

R

ENTAL MARKET

REPORT

Canada Mortgage and Housing Corporation

Apartment Vacancies Highest in Nine Years

For the second consecutive year, the number of apartment vacancies in the Calgary Census Metropolitan Area (CMA) increased and currently sits at a nine-year high. The apartment vacancy rate increased to 4.4 per cent in October 2003, up from 2.9 per cent one year earlier. Out of every one thousand privately-initiated rental apartment units, the vacancy rate translates into 44 units available for rent and immediate occupancy at the time of the survey. CMHC's survey found 1,908 vacant privately-owned apartments in the Calgary CMA, 55 per cent more than the 1,233 vacant units reported in October of 2002. Out of the 28 CMAs in Canada, only Saskatoon, Saguenay, and Saint John had higher vacancy rates than Calgary.

Among factors responsible for the increase in vacancies, low mortgage rates stand out as the most dominant. Mortgage rates near

50-year lows have delivered a steady stream of first-time buyers, eager to get into home ownership before rates and house prices rise further. Another factor responsible for the rise in vacancies is indirect additions to the rental supply, as a number of investors have been purchasing condominiums to rent out.

With vacancies the highest since 1994, the pace of rental rate increases has subsided. Following a two per cent rise in 2002 to \$716 per month, tenants saw their average apartment rent increase by less than one per cent in the 12-month period ending October 2003, reaching \$721. With low mortgage rates pushing a large number of renters into home ownership, landlords have become increasingly reluctant to boost rents, hedging the risk of higher vacancies. Following the largest rent increase among units in 2002, bachelor suites recorded the only decline in average rents in

CALGARY 2003

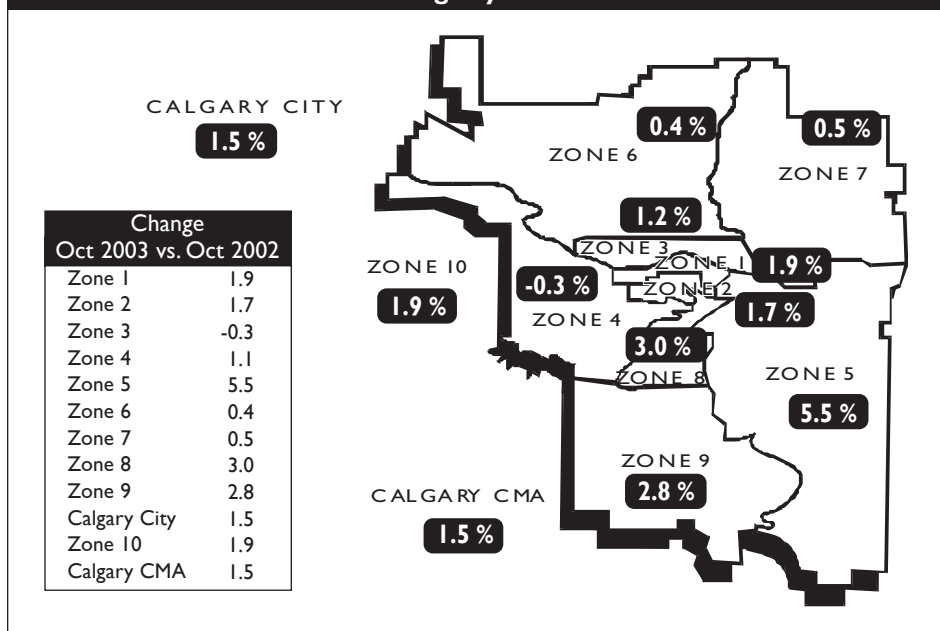
IN THIS ISSUE:

Apartment Vacancies Up in 2003	1
Rental Market Outlook	3
Highlights	3
National Overview	4
Calgary Rental Market Survey.....	5
Methodology	6
Survey Zone Map	7

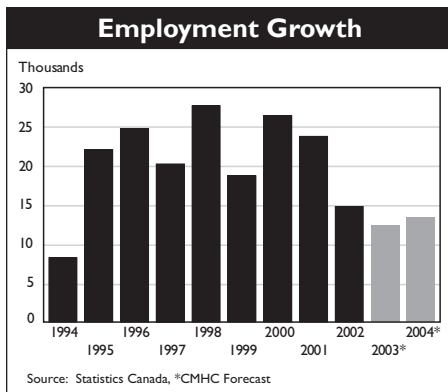
STATISTICAL TABLES

Apartment Vacancy Rates by Zone	8
Average Apartment Rents by Bedroom Type	8
Apartment Vacancy Rates by Zone and Bedroom Type	9
Average Apartment Rents by Zone and Bedroom Type	9
Vacant and Total Apartment Universe by Zone and Bedroom Type	10
Row Vacancy Rates by Zone	10
Average Row Rents by Bedroom Type ..	11
Row Vacancy Rates by Zone and Bedroom Type	11
Average Row Rents by Zone and Bedroom Type	12
Vacant and Total Row Universe by Zone and Bedroom Type	12

Apartment Vacancy Rate Change by Sector



HOME TO CANADIANS
Canada



2003, down one per cent. Three-bedroom plus suites recorded the largest hike in rents at 1.3 per cent, while one-bedroom units reported a modest 0.6 per cent gain. Two-bedroom units, which account for 42 per cent of Calgary's apartment rental universe, experienced no change in rents since 2002, maintaining their average of \$804 per month. Of the CMAs in Canada, all centres recorded increases in their average two-bedroom rents except Calgary and Toronto. Toronto reported the only drop in average two-bedroom rents, down 0.7 per cent from 2002. Gatineau, meanwhile, recorded the largest year-over-year gain at 6.7 per cent, despite an increase to their vacancy rate.

2003 Rental Stock Virtually Unchanged

Despite a continued trend of converting rental units to condominiums, Calgary's rental universe recorded little change in 2003. There were 660 apartment rentals added to the universe via new construction since the 2002 survey, almost 100 units fewer than the number of row and apartment units converted to condominiums. However, with further additions via a number of completed renovations, the October 2003 survey universe was down by only one unit from the previous year, totalling 48,447 row and apartment units combined. This is the closest Calgary's rental stock has come to an increase since 1994.

