

R

ENTAL MARKET

REPORT

Chicoutimi-Jonquière

Canada Mortgage and Housing Corporation

October 2001 Survey

www.cmhc.ca

Little change on regional rental market

While, in many areas across Quebec, the rental markets are experiencing shortages of dwellings, the situation is totally different in the Chicoutimi-Jonquière area. This past October, just like in October 2000, 4.4 per cent of privately initiated rental apartments in the area had not found any takers. The vacancy picture is practically identical for these two years. In fact, there were 370 vacant units in private apartment buildings with three or more units this past October, compared to 368 in 2000.

The total number of dwellings on the market also changed very little, as it stood at 8,408 in October 2001. In this context, the vacancy rate remained stable at 4.4 per cent. The local market is showing great stability: since 1997, the vacancy rate has stayed between 4 per cent and 5 per cent year after year.

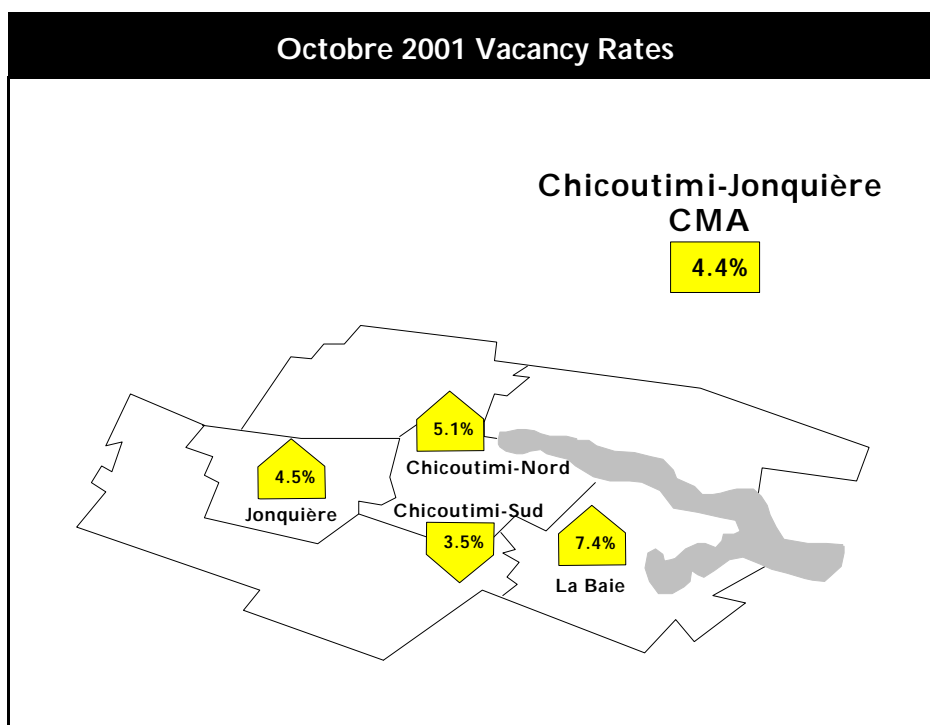
In recent years, the population has grown very slowly in the area. As well, the currently favourable conditions to access homeownership have persuaded

IN THIS ISSUE

Analysis

- 1 Little change on regional rental market
- 2 Still some movement among the municipalities
- 2 Low interest rates favouring homeownership
- 2 Supply showing little variation
- 3 The Saguenay: one of the most affordable places in the country
- 3 Little variation among the various unit size
- 3 Tenants seek quality
- 4 Few highrises
- 4 Lac-Saint-Jean: completion of Alcan job site reflected on Alma rental market
- 5 Low vacancy rates almost everywhere across Quebec
- 5 Forecast for 2002
- 6 Methodology
- 6 Description of Zones
- 7-8 Statistical Tables

Octobre 2001 Vacancy Rates



HOME TO CANADIANS
Canada

numerous households to buy a property. As a result, demand for rental housing practically did not rise between the last two annual surveys. On the supply side, the total number of apartments has remained virtually the same for the last few years in the area. Very few new apartments have been built. As such, market conditions have not changed in the area.

