



Our Home, Our Future:

Projections of Rental Housing Demand and Core Housing Need

**GREATER VANCOUVER REGIONAL
DISTRICT TO 2036**

SEPTEMBER 2012



BCNPHA

BC Non-Profit Housing Association

www.bcnpha.ca

LEADING, SUPPORTING AND
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A vision for sustainable housing in communities across British Columbia

BC Non-Profit Housing Association's vision is that all households in the province have access to safe, secure and affordable housing.

Understanding future demand for housing in BC is critical to realizing our vision, so BCNPHA has created rental housing demand projections and core housing need projections to 2036 for the province as a whole and for each regional district.

These estimates will assist the public, private and non-profit sectors in their efforts to plan for affordable housing options that meet the needs of all citizens.

There are 29 regional districts in the province, with boundaries shown in the map below. The Greater Vancouver Regional District is situated in the southwest.



For projections of rental housing demand and core housing need at the provincial level, see the complete report at www.bcnpha.ca



highlights

Two demographically driven scenarios were built to project rental housing demand and core housing need among renter households to 2036. These scenarios are illustrations of what might occur under certain conditions.

Scenario A: Constant Tenure considers how rental housing demand will change if tenure patterns stay constant and age-specific renter household maintainer rates are held at 2006 levels.

Scenario B: Shifting Tenure assumes tenure patterns will follow the trend seen over the preceding decade, to 2036. In many cases this is a shift away from rental and towards ownership.

Both scenarios suggest that rental housing demand will grow significantly into the future in Greater Vancouver. Rental housing demand is estimated to range between 428,755 and 466,477 households in 2036, an increase of between 97,669 and 135,391 households, as seen in Table 1 below. Core housing need is projected to range from 125,100 to 137,558 households by 2036, an increase of between 32,989 and 45,447 households.

In Scenario A: Constant Tenure, rental housing demand grows constant with population growth. In Scenario B: Shifting Tenure the growth in rental housing demand is less than the growth in population. The projected growth in both rental housing demand and core housing need in this region represents over half of the entire projected increase in the province. To the extent that vacancies cannot accommodate the additional demand, new stock will need to be developed. Additional renter households in core housing need will require some form of assistance to ensure that housing is affordable.

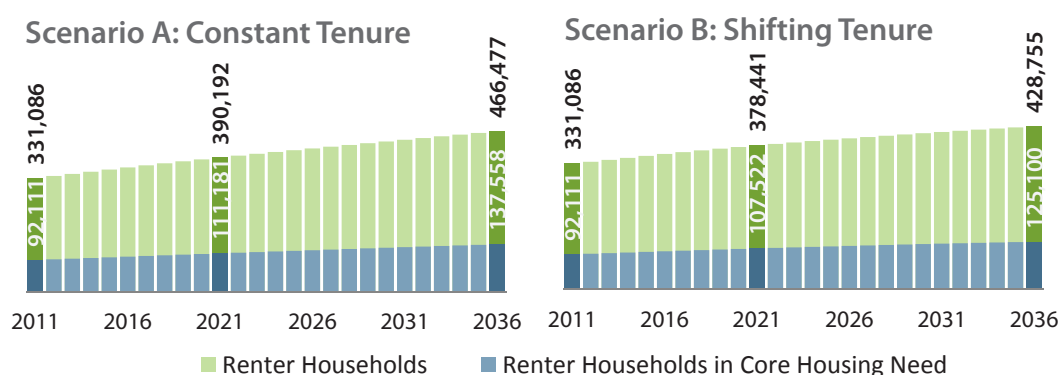


FIGURE 1

Rental Housing Demand and Core Housing Need (Greater Vancouver, 2011 to 2036)

Year	Scenario A: Constant Tenure		Scenario B: Shifting Tenure	
	Rental Demand	Core Need	Rental Demand	Core Need
2011	331,086	92,111	331,086	92,111
2021	390,192	111,181	378,441	107,522
2036	466,477	137,558	428,755	125,100
Increase 2011-2036	135,391	45,447	97,669	32,989

TABLE 1

Rental Housing Demand and Core Housing Need (Greater Vancouver, 2011 to 2036)



context

Demographic Drivers

The projections for rental housing demand and renter households in core housing need in Greater Vancouver partly reflect anticipated demographic change in the District. The population is projected to increase by 41% from 2,403,542 in 2011 to 3,381,031 in 2036, as seen in Figure 2.

