2026 Rental Housing Development Study

EY / CMHC

September 2, 2026

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Disclaimer

This study was conducted for Canada Mortgage and Housing Corporation (CMHC) under Part IX of the *National Housing Act*. The analysis, interpretations and recommendations are those of the author(s) and do not necessarily reflect the views of CMHC.

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Study Background

- Since 2023, CMHC and EY have partnered to conduct the Rental Housing Development Survey, gathering insights from developers, owners, investors, and housing providers across Canada on the opportunities and challenges shaping the delivery of purpose-built rental housing. The survey has evolved into a longitudinal resource for tracking changes in market sentiment, development activity, financing conditions, policy priorities, and barriers to housing supply.
- The 2026 survey builds on this foundation by examining how rental housing industry participants across Canada involved in the development of rental housing are responding to current market conditions, including project feasibility challenges, financing constraints, construction innovation, regulatory barriers, and housing policy considerations. The findings are intended to support CMHC's ongoing efforts to expand rental housing supply and improve housing affordability across Canada.

Survey Overview

Survey Overview: Understanding Rental Housing Developer Perspectives

- The Rental Housing Development Survey was designed to capture the perspectives of developers, investors, owners, and housing providers on the opportunities and challenges influencing purpose-built rental housing development across Canada. By examining market sentiment, development activity, financing conditions, construction innovation, and policy considerations, the survey provides insights to help CMHC better understand barriers to new supply and inform the evolution of its programs and initiatives.

Survey Timeline and Response Rate

- **Survey Duration**: May 28, 2026 to July 13, 2026
- **Audience**: Sent to EY's internal distribution list of Canadian rental housing owners, developers, and investors, as well as CMHC industry contacts
- **Response Rate**: 110 responses

Survey Results

- A sample survey and the comprehensive results of our survey have been provided to CMHC along with this report.

Survey Limitations

- Unless otherwise noted, all references to geographic findings are based on respondents operating markets, not their primary market. Respondents were able to select multiple operating markets.
- In instances where results are not shown for specific geographies, this is due to an insufficient number of responses for that geography.
- These results represent the views of respondents who chose to respond to the survey. They do not necessarily reflect the views of the entire industry.
- Results should be interpreted as directional indicators of industry sentiment rather than a statistically representative sample of the Canadian rental housing sector.

Respondents by Organizational Structure

- Private Developer / Family Office – 76 respondents
- Asset / Fund Manager – 6 respondents
- Public / Listed Real Estate Company – 6 respondents
- Non-Profit Developer – 16 respondents
- Pension Fund / Institutional – 2 respondents
- Crown Housing – 1 respondent
- Other – 3 respondents

Canadian Market Activity (%)

- Toronto / GTA – 32%
- Ontario (beyond GTA) – 46%
- Vancouver / GVA – 31%
- British Columbia (beyond GVA) – 29%
- Prairies – 35%
- Montreal / GMA – 10%
- Quebec (beyond GMA) – 6%
- Atlantic Provinces – 8%
- Territories – 6%

Note: Respondents can operate in multiple markets

Respondents by Recent Completions (<10 years)

- <500 Units – 51 respondents
- 500 to 1,000 Units – 10 respondents
- 1,000 to 1,499 Units – 19 respondents
- 1,500 to 1,999 Units – 6 respondents
- 2,000 to 2,499 Units – 9 respondents
- 2,500 to 2,999 Units – 5 respondents
- 3,000 to 3,499 Units – 2 respondents
- 3,500 Units or more – 8 respondents

Summary of Key Findings

Our survey has provided us with a number of key findings, helping to better understand the sentiments and actions of rental housing developers and investors.

Participants Remain Optimistic About Long-Term Demand Despite Near-Term Feasibility Challenges

- Long-term sentiment remains positive despite growing concerns regarding project viability in the near term.
- Developers continue to view demand fundamentals favourably but are increasingly constrained by project economics.

Long-Term Asset Retention Has Become the Dominant Development Strategy

- Develop-and-hold remains the preferred approach across the industry.
- Few respondents are pursuing near-term disposition strategies, reflecting a continued focus on stable long-term income.

Regulatory Friction Has Overtaken Financing as a Leading Challenge

- Overall development approval timelines, government fees, development charges, construction costs, and financing conditions remain the most significant barriers to advancing projects.
- Participants consistently identified faster development approvals and development charge relief as the most impactful policy measures.

Developers Are Exploring Construction Innovation, But Adoption Remains Incremental

- Interest in Modern Methods of Construction ("MMC") increased significantly year-over-year.
- Adoption remains concentrated in lower-risk prefabricated approaches rather than fully modular delivery models.

CMHC Programs Continue to Play a Critical Role in Enabling Rental Housing Development

- Lender financing supported by CMHC mortgage insurance remains the dominant source of project funding.
- Survey results suggest anticipated rental housing supply remains heavily dependent on continued access to CMHC-supported financing tools.

**GTA=Greater Toronto Area, GMA=Greater Montreal Area, GVA=Greater Vancouver Area*

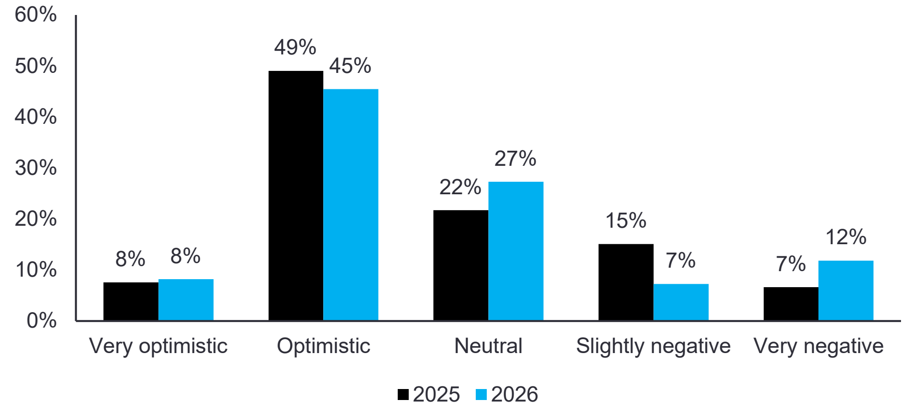
Rental Construction Market Sentiment

Developers remain optimistic about long-term demand but increasingly concerned about near-term feasibility

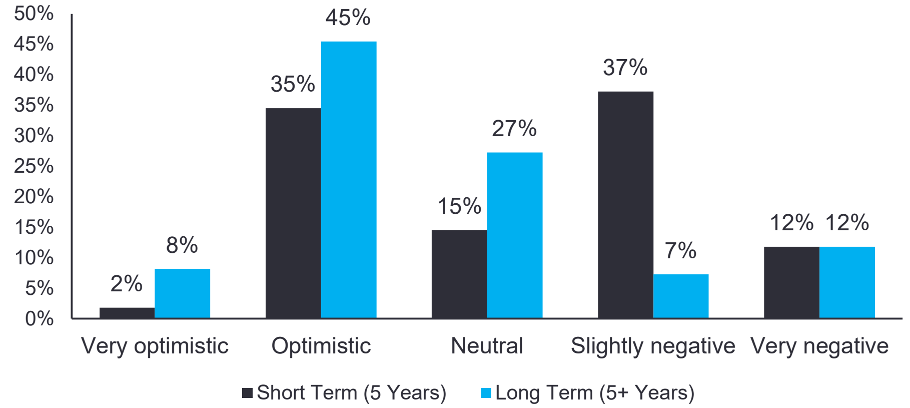
- This year's survey highlights a significant divergence between short- and long-term views of rental housing development feasibility in Canada. While 53% of respondents remain optimistic about the long-term outlook for the sector, only 37% expressed optimism regarding project feasibility over the next five years. Conversely, 49% reported a negative short-term outlook, compared to just 19% holding a negative long-term outlook.
- Compared with 2025, long-term sentiment remains relatively stable. However, short-term confidence has weakened. This suggests developers continue to see long-term opportunity in the rental housing sector, but are increasingly cautious about advancing projects under current market conditions.
- The gap between long- and short-term sentiment is reflected throughout the survey results. Developers continue to identify development costs, project economics, regulatory approvals, and municipal fees as key barriers to advancing new rental housing supply, despite continued confidence in the underlying demand for rental housing across Canada.

