



Photo: Derek Lepper & Richard Lamm



INVESTORS FIND READY MARKET FOR CONDO RENTALS

per cent higher. This is because of the inherent higher quality in condominiums and because they are often in better locations than

In Vancouver, an indication of how tight the rental market has become was the opening of Canada's smallest rental suites last month as 30 micro-sized apartments were offered in the refurbished Burns Block in the Gastown area. The new furnished suites are as small as 226 square feet and rents start at around \$750 per month, though most rent for \$850 per month.

If you are planning on buying a condo to rent out there are few things you should keep in mind. First of all, you will need at least a 20 per cent downpayment to qualify for a secondary property mortgage. A larger downpayment will reduce your monthly mortgage payments, making it easier for the rental to produce positive cash flow each month. Also, make sure that the existing strata bylaws allow rentals in the building, and check the neighbourhood to ascertain tenant demand.

Talk to your local Realtor, who will be able to show you resale condominiums that could be rented out, and can also offer valuable advice on how investing in a condominium rental can pay off over the long term.

Most people buy condominium to live in, often as a stepping-stone to a detached house, but an increasing number of investors are buying condominiums to rent out as both an income stream and as an equity builder.

In fact, investor-owned condominiums and houses make up half of the rental accommodation in Metro Vancouver, according to Canada Mortgage and Housing Corporation (CMHC). With the overall apartment rental vacancy rate falling to 1.4 per cent, the vacancy is even lower in the condo rental market.

Also, while the typical two-bedroom rental apartment rents for around \$1,237 per month, and a one-bedroom rents for an average of \$946 per month, rents for condominiums are often 10 per cent to 20

rental apartments.

"The secondary rental market, which includes investor-owned condominiums, shows stronger rental demand than purpose-built apartments. The vacancy rate for rental condominiums moved down to 0.9 per cent in October 2011, from 2.2 per cent in October 2010. On the supply side, rental units from the secondary rental market accounted for the lion's share of the overall increase in the number of rental units," CMHC explains. At least 27 per cent of all condos are rented out by investors.

Renters in the Abbotsford area had more rental options than in other parts of the Lower Mainland. CMHC's Fall Rental Market Survey found that the apartment vacancy rate was 6.7 per cent, a slight increase from 2010's level of 6.5 per cent.