

2025 Rental Housing Development Study

EY / CMHC

June 13, 2025



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Study Background

- ▶ In 2023, CMHC partnered with EY to conduct the Rental Housing Development Survey, which aimed to gain insights into the motivations and perspectives of rental housing developers across Canada. The primary focus was to understand the challenges these developers face, particularly in accessing CMHC programs. This initial survey provided CMHC with valuable insights, enhancing their understanding of the rental housing development community and enabling more effective alignment of their funding and mortgage loan insurance programs with market demands to boost the supply of new purpose-built rental housing throughout Canada.
- ▶ The survey was repeated in 2024 to further explore the rental housing development landscape and identify prevailing trends during a time of significant change. Since then, market conditions have continued to evolve, with developers facing complexities related to affordability, economic fluctuations, and geopolitical uncertainty. These challenges underscore the urgent need for new rental housing supply, leading to the completion of the third annual Rental Housing Development Survey.
- ▶ In 2025, CMHC has once again partnered with EY to conduct a follow-up Rental Housing Development Survey. This year's survey aims to deepen the understanding of the current development landscape to enhance and expand the impact of CMHC's products and programs, ultimately boosting the supply of new purpose-built rental housing throughout Canada.

Survey Questions

Market Outlook / Development Strategies

- ▶ What is your organization's outlook on the feasibility of rental housing construction in the next 5 years?
- ▶ What is your organization's long-term outlook on the feasibility of rental housing construction in Canada (5+ years)?
- ▶ What is your best estimate of the financial impact of tariffs on the costs of your rental housing development projects?
- ▶ How important are the following development strategies to your organization?
- ▶ What are the primary barriers your organization faces in acquiring land/sites for housing development?
- ▶ Which of the following factors do you believe pose the greatest barrier to construction innovation?
- ▶ What is your organization's development strategy for rental housing assets?
- ▶ Please rank the following development challenges in order of concern for your organization from most to least concerning. If you don't have any significant concerns, please put N/A first.
- ▶ To what extent is your organization incorporating modular or prefabricated housing?
- ▶ In the principal market that your organization operates in, development fees account for what % of your typical development budget (hard + soft costs)?
- ▶ What factors most influence your decisions regarding unit size and number of bedrooms per unit, particularly for larger units (e.g. 3-4 bedrooms)?

Project Funding Mechanisms

- ▶ Which of the following sources of funding does your organization typically use for projects?
- ▶ How many sources of funding does your organization combine in a typical project?
- ▶ Have you successfully obtained funding/financing for new rental development projects in the last year?
- ▶ If you did not successfully obtain funding/financing, which of the following primarily prevented you from doing so?
- ▶ 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 Products and Programs

- ▶ Which CMHC products or programs has your organization applied for or accessed in the past five years?
- ▶ How many rental development projects have you undertaken in the past five years without CMHC insurance or funding programs?
- ▶ What time-horizon are rental developers using in their decision-making process?
- ▶ Which changes to existing CMHC programs and product offerings would incite you to build more rental housing?
- ▶ Over the past five years, if you refinanced Multi-Unit MLI loans, what did you do with the funds?
- ▶ Please provide any additional comments you may have regarding the state of the rental housing market, outlook, project feasibility and challenges, and/or improvements to CMHC programs or products.

Survey Overview

Survey Overview: Understanding Rental Developers Motivations

- ▶ Building upon our previous survey, EY aimed to delve deeper into the financial challenges faced by rental housing developers in Canada within the context of today's economic environment.
- ▶ By gaining a better understanding of developers' drivers and challenges, CMHC can position itself more effectively to assess the future design of its product offerings and provide guidance on the design of policy-related programs.

Survey Timeline and Response Rate

- ▶ **Survey Duration:** March 3, 2025, to March 22, 2025
- ▶ **Audience:** Sent to EY's internal distribution list of Canadian rental housing owners, developers, and investors, as well as CMHC industry contacts
- ▶ **Response Rate:** 109 responses received, up from 96 in 2024, and 61 in 2023

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, therefore findings should be interpreted as indicative of trends or directions.
- ▶ In instances where results are not shown for specific geographies, this is representative of insufficient responses.
- ▶ 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.

Respondents by Organizational Structure

- ▶ Private Developer / Family Office – 59 respondents
- ▶ Asset / Fund Manager – 15 respondents
- ▶ Public / Listed Real Estate Company – 11 respondents
- ▶ Non-Profit Developer – 6 respondents
- ▶ Pension Fund / Institutional – 4 respondents
- ▶ Crown Housing – 2 respondents
- ▶ Other – 13 respondents

Respondents by Primary Market

- ▶ Toronto / GTA – 38 respondents
- ▶ Ontario (beyond GTA) – 15 respondents
- ▶ Vancouver / GVA – 17 respondents
- ▶ British Columbia (beyond GVA) – 3 respondents
- ▶ Prairies – 16 respondents
- ▶ Montreal / GMA – 4 respondents
- ▶ Quebec (beyond GMA) – 5 respondents
- ▶ Atlantic Provinces – 11 respondents
- ▶ Territories – 1 respondent

Respondents by Recent Completions (<10 years)

- ▶ <500 Units – 44 respondents
- ▶ 500 to 1,000 Units – 20 respondents
- ▶ 1,000 to 1,499 Units – 13 respondents
- ▶ 1,500 to 1,999 Units – 3 respondents
- ▶ 2,000 to 2,499 Units – 7 respondents
- ▶ 2,500 to 2,999 Units – 2 respondents
- ▶ 3,000 to 3,499 Units – 6 respondents
- ▶ 3,500 Units or more – 12 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.