Between 1986 and 2006 the population grew by 756,338 people, fluctuating between a 0.8% and a 3.2% annual increase. Recent growth has averaged around 1.5% annually and is projected to slow to 1.0% in 2036.

Based on the 2006 Census data (the most recent available), Greater Vancouver's population is slightly younger than the provincial population. In 2006, the median age in Greater Vancouver was 39.1 versus 40.8 years provincially. Figure 3 shows that by 2036 there will be significant growth in most age groups, and the population will age overall.

Rental maintainer rates in Greater Vancouver are highest among those aged 25 to 39. The rates then steadily decline before rising slightly among seniors. An aging population, in combination with significant population growth, will account for much of the growth in rental housing demand in Greater Vancouver.

By 2036 there will be significant growth in all age groups, and an overall aging of the population.

DEFINITIONS

Rental Housing Demand

Rental housing demand is a measure of the number of renter households. Because of potential vacancies in the rental stock and the demand for second homes, rental housing demand does not necessarily equate with demand for units.

Core Housing Need

Canada Mortgage and Housing Corporation defines a household as being in core housing need if "its housing does not meet one or more of the adequacy, suitability or affordability standards and it would have to spend 30% or more of its before-tax income to pay the median rent of alternative local market housing that meets all three standards." (http://cmhc.beyond2020.com/HiCOTDefinitions_EN.html)

Household Maintainer Rates

Age-specific household maintainer rates are the percent of the population within a particular age cohort that identifies as a primary household maintainer. This number is useful for calculating the number of households in the region.

Statistics Canada defines the primary household maintainer as the "first person in the household identified as the one who pays the rent or the mortgage, or the taxes, or the electricity bill, and so on, for the dwelling." (www.statcan.gc.ca)



context

Demographic Drivers

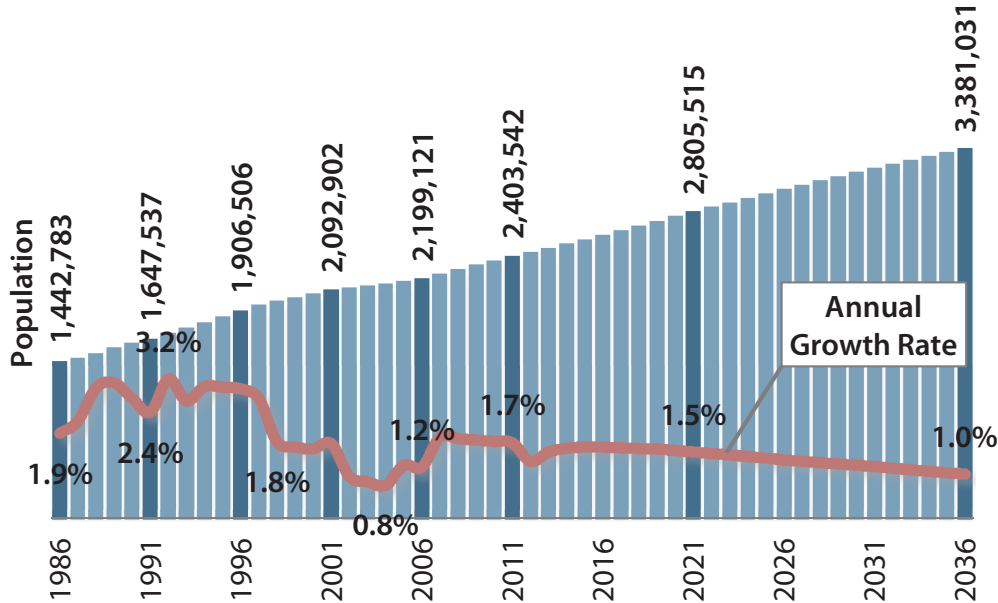


FIGURE 2

Total Population Change (Greater Vancouver, 1986 to 2036)

Population will grow quickly over the next 25 years, while the annual growth rate will decline over the same period.

