

# HOUSING MARKET INSIGHT

## British Columbia, Nova Scotia and Ontario



CANADA MORTGAGE AND HOUSING CORPORATION

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*“New data on living areas in British Columbia, Nova Scotia and Ontario shed light on how residential properties differ by period of construction.”*



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## Overview of Residential Property Living Areas in British Columbia, Nova Scotia and Ontario

Statistics Canada and Canada Mortgage and Housing Corporation (CMHC) continue to work together to improve the understanding of housing markets through the release of new housing-related data and analysis under the auspices of the Canadian Housing Statistics Program (CHSP)<sup>1</sup>. This report examines the latest release of data<sup>2</sup> from the CHSP, which provides new detail on residential properties by living area for select residential property types<sup>3</sup> in British Columbia, Nova Scotia and Ontario. This data provides additional insights into how living areas of residential properties have evolved by period of construction and the consequences for the suitability of the housing stock for different types of households in the long run.

### Highlights

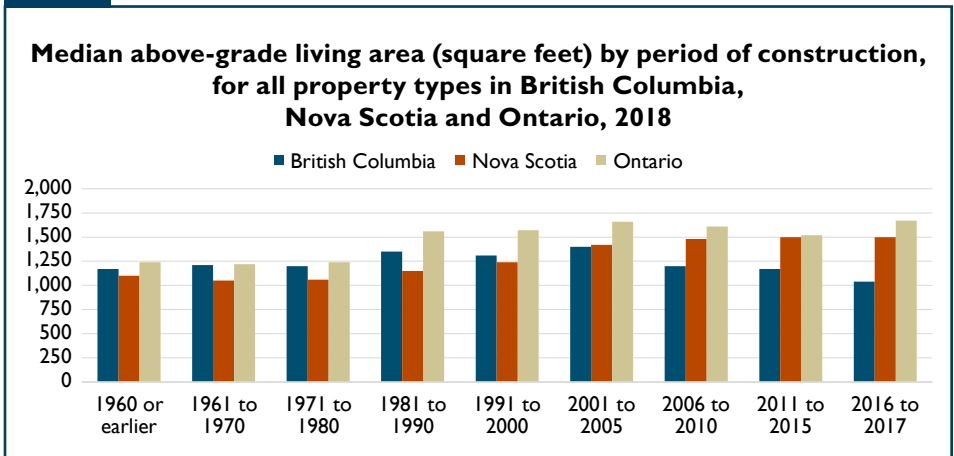
- The median above-grade living areas in Ontario and British Columbia are lower for residential properties built since 2006 as a result of shifts in the housing stock towards more compact multiple-unit residential properties<sup>4</sup> (particularly condominium apartments)<sup>5</sup>.
- In Nova Scotia, the median above-grade living area has remained relatively unchanged for residential properties built since 2006 as the majority of the housing stock consists of single-detached houses, with only a slight shift of the housing stock towards more multiple-unit residential properties.

- Condominium apartment units built since 2006 in Toronto and Vancouver Census Metropolitan Areas are smaller in total living area, while their assessment value per square foot is higher; in comparison, newly built single-detached properties are larger in above-grade living area, while their assessment value per square foot is lower.

## Shifts towards high density construction in the more populous provinces of British Columbia and Ontario

In British Columbia, the median above-grade living area is lower in properties built during 2016-2017, at 1,040 square feet (SF), as a result of incremental moves towards more condominium apartment construction compared to that of Ontario (1,670 SF) and Nova Scotia (1,500 SF) (see Figure 1). Over 50%<sup>6</sup> of the properties built in Ontario during 2016-2017 are made up of single-detached houses, which are typically larger compared to other property types, while that share is just over 20% in British Columbia (see Table 1). In Nova Scotia, where the housing stock is predominantly made up of single-detached houses (its share is over 80% for single-detached houses built during 2016-2017), the median total living area is relatively unchanged for properties built over the past decade. While Nova Scotia's housing stock has seen a slight shift towards more multiple-unit residential properties such as row houses in recent years, the prevalence of more single-detached houses has meant that overall living areas are larger. These broad observations mask differing patterns among individual residential property types that provide some interesting insights into the

Figure 1



Source: Statistics Canada table 46100028

evolution of residential properties by living area in the three provinces. The next section of this report will discuss some of these differences in detail.

## Newly constructed condominium apartments are smaller

Compact living areas characterise recently built (from 2006 onwards) condominium apartments in Ontario and British Columbia<sup>7</sup>, with the greatest share of units located in their largest Census Metropolitan Areas (CMAs). In Toronto and Vancouver CMAs, the median living areas of condominium apartments are lower and assessment values per square foot (AVSF) are higher for units built during the past decade (see Figures 2 and 3). These trends are more pronounced in the urban cores<sup>8</sup>, particularly in the Cities of Toronto, Vancouver, Surrey and Mississauga. The median living area of a condominium apartment built during 2016 and 2017<sup>9</sup> in the Toronto CMA measures 650 SF while the equivalent in the Vancouver CMA is slightly higher at 770 SF. A condominium apartment unit built during the same time period measures 630 SF in the City of Toronto and 644 SF in the City of Vancouver.