Given the persistent strength of multi-family construction in Calgary, the majority of units continue to be constructed for ownership tenure (freehold or condominium). In the first 10 months of 2003, only 240 of the 4,351 multi-family starts were for rental tenure, representing just over five per cent of all multi-family activity. However, despite this performance, Calgary recently enjoyed the highest number of rental completions in almost 20 years. In the first half of 2003 alone, 628 rental units were completed in the Calgary CMA. Unfortunately, however, they were insufficient to compensate for losses due to conversion from rental to

condominium. Following 561 such conversions in 2002, another 744 units were removed from the row and apartment rental stock in favour of condominiums in the 12-month period ending October 2003. At 690 units, apartments accounted for the majority of all condominium conversions.

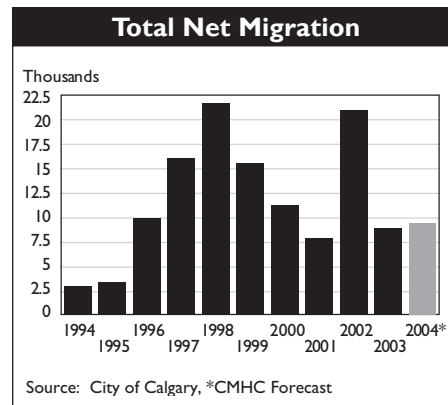
Job Growth to Hamper Ownership Demand

At 14,900 new jobs in 2002, employment growth in the Calgary CMA was the weakest in eight years. In 2003, the Calgary economy is on pace for yet a weaker performance, pointing to a moderation of ownership demand in 2004. To the end of October, the Calgary economy has created 10,600 new jobs, 7,000 fewer than the level recorded in the first ten months of 2002. Few of these have been full-time positions, a critical prerequisite for buying a home. In the first ten months of 2003, full-time job gains accounted for only 23 per cent of all job creation. While there are optimistic signs for improvement over the duration of 2003, we expect Calgary will gain only 12,500 total jobs by year-end, lapsing 16 per cent below the 2002 total.

As was the case in 2002, the service-producing sector is currently the shining star of the Calgary job market. Despite job losses in the retail sector, other service-sector industries are reporting impressive gains. Unlike Ontario and some parts of Alberta, SARS fears have failed to pummel the local hospitality sector. According to Statistics Canada, the information, culture, and recreation industry has created 5,700 positions to the end of October, while the accommodation and food services industry has added upwards of 3,700 new jobs. Unfortunately for ownership housing markets, these industries are among the lowest paid in the Calgary economy, and many positions are typically part-time in nature. However, this does bode well for rental housing demand, a market segment fed by employment gains among the lower income industries.

Net Migration Weak by Historical Standards

Following an impressive spike one year earlier, the City of Calgary experienced a larger than expected decline in net migration. According to the latest civic census figures, the City of Calgary recorded 8,965 new residents via net migration during the 12-month period ending April 30, 2003. This represents a 57 per cent drop from 2002 when 20,962 net migrants were recorded. It is also the second-lowest total for Calgary net migration since 1995.



Calgary's reputation as a 'job-making machine' has waned in recent months. In previous years, Calgary has been the prime beneficiary of migrants from other provinces and Alberta centres seeking high-paying and secure employment opportunities. Recently, however, Calgary's employment prospects have diminished, as evidenced by the historically poor job performances in 2002 and 2003. Meanwhile, areas competing for migrants have seen their employment prospects improve, drawing migration away from Calgary while creating a disincentive for residents to leave their current locale. A notable example is Edmonton, where year-to-date job creation surpassed that of Calgary for the first time in five years. Elsewhere, the provinces of Manitoba, Saskatchewan, and British Columbia – historically prime sources for migrants into Calgary - have experienced resurgent job markets in recent months.

For the 12-month period ending April 30, 2004, CMHC expects net migration to reach 9,500 people, a modest six per cent improvement over the level recorded in 2003. While our economy will continue to draw migrants, our magnetic power will remain low due to weak employment gains relative to recent history. Meanwhile, provinces west of Ontario, which provide Calgary with the majority of net migrants, are poised for continued job growth. The same holds true for centres within Alberta, notably Edmonton and Fort McMurray. This combination of weaker job gains locally and improved markets elsewhere will translate into modest net migration into the Calgary region by historical standards.

For More Information, Please Contact:

Richard Corriveau

Senior Market Analyst

Telephone: (403) 515-3005

Fax: (403) 515-3036

E-mail: rcorriveau@cmhc-schl.gc.ca

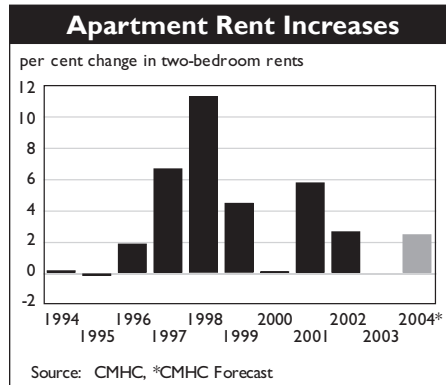
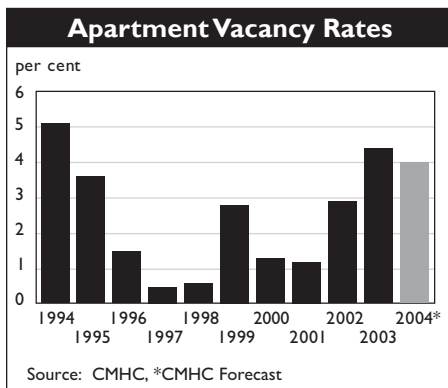
RENTAL MARKET OUTLOOK

Expect Modest Improvement in 2004

Following a 4.4 per cent vacancy rate in October 2003, CMHC expects apartment vacancies will tighten only modestly to four per cent in 2004. Among factors maintaining the high vacancies, low mortgage rates continue to stand out. Nonetheless, while mortgage rates near 45-year lows will continue to deliver a stream of first-time buying activity, they will do so at a lesser pace in 2004. For the last 18 months, landlords have experienced an exodus of renters who have frantically been trying to get into home ownership before rates increase and prices escalate further. Low mortgage rates were the enabling factor, as the declines experienced in 2003 countered much of the increases in average prices. Moving forward, however, mortgage rates and prices will be moving upward in unison, resulting in strong additions to the carrying costs for an average home. For some renters, this will curb first-time buying altogether. For others, the heightened carrying costs will result in more conservative purchases.

