
The Matt Mysak Report



FALL 2004

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What's Happening?

In August, the Ministry of Municipal Affairs and Housing set up the ceiling for 2005 rent increase at 1.5% which is the lowest rate since rent increase guidelines came into effect in Ontario. The increase is significantly lower than the increases of the late 80's and early 90's.

Landlords are unhappy as they rightly feel that this low increase does not reflect the cost of goods that this affect the industry. They feel that will put pressure on operating margins and may force them to skimp in other areas. While some tenant associations are elated,

others are concerned that tenants may be the long term losers if this situation causes a slow down in the supply of rental units.

Perhaps the Tenants Protection Act may benefit from some refinements, but not from unfair practices by landlords, while still allowing the landlords a reasonable return on their investment.

By creating a more stable marketplace, the Act attracted developers (who had practically disappeared) back into the industry. In the past six years, more rental units have been built than any equivalent period in the previous forty years. Substandard buildings

previously neglected, were renovated. The Act also brought new money players like pension funds, institutional and foreign investors, into the apartment sector.

If developers and investors perceive the recently established low increase to be a return to a 'government controlled' rent regime aimed at more stringent rental controls, it may have an impact on development. We could be headed right back to the rental market of the mid 90's. Not only was this an unfavorable environment for tenants, it was one in which only the slum landlords stood to benefit.

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