

Are new purpose built rental buildings coming?

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Concern has been expressed about an oversupply of new condos being built in some Canadian markets, but condominiums may no longer flood the housing market with developers exploring the possibility of building purpose built rental apartments.

With the cost of housing becoming unaffordable for some Canadians, renting may be their only living option, which has led to strong rental markets in some cities. Low [rental vacancy rates](#), a competitive rental market in some areas and low interest rates are factors that could have encouraged investors to park their money in real estate and developers may be looking to take advantage of this trend.

Over the last few decades, new purpose built rental buildings were rare due to provincial [rent controls](#), but back in late 2013, there were expectations of a boom in this type of building, according to the *Globe and Mail*.

Rockport Group, one of the first builders of condominiums in Toronto, will start construction on a purpose-built rental apartment this month near the busy midtown intersection of Yonge and Eglinton. They're building a 27-storey apartment building, The Montgomery, that will be home to 233 suites. One interesting feature of the future development is that it will allow investors living in other cities and countries to reclaim their rental units from previous tenants thanks to on-site staff and security tenure. [CEO of Rockport, Jack Winberg, told the Toronto Star](#), he expects there to be a shift of more Canadians renting rather than owning in the future. This means that if you're an investor, you might consider snapping up a rental property, especially if prices for housing continue to climb.

Two new luxury rental apartments in Toronto's affluent Forest Hill neighbourhood opened its doors to its first residents in July. The developer's rental units targeted empty nesters and young professionals with prices comparable to renting downtown that included amenities such as building concierges, a party room with a billiards lounge, a private dining room, guest suites and an outdoor terrace and courtyard.

But these types of developments hold a unique risk for developers that condos don't since it's a long-term investment for them and there's a chance that they may not attract tenants to their properties. The property's location and attractive amenities are two aspects that help potential tenants decide where to lease, which should be a consideration for any [property investor](#).

If you've chosen to invest in a newly built property, you might not be aware that you can claim an [HST rebate](#) from the CRA. Save money on your investment by using Rebate4U to help you

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