

Does Rent Control Always Produce Lower Rents?

- Rent control refers to government regulations that aim to protect tenants from unforeseen increases in rents.
- Some analysts have expressed skepticism that rent controlled jurisdictions will have consistently slower growth in rental prices compared to jurisdictions where rent is not regulated.
- The graphic below shows average rents between 2008 and 2010, for two and three bedroom apartments for a bundle of cities in jurisdictions where rent is unregulated (Group A) and another bundle from jurisdictions where rent is controlled (Group B) .
- The data shows that for rent controlled cities, between the years 2008 and 2010, on average, rents increased slightly faster than in unregulated cities. The average rent for cities in the unregulated group for two bedroom apartments increased from \$872 to \$906 (3.9 percent) between 2008 and 2010. By comparison, the five-city average for rents in rent-controlled jurisdictions increased from \$931 to \$987 (6 percent) during the same period.
- For three bedroom apartments, the average rent for the two groups of cities increased at approximately the same rate (6 percent each) over this two year period.
- Many factors influence the rate at which rent prices increase over time. These data show that jurisdictions with rent control policies will not always experience slower growth in rent prices than jurisdictions where rent is unregulated.

Average Rents in Privately Initiated Rental Apartment Structures of Three Units and Over

	2 Bed					3+ Bed				
	2008	2009	% Chg	2010	%Chg	2008	2009	%Chg	2010	%Chg
Saint John	618	644	4.21	645	0.16	663	663	0.00	706	6.49
Halifax	833	877	5.28	891	1.60	1064	1091	2.54	1146	5.04
Calgary	1148	1099	-4.27	1069	-2.73	1063	1074	1.03	1057	-1.58
Edmonton	1034	1015	-1.84	1015	0.00	1170	1180	.85	1171	-0.76
Regina	756	832	10.05	881	5.89	908	964	6.17	1058	9.75
Saskatoon	841	905	7.61	934	3.20	860	918	6.74	959	4.47
Group A Average	872	895	3.51	906	1.35	955	982	2.89	1016	3.90
Charlottetown	672	701	4.32	731	4.28	798	801	0.38	834	4.12
Winnipeg	769	809	5.20	837	3.46	920	946	2.83	1056	11.63
Ottawa	995	1028	3.32	1048	1.95	1227	1257	2.44	1312	4.38
Toronto	1095	1096	0.09	1123	2.46	1288	1290	0.16	1322	2.48
Vancouver	1124	1169	4.00	1195	2.22	1356	1367	0.81	1420	3.88
Group B Average	931	961	3.39	987	2.87	1118	1132	1.32	1189	5.30
Total Average			3.45		2.04			2.18		4.53

Source: CMHC, Rental Market Statistics, Fall Issue 2009, pp. 33- 34
Rental Market Statistics, Fall Issue 2010, pp. 33-34.

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