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Apartment

SEARCHING FOR SILVER LININGS

LESSONS LEARNED AS COVID STRIKES AGAIN

plus

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An aerial photograph of a city skyline at dusk. The sky is a mix of blue and orange, with scattered clouds. The CN Tower is prominent on the right side. In the foreground, there's a large, modern building with a curved, metallic facade. The overall scene is a dense urban landscape.

THE SILVER L OF 2020

Industry weighs in on lessons learned
as COVID strikes again

WININGS

By Erin Ruddy

Usually, fall is a season of growth and opportunity, with post-secondary students heading back to school and a new crop of professionals entering the workforce. It can be a busy time of turnover, a positive new beginning for management and tenants alike.

But 2020, by all respects, is different. What used to be normal in the pre-COVID era will never compare to what's happening today. Even predicting what the world will look like one month from now is virtually impossible. Schools, shops, and offices are slowly beginning to re-shutter as the virus runs rampant in Quebec and Ontario. With some countries already in the grips of second lockdown, it's likely November will unleash a whole new level of doom and uncertainty...making last month look like a cakewalk.

However, on paper September wasn't so good. Grim data from Rentals.ca showed that average monthly rents across Canada had declined to the tune of 7.6 per cent, with the GTA declining 11 per cent. Experts chalked the regression up to several COVID-related factors, including job loss; less immigration; a shift to virtual learning at post-secondary schools; and young urban professionals being forced to move back home with their parents.

August rents were also impacted as more employees continued working from home, resulting in higher vacancies in the downtown core. Searches for cheaper, suburban properties went up, as landlords attempted to lure prospective tenants back to the once coveted markets.

"The average rent for all property types in Canada remains flat, but rental rates for the most expensive central properties in Toronto, Vancouver and Montreal continue to decline," said Ben Myers, president of Bullpen Research & Consulting. "Despite the lower rent levels and incentives offered by landlords recently, there is less financial motivation to move during a pandemic, especially with Ontario freezing rent hikes on all rent-controlled properties for 2021. The lifting of COVID-19 eviction bans in several provinces could lead to further supply hitting the market and further depressing rent levels."

Meanwhile on the investment side, apartments are faring better than their retail and office counterparts, but this isn't enough to ease the angst of smaller landlords with limited resources to keep up with day-to-day measures—and blindsiding legislation hasn't helped matters.

"It is clear from the [Ontario] government's own figures that inflation is running at 1.5 per cent, and without a rent increase to offset the added expenses for cleaning, maintenance and administration relative to COVID, many smaller operators will be feeling the pinch," said Paul Cappa, paralegal with Cohen Highley LLP, referring to Ontario's latest bombshell. "Landlords were hopeful that there would have been at least a corresponding freeze on property tax and utility increases for 2021. Unfortunately, the rent freeze is untargeted and does little to assist the most vulnerable tenants that have lost their income due to COVID."

For rental housing providers, where is the silver lining?

As an industry, Canada's apartment sector has weathered many storms, but nothing quite like the tsunami of financial and operational strife imposed by COVID-19. Will the industry look back on 2020 with a sense of overriding despair, or will COVID be regarded as the catalyst that elevated the industry to bold new heights? The answer,

it seems, is a little of both. While many smaller landlords are likely to feel oppressed by the pandemic, some property management firms have jumped on opportunities that will only make them stronger. From enhanced virtual platforms to improved emergency protocols, there are some amazing lessons to be learned as we head into the last quarter. Here is just a sampling of the silver linings:

Kris Boyce, CEO, Greenwin Corp:

"The pandemic forced us to jump into the future of property management today..."

COVID-19 tested the limits of our business model like nothing we have seen before, and it was nothing we could have anticipated. Having to move most of our workforce remote, basically overnight, came with challenges. We were lucky in that our IT Team is amazing at making sure we're always up with the latest technology, so the infrastructure was there, and we were able to accomplish what could have been a nightmare with relative ease. Even being apart, our teams were able to stay connected, meet their deadlines, and virtually collaborate—all while avoiding the morning commute. The addition of a new internal chat system changed our processes for sharing information and increased our ability to serve our residents virtually. In a way, the pandemic forced us to jump into future of property management today – and I'm happy to say we were pleasantly surprised by the results.

Crisis management plans were always standard practice in the industry when it came to things like floods, fires and natural disasters, but pandemics were definitely not on the radar. There's a saying that goes, "An ounce of prevention is worth a pound of cure," and I think that this is a major theme the property management industry will take away from this situation. Shifting focus to put more emphasis on ongoing health education and safety practices is not something that will end, even long after the pandemic is over. I believe we will come out of this pandemic stronger and more educated on health protocols and processes for the greater good.

Chrystal LeBlanc,

Director, Strategic Marketing for
BentallGreenOak's Residential Services:

"Our staff have discovered new sources of joy and an ignited passion for their work..."

The resident experience has been redefined during the pandemic, forcing our teams to consider how we can still bring warmth, compassion and timely care to our residents in these challenging times. Our property staff have added "social convening" to their repertoire by curating unique, physically-distanced programming, like virtual art classes, socially-distant concert performances, in-home fitness programming, delivery of DIY pizza kits for families, personalized art kits for residents with children, and in-person delivery of food and medicine direct to residents' homes. Our staff have discovered new sources of joy and an ignited passion for their work through this renewed focus on human relationships that has brought a welcome sense of comfort and community to our properties.



BJ Santavy

Vice President, Skyline Living:

"The pandemic is a chance for rental housing providers to make meaningful strides..."

COVID-19 has caused physical, mental, and financial strife across Canada. We're deeply attuned to the worries and needs of our residents. Our incredible frontline staff, their supporting teams, and our vendors and business partners, have all stepped up amid all of the uncertainty and shown our residents that we have their backs—not just in terms of heightened safety and cleaning procedures, but through communicating that our R.I.S.E. tenant assistance program is there for them. We absolutely do see a silver lining: the pandemic is a chance for rental housing providers to make meaningful strides to help their customers at the time it's needed most.





What's Drawing Renters:

Proximity to groceries rises among top amenities

According to a survey by Local Logic the most important amenity to would-be tenants is transit, with elementary schools, day cares and proximity to grocery stores also appearing in the top ten. Other notable rankings include the desire for quiet over vibrant neighbourhoods.

“Interest in living near a grocery store is the highest it’s been since we started reporting these numbers in March — higher even than peak pandemic,” said Guy Tsrer, data scientist for Local Logic, noting that Montreal saw a 28 per cent increase in August among renters looking for nearby grocery stores compared to previous months.

As Wave Two of COVID descends, forcing curb-side pick-up and/or limiting the number of people allowed in public spaces, it seems more Canadians would rather stick to their neighbourhood shops than venture too far from home.

In conclusion

As challenging and financially draining as the pandemic has been for many, property managers should not lose sight of the opportunities. All companies, governments, and households have been struggling to navigate this uncertain territory, with the same overarching objective in mind: to manage the disruptions of the crisis so that the silver linings are what carry us through.

Now is the time to focus on the trends and conditions that will reshape our society, economy, and industries for the better. With this objective in mind, the apartment sector is sure to flourish. 🍌

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