

R

ENTAL MARKET

REPORT

Gatineau

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Canada Mortgage and Housing Corporation

Vacant Rental Dwellings Remain Very Scarce in the Gatineau Area

OCTOBER 2002 SURVEY

The Gatineau census metropolitan area (CMA) rental market is bearing the brunt of a very robust economy in the Outaouais. This year again, despite strong winds in favour of homeownership, the vacancy rate in privately initiated buildings with three or more housing units fell. It reached an all-time low of **0.5 per cent in October 2002**, compared to 0.6 per

cent last year. The Gatineau CMA therefore remained the second tightest rental market among Canada's CMAs. It was the Québec metropolitan area that ranked first.

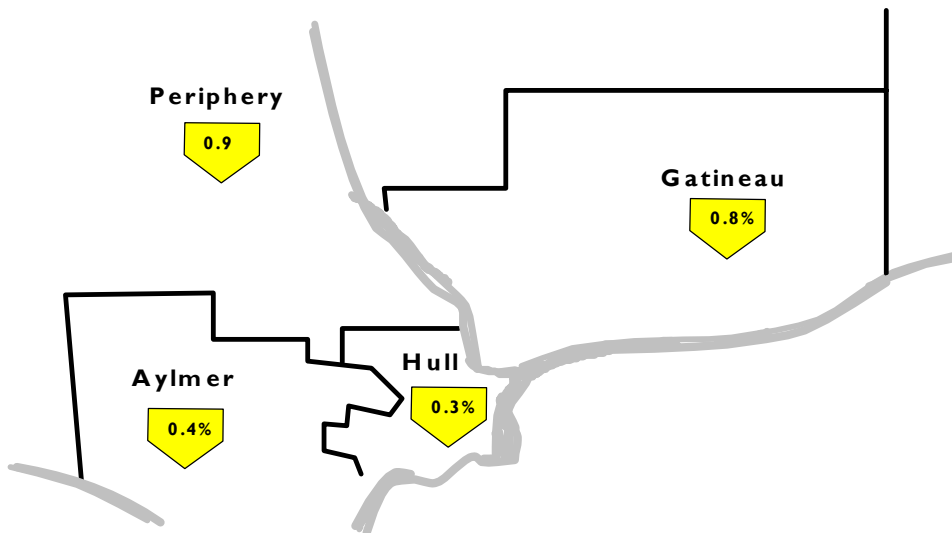
Overall, while rental housing construction posted renewed growth with a small gain, it was not able to offset the steadily replenishing and rising demand.

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October 2002 Vacancy Rates



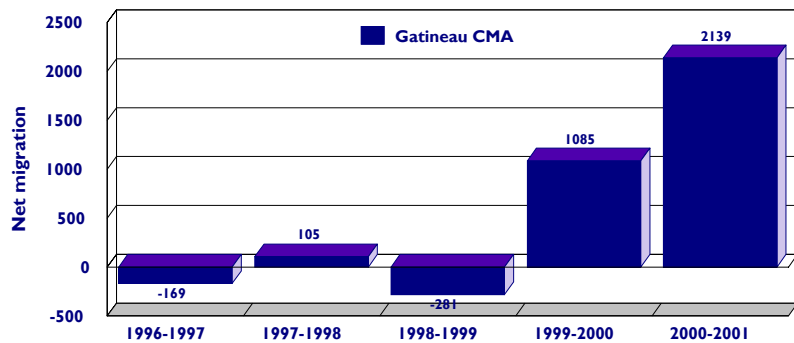
HOME TO CANADIANS
Canada

Lean Years Far Away on the Demand Side

First of all, with regard to employment, Gatineau generally did not suffer as much as its Ontario neighbour from the job losses that resulted from the collapse of the technology sector. The job market did not sustain any significant decreases, but rather progressed modestly in the Outaouais. On an annual basis, employment went up by 0.9 per cent in November 2002, bringing the total number of workers to 135,650.