Significant Market Pessimism in the Short-Term

- ▶ Last year's survey indicated that Canadian rental housing developers were beginning to adopt a more optimistic view of the market and project feasibility. The 2025 survey showed a decline in optimism, as more developers are adopting a neutral or cautious outlook. Only 29% are confident in short-term feasibility, while 42% report a negative outlook due to challenges like decreased capital availability, flat revenue forecasts, and high upfront capital needs which hinder new supply. However, overall long-term perspectives remain optimistic.
- ▶ Larger markets like the GTA, GVA, and GMA are more optimistic in the long-term, while smaller markets like the Prairies are more cautious. Concerns over cost volatility from anticipated tariffs and increasing municipal development fees further contribute to the cautious sentiment among developers in 2025.

Market Conditions are Resulting in Growth of Long-Term Asset Retention

- ▶ Developer strategies are shifting towards long-term ownership of rental assets due to viability challenges. In 2025, 65% of developers are holding rental assets, up from previous years. This trend reflects a preference for stable, recurring revenue amid strong housing demand and higher replacement costs. Narrowing profit margins and limited capital deployment opportunities further encourage this approach.

Market Conditions Hindering Innovative Construction Techniques

- ▶ Respondents identified high material costs, labor shortages, and regulatory restrictions as the primary barriers to innovation in construction. Unsurprisingly, a significant portion of respondents (39%) indicated that their organizations have no plans to incorporate modular or prefabricated construction in the foreseeable future.

Development Strategy Still Focused on Acquiring Raw Land and Intensification

- ▶ In 2025, acquiring raw land is the top development strategy, followed by site intensification in urban areas like the GTA and GVA, which is capital-efficient and avoids upfront land costs. Repurposing non-residential assets remains niche, and developers show limited interest in the acquisition of existing rental assets.

Financing Accessibility Contrasts with Terms and Fragmentation

- ▶ While financing is frequently cited as a major challenge in securing land, only 13% of survey respondents reported failing to obtain project financing in the past year. This indicates that financing is generally accessible, albeit often accompanied by unfavorable terms. The reliance on multiple funding sources highlights the fragmented nature of current financing structures.

CMHC Funding Tools Have Become a Lifeline for the Rental Development Sector

- ▶ For the third consecutive year, the importance of CMHC's funding tools in delivering new rental housing was evident. Nearly all respondents reported utilizing one of CMHC's funding tools in recent years, underscoring their significance in the market. However, it is worth noting that the share of respondents using MLI has declined from the previous year, likely due to changes in qualification standards.

Streamlining CMHC Programs Could Unlock More Rental Supply

- ▶ There is strong demand among developers for streamlined CMHC programs to stimulate rental housing development across Canada. Key priorities include shorter and guaranteed approval timelines, essential for enhancing planning and investment confidence. Overall, the findings highlight the need for CMHC to offer tailored solutions that address the specific challenges faced by various market segments, particularly in social and affordable housing.

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

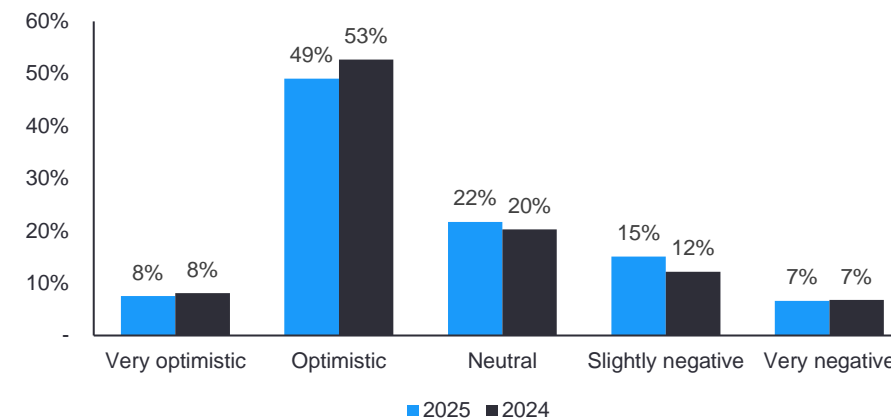
Rental Construction Market Sentiment

Short-term rental market outlook significantly more pessimistic than long-term outlook.