Still some movement among the municipalities

While the overall regional conditions remained stagnant, there was still some movement within the area. Households continued to move, apartments were vacated and other units finally found takers during the past year. As a result, conditions did vary among the different zones in the area. Zone 2 (the southern sector of Chicoutimi) saw its number of vacant units go down by 40 units, for a decrease of 1 percentage point in its vacancy rate. This drop was offset by slight rises in the other zones within the area, with the greatest increase having been recorded in Jonquière (26 more

vacant apartments, or 0.8 of a percentage point). It should be recalled that, last year, Jonquière had benefited more than the eastern sectors of the area from the spin-offs of the Alcan job site in Alma. Given the difficulty in finding housing in Alma, many had gone over to the metropolitan area and more particularly Jonquière, in view of its geographical proximity. Now that the job site had been completed, the situation has returned to normal.

Low interest rates favouring homeownership

The rental market faced rather significant competition from homeownership during the past year. Home prices in the area are very affordable and allow for mortgage payments that remain close to current rent levels. In addition, during the past year, interest rates continued to fall and, as a result, mortgage payments reached low points that had not been seen for a long time. In these conditions, many households decided to access homeownership. For the rental market, however, these are potential clients who will no longer be tenants. This phenomenon, combined with the downward

trend in the population aged under 45 years in the area, contributed to limiting demand for rental housing. Fortunately for this demand, though, it was buoyed up by full-time employment among people aged from 15 to 24 years, a segment that performed well during the past year in the area.

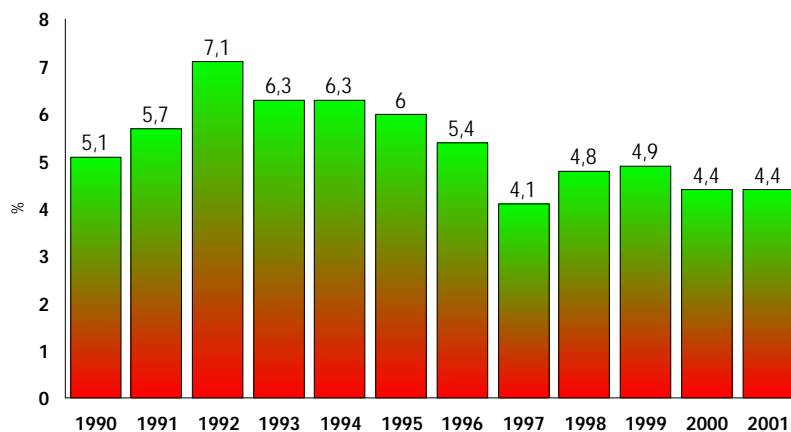
Supply showing little variation

Apartment construction in 2001 did not go against the established trend in the area. Since 1993, activity has declined considerably on job sites. Last year, a total of 81 new apartments were started in the area. Most of these units are part of an extension to a retirement housing complex in Chicoutimi. The rental housing stock covered by our survey was therefore maintained at around 8,400 apartments. Since 1994, the construction of apartments intended for the traditional rental market has remained close to 30 starts annually, just enough to replace units going out of the market. A few fluctuations can effectively be noted in the total number of starts, but they mainly come from the construction of retirement homes. In 2001, just like in 2000, with the production of apartments of this type, the area managed to register levels above 75 units. These results remain far from those recorded in the early 1990s when over 300 rental apartments were started every year.

There are several reasons why developers are not building more projects. The principal factor that can be identified is profitability: while construction costs went up throughout the past decade, rents remained very low in the area, which limited income for developers and consequently their interest in building new housing. Also, the fact that the vacancy rate is close to 5 per cent adds to the risk involved in undertaking such new projects.

In the retirement home market segment, on the other hand, the rents are higher and the vacancy rate is practically nil, which is encouraging developers to build new structures for seniors.

