Residential Tenancy Office
Prince Edward Island • CANADA

2027 ALLOWABLE ANNUAL RENT INCREASE

PLAIN LANGUAGE DECISION SUMMARY

Prince Edward Island has rent control. This means that there is a cap on how much rent can go up each year. The cap is 3%. Each year, the Director of Residential Tenancy decides how much landlords can increase rent by looking at different factors and choosing a percentage between 0%-3%. This is called the allowable annual rent increase. The allowable annual rent increase for the new year is announced in September, but it does not come into effect until January 1. Landlords can ask for an extra increase, but they need to get permission from the Rental Office to do that. Even if they get permission, the extra increase can't be more than another 3% on top of whatever the allowable annual rent increase is.

What did the Director decide for 2027?

The allowable annual rent increase for 2027 is set at 2.1%. Starting January 1, 2027, landlords may increase rent by this amount.

How was this decision made?

Looking at the Change in Cost of Goods and Services, Comparing 2026 to 2025 (data known as the All-Items Consumer Price Index, or CPI)

Reviewing Comments from Landlords and Tenants

What were the Director's findings?

In reviewing the change in the costs of goods and services, otherwise known as the "CPI", the Director found that:

- Costs related to things like property taxes, mortgages, insurance, maintenance and repairs had a small increase compared to last year (+0.9%)
- Costs related to things like goods and services, including electricity, gasoline, furnace oil, and water had a moderate increase (+2.1%).

What is CPI? The Consumer Price Index looks at the cost of goods and services that most people buy. It compares how those costs change from year-to-year. The Director would have looked at and compared costs in 2026 to costs in 2025.

In reviewing comments from landlords and tenants, the Director found that:

- The majority of tenants requested a 0% rent increase.
- Some of the reasons tenants mentioned were things like the rising costs of living and wages not keeping up.
- The comments from landlords talked about the rising costs of operating rental units, especially to maintain them and make repairs. Things like property taxes and interest rates were also mentioned as rising costs.

How did these findings lead to the Director's decision?

- The Director analyzed the CPI data to see if it supported the increased costs of running a rental unit that landlords mentioned in their submissions. The Director also considered that the increase in All-Items CPI means that tenants are also paying increased costs.
- To strike a balance, the Director decided that an increase of 2.1% is fair for both landlords and tenants.

To Recap:

- Landlords are not allowed to raise rent by more than 2.1% starting January 1, 2027.
- Landlords may apply for an increase above this amount but they need permission from the Rental Office. .
- Rent can only be increased once every 12 months and landlords need to provide 3 months' notice to tenants.