On the other hand, a review of the worker population most inclined to rent, that is, young people aged 15 to 24 years, reveals a decline in the number of employed persons. On an annual basis, there were 20,675 young people working in November 2002, for a decrease of 8.8 per cent from the same period in 2001. However, it should be noted that, despite the current downturn, the overall results are still positive since the boom observed in 2000 (around 2,500 jobs).

Positive Net Migration



Source: CMHC

The level of immigration registered in Gatineau is a major explanatory factor. While, during the 1990s, the Outaouais area posted low, even negative, immigration levels, the CMA has now attracted over 3,000 people since 1999. Since newcomers usually prefer to rent a dwelling rather than buy a home right away, this new factor put additional pressure on an already tightening market.

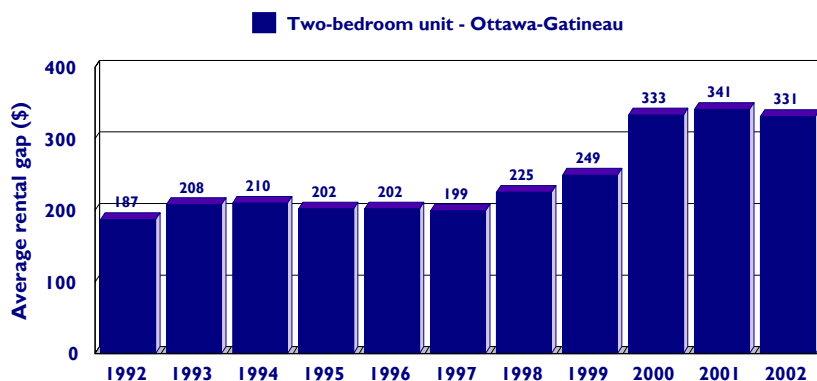
The increase in the number of students should also be mentioned. The Université du Québec in the

Outaouais was able to attract more people by broadening its range of programs. In 2002, there were 5,116 people registered, for a gain of 5 per cent over the previous year.

The strong demand prevailing on the Gatineau rental market is also attributable to the scarcity of dwellings available in Ottawa, but especially to the growing gap between the rents charged on either side of the river. There is no doubt that, in recent years, the steady increase in rents in the national capital has prompted many Ontario households to cross the bridges.

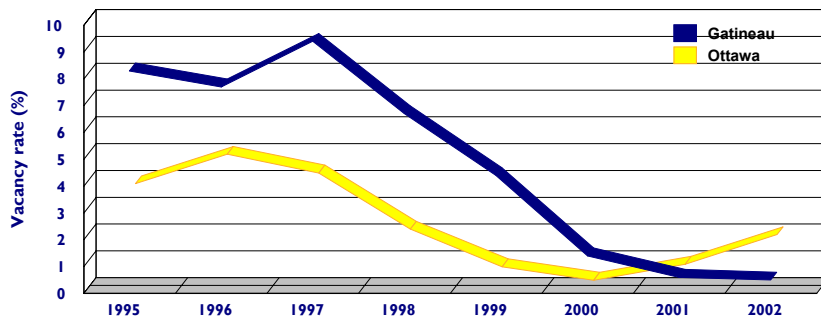
As a sign that the times are changing, the trend in vacancy rates, which have historically been lower in Ottawa than in Gatineau, has turned around since 2001. This year, the national capital saw its vacancy rate rise to 1.8 per cent, from 0.8 per cent in 2001. While the shift of some Ottawa tenants to Gatineau should be taken into account, it was above all the decline in employment and the strong homeownership trend that allowed the Ottawa rental market to ease up somewhat. The exceptionally low mortgage rates effectively enabled many households to take the plunge into homeownership.

Rental Gap Widens



Source: CMHC

Vacancy Rate Trend Turns Around



Source: CMHC

Rental Housing Construction Lagging

Rental housing construction is having difficulty in coming out of its torpor. Several factors account for the weak growth in the rental housing supply.