	Total Population			Avg Annual Growth		
	2011	2021	2036	2011-2021	2021-2036	2011-2036
Greater Vancouver	2,403,542	2,805,515	3,381,031	1.6%	1.3%	1.4%

TABLE 2

Population Change (Greater Vancouver, 2011 to 2036)

Greater Vancouver will experience an average annual growth rate of 1.4% over the next 25 years.

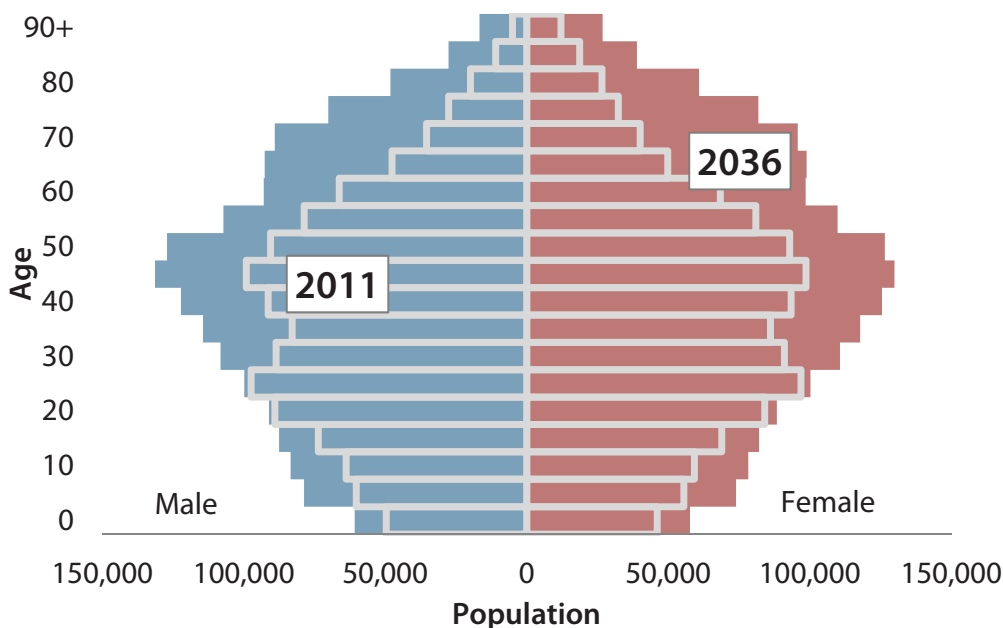


FIGURE 3

Regional Age Profile (Greater Vancouver, 2011 and 2036)

Over the next 25 years all age groups will grow in Greater Vancouver, and the overall population will age considerably.



projections

Rental Housing Demand

Rental housing demand in Greater Vancouver is projected to increase by 29% to 41% over the next 25 years through two different scenarios, compared to population growth of 41% over the same period.

Figure 4 shows that rental housing demand declined from 2001 to 2006 then rose significantly by 2011. The decline in rental housing demand was caused by the propensity to rent dropping in all but one age group. Figure 5 depicts the age breakdown of rental housing demand in 2011 and 2036, showing the large growth in rental housing demand among senior households.

Scenario A: Constant Tenure

As seen in Table 3 below, rental housing demand is projected to increase by 41%, from 331,086 households in 2011 to 466,477 households in 2036 when tenure rates are held constant.¹ This translates to an average annual increase in rental housing demand of 5,416 households between 2011 and 2036.

Scenario B: Shifting Tenure

Total rental household maintainer rates for BC declined from 16.4% of households in 1996 to 14.4% in 2006. The shift can be seen in Greater Vancouver and is consistent across most age groups. Scenario B assumes this trend will continue to 2036, thereby slowing the growth in rental housing demand. Since the overall population is projected to grow, however, total rental housing demand will still increase from 331,086 households in 2011 to 428,755 households by 2036, a 29% increase. This slower growth translates into an average annual increase of 3,907 rental households between 2011 and 2036.

Rental housing demand is projected to increase by 47,355 to 59,106 households over the next 10 years.

	Total Households			Additional Households			Avg Annual Additional Households		
	2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Scenario A: Constant Tenure	331,086	390,192	466,477	59,106	76,285	135,391	5,911	5,086	5,416
Scenario B: Shifting Tenure	331,086	378,441	428,755	47,355	50,314	97,669	4,736	3,354	3,907

TABLE 3

Rental Housing Demand (Greater Vancouver, 2011 to 2036)

Rental housing demand is projected to increase by 4,736 to 5,911 households annually over the next 10 years.