Conversely, the median living area of a condominium apartment built between 1981-1990 measures 1,070 SF in the Toronto CMA and 915 SF in Vancouver CMA. The following factors may have helped spur changes in the housing stock of Canada's most expensive CMAs.

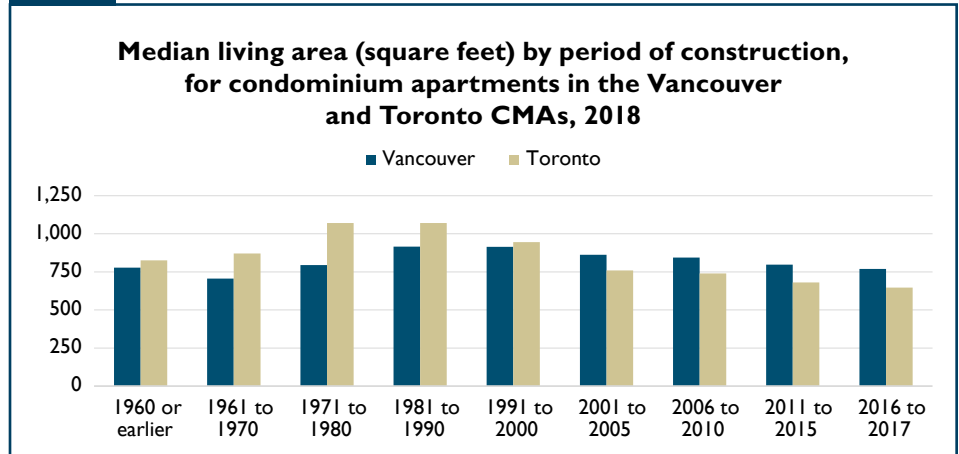
Firstly, strong housing demand over the last two decades in Toronto and Vancouver CMAs, brought on by immigration and income growth, has increased density pressures on city centres<sup>10</sup>. Rising land prices<sup>11</sup> in turn have encouraged residential construction with increased value per square foot. These thriving housing markets have encouraged investors wanting to buy condominium apartments but these units tend to be smaller, consistent with economic performance or higher returns. The prevalence of smaller condominium apartments among newly constructed units (i.e. during the past decade) coincides with higher investor activity in recent years (see Figures 2 and 4). For instance, CMHC data<sup>12</sup> show that about 50% of newly completed condominium apartments in Toronto CMA are rented (which is used as a proxy for investor activity) with shares even higher in certain downtown Toronto neighbourhoods. Ultra-low vacancy rates in Canada's two most

expensive cities in recent years have also meant steady investor demand for condominium apartments for rental purposes (about a third of condominium apartments in Toronto CMA and a quarter in Vancouver CMA are leased).

Secondly, unit sizes may have been getting smaller in an effort to maintain a certain level of affordability. Though the median AVSF for a condominium apartment is higher compared to other residential property types (see Figure 5 and 6) in Toronto and Vancouver CMAs, it is the easiest entry point into homeownership for many first-time homebuyers from a total price perspective. A typical homebuyer may be willing to trade off paying higher on a per square-foot basis to own a condominium apartment compared to a row house if the overall price of the condominium apartment is less<sup>13</sup>. The reality is that the total price of a condominium apartment<sup>14</sup> is usually lower compared to other housing types in either CMA.

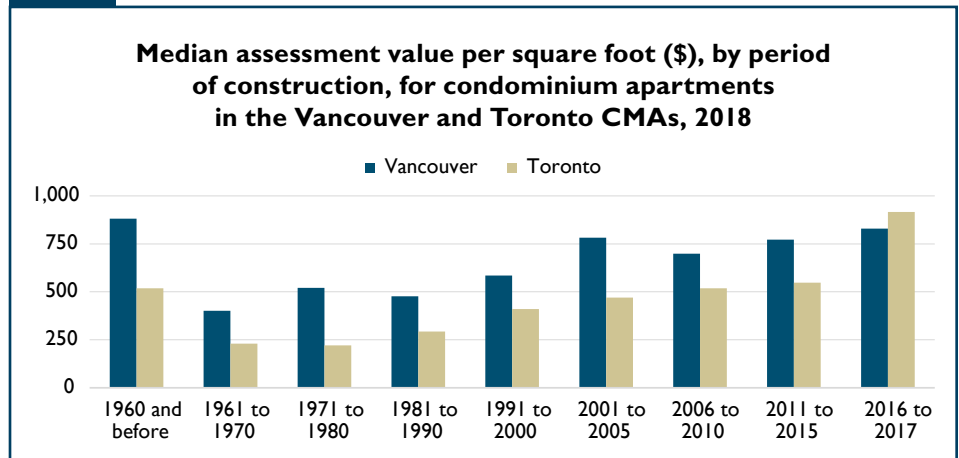
Thirdly, intensification policies implemented by provincial and regional governments<sup>15</sup> have also encouraged high density construction and in turn resulted in more compact units. Condominium apartments account for 38% of the total housing units<sup>16</sup> built in each construction period since 2001, yet account for just 18% of the total living area in Toronto CMA. Similarly in Vancouver CMA, condominium apartments account for less than a third of the total living space despite accounting for more than 50% of construction in each construction period since 2001. Interestingly, the median living area of a condominium apartment in Toronto CMA built in each construction period until 2000 is higher than that of Vancouver, after which it falls below that of Vancouver. This coincides with the introduction