First, developers got their fingers burned by the poor performances of the rental market during the 1990s. It should be recalled that, not so long ago, Gatineau was contending with a major surplus of rental housing units that literally brought construction to a halt.

Also, most builders are currently favouring the single-family home market, which is in its prime and also clearly more profitable than the rental market.

Finally, apartment construction is expensive, and rents, although they have been rising for the last three years, have not yet reached the levels that would be needed to make certain types of housing projects profitable. This is why rental housing construction is limited to mid- and upper-range apartments, as well as retirement homes. This last niche is in fact proving to be definitely more profitable, and it represents a relatively sure investment, given the aging of the population.

Detailed Results: scarcity extending to all sectors

Finding a rental dwelling is now very hard, regardless of the geographical sector. It is all the more difficult when a relatively large housing unit is sought.

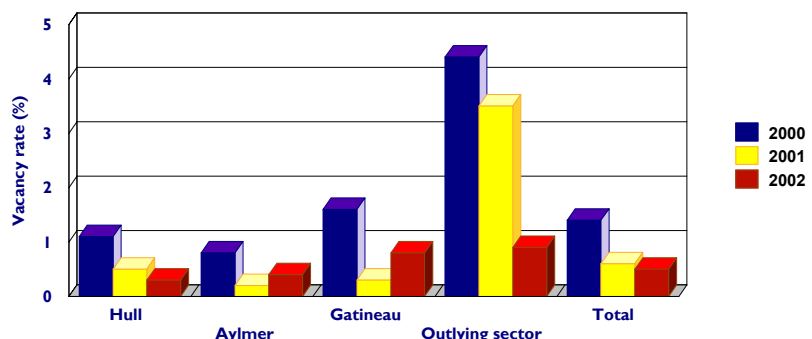
As evidence of the generally tighter market conditions, the vacancy rate in the outlying sector has joined those of Hull, Aylmer and Gatineau below the 1-per-cent mark and now stands at 0.9 per cent. It should be noted that the Hull and Gatineau sectors respectively account for over one half and one third of all units for rent.

While households continue to favour the proximity of Ottawa and access to services and commodities, the scarcity of dwellings has led many tenants to give up urban life and its advantages. Hull and Aylmer are the sectors with the tightest market conditions. They have fewer than five available units out of a thousand (vacancy rates of 0.3 per cent and 0.4 per cent, respectively). The Gatineau sector, for its part, owes its slightly higher vacancy rate (0.8 per cent) only to the fact that it has dwellings whose size does not suit the needs of families and seniors.

In fact, with regard to unit size, only bachelor units stand out with a vacancy rate above 1 per cent, at 2.5 per cent. This situation is essentially due to the Gatineau sector, which saw its overall vacancy rate rise accordingly. All the other dwelling types are extremely scarce, particularly large apartments with three or more bedrooms, none of which are available.

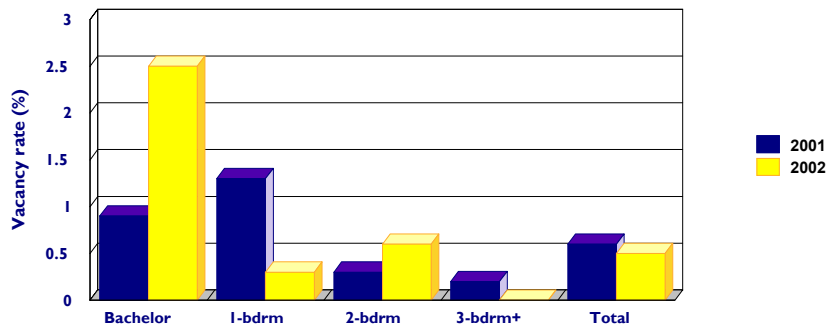
A small increase was noted in the availability of apartments with two bedrooms, especially in Hull (0.5 per cent) and Gatineau (0.7 per cent). Still, with an average vacancy rate of 0.6 per cent for apartments of this type, families do not have much room to manoeuvre.