Other factors maintaining a vacancy rate near four per cent include weaker net migration and indirect additions to the rental stock via condominium investments for rent. With weakness in the stock market over the last few years, many investors have turned toward condominium purchases as an alternative investment channel. Anecdotally, upwards of 25 per cent of condominiums in 2002 and 15 per cent in 2003 were purchased by investors to rent out. This has indirectly added over 1,000 units to the rental pool in each of the last few years, providing extra competition for traditional property owners.

While such investment activity will not vanish in 2004, the extent of it will be diminished. In 2003, the added investment units indirectly boosted rental vacancies, especially at the



upper end of the market as higher-income renters moved from existing stock to newer units. Compounding this is the fact that many first-time buyers had also been upper-income renters. Given the erosion of higher-end rental demand, many condominium investors may not be able to secure required rents to cover the monthly mortgage payments. If they elect to think short-term, many will decide to sell their units to primary owners and re-inject their capital into traditional investment sources.

Combined with weaker investment demand, continued condominium conversions will help reduce vacancies in 2004. Though upwards of 300 new units could be added to the rental stock over the forecast period, they will be insufficient to counter the losses through condominium conversions.

Unavoidable, Yet Modest, Rent Increases Expected in 2004

With vacancies reaching their highest point since 1994, the pace of rental rate increases will remain low. Following no change in 2003, tenants will see average two-bedroom rents rise by as much as 2.5 per cent during the 12-month period ending October 2004. With low mortgage rates continuing to push renters into home ownership, landlords will remain reluctant to boost rents hedging the risk of additional vacancies. Expect rent increases to be the weakest in the upper rent ranges, as vacancies will continue to be highest among the most expensive units.

While the risk of higher vacancies will keep average rent increases at a minimum, other factors may result in unavoidable gains. Heightened natural gas prices and rising insurance costs will undoubtedly add to operating expenses. In most instances, property owners will attempt to recover

HIGHLIGHTS

- Apartment vacancies in the Calgary CMA highest since 1994, reaching 4.4 per cent in October 2003.
- Vacancy rates for row (town-home) rentals increased to 4.0 per cent, up from 2.6 per cent in 2002.
- Following weak gains in 2002, average rent increases were negligible in 2003.
- Average rents did not increase for two-bedroom apartment units, while two-bedroom row units saw their rents decline two per cent.
- The 2003 rental stock had 77 more apartment units but 78 fewer row units.
- The apartment vacancy rate is forecast to fall to 4.0 per cent in October 2004, while the average two-bedroom rent is expected to advance by 2.5 per cent.

such increases via rental rate hikes. Rents in 2004 will also be boosted by the addition of some newly constructed units, which typically command higher rents. For existing units, renovating is a common instrument used to retain existing tenants and attract new ones, and is often associated with rising rents. As a result, the majority of rent increases in existing units will be captured by structures with recent renovations and repairs.

BUILDING OPPORTUNITIES

CMHC's 2003 Housing Observer provides a comprehensive overview of Canadian housing conditions and trends and the key factors behind them.

The Observer gives a portrait of Canada's housing stock, how Canada's changing demographics and socio-economic factors influence our housing, and discusses the key trends in housing finance and the factors impacting the affordability of housing in Canada.

CMHC is continuously working to encourage a viable and dynamic housing sector. Flagship publications like the 2003 Housing Observer enables the industry to capitalize on business opportunities.

For your FREE copy of the 2003 Housing Observer visit us on our website (www.cmhc.ca) or call 1(800) 668-2642 today!

NATIONAL OVERVIEW

Rental Vacancies Rise

In October 2003, the overall apartment vacancy rate in Canada's Census Metropolitan Areas (CMAs) increased to the highest level since 1999. Among structures of three or more units, the average rental vacancy rate among CMAs reached 2.2 per cent, up from 1.7 per cent in 2002.

In many centres, historically low mortgage rates and competitive mortgage markets have pulled many renters into home ownership. Combined with other factors, this has resulted in 20 of Canada's 28 major centres reporting higher vacancy rates than in 2002. Edmonton recorded the largest rate increase among CMAs, rising from 1.7 per cent in 2002 to 3.4 per cent in 2003. The second largest increase in vacancy rate occurred in Calgary's rental market, where the vacancy rate rose to 4.4 per cent from 2.9 one year earlier. Saguenay and Saint John reported the highest vacancy rates among Canadian CMAs, both reaching 5.2 per cent.

Only two CMAs recorded vacancy rates below 1.0 per cent, one fewer than the number reported in October 2002. For the second year in succession, the Quebec CMA had the tightest vacancy rate in the country. After reaching 0.3 per cent in 2002, Quebec's rental market reported a modest rise in their vacancy rate, reaching 0.5 per cent. Sherbrooke was a close second, with a vacancy rate of 0.7 per cent in 2003. Conversely, Calgary recorded the third highest vacancy rate among Canada's 28 major centres at 4.4 per cent.

Next year, CMHC expects that October's survey will find the national apartment vacancy rate among CMAs at 2.6 per cent, up marginally from 2.3 per cent in 2003. Interestingly, increases are expected in only 13 of the 28 CMAs in Canada.

With higher vacancies in many of Canada's major centres, average rent increases were modest compared to previous years. Two-bedroom rent increases were maintained at or below four per cent in the majority of markets, with the most notable exception being Gatineau. Despite a 0.7 percentage point rise in their vacancy rate, average rents increased by almost seven per cent in 2003, the highest gain among CMAs in Canada. Toronto was the only centre to record a decline in average rent, down 0.7 per cent. Meanwhile, after enjoying the highest rent increases across Canada for two consecutive years, the Edmonton CMA recorded a modest 1.8 per cent gain in 2003.