Figure 2



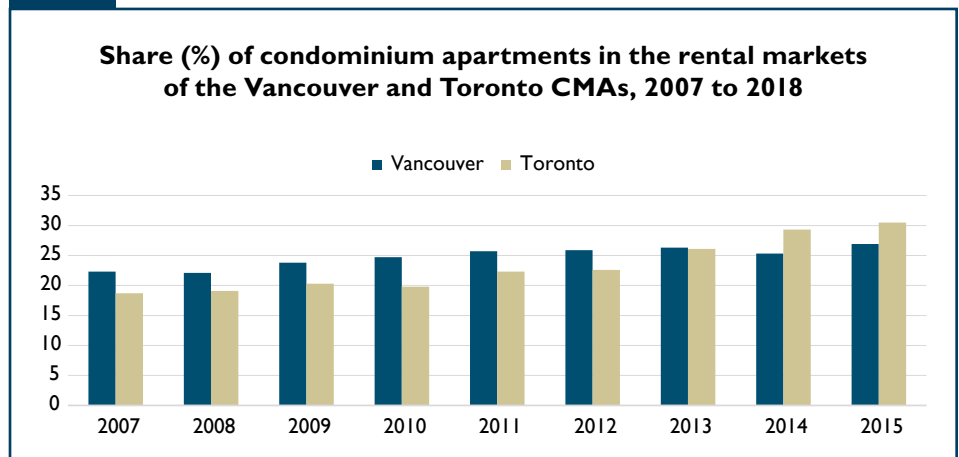
Source: Statistics Canada table 46100028

Figure 3



Source: Statistics Canada table 46100028

Figure 4

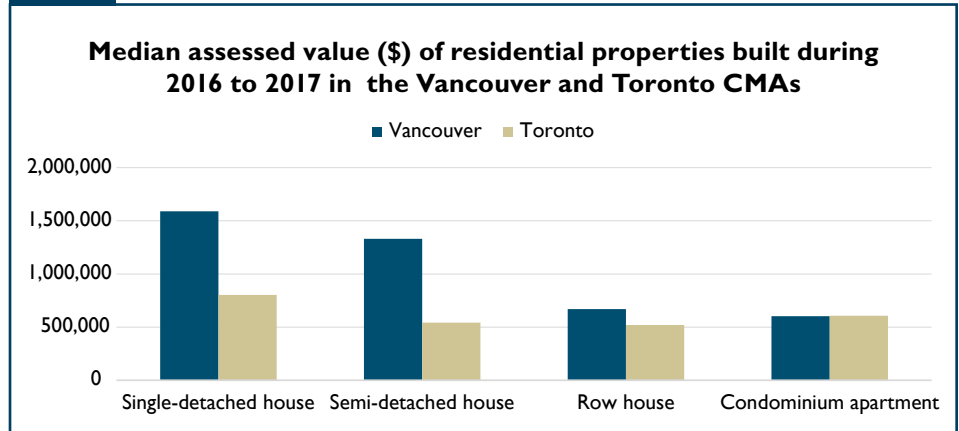


Source: CMHC Secondary Rental Market Survey

of the Ontario greenbelt policy in 2005<sup>17</sup>, as well as a change in the composition in both CMAs towards smaller households<sup>18</sup>. In Nova Scotia, where the majority of the housing stock is found in areas outside of Halifax CMA, single-detached houses continue to occupy the largest share (over 80%). Nova Scotia has not seen the introduction of similar intensification goals as Ontario and British Columbia, although some density targets are being developed by municipal governments, particularly in rental construction<sup>19</sup>. Ontario and British Columbia have also had stronger economic and population growth than Nova Scotia and those have led to higher supply pressures thus resulting in greater urban density in their respective cities.