Key Insight: *Developers remain confident in the long-term need for purpose-built rental housing but increasingly question the feasibility of delivering projects in the current environment. The widening gap between long-term opportunity and short-term viability suggests that project economics, rather than demand fundamentals, are becoming the primary constraint on new rental housing supply.*

Long-Term (5+ Years) Outlook on Rental Development Feasibility



Outlook on Rental Development Feasibility (Canada)



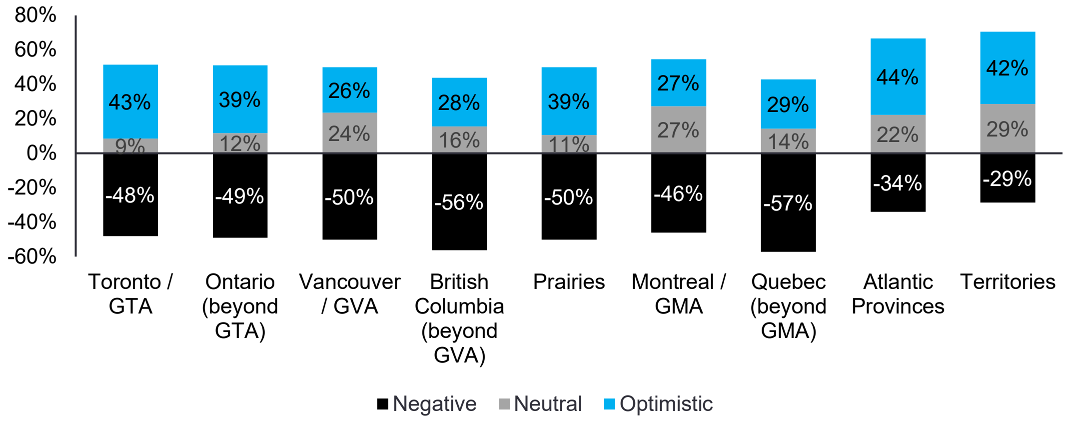
Rental Construction Market Sentiment

Long-term sentiment varies across markets, but planned development remains concentrated among optimistic respondents

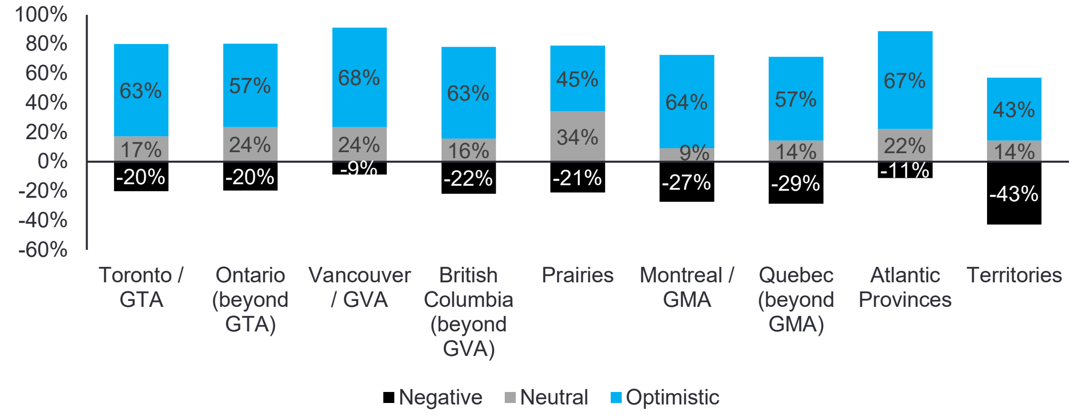
- Long-term optimism remains prevalent across most Canadian markets, with a majority of respondents in nearly every geography expressing a positive outlook on the feasibility of rental development beyond the next five years. Confidence remains strongest in the larger urban centres and Atlantic Canada, while the Prairies report a more neutral outlook, with negative sentiment remaining in line with other regions.
- Regional differences in long-term sentiment, while present, are notably less pronounced than in the near-term results. Markets that report weak short-term outlooks, including Vancouver/GVA, Montreal/GMA and Toronto/GTA, nonetheless show among the more positive long-term views, suggesting that current pessimism is rooted in present feasibility conditions rather than doubts about underlying demand.
- The contrast between short-term and long-term results indicates that developers continue to view the fundamentals supporting rental housing demand as intact across the country, even in markets where costs and challenging economics are creating near-term uncertainty. This suggests the current caution reflects a question of timing rather than a reassessment of the sector's longer-term prospects.

Key Insight: *Long-term confidence in Canada's rental housing sector remains broadly positive across most regions, despite weaker short-term sentiment. This suggests developers continue to believe in the underlying demand fundamentals supporting rental housing, while remaining cautious about the current feasibility of advancing new projects.*

Short-Term (<5 Years) Outlook on Rental Development Feasibility by Region



Long-Term Outlook (5+ Years) on Rental Development Feasibility by Region

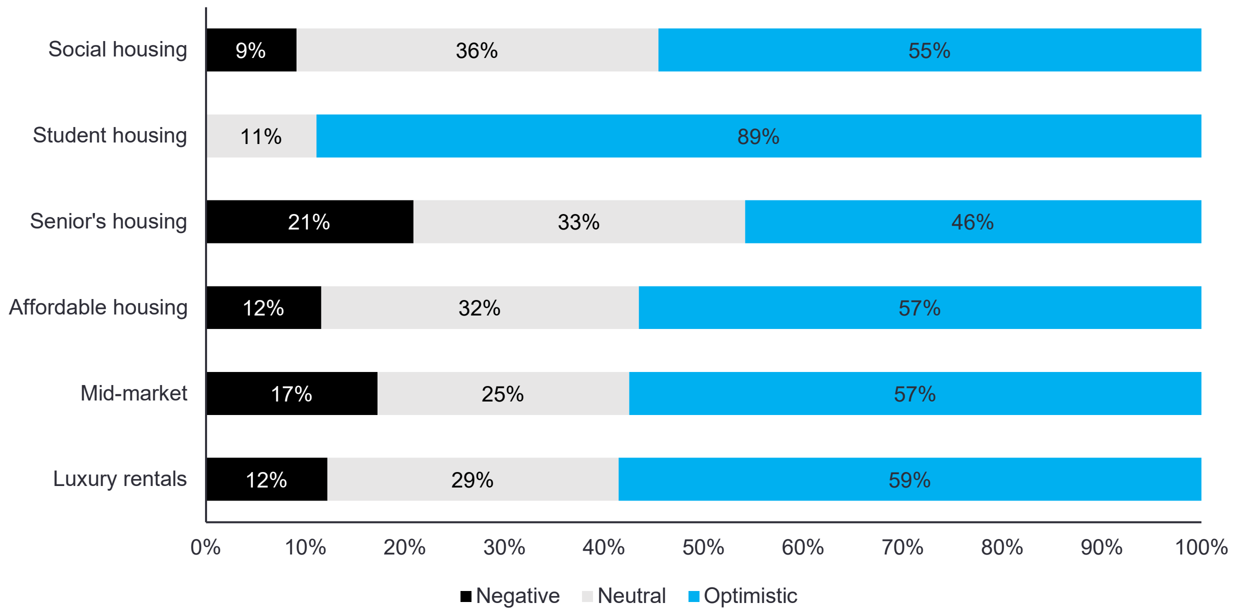


Rental Construction Market Sentiment

Developer confidence is strongest in segments with established development and operating models, while sentiment is more divided where delivery is more complex.

