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RENTAL MARKET

REPORT

Canada Mortgage and Housing Corporation

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London

Apartment vacancy rate moves higher

During the past year the rental vacancy rate has moved up sharply in the London CMA (census metropolitan area). In October 2004, the vacancy rate in privately initiated apartment buildings reached 3.7 per cent, according to the **Rental Market Survey** conducted annually in October by Canada Mortgage and Housing Corporation (CMHC). This is a significant increase over the 2.1 per cent rate in 2003.

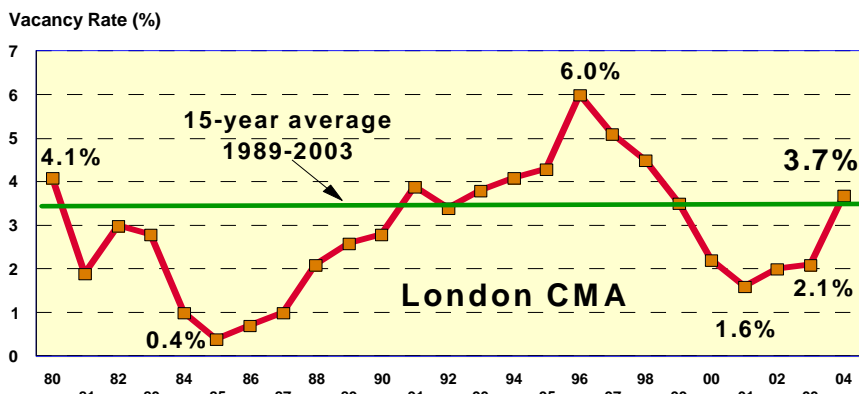
Historic low mortgage rates and record employment levels made the move to home ownership a viable option for more tenants. Existing home sales will hit a new high in 2004, the 4th consecutive year of record-breaking sales. On the supply side, 834 new rental apartment units reached the completion stage of construction in 2004. This included three luxury high-rise developments totalling 533 units. With the

ANNUAL SURVEY OCTOBER 2004

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Apartment vacancy rate moves above 15-Year average of 3.5%



1980-86: 6+ unit apts surveyed. 1987-2004: 3+ unit apts surveyed.
Source: CMHC Market Analysis, Annual October Rental Market Survey

outward tide to home ownership and a lower level of net migration in 2003 compared to the relatively high level in 2002, a short-term rise in the number of vacancies makes sense. In 2004, there were 1,444 vacant apartments, an increase of almost 650 vacant suites. Most of the increase in vacancies (564 units) occurred in the predominate 2-bedroom suite type. However, strong growth in households aged 50-64 will boost demand for 2-bedroom rental accommodation in the coming years.

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Canada



National apartment vacancy rate rises

The average rental apartment vacancy rate in Canada's 28 major centres rose to 2.7 per cent in October 2004 from 2.2 per cent a year ago. This is the third consecutive annual increase in the vacancy rate, but it remains below the 3.3 per cent average vacancy rate over the 1992 to 2003 period.

The rising vacancy rate over the past year is due to various factors. Low mortgage rates have kept mortgage carrying costs low and lessened demand for rental housing by bringing home ownership within the reach of many renter households. Continued high levels of condominium completions have also created competition for the rental market and have contributed to rising vacancy rates.

Condominiums are a relatively inexpensive form of housing that are often purchased by renter households switching to home ownership. Condos also supplement the rental market because, in some cases, they are purchased by investors who in turn rent them out. Vacancy rates have also risen because rental apartment completions have added new rental supply in some centres.

Despite the higher vacancy rates in many centres, there are many households that pay more than 30 per cent of their income for rent. These households either need less expensive units or require some help in order to make their monthly shelter costs more affordable. In some cases, however, there are not enough vacant units to meet the needs of all households in core housing need; for example households living in crowded conditions. Therefore, additional affordable housing units continue to be required.

