

Executive Summary

HOUSING NEEDS ASSESSMENT

City of Fredericton - 2025 Update

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01 Findings

- » **Population is rapidly rising:** The City of Fredericton's total population grew by 8% between the 2016 and 2021 Census periods; an unprecedented rate. The 2021 Census count totalled 67,625 people, while the Municipality estimates this to have grown to about 77,500 as of 2024. Population growth has been heavily influenced by new residents who have moved to the city from other regions of Canada as well as outside the country. A larger share of the population is made up of older age groups, following long-standing trends – the number of residents between the ages of 65 and 84 grew the fastest, at 21%. Growth is expected to continue, with projections anticipating a 41% increase in population from 2024-2044.



67,625
Fredericton's
population in 2021

77,500
Population
estimate in 2024

- » **Shifts in households indicating a change in housing need:** Alongside population growth over the coming decades, the number of households in Fredericton is estimated to increase by 48% from 2024-2044. This change is expected to be concentrated in older age groups, with the largest increase likely be in households aged 45 to 54, while older groups will also make significant contributions, especially those aged 75 and above.

The expansion of older households, along with some modest growth in those led by young adults, point to an increasing need for smaller, more affordable dwellings to accommodate one- and two-person households such as downsizing empty nesters, lone seniors, and roommates. While those will be the fastest growing types, a modest increase in the number of families with children is also expected, suggesting demand for dwellings with higher bedroom counts (3+) will be maintained.

The dwelling size, price, and tenure preferences of Fredericton's future households indicate a continuing shift toward denser housing types, like traditional apartments or emerging missing middle forms being encouraged by federal and programs such as the Housing Accelerator Fund.

- » **Concerns for renters and low-income households:** One in five households in Fredericton are low income (earning about \$37,000 or less), and many are renters. As their financial resources are limited, and have not kept pace with housing costs, a significant portion of Fredericton's population likely struggles or fails to find housing that is affordable. Unsurprisingly, this is especially prevalent in single-person households, a growing demographic, due to the limitations of earning a single income.
- » **Fredericton's economic position will continue to shape housing demand:** As the region's employment hub, Fredericton's housing supply attracts demand from a wider area as many commute from outside the city and may desire to live closer to their place of work. Strong employment trends will likely support demand. Without affordable options, those employed in important, but lower income, positions will face pressure to relocate outside the community.

Relatedly, employers in sectors like food service and hospitality that tend to maintain lower wages, or those in more highly compensated sectors looking to fill entry-level positions, may struggle with employee attraction and retention as potential staff struggle to find suitable housing options.

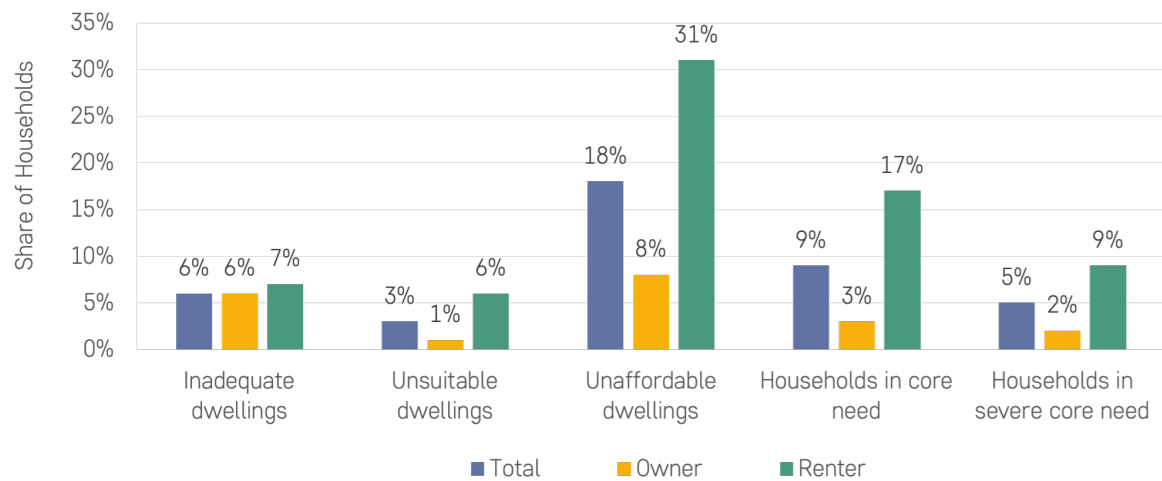
- » **Surging housing costs are quickly eroding affordability for homeowners and renters alike:** The cost of renting or purchasing a home has increased substantially in recent years, putting much more of the housing market out of affordability for households. These growing difficulties have kept many would-be first home buyers in the rental market, contributing to low vacancy rates and escalating rents. Renters spend an increasingly disproportionate share of their income on housing – limiting mobility, increasing financial precarity, and contributing to the growing population of the city at risk of housing insecurity.