- Sentiment is most favourable, and most aligned, in segments with mature development models, well understood operating assumptions, and established sources of capital. Student housing shows the most homogeneous outlook of any segment, with respondents reporting either a positive or neutral view, and mid-market, luxury, and affordable rentals also draw broadly constructive sentiment. The strength in student housing may partly reflect the emergence of specialized financing options for this product type.
- Sentiment is more divided in segments where; operating complexity, delivery requirements, or financing are more specialized. Senior's housing stands out with the widest range of responses of any category, suggesting that project economics and execution factors weigh more heavily in this segment than any broader pattern across housing types.
- Taken together, the results suggest that developer confidence is shaped less by product category and more by the specific execution characteristics of each segment. Respondents appear to place a premium on housing products that can be financed, delivered, and operated through familiar models, while segments with greater delivery complexity face more mixed views.

Long-Term Outlook (5+ Years) on Rental Development Feasibility by Market Segment



Note: Respondents can operate in multiple market segments

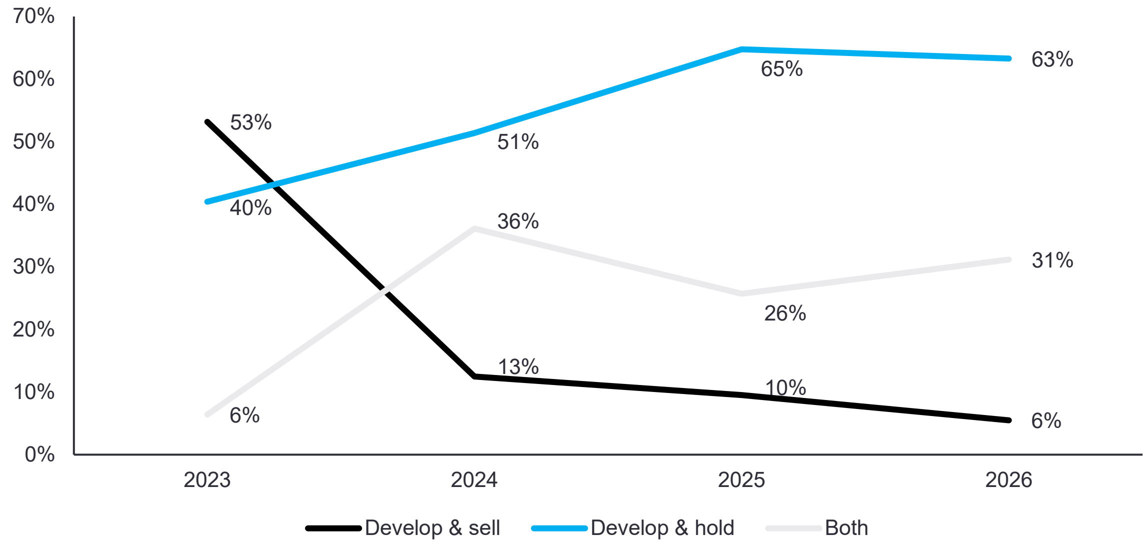
Key Insight: *Developers appear most confident in housing segments supported by established development, financing, and operating models. This suggests that execution certainty and project feasibility are increasingly shaping investment decisions, with developers gravitating toward formats where risk can be readily assessed and managed.*

Development Strategy

Develop-and-hold has become the default strategy as exit economics remain unattractive

- Very few developers are now building to sell immediately, with the share pursuing a develop-and-sell strategy declining substantially over the past four years to a small minority of respondents in 2026 (6%). This pattern points to a sustained change in development strategies, likely reflecting both evolving business models and prevailing market conditions.
- The reasons behind this shift appear rooted in the economics of exiting at completion. Narrow spreads between development and acquisition cap rates leave minimal profit from building and selling, while elevated replacement costs make existing assets more valuable to hold than to trade. With limited opportunities to redeploy capital elsewhere in the market, and tax treatment favouring retention over disposition, developers have little incentive to exit projects prematurely.
- The timing of this shift may also partly reflect the introduction of MLI Select in 2022, which allowed for further access to financing for developers. Combined with expectations of rising rents at the time, these conditions could have contributed to a stronger appetite to build and hold rather than sell.
- A modest rise in mixed strategies suggests some developers are preserving the flexibility to sell select projects opportunistically, but the broader picture is one of a sector that has settled into long-term ownership as its default posture, prioritizing stable, recurring revenue in an uncertain economic climate.

What is your organization's development strategy for rental housing assets?



Key Insight: *The shift toward long-term ownership of rental assets has largely stabilized, with develop-and-hold remaining the dominant strategy in 2026. While the share of develop-and-sell respondents continues to shrink, a modest uptick in mixed strategies suggests some developers are preserving optionality rather than committing fully to one approach, even as the broader preference for stable, recurring revenue persists.*

Development Strategy

Raw land and site intensification remain the leading strategies, though preferences in major urban markets are shifting toward land with excess density.

- Survey respondents noted the acquisition of raw land remains the most important development strategy in 2026, maintaining its top national ranking for a third consecutive year, with site intensification continuing to hold second position. At the national level, repositioning or renovating ageing assets has moved ahead of acquiring land with excess density, suggesting developers are placing somewhat greater emphasis on extracting value from underperforming existing stock as new development economics remain challenging.
- In the largest urban markets, site intensification now ranks as the top strategy, placing first in both Toronto/GTA and Vancouver/GVA, ahead of raw land acquisition. This suggests that in the highest cost urban centres, developers are prioritizing sites they already control or that offer existing income, reflecting the elevated land costs and capital efficiency considerations in these jurisdictions.
- Repositioning ageing assets has gained particular prominence in eastern markets, ranking first in Montreal/GMA, Quebec beyond GMA, and the Atlantic Provinces. This may indicate that in regions with older rental stock and comparatively softer new build economics, some developers see better risk adjusted opportunities in upgrading existing assets than in pursuing ground up development.
- Repurposing non-residential assets remain the lowest ranked strategy in nearly all geographies, consistent with prior years, suggesting the economics of conversion continue to be unattractive for most properties despite elevated office vacancies.

How important are the following development strategies to your organization? (Rank)

Strategy	Canada (2026)	Canada (2025)	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
Acquisition of Raw Land	1	1	2	1	3	1	1	5	4	3
Site Intensification	2	2	1	2	1	2	2	2	2	2
Reposition of Ageing Assets	3	4	3	4	2	3	3	1	1	1
Acquisition of Land w/ Excess Density	4	3	4	3	4	4	5	6	6	4
Acquisition of New PB Assets	5	5	5	5	5	5	4	3	5	5
Repurposing of Non-Residential Assets	6	6	6	6	6	6	6	5	3	6

Note: Duplicate rankings reflect tied average scores between options. Inclusive of all organization structures responses.