¹ All 2011 figures are projections as the 2011 Census housing tenure and income variables were unavailable at the time the projections were complete.



projections

Rental Housing Demand

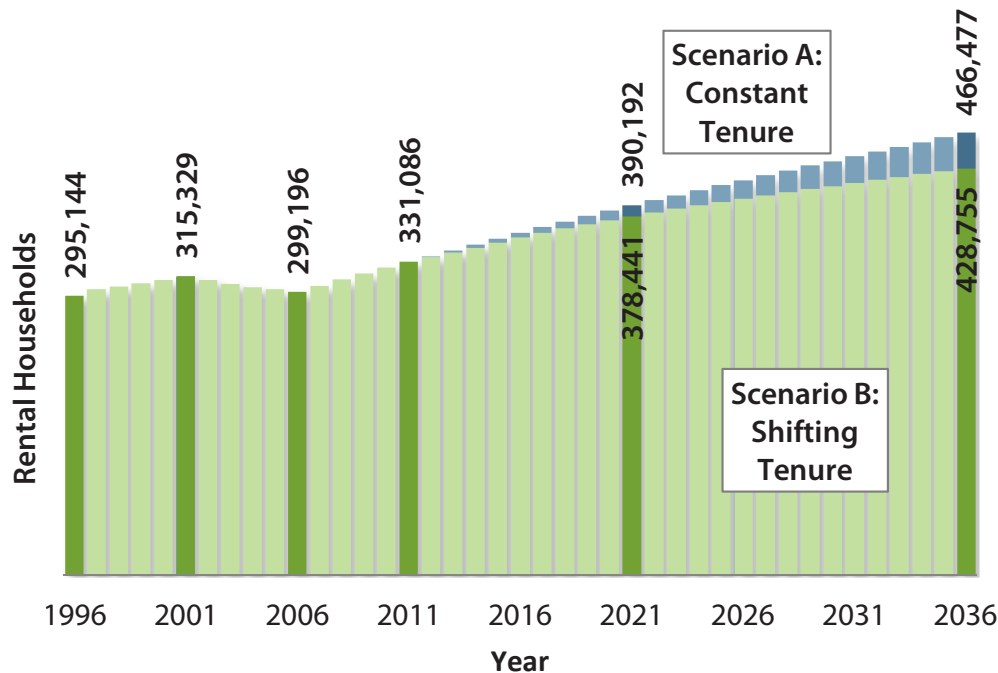


FIGURE 4

Rental Housing Demand
(Greater Vancouver,
1996 to 2036)

Both scenarios project growth in rental housing demand, with Scenario A envisioning greater growth over the next 25 years.