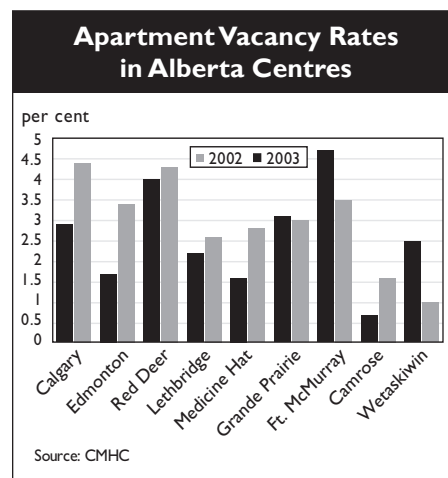
The highest average rental costs among CMAs

Apartment Vacancy Rates by Census Metropolitan Area		
Area	2002	2003
Abbotsford CMA	2.0	2.5
Calgary CMA	2.9	4.4
Edmonton CMA	1.7	3.4
Halifax CMA	2.7	2.3
Hamilton CMA	1.6	3.0
Gatineau CMA	0.5	1.2
Kingston CMA	0.9	1.9
Kitchener CMA	2.3	3.2
London CMA	2.0	2.1
Montreal CMA	0.7	1.0
Oshawa CMA	2.3	2.9
Ottawa CMA	1.9	2.9
Quebec CMA	0.3	0.5
Regina CMA	1.9	2.1
Saguenay CMA	4.9	5.2
Saint John CMA	6.3	5.2
St. Catharines-Niagara CMA	2.4	2.7
St. John's CMA	2.7	2.0
Saskatoon CMA	3.7	4.5
Sherbrooke CMA	1.8	0.7
Greater Sudbury CMA	5.1	3.6
Thunder Bay CMA	4.7	3.3
Toronto CMA	2.5	3.8
Trois-Rivieres CMA	3.0	1.5
Vancouver CMA	1.4	2.0
Victoria CMA	1.5	1.1
Windsor CMA	3.9	4.3
Winnipeg CMA	1.2	1.3
CANADA	1.7	2.2

Average Two-Bedroom Apartment Rents by Census Metropolitan Area		
Area	2002	2003
Abbotsford CMA	650	672
Calgary CMA	804	804
Edmonton CMA	709	722
Halifax CMA	704	720
Hamilton CMA	765	778
Gatineau CMA	599	639
Kingston CMA	727	768
Kitchener CMA	750	754
London CMA	705	736
Montreal CMA	552	575
Oshawa CMA	819	845
Ottawa CMA	930	932
Quebec CMA	550	567
Regina CMA	581	589
Saguenay CMA	440	457
Saint John CMA	492	504
St. Catharines-Niagara CMA	695	704
St. John's CMA	589	607
Saskatoon CMA	567	576
Sherbrooke CMA	456	471
Sudbury CMA	647	651
Thunder Bay CMA	657	672
Toronto CMA	1047	1040
Trois-Rivieres CMA	431	436
Vancouver CMA	954	965
Victoria CMA	771	789
Windsor CMA	769	776
Winnipeg CMA	622	645

continue to be in Canada's largest centres, with the exception of Montreal. The highest monthly rents for a two-bedroom apartment continue to be in Toronto (\$1,040) and Vancouver (\$965). At \$804 per month, Calgary retained its ranking of fifth among Canada's major centres. Saguenay renters enjoy the lowest monthly rents, at \$457 per month.

Nationally, vacancy rates have increased across the range of rent levels in a number of large centres. Nevertheless, at the most affordable level, there is still an inadequate supply of units. Therefore, there is a need to add to the affordable rental stock. This fact is reinforced by evidence that a large proportion of low income families have to pay more than 30 per cent of their income for rent.



CALGARY RENTAL MARKET SURVEY

Apartment Vacancies Up in Most Sectors

Based on the results of CMHC's October 2003 Rental Market Survey, the apartment vacancy rate in the Calgary CMA increased to a nine-year high. The apartment vacancy rate increased to 4.4 per cent in October 2003, up from 2.9 per cent one year earlier. Of the 43,244 privately-initiated apartment rental units, a total of 1,908 were vacant and available for immediate occupancy in October 2003. All bedroom types reported gains in their vacancy rate. Bachelor suites, which account for only five per cent of the apartment rental universe, experienced the sharpest rise in vacancies in 2003, up 2.8 percentage points to 5.7 per cent. This also represents the highest vacancy rate among bedroom types in the Calgary CMA. One-bedroom units, which account for almost half of the universe, enjoyed the lowest vacancy rate by bedroom count, at 3.9 per cent. One-bedroom units also reported the smallest year-over-year gain in their vacancy rate from 2002.

While a number of factors contributed to the increase in vacancies over the past year, low mortgage rates stand out as the most dominant. Mortgage rates among 50-year lows have countered much of the impact of rising house prices, resulting in favourable home ownership costs for many new buyers. Renters comprised the majority of first-time buyers, especially among those in the upper-income ranges. Unlike previous years, rising rental rates offered no incentive to move into home ownership in 2003, since average rental rate gains were negligible and the lowest since 1995.

Other factors responsible for the rise in vacancies include indirect additions to the rental supply, strong additions via new construction, and weaker net migration. With the prolonged weakness in the stock market through 2002, many investors turned toward the condominium market as an alternative investment vehicle. Anecdotally, up to 25 per cent of condominiums in 2002 and 15 per cent in 2003 were purchased by investors with this intent in mind. While not direct additions, such investments undoubtedly competed with traditional rental product, whether it be existing or new rental construction. On the demand side, the number of potential renters was limited by weaker net migration in 2003, down 57 per cent from the previous year.

For the second year in succession, apartment vacancies increased in all but one sector

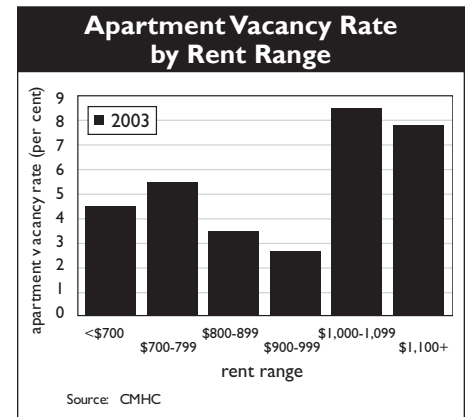
comprising the Calgary CMA. The largest rate increase occurred in the Southeast sector (Zone 5), with vacancies rising from 1.6 per cent in 2002 to a CMA-high of 7.1 per cent in 2003. This represents a significant departure from the previous year, when the Southeast zone enjoyed the tightest vacancy rate and the only rate reduction among all zones in 2002. Undoubtedly, the rent increases in the Southeast zone were a contributing factor to the higher vacancies. At 5.4 per cent in 2003, the average rent increase in the Southeast was the highest across the CMA. The Southeast's gain in vacancies was followed by the Fish Creek (Zone 9) and Downtown (Zone 1) sectors, where the vacancy rate increased by 2.8 and 1.9 percentage points, respectively. Outside of City limits (Zone 10), vacancies increased 1.9 percentage points from 2002, reaching 4.9 per cent.