Privately initiated Apartment structures, 3 Units and over

2004 Vacancy Rank	Census Metropolitan Area (CMA)	Vacancy Rate (%)		Availability Rate (%)
		2003	2004	2004
1	Victoria CMA	1.1	0.6	1.9
2	Sherbrooke CMA	0.7	0.9	1.5
3	Quebec CMA	0.5	1.1	1.5
3	Winnipeg CMA	1.3	1.1	1.8
5	Trois-Rivières CMA	1.5	1.2	1.6
6	Vancouver CMA	2.0	1.3	2.3
7	Montreal CMA	1.0	1.5	1.9
8	Gatineau CMA	1.2	2.1	2.6
9	Kingston CMA	1.9	2.4	4.3
10	St. Catharines-Niagara CMA	2.7	2.6	4.4
10	Greater Sudbury CMA	3.6	2.6	4.4
12	Regina CMA	2.1	2.7	4.4
13	Abbotsford CMA	2.5	2.8	4.0
14	Halifax CMA	2.3	2.9	3.9
15	St. John's CMA	2.0	3.1	4.5
16	Oshawa CMA	2.9	3.4	4.4
16	Hamilton CMA	3.0	3.4	5.4
18	Kitchener CMA	3.2	3.5	6.3
19	London CMA	2.1	3.7	5.9
20	Ottawa CMA	2.9	3.9	6.7
	Charlottetown CA*	3.5	4.2	n/a
21	Toronto CMA	3.8	4.3	6.2
21	Calgary CMA	4.4	4.3	6.2
23	Thunder Bay CMA	3.3	5.0	7.9
24	Edmonton CMA	3.4	5.3	6.9
24	Saguenay CMA	5.2	5.3	n/a
26	Saint John CMA	5.2	5.8	7.3
27	Saskatoon CMA	4.5	6.3	8.5
28	Windsor CMA	4.3	8.8	10.4
	CANADA	2.2	2.7	3.9

(1) Weighted average of the 28 Metropolitan areas surveyed.

*Census Agglomeration (CA)

Vacancy rates were higher than one year ago in 21 of Canada's 28 major centres. Windsor (8.8 per cent), Saskatoon, Saint John (NB), Edmonton, Saguenay, and Thunder Bay had the highest vacancy rates, while Victoria (0.6 per cent), Sherbrooke, Québec, Winnipeg, Trois-Rivières, and Vancouver were among the cities with the lowest vacancy rates. The London CMA moved from a ranking of 11th lowest vacancy rate (2.1%) in 2003 to 19th position (3.7%) in 2004.

Average rents for two- bedroom apartments increased in all major centres, except Windsor where rents were unchanged. The greatest increase occurred in both Sherbrooke and Québec where rents were up 5.1

per cent, and in Trois-Rivières where rents were up 4.8 per cent. Average rents in Trois-Rivières, Halifax, Gatineau, Montréal, Saint John (NB), and London were all up by three per cent or more. The highest average monthly rents for two-bedroom apartments were in Toronto (\$1,052), Vancouver (\$984), and Ottawa (\$940). The lowest average rents were in Trois-Rivières (\$457) and Saguenay (\$459).

A new measure, the **Availability rate**, has been introduced on a pilot basis this year in all 28 major centres across Canada. The average rental apartment availability rate in Canada's 28 major centres was 3.9 per cent in October 2004. See page 5 for London availability results.

