**Rents in Canada grow at record pace as housing shortage stings**

The cost to rent an apartment grew at a record pace in Canada last year as immigration surged, ramping up affordability pressures in an already housing-constrained economy, reports Bloomberg.

Average rent for a two-bedroom apartment increased 5.6% in 2022, according to a report released Thursday by the Canada Mortgage and Housing Corporation. Strong demand also pushed the vacancy rate down to 1.9%, the lowest in 21 years, CMHC said.

Canada's housing crisis is becoming more acute as its longstanding home shortage is met with record levels of immigration. The problem has been compounded by a historically fast run-up in borrowing costs, which is suddenly making homeownership unaffordable for many Canadians and forcing them to stay in the rental market longer.

"Lower vacancy rates and rising rents were a common theme across Canada in 2022," Bob Dugan, the housing agency's chief economist, said in a statement. "The current conditions reinforce the urgent need to accelerate housing supply and address supply gaps to improve housing affordability."

The vacancy rate among condominiums put up for rent by their owners, which account for more than a third of rental stock in major cities such as Toronto and Vancouver, fell to 1.6%, down from 1.8% a year earlier, the report showed.

Rents have risen even as housing prices fall. Higher borrowing costs pummeled the housing market last year, pressuring prices. Rates are poised to remain elevated after the Bank of Canada raised its benchmark rate to 4.5% on Wednesday, the highest in 15 years, and said it plans to hold it there while it assesses the impact of its aggressive hikes.

CMHC said last year that Canada would need to pick up the pace of home construction by 3.5 million units by 2030 to restore housing affordability. But the country faces high costs for labor and materials, as well as restrictive zoning rules in many of Canada's largest cities that limit construction.