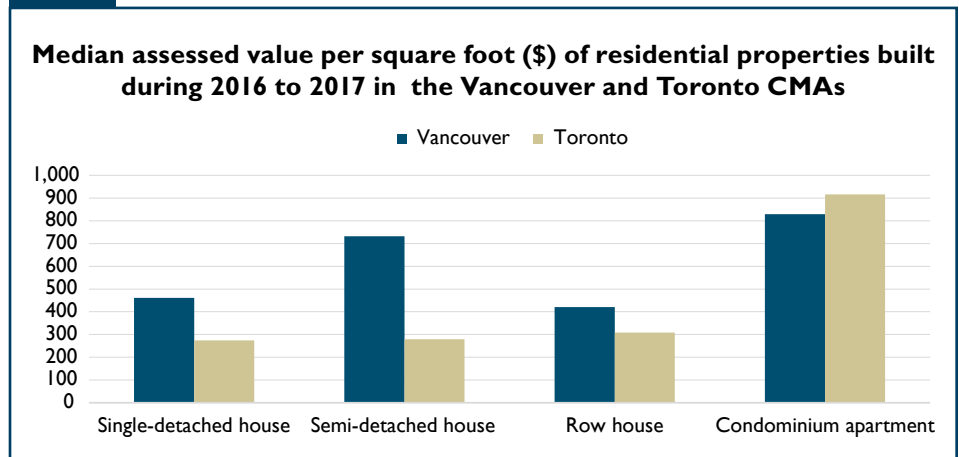
The higher median AVSF in recently constructed properties may be indicative of generally higher quality fittings and amenities offered in newer condominium buildings, as well as rising land costs in the Toronto and Vancouver CMAs<sup>20</sup>. Condominium buildings constructed over the past decade or so often have close proximity to subways or other transportation networks and there is a premium attached to having easy access to employment centres and leisure activities. Interestingly, the median AVSF of those built prior to 1960 are higher or similar compared to those built in the years that follow in both Vancouver and Toronto CMA (with the exception of condominium apartments built during 2011-2015

Figure 5



Source: Statistics Canada table 46100028

Figure 6

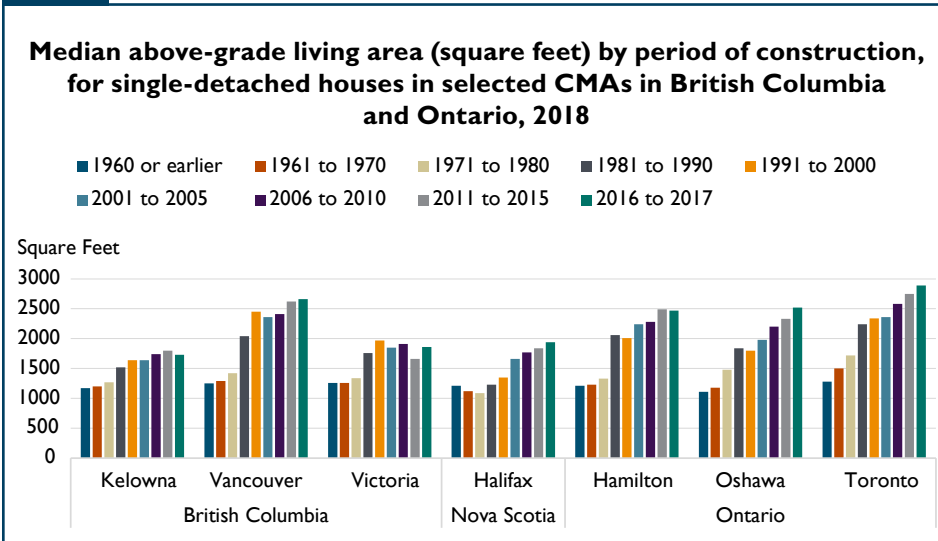


Source: Statistics Canada table 46100028

and 2016-2017 in Toronto CMA), even though they made up a very small proportion of the overall condominium apartment stock in each CMA (0.4% in Toronto CMA and 2% in Vancouver CMA). With over 90% of condominium apartments built

prior to 1960 in both CMAs located in their most urban centres (Cities of Vancouver (91%) and Toronto (95%)) they are likely to still command higher values owing to their premium location advantage.

