



FAST FAX

RENTAL MARKET REPORT

Kitchener CMA

Canada Mortgage and Housing Corporation

Vacancy Rate Higher, Average Rents Rise

NOVEMBER 26, 2002- The Kitchener CMA rental market eased significantly with the 2002 apartment vacancy rate coming in at 2.3 percent, up from the 0.9 percent recorded in 2001, according to the annual October Rental Market Survey released by Canada Mortgage and Housing Corporation (CMHC). The CMHC survey found 612 vacant privately-owned apartments in the CMA, up noticeably from 221 vacant units last year. A strong housing market is a key factor leading to the increase in vacant units this year.

Low carrying costs resulted in an exodus of first-time buyers into ownership at the end of 2001 and in 2002. The carrying costs of the average home offered for sale in the Kitchener-Waterloo Real Estate Board dropped to \$789 in the four months following the October 2001 survey from \$893 in the previous year. However, the movement into ownership explains only part of the decline in demand for rental accommodation. Full-time employment in the 15 to 24 age group plummeted in the first quarter of 2002 and full-time jobs were replaced by part-time jobs. Although job growth in this predominately tenant age group bounced back in the middle of this year, household growth is not expected to strengthen until later this year.

The impact of new additions to the private rental universe has been limited over the last year. A check of new projects revealed little problems in absorption of units. Overall, the supply of rental apartments increased this year to 26,234 units from the 25,804 units recorded in the 2001 survey.

In 2002, the average apartment rent rose for all unit types except 3 bedroom where competition from homeownership led to a fall in the average rent. The most common type of apartment, a two bedroom unit, saw rents increase 3.9 percent to \$750, approximately double the rate of inflation. Higher vacancies this year indicate that pressure on rents may be lower next year.

Vacancy Rates by Apartment Type	2001	2002
Bachelor	1.6%	1.0%
1 Bedroom	1.4%	2.3%
2 Bedroom	0.6%	2.3%
3 Bedroom +	0.6%	3.7%
Total	0.9%	2.3%

Average Rents by Apartment Type	2001	2001
Bachelor	\$481	\$518
1 Bedroom	\$615	\$638
2 Bedroom	\$722	\$750
3 Bedroom +	\$951	\$898

Apartment Types	Vacant	Total
Bachelor	7	720
1 Bedroom	201	8,703
2 Bedroom	354	15,481
3 Bedroom +	50	1,331
Total	612	26,234

Survey covers private apartment buildings which have at least 3 units available to rent.

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1. Apartment Vacancy Rates										
Apartment Vacancy Rates by Zone and Bedroom Type										
Kitchener CMA										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Zone 1 - Kitchener East	0.0	0.5	1.3	2.4	0.4	3.3	0.0	7.3	0.6	3.2
Zone 2 - Kitchener Central	2.1	1.8	0.5	3.5	0.9	2.7	0.0	2.6	0.7	3.0
Zone 3 - Kitchener West	0.0	1.5	0.9	1.2	0.4	2.1	**	**	0.6	1.7
Zones 1-3 Kitchener City	0.6	1.3	1.0	2.3	0.4	2.9	0.3	5.6	0.6	2.7
Zone 4 - Waterloo City	**	**	1.9	3.8	0.3	1.3	0.7	2.1	0.8	2.1
Zone 5 - Cambridge City	**	**	2.6	0.7	1.3	1.5	2.2	0.0	1.8	1.2
Zone 6 - North Dumfries Twp. and Woolwich Twp.	0.0	0.0	1.0	0.9	0.6	0.0	**	**	0.7	0.3
KITCHENER CMA	1.6	1.0	1.4	2.3	0.6	2.3	0.6	3.7	0.9	2.3

2. Average Apartment Rents								
Apartment Rents by Zone and Bedroom Type								
Kitchener CMA								
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2001	2002	2001	2002	2001	2002	2001	2002
Zone 1 - Kitchener East	\$521	\$560	\$601	\$624	\$706	\$741	\$868	\$894
Zone 2 - Kitchener Central	\$429	\$453	\$590	\$615	\$713	\$742	\$1,045	\$964
Zone 3 - Kitchener West	\$503	\$540	\$630	\$659	\$740	\$774	**	**
Zones 1-3 Kitchener City	\$489	\$518	\$609	\$634	\$717	\$751	\$869	\$902
Zone 4 - Waterloo City	**	**	\$660	\$668	\$787	\$805	\$1,139	\$979
Zone 5 - Cambridge City	**	**	\$592	\$622	\$666	\$688	\$721	\$722
Zone 6 - North Dumfries Twp. and Woolwich Twp.	\$477	\$495	\$557	\$577	\$642	\$676	**	**
KITCHENER CMA	\$481	\$518	\$615	\$638	\$722	\$750	\$951	\$898

**Not released to ensure confidentiality and accuracy of survey results.