Among zones recording increases to their vacancy rate in 2003, the gains in the Northeast (Zone 7) and Northwest (Zone 6) sectors were the weakest. North Hill (Zone 3) was the only zone to record a drop in vacancies in 2003, falling from 2.0 per cent in 2002 to 1.7 per cent in 2003.

Comparing apartment units by rent range, it appears that units with the highest average rents also had the highest rate of vacancy. For units commanding \$1,000 to \$1,099 per month, vacancies reached 8.5 per cent in 2003, modestly higher than the 7.8 per cent rate for units renting for \$1,100 or more. The high vacancies in the upper rent ranges can be attributed to two factors. First, a large contingent of higher-income renters moved into home ownership, resulting in higher vacancies at the upper-end of the market. Second, the new condominium investment rentals commanded higher than average rents, hence providing additional competition for the higher-priced units.

Negligible Rent Increases in 2003

For the second consecutive year, apartment rent increases were modest in the Calgary CMA. In 2002, tenants saw their average rents rise by under two per cent, reaching \$716 per month for all units. At that time, landlords became increasingly reluctant to boost rents in order to hedge the risk of higher vacancies. The same rationale kept rent increases at a minimum in 2003, as the average rent for all



apartments increased by only \$5, or 0.7 per cent. This represents a significant departure from the 1997 to 2001 period, when rents increased by over six per cent annually.

Though overall rents recorded modest gains in 2003, one can assume that some units experienced declines in their monthly rental rates. With new additions to the rental stock commanding premium rates and little change in overall average market rents, some rent reductions had to occur elsewhere in the market to maintain the gain in average rents at only 0.7 per cent.

As was the case in 2002, average apartment rents increased in six of the ten zones comprising the Calgary CMA in 2003. The remaining four recorded declines. Of those reporting increases, the largest gains occurred in Southeast (Zone 5) and Downtown (Zone 1) zones, rising by 5.4 and 5.1 per cent, respectively. Undoubtedly, the high rate of rental increases in the Southeast contributed to their rise in vacancies. Downtown, the addition of new high-rise product helped boost the overall average rent in that sector.

Among sectors recording a decline in their average rental rate, Fish Creek (Zone 9) reported the largest drop, down 0.9 per cent to \$815 per month. As this sector contains the highest average rents and the second highest vacancy rate in the CMA, landlords wanted to remove any incentive for their renters to move to home ownership.

By bedroom count, three-bedroom plus units captured the strongest rent increases for the second year in a row, up 1.3 per cent or \$10 per month. One-bedroom units recorded the only other gain, up marginally by 0.6 per cent or \$4 per month. Meanwhile, following

a 2.7 per cent jump in 2002, two-bedroom apartments rents remained unchanged in 2003 at \$804 per month. Bachelor suites were the only units to record a decline. On average, bachelor rents declined by one per cent in 2003, or by \$5 per month.

Survey of Publicly-Financed Units

CMHC's survey of publicly-funded rental units reported the first change in vacancies in two years. An overall vacancy rate of 1.3 per cent was found in October 2003, up from 0.6 per cent in each of the preceding two years. Of the 11,084 row and apartment units in the universe, 148 were vacant at the time of the survey. As with privately-initiated rentals, the total supply of publicly-initiated units also recorded a modest decline. In 2003, the total supply of publicly-financed rentals fell by 87 units, 17 more than the previous year.

Vacancies of publicly-initiated row units rose from 0.3 per cent in 2002 to 0.8 per cent in 2003. Meanwhile, apartment units, which account for 61 per cent of the publicly-initiated rental stock, saw their vacancy rate more than double from 0.7 per cent in 2002 to 1.7 per cent in 2003.

Row Vacancies Highest in Nine Years

Similar to the apartment market, vacancy rates in Calgary's rental town-homes (row) in 2003 reached the highest level since 1994. After rising 1.4 percentage points to 2.6 per cent in 2002, row vacancies jumped to 4.0 per cent in 2003. Across the Calgary CMA, the four per

cent vacancy rate translates into 206 vacant privately-initiated row units in October 2003 out of an overall universe of 5,203 units. The increase in vacancies represents 68 additional vacant units over the previous year.

Nine out of 10 survey zones recorded higher vacancy rates compared to 2002. For the second year in succession, the Southeast (Zone 5) recorded the largest jump in row vacancies, climbing from 5.4 per cent in 2002 to 8.0 per cent in 2003. This sector also held the highest vacancy rate among the zones comprising the CMA. The next largest gain was in the Southwest (Zone 4), where the vacancy rate jumped from 1.9 per cent in 2002 to 3.8 per cent in 2003. The Chinook sector (Zone 8) recorded the only drop in row vacancies in 2003, down 1.8 percentage points to 1.9 per cent. While this sector also enjoys the lowest row vacancy rate across the CMA, it contains relatively few units compared to other areas.

Among bedroom types, bachelor row units reported the highest rate of vacancies in the Calgary CMA. However, it should be noted that this represents only one vacancy out of a universe of five units. Elsewhere, the largest increase in vacancies was recorded among one-bedroom units, jumping from 0.6 per cent in 2002 to 4.2 per cent in 2003. Two-bedroom suites, which account for 51 per cent of all row rentals, reported the smallest gain in vacancies, up 0.5 percentage points in 2003 to 3.7 per cent.

In an effort to reduce vacancies, row-unit landlords continued to show reluctance in raising rents in 2003. Following a modest 1.2 per cent gain in 2002, average row rents for all bedroom types recorded a 1.1 per cent decline since the 2002 survey, down \$9 to average \$805 per month. Both two- and three-bedroom plus units declined, on average, by 2.0 and 0.4 per cent, respectively. One-bedroom row units reported a 3.3 per cent gain in rents.

Across sectors, the only zone to record an increase in average row rents was the Southeast (Zone 5), where rents increased 1.6 per cent since October 2002. All other zones recorded declines, with the exception of Chinook (Zone 8), which remained unchanged. The largest decline occurred in the Northeast (Zone 7), where rents fell 2.5 per cent.

Methodology

Canada Mortgage and Housing Corporation conducts the Rental Market Survey every year in October to determine the number of vacancies and the rents charged in rental structures. The survey is conducted on a sample basis in all urban areas with populations of 10,000 or more. Only structures which have been on the market for at least three months are included. While this publication focuses on privately-initiated apartments with three units and more, CMHC also examines row houses and publicly-initiated rental and co-op housing. The survey is conducted by telephone or a site visit, and rent information is obtained from the owner, manager, or building superintendent. The survey is conducted in the first two weeks of October and these results reflect market conditions at that time.