***Key Insight:** While raw land and site intensification remain the top strategies nationally, developers in the largest urban markets are increasingly favouring intensification of existing sites, while those in eastern markets are turning to the repositioning of ageing assets. This suggests strategies are increasingly shaped by local economics, with developers gravitating toward approaches that limit land acquisition costs and extract value from existing holding.*

Development Strategy

Regulatory friction and project economics represent the most significant barriers to new rental housing development.

- Government regulations, fees, and approval delay are the most significant challenge nationally and rank as the top barrier across all regions. The consistency of these results suggests that regulatory friction has become a widespread constraint on new rental housing development across Canada.
- Development economics also remains a major concern, with market conditions, construction costs, and high interest rates ranking among the top barriers. Together, these factors suggest that many projects are being challenged by both regulatory hurdles and weak project viability.
- Lower-ranked challenges such as land availability, infrastructure capacity, and labour availability suggest that the primary constraints on new rental supply are less related to physical development capacity and more related to the conditions required to move projects forward. This includes navigating regulatory requirements and achieving viable project economics. The results underscore the importance of measures that improve project feasibility while streamlining approvals.
- Although not directly differentiated in the table below, Non-profit developers reported a different set of priorities, with financing and funding availability ranking ahead of regulatory concerns. This reflects the funding-dependent nature of non-profit development and highlights the importance of dedicated funding programs to support new supply.

How significant are the following development challenges for your organization? (Rank)

Barrier	Canada	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
Government regulations, government fee, and approval delays	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Adverse market conditions	**2**	2	2	2	2	4	2	2	4
Construction materials costs and availability	**3**	5	5	3	3	4	4	4	2
High interest rates	**4**	3	3	4	4	2	3	3	5
Access to capital / financing constraints	**5**	4	7	5	5	6	8	8	9
Availability of financing and funding	**6**	8	8	6	6	5	7	6	8
Other	**7**	7	4	9	8	9	9	10	7
Access to skilled labour	**8**	6	6	8	9	8	5	5	4
Lack of enabling infrastructure	**9**	9	9	7	7	8	7	8	7
Securing land	**10**	10	10	10	10	10	10	9	10

Note: Duplicate rankings reflect tied average scores between options. Inclusive of all organization structures responses.

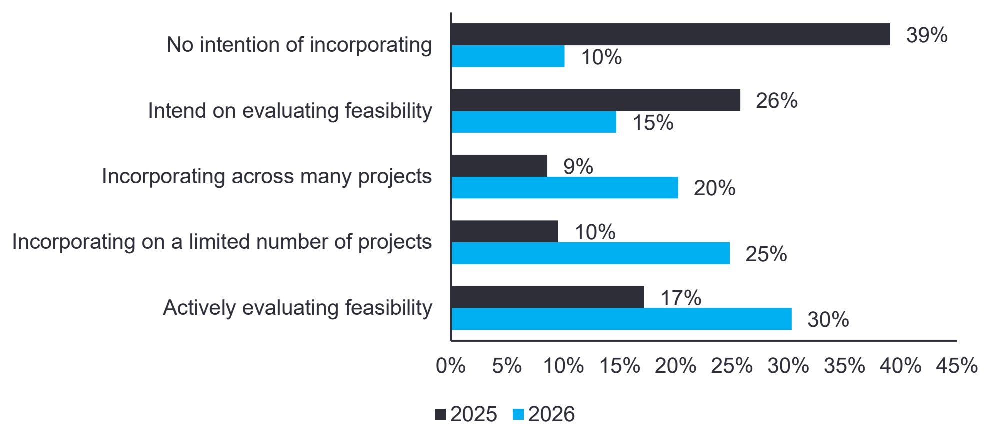
***Key Insight:** Respondents identified regulatory processes and project economics as the key barriers to new rental housing development. Despite strong demand, approval delays, government fees, construction costs, and financing conditions continue to limit new supply.*

Development Strategy

Interest in Modern Methods of Construction (“MMC”) is growing rapidly, though adoption remains focused on lower-risk solutions

- Developer attitudes toward MMC have shifted materially over the past year. The share of respondents reporting no intention to pursue MMC fell from 39% in 2025 to just 10% in 2026, while the share actively evaluating or implementing MMC increased significantly. This suggests MMC is increasingly being viewed as a viable tool to address construction challenges rather than a niche delivery approach.
- Despite growing interest, adoption remains concentrated in simpler prefabricated approaches, including panelized systems and prefabricated structural components. More integrated approaches such as volumetric modular construction continue to see limited uptake, suggesting developers are prioritizing lower-risk applications that can be integrated into existing construction processes.
- This suggests that concerns around cost, productivity, labour, and construction timelines are increasingly driving developers to explore alternative delivery approaches. However, adoption appears to be occurring incrementally, with most organizations favouring gradual implementation over wholesale changes to traditional construction methods.

To what extent is your organization incorporating MMC?



Across your recent projects, how frequently does your organization use the following Modern Methods of Construction (MMC)? (Rank)

Modern Method of Construction (MMC)	Canada	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
Prefabricated structural components	1	1	1	1	2	2	1	3	1
Panelized (2D) - basic (open frame)	2	3	3	2	1	1	3	3	4
Panelized (2D) - partially integrated	3	2	2	3	3	3	3	3	2
Panelized (2D) - fully integrated	4	4	4	5	4	4	4	1	3
Prefabricated MEP systems	5	5	5	4	5	5	6	5	6
Prefabricated foundation systems	6	6	6	7	6	7	7	8	8
Modular (3D) - partially fitted	7	7	7	6	8	8	6	7	7
Modular (3D) - fully integrated / turnkey	8	8	8	8	8	6	8	7	6

Note: Duplicate rankings reflect tied average scores between options. Inclusive of all organization structures responses.

***Key Insight:** Interest in MMC has accelerated significantly over the past year, indicating growing industry willingness to explore construction innovation. However, adoption remains concentrated in incremental solutions rather than fully modular delivery models, suggesting developers continue to prioritize implementation certainty and execution risk when evaluating new construction approaches.*

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Development Strategy

Developers show strong alignment on the policy changes most likely to improve project viability

- Faster and more predictable development approvals rank as the most impactful policy change nationally and in most Canadian markets. Lower or deferred development charges also rank highly across nearly all regions and are identified as the top priority in Toronto/GTA, reflecting the growing importance of municipal costs and approvals timelines on project feasibility.
- Access to government-backed financing and greater zoning certainty round out the top tier of priorities nationally, ranking third and fourth respectively. This suggests that beyond faster approvals and cost relief, developers also place meaningful value on financing support and predictability throughout the planning and entitlement process. Not differentiated in the table below, but observed from Non-profit developer responses, access to government-backed financing ranked as their top priority, reflecting their reliance on public funding programs rather than the approvals and cost relief measures prioritized by for-profit developers.
- Policy measures such as flexible parking requirements, reduced appeal risk, and access to public land generally rank lower than measures directly affecting approvals timelines and project economics. This suggests respondents view development costs and regulatory processes as the primary barriers to advancing new rental housing supply.

