typical dwelling characteristics such as the number of bedrooms, dwelling type, dwelling condition and whether the dwelling is subsidized. Like in other comparable studies (Keshishbanoosy and Taylor 2019; MacIsaac 2023), dwellings with fewer bedrooms, those with longer tenure, attached housing, dwellings that require more maintenance and dwellings in lower-income neighbourhoods cost less, all other factors being equal. Although not shown in Table 2, the inclusion of neighbourhood controls had the largest effect in reducing the coefficient for the tenure-based gap in monthly shelter costs between recent renters and those with a tenancy of five years or more.

11. The coefficients of logged shelter costs are more comparable across years because they roughly represent the percentage difference in shelter costs compared with the reference category, as opposed to a dollar amount that is unadjusted for inflation. The coefficients multiplied by 100 (i.e., $\hat{\beta}_k \cdot 100$) provide an approximation of this percentage change, but for a more exact interpretation of a log-linear coefficient, the equation is as follows: $\%\Delta y = 100 \cdot (e^{\beta_k} - 1) \; \forall \; k$.

In terms of comparisons across years, models 4 and 5 use the natural logarithm of shelter costs as the dependent variable, yielding coefficients for duration of tenancy that are more easily comparable across years. Without using logarithmic transformations, coefficients expressed in dollar values would not account for inflationary differences across years. In 2016, the coefficient for a tenancy of five years or more was -0.096, which corresponds to longer-term renters paying 9.1% less than recent renters when accounting for comparable dwellings and neighbourhoods (Model 5). In 2021, the results indicate that longstanding tenants of five years or more were paying around 16.1% less in monthly shelter costs, compared with recent renters (Model 4). This marks a notable increase in the gap from 2016 to 2021, with cities such as Greater Vancouver, Toronto, Montréal and Ottawa experiencing higher tenure-based gaps (see Appendix Table A1). There are only minor differences in the coefficients of control variables across both models.

Separate models were run to study this gap starting in 1996. This analysis was run separately from results for 2016 and 2021 in Table 2—earlier years required a pared-down model because the 1996, 2001 and 2006 censuses did not collect information on whether renters' dwellings were subsidized. The 2011 NHS was excluded from all multivariate analyses because it differs substantially in its sampling. The results are presented in Appendix Table A2, which provides comparable estimates from 1996 to 2021, despite these limitations.[12] Though the tenure-based gap is smaller when accounting for confounding factors, Table A2 exhibits the same trend as in Chart 1: the gap widened from 1996 to 2021. Moreover, a separate dynamic decomposition model was created to determine the portion of the shelter cost gap between longstanding and recent tenants from 1996 to 2021 that is attributable to changes in prices and the portion that is attributable to changes in rental dwelling composition. This decomposition model of the difference in shelter costs from 1996 to 2021 confirms that the growth in the gap was indeed attributable to changes in shelter costs rather than differences in composition (i.e., location or dwelling characteristics). The latter compositional effects accounted for less than a tenth of the gap.[13]

12. Table A2 estimates should be used only for comparisons with prior years. For more precise estimates that account for whether a dwelling is subsidized, it is recommended to refer to Table 2 estimates for 2016 and 2021.
13. This additional analysis used models 1 and 5 from Table A2, run separately for longstanding and recent tenants, replacing DA-level for CMA-level controls.

Table 2
Hedonic pricing models for rented dwellings in Canada, 2016 and 2021

	2021				2016
	Model 1	Model 2	Model 3	Model 4	Model 5
Dependent variables: Shelter costs (models 1 to 3) or logged shelter costs (models 4 and 5)	Base	Neighbourhood income	Neighbourhood fixed effects	Logged shelter costs	Logged shelter costs
Duration of tenancy	dollars			number	
Less than 1 year (ref.)	...	...	...	...	...
1 year to less than 5 years	-123 **	-85 **	-73 **	-0.053 **	-0.019 **
5 years or more	-373 **	-266 **	-237 **	-0.176 **	-0.096 **
Number of bedrooms					
0	...	-405 **	-416 **	-0.372 **	-0.394 **
1	...	-222 **	-244 **	-0.209 **	-0.214 **
2 (ref.)	...	...	...	...	...
3	...	218 **	225 **	0.161 **	0.165 **
4	...	478 **	461 **	0.271 **	0.272 **
5 or more	...	658 **	637 **	0.294 **	0.295 **
Dwelling type					
Single-detached house (ref.)	...	...	...	...	...
Semi-detached house	...	-146 **	-157 **	-0.085 **	-0.078 **
Row house	...	-180 **	-234 **	-0.133 **	-0.128 **
Apartment or flat in a duplex	...	-333 **	-328 **	-0.187 **	-0.183 **
Apartment in a building that has five or more storeys	...	-44 **	-201 **	-0.102 **	-0.102 **
Apartment in a building that has fewer than five storeys	...	-252 **	-324 **	-0.191 **	-0.184 **
Other	...	-262 **	-290 **	-0.189 **	-0.192 **
Dwelling condition					
Regular maintenance needed (ref.)	...	...	...	...	...
Major repairs needed	...	-35 **	-21 **	-0.010 **	-0.007 **
Minor repairs needed	...	-14 **	-9 **	-0.001	0.005 **
Subsidized housing					
Not subsidized (ref.)	...	...	...	...	...
Subsidized	...	-466 **	-388 **	-0.509 **	-0.486 **
Neighbourhood median income quintile					
Quintile 1 (ref.)	...	...	...	...	...
Quintile 2	...	73 **	...	...	...
Quintile 3	...	136 **	...	...	...
Quintile 4	...	233 **	...	...	...
Quintile 5	...	446 **	...	...	...
Constant	1,476 **	1,596 **	1,722 **	7.35 **	7.12 **
Other housing and geographic controls					
Year built	No	Yes	Yes	Yes	Yes
CSD	No	Yes	No	No	No
DA	No	No	Yes	Yes	Yes
R-squared	0.05	0.51	0.61	0.62	0.58
Unweighted number of dwellings	815,000	815,000	815,000	815,000	753,000

