



2022 Residential Rent Increase Report

The Commission reviewed the Consumer Price Index (CPI) provided from the Director of Economics, Statistics & Federal Fiscal Relations for the province of Prince Edward Island (the "Director"). The CPI included data for a two-year period from July 2019 to July 2021. CPI data is included in Appendix A.

Expenditure Review

Commission staff consulted with the Director to determine the factors affecting a typical rental accommodation and whether or not these costs are increasing. It was determined that energy costs, electricity, property taxes and repairs and maintenance costs are significant contributors to rental accommodation expenditures.

During the Covid-19 pandemic, a number of products significantly fluctuated in price, specifically costs of home heating oil which is considered a significant expense for rental accommodations. During the two-year period, energy costs of heating oil decreased significantly from July 2019 to July 2020 and began rising from July 2020 to July 2021. According to the CPI index for the energy basket, costs decreased 5.1% over the two-year period and increased 4.7% over the one-year period. This indicates that while energy costs are increasing, they have not fully recovered to pre-pandemic levels during the Commission's review of CPI indices.

Electricity costs are identified as a significant expenditure for rental accommodations. There is currently no application before the Commission to increase electricity costs in 2022.

Property taxes are another significant expenditure for rental accommodations. The CPI index indicates a 1.8% increase from August 2020 to July 2021.

Repair and maintenance costs are a significant expenditure for rental accommodations, especially for older units. From discussions with the Director, the best representation of repair and maintenance costs for rental accommodations would be the homeowner's maintenance and repairs basket contained in the CPI index. This expenditure increased 1.26% over the prior year.

Revenue Review

The Commission reviewed the CPI rented accommodation basket as there was a 6.4% increase in the cost of rented accommodations. This increase would include approved greater than allowable rental increases issued by the Commission and new builds which are permitted to set rental prices at market rates.

Commissioners discussed whether or not this increase indicated that rental accommodations already received an increase in rental rates through unauthorized rental increases or if it was due to the result of new builds and approved greater than allowable rent increases. The Commission concluded that the increase in new builds during the year which list apartments at significantly higher rents than older units would skew this result.

For example, the average rent for newly built two-bedroom apartments is between \$1200 and \$1600; assuming an average rental price of \$1,400 for a new build, this would result in a rental price increase over the average two-bedroom apartment rent of \$958 of approximately 46% ($\$1400/\$958-1$). Therefore, it is reasonable that the 6.4% increase reported by the CPI for rental accommodations is skewed by new builds or approved greater than allowable rental increases.

Public Input

Each year, the Director of the Office of Residential Rental Property advertises for written submissions on the allowable annual rent increase from tenants, landlords, and members of the public. This year, 46 submissions were received from 37 landlords and 9 tenants. There were 37 submissions requesting a rental increase between 1% and 10%, and there were 9 submissions requesting no increase.

Overall

The Commission finds there has been considerable fluctuation in rental accommodation expenditures over the last two years due to the Covid-19 pandemic. As such, some expenses decreased while others increased. The Commission reviewed the CPI indexes for selective items related to rental accommodations ending with July 2021. The Commission reviewed the fluctuations over the current year, expected increases or decreases of expenditures and the prior year's CPI results and determined an additional 1% increase is appropriate.

Appendix A – Consumer Price Index (CPI)