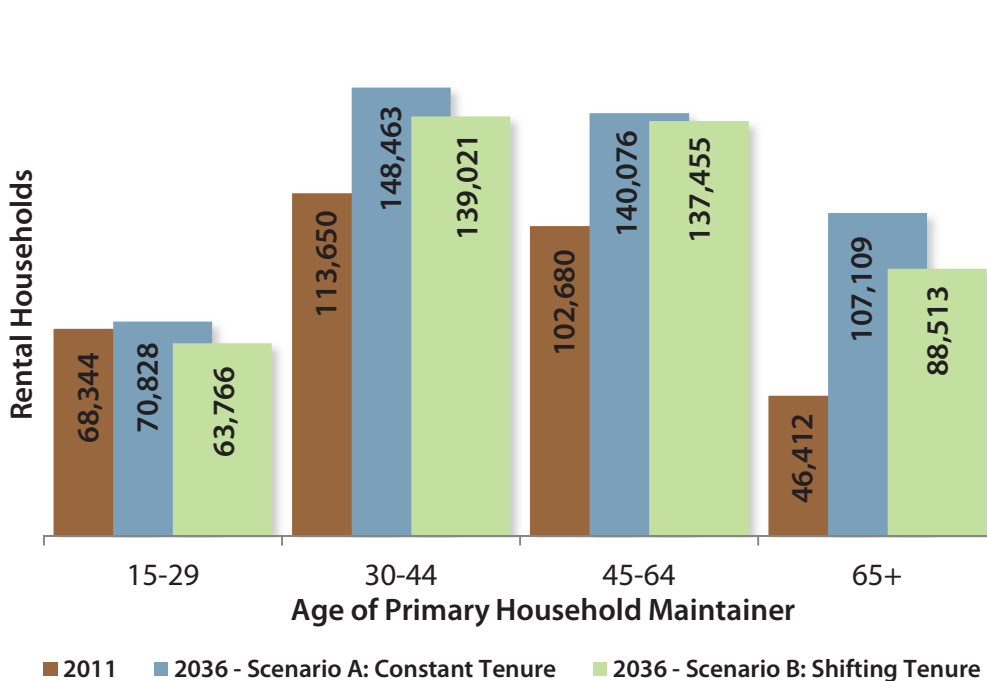


FIGURE 5

Rental Housing
Demand by Age
(Greater Vancouver, 2011,
2036)

Both scenarios project an increase in rental housing demand for most age groups, particularly seniors.



projections

Core Housing Need

Some renter households will be in core housing need due to affordability, adequacy or suitability problems. Core housing need among renters is projected to increase by 36% to 49% over the next 25 years.

Despite an increase in rental housing demand from 1996 to 2001, the number of renter households in core housing need declined during this period in Greater Vancouver, and through to 2006, as shown in Figure 6. This was likely caused by changing incidence of households in core housing need.

Both scenarios hold the age-specific shares of renter households in core need constant at 2006 levels. It is estimated that 92,111 renter households in Greater Vancouver were in core housing need in 2011.²

Figure 7 depicts the age-specific breakdown of renter households in core housing need, showing that the number of senior households in core housing need will double by 2036. The increase in renter households in core housing need is highest among seniors because this age group has the highest incidence of core housing need and the number of seniors is expected to increase into the future.

Scenario A: Constant Tenure

Scenario A reveals a 49% increase of 45,447 renter households in core need, from 92,111 households in 2011 to 137,558 households by 2036. This is an average annual increase of 1,818 renter households.

Scenario B: Shifting Tenure

Scenario B projects fewer renter households in core housing need by 2036 than Scenario A. It projects an annual increase of 1,320 households in core housing need, for a total of 125,100 renter households in core need by 2036, a 36% increase.

Core housing need among renters is projected to increase by 15,411 to 19,070 households over the next 10 years.

	Total Households in Core Need			Additional Households in Core Need			Avg Annual Additional Households in Core Need		
	2011	2021	2036	2011-2021	2021-2036	2011-2036	2011-2021	2021-2036	2011-2036
Scenario A: Constant Tenure	92,111	111,181	137,558	19,070	26,377	45,447	1,907	1,758	1,818
Scenario B: Shifting Tenure	92,111	107,522	125,100	15,411	17,578	32,989	1,541	1,172	1,320

TABLE 4

Renter Households in Core Housing Need (Greater Vancouver, 2011 to 2036)

Core housing need is projected to increase between 1,541 and 1,907 renter households annually over the next 10 years.

² 2011 figures are projections as the 2011 Census housing tenure and income variables were unavailable at the time the projections were complete.