Figure 7



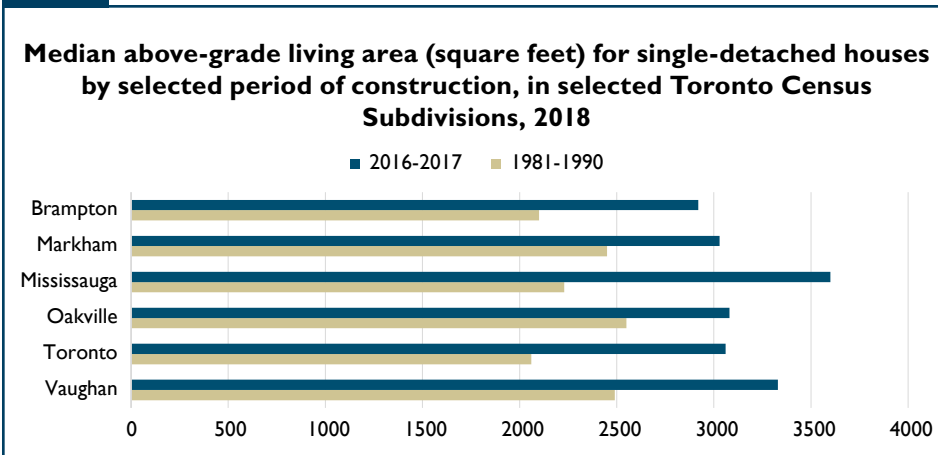
Source: Statistics Canada table 46100028

## Newer single-detached houses are larger<sup>21</sup>

Recently built single-detached houses across Ontario and Nova Scotia have larger living areas while those in British Columbia are smaller (see select CMAAs in Figure 7)<sup>22</sup>. Smaller living areas of single-detached houses in British Columbia are indicative of shrinking lot sizes and higher costs. The median above-grade living area of a single-detached property built in the Toronto CMA during 2016-2017 is 2,890 SF while in Vancouver CMA it is 2,660 SF.

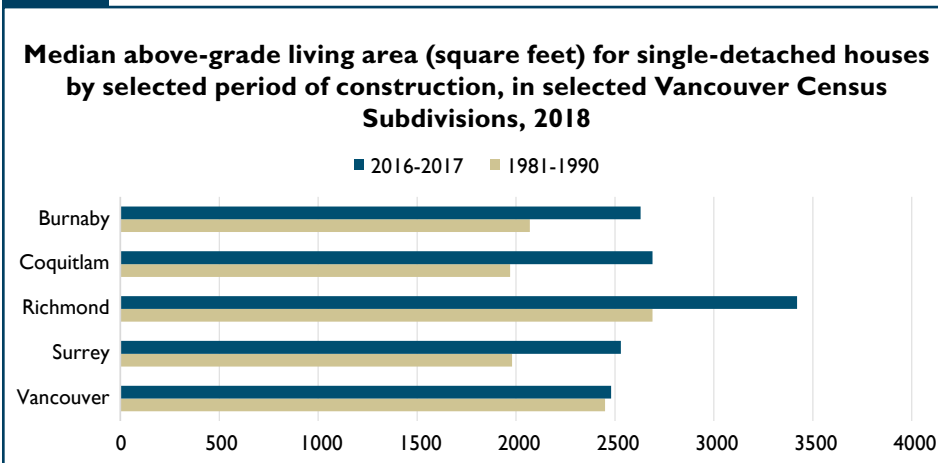
Newly constructed single-detached houses (particularly during the decade preceding the latest construction period of 2016-2017) are larger in Toronto and Vancouver CMAAs (see Figure 8 and 9) as they are increasingly built right to the lot line and/or offer added amenities and incorporate secondary suites such as coach houses built above garages or in-law suites or finished basements<sup>23</sup>. Properties built in the 2000s are more likely than earlier models to include more of all types of spaces such as bedrooms, bathrooms, family rooms, dens, home theaters, and utility rooms.

Figure 8



Source: Statistics Canada table 46100028

Figure 9



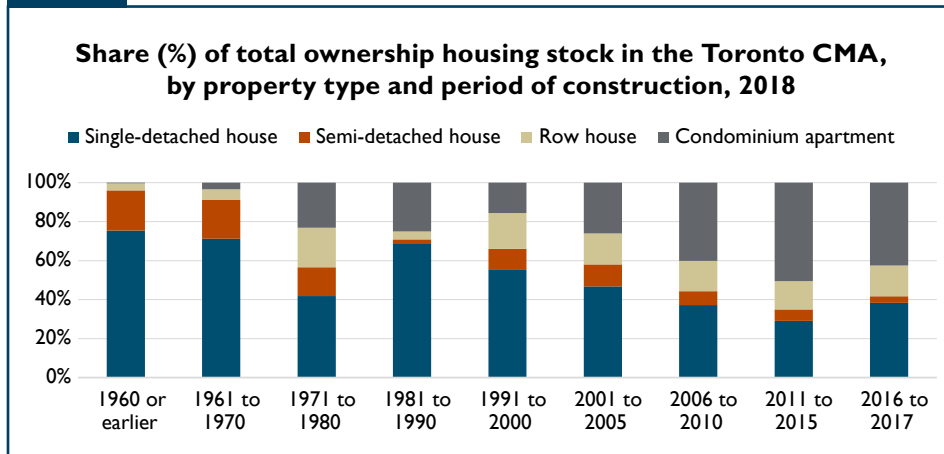
Source: Statistics Canada table 46100028