Consumer Price Index (CPI)
Prince Edward Island

PEI										
Month	Canada All Items	PEI All Items	Food	Household operations, furnishings and equipment	Shelter	Rented Accomodation	Owned Accommodation	Water, Fuel, and Electricity	Energy	Property taxes and other special charges
Aug 2018	134.2	137.6	149.4	128.9	137.6	118.5	121.6	189.6	187.9	164.1
Sep	133.7	136.0	146.6	128.6	137.7	118.7	121.8	189.6	187.6	164.1
Oct	134.1	136.9	147.2	130.1	139.9	119.1	122.4	197.8	191.3	166.7
Nov	133.5	136.1	148.2	128.9	140.0	119.1	122.4	198.3	183.5	166.7
Dec	133.4	135.3	149.0	128.9	137.1	119.1	122.4	184.7	170.3	166.7
Jan 2019	133.6	135.0	151.3	129.0	136.5	119.5	122.7	180.1	164.0	166.7
Feb	134.5	135.9	150.2	129.9	138.3	121.5	122.7	187.0	169.1	166.7
Mar	135.4	137.0	151.0	129.6	137.9	117.8	122.9	188.5	177.9	166.7
Apr	136.0	137.8	150.4	130.3	138.6	119.8	123.1	189.2	188.0	166.7
May	136.6	138.2	150.2	130.4	139.1	118.9	123.1	193.1	192.2	166.7
June	136.3	138.0	152.8	130.2	138.4	120.9	123.7	185.4	179.3	166.7
July	137.0	139.5	155.4	130.0	139.3	122.9	123.8	187.3	184.6	166.7
Aug	136.8	138.8	155.5	130.0	137.5	118.9	123.8	182.8	177.7	166.7
Sep	136.2	138.2	154.8	130.1	138.1	117.8	124.3	185.1	178.2	166.7
Oct	136.6	138.4	153.4	129.4	141.0	122.8	126.2	188.7	179.6	174.8
Nov	136.4	139.0	156.0	130.0	141.6	124.2	126.3	189.6	180.0	174.8
Dec	136.4	138.4	154.0	129.3	142.2	125.8	126.4	190.5	180.1	174.8
Jan 2020	136.8	139.0	157.4	128.8	142.3	123.6	126.5	193.2	181.5	174.8
Feb	137.4	138.9	156.5	129.7	140.1	125.5	126.5	180.1	172.3	174.8
Mar	136.6	137.5	157.7	129.2	138.8	126.5	126.6	171.9	153.5	174.8
Apr	135.7	136.0	160.4	130.2	135.8	124.6	126.8	158.3	134.4	174.8
May	136.1	136.1	160.2	130.3	133.5	123.6	126.7	148.4	134.9	174.8
June	137.2	137.5	159.4	130.8	135.0	125.4	127.1	152.7	145.6	174.8
July	137.2	138.2	161.7	130.9	136.8	126.5	127.0	160.8	153.6	174.8
Aug	137.0	138.3	160.1	131.3	137.1	127.7	127.0	160.8	153.4	174.8
Sep	136.9	138.2	158.6	130.5	137.8	131.9	126.9	159.9	152.4	174.8
Oct	137.5	138.6	158.7	131.0	138.2	129.9	128.1	160.6	153.4	177.0
Nov	137.7	138.3	159.1	130.3	138.6	132.2	127.9	160.8	150.9	177.0
Dec	137.4	138.2	158.9	129.2	139.8	130.9	128.4	166.7	158.1	177.0
Jan 2021	138.2	139.7	160.7	130.0	140.0	129.4	128.1	170.3	165.4	177.0
Feb	138.9	140.8	161.2	130.2	141.9	128.1	129.8	176.3	173.0	177.0
Mar	139.6	142.1	163.3	128.8	144.1	130.1	129.8	185.1	184.9	177.0
Apr	140.3	143.2	161.6	130.6	146.4	132.4	131.9	187.9	187.0	177.0
May	141.0	144.2	163.8	130.1	148.2	135.9	132.5	191.0	190.9	177.0
June	141.4	144.8	162.3	130.7	150.4	134.4	135.3	194.9	194.0	177.0
July	142.3	146.6	164.6	133.1	151.6	137.3	135.2	199.3	200.9	177.0
Avg Aug 2018 to Jul 2019	134.9	136.9	150.1	129.6	138.4	119.7	122.7	189.2	181.3	166.3
Avg Aug 2019 to Jul 2020	136.6	138.0	157.3	129.9	138.6	123.8	126.2	175.2	164.3	173.5
Avg Aug 2020 to Jul 2021	139.0	141.1	161.1	130.5	142.8	131.7	130.1	176.1	172.0	176.6
1 yr Change										
19/20 over 18/19	1.3%	0.8%	4.7%	0.3%	0.1%	3.4%	2.8%	-7.4%	-9.4%	4.3%
20/21 over 19/20	1.8%	2.2%	2.4%	0.5%	3.1%	6.4%	3.1%	0.5%	4.7%	1.8%
2 yr Change										
20/21 over 18/19	3.1%	3.0%	7.3%	0.7%	3.2%	10.1%	6.0%	-6.9%	-5.1%	6.2%
July 21/July 20	3.7%	6.1%	1.8%	1.7%	10.8%	8.5%	6.5%	23.9%	30.8%	1.3%
July 21/July 19	3.9%	5.1%	5.9%	2.4%	8.8%	11.7%	9.2%	6.4%	8.8%	6.2%
YTD (Jan-Jul) 2020	136.7	137.6	159.0	130.0	137.5	125.1	126.7	166.5	153.7	174.8
YTD (Jan-Jul) 2021	140.2	143.1	162.5	130.5	146.1	132.5	131.8	186.4	185.2	177.0
	2.6%	4.0%	2.2%	0.4%	6.3%	5.9%	4.0%	12.0%	20.5%	1.3%

PEI										
Annual	Canada All Items	PEI All Items	Food	Household operations, furnishings and equipment	Shelter	Rented Accomodation	Owned Accommodation	Water, Fuel, and Electricity	Energy	Property taxes and other special charges
2014	125.2	130.1	140.8	121.8	135.2	115.5	115.9	198.4	197.9	155.2
2015	126.6	129.3	146.4	125.0	131.8	116.3	117.0	177.1	167.3	158.8
2016	128.4	130.8	150.0	128.8	131.4	116.7	119.1	169.0	157.8	162.0
2017	130.4	133.2	146.8	129.6	133.8	117.3	120.0	177.5	169.3	162.6
2018	133.4	136.3	147.6	129.7	138.2	118.5	121.5	192.9	186.3	164.8
2019	136.0	137.9	152.9	129.9	139.0	120.9	124.1	187.3	179.2	168.7
2020	137.0	137.9	159.1	130.2	137.8	127.4	127.1	164.5	153.7	175.4
% Change										
2015	1.1%	-0.6%	4.0%	2.6%	-2.5%	0.7%	0.9%	-10.7%	-15.5%	2.3%
2016	1.4%	1.2%	2.5%	3.0%	-0.3%	0.3%	1.8%	-4.6%	-5.7%	2.0%
2017	1.6%	1.8%	-2.1%	0.6%	1.8%	0.5%	0.8%	5.0%	7.3%	0.4%
2018	2.3%	2.3%	0.5%	0.1%	3.3%	1.0%	1.3%	8.7%	10.0%	1.4%
2019	1.9%	1.2%	3.6%	0.2%	0.6%	2.0%	2.1%	-2.9%	-3.8%	2.4%
2020	0.7%	0.0%	4.1%	0.2%	-0.9%	5.4%	2.4%	-12.2%	-14.2%	4.0%

Consumer Price Index, monthly, not seasonally adjusted

Frequency: Monthly

Table: 16-10-0004-01 (formerly CANSIM 326-0020)

Release date: 2021-09-15

Geography: Canada, Province or territory, Census subdivision, Census metropolitan area, Census metropolitan area part

Products and product groups 3 4	20-Jan	20-Feb	20-Mar	20-Apr	20-May	20-Jun	20-Jul	20-Aug	20-Sep	20-Oct	20-Nov	20-Dec	21-Jan	21-Feb	21-Mar	21-Apr	21-May	21-Jun	21-Jul	21-Aug	YTD V/Y	YTD V/Y-2
All items	139	138.9	137.5	136	136.1	137.5	138.2	138.3	138.2	138.6	138.3	138.2	139.7	140.8	142.1	143.2	144.2	144.8	146.6	147	2.79%	3.48%
Shelter 5	142.3	140.1	138.8	135.8	133.5	135	136.8	137.1	137.8	138.2	138.6	139.8	140	141.9	144.1	146.4	148.2	150.4	151.6	152.5	4.04%	4.17%
Rented accommodation	123.6	125.5	126.5	124.6	123.6	125.4	126.5	127.7	131.9	129.9	132.2	130.9	129.4	128.1	130.1	132.4	135.9	134.4	137.3	137.8	6.45%	10.73%
Rent 6	123.2	125	126.1	124.1	123.1	124.9	126	127.2	131.4	129.5	131.8	130.5	129	127.7	129.7	131.9	135.5	134	136.7	137.3	6.51%	10.83%
Tenants' insurance premiums																						
Tenants' maintenance, repairs and other..																						
Owned accommodation	126.5	126.5	126.6	126.8	126.7	127.1	127	127	126.9	128.1	127.9	128.4	128.1	129.8	129.8	131.9	132.5	135.3	135.2	135.8	#DIV/0!	#DIV/0!
Mortgage interest cost																					3.45%	6.43%
Homeowners' replacement cost	125.1	125.1	125.1	125.1	125.1	126	126	126	126	129.2	129.2	130.9	130.8	136	136.3	141.7	143.6	148.9	148.9	151.2	#DIV/0!	#DIV/0!
Property taxes and other special charges	174.8	174.8	174.8	174.8	174.8	174.8	174.8	174.8	174.8	177	177	177	177	177	177	177	177	177	177	177	10.00%	12.28%
Homeowners' home and mortgage insur	175.7	175.9	177.8	177.9	177.1	179	178.1	180.1	179.9	179.9	179.9	180.9	180.9	181.8	183.5	183.6	183.6	183.6	192.4	191.6	1.55%	6.21%
Homeowners' maintenance and repairs	161.6	161.6	160.9	161	161.2	161.7	161.4	161.4	162.2	160.3	160.7	160.8	160.8	160.8	160.8	162.4	166.3	166.9	166.6	166.6	4.19%	7.17%
Other owned accommodation expenses																					1.26%	2.86%
Water, fuel and electricity	193.2	180.1	171.9	158.3	148.4	152.7	160.8	160.8	159.9	160.6	160.8	166.7	170.3	176.3	185.1	187.9	191	194.9	199.3	201.6	#DIV/0!	#DIV/0!
Electricity	154.6	154.6	154.6	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	149.4	153	153	153	154.2	154.2	154.2	3.57%	-4.83%
Water	145.7	145.7	145.7	146.5	146.5	146.5	147.7	147.7	147.7	147.7	147.7	147.7	147.7	147.7	147.7	150	150	150	150	150	-0.61%	-2.01%
Natural gas																					1.66%	8.81%
Fuel oil and other fuels	225.5	192.5	171.7	145	119.9	130.8	151.1	151.1	148.9	150.7	151.1	166	175.1	190.3	207.2	213.9	221.6	229	238.9	244.1	#DIV/0!	#DIV/0!
Gasoline	169.1	165.2	134.4	109.7	123.1	141.2	148.5	148.2	147.1	148.3	142.7	151.1	162.4	171.6	186.6	187.8	192.7	194.8	204	203.4	9.08%	-9.54%
																					14.91%	1.44%