projections

Core Housing Need

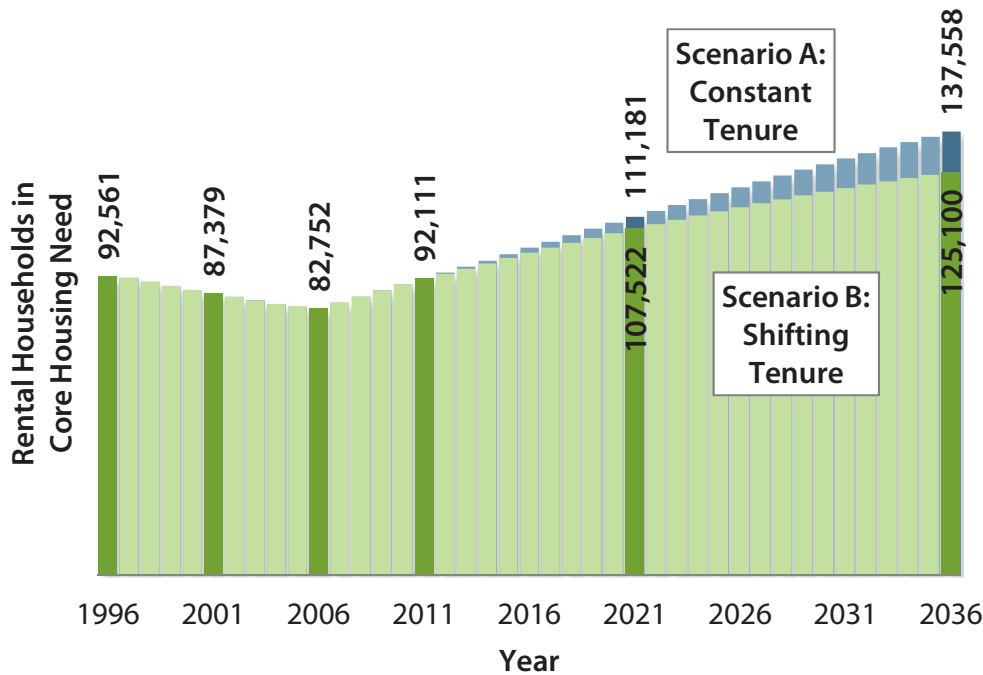


FIGURE 6

Core Housing Need
(Greater Vancouver,
1996 to 2036)

Both scenarios project a steady increase in the number of renter households in core housing need.

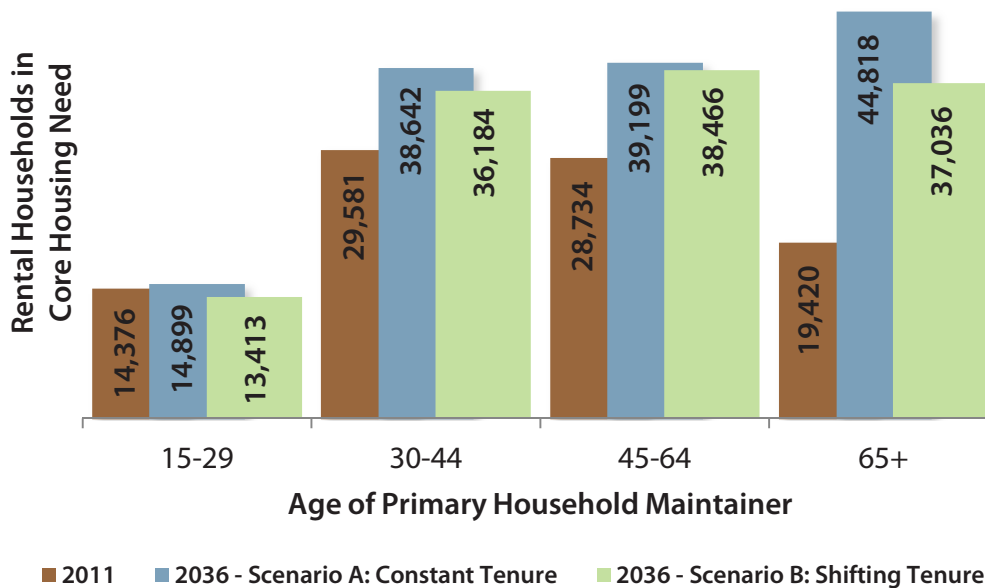


FIGURE 7

Renter Households
in Core Housing
Need by Age
(Greater Vancouver,
2011, 2036)

Both scenarios project an increase in renter housing demand for most age groups, particularly seniors.



methods

Our Model

The projections for rental housing demand and core housing need are the output of models built with particular assumptions, and are intended as illustrations of what might occur if certain trends continue.

Rental housing demand estimates were built using a demographic approach. Changes in demographics and tenure patterns are the main drivers in this model. The BC Stats PEOPLE 36 model projecting population growth in regional districts was used as a base, and adjusted using total population numbers released in February 2012 from the 2011 Census. The PEOPLE projections incorporate regional migration assumptions that are influenced by historical migration trends as well as information on future developments like resource sector activities, transportation infrastructure investment and planning policies.

Historical age-specific Census household maintainer numbers were used to calculate historical household maintainer rates (the portion of the age group that considers itself a primary household maintainer). Figure 8 illustrates the historical rates in Greater Vancouver. These rates were then applied to the total population to calculate an estimate of future rental household demand. All 2011 figures are projections as the housing tenure and income variable were unavailable at the time the projections were completed.