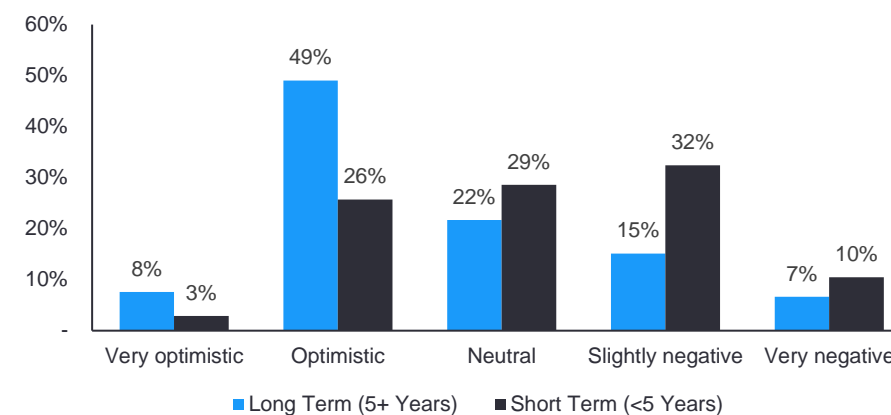
- ▶ This year's survey reveals significant negativity surrounding the short-term market outlook for rental viability among Canadian rental housing developers. While the long-term perspective remains relatively optimistic, only 29% of respondents express confidence in the short-term feasibility of rental projects, with 42% reporting a negative outlook. In contrast, over the long-term, only 22% reported a negative market outlook, showing overall optimism as construction costs began moderating after several years of sharp increases.
- ▶ Despite last year's survey indicating growing optimism about the long-term outlook for the rental market and project feasibility, with developers beginning to adopt a more positive view, our recent findings suggest a slight decline in overall optimism (very & slightly), dropping from 61% to 57%, alongside an increase in neutral or cautious outlooks.
- ▶ This shift highlights growing apprehension among developers, driven by persistent challenges such as stricter lending criteria, flat revenue forecasts, and significant upfront capital needs, all of which present key barriers to new supply. Moreover, it is probably also reflective of ongoing global economic uncertainty. Notwithstanding recent policy measures such as tax relief, the prevailing cautious sentiment underscores the need for targeted interventions to restore confidence in the short-term rental housing landscape.

Key Insight: Persistent challenges such as decreased capital availability, stricter lending criteria, and flat revenue forecasts have led to a decline in short-term market outlook from developers. This emphasizes the urgent need for continued interventions and support, by all levels of government, to address these barriers and restore confidence in the short-term rental housing market.

Long-Term Outlook on Rental Development Feasibility (Canada)



Outlook on Rental Development Feasibility (Canada)



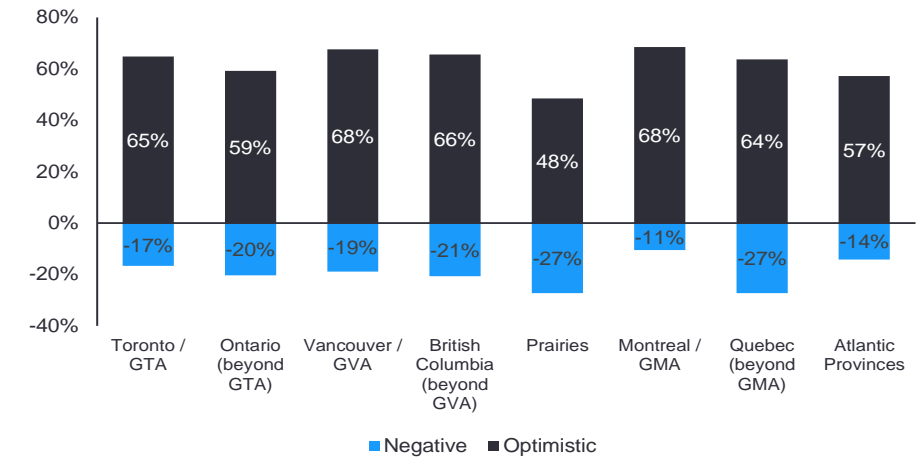
Rental Construction Market Sentiment

Long-term market sentiment is more positive in larger urban areas, likely stemming from their status as population growth centres.

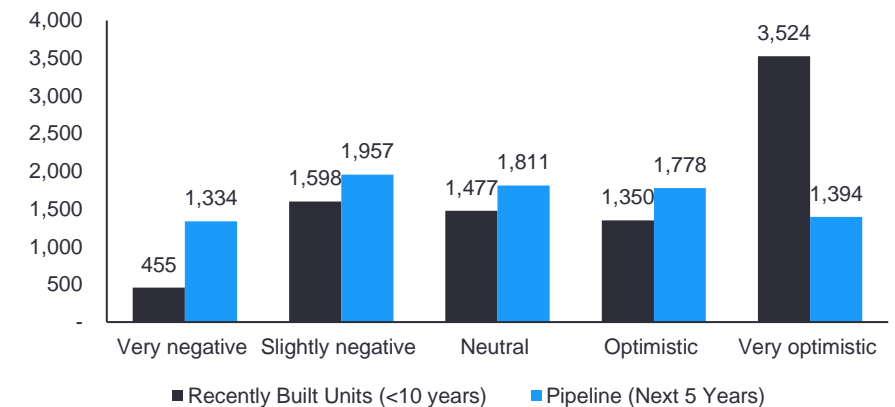
- ▶ The survey results indicate that larger markets, such as the GTA, GVA, and GMA, are more optimistic about long-term rental viability, likely due to their status as primary population drivers for Canada, particularly as they represent the most likely landing spot for new immigrants. These regions recorded higher levels of optimism compared to other areas in their provinces, representing the highest optimism across the country. In contrast, smaller markets like the Prairies exhibit a more cautious outlook, with only 48% of respondents feeling optimistic and a 27% negative sentiment, likely reflecting lower levels of rental demand due to more affordable ownership and lower levels of international migration.
- ▶ Respondents in British Columbia and the GTA reported a slight improvement in optimism regarding the long-term outlook compared to last year. While these markets continue to face high land costs, recent price corrections have enhanced development feasibility. Although profit margins remain tight, the decline in land values has provided some relief for rental projects. Conversely, sentiment has declined in the Prairies, where developers are responding to softer market demand for rental housing.
- ▶ Interestingly, long-term optimism about rental viability does not appear to influence respondents' planned unit pipelines. Those who are very optimistic about long-term viability reported an average pipeline of only 1,394 planned units, the second lowest among the five categories. However, there is a correlation between market sentiment and the number of recently completed units; very optimistic respondents have completed an average of 3,524 units over the last decade, more than double that of the next highest respondents.