Little Change in Vacancy Rate since 1997



Source: CMHC

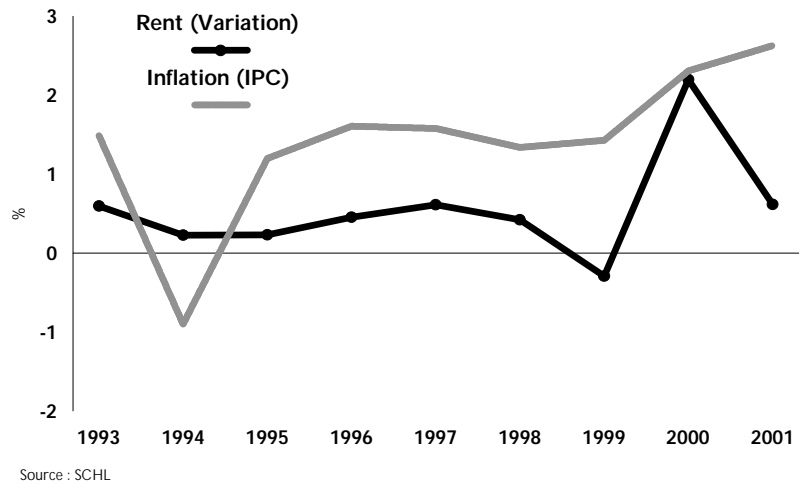
The Saguenay: one of the most affordable places in the country

Once again this year, rents remained very low in the area. The average hike was 0.6 per cent. Throughout the past decade, it was difficult for rents to follow inflation. Chicoutimi-Jonquière therefore retained its place among the areas with the most affordable housing. Currently, among the 26 metropolitan areas in the country, Trois-Rivières is the only one where the average rent for a two-bedroom apartment is lower. In fact, it is \$419 in Trois-Rivières, while Saguenay tenants pay an average of \$439 for an apartment of this size. These prices are well below those prevailing elsewhere across the country. For example, again for a two-bedroom apartment, a tenant would have to pay \$1,027 in Toronto or \$919 in Vancouver. In Quebec, the most expensive area is Hull, where the average rent is \$573.

Little variation among the various unit size

There is little variation in vacancy rates among the various unit size categories. Dwellings of all sizes have rates between 3.1 per cent and 4.1 per cent, except for one-bedroom apartments. In fact, tenants seems to prefer larger units. Given the very affordable rents in the area, tenants can choose larger units without overly affecting their budget. Apartments with two bedrooms or three or more bedrooms are particularly popular both among couples with or even without children and young people leaving their parents' home to rent accommodations with others and share the costs. It is more difficult for smaller units to reach these client groups, which explains the higher vacancy rate for one-bedroom apartments. So why do bachelor units also have a lower vacancy

Rents hikes lower than inflation all decade long

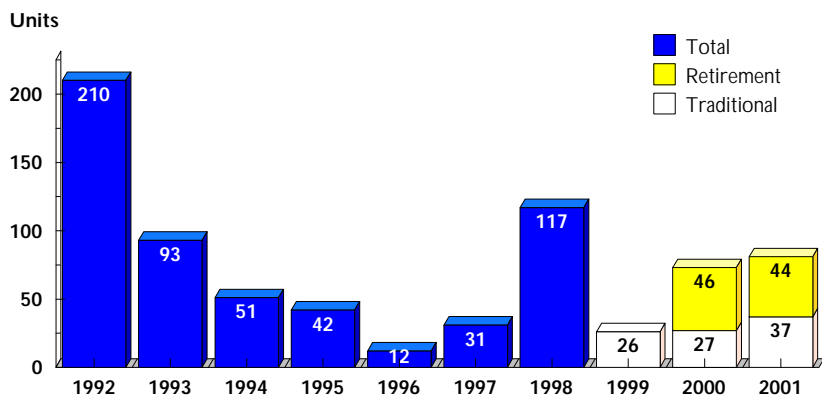


rate than one-bedroom apartments? The reason is simple: two thirds of bachelor units in the area are concentrated in retirement homes. These units are taken into account to calculate the vacancy rate. Since the vacancy level remains very low year after year in this segment of the market, these units have a downward impact on the vacancy rate for all bachelor apartments.

Tenants seek quality

Another aspect that has stayed the same year after year is the preference of tenants for newer buildings despite their clearly higher average rents. The lowest vacancy rate was observed in structures

Few New Rental Constructions



Source: CMHC
(The distribution of starts between the retirement and traditional housing markets is indicated only for 1998 and subsequent years.)

built since 1990 (1.5 per cent), while the highest vacancy level was noted in buildings dating back to the 1970s (5.7 per cent). Tenants prefer newer buildings with more modern features that better suit their requirements.

Owners of older buildings can escape this problem by renovating and adapting their apartments to modern criteria, in order to more effectively compete with newer dwellings. Otherwise, these landlords may find themselves in a loop: non-renovated, their aging units become more difficult to rent, resulting in rental decreases or unoccupied units and, consequently, less income available for renovations.