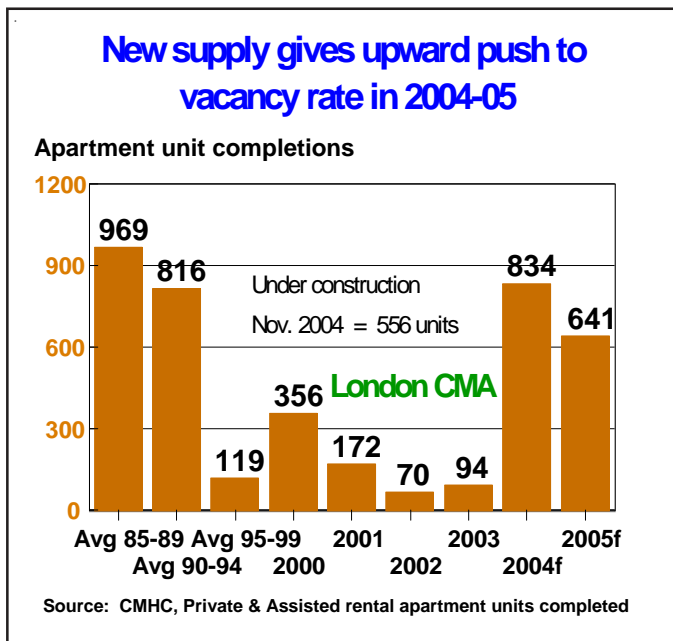
London CMA Apartment Survey Highlights

The vacancy rate rise was most pronounced in 2 and 3 bedroom suites. With 52% of total apartments, the 2-bedroom vacancy rate more than doubled from 1.9% to 4.7%. This result reflects the impact of recently completed new apartments; the drawing power of low monthly financing costs to enter the home ownership market; more apartments converted and sold as condos; and, a very high survey response rate relative to 2003.

The average rent for a 1 bedroom unit increased 2.7% to \$602 and 3.0% to \$758 for a 2 bedroom unit.

London CMA	Vacancy Rate(%)		Average Rent(\$)	
	2003	2004	2003	2004
Bachelor	2.9	2.9	458	471
1 Bedroom	2.0	2.5	586	602
2 Bedroom	1.9	4.7	736	758
3 Bedroom+	2.9	4.1	934	945
Total	2.1	3.7		
London City	2.0	3.7		
St. Thomas	2.0	4.8		
Strathroy	3.8	2.2		

Source: CMHC



New Supply Rebounds

2004 marked the beginning of a 3-year period of much higher levels of new rental apartment completions for the London metro area. Between 1995 and 2003 there were 1,162 rental apartment units completed or just 129 units per year. This will increase to an annual average of more than 700 units.

Low production levels in the past was a response to vacancy levels peaking at a record high 6.0% in 1996; the termination of the assisted housing program in 1995; and, the lingering impact of poor economic conditions for much of the 1990's. The economic recovery of the past five years and higher net migration drove the vacancy rate down to 1.6% in 2001.

A more buoyant economy, with employment moving to a record high in 2004; favourable financing rates; downtown investment incentives; and, demographics (growth in 50+ year households) set the stage for an upturn in the development of luxury rental high rise apartments in London.

Five apartment buildings totalling 830 units reached the completion stage in 2004. They include the first of twin 229-unit luxury apartment towers in downtown London and a 137-unit student apartment development, also in Zone 1 (Downtown North). A 156-unit luxury building was completed in Zone 4 (North-

Market Outlook

Another solid year is on the horizon for sales of new and existing homes as potential buyers continue to benefit from a low-interest rate environment. For the growing empty-nester segment of the market, recent house price appreciation will increase the price-point at which they can enter the rental market, boosting demand for mid to high end suites.

However, with more than 1,200 luxury suites on-stream in 2004-05 there will continue to be upward pressure on vacancy levels in the near term. The outlook is for at least another half point increase in the vacancy rate to 4.2% in 2005.

The provincial rent guideline increase has been set at 1.5% for 2005, down from 2.9% in 2004. The bell-weather 2 bedroom average rent is expected to increase about 2% or \$15/month in 2005.

west) and two separate luxury buildings, 148 and 160 units in Zone 5 (Southwest).

In 2005, construction is expected to start on more than 900 rental apartment units, including 90-unit and 25-unit projects in the core under the Affordable Housing Program. There will be more luxury apartments started as well as mid-price range and seniors independent apartments. Another 18 rental units are being funded in Old East Village through conversion of under utilized commercial space. Site work is now underway on another 400+ bed university student residence (not recorded in housing start figures).

Apartment Construction

Year	Apartment units Completed	Private	Assisted
1986-1990	5,934		303
1991-1995	1,762		796
1996-1998	62		0
1999-2001	725		0
2002-2003	164		0
2004	834		0
2005 forecast	616		25

Source: CMHC

The residence will include two and three bedroom suites and is being built for upper year students (90% of the existing 4,000 residence spaces are filled by 1st year students). The new facility will be ready for September 2006. It will provide competition to area private rental buildings including purpose-designed private student accommodation located in Zone 3 (North) and Zone 4 (Northwest).