Key Insight: Optimism about long-term rental viability is significantly higher in larger markets like the GTA, GVA, and GMA, likely due to their roles as primary population drivers in Canada. In contrast, smaller markets like the Prairies exhibit a more cautious outlook, reflecting challenges such as economic fluctuations, lower levels of international migration, and a stronger ownership market.

Long-Term Outlook on Rental Development Feasibility (Regional)



Average Units Completed and Planned by Long-Term Market Outlook



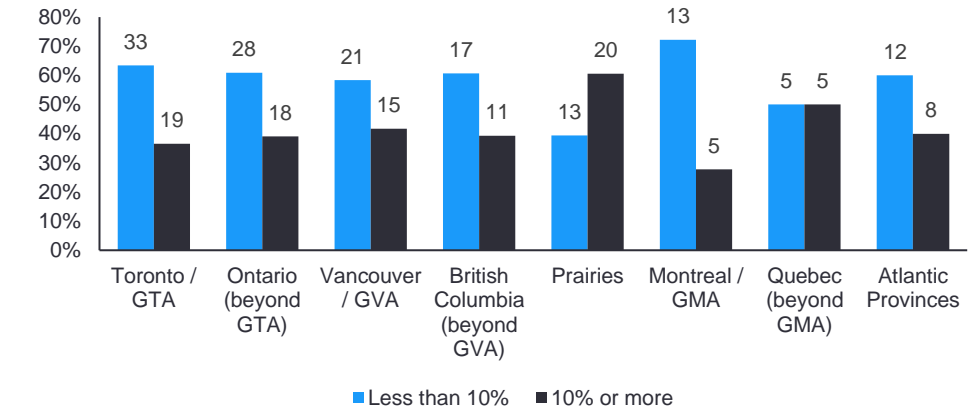
Rental Construction Market Sentiment

Developers are expecting to face financial impacts from tariffs, further challenging project viability.

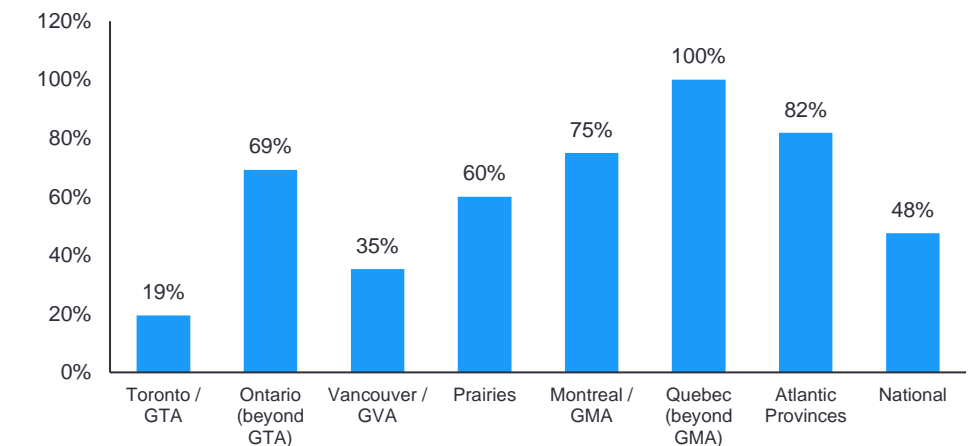
- ▶ Survey findings indicate that the majority of rental housing developers (54%) expect tariffs on construction materials to increase project costs by less than 10 percent. Although these tariffs have not yet taken effect, responses reveal growing concern over cost volatility. For rental projects, which already face tight margins and high upfront capital requirements, even modest increases in input costs could challenge feasibility and delay project delivery, contributing to the short-term caution observed among developers in 2025.
- ▶ The estimated impact of tariffs on construction costs varies across the country. Respondents in Ontario (excluding the GTA), British Columbia (including the GVA), and the GMA anticipated the most modest impact on pricing. In contrast, those operating in the Prairies and Quebec (excluding the GMA) estimated a larger impact due to tariffs. Additionally, respondents focused on specialized housing—such as student, senior, and social housing—projected the greatest impact of tariffs on their construction costs.
- ▶ Many respondents have highlighted the increasing challenge of municipal development fees on project viability. Nationally, just under half of respondents (48%) reported that development charges account for 10% or less of their typical development budget (including hard and soft costs) in their primary operating market. However, this distribution is not uniform across the country. Among respondents whose primary market is Toronto, only 19% indicated that development charges were less than 10%, suggesting the GTA has some of the highest development charges in the Country.

Key Insight: While many rental housing developers expect tariffs to have a modest impact on project costs, there is significant concern about cost volatility, particularly among those in the Prairies and Quebec, where the anticipated impact is greater. This growing apprehension highlights the potential challenges to project feasibility, especially for developers already facing tight margins and elevated development charges.

What is your best estimate of the financial impact of tariffs on the costs of your rental housing development projects? (Including number of responses)



Share of respondents stating development fees account for 10% or less of typical development budget by primary market.