To what extent would the following policy changes help your organization advance projects more quickly, reduce risk, or improve viability? (Rank)

Policy Change	Canada	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
Faster and more predictable development approvals	1	2	1	1	1	1	1	1	1
Lower or deferred development charges / levies	2	1	2	2	2	2	2	2	2
Access to government-backed financing / guarantees	3	3	4	4	4	3	4	5	5
Greater certainty on zoning / as-of-right permissions	4	4	3	3	3	4	3	3	3
Upfront servicing / infrastructure	5	5	5	6	5	5	6	5	4
Ability to increase density / height	6	6	6	5	6	6	5	6	6
Availability of public land at below-market cost	7	8	8	7	8	7	9	9	7
Reduced risk of appeals or late-stage policy changes	8	7	7	8	7	8	7	7	8
Reduced or flexible parking requirements	9	9	9	9	9	9	8	8	9

Note: Duplicate rankings reflect tied average scores between options. Inclusive of all organization structures responses.

Key Insight: *Developers are highly aligned on the policy changes most likely to support new rental housing. Approval reform, development charge relief, and greater planning certainty consistently rank ahead of other interventions, reinforcing the importance of addressing project economics and development timelines to unlock supply.*

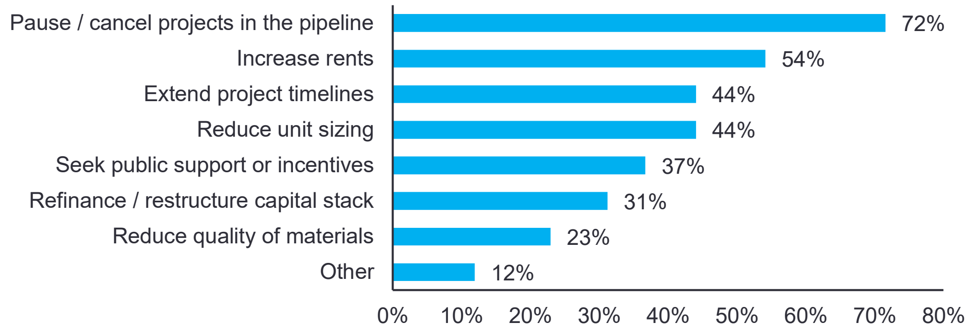
Development Strategy

Cost pressures are increasingly resulting in deferred supply, as developers pause projects and rely on rent growth to preserve feasibility.

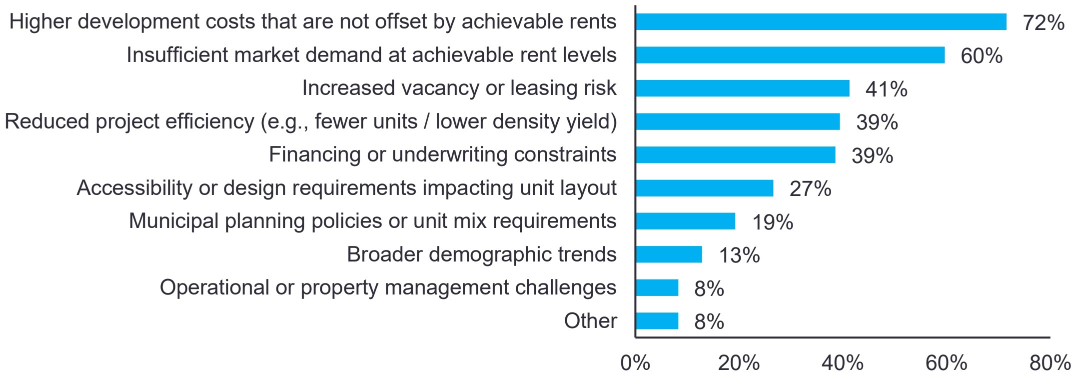
- In response to rising development costs, the most commonly reported strategy has been to pause or cancel projects in the pipeline, with many respondents also reporting rent increases. Adjustments to project design, including extended timelines and reduced unit sizing, follow closely behind. Developers appear more inclined to delay or increase rents than to compromise on construction quality, which ranks among the less common responses. This suggests cost pressures are translating largely into deferred supply and higher rents rather than changes to product standards.
- The prevalence of paused and cancelled projects is consistent with the near-term feasibility concerns observed elsewhere in the survey, suggesting that when project economics weaken, developers tend to hold back supply rather than proceed at compressed margins.
- The barriers to developing larger rental units (i.e., 3+ bedrooms) appear to be driven primarily by project viability considerations. For larger units, higher development costs that are difficult to offset with achievable rents, along with softer demand at the required rent levels, were cited most frequently. While factors such as design requirements and municipal planning policies ranked lower on their own, many of these elements are interrelated and can contribute to the cost and efficiency challenges respondents cited most often.

Key Insight: *Cost pressures appear to be prompting developers to defer supply and adjust rents rather than reduce quality, while the limited delivery of larger rental units seems to stem primarily from the gap between construction costs and achievable rents. This suggests that improving project economics may be a more meaningful lever for encouraging both new supply and family-sized units.*

In response to rising development costs over the past 2-3 years, which of the following strategies has your organization undertaken to maintain the viability of rental housing projects?



What factors most limit your organization's ability to develop larger rental units?



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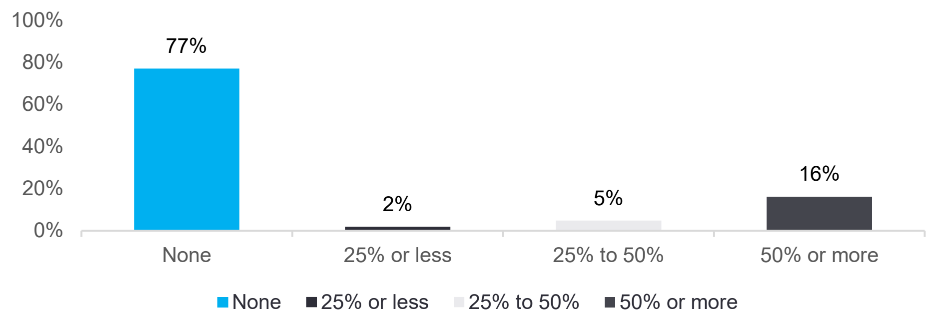
Development Strategy

Developers lean on internal data and transaction-based evidence when underwriting projects, while pre-leasing requirements remain rare.

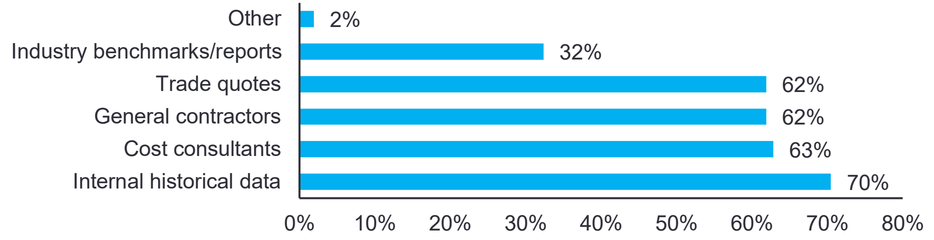
- The large majority of respondents (77%) reported no pre-leasing requirement prior to loan closing for purpose built rental projects. This suggests lenders remain broadly comfortable underwriting rental development on the strength of market fundamentals rather than committed tenants, a notable contrast to condominium development where pre-sales are typically a financing precondition, and indicates pre-leasing is not acting as a barrier to accessing construction financing.
- When forming construction cost assumptions, developers rely most heavily on internal historical data (70%), followed closely by cost consultants, trade quotes, and general contractors, each cited by over 60% of respondents. The use of multiple overlapping sources suggests developers are triangulating estimates rather than depending on any single input, likely a response to the cost volatility of recent years.
- A similar pattern holds for land value assumptions, where appraisers and internal comparables (66% each) lead as the most common inputs, followed by brokers and market listings, while municipal data sees limited use. Across both cost and land assumptions, the prominence of internal data highlights that developer experience remains the foundation of underwriting, giving established developers with deep project histories an informational advantage.