One belief that does not hold water when analyzing the data is that tenants seek the least expensive units at any cost... A review of vacancy rate levels by price range clearly shows that tenants are not reluctant to pay more for a dwelling that better suits their preferences. In fact, apartments in the higher

rent ranges have the lowest vacancy rates. This is one more argument that should encourage landlords to renovate their buildings, with a view to recouping their investment.

Few highrises

The geographical characteristics of the area have a marked influence on the real estate stock. Since space on the ground is not as significant a limitation as in other areas, the construction of multiple-storey real estate projects has not been very popular in the Saguenay.

This situation is reflected especially in the private rental housing stock. Nearly 70 per cent of the buildings covered by the survey have two storeys, and those with three storeys account for another quarter of the universe. Taller buildings are therefore quite scarce: just 1.4 per cent of the structures have four or more storeys.

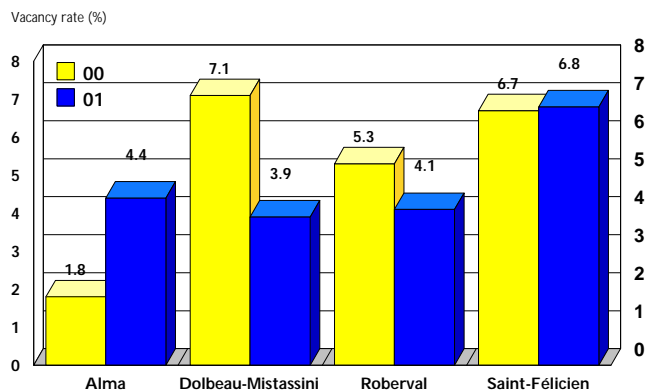
If all private rental housing in the area were considered, the proportion of low-rise buildings would be even greater. In fact, our survey only takes into account buildings with three or more apartments. Other rental housing, such as duplexes or single-family houses that are being rented out, generally have one or two storeys.

To give an idea of this proportion, our survey covers approximately 8,400 private apartments. To this number, we might add social housing and rental row-housing units. At the time of the 1996 census, Statistics Canada enumerated some 23,500 renter households in the area. As such, the proportion of dwellings in private structures with three or more apartments is clearly lower in the area than elsewhere across Quebec, which is another sign that the area is more inclined to go toward smaller buildings rather than build large housing projects.

Lac-Saint-Jean: completion of Alcan job site reflected on Alma rental market

In the Lac-Saint-Jean area, the markets reacted differently depending on the various agglomerations. Dolbeau-Mistassini posted the greatest decrease in its vacancy rate, which went from 7.1 per cent down to 3.9 per cent. In Roberval, a decrease was also noted, and the vacancy level reached 4.1 per cent, compared to 5.3 per cent the year before. Saint-Félicien, for its part, sustained a small increase, as its vacancy rate rose from 6.7 per cent to 6.8 per cent. Lastly, in Alma, as was to be expected with the completion of the Alcan job site, which had over 4,000 workers last year, the departure of the temporary workers who had come from outside the area caused the vacancy rate to go back up to 4.4 per cent. It had stayed between 1 per cent and 2 per cent during the last two years. This rate is still below the level that prevailed in this agglomeration before the construction project was announced. In 1997, 6.3 per cent of apartments in Alma had not found any takers.

