RESEARCH INSIGHT

Rent Control and the Affordability of Rental Housing in Canada

Recent Trends and a Review of the Literature on Effects of Rent Control

Insight Summary

Many Canadians are worried about how expensive it is to rent a home. Because of this, more people are asking for rent control to help make housing more affordable. Rent controls are laws that limit the amount that rents can be increased every year.

Since COVID, more provinces and territories have started using rent control to address these concerns. In this research, CMHC explores rental market trends, differences in rent control regimes as well as key insights from international studies on the effects of rent control. Our review profiles as many as 26 economic, social, and demographic effects coming from rent control. While rent control tends to lower rents for current tenants, it can often come with trade-offs, namely, to housing supply and rents for vacant units.

On average, studies find that rent control leads to an **8**-percentage-point slower growth in rents for controlled units. However, this is often accompanied by an **11**-percentage-point higher growth in uncontrolled units.

Key Findings

1. Studies show that rent control can keep rents from rising too much for current tenants. However, it can accelerate the rise in rents of new and vacant units. Rent control also tends to reduce residential mobility and the number of units available for rent. Finally, rent control can reduce housing quality and the value of rent-controlled units.

2. Quebec has its own unique form of regulation and more affordable overall rent. They have managed to protect renters while still encouraging builders to construct new rental units.

3. In places like Alberta, where there is no rent control, rental prices have stayed relatively more affordable than other major markets because the market offers strong incentives to provide more rental units.

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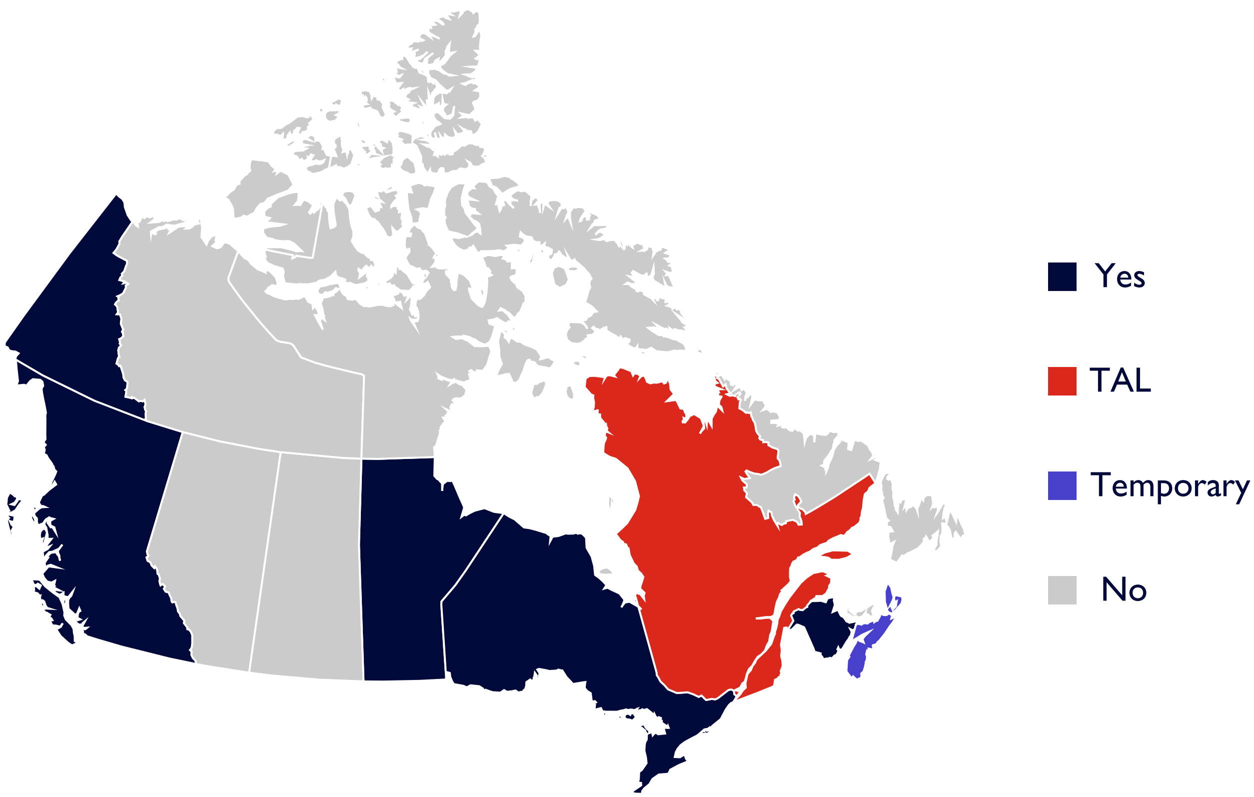
Brief Analysis

Provinces and Territories Exhibit a Wide Array of Rent Control Use

Figure 1: Rent Control Adoption Across Canada.