***Key Insight:** Developers underwrite projects primarily through internal experience and transaction grounded evidence, triangulating multiple sources to manage estimation risk. With pre-leasing requirements largely absent, the accuracy of these cost and land assumptions carries significant weight in determining project feasibility.*

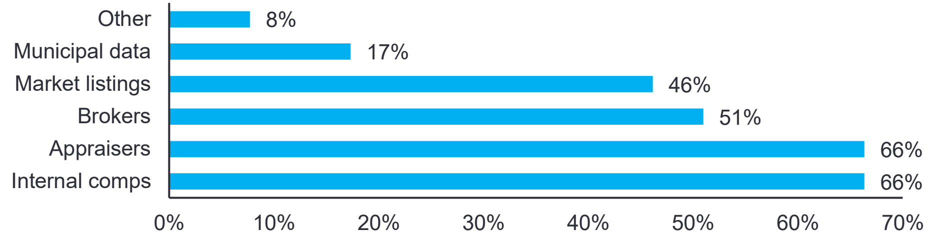
For your organization's purpose-built rental housing projects, what is the typical pre-leasing requirement prior to loan closing?



Where does your organization typically obtain inputs for construction cost assumptions?



Where does your organization typically obtain inputs for land value assumptions?



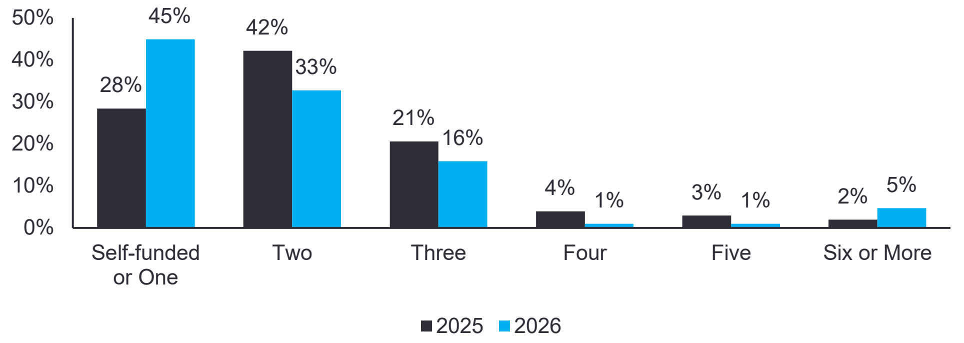
Project Funding

Reliance on multiple funding sources seems to have eased, loan and equity availability remain the leading barriers where financing challenges persist.

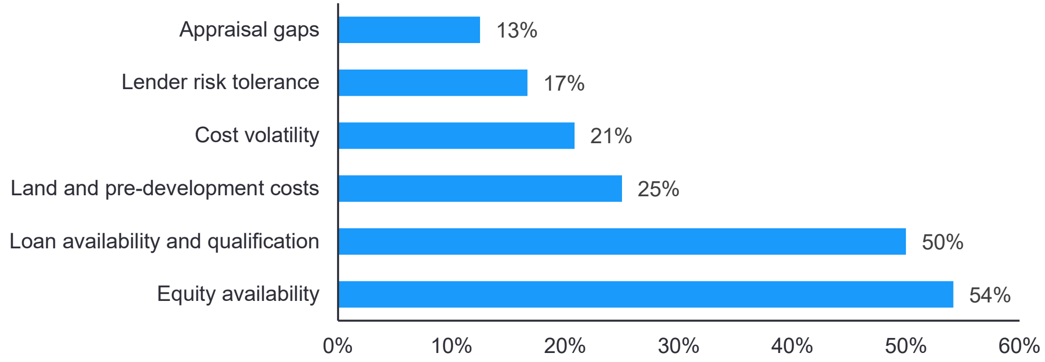
- Developers appear to be relying on fewer funding sources per project compared to the prior year, with a growing share of respondents financing projects through a single source rather than layering multiple forms of capital together. This may suggest a modest easing in the fragmented financing environment observed previously, potentially reflecting improved access to sufficient capital from a single source.
- The shift toward single-source financing may also reflect a change in who is actively developing, rather than broadly improved financing conditions. If better-capitalized developers are increasingly able to self-fund projects while smaller developers continue to face the barriers noted above, the overall trend could reflect a narrowing of active developers rather than easier access to capital across the market. It is also worth noting that the structure of MLI Select, which allows single-source financing at high LTVs, does not readily stack with other lenders, and may be contributing to the reduced use of multiple funding sources.
- Among respondents who were unsuccessful in securing financing, equity availability and loan qualification stood out as the leading barriers by a wide margin, suggesting that where financing challenges persist, they remain rooted in fundamental capital access rather than more technical issues such as appraisal values.
- Land and pre-development costs and broader cost volatility were also noted as meaningful, if secondary, obstacles, indicating that even as access to financing improves for some developers, rising input costs continue to complicate the ability to secure viable project economics.

***Key Insight:** While developers appear to be relying on fewer funding sources per project in 2026 compared to 2025, equity and loan availability remain the most significant barriers for those unable to secure financing. This suggests that although financing structures may be simplifying somewhat, access to capital, particularly equity, continues to be the primary constraint on project viability for a subset of developers.*

How many sources of funding does your organization combine in a typical project?



If you did not successfully obtain funding/financing for a new rental project, which of the following prevented you from doing so?



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Unclassified-Non classifié

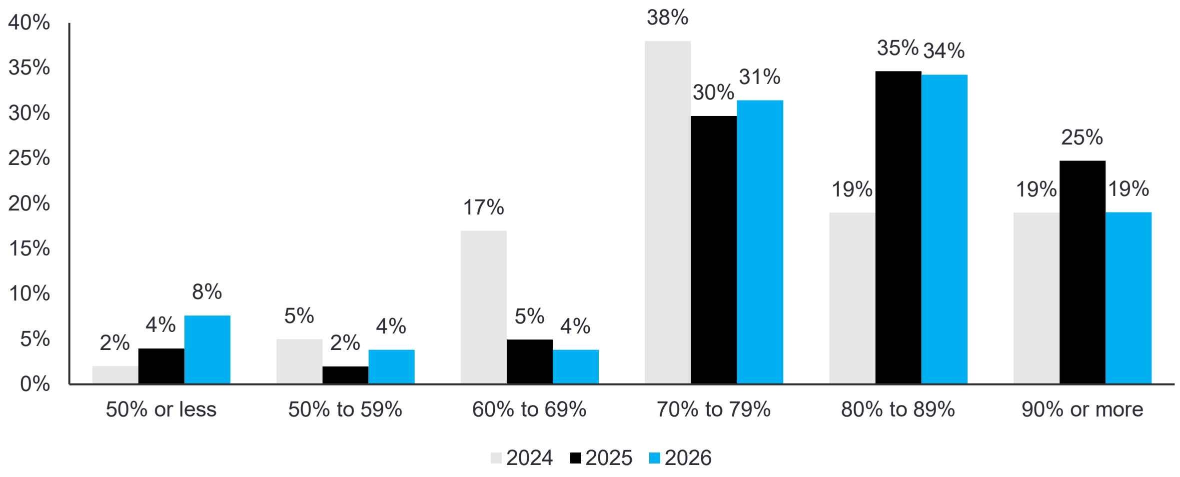
Project Funding

High leverage and long amortization remain embedded features of rental development financing.