Vacancy Rates for Saguenay-Lac-Saint-Jean Centres



Source: CMHC

Low vacancy rates almost everywhere across Québec

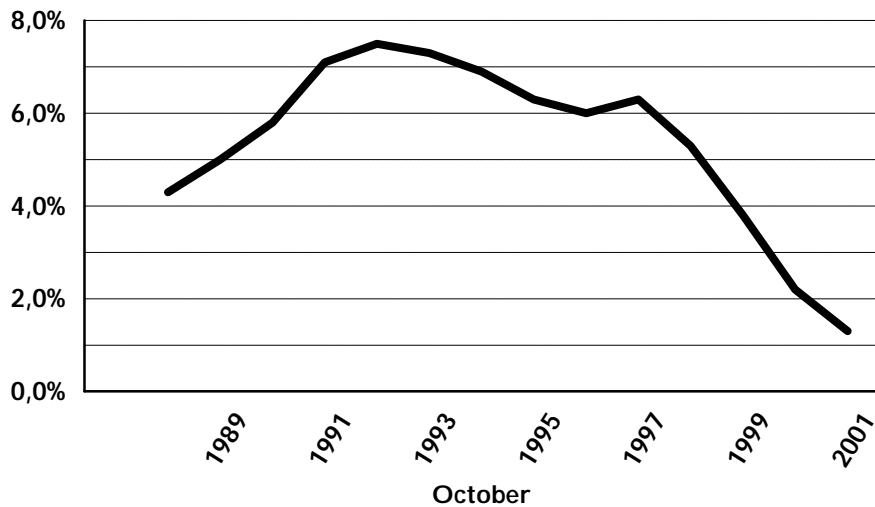
The vacancy rate fell for a fourth consecutive year in the province overall. The average rate in privately initiated buildings with three or more units reached 1.3 per cent, compared to 2.2 per cent at the time of the previous survey the year before.

Once again, the good performance of youth employment buoyed up demand for rental housing during the past year, further narrowing the gap between supply and demand. As well, multiple housing construction was mainly focused on the condominium and retirement home market segments.

The survey results indicate that the vacancy rates decreased in all census metropolitan areas across Quebec. On the rental markets in Montréal (0.6 per cent), Hull (0.6 per cent) and Québec (0.8 per cent), the rates have now fallen below the 1-per-cent mark. In Sherbrooke, the vacancy rate went from 4.7 per cent down to 2.3 per cent in October 2001. The Trois-Rivières and Chicoutimi-Jonquière markets are not as tight. The rental unit surplus on the Trois-Rivières market (6.8 per cent in October 2000) was considerably reduced (4.7 per cent in October 2001) while, in Chicoutimi-Jonquière, the vacancy rate remained stable at 4.4 per cent. It should be pointed out that the rental increase was slightly above inflation on the markets that tightened.

According to the survey results, the vacancy rates were down for units of all sizes, but somewhat less so for dwellings with three or more bedrooms, for which the vacancy rate fell by only 1 percentage point. Also, there are slightly more bachelor apartments available than units in the other size categories.

Vacancy Rates - Quebec province
Private rental buildings with 3 or more units



Forecast for 2002

With the economic and demographic conditions prevailing in the area, demand for rental apartments will not be posting any increase to speak of in the area. Still, given the fact that supply is remaining stable on account of the low level of rental housing construction, there is no cause to fear any major increase in the vacancy rate for 2002. As has been the case since 1997, the vacancy rate in October 2002 should remain between 4 per cent and 5 per cent, reaching around 4.6 per cent.

While rent levels may be very low in the area, landlords have little room to raise them, given the affordability of properties and the large number of vacant units. As well, they must take

into account their tenants' capacity to pay. In such conditions, it can be expected that the average rent will not keep up with inflation, as it should increase by less than 1 per cent.

The retirement home market will not be undergoing many changes, either. It will continue to post almost full occupancy and should account for the majority of new rental project constructions over the next few years.

It is important to point out that our forecast does not take into account the housing units recently announced by the provincial government under the *Accès-Logis* program and the Affordable Housing Program resulting from a federal-provincial agreement. In fact, at the time of writing, the geographical distribution of these new units had not yet been specified. As soon as complete information becomes available, CMHC will adjust its forecasts