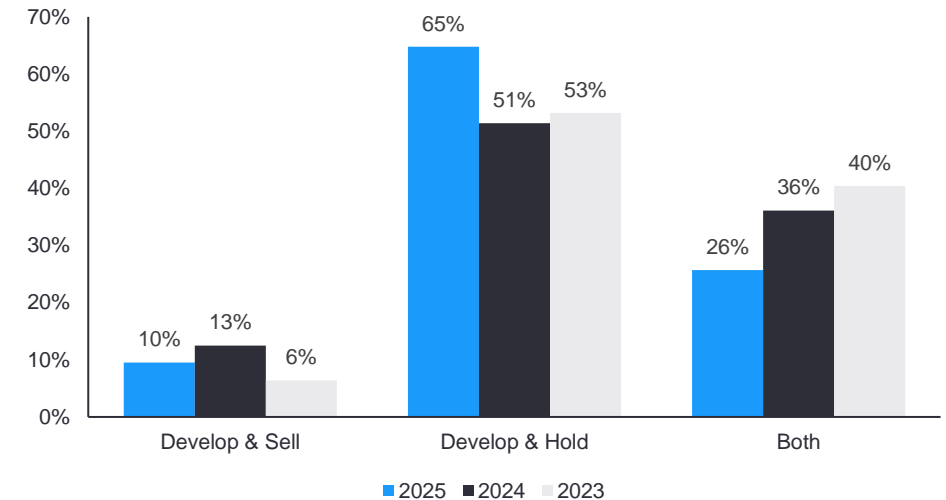


Development Strategy

Viability challenges driven by elevated costs have continued to shift developers toward long-term asset retention.

- ▶ Owing in part to viability challenges, developer strategies are shifting. In 2025, 65% of respondents indicated they are developing and holding rental assets, up from 51% in 2024. This reflects a growing preference for long-term ownership over build-to-sell models. Developers may be responding to long-term views on strong housing demand, higher replacement costs, and a desire for stable, recurring revenue in an uncertain economic climate.
- ▶ Additionally, the narrowing spreads between development cap rates and acquisition cap rates leaves minimal profit from developing and selling, pushing developers to adopt a longer-term view. Furthermore, with limited opportunities to deploy capital elsewhere in the market, such as land or buildings, there is less incentive to exit investments prematurely.
- ▶ While rising costs are a key factor influencing the develop and hold strategy, taxation also plays a significant role in shaping how organizations approach new projects. A develop and sell strategy typically triggers full income tax on profits, whereas a develop and hold approach allows developers to claim capital cost allowance and defer tax payments until the asset is sold, reducing their overall tax burden. However, by holding onto assets rather than selling them, developers tie up capital that could otherwise be used to fund new projects.
- ▶ The observed trends suggest that rising cost pressures, including those associated with tariffs, are influencing not just short-term feasibility but also long-term development strategies. As developers weigh elevated construction costs against long-term returns, many are opting to retain assets rather than exit at completion. This approach supports the expansion of Canada's rental stock, although the long-term continuation of this trend will depend on any future changes to development costs which may strengthen or weaken overall project viability.

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



Key Insight: The shift in developer strategies towards long-term ownership of rental assets reflects a response to viability challenges, including rising replacement costs, limited profit margins from selling, and the lack of opportunities to deploy capital elsewhere. This trend indicates that developers are increasingly prioritizing stable, recurring revenue in an uncertain economic climate.

Development Strategy

Site intensification and raw land remains the preferred development strategy, but little appetite for repurposing of non-residential assets.

- ▶ Survey respondents reported that the acquisition of raw land remains the most relied-upon development strategy in 2025, maintaining its top ranking from 2024. Site intensification continues to hold its position as the second most favored strategy, reflecting a broader trend among developers to maximize the potential of existing sites, particularly in urban areas where land is scarce. This approach is especially relevant in high-demand markets like the GTA and GVA, where the pressure to increase housing supply is acute.
- ▶ Site intensification not only allows developers to unlock value from land they already own but also provides opportunities to generate income from existing uses. In a high-cost and supply-constrained environment, this strategy offers a more capital-efficient way to develop new supply while generating ongoing revenue. It enables developers to improve margins on existing sites by offsetting carrying costs, manage exposure to land cost escalation, and avoid upfront land acquisition costs. Geographically, the preference for site intensification varies slightly, with regions experiencing different levels of demand and regulations influencing developer choices. For instance, markets with higher population growth and tight housing supply, such as Toronto and Vancouver, may see more aggressive pursuit of intensification strategies compared to areas with slow growth. In any event, both site intensification and raw land remain the top two strategies in all geographies.
- ▶ Repurposing non-residential assets, such as converting offices to residential use, remains a niche and often impractical strategy. While conceptually appealing amid rising office vacancies, many properties do not meet the economic threshold required for viable conversion, as the underlying land value often falls short of justifying redevelopment. Additionally, developers are showing limited interest in acquiring existing rental assets. High valuations, low yields, and limited opportunities for value creation make acquisitions less attractive compared to new development, where there is greater potential to tailor projects to market needs.

How Important are the Following Development Strategies to Your Organization by Geography (Operating Market)										
Strategy	Canada (2025)	Canada (2024)	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	2	2	1	2	3	1
Site Intensification	2	2	1	2	1	1	2	2	1	2
Acquisition of Land w/ Excess Density	3	3	3	3	4	4	3	4	5	4
Reposition of Ageing Assets	4	4	4	4	3	3	4	4	2	4
Acquisition of New PB Assets	5	5	6	6	5	5	5	5	5	5
Repurposing of Non-Residential Assets	6	6	5	5	6	6	6	6	5	6

Key Insight: Increasing cost landscape requires developers to prioritize their existing sites and explore the option of obtaining additional density. Through intensification of existing sites, developers limit land acquisition costs and improve project feasibility.

Development Strategy

Financing programs have expanded, but many developers still face limitations in accessing funds effectively for land acquisition and early-stage development.