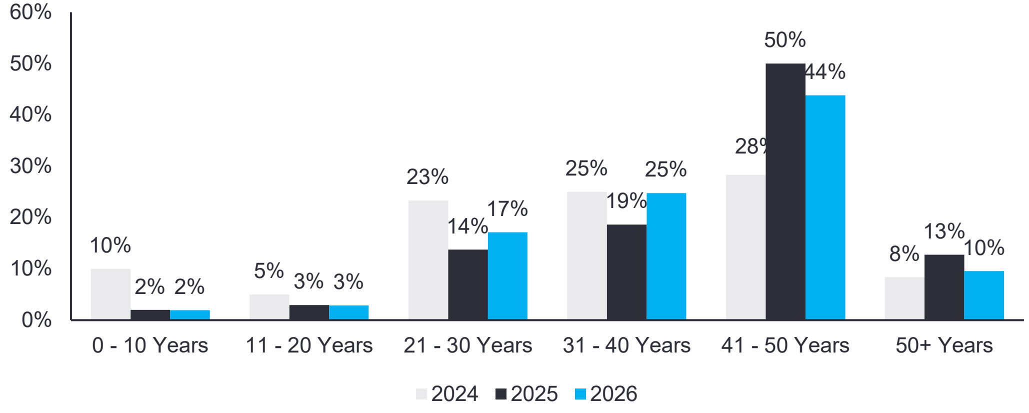
- 2026 survey responses indicate that the move toward higher loan to cost ratios observed in recent years has continued, with the majority of developers expecting ratios of 70% or above. The distribution has remained broadly stable relative to last year. This suggests that the elevated leverage levels reached in prior years have settled in as standard practice rather than continuing to climb.
- Preferences around amortization periods show a similar pattern of stabilization. The 41-to-50-year range remains the most common response by a wide margin, though it has pulled back somewhat from last year, while mid range periods of 21-to-40 years have picked up modestly. This may suggest that while extended amortization remains the market norm, particularly through CMHC supported financing, some developers are settling into slightly shorter terms as conditions normalize. Given uninsured financing is typically capped at 30 years, the decline in shorter amortization periods over time likely also reflects a shift toward insured financing.
- Taken together, these results suggest that the financing structures adopted in response to elevated costs, namely higher leverage and longer amortization, have become embedded features of the rental development landscape rather than temporary adaptations. The relative stability across both measures indicates that developers view these terms as appropriate for current market conditions rather than expecting a return to the more conservative structures of earlier years.

***Key Insight:** Developers continue to rely on high loan to cost ratios and extended amortization periods, with both measures holding broadly steady relative to last year. This stability suggests that leveraged, long duration financing structures have become the established standard for rental development, reflecting a durable adaptation to the cost environment rather than a short-term response.*

In a typical rental development, what is your organization's expected Loan-to-Cost ratio?



What is your organization's typical amortization period for permanent financing on your investments?



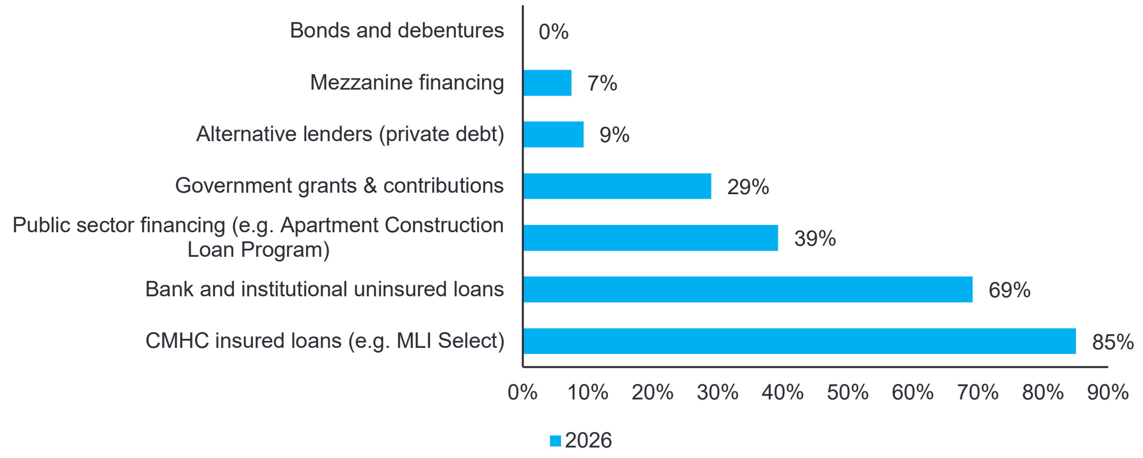
CMHC Programs

CMHC and government programs remain critical in enabling new rental housing development, with funding success rates holding steady year over year.

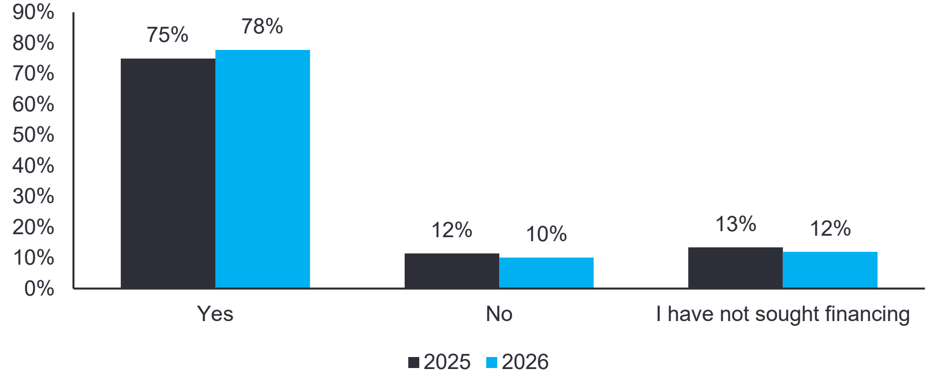
- Developers continue to rely heavily on CMHC backed financing tools, with 85% of respondents reporting they typically use CMHC insured loans for rental development projects. Bank and institutional uninsured loans remain the second most used source, while public sector financing such as the Apartment Construction Loan Program and government grants and contributions round out the most relied upon tools.
- Reliance on private capital beyond conventional bank lending remains minimal. This suggests developers show limited appetite for higher cost or more complex capital where conventional and government backed channels remain accessible.
- Access to financing appears to have held broadly stable, with 78% of respondents reporting they successfully obtained funding for a new rental project in the past year, up modestly from 75% in 2025. The share unable to secure financing edged down from 12% to 10%, while those not seeking financing held steady, suggesting that while lending conditions remain cautious, capital continues to flow to the majority of developers pursuing new projects.

Key Insight: *CMHC insured loans remain the dominant funding source for rental development, with private alternatives seeing minimal uptake and funding success rates holding steady year over year. This concentration underscores the importance of maintaining accessible CMHC programs to ensure anticipated rental supply can move forward.*

Which of the following external sources of funding does your organization typically use for projects?



Have you successfully obtained funding/financing for a new rental development project in the last year?