## Implications

The condominium apartment is often touted as the more affordable option for first-time homebuyers. Given that newer condominium apartments (built in construction periods post 2006) are smaller in living area, further research is warranted to examine the implications for large households in major metropolitan areas. In Toronto CMA, residential properties (see Figure 10) constructed in each construction period since 2006 are mostly multiple-unit residential properties comprising mainly condominium apartments, yet they occupy a significantly lower share of the total living area in each period of construction (see Figure 11).

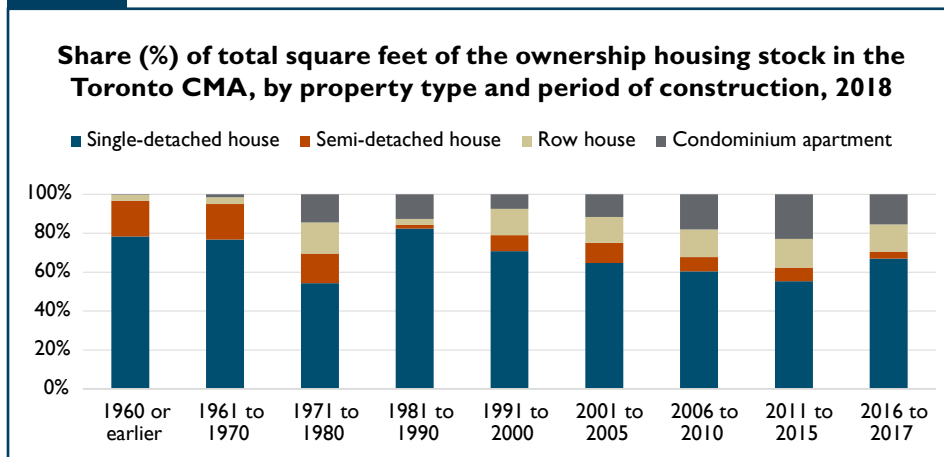
In Vancouver CMA, over 60% of housing units<sup>24</sup> constructed within each housing construction period since 2006 are condominium apartments (see Figure 12). They occupy about a third of the total living area in each construction period since 2006 (see Figure 13). These trends will be the subject of ongoing research and evaluation with future data releases from the CHSP and other sources and as new data becomes available in the future we will have a better understanding of the changing composition of condominium apartments and its future implications.

Figure 10



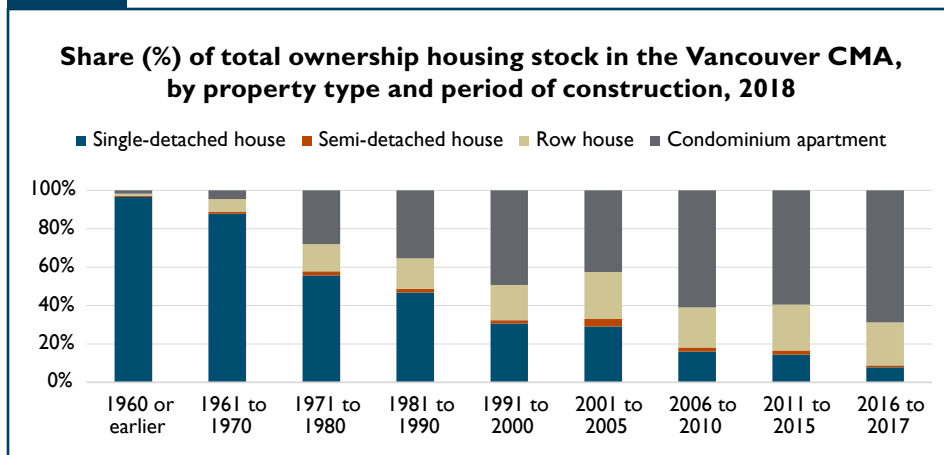
Sources: Statistics Canada table 46100028 and CMHC calculations

