

INTRODUCTION

- There is growing concern about the financialization of rental housing, in which the ownership of apartment buildings is transferred to new firms that raise funds on financial markets, such as Real Estate Investment Trusts (REITs), private equity firms, and financial asset management corps. Financialized landlords take a more aggressive approach to building management, in order to increase profits for unit holders.
- There have been studies of financialization and tenant resistance in several Canadian cities (August & Walks, 2018; August 2020; St-Hilaire et al, 2023; Crosby 2020; Power & Risager, 2019) but no comprehensive study yet of Vancouver, despite the city having the highest rents and rates of eviction in Canada (Xuereb et al, 2022).
- The goal of this study is to build a database for future research that brings together difficult-to-access data in one place: apartment sales data, landlord ownership data, census data, rent data.

DATA & METHODS

Data Sources

Apartment building sales

- Subscription to Altus's Greater Vancouver Area database
- Transactions of buildings >5 units from 1999–2022
- Variables included: transaction date, address, type of building (low-rise, high-rise, seniors housing, student housing, etc.), building age, purchase price, number of units, seller, buyer, seller's signing officer, buyer's signing officer, details of mortgage amount and lender, etc.

Property ownership: Numbered companies and registered companies

- Aim to find names of directors and address associated with filing articles of incorporation
- BC Online: <http://www.bconline.gov.bc.ca>
- BC Registry search (\$8.50 per corporate summary search)

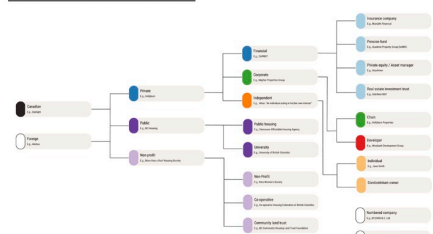
Tenant perspectives

- Media scan (CBC News, The Tyee, The Mainlander, Georgia Straight, etc.) of last two decades
- Key words: displacement, eviction, renovation, demoviction, Residential Tenancy Branch, landlord, tenant

Landlord strategy

- Analysis of quarterly and annual reports for companies with public filings
- Scan of Canadian Apartment Magazine, Renx.ca, BNN Bloomberg, Goodman Report, CBRE Report, Globe and Mail
- Scan of news updates published by BC Landlord Association

Landlord Classification Method



RESULTS

Figure 1: Apartment sales in Vancouver, by landlord type, 1999-2021

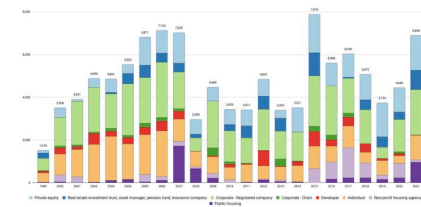
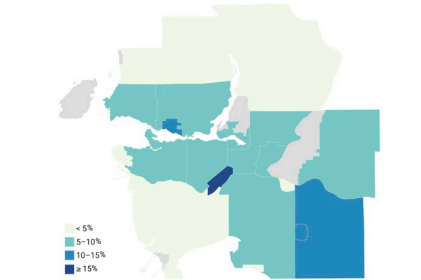


Chart by author based on data from Altus Data Studio. Dataset includes sales of apartment buildings with five or more units in the Greater Vancouver Regional District.

Over the last 20 years, from 1999 to 2021, 110,800 apartment units changed hands in Vancouver. Of these, 28,200 (25 percent) were purchased by financialized landlords, including private equity companies, real estate investment trusts, asset managers, pension funds, and insurance companies. The rate of acquisition by financialized landlords has increased significantly in the last five years, with financialized firms purchasing 2,000 units on average annually.

Figure 2: Proportion of rental stock owned by financialized landlords, 2022



Map by author based on data from Altus Data Studio (2022) and Statistics Canada (2021). Financialized landlords include REITs, asset managers, private equity companies, insurance companies, and pension funds. Map shows the number of apartment units (in buildings with >5 units) under financialized ownership, as a proportion of the number of rental households, by municipality.

The proportion of the rental stock under financialized ownership is highest in New Westminster, North Vancouver, and Langley.