Notes: TAL = Tribunal administratif du logement (Quebec's body that resolves landlord-tenant issues, including rent increases).
As of time of publication. Rent control conditions vary widely among adopters.

There are many differences in how the provinces and territories approach rent control. Some have rent control, while others do not. Yet, among provinces that do have rent control, there are a lot of different ways these policies take shape. For example, some forms can include:

- **Vacancy control:** Rents **cannot** be reset by landlords on turnover (example: P.E.I.).
- **Vacancy decontrol:** rents **can** be reset by landlords on turnover (examples: Ontario and B.C.).
- **Exemptions for new buildings:** some provinces and territories exempt new buildings from rent control for a period (like Manitoba). This allows developers to recoup building costs.
- **Allowing above-guideline increases:** many provinces allow for a rent increase above the cap if major renovations have been made. This can also happen for other reasons, such as operating the unit at a loss.

In cities without rent control, like Calgary and Edmonton, the rent for vacant apartments and the rent paid by current tenants are about the same. In cities with rent control, like Toronto and Vancouver, there's a big difference between the rent for new listings and what current tenants pay.

This is because rent control limits how much landlords can increase rent for existing tenants, so their rent stays lower. New listings, however, are priced at current market rates which respond to demand and are often much higher. Market rents have increased a lot because there is a big gap between the high demand for housing and the available supply. This comparison in rent is shown in table 1.[1]

While Quebec does not have legislated rent control, it has a regulatory body which oversees rental disputes, including rent increases, known as the Tribunal administratif du logement (TAL). That is, there are no set annual increase limits unless the tenant challenges the landlord's proposed rent increase through the TAL. New buildings are also exempt for the first five years from rent caps. Overall, Quebec has a long history of abundant rental supply and has often had more affordable rents than other parts of the country.

Table 1: Average 2-Bedroom Rent

CMA	Market Listings	Current Renters	Ratio (Listing/Current)
Toronto	$2,740	$2,180	1.26
Montréal	$1,890	$1,220	1.55
Vancouver	$3,080	$2,320	1.33
Ottawa-Gatineau	$2,300	$1,750	1.31
Calgary	$1,990	$1,860	1.07
Edmonton	$1,590	$1,540	1.03

Notes: Data compiled from the Labour Force Survey and a market listings provider, as of 2025 Q1.

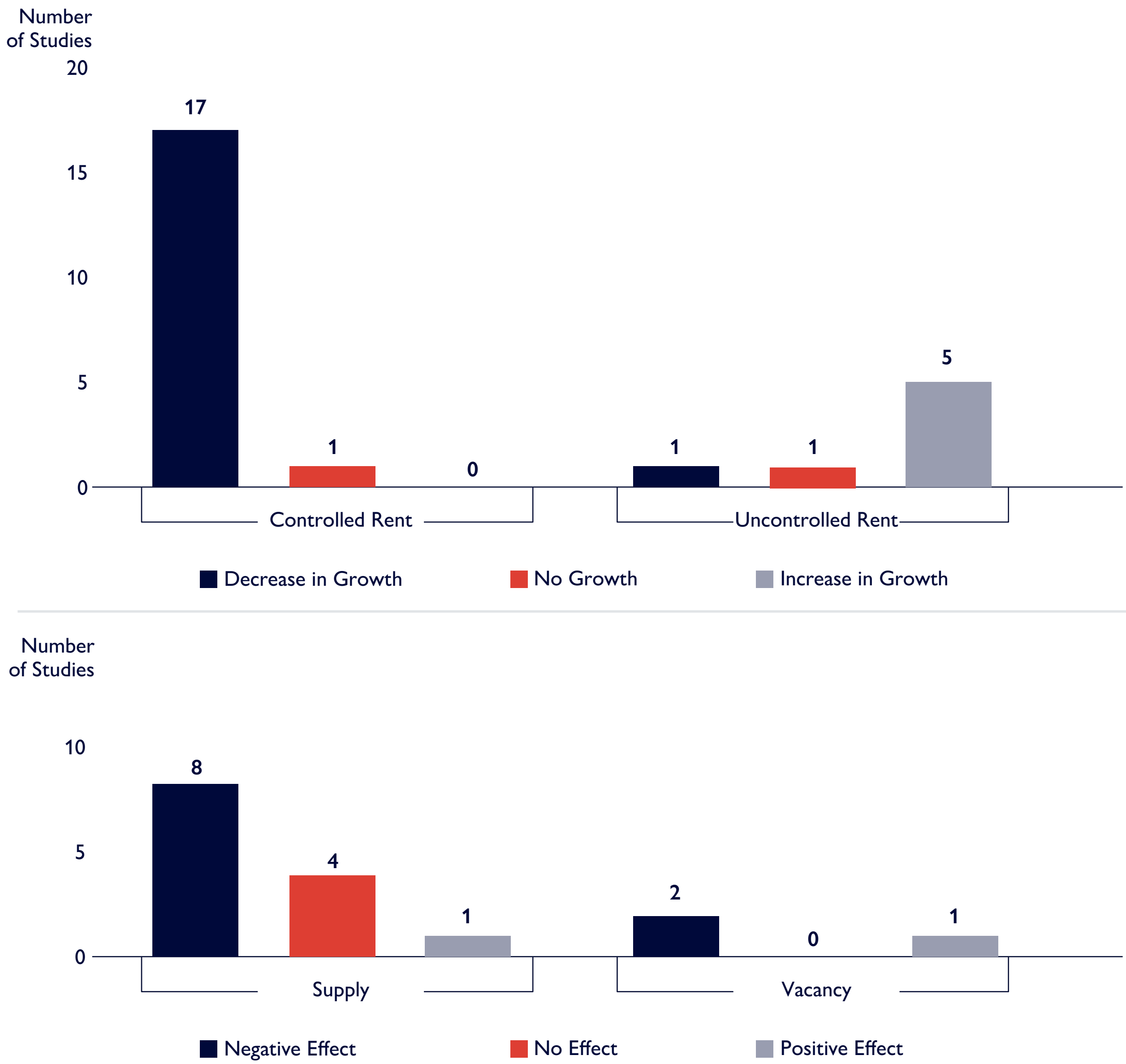
What do Studies Say on the Effects of Rent Control?