** significantly different from reference category ($p < 0.01$)
... not applicable
CSD: census subdivision
DA: dissemination area

Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are conditional upon rent being greater than $0 per month. The sample is restricted to the 41 census metropolitan areas (CMAs) in 2021 and their equivalent CMAs or census agglomerations for previous census years and to dwellings that were not built during the last six calendar years. Duration of tenancy is derived from questions about residing in the same dwelling one year and five years before the census reference date. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. Refer to the appendix for regressions by census division for Toronto, Montréal, Greater Vancouver, Calgary (Division No. 6, Alberta) and Ottawa. Unweighted observations are rounded to the nearest 1,000.
Sources: Statistics Canada, Census of Population (2016 and 2021).

The tenure-based gap in shelter costs is a pervasive issue across Canadian municipalities. Though monthly shelter costs in the Toronto and Vancouver rental markets were markedly higher than in many other Canadian cities in 2021, the tenure duration-based gap in percentage terms was similar for many other cities. For comparable dwellings and neighbourhoods in 2021, renters residing in a dwelling for five years or more in Montréal and Ottawa paid around 18% less than recent renters who had resided in their

home for less than a year (see appendix). This was similar to the 20% difference in Toronto and Vancouver.

Conclusion and discussion

Rental price rigidities in Canada favour longstanding tenants who pay substantially less rent than more recent tenants. This study shows how the gap between recent and long-term renters' housing costs has widened since 1996. Moreover, the continued fast-paced increase in rental costs since 2021 suggests that this gap may have widened further in recent years. Since May 2021, many of the temporary provincial rent control policies and tenant protections enacted following the onset of the pandemic have come to an end. Wide differences in rents paid between turnover apartments (new tenant in last 12 months) and non-turnover apartments for 2023 appear to corroborate this trend (CMHC 2024a).

This study finds that, accounting for dwelling and geographic fixed effects (e.g., differences in vacancy rates, neighbourhoods, regulations), tenancy duration remains an important factor for tenants' rent costs. The implication is that renters may increasingly be incentivized to avoid moving, and this may hinder residential and labour mobility. Another implication could be dissuading otherwise qualified individuals from applying to employment opportunities that require frequent relocations, such as the military. This lower labour mobility could have knock-on effects on the ability to efficiently allocate labour and skills across Canada and, therefore, labour productivity more broadly. Looking ahead, further research is needed to determine the effects of such rental cost gaps on renters' residential mobility and tenant turnover.

Appendix

Table A1
Hedonic pricing models for rented dwellings by selected census division, 2021