- ▶ Financing and funding limitations were noted by survey respondents as the most significant barriers organizations face when acquiring land and consistently ranked as the top challenge across various regions. Difficulty in securing adequate capital at the appropriate terms, whether for site acquisition or to satisfy lender equity requirements, continues to restrict access to viable land parcels. Elevated land costs and tighter lending standards have made it harder for many developers to build, particularly in high-demand urban areas where upfront equity requirements are substantial. These financial constraints are often the deciding factor in whether a project can proceed, regardless of market availability or suitability.
- ▶ Zoning and approvals were the second most common challenge, with developers frequently encountering lengthy and unpredictable municipal processes that delay or deter acquisition decisions. Additionally, respondents in regions such as Quebec and the Atlantic provinces noted that infrastructure limitations, including inadequate servicing for water, wastewater, and transportation, further restrict development potential.
- ▶ Interestingly, competition from other buyers was viewed as the least significant barrier. While competitive markets do influence pricing, the findings suggest that systemic issues related to financing, planning, and infrastructure play a much more critical role in shaping land acquisition outcomes. Addressing these structural constraints may be key to unlocking more land for housing development.

Primary barriers your organization faces in acquiring land/sites for development (Rank)									
Barrier	Canada	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
Financing and funding limitations	1	1	1	2	2	1	2	2	1
Zoning and approvals challenges	2	2	2	1	1	2	1	1	2
High land costs	3	3	3	3	3	3	3	3	5
Infrastructure constraints	4	4	4	4	4	4	3	3	3
Limited availability of suitable land	5	5	5	5	5	5	6	6	6
Community opposition	6	5	6	5	5	6	5	5	4
Competition from other buyers	7	7	7	7	7	7	7	6	7

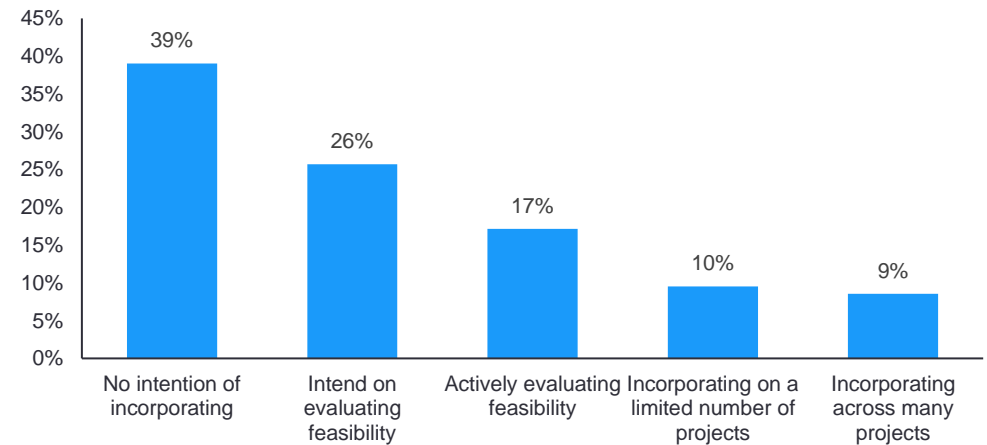
Key Insight: Access to capital, rather than competition, is the most critical barrier to land acquisition for housing development, underscoring the need to address financing and regulatory challenges to unlock supply.

Development Strategy

Existing barriers to construction innovation help explain the varying levels of adoption of modular and prefabricated housing methods among organizations.

- ▶ Survey respondents reported cost uncertainty and labor shortages are the most significant obstacles to innovation in construction. These issues are particularly acute in the current development environment, where elevated input costs and limited workforce capacity hinder the adoption of new methods like modular and prefabricated construction. Regulatory and permitting processes also pose key challenges, reflecting the difficulties of navigating frameworks that have been slow to adapt.
- ▶ These constraints have broader implications for rental housing delivery. Innovative construction methods can enable faster, more cost-effective delivery, which is critical given the persistent shortfall in many regions. However, when innovation is stifled by cost volatility, labour limitations, and regulatory friction, the pace of new rental supply slows. Not surprisingly, given this, a sizable number of respondents (39%) indicated that they had no intention of incorporating modular or prefabricated housing techniques.

To what degree are you incorporating modular/prefabrication?



Which of the following factors do you believe pose the greatest barrier to construction innovation? (Rank) - By Operating Market

Barrier	Canada	Toronto / GTA	Ontario (beyond GTA)	Vancouver / GVA	British Columbia (beyond GVA)	Prairies	Montreal / GMA	Quebec (beyond GMA)	Atlantic Provinces
High material costs	1	1	1	1	1	1	3	3	1
Labour shortages / skills gap	2	2	2	2	2	2	1	2	2
Regulatory and zoning restrictions	3	3	3	3	3	3	2	1	3
Limited access to financing	4	4	4	4	6	4	5	5	4
Industry resistance to change	5	6	5	4	4	5	4	4	5
Unproven performance of new technologies	6	5	6	6	5	6	6	6	7
Lack of standardization in new methods	7	7	7	7	7	7	7	7	8
Other	8	8	8	8	8	8	8	8	6

Key Insight: Persistent cost uncertainty, labour shortages, and regulatory hurdles are limiting the adoption of construction innovation, constraining the industry's ability to scale rental housing supply efficiently.