Scenario A calculated future renter households holding the estimated 2011 rates constant. Scenario B considered what would happen if trends in renter maintainer rates, visible in the different historic rates, continued through to 2036.

Core housing need estimates were calculated by applying the share of renter households in core housing need in 2006, held constant to 2011 and shown in Figure 9, to the two rental housing scenarios, and holding it constant over the projection period. This assumption is a conservative one, as the incidence of core housing need in BC in 2006 was the lowest it has been since the figures have been produced.³

Additional data tables are available in the appendix of this report.

³ CMHC 2011. Canadian Housing Observer. Households in Core Housing Need, Canada, Provinces, Territories and Metropolitan Areas, 1991-2006.

More detail on the methodology behind these projections is available in the full report at www.bcpnha.ca.

Projections created with technical support from Urban Futures.

Contact BCNPHA Research Department for more information: jill@bcnpha.ca.

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Changes in demographics and tenure patterns are the main drivers in this model.



methods

Our Model

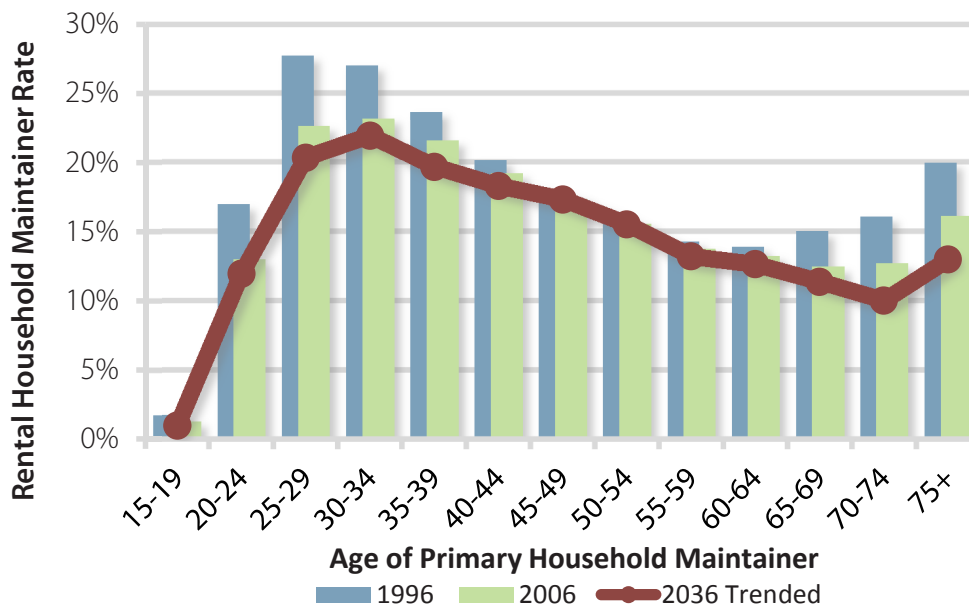


FIGURE 8

Rental Household Maintainer Rates (Greater Vancouver, 1996, 2006, 2036)

Rental household maintainer rates are projected to decline among most age groups by 2036.

(For detailed age-specific maintainer rates used to build the projections, see the appendix in the full report at www.bcnpha.ca.)