Figure 3: Change in number of rental units in private market, by rent level: Vancouver, 2006-2011 and 2011-2016

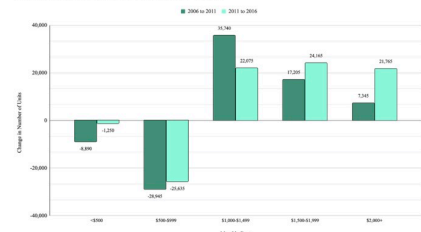


Chart by author based on data for Vancouver CMA from CMHC Housing Market Information Portal, 2006-2016. "Population, Households, and Housing Stock: Shelter Costs." Retrieved from <https://www3.cmc.ca/schl/gc.ca/html/print/FT2016MagChart2410/3/VancouverV20CMA>.

27,000 affordable rental units (with rents <\$1,000 per month) were lost from the Vancouver market from 2011 to 2016. Over the same period, rents increased by approx. 20% – an extra \$200 for the average tenant.

RESULTS

Figure 4: Social housing units built annually in Vancouver, 1958-2021

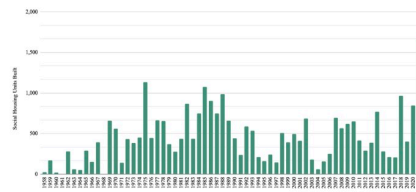
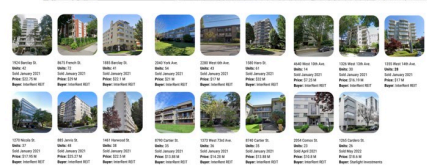


Chart by author based on data from City of Vancouver Open Data Portal, 2022. "Table: Non-Market Housing Inventory." Retrieved from <https://opendata.vancouver.ca/explore/dataset/non-market-housing/information/>. Includes those buildings owned by City of Vancouver and those owned by non-profit agencies, catalogued by occupancy year.

The rate of new social housing construction has not kept pace with the loss of this 'naturally occurring affordable housing' in the private rental market, lost to market pressures (rent increases, reno-victions, demovictions, condo conversion, etc.) often through acquisitions. According to the census, 27,000 affordable rental units were lost from 2011-2016. Over the same period, 2,779 social housing units were built – a replacement rate of 10%. For the sake of comparison, over the same 2011-2016 period: 5,445 units were acquired by financialized landlords and 994 units were purchased by developers.

CASE STUDY

- Market shift from family-run, private companies to financialized landlords, which accelerated during the pandemic when interest rates were low.
- Hollyburn Properties is a purpose-built rental construction company started in 1972 in Vancouver by Stephen Sander.
- Hollyburn sold a large portion of its portfolio in downtown Vancouver (663 units, total transaction value of \$320M) to InterRent REIT and Starlight in 2021 and 2022.
- Both companies are known for aggressive tenant management strategies, in order to drive up rents and increase profits for unit holders.
- InterRent's 'building repositioning' strategy has been described as one reliant on: cutting; squeezing; greening; rent increasing; bullying and bribing (Power & Risager, 2019).
- These companies will likely make use of new legislation to permit 'Additional Rent Increase for Capital Expenditures' as they have with 'Above Guideline Increases' in Ontario.



CONCLUSIONS & NEXT STEPS

Conclusions

- There is a need to regulate and restrict the investment behaviour of financialized landlords, while also building new social housing; funding the acquisition of buildings by non-profits, co-ops, & CLTs; and funding tenant organizing and legal aid.
- There is a need to make property ownership data (and incorporation records) freely, easily accessible for tenants and housing advocates.

Next Steps / Possible Future Research

- Pair apartment sales data with demographic data from 2021 census to analyze uneven impacts of financialization on working-class and racialized renters
- Consider how geography, neighbourhood demographics, and condition of apartment building stock shape investment strategies of financialized landlords – e.g. 'buy and hold' Class A buildings vs. putting Class C buildings 'through a carwash'
- Pair apartment sales data with rent data from CMHC and Altus, arrears data from CMHC, and eviction filing data from the BC Residential Tenancy Branch to analyze how changes in ownership to financialized landlords impact rent increases, tenant turnover, housing insecurity
- Analyze purchasing patterns of development companies in response to upzoning and transit investment (e.g., Broadway Corridor) and assess the success/failure of municipal tenant assistance policies aimed at preventing demovictions

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