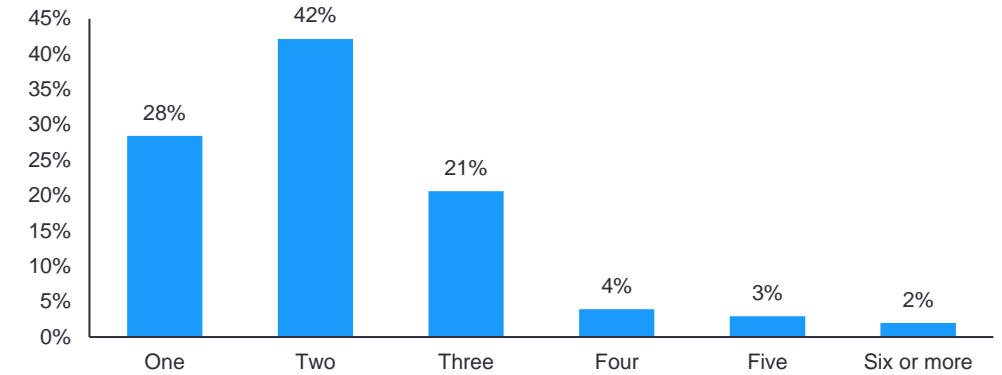
Project Funding

Access to financing remains a critical factor in rental development, with many projects navigating complex funding structures

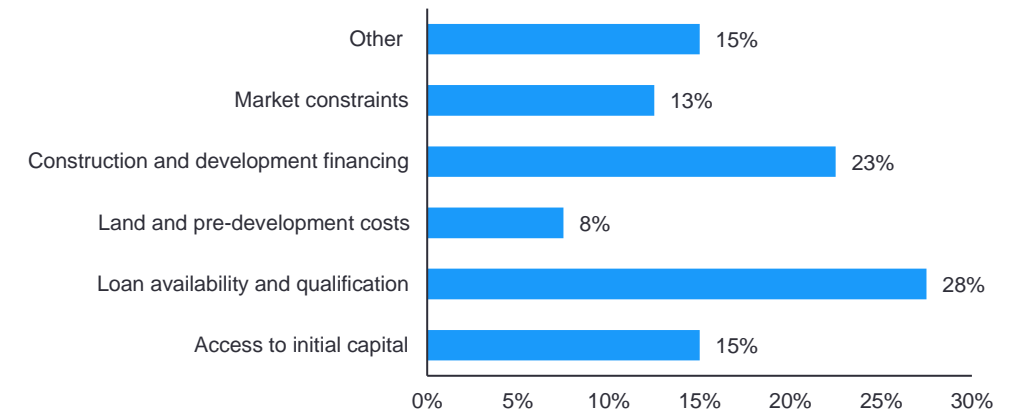
- ▶ Only 13% of respondents who sought financing in the past year reported being unable to successfully obtain it for new rental projects. This rate was consistent across most geographies and organization type, although those with operations in Quebec, outside the GMA, reported a higher likelihood of being unsuccessful (18%), as did private developer respondents (18%). In contrast, no asset or fund managers reported difficulties in securing financing.
- ▶ Among those who were unsuccessful, the most common barrier was projects not meeting the eligibility requirements of available financing programs. Additional constraints mentioned included program caps, misalignment between program timelines and project schedules, and administrative complexity. While the number of respondents not receiving funding was modest, the persistence of these barriers highlights the need for the continuation of existing funding mechanisms.
- ▶ Likely stemming from these funding challenges, a significant number of respondents reported relying on multiple sources of funding within a single project, with many combining two or more. This layering of capital reflects the difficulty in securing sufficient financing from a single source and underscores the fragmented nature of funding structures currently required to make rental projects viable. Non-profits were most affected, averaging 2.8 funding sources per project, while public real estate companies and asset/fund managers were least impacted, averaging 1.7 funding sources per project.

Key Insight: Despite financing being listed as a significant challenge to securing land, only 13% of respondents indicated they had failed to secure financing in the previous year. This discrepancy suggests that while financing is often available, it can often times come with unfavourable terms. For example, the reliance on multiple funding sources reflects the fragmented nature of current financing structures.

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



Which of the following primarily prevented you from successfully obtaining financing?



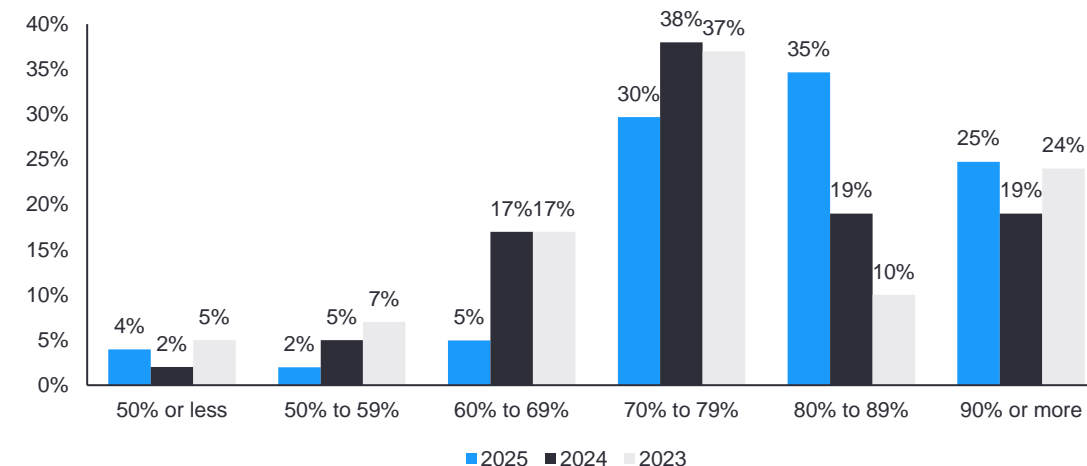
Project Funding

Developers are increasingly securing higher LTC ratios and longer amortization periods to navigate elevated costs and enhance project feasibility.