Definitions

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Rent: The rent data refers to the actual amount tenants pay for their unit. Amenities and services such as heat, light, parking, hot water, and laundry facilities may or may not be included in the monthly rent reported in individual cases. The average rent figures reported in this publication represent the average of different units in the market area, some of which may have none, some, or all of these services.

Rental Apartment Structure: Any building containing three or more rental dwellings which are not ground oriented.

Rental Row House Structure: Any building with three or more ground-oriented rental dwellings.

Zones

The survey zones in this publication are identified on page 7.

Sampling

For the October 2003 survey, CMHC surveyed a total of 27,579 of the 43,244 apartment units in the privately-initiated Calgary universe for a sampling fraction of 63.8 per cent. CMHC also surveyed 5,183 of the 5,203 row units for a sampling fraction of 99.6 per cent.

Valuable information at the click of a mouse

Canada Mortgage & Housing Corporation (CMHC) is the Government of Canada's national housing agency; helping Canadians to gain access to a wide choice of quality, affordable homes. For more information visit our website at

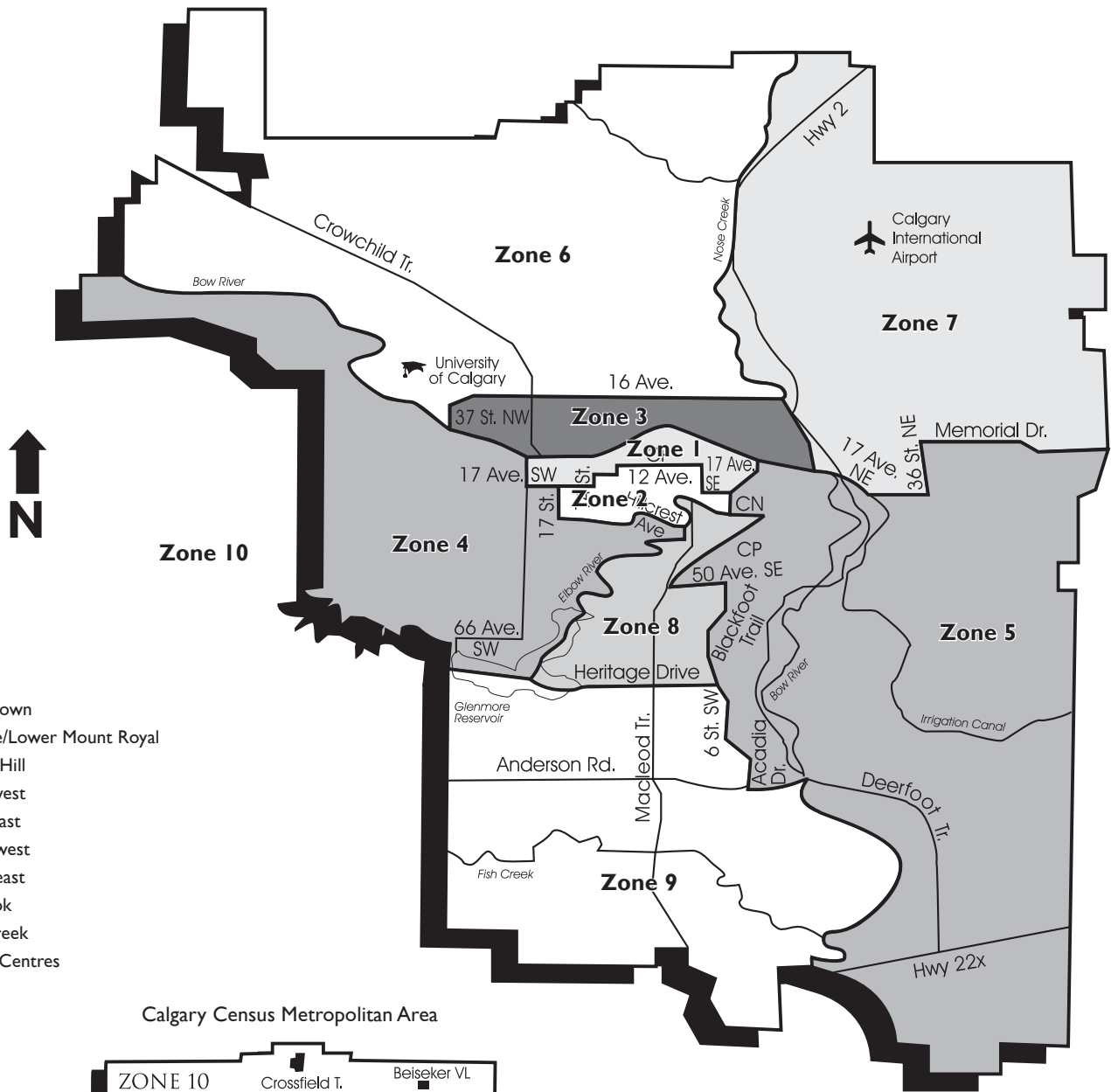


www.cmhc.ca

The information, analysis and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analysis and opinions shall not be taken as representations for which CMHC or any of its employees shall incur responsibility.

RENTAL MARKET REPORT is published by Canada Mortgage and Housing Corporation. Duplication of this report in whole or in part is strictly prohibited without permission of the authors and/or the Corporation. © 2004 All rights reserved

Calgary Metropolitan Area — Vacancy Survey Zones



1. Downtown
2. Beltline/Lower Mount Royal
3. North Hill
4. Southwest
5. Southeast
6. Northwest
7. Northeast
8. Chinook
9. Fish Creek
10. Other Centres