Vacancy Rates by Municipality



Source: CMHC

Vacancy Rates by Unit Size



Source: CMHC

Did you know that...

According to an INRS study*, the prospect of a long-term investment was the reason most frequently cited by landlords to acquire a rental building. Only landlords living in their properties stated that housing themselves was just as important.

*: For reference to the study, see the box on page 6

Rents Rising Steadily

The market continues to favour landlords, and rents went up at a rate exceeding inflation. Overall, the increase attained 4 per cent in the Gatineau CMA.

The Hull and Aylmer sectors, which had posted hikes above 8 per cent last year, saw their average rents rise by 5.6 per cent and 3.3 per cent, respectively, in October 2002.

Compared to 2001, the Gatineau sector adjusted its rents to the reality of a tight market. The rents made up for the small gain recorded in 2001 (1.5 per cent), as they rose by 4.4 per cent over one year. Likewise, the outlying sector joined the ranks, with a hike of 3.9 per cent.

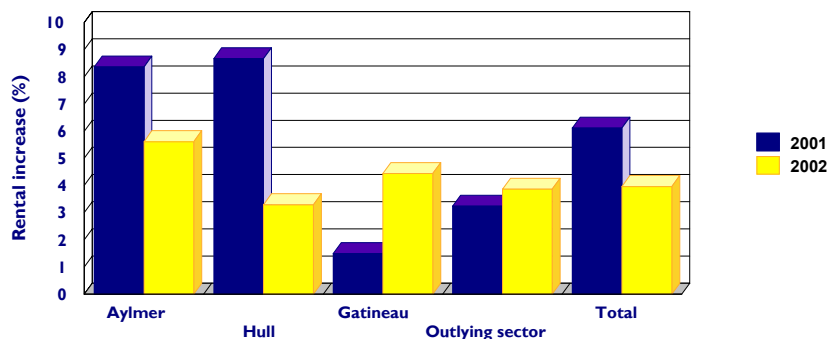
As for prices, Aylmer and Hull are the most expensive and sought-after sectors, on account of their proximity to the national capital. The Gatineau and outlying sectors remain clearly more affordable. In fact, for a two-bedroom apartment, one has to pay, on average, the same amount in Aylmer and Hull (\$631 and \$627, respectively). The cost of being farther away represents savings of about \$50 for an apartment in the Gatineau sector (\$582) and \$200, in the outlying sector (\$437).

Lastly, it should be mentioned that the expensive rents in Ottawa also come into play, as the Gatineau CMA has the highest average rents in Quebec (for a two-bedroom apartment, the average cost is \$599, compared to \$552 in Montréal).

It is no surprise that the dwelling types that posted the greatest rental increases were the ones with the

lowest vacancy rates. The general hike was 5.6 per cent for units with three or more bedrooms. The rise was also greater for one-bedroom units (5.0 per cent) than for two-bedroom apartments (4.5 per cent). The lesser interest in bachelor units was reflected in their observed rental increase (3.1 per cent), which was below the overall average (4 per cent).

Once Again, Rents Rise Steadily



Source: CMHC

For further information about this publication or any other question on the Gatineau Housing Market, please contact our:

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Apartment Vacancy Rates

Canada	2001	2002
Metropolitan Areas		
Abbotsford	2.4	2.0
Calgary	1.2	2.9
Charlottetown	1.8	2.2
Chicoutimi-Jonquière	4.4	4.9
Edmonton	0.9	1.7
Halifax	2.8	2.7
Hamilton	1.3	1.6
Gatineau	0.6	0.5
Kitchener	0.9	2.3
London	1.6	2.0
Montréal	0.6	0.7
Oshawa	1.3	2.3
Ottawa	0.8	1.9
Québec	0.8	0.3
Regina	2.1	1.9
Saint John	5.6	6.3
Saskatoon	2.9	3.7
Sherbrooke	2.3	1.8
St. Catharines-Niagara	1.9	2.4
St. John's	2.5	2.7
Sudbury	5.7	5.1
Thunder Bay	5.8	4.7
Toronto	0.9	2.5
Trois-Rivières	4.7	3.0
Vancouver	1.0	1.4
Victoria	0.5	1.5
Windsor	2.9	3.9
Winnipeg	1.4	1.2
Total Canada	1.2	1.7
Québec Province		
Urban Areas from 50,000 to 99,999 inhabitants		
Drummondville	1.8	2.2
Granby	2.5	2.5
Shawinigan	7.7	8.5
St-Jean-sur-Richelieu	1.2	0.6
Rimouski*	3.9	2.6
St-Hyacinthe	1.3	0.7
Sub-Total 50,000-99,999 inhabitants	2.6	2.6
Urban Areas from 10,000 to 49,999 inhabitants		
Alma	4.4	5.0
Amos	14.2	13.0
Baie-Comeau	16.2	11.1
Cowansville	6.0	3.5
Dolbeau-Mistassini	3.9	4.7
Gaspé	9.2	6.5
Joliette	2.2	0.9
La Tuque	13.0	16.7
Lachute	5.5	1.0
Magog	1.1	1.4
Matane	11.4	10.8
Montmagny	1.3	1.4
Rivière-du-Loup	3.4	1.6
Roberval	4.1	3.7
Rouyn-Noranda	15.5	10.0
Salaberry-de-Valleyfield	3.7	2.2
Sept-Îles	7.7	9.2
Sorel-Tracy	8.4	5.8
St-Georges	2.7	2.3
Ste-Marie	2.8	3.1
Thetford-Mines	11.5	7.9
Val d'Or	11.4	11.7
Victoriaville	2.0	1.8
Sub-Total 10,000-49,999 inhabitants	6.2	5.5
Total Province of Québec	1.3	1.2

Forecast for 2003

In the near future, there will be few factors in place to help ease the Gatineau rental market. Demand will remain strong, despite the impressive homeownership trend observed for the past two years. However, the volume of rental housing starts shows that developers wanted to make sure that the demand was there to stay. While only 306 rental housing units were started in 2001 and 60 per cent of them were intended for seniors,

the year 2002 should end with a total of around 520 rental housing starts, including 113 for seniors. Even though the adjustment in the supply is taking time, this process is now under way. It is expected that 550 rental units will be started next year. Since demand will remain high, the increase in the supply observed during the last two years will meet a small portion of the needs on the Gatineau market. The vacancy rate should rise slightly, attaining 0.8 per cent, but should not exceed the 1-per-cent mark.

Rental markets in Canada in 2002: tighter conditions in Quebec

Toronto and Vancouver are no longer the tightest rental markets among Canada's census metropolitan areas (CMAs). Instead, Quebec's three largest CMAs are now the ones posting the lowest vacancy rates in the country: Québec (0.3 per cent), Gatineau (0.6 per cent) and Montréal (0.7 per cent). Among the other Canadian CMAs, only Kingston, with 0.9 per cent of its units unoccupied, had a vacancy rate below 1 per cent this past October. This situation results from a major increase in demand attributable to the excellent employment performance and the arrival on the housing market of young people aged from 19 to 24 years, who are more numerous than the group that preceded them. In addition, multiple housing construction is focused mainly on condominiums and retirement homes, while traditional rental housing construction is limited. In the other CMAs across Quebec, the vacancy rates reached 1.8 per cent in Sherbrooke, 3.0 per cent in Trois-Rivières and 4.9 per cent in Chicoutimi-Jonquière.

One striking fact from the last survey was that the vacancy rate rose significantly in Toronto, as it went up from 0.9 per cent in 2001 to 2.5 per cent in 2002. For the first time since the early 1990s, this rate stands above 2 per cent in this area. A considerable decline in the rental housing demand was observed as a result of the strong homeownership trend and the deterioration of the youth employment situation in this part of Ontario. There was also an increase in the supply of non-traditional rental housing, particularly condominiums for rent.