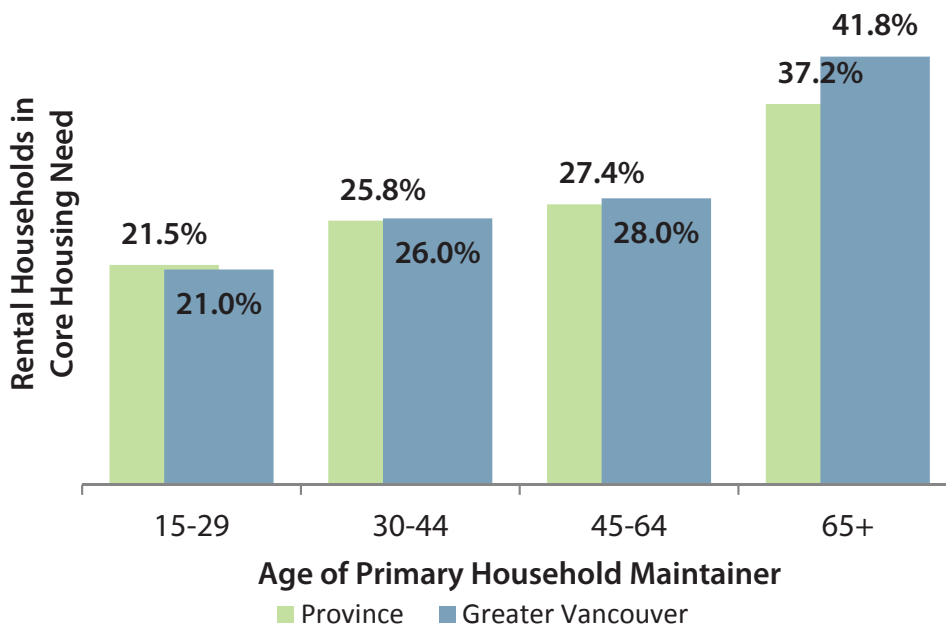


FIGURE 9

Share of Renter Households in Core Housing Need (BC and Greater Vancouver, 2011)

In Greater Vancouver, the share of renter households in core housing need closely reflects the provincial average.



appendix

Data

This appendix contains additional detailed projections generated by our model, including population projections by age group, renter and owner household projections, and renter and owner core housing need projections.

For projections of rental housing demand and core housing need at the provincial level, and more detail about the methodology employed, see the complete report at www.bcnpha.ca

TABLE 6

Population Projections
by Age Group (Greater
Vancouver, 2011 to 2036)

Age Group	Total Projected Population			Avg Annual Growth		
	2011	2021	2036	2011- 2021	2021- 2036	2011- 2036
0-14	358,572	406,634	462,236	1.3%	0.9%	1.0%
15-29	509,935	487,702	549,153	-0.4%	0.8%	0.3%
30-44	533,459	661,566	698,760	2.2%	0.4%	1.1%
45-64	675,421	770,884	923,507	1.3%	1.2%	1.3%
65+	326,155	478,729	747,375	3.9%	3.0%	3.4%
All Ages	2,403,542	2,805,515	3,381,031	1.6%	1.3%	1.4%

TABLE 7

Household Projections
(Greater Vancouver,
2011 to 2036)

Tenure	Scenario	Total Households			Additional Households			Avg Annual Additional Households		
		2011	2021	2036	2011- 2021	2021- 2036	2011- 2036	2011- 2021	2021- 2036	2011- 2036
Rental	Scenario A: Constant Tenure	331,086	390,192	466,477	59,106	76,285	135,391	5,911	5,086	5,416
	Scenario B: Shifting Tenure	331,086	378,441	428,755	47,355	50,314	97,669	4,736	3,354	3,907
Ownership	Scenario A: Constant Tenure	614,636	759,158	955,710	144,522	196,552	341,074	14,452	13,103	13,643
	Scenario B: Shifting Tenure	614,636	770,909	993,432	156,273	222,523	378,796	15,627	14,835	15,152
Total	Both Scenarios	945,722	1,149,350	1,422,187	203,628	272,837	476,465	20363	18,189	19,059

TABLE 8

Households in
Core Housing Need
Projections (Greater
Vancouver, 2011 to
2036)

Tenure	Scenario	Total Households in Core Need			Additional Households in Core Need			Avg Annual Additional Households in Core Need		
		2011	2021	2036	2011- 2021	2021- 2036	2011- 2036	2011- 2021	2021- 2036	2011- 2036
Rental	Scenario A: Constant Tenure	92,111	111,181	137,558	19,070	26,377	45,447	1,907	1,758	1,818
	Scenario B: Shifting Tenure	92,111	107,522	125,100	15,411	17,578	32,989	1,541	1,172	1,320
Ownership	Scenario A: Constant Tenure	57,596	72,030	92,130	14,434	20,100	34,534	1,443	1,340	1,381
	Scenario B: Shifting Tenure	57,596	73,196	95,964	15,600	22,768	38,368	1,560	1,518	1,535
Total	Scenario A: Constant Tenure	149,707	183,211	229,688	33,504	46,477	79,981	3,350	3,098	3,199
	Scenario B: Shifting Tenure	149,707	180,718	221,063	31,010	40,346	71,356	3,101	2,690	2,854