Apartment Vacancy Rates

Canada	2000	2001
Metropolitan Areas		
Calgary	1.3	1.2
Charlottetown	2.6	1.8
Chicoutimi-Jonquière	4.4	4.4
Edmonton	1.4	0.9
Halifax	3.6	2.8
Hamilton	1.7	1.3
Hull	1.4	0.6
Kitchener	0.7	0.9
London	2.2	1.6
Montréal	1.5	0.6
Oshawa	1.7	1.3
Ottawa	0.2	0.8
Québec	1.6	0.8
Regina	1.4	2.1
Saint John	3.4	5.6
Saskatoon	1.7	2.9
Sherbrooke	4.7	2.3
St. Catharines-Niagara	2.6	1.9
St. John's	3.8	2.5
Sudbury	7.7	5.7
Thunder Bay	5.8	5.8
Toronto	0.6	0.9
Trois-Rivières	6.8	4.7
Vancouver	1.4	1.0
Victoria	1.8	0.5
Windsor	1.9	2.9
Winnipeg	2.0	1.4
Total Canada	1.6	1.1
Québec Province		
Urban Areas from 50,000 to 99,999		
Drummondville	1.8	1.8
Granby	2.0	2.5
Shawinigan	8.4	7.7
St-Hyacinthe	1.8	1.3
Sub-Total 50,000-99,999	3.1	2.6
Urban Areas from 10,000 to 49,999		
Alma	1.8	4.4
Amos	10.5	14.2
Baie-Comeau	16.7	16.2
Cowansville	6.6	6.0
Dolbeau-Mistassini	7.1	3.9
Gaspé	15.0	9.2
Joliette	4.2	2.2
La Tuque	10.6	13.0
Lachute	6.6	5.5
Magog	3.1	1.1
Matane	14.4	11.4
Montmagny	1.5	1.3
Rimouski	6.5	3.9
Rivière-du-Loup	4.5	3.4
Roberval	5.3	4.1
Rouyn-Noranda	12.2	15.5
Salaberry-de-Valleyfield	3.7	3.7
Sept-Îles	12.3	7.7
Sorel-Tracy	11.9	8.4
St-Georges	2.1	2.7
St-Jean-sur-Richelieu	2.8	1.2
Ste-Marie	1.7	2.8
Thetford-Mines	7.8	11.5
Val d'Or	11.4	11.4
Victoriaville	2.3	2.0
Sub-Total 10,000-49,999	5.9	6.2
Total Province of Québec	2.2	1.3

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 that have been on the market for at least three months are included. While this publication is mainly about privately initiated apartment buildings with three or more units, the CMHC survey also examines row houses and publicly initiated rental and cooperative housing.

The survey is conducted by telephone or site visit, and information is obtained from the owner, manager or building superintendent. The survey is usually 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 some or all of these services.

Rental apartment structure: Any building containing three or more rental dwellings that are not ground-oriented.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the many property owners and managers throughout Canada. We greatly acknowledge their hard work and assistance in providing timely and accurate information. We sincerely hope that the results of this work will provide a benefit to these clients and to the entire housing industry.

Zones

The various zones are as follows:

Zone 1: Chicoutimi-Nord, Saint-Honoré, Shipshaw and Canton Tremblay

Zone 2: Chicoutimi-Sud

Zone 3: Jonquière, Larouche and Laterrière

Zone 4: La Baie

For more information about this publication, please contact:

Charles Fortin

Market analyst

at (418) 649-8100

Email : cfortin@cmhc.ca

or our

Customer Service Department at 1-866-855-5711

Apartment Vacancy Rates (%)
By Market Zone and Unit Size
Chicoutimi-Jonquière Metropolitan Area

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Chicoutimi-Nord	***	***	***	***	5.1	4.9	0.7	0.0	4.8	5.1
Chicoutimi-Sud	5.2	***	7.3	3.9	3.2	3.7	2.2	1.8	4.5	3.5
Chicoutimi	5.1	***	7.7	5.0	3.6	4.0	1.8	1.4	4.5	3.8
Jonquière	***	***	6.1	8.5	3.5	3.1	3.0	4.3	3.7	4.5
La Baie	***	***	11.8	8.7	6.0	8.3	2.6	5.6	5.9	7.4
Metropolitan Area	3.3	3.4	7.5	6.4	3.8	4.1	2.4	3.1	4.4	4.4

Apartment Average Rents (\$)
By Market Zone and Unit Size
Chicoutimi-Jonquière Metropolitan Area

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001
Chicoutimi-Nord	***	***	***	***	399	381	464	435
Chicoutimi-Sud	320	***	376	377	467	464	484	513
Chicoutimi	316	***	373	374	455	447	479	500
Jonquière	***	***	356	359	421	439	457	469
La Baie	***	***	305	308	378	383	414	413
Metropolitan Area	314	296	363	364	438	439	463	478

Number of Apartments - Vacant and Universe (Units)
By Market Zone and Unit Size
Chicoutimi-Jonquière Metropolitan Area