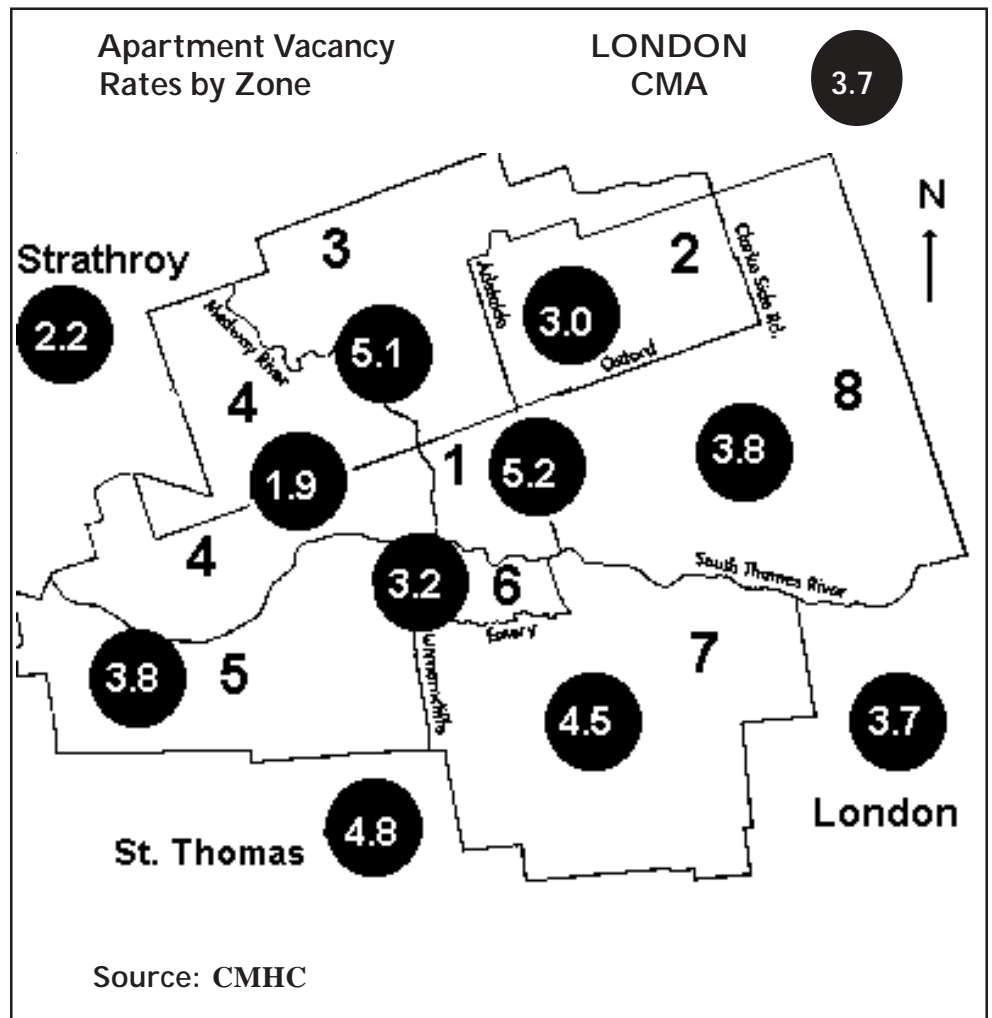
We estimate that 641 new units will reach completion in 2005. These projects include a 229-unit and a 175-unit luxury tower in London's core area (Zone 1) and a 140-unit apartment in Zone 4 (Northwest London).

Vacancy rates up in most areas across the London metro region

The 1.6 percentage point rise in the vacancy rate to 3.7 per cent was mirrored in most of the London Metro's survey zones. Competition from new supply and the draw of low interest rates for tenants to move into home ownership was a factor in most sub-markets.

Zone 4 (Northwest), London's largest sub-market and popular with the growing 55+ age group (see adjacent graph) retained its position as the area with the lowest vacancy rate (1.9%). However, its rate increased sharply from 0.4% in 2003. A high rise apartment was removed from the Zone 4 supply due to sales of units to condo owners and a new luxury 156-unit building augmented the supply.