Calgary Census Metropolitan Area

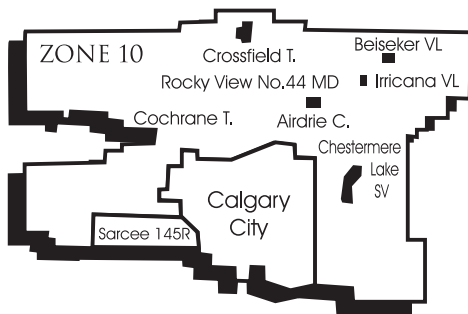


Table 1. Historical Apartment Vacancy Rates

APARTMENT VACANCY RATES BY ZONE October 1996 To October 2003 — Calgary								
Area	1996	1997	1998	1999	2000	2001	2002	2003
Zone 1 - Downtown	1.6	1.2	0.8	6.4	1.5	1.7	2.7	4.6
Zone 2 - Beltline	1.4	0.6	0.7	2.3	1.4	0.9	2.7	4.4
Zone 3 - North Hill	1.5	0.4	0.4	2.4	0.8	0.8	2	1.7
Zone 4 - Southwest	1.8	0.5	0.5	1.9	0.8	1.1	3.6	4.7
Zone 5 - Southeast	3.1	0.5	1.6	3.4	2.8	2.5	1.6	7.1
Zone 6 - Northwest	0.6	0.3	0.5	2.3	0.8	1.4	2.4	2.8
Zone 7 - Northeast	2.4	0.6	0.9	2.6	1.4	1.2	3	3.5
Zone 8 - Chinook	1.7	0.3	0.3	1.7	0.7	0.6	3.9	6.9
Zone 9 - Fish Creek	1.9	0.1	0.3	2.0	1.9	1.5	3.4	6.2
Zones 1 to 9 - Calgary City	1.6	0.5	0.6	2.8	1.2	1.2	2.9	4.4
Zone 10 - Other Centres	0.2	0.0	0.4	2.9	1.8	1.3	3	4.9
Calgary CMA	1.5	0.5	0.6	2.8	1.3	1.2	2.9	4.4

Table 2. Historical Apartment Rents

AVERAGE APARTMENT RENTS BY BEDROOM TYPE October 1996 to October 2003 — Calgary								
Year	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	Avg. Rent	% Change	Avg. Rent	% Change	Avg. Rent	% Change	Avg. Rent	% Change
1996	367	3.7	473	1.9	595	1.9	602	1.2
1997	387	5.4	511	8.0	635	6.7	630	4.7
1998	431	11.3	574	12.3	707	11.3	682	8.3
1999	453	5.1	600	4.5	739	4.5	704	3.2
2000	474	4.6	611	1.8	740	0.1	713	1.3
2001	492	3.8	649	6.2	783	5.8	751	5.3
2002	513	4.3	657	1.2	804	2.7	777	3.5
2003	508	-1.0	661	0.6	804	0.0	787	1.3

** Data Not Available N/U Not in Universe N/A Not Applicable



HOUSING NOW

Monthly HOUSING NOW CMA reports include topical analysis of economic and demographic developments affecting local housing markets and statistics for starts, completions, under construction, absorptions and supply by tenure. This concise report will give you a monthly analysis of the latest local data.

Call CMHC Market Analysis
(403) 515-3006

Table 3. Apartment Vacancy Rates

APARTMENT VACANCY RATES BY ZONE AND BEDROOM TYPE										
Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Downtown	**	**	2.7	4.2	2.5	4.9	**	**	2.7	4.6
Zone 2 - Beltline	2.9	6.4	2.9	4.1	2.4	4.3	**	**	2.7	4.4
Zone 3 - North Hill	**	**	1.4	1.2	3.3	2.2	**	**	2.0	1.7
Zone 4 - Southwest	4.9	**	3.6	3.9	3.4	4.9	3.9	4.9	3.6	4.7
Zone 5 - Southeast	**	**	1.4	7.2	1.8	7.4	1.9	7.2	1.6	7.1
Zone 6 - Northwest	**	**	1.5	2.8	3.5	2.7	1.4	3.9	2.4	2.8
Zone 7 - Northeast	**	**	**	2.7	4.3	3.8	**	**	3.0	3.5
Zone 8 - Chinook	**	**	4.6	5.9	3.0	8.0	**	**	3.9	6.9
Zone 9 - Fish Creek	**	**	1.7	5.4	4.4	7.5	**	**	3.4	6.2
Zones 1 to 9 - Calgary City	2.9	5.7	2.6	3.9	3.2	4.8	2.2	4.6	2.9	4.4
Zone 10 - Other Centres	**	0.0	1.8	1.7	2.8	7.1	4.2	3.7	3.0	4.9
Calgary CMA	2.9	5.7	2.6	3.9	3.2	4.9	2.3	4.6	2.9	4.4

Table 4. Average Apartment Rents

AVERAGE APARTMENT RENTS BY ZONE AND BEDROOM TYPE										
Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Downtown	**	**	673	701	820	860	**	**	707	743
Zone 2 - Beltline	529	507	645	643	832	832	**	**	702	699
Zone 3 - North Hill	**	**	635	624	730	752	**	**	668	678
Zone 4 - Southwest	462	**	650	661	804	800	703	714	721	722
Zone 5 - Southeast	**	**	583	605	657	689	689	700	629	663
Zone 6 - Northwest	**	**	657	665	790	778	757	775	726	727
Zone 7 - Northeast	**	**	**	653	765	757	**	**	722	721
Zone 8 - Chinook	**	**	666	663	794	793	**	**	726	724
Zone 9 - Fish Creek	**	**	747	729	868	861	**	**	822	815
Zones 1 to 9 - Calgary City	514	509	657	661	805	806	779	789	717	721
Zone 10 - Other Centres	**	456	607	606	713	708	711	716	671	674
Calgary CMA	513	508	657	661	804	804	777	787	716	721

** Data Not Available NIU Not in Universe N/A Not Applicable

Table 5. Number of Apartment Units

VACANT AND TOTAL UNIVERSE BY ZONE AND BEDROOM TYPE										
Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Zone 1 - Downtown	**	**	145	3,491	86	1,764	**	**	258	5,637
Zone 2 - Beltline	62	971	278	6,776	172	3,975	**	**	515	11,807
Zone 3 - North Hill	**	**	27	2,273	36	1,680	**	**	72	4,266
Zone 4 - Southwest	**	**	86	2,183	132	2,688	23	467	269	5,695
Zone 5 - Southeast	**	**	35	489	50	681	18	246	104	1,473
Zone 6 - Northwest	**	**	58	2,106	63	2,310	20	522	141	4,992
Zone 7 - Northeast	**	**	16	613	44	1,161	**	**	66	1,878
Zone 8 - Chinook	**	**	91	1,552	114	1,421	**	**	213	3,072
Zone 9 - Fish Creek	**	**	67	1,242	176	2,355	**	**	248	3,977
Zones 1 to 9 - Calgary City	119	2,073	804	20,725	872	18,035	91	1,962	1886	42,796
Zone 10 - Other Centres	0	23	2	116	18	255	2	54	22	448
Calgary CMA	119	2,096	806	20,841	890	18,290	93	2,016	1908	43,244