Dependent variable: Logged shelter costs	(1) **Toronto**	(2) **Montréal**	(3) **Vancouver**	(4) **Calgary**	(5) **Ottawa**
			number		
Duration of tenancy					
Less than 1 year (ref.)	...	...	...	...	...
1 year to less than 5 years	-0.04 **	-0.07 **	-0.05 **	-0.01 *	-0.09 **
5 years or more	-0.22 **	-0.20 **	-0.22 **	-0.06 **	-0.19 **
Number of bedrooms					
0	-0.38 **	-0.40 **	-0.43 **	-0.38 **	-0.37 **
1	-0.22 **	-0.22 **	-0.26 **	-0.20 **	-0.22 **
2 (ref.)	...	...	...	...	...
3	0.15 **	0.16 **	0.26 **	0.15 **	0.14 **
4	0.25 **	0.29 **	0.41 **	0.27 **	0.18 **
5 or more	0.22 **	0.35 **	0.45 **	0.31 **	0.16 **
Dwelling type					
Single-detached house (ref.)	...	...	...	...	...
Semi-detached house	-0.12 **	-0.02	-0.10 **	-0.09 **	-0.12 **
Row house	-0.14 **	-0.08 **	-0.13 **	-0.15 **	-0.15 **
Apartment or flat in a duplex	-0.28 **	-0.13 **	-0.22 **	-0.23 **	-0.20 **
Apartment in a building that has five or more storeys	-0.20 **	-0.12 **	-0.08 **	-0.17 **	-0.18 **
Apartment in a building that has fewer than five storeys	-0.27 **	-0.19 **	-0.18 **	-0.22 **	-0.23 **
Other	-0.12 *	-0.14 **	-0.20 **	-0.17 **	-0.26 **
Dwelling condition					
Regular maintenance needed (ref.)	...	...	...	...	...
Major repairs needed	-0.01 **	-0.01 **	0.00	0.01	-0.02 *
Minor repairs needed	0.00	-0.01 *	0.01 **	0.01 **	-0.01 *
Subsidized housing					
Not subsidized (ref.)	...	...	...	...	...
Subsidized	-0.73 **	-0.45 **	-0.40 **	-0.45 **	-0.74 **
Constant	7.76 **	7.23 **	7.60 **	7.33 **	7.57 **
Other housing and geographic controls					
Year built	Yes	Yes	Yes	Yes	Yes
Dissemination area	Yes	Yes	Yes	Yes	Yes
R-squared	0.60	0.53	0.61	0.55	0.59
Unweighted number of dwellings	115,000	122,000	79,000	34,000	31,000

... not applicable
* significantly different from reference category ($p < 0.05$)
** significantly different from reference category ($p < 0.01$)

Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are conditional upon rent being greater than $0 per month. The sample is restricted to the 41 census metropolitan areas (CMAs) in 2021 and their equivalent CMAs or census agglomerations for previous census years and to dwellings not built in the last six calendar years. Shelter costs for Toronto, Montréal, Greater Vancouver, Calgary (Alberta, Division No. 6) and Ottawa use census division boundaries. Duration of tenancy is derived from questions about residing in the same dwelling one year and five years before the census reference date. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. Unweighted observations are rounded to the nearest 1,000.
Source: Statistics Canada, Census of Population (2021).

Table A2
Hedonic pricing models for rented dwellings in Canada, 1996 to 2021

	(1)	(2)	(3)	(4)	(5)
Dependent variables: Logged shelter costs	**1996**	**2001**	**2006**	**2016**	**2021**
Duration of tenancy			number		
Less than 1 year (ref.)	...	...	...	...	...
1 year to less than 5 years	-0.009 **	-0.028 **	-0.024 **	-0.027 **	-0.062 **
5 years or more	-0.057 **	-0.079 **	-0.095 **	-0.128 **	-0.208 **
Number of bedrooms					
0	-0.347 **	-0.334 **	-0.308 **	-0.438 **	-0.417 **
1	-0.190 **	-0.208 **	-0.200 **	-0.240 **	-0.238 **
2 (ref.)	...	...	...	...	...
3	0.144 **	0.143 **	0.141 **	0.158 **	0.156 **
4	0.243 **	0.241 **	0.230 **	0.262 **	0.262 **
5 or more	0.283 **	0.254 **	0.265 **	0.286 **	0.284 **
Dwelling type					
Single-detached house (ref.)	...	...	...	...	...
Semi-detached house	-0.096 **	-0.080 **	-0.092 **	-0.098 **	-0.105 **
Row house	-0.193 **	-0.159 **	-0.204 **	-0.213 **	-0.207 **
Apartment or flat in a duplex	-0.173 **	-0.157 **	-0.169 **	-0.180 **	-0.184 **
Apartment in a building that has five or more storeys	-0.171 **	-0.138 **	-0.165 **	-0.166 **	-0.168 **
Apartment in a building that has fewer than five storeys	-0.202 **	-0.172 **	-0.196 **	-0.204 **	-0.214 **
Other	-0.168 **	-0.154 **	-0.187 **	-0.195 **	-0.187 **
Constant	6.59 **	6.68 **	6.83 **	7.14 **	7.36 **
Other housing and geographic controls					
Dwelling condition	Yes	Yes	Yes	Yes	Yes
Year built	Yes	Yes	Yes	Yes	Yes
Dissemination area	Yes	Yes	Yes	Yes	Yes
R-squared	0.55	0.55	0.50	0.51	0.56
Unweighted number of dwellings	531,000	528,000	531,000	753,000	815,000

... not applicable

** significantly different from reference category ($p < 0.01$)

Notes: Shelter costs (i.e., monthly rent plus average monthly electricity, heating, water and other municipal service costs) are conditional upon rent being greater than $0 per month. The sample is restricted to the 41 census metropolitan areas (CMAs) in 2021 and their equivalent CMAs or census agglomerations for previous census years and to dwellings not built in the last six calendar years. A small portion of respondents who reported residing in a different dwelling a year earlier but lived in the same dwelling five years earlier was excluded. Unweighted observations are rounded to the nearest 1,000.

Source: Statistics Canada, Census of Population (1996, 2001, 2006, 2016 and 2021).

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