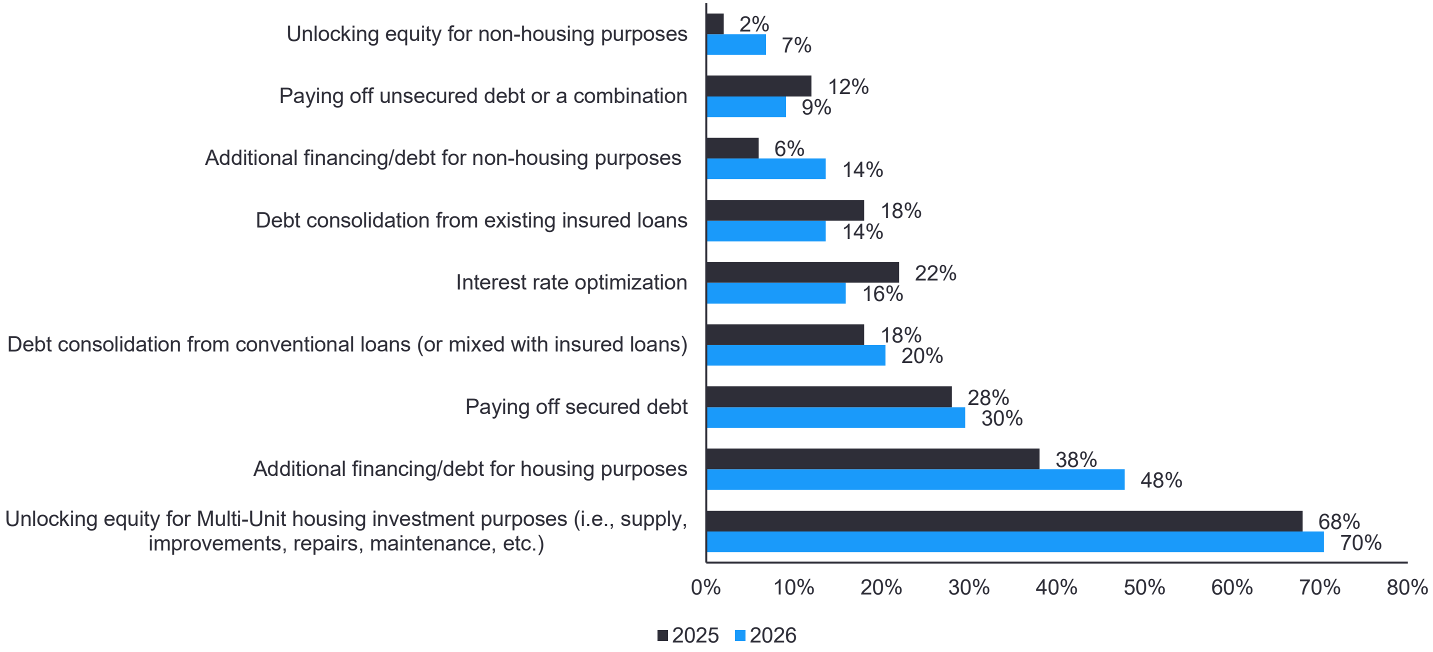


CMHC Programs

Refinancing proceeds continue to be directed overwhelmingly toward housing investment, with the trend strengthening modestly year over year.

- Survey respondents who refinanced Multi Unit MLI loans over the past five years continue to direct proceeds primarily toward housing related purposes. Unlocking equity for Multi Unit housing investment remains the most common use of funds by a wide margin, cited by 70% of respondents in 2026, consistent with 2025 results. Additional financing or debt for housing purposes also rose meaningfully, suggesting refinancing is increasingly serving as a vehicle to fund further housing activity.
- Non-housing uses of financing proceeds remain limited, though both unlocking equity for non housing purposes and additional financing for non housing purposes increased from low bases. Meanwhile, interest rate optimization declined, likely reflecting the more stable rate environment relative to prior years, which has reduced the incentive to refinance purely for rate purposes.
- Debt management uses, including paying off secured debt and consolidating conventional or insured loans, held broadly steady year over year, indicating that refinancing continues to play a consistent secondary role in balance sheet management alongside its primary function of funding housing investment.

Over the past five years, if you refinanced Multi-Unit MLI loans, what did you do with the funds?



**Results do not add up to 100% as respondents could select all that applied, 8% of respondents in 2025 selected N/A.*

Key Insight: *Proceeds from Multi Unit MLI refinancing remain concentrated in housing investment, with the share directed toward additional housing financing rising notably year over year. This suggests refinancing activity is functioning largely as intended, recycling capital back into rental housing supply rather than being diverted to non housing uses.*

Appendix – Survey Questions

Market Outlook, Development Strategies & Innovation:

- What housing typologies is your organization targeting for development over the next 5 years?
- Approximately what share of your organization's current residential development activity in Canada is purpose-built rental versus condominium?
- Approximately how many purpose-built rental units has your organization developed in Canada over the past 10 years?
- Approximately how many purpose-built rental units does your organization plan to start in Canada over the next five years?
- What is your organization's development strategy for rental housing assets?
- What is your organization's outlook on the financial feasibility of rental housing construction in Canada in the next 5 years?
- What is your organization's long-term outlook on the financial feasibility of rental housing construction in Canada (5+ years)?
- How important are the following development strategies to your organization?
- How significant are the following development challenges for your organization?
- What are the primary barriers your organization faces in acquiring land/sites for housing development?
- In response to rising development costs over the past 2–3 years, which of the following strategies has your organization undertaken to maintain the viability of rental housing projects?
- What factors most limit your organization's ability to develop larger rental units (e.g., 3+ bedrooms)?
- To what extent would the following policy changes help your organization advance projects more quickly, reduce risk, or improve viability?
- To what extent is your organization incorporating Modern Methods of Construction (MMC)?
- Across your recent projects, how frequently does your organization use the following Modern Methods of Construction?

Capital Availability, Project Financing & Development Economics:

- Which of the following external sources of funding does your organization typically use for projects?
- How many external sources of funding does your organization combine in a typical project?
- Have you successfully obtained funding/financing for a new rental development project in the last year?
- If you did not successfully obtain funding/financing for a new rental project, which of the following prevented you from doing so?
- In a typical rental development, what is your organization's expected Loan-to-Cost ratio?

Appendix – Survey Questions

Capital Availability, Project Financing & Development Economics (continued):

- In a typical rental development, what is the minimum Debt-Service Coverage Ratio (DSCR) required by lenders?
- What is the typical amortization period for permanent financing on your organization's investments?
- For your organization's purpose-built rental housing projects, what is the typical pre-leasing requirement prior to loan closing?
- Where does your organization typically obtain inputs for construction cost assumptions?
- Where does your organization typically obtain inputs for land value assumptions?
- Where does your organization typically obtain inputs for rents/revenue assumptions?
- Where does your organization typically obtain inputs for financing terms assumptions?
- Where does your organization typically obtain inputs for development charges/fees assumptions?
- Where does your organization typically obtain inputs for construction timeline assumptions?

Programs, Public Policy & Housing Supply:

- How many rental development projects have you undertaken in the past five years without CMHC insurance or funding programs?
- Over the past five years, if you refinanced Multi-Unit MLI loans, what did you do with the funds?
- Access to government-backed financing / guarantees (policy support question)
- Developer perspectives on public-sector intervention and housing supply
- Please provide any additional comments you may have regarding the state of the rental housing market, and/or project feasibility and challenges.

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