Downtown (Zone 1) north to Oxford, recorded the highest vacancy rate at 5.2%. This reflects the impact of new supply across London, including 366 units in Zone 1. With more new luxury units (404 units) to come-on-stream during 2005, short-term upward pressure will



continue on the vacancy rate in downtown London.

London's second largest sub-market Zone 5 (Southwest) also felt the impact of new supply as its vacancy rate more than doubled from 1.6% to 3.8%. This is an area where there has been an increase in options for seniors including retirement facilities, golf community, and more one-floor condominiums. In addition, a 120-unit building, the first of planned 4 building complex has been removed from the rental supply, renovated and is being sold as condos to prospective home owners.

South London (Zone 7) has experienced a doubling in its vacancy rate from 2.3% to 4.5% with no change in its survey universe of more than 4,600 units. This area has been affected by the move to home ownership.

St. Thomas saw its rate rise from 2.0% to 4.8%. Survey results were affected in both years by the removal and then reintroduction of a high rise building undergoing extensive renovations and the temporary removal this year of two high rise buildings in the downtown pending condominium conversion. Sales of existing homes have been strong in the area and new single-detached home starts are expected to hit a record 300 units in 2004.

Bucking London metro's upward trend was Strathroy-Caradoc where the vacancy rate dropped from 3.8% to 2.2%. The current rate means 12 vacant apartments compared 20 vacancies in 2003. The rate was 1.7% in 2002.

For many years the lowest vacancy rate was found in larger, 100+ unit buildings. The impact of new supply

and the home ownership option changed that in 2004. The vacancy rate in 100+ unit structures increased from 1.1% to 3.9% and the predominate 2-bedroom suite rate rose to 5.5%. Similar results were seen when we looked at vacancy rates by building height (residential floors above grade).

2-bed vacancy rate almost 10% in post 1985 buildings

Not surprisingly, the vacancy rate was the highest in buildings completed in 1986 or later, averaging 7.8 per cent. This was triple the 2.6% rate in buildings completed from 1960-1975.

Availability rate 7.0 per cent for two-bedroom units

According to the Rental Market Survey results, 5.9 per cent of rental apartments were considered 'available' in the London CMA in October. The total availability rate is 2.2 percentage points higher than the total vacancy rate of 3.7 per cent. The availability rate includes what we define as a vacant unit as well as units where the existing tenant has given, or has received notice to move and for which a new tenant has not

signed a lease. Availability rates provide a broader supply measure of what a landlord has available to market to prospective tenants.

The availability rates for bachelor and one bedroom units (4.6%, 4.5%) were consider-

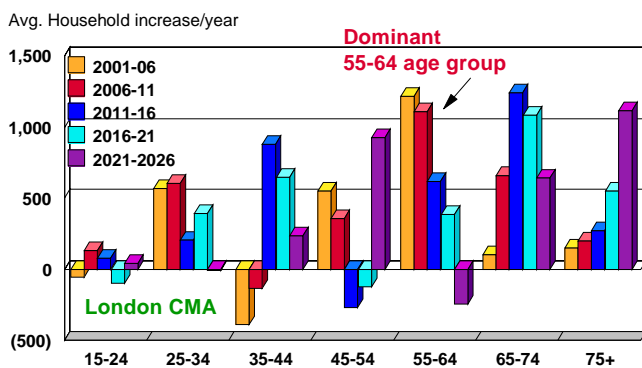
ably lower than for two and three bedroom suites (7.0%, 7.1%). The larger gap between availability and vacancy rate in apartments with two or more bedrooms may in part be explained by the higher rents for these units. It means that the gap in rental payment and mortgage payment is narrower than for smaller units, making the move to home ownership easier.

The highest availability rate was 8.2 per cent in Zone 1 (Downtown North) as well as the greatest spread (3.0%) between vacancy rate and availability rate. Both figures have been influenced by new supply.

Both Zone 5 (Southwest) and Zone 7 (South) recorded high availability rates relative to vacancy rates. These areas are not affected by the demand for student housing and therefore we may be seeing the impact of a somewhat higher turnover rate to both other rental or home buying.

Zone 7 (Central South), the old south area had the lowest margin between vacancy and availability rates at just 0.7 percentage points.

Household Formation by Age Group (Annual Avg.)