In the majority of the other CMAs across Canada, vacancy rates went up over the last twelve months. These increases, although they were less than one percentage point in most cases, helped many rental markets regain greater flexibility. For Canada overall, the vacancy rate now stands at 1.7 per cent, compared to 1.1 per cent one year earlier.

In general, in Quebec, vacancy rates tend to be lower in large urban centres. In fact, the vacancy rate in Quebec's CMAs (100,000 or more inhabitants) was 0.8 per cent in October 2002, while it was 2.6 per cent in centres with 50,000 to 99,999 inhabitants and 5.5 per cent in centres with 10,000 to 49,999 inhabitants.

* In 2002, Rimouski was added to the urban centres with 50,000 to 99,999 inhabitants.

About Renter Households in Quebec

The following information was drawn from a study entitled *Les logements privés au Québec : la composition du parc de logements, les propriétaires bailleurs et les résidents* [private housing in Quebec: the composition of the housing stock, landlords and residents], prepared by Francine Dansereau and Mark Choko, with the collaboration of Gérard Divay, from the INRS-Urbanisation, Culture et Société, for the Société d'habitation du Québec, Canada Mortgage and Housing Corporation, the Régie du logement and the Régie du bâtiment du Québec¹. This study results from a survey conducted from October 5, 2000, to February 12, 2001, among some 10,000 Quebec households.

Families in smaller buildings, single and older people in larger structures

First of all, the researchers noted a close relation between the size of buildings and the type of renter households living in them. In fact, the majority of couples with children (69 per cent) and without children (55 per cent), as well as single-parent families (54 per cent), lived in smaller buildings (5 units or less). This phenomenon is not extraneous to the fact that households composed of several people need larger dwellings, which are concentrated in smaller structures. As well, more single people than other household types lived in buildings with 20 or more units. As for seniors aged 65 years or older and retirees, around one quarter of them lived in large structures (50 or more units), although these buildings account for only 9 per cent of the rental housing stock.

Modest incomes

In the fall of 2000, for Quebec overall, the annual median income of renter households was \$25,048, while that of homeowners (living in their own single-family house or structure with several units—in this last case, either as landlords or co-owners) stood at \$45,276. Renter households living in buildings with 1 to 3 units had the highest incomes (\$27,711), while those who lived in structures with 20 to 49 units had the lowest incomes (\$19,450). The low level of these incomes is due to the fact that single people and single-parent families represent a large share (59 per cent) of renter households.

Great mobility

Half of the renter households had lived in their dwellings for three years or less, while 15 per cent had lived in their units for over 10 years. This length of occupancy did not vary much from one area to another, but it was shorter in larger buildings, where smaller units are concentrated. As this market is more volatile (the renters in such dwellings are less stable than those in larger units and more vulnerable to the ups and downs of the economy), it can be seen that just over a third of renter households who lived in units with 1 or 2 rooms had moved into them less than a year before.

Satisfaction with their dwellings

Two thirds of the renter households deemed that their dwelling required only regular maintenance, and this proportion reached 75 per cent of those who lived in large buildings. Major repairs were necessary for 9 per cent of rental units, and this percentage was higher in structures with 1 to 3 units (10 per cent), as these needs increased with the size of the units (14 per cent for dwellings with 6 or more rooms).

Just over 40 per cent of the renter households stated that they were very satisfied with regard to the noise inside and outside their buildings. The level of satisfaction was higher in buildings with 1 to 3 units and in large structures with 50 or more units. Conversely, it was lower in buildings with 10 to 19 units.

¹ INRS (Institut national de recherche scientifique)-Urbanisation, Culture et Société [Quebec national scientific research institute-urbanization, culture and society]
Régie du logement [Quebec rental board]
Régie du bâtiment du Québec [Quebec construction board]

THE RETIREMENT HOME MARKET STUDY

The Canada Mortgage and Housing Corporation's Market Analysis Center publishes reports on the Retirement Homes for six Metropolitan Areas in Québec (Chicoutimi-Jonquière, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières).