Rent control has been the subject of considerable attention in academic literature. This review, however, intends to focus on studies that follow a particular quantitative research design with an identification strategy, that is, a strategy that can tease out the effects of rent control precisely. This leaves us with 49 studies, which had the following key findings:

- **Wide range of effects:** We profile as many as 26 economic, social, and demographic effects coming from rent control.
- **Effect on rents:** Rent control policies often create two sets of units: ones with rent control and ones without. Rent control policies are able to limit the growth in rents of the rent-controlled units, but rents of uncontrolled units often are driven up by this change.
- **Effect on supply:** Rent control tends to shrink rental housing stock through conversions of rental units to saleable units. Vacancy rates and rental listings of rent-controlled units are also lower. However, the impact on new construction is less clear. This could be because the recent rent control policies often exempt newly built rental properties.
- **Effect on housing quality and property value:** Housing quality of rent-controlled units is found to be lower compared to uncontrolled units. This is because landlords are less able to increase rents to cover increasing maintenance and renovation costs. The value of rent-controlled properties also tends to grow more slowly.
- **Effect on tenant mobility and labour market:** Rent control can discourage tenants from moving out of rent-controlled units as tenants consider the lower rents as savings and moving to a new dwelling could raise rental cost. The rent savings leave more money in tenants' hands to spend elsewhere, which may reduce labour force participation and discourage tenants from seeking better work/employment.

[1] Readers may also be interested in CMHC's 2025 mid-year rental market update here: https://www.cmhc-schl.gc.ca/observer/2025/2025-mid-year-rental-market-update.

Figure 2: Summary of Studies – Effects of Rent Control on Rent and Supply.



Notes: According to analysis by the authors.

- **Other effects:**
  - *Effect on economic and social welfare:* Rent control tends to increase inefficiencies in allocation of resources in the housing sector. The effect on inequality and homelessness is mixed and no precise conclusion can be drawn from the review.
  - Rent control may also have some unintended effects. For example, it may encourage household formation, such as marriage or cohabitation, by lowering housing costs. Some studies also find that removing rent control may lower crime. Higher rents in decontrolled areas increase in-migration of higher-income residents who invest in various security measures resulting into lower crime.

Implications for the Housing Sector

Using rent control policies as a solution to improve affordability comes with trade-offs and requires a careful and nuanced consideration of policy design. Increasing the supply of rental housing can help lower rents by creating more competition among landlords, which can drive prices down. It also provides more options for renters, reducing the pressure on existing rental units and preventing steep rent hikes. A larger supply can also accommodate a growing population, ensuring that more people have access to housing that is affordable.

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https://assets.cmhc-schl.gc.ca/sf/project/archive/research_6/rent_control_final.pdf

For Further Reading

REITs and rent dynamics : Understanding the impact on Montréal's housing market.
https://assets.cmhc-schl.gc.ca/sf/project/archive/research_6/reitsandrentdynamicsfinalmay-23-2025.pdf

Do REITs charge higher rents in the purpose-built rental market?: Evidence from the Greater Toronto and Metro Vancouver Areas.
https://assets.cmhc-schl.gc.ca/sf/project/archive/research_6/251365reit-gta-gva-2024-v302enrevfinaljune-11-2025.pdf

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