Source: Census 2001, CMHC PHD model projection (4,000)

TABLE AV1: APARTMENT VACANCY AND AVAILABILITY RATES

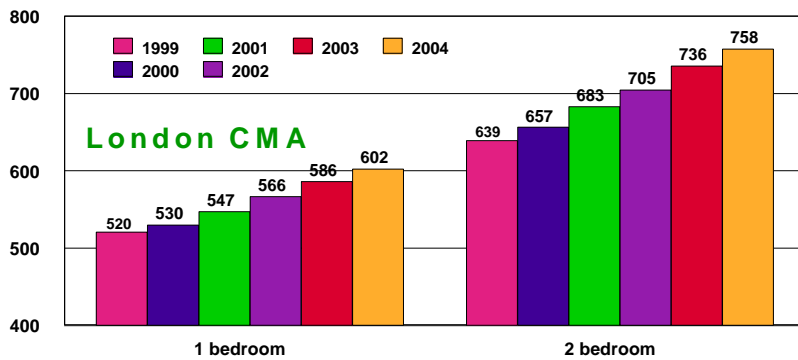
Vacancy and Availability rates in 2004 by zone for private buildings with 3 or more rental units (%)
London CMA

Rental Sub-market	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	Vacancy	Availability	Vacancy	Availability	Vacancy	Availability	Vacancy	Availability	Vacancy	Availability
	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
Zone 1 - Downtown North	5.2	8.2	2.6	4.9	3.1	5.2	8.3	12.2	**	**
Zone 2 - Northeast	3.0	5.4	7.3	9.5	2.9	4.6	2.9	5.6	6.1	8.2
Zone 3 - North	5.1	6.8	**	**	2.6	4.0	6.9	8.5	7.2	11.3
Zone 4 - Northwest	1.9	3.6	0.6	0.6	1.0	2.5	2.8	4.8	2.6	4.3
Zone 5 - Southwest	3.8	6.5	0.0	5.5	2.2	5.7	4.9	7.1	3.0	6.3
Zone 6 - Central South	3.2	3.9	1.5	2.6	2.4	2.7	4.2	5.8	**	**
Zone 7 - South	4.5	7.4	3.3	6.7	3.0	6.2	5.2	7.8	6.3	10.4
Zone 8 - East	3.8	6.2	7.5	7.5	3.4	6.2	4.0	6.2	**	**
Zones 1-8 London City	3.7	6.0	3.1	4.9	2.4	4.5	4.6	7.0	4.3	7.3
Zone 9 - St. Thomas	4.8	6.1	**	**	4.0	5.2	5.7	7.0	**	**
Zone 10 - Strathroy	2.2	3.6	5.1	5.1	0.9	1.5	3.1	4.7	0.0	13.2
Zone 11 - Rest of CMA	**	**	N/U	N/U	**	**	**	**	N/U	N/U
London CMA	3.7	5.9	2.9	4.6	2.5	4.5	4.7	7.0	4.1	7.1

N/U = No units of this type in the Universe. N/A = No units of this type in the Sample.
** Information not released to ensure confidentiality and accuracy of survey results.

Rate of rent increase eases in 2004

\$Avg. monthly weighted rent



Source: CMHC's Annual October Rental Market Survey

Apartment vacancy rate by rent quintile

Vacancy levels in 2004 still tended to be higher in the lowest two rent quintiles in the London CMA. For example, the one bedroom vacancy rate was 3.8% in the first quintile and 3.0% in the second quintile compared with an average 2.5% vacancy rate in the upper three quintiles. This also held true for 2-bedroom units although the rate in the upper quintile (6.9%) is much higher, reflecting the impact of newer luxury suites.

