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NAIOP: Municipal Charges on New Rental Construction Up as Much 628%, Threatening Supply

TORONTO - A new report commissioned by the Canadian Chapters of NAIOP reveals that municipal fees and charges on purpose-built rental housing have risen between 290% and 628% since 2010. These escalating fees are pushing otherwise viable projects beyond the point of feasibility.

The study, prepared by Keleher Planning & Economic Consulting, was undertaken to assist the federal government in its review of development charges and to provide data-driven insight into how escalating municipal fees are worsening Canada's housing supply and affordability crisis.

While development charges draw the headlines, the report shows that they are only one part of a much larger government fee structure. Community benefit charges, parkland dedication fees, off-site infrastructure levies, inclusionary zoning, density bonusing and a wide range of permitting and inspection costs have all risen sharply. Together, these charges now represent up to 31% of total construction costs in Toronto and 20% in Vancouver and have increased five-to-sixfold in Calgary and Edmonton since 2010. For a typical new apartment building, that can equal nearly four years of rent in fees and charges before a single unit is occupied.

"This report quantifies what developers are seeing on the ground: project viability is being squeezed by layers of government-imposed costs," said Leona Savoie, NAIOP Greater Toronto. "We support the federal government's commitment to reduce development charges. If Canada is serious about increasing rental supply, meaningful reductions to these charges must be part of the solution."

"Before inclusionary zoning requirement costs are added, municipal fees already account for about 20% of total project budgets. With development charges set to climb another 19% by 2027, the economics no longer work for new rental housing, putting Vancouver's rental pipeline at serious risk of stalling," said Derick Fluker, NAIOP Vancouver.

The report also highlights that while Alberta municipalities have lower absolute charges than their counterparts in Toronto and Vancouver, costs are rising there too, but through different channels.

"In Edmonton, fees are still low compared to other cities, but the overall cost burden isn't," said Stewart Fraser, NAIOP Edmonton. "Instead of relying on high development charges, we're seeing the pressure show up through elevated taxes. Both ultimately make it harder to get new rental housing built."

"Calgary mirrors Edmonton in many ways that it approaches development charges," said Chris Ollenberger, NAIOP Calgary. "It has the highest non-residential to residential property tax burden at 4.61:1 in 2025. The economics of new apartment construction are under pressure. The combination of rising taxes and higher input costs are slowing investment, even as demand for

rental housing continues to grow. If we want to build more homes faster, we need to ensure government fees and taxes are part of the solution and not a barrier.”

NAIOPs Canadian Chapters urge all levels of government to act on municipal cost pressures that are stalling rental housing and create a public policy environment that will encourage the construction of new rental apartment buildings.

About NAIOP

NAIOP is the Commercial Real Estate Development Association, representing developers, owners, investors, and professionals in office, industrial, retail, and mixed-use real estate. The Canadian NAIOP Chapters in Toronto, Calgary, Edmonton, and Vancouver work collaboratively to advance sound public policy, support economic growth, and accelerate the delivery of housing and job-creating development across Canada.

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