Housing construction has increased, but only recently: Dwelling unit completions over the last decade have been relatively consistent at 300-350 units per year, but more than doubled from 2022 to 2024. Virtually all of this growth has been in rental-tenured housing, however continued low vacancy rates indicates demand remains ahead of supply. Very little construction of non-market housing has occurred in recent years, while the need for such alternatives has grown significantly. However, in 2024 the City began to see progress with community-based housing providers who, with the help of funding from the Housing Accelerator Fund programs, have more than 270 potential non-market housing units in various stages of development.

» **Affordability indicator data was understated in 2021, but still showed significant challenges for renters, and a substantial large gap compared to owners:** Income-support payments during the COVID-19 pandemic (e.g. the Canadian Emergency Response Benefit, CERB) helped relieve financial pressure, with the highest impacts felt by very low- and low-income households. While these payments were necessary, they were ultimately temporary, and their timing with data collection in the 2021 Census served to understate data on rates of housing unaffordability. Other forms of housing need (inadequacy – poor state of repair, and unsuitability – overcrowding) remained consistent with the prior census, indicating a continuation of housing challenges. Despite the understated data, 31% of renter households lived in unaffordable housing, compared to only 8% for owners.

Share of households experiencing a specific housing indicator by tenure, 2021

Source: Statistics Canada 2021 Census custom datasets of New Brunswick local government boundaries



02 Conclusions

As an update to Fredericton's 2021 Housing Needs Assessment, it is useful to identify which conclusions from this study are a continuation of findings in the prior report, and which are new or meaningfully different.

Findings that continue from the prior study indicate enduring conditions and challenges for Fredericton:

- » **Low vacancy rates and market pressure:** Fredericton's vacancy rate remains at historic lows, intensifying competition for available units and creating a market that disproportionately affects low-income renters and vulnerable groups.
- » **Eroding affordability:** Both rental and ownership costs have continued to increase at a higher pace than income growth, pushing more households into financial precarity.
- » **Renters facing barriers to stability:** High home prices, slow wage growth, and higher mortgage rates have made it increasingly difficult for renters to transition out of rental units and into homeownership.
- » **Inadequate capacity bridging emergency shelters to long-term stable housing:** A lack of capacity in supportive and transitional housing maintains a cycle of homelessness rather than successfully allowing those struggling in such conditions to follow a path toward permanent housing.

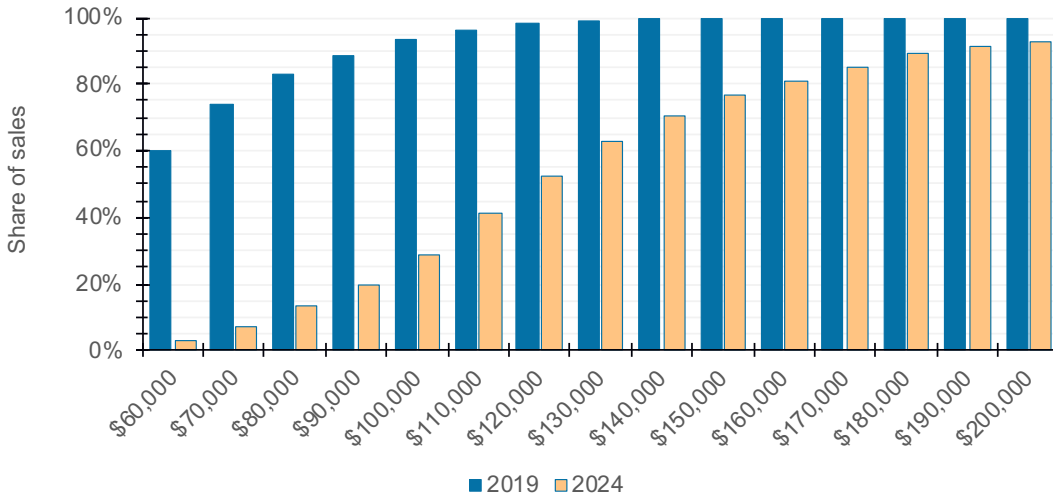
Findings that are new or different compared to the prior study indicate evolving conditions or novel challenges. These include:

- » **Deepening affordability issues:** While identified in the prior assessment, issues related to affordability have worsened at a dramatic pace. Overall, a smaller proportion of both the rental and ownership markets are affordable to households across all income levels.

Home sale prices were just beginning to escalate at the time of the previous study. Households earning \$100,000 – about the median income for owners in Fredericton – have seen the share of property listings they could afford drop from 93% in 2019 to only 29% in 2024. The households at lower income levels have been effectively shut out of affordable ownership opportunities entirely. Those earning \$60,000 went from being able to afford about 60% of listings, to just 3%.

Share of dwellings for sale that are affordable by before-tax household income level

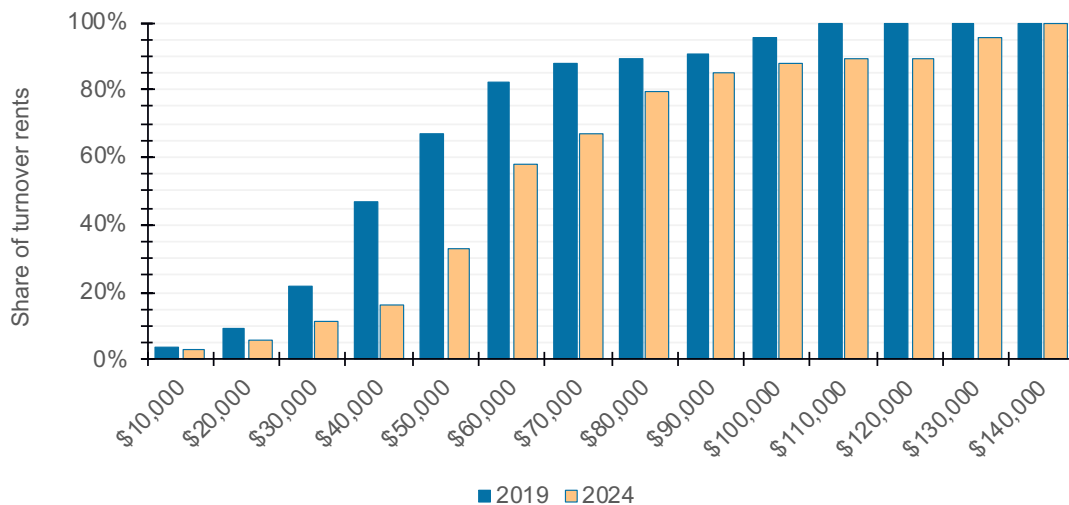
Source: derived from MLS® via NB Association of REALTORS®, Bank of Canada, and mortgage assumptions



The same pattern is found in the rental market, though the decline has been slightly less dramatic as rental affordability has been a longer-standing challenge. Households earning \$40,000 per year – about the median for renters in Fredericton – saw the share of leasing opportunities they could afford decline from 47% in 2019 to only 16% by 2024.

Share of turned over rental units that are affordable by before-tax household income level

Source: derived from Statistics Canada 2021 Census PUMF, CMHC Rental Market Survey



The social implications of a deeply unaffordable housing market are evident as well. Homelessness increased by 63% between 2021 and 2023, with affordability-related issues being strongly implicated as the cause, and provincial housing waitlists growing.