Rents move up

Average weighted apartment rents moved up again in 2004, the fifth consecutive year above inflation. However, the rate of increase eased to 3.0 per cent for two bedroom units (\$736 to \$758) and 2.7 per cent for one bedroom units (\$586 to \$602). The higher rent figure in 2004 also reflects new supply and

Annual Rent Increase

Year	Provincial Rent Guideline*	London CMA Two Bedroom Rent (\$)	% chg.
1999	3.0	639	0.3
2000	2.6	657	2.8
2001	2.9	683	4.0
2002	3.9	705	3.2
2003	2.9	736	4.4
2004	2.9	758	3.0
2005	1.5	773	2.0

Source: MAH/CMHC, CMHC forecast

*Tenant Protection Act introduced June 17, 1998 permits landlords to adjust rents to market levels on units that turnover. Rents for sitting tenants can be adjusted once a year up to the annual guideline increase.

higher survey response rate of properties with a higher than average rent profile. With the rising vacancy level there has been increased use of rental incentives, e.g. one month free which does not directly impact the average rent figure. Rent increases will ease further in 2005 to 2.0 per

2004 RENTAL QUINTILES: VACANCY RATES AND AVERAGE RENTS

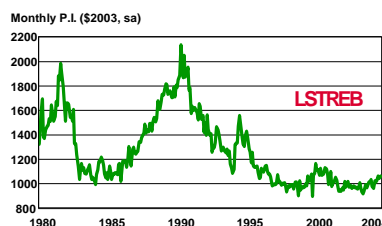
		Privately initiated Apartments with 3 or more units London CMA					
Apartment Type		First	Second	Third	Fourth	Fifth	Totals
		Quintile	Quintile	Quintile	Quintile	Quintile	
Bachelor	Vacancy rate (%)	4.4	6.0	1.8	0.0	2.9	2.9
	Average rent (\$)	371	435	478	516	571	471
	Boundary (\$)	400	451	495	538		
1 Bedroom	Vacancy rate (%)	3.8	3.0	1.6	2.8	3.0	2.5
	Average rent (\$)	467	552	606	650	743	602
	Boundary (\$)	515	580	625	680		
2 Bedroom	Vacancy rate (%)	4.7	5.4	3.5	2.0	6.9	4.7
	Average rent (\$)	569	671	728	796	1033	758
	Boundary (\$)	632	699	755	845		
3 Bedroom+	Vacancy rate (%)	5.2	4.1	3.8	5.0	1.2	4.1
	Average rent (\$)	619	777	871	1008	1475	945
	Boundary (\$)	730	819	926	1200		

Source: CMHC

cent, amidst competition from new supply; a much lower rental guideline; and, continuing pressure from home sales.

The rental quintile table takes the survey rents and divides them into five equal groupings. The data for the first quintile for one bedroom units means that rents range up to a maximum of \$515 (boundary) with an average rent of \$467. In the second quintile rents were over \$515 with an upper limit of \$580 and average rent of \$552, etc.

Tenants drawn to home ownership as low rates make payments affordable



Source: CREAA / CMHC - September 2004
Avg. MLS price, 5% DP, 5 Yr rate, 25 yr amort.

There has been less price movement in the lowest two quintiles compared to 2003. There were five quintile cells where vacancy rates were 2.0% or less: Bach. (3rd & 4th); 1 Bdrm. (3rd); 2 Bdrm. (4th); and, 3 Bdrm.+ (5th).

Private row housing rate stable at 3.8%

The row housing vacancy rate in London City edged lower to 3.8 per cent from 4.0 per cent in October 2003. The rate increase in the predominate 3-bedroom unit type from 3.5% to 3.7%, was more than offset by a one percentage point decline in 2-bedroom vacancies from 5.1% to 4.1%.

There has been limited new row rental construction in recent years following extensive conversion to condos in the latter part of the 1980's. Another 35 units in two projects were converted in 2004. A 24-unit luxury bungalow-style new project was completed in Zone 5 (Southwest) and 21 units in Zone 8 (East). In Zone 4 (Northwest) 30 units in a university student-oriented project were completed. There are 39 row rental units under construction: 10 student; 22 luxury in Zone 3 (North); and, 7 units in Zone 8.

The average rent increase for 3 bedroom+ units was 2.4 per cent from \$829 to \$849. Two-bed units increased 4.9% in London City, reflecting the new luxury supply.