Figure 11



Sources: Statistics Canada table 46100028 and CMHC calculations

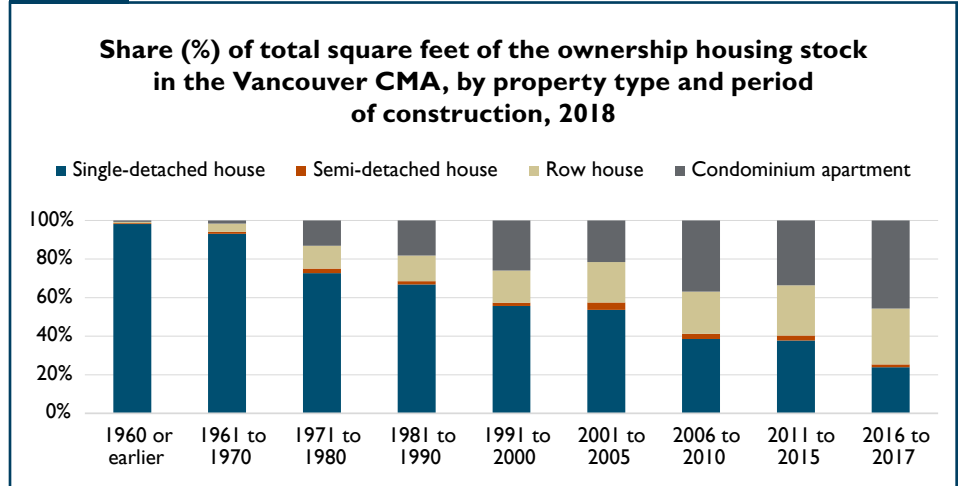
Figure 12



Sources: Statistics Canada table 46100028 and CMHC calculations

On the other end of spectrum, newly built single-detached houses are getting larger and continue to occupy a larger energy footprint in the housing landscape. Larger houses contribute to lower population densities and, thus, more urban sprawl and commuting. In addition, these homes typically require more energy to heat and cool. As a result, the environmental impact of sustained growth in the size of single-detached houses may have far reaching environmental consequences, while recognizing that notable advances in energy efficient building practices have taken place in recent years. Although beyond the scope of analysis in this report, it would be a worthwhile exercise in the future to examine environmental impacts resulting from larger single-detached houses being built.

Figure 13



Sources: Statistics Canada table 46100028 and CMHC calculations

**Table 1: Housing stock (units) and shares of the total stock (%), by period of construction, for all property types in British Columbia, Nova Scotia and Ontario, 2018**

Geography	1960 or earlier		1961 to 1970		1971 to 1980		1981 to 1990		1991 to 2000		2001 to 2005		2006 to 2010		2011 to 2015		2016 to 2017	
	Stock	Share	Stock	Share	Stock	Share	Stock	Share	Stock	Share	Stock	Share	Stock	Share	Stock	Share	Stock	Share
<b>British Columbia</b>																		
Single-detached house	156,360	97.3	81,925	90.6	146,255	69.2	111,595	56.1	101,210	42.2	41,160	43.7	39,600	29.8	24,910	27.9	7,535	20.6
Semi-detached house	1,515	0.9	1,350	1.5	6,340	3	3,910	2	7,095	3	3,290	3.5	3,900	2.9	2,860	3.2	755	2.1
Row house	930	0.6	3,785	4.2	21,900	10.4	28,885	14.5	43,865	18.3	19,735	21	24,695	18.6	19,810	22.2	8,110	22.2
Condominium apartment	1,840	1.1	3,375	3.7	36,845	17.4	54,590	27.4	87,535	36.5	29,920	31.8	64,790	48.7	41,560	46.6	20,180	55.2
Total	160,645	100	90,435	100	211,335	100	198,980	100	239,705	100	94,115	100	132,985	100	89,135	100	36,580	100
<b>Nova Scotia</b>																		
Single-detached house	64,315	97.9	24,070	97.3	52,035	93.6	47,620	86.3	35,220	91	16,085	83.2	13,915	84.3	9,590	82.3	3,030	83.2
Semi-detached house	940	1.4	605	2.4	1,565	2.8	3,350	6.1	2,110	5.5	770	4	740	4.5	785	6.7	210	5.8
Row house	290	0.4	10	0	415	0.7	390	0.7	425	1.1	535	2.8	575	3.5	595	5.1	130	3.6
Condominium apartment	165	0.3	45	0.2	1,570	2.8	3,835	6.9	930	2.4	1,935	10	1,275	7.7	690	5.9	270	7.4
Total	65,710	100	24,730	100	55,585	100	55,185	100	38,685	100	19,325	100	16,505	100	11,655	100	3,640	100
<b>Ontario</b>																		
Single-detached house	1,005,725	90.9	319,520	84.5	388,060	61.5	457,945	73.5	335,090	68.1	240,465	60.9	169,730	52	132,105	43.9	41,035	50.9
Semi-detached house	80,365	7.3	32,745	8.7	66,375	10.5	18,545	3	36,415	7.4	30,900	7.8	18,390	5.6	15,610	5.2	3,070	3.8
Row house	15,500	1.4	12,625	3.3	88,160	14	45,125	7.2	76,365	15.5	61,065	15.5	56,025	17.2	52,200	17.4	14,460	17.9
Condominium apartment	4,905	0.4	13,470	3.6	87,975	14	101,020	16.2	44,140	9	62,565	15.8	82,240	25.2	100,690	33.5	22,010	27.3
Total	1,106,490	100	378,350	100	630,570	100	622,635	100	492,010	100	394,995	100	326,385	100	300,605	100	80,575	100