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.
Chicoutimi-Nord	***	***	***	***	23	468	0	197	40	775
Chicoutimi-Sud	***	***	45	1,138	66	1,762	12	647	134	3,851
Chicoutimi	***	***	61	1,236	89	2,230	12	843	174	4,626
Jonquière	***	***	58	685	47	1,531	23	542	134	2,949
La Baie	***	***	13	154	33	398	16	277	62	833
Metropolitan Area	17	511	133	2,075	168	4,160	51	1,663	370	8,408

Apartment Average Rents (\$) - With or Without Services *
By Market Zone and Unit Size
Chicoutimi-Jonquière Metropolitan Area

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	With Services	Without Services	With Services	Without Services	With Services	Without Services	With Services	Without Services
Chicoutimi-Nord	***	***	***	***	399	381	464	435
Chicoutimi-Sud	320	***	376	377	467	464	484	513
Chicoutimi	316	***	373	374	455	447	479	500
Jonquière	***	***	356	359	421	439	457	469
La Baie	***	***	305	308	378	383	414	413
Metropolitan Area	314	296	363	364	438	439	463	478

**Background on Apartment Vacancy Rates (%)
By Market Zone**

Chicoutimi-Jonquière Metropolitan Area

Zone	1993	1994	1995	1996	1997	1998	1999	2000	2001
Chicoutimi-Nord	9.2	8.5	5.9	6.9	2.4	4.2	6.0	4.7	5.1
Chicoutimi-Sud	5.4	4.7	5.8	5.2	3.6	5.9	4.8	4.4	3.5
Chicoutimi	6.0	5.4	5.8	5.5	3.4	5.6	5.0	4.5	3.8
Jonquière	6.7	7.6	5.0	4.9	3.4	3.1	3.2	3.7	4.5
La Baie	6.8	7.2	10.8	6.4	9.9	6.1	10.3	5.9	7.4
Metropolitan Area	6.3	6.3	6.0	5.4	4.1	4.8	4.9	4.4	4.4

Apartment Vacancy Rates (%)

By Market Zone and Structure Size

Chicoutimi-Jonquière Metropolitan Area

Zone	3-5 Units		6-19 Units		20-49 Units		50-99 Units		100 Units +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Chicoutimi-Nord	***	8.7	***	2.7	***	***	***	***	***	***
Chicoutimi-Sud	***	2.9	6.2	4.0	5.0	5.1	***	***	0.0	0.3
Chicoutimi	***	4.4	5.9	3.8	5.0	5.1	***	***	0.0	0.3
Jonquière	***	3.9	***	4.9	8.1	9.1	***	0.0	***	0.0
La Baie	***	4.9	9.1	10.3	***	4.4	***	***	***	***
Metropolitan Area	3.4	4.3	5.3	4.7	6.0	6.7	0.0	0.0	0.0	0.2

Apartment Vacancy Rates (%) and Average Rents (\$)

By Year of Construction and Unit Size

Chicoutimi-Jonquière Metropolitan Area

Year of Construction	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total
	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate
1990 or later	1.6	275	0.0	***	1.5	522	2.5	574	1.3
1980 to 1989	2.5	281	2.9	374	2.4	450	2.5	490	2.6
1970 to 1979	6.6	305	6.2	379	5.1	445	3.9	493	5.3
Before 1970	6.4	289	10.0	343	5.4	397	3.3	452	6.1

Apartment Vacancy Rates (%) and Average Rents (\$)

By Lac-St-Jean Agglomeration and Unit Size

Agglomeration		Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
		2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Alma	V. Rate	7.4	10.0	2.0	5.9	1.7	4.3	0.6	2.8	1.8	4.4
	Rent	284	283	335	338	393	398	429	426	n.a.	n.a.
Dolbeau-Mistassini	V. Rate	38.1	19.0	6.8	6.8	5.3	2.2	7.8	2.3	7.1	3.9
	Rent	247	238	287	305	358	382	401	417	n.a.	n.a.
Roberval	V. Rate	***	***	9.8	9.0	4.6	2.3	0.0	2.5	5.3	4.1
	Rent	***	***	324	329	400	407	456	459	n.a.	n.a.
St-Félicien	V. Rate	8.3	6.1	7.0	4.6	7.4	6.6	2.5	11.4	6.7	6.8
	Rent	276	297	339	335	390	389	457	460	n.a.	n.a.

*** Not available or sample too small to be disclosed

* With Services includes : heating, electricity and hot water

© 2002 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.