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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.

Market Zones:

Zone 1: Hull

Zone 2: Aylmer

Zone 3: Gatineau

Zone 4: Peripheral zone (Buckingham, Masson-Angers, Chelsea, Cantley, La Pêche, Pontiac and Val-des-Monts).

1. Apartment Vacancy Rates (%) By Zone and Bedroom Type Gatineau Metropolitan Area

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Zone 1	1.4	0.4	1.2	0.1	0.1	0.5	0.0	0.0	0.5	0.3
Zone 2	***	***	0.4	0.8	0.2	0.4	***	***	0.2	0.4
Zone 3	0.0	6.5	0.4	0.6	0.3	0.7	0.0	0.0	0.3	0.8
Zone 4	***	***	***	***	1.8	1.0	***	***	3.5	0.9
Metropolitan Area	0.9	2.5	1.3	0.3	0.3	0.6	0.2	0.0	0.6	0.5

2. Apartment Average Rents (\$) By Zone and Bedroom Type Gatineau Metropolitan Area

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	2001	2002	2001	2002	2001	2002	2001	2002
Zone 1	423	428	499	520	609	631	692	727
Zone 2	***	***	520	555	592	627	***	***
Zone 3	425	451	464	490	553	582	603	641
Zone 4	***	***	***	***	422	437	***	***
Metropolitan Area	419	432	485	509	573	599	648	684

**3. Number of Apartment Units-Vacant and Universe in October 2002
By Zone and Bedroom Type
Gatineau Metropolitan Area**

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	Vacant	Universe	Vacant	Universe	Vacant	Universe	Vacant	Universe	Vacant	Universe
Zone 1	2	535	2	3,350	26	5,128	0	1,300	30	10,313
Zone 2	***	***	2	324	3	727	***	***	5	1,207
Zone 3	19	291	10	1,557	25	3,531	0	1,115	54	6,495
Zone 4	***	***	***	***	8	759	***	***	10	1,085
Metropolitan Area	23	933	14	5,407	61	10,145	0	2,614	99	19,100

**Apartment Vacancy Rates (%)
By Structure Size and Bedroom Type
Gatineau Metropolitan Area**

Size	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
3 to 5 units	***	***	3.2	0.2	0.1	0.6	0.4	0.0	1.0	0.4
6 to 19 units	***	***	1.8	0.3	0.4	0.6	0.1	0.0	0.6	0.5
20 to 49 units	***	***	0.3	0.0	0.4	0.8	0.0	0.0	0.3	0.5
50 to 99 units	0.6	0.5	0.1	0.1	0.1	0.9	0.0	0.0	0.1	0.4
100 + units	0.4	7.1	0.3	0.5	0.1	0.1	0.0	0.0	0.2	0.9
Metropolitan Area	0.9	2.5	1.3	0.3	0.3	0.6	0.2	0.0	0.6	0.5

**5. Apartment Vacancy Rates (%)
By Structure Year of Completion and Bedroom Type
Gatineau Metropolitan Area**

	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
No Date Available	***	***	0.0	***	0.6	***	***	***	0.3	***
Pre 1940	***	***	***	***	***	***	***	***	***	***
1940 - 1959	***	***	***	0.0	***	0.0	***	***	1.2	0.0
1960 - 1974	1.5	1.0	1.6	0.2	0.2	0.6	0.0	0.0	0.7	0.4
1975 - 1984	***	***	0.2	0.3	0.3	0.4	0.0	0.0	0.2	0.3
After	***	***	1.9	0.6	0.3	0.9	0.3	0.0	0.5	0.9
Metropolitan Area	0.9	2.5	1.3	0.3	0.3	0.6	0.2	0.0	0.6	0.5

*** Sample too small to disclose results

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