Table 6. Historical Row Vacancy Rates

ROW VACANCY RATES BY ZONE								
October 1996 to October 2003 — Calgary								
Area	1996	1997	1998	1999	2000	2001	2002	2003
Zone 1 - Downtown	**	**	**	**	**	**	**	**
Zone 2 - Beltline	**	**	**	**	**	**	**	**
Zone 3 - North Hill	0.0	**	0.0	**	0.0	**	**	2.6
Zone 4 - Southwest	1.5	0.2	0.5	1.6	1.0	1.8	1.9	3.8
Zone 5 - Southeast	1.5	0.3	1.0	1.5	2.8	1.0	5.4	8.0
Zone 6 - Northwest	0.8	0.5	0.5	2.5	1.2	1.2	2.5	3.2
Zone 7 - Northeast	1.9	0.3	0.3	2.7	0.6	0.8	1.0	2.6
Zone 8 - Chinook	**	**	**	3.7	0.0	0.0	3.7	1.9
Zone 9 - Fish Creek	1.5	0.4	0.6	1.4	0.7	1.6	3.0	4.2
Zones 1 to 9 - Calgary City	1.4	0.3	0.5	2.0	1.1	1.2	2.6	4.0
Zone 10 - Other Centres	**	**	**	**	**	**	**	**
Calgary CMA	1.4	0.3	0.5	2.0	1.1	1.2	2.6	4.0

** Data Not Available N/U Not in Universe N/A Not Applicable

Table 7. Historical Row Rents

AVERAGE ROW RENTS BY BEDROOM TYPE October 1996 to October 2003 — Calgary								
Year	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	Avg. Rent	% Change	Avg. Rent	% Change	Avg. Rent	% Change	Avg. Rent	% Change
1996	327	-2.4	455	-3.4	595	1.7	645	-0.2
1997	324	-0.9	505	11.0	643	8.1	689	5.4
1998	366	13.0	521	3.2	726	13.0	772	12.0
1999	423	15.6	537	3.1	727	0.1	788	2.1
2000	389	-8.0	546	1.7	733	0.8	801	1.6
2001	**	N/A	615	12.6	781	6.5	843	5.2
2002	**	N/A	615	0.0	793	1.5	856	1.5
2003	459	N/A	635	3.3	777	-2.0	853	-0.4

Table 8. Row Vacancy Rates

ROW VACANCY RATES BY ZONE AND BEDROOM TYPE Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Downtown	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 2 - Beltline	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 3 - North Hill	N/A	N/A	**	**	**	0.0	**	**	**	2.6
Zone 4 - Southwest	**	**	0.0	3.0	2.1	4.4	1.9	2.4	1.9	3.8
Zone 5 - Southeast	N/U	N/U	**	**	**	3.6	6.3	11.3	5.4	8.0
Zone 6 - Northwest	N/U	N/U	1.5	7.6	3.7	3.6	1.3	2.3	2.5	3.2
Zone 7 - Northeast	N/U	N/U	**	**	1.3	2.5	0.8	2.7	1.0	2.6
Zone 8 - Chinook	N/U	N/U	N/U	N/U	**	**	**	**	3.7	1.9
Zone 9 - Fish Creek	**	**	**	**	4.3	4.4	0.8	4.3	3.0	4.2
Zones 1 to 9 - Calgary City	**	20.0	0.6	4.2	3.3	3.7	2.1	4.3	2.6	4.0
Zone 10 - Other Centres	N/U	N/U	**	N/U	**	**	N/U	N/U	**	**
Calgary CMA	**	20.0	0.6	4.2	3.2	3.7	2.1	4.3	2.6	4.0

** Data Not Available N/U Not in Universe N/A Not Applicable



KEEP ON TOP OF THE HOUSING MARKET

CMHC's **Market Analysis Centre** is your best source of Canadian housing analysis and information - information you need for confident business planning and informed decision making. Our knowledge of local housing conditions is backed up by comprehensive surveys and an extensive market intelligence network. Whatever your housing market information needs, we provide the statistics, analysis and forecasts you can rely on.

To find out more about our product line and customized data services call **(403) 515-3006**

Table 9. Average Row Rents

AVERAGE ROW RENTS BY ZONE AND BEDROOM TYPE										
Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Downtown	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 2 - Beltline	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 3 - North Hill	N/A	N/A	**	**	**	1275	N/A	**	**	955
Zone 4 - Southwest	**	**	540	513	785	771	835	818	790	777
Zone 5 - Southeast	N/U	N/U	**	**	**	740	772	790	750	762
Zone 6 - Northwest	N/U	N/U	590	615	800	774	885	897	827	819
Zone 7 - Northeast	N/U	N/U	**	**	780	751	872	857	827	806
Zone 8 - Chinook	N/U	N/U	N/U	N/U	**	**	**	**	785	785
Zone 9 - Fish Creek	**	**	**	**	825	809	875	859	843	825
Zones 1 to 9 - Calgary City	**	459	620	635	794	777	856	853	814	805
Zone 10 - Other Centres	N/U	N/U	**	N/U	**	**	N/U	N/U	**	**
Calgary CMA	**	459	615	635	793	777	856	853	814	805

Table 10. Number of Row Units

VACANT AND TOTAL UNIVERSE BY ZONE AND BEDROOM TYPE										
Calgary										
Area	Bachelor		One Bedroom		Two Bedroom		Three Bedroom +		All Units	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Zone 1 - Downtown	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 2 - Beltline	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Zone 3 - North Hill	**	**	**	**	0	15	**	**	1	39
Zone 4 - Southwest	**	**	1	33	16	364	5	208	23	607
Zone 5 - Southeast	N/U	N/U	**	**	10	279	45	397	55	689
Zone 6 - Northwest	N/U	N/U	5	66	24	675	14	617	43	1,358
Zone 7 - Northeast	N/U	N/U	**	**	14	554	21	764	35	1,324
Zone 8 - Chinook	N/U	N/U	N/U	N/U	**	**	**	**	1	54
Zone 9 - Fish Creek	**	**	**	**	33	751	14	327	47	1,115
Zones 1 to 9 - Calgary City	1	5	7	168	98	2,672	100	2,348	206	5,193
Zone 10 - Other Centres	N/U	N/U	N/U	N/U	**	**	N/U	N/U	**	**
Calgary CMA	1	5	7	168	98	2,682	100	2,348	206	5,203

** Data Not Available N/U Not in Universe N/A Not Applicable

© 2004 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission

of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions

contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibilities.