

# The Investment Property Owners Association of Nova Scotia

## Survey Results

### Bill 62 - Interim Residential Rental Increase Cap Act

#### Rising Insurance Premiums

December 2021

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**Bill 62 - Interim Residential Rental Increase Cap Act: 5,400 multi-unit residential units and 3,600 single-family home and duplex rental units are at risk of being eliminated from Nova Scotia's rental market.**

**December 14, 2021** – Nova Scotia's residential investment property owners are considering all options, including selling their rental units now that *Bill 62 - Interim Residential Rental Increases Act* legislation has become law.

Nova Scotia's 5,000 small landlords collectively managing over 60,000 rental units are the most impacted by the government's mandated 2% rent cap at a time when operating costs are skyrocketing without any opportunity to recoup increased operating costs.

IPOANS survey reveals landlords have transitioned into a survival strategy, with 85% of residential investment property owners planning to spend less on building maintenance. A reduction in upgrade investments will result in building, unit, and property deterioration.

Some residential rental property owners reported being one major storm away from a catastrophe event due to being denied financing for performing major capital repairs such as roof replacements because of insufficient future rental income

A driving factor behind investors exiting the residential rental business, 90% of investment property owners do not view the rent cap as a temporary measure but a long-term measure if not a permanent measure. The unknown long-term regulatory environment pushes investors out of the sector, redeploying capital resources to development-friendly jurisdictions and or other investment opportunities.

Single-family and duplex rental investors commented, "*with property valuations are at an all-time high, selling investment property investments as single-family homes an attractive retirement planning strategy option.*"

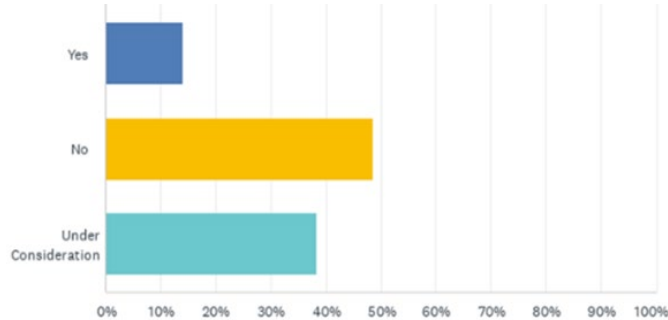
Survey respondents commented on their concerns over skyrocketing expenses. Respondents reported operation input expenses are experiencing double-digit increases. Insurance premiums are rising on average by 35%. Owners of pre-1996 built buildings commented they must perform electrical upgrades costing \$5,000 plus per unit before receiving coverage with an average premium increase of 63%.

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## Bill 62 - Interim Residential Rental Increase Cap Act

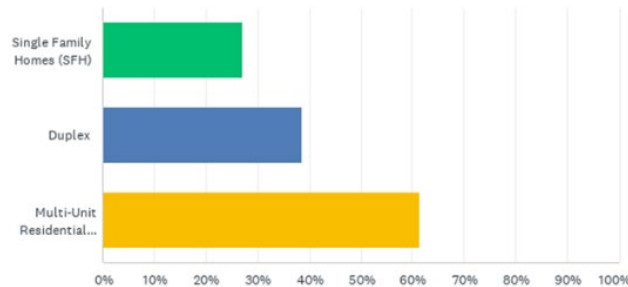
### Will Bill 62 -Interim Residential Rental Increase Cap Act - make you sell your rental property or properties



The majority of investment property owners are considering selling their properties

This represents potentially 8,000-9,000 rental units at risk of being eliminated

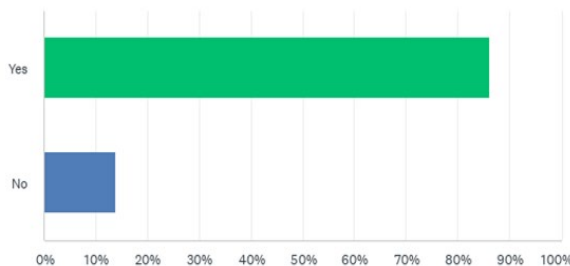
### If selling or selling is under consideration, what type of rental property are you considering selling.



60% of investment properties at risk of being sold are multi-unit apartments

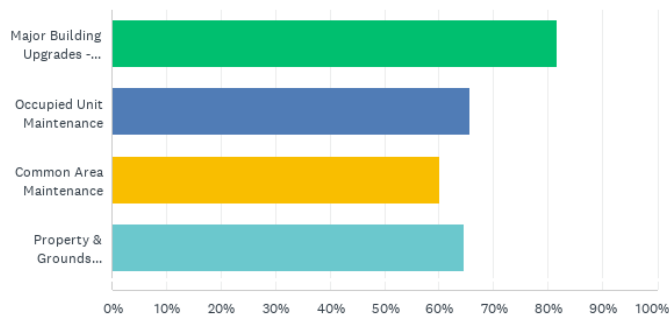
Most at risk of being removed from the rental market are single-family homes and duplex units due to being sold as single family homes.

### More than 85% of investment property owners will be spending less on building maintenance and operations



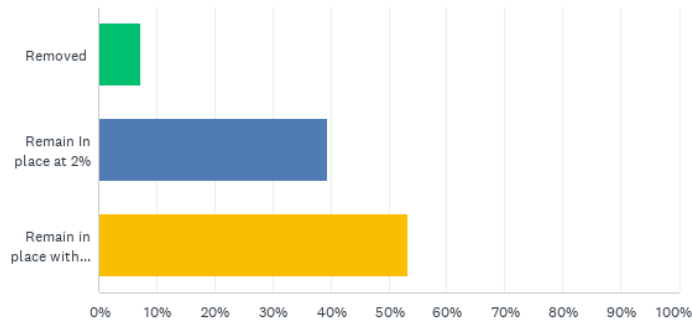
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### Building upgrades and or maintenance work impacted?



- 80% will spend less on major upgrades (roofs, windows, plumbing, electrical)
  - 65% will spend less on tenant units
  - 60% will spend less on common areas
  - 64% will spend less on property and grounds
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**On December 31, 2023, do you believe the 2% Rent Cap will be removed, remain in place, or remain in place with modifications?**

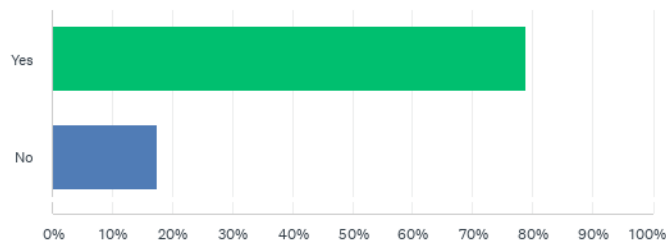


More than 90% of investment property owners believe rent control is here to stay

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### Rising Insurance Premiums

**It has been reported rising Insurance Premiums have become a significant issue for investment property owners. Have rising insurance premiums impacted your operations?**



Insurance is going up for almost 80% of investment property owners  
Average premium increase for pre-1996 built buildings 63%.