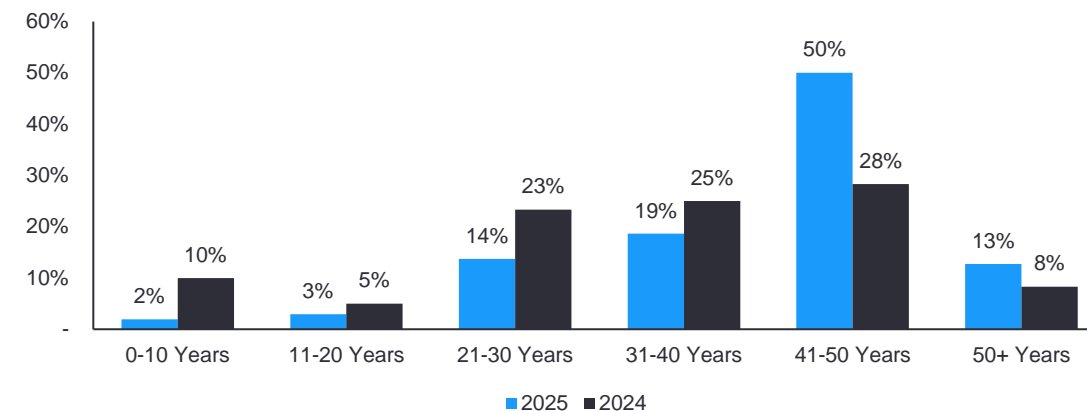
- ▶ Survey responses indicated that many developers are now expecting LTC ratios above 70%, with a notable increase in those achieving ratios of 80% or more compared to previous years. Concurrently, there is a continued shift in preferences toward longer amortization periods, reflecting developers' efforts to enhance project feasibility amid rising costs. In 2025, a larger number of respondents reported 40–50-year amortization periods, demonstrating a growing reliance on extended financing terms to reduce annual debt service and improve cash flow stability. This trend aligns with the ongoing uptake of financing tools offered by CMHC that support these longer amortization periods.
- ▶ The shift toward higher LTC ratios can be partly attributed to the decrease in interest rates since last year's survey, which enables developers to cover their debt obligations more easily and take on larger loans. Coupled with the increasing acceptance of longer amortization periods—particularly through CMHC financing, which is becoming the market standard—these trends reflect a strategic adaptation to current market conditions.

Key Insight: Developers are increasingly securing higher loan-to-cost (LTC) ratios and opting for longer amortization periods as a strategic response to elevated costs and changing market conditions. This trend is facilitated by decreasing interest rates, which allow developers to manage debt obligations more effectively and take on larger loans.

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?



Project Funding


CMHC and government programs are critical in enabling new rental housing development given the challenging funding landscape.

- ▶ Survey respondents reported that developers continue to rely heavily on CMHC-backed financing tools, particularly CMHC Insured loans, with 85% of respondents indicating they typically use these loans for rental development projects. This reliance is reasonably consistent across all organizational types, although 100% of all Asset/Fund Managers and Public/Listed Real Estate Companies indicated they typically used CMHC Insured Loans. However, builders focused on seniors, social, and student housing were the least likely to utilize CMHC Insured loans, with only 63%, 63%, and 65% of these respondents, respectively, reporting their use.
- ▶ These responses reflect the degree to which CMHC plays an essential role in unlocking rental housing supply. In the current market, where elevated costs and less favourable lending conditions negatively affect the financial viability of a project, CMHC programs are acting as a critical enabler of feasibility. The limited volume of planned development outside of these programs suggest that without continued and scalable access to CMHC support, much of the anticipated rental supply may not move forward. This reinforces the importance of maintaining programs responsiveness to the needs of the market and ensuring developers can effectively access the tools required to bring new units to completion.

Which of the Following Sources of Funding Does Your Organization Typically Use for Projects by Organization Structure								
Organization Structure	CMHC insured loans (e.g. MLI Select)	Bank and institutional uninsured loans	Alternative lenders (private debt)	Bonds and debentures	Mezzanine financing	Public sector financing (e.g. Apartment Construction Loan Program)	Government grants & contributions	Total
Private Developer / Family Office	45	37	7	-	8	21	9	59
Asset / Fund Manager	14	11	1	-	3	4	2	15
Other	9	4	1	2	-	4	6	13
Non-Profit Developer	5	3	-	-	-	2	4	6
Public / Listed Real Estate Company	11	8	-	1	1	6	3	11
Crown Housing	-	1	-	-	-	1	2	2
Pension Fund / Institutional	4	2	1	1	-	2	1	4
Canada	88	66	10	4	12	40	27	110

Key Insight: CMHC-backed financing tools, particularly CMHC Insured loans, are crucial for developers in the rental housing market, with 85% of respondents relying on these loans for their projects. However, the lower usage rates among builders of seniors, social, and student housing indicate potential gaps in access to financing for these segments. As rising costs and tighter lending conditions challenge conventional financing options, the continued availability and responsiveness of CMHC programs are essential to ensure that anticipated rental supply can move forward and meet market demand.

*The total column shows the number of respondents by organization type. Respondents could select up to three sources of funding.



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