- » **Loss of Naturally Occurring Affordable Housing:** Previously, a sizable number of market-rate rental units were available at relatively affordable prices. This Naturally Occurring Affordable Housing (NOAH) was a crucial resource in giving lower income households access to reasonably affordable options. However, as demand has outpaced supply for a sustained period of time at this point, prices have increased in this lower-end of the market, and the quantity of NOAH has dramatically declined. Estimates in this report suggest that the number of existing market rental units with relatively affordable rents has declined by nearly half in just the last 3 years, representing a loss of thousands of affordable housing units.
- » **Broader emphasis on non-market housing:** The prior assessment noted non-market housing as a critical component of Fredericton's housing system, with emphasis on emergency shelters and short-term housing solutions. Since then, the need for this sector to be a source of general affordable housing has risen dramatically. Non-market housing supply is no longer just a "safety net" issue, but a core requirement if affordable housing is going to be made available for hundreds of working households who used to be adequately served by the market. Expanding its supply is dependent on greater support and sector engagement from all levels of government.
- » **Stabilizing market trends:** Although market conditions continue to adversely impact Fredericton's population, and have worsened considerably over recent years, they are now degrading at a much slower rate. This is due to several factors, including a stabilization of financing and construction costs which had previously added pressure on new housing costs, increased production of housing units which have mitigated (but not fully met) demand growth, and slowing population growth as pandemic-induced migration patterns subside and federal immigration policy has downshifted for the near term.

Although these factors are stabilizing market conditions, a problem that stops getting worse is not the same as a problem being solved. Fredericton is in a much more challenging place than it was at the time of the last assessment. The continuation of this stabilization is by no means guaranteed. Regardless, the good news is that this may be the best opportunity in nearly a decade for solutions to catch up, and solve, rather than mitigate, the numerous pressures that have accumulated.

03 Current and Anticipated Housing Need

Existing Shortage

An existing shortfall of housing was estimated to exist, totaling 3,010 units. This shortage is comprised of:

- » **655 units of general, market-rate housing** to address suppressed household formation (pent-up demand) and bring rental vacancy rates into balanced market territory.
- » **At least 120 units/beds of safety net housing** to address the unhoused population – this figure reflects the 2023 PiT count, however it does not pertain to emergency shelters exclusively, as added capacity in other related forms of housing (e.g. transitional housing) could free up capacity in the existing shelter system.
- » **2,235 units of non-market housing** to address the needs of those currently in Extreme Core Housing Need (i.e. paying more than 50% of income toward housing costs).

Additional Future Demand

In consideration of anticipated population change over the coming decades, it is estimated that Fredericton will need 10,385 more housing units by 2034, and 16,670 by 2044. Combined with the existing shortfall, a total of 13,395 units would be needed by 2034, and 19,680 by 2044.

Based on existing conditions and trends in household income, this housing need is expected to be comprised of the following:

Housing Form	Demand by 2034	Demand by 2044
Market rate housing	8,645 units	13,670 units
Below-market housing	3,145 units	4,305 units
Deeply affordable housing	1,605 units	1,705 units
Total	13,395 units	19,680 units

Anticipated Growth in Affordable Housing Need

A need for 6,010 units of affordable housing is expected by 2044. This includes 4,305 units of below-market housing to accommodate those earning moderate to low incomes that cannot be affordably served by the market, and 1,705 units of deeply affordable housing to accommodate those with fixed or very low incomes, often related to one or more limitations that affect their earning potential. The growing need for affordable housing is expected to be driven by:

- » The continued expansion of senior-led households, which will require more accessible and affordable housing options.
- » Relatedly, a rising number of single-person / roommate households, and couples without children (often senior households), who will be a major driver of demand and preferred housing forms. These households are particularly vulnerable to rising housing costs.
- » Increases across most income categories, with a noteworthy expansion among low- and moderate-income earning households. They will face greater prevalence of housing precarity as their shelter expenses rise.
- » A continued shift towards denser housing forms, like missing middle dwellings or apartments, that are more affordable but can offer similar unit sizes to meet a household's spatial needs.

These estimations describe housing needs based on the expected number and types of households, and what is affordable with the resources they may have. They are not projections of what will be built in response. Without investment in deeply affordable and below-market housing, financial pressures will intensify as many households stretch their budgets and occupy unaffordable housing in the private market, which will grow larger than it otherwise would have in response to this additional demand.