Sources: Statistics Canada table 46100028 and CMHC calculations



<b>Table 2: Average household size in Canada</b>	
<b>Year</b>	<b>Average number of people per household</b>
1851	6.2
1861	6.3
1871	5.6
1881	5.3
1891	5.3
1901	5.0
1911	4.8
1921	4.6
1931	4.4
1941	4.3
1951	4.0
1956	3.9
1961	3.9
1966	3.7
1971	3.5
1976	3.1
1981	2.9
1986	2.8
1991	2.7
1996	2.6
2001	2.6
2006	2.5
2011	2.5
2016	2.4

Sources: Milan, Anne. 2015. "The shift to smaller households over the past century." *Canadian Megatrends*. November. Statistics Canada Catalogue no. 11-630-X.

Statistics Canada. 2017. Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. Released November 29 2017. <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

## ENDNOTES

- <sup>1</sup> In Budget 2017, the Government of Canada provided funding to Statistics Canada to improve housing data through the CHSP. The CHSP is mostly based on administrative data. The use of administrative data is a key element in Statistics Canada's modernization effort to produce statistical information that is comprehensive, cost effective and timely. All data under Statistics Canada's auspices are anonymized and protected to ensure privacy and confidentiality. Data in this publication are based on 2018 property assessment rolls for each province.
- <sup>2</sup> For definitions of indicators, refer to 'Definitions' section on page 11.
- <sup>3</sup> Single-detached house, semi-detached house, row house and condominium apartment.
- <sup>4</sup> Multiple-unit residential properties include semi-detached houses, row houses and condominium apartments.
- <sup>5</sup> With the exception of the 2016-2017 construction period in Ontario due to an unusually large share of single-detached houses being built during this period.
- <sup>6</sup> Based on records of above-grade residential properties for identified periods of construction.
- <sup>7</sup> No data on living areas for condominium apartments are available for Nova Scotia.
- <sup>8</sup> Census Sub-Divisions.
- <sup>9</sup> Latest data point.
- <sup>10</sup> See CMHC Report 'Examining Escalating House Prices in Large Canadian Metropolitan Centres' (2018) for expanded discussion on demand drivers.
- <sup>11</sup> See CMHC Report 'Examining Escalating House Prices in Large Canadian Metropolitan Centres' (2018) for expanded discussion on supply drivers.
- <sup>12</sup> CMHC Condominium Apartment Survey, 2015-2018.
- <sup>13</sup> Homeownership rate has remained steady in Toronto CMA (at 66.5%) and Vancouver CMA (at 63.7%) according to results from 2016 Census.
- <sup>14</sup> The CHSP data only includes assessment value, as opposed to transaction prices, at this time.
- <sup>15</sup> For example, intensification is a key policy of the Growth Plan for the Greater Golden Horseshoe (2006) and the Metrolinx Regional Transportation Plan for the Greater Toronto and Hamilton Area.
- <sup>16</sup> Total units refer to four residential property types: single-detached house, semi-detached house, row house and condominium apartment.
- <sup>17</sup> Details on the Ontario Greenbelt Plan can be found in following location: <http://www.mah.gov.on.ca/Page13783.aspx>
- <sup>18</sup> See Table 2.
- <sup>19</sup> For example, the regional Centre Plan by the City of Halifax: <https://www.halifax.ca/about-halifax/regional-community-planning/regional-plan/centre-plan>
- <sup>20</sup> 'Examining Escalating House Prices in Large Canadian Metropolitan Centres' (2018), CMHC.
- <sup>21</sup> See Figure 7.
- <sup>22</sup> Except in Vancouver CMA, where the median living area for single-detached homes built during 2016-2017 is only below that of Toronto CMA. However, single-detached homes account for just 8% of the total housing stock (includes only the four residential property types: single-detached house, semi-detached house, row house and condominium apartment) for that construction period.
- <sup>23</sup> For example, Cornell Development in Markham, ON, Dunbar or Point Grey neighbourhoods (Westside) in the City of Vancouver, BC and Summerton subdivision in Coquitlum BC.
- <sup>24</sup> Includes only the four residential property types: single-detached house, semi-detached house, row house and condominium apartment.

## DEFINITIONS

### **Total living area of residential property**

Refers to the residential living space within a structure. For residential structures that have a basement, the finished basement area is included in the total living area, while unfinished basement area is not included.

### **Above-grade living area**

Refers to the living area of a residential property excluding basements and levels below grade.

### **Assessment value per square foot**

Refers to the assessment value of a residential property divided by its total living area in square feet.

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