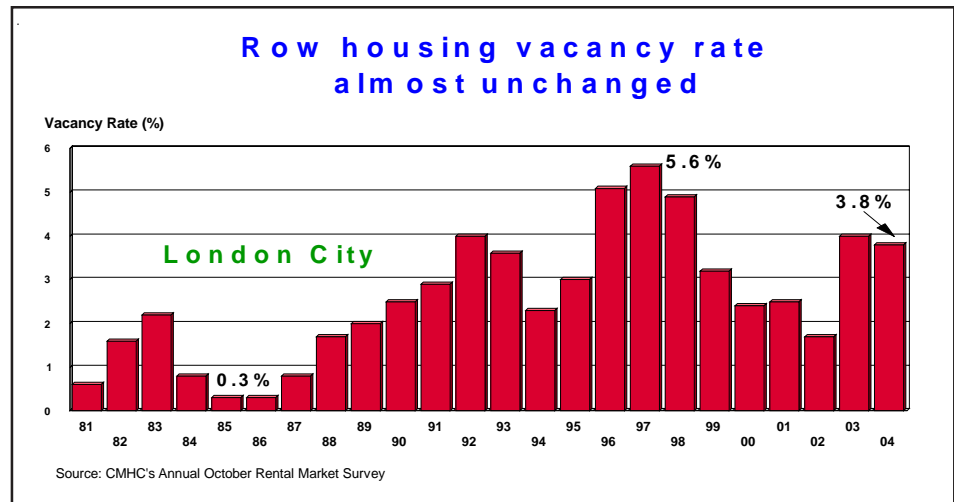


TABLE R1: ROW HOUSING RENTS

Average rents by bedroom type and sub-market area (\$)				
London CMA				
Rental Sub-market	2 Bedroom		3 Bedroom +	
	2003	2004	2003	2004
Zone 1 - Downtown North	**	**	**	**
Zone 2 - Northeast	**	**	**	728
Zone 3 - North	**	**	**	**
Zone 4 - Northwest	**	**	**	**
Zone 5 - Southwest	772	826	870	879
Zone 6 - Central South	N/A	N/A	**	**
Zone 7 - South	**	**	775	779
Zone 8 - East	**	**	**	**
Zones 1-8 London City	767	805	829	849
Zone 9 - St. Thomas	**	**	N/A	N/A
Strathroy and Rest of CMA	**	**	N/A	N/A
London CMA	759	792	829	849

TABLE R2: ROW HOUSING VACANCIES AND SUPPLY

Vacancy rates (%) and rental stock by sub-market and bedroom type										
London CMA										
Rental Sub-market	All Units		2 Bedroom		3 Bedroom +		Vacant Units	Universe	3 Bedroom +	
	2003	2004	2003	2004	2003	2004			Vacant Units	Universe
Zone 1 - Downtown North	**	**	**	**	**	**	**	**	**	**
Zone 2 - Northeast	4.2	4.2	7.3	4.2	3.1	4.2	30	709	8	191
Zone 3 - North	**	**	**	**	**	**	**	**	**	**
Zone 4 - Northwest	**	5.2	**	**	**	4.4	11	210	**	**
Zone 5 - Southwest	4.1	3.7	4.9	3.3	3.7	3.9	54	1,459	16	481
Zone 6 - Central South	**	**	N/A	**	**	**	**	**	**	**
Zone 7 - South	4.0	0.8	**	**	3.7	0.6	3	393	**	**
Zone 8 - East	**	5.4	**	**	**	5.2	27	501	**	**
Zones 1-8 London City	4.0	3.8	5.1	4.1	3.5	3.7	131	3,418	40	974
Zone 9 - St. Thomas	**	**	**	**	N/A	N/A	**	**	**	**
Strathroy and Rest of CMA	**	**	**	**	**	**	**	**	**	**
London CMA	3.9	3.8	4.8	3.9	3.5	3.7	133	3,511	40	1,040

TABLE A1: APARTMENT VACANCY RATES

Vacancy rates by zone for private 3+ unit buildings (%) London CMA										
Rental Sub-market	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
Zone 1 - Downtown North	3.2	5.2	1.2	2.6	3.0	3.1	3.7	8.3	**	**
Zone 2 - Northeast	1.7	3.0	3.6	7.3	2.2	2.9	1.4	2.9	**	6.1
Zone 3 - North	2.5	5.1	10.1	**	1.7	2.6	2.0	6.9	**	7.2
Zone 4 - Northwest	0.4	1.9	0.0	0.6	0.2	1.0	0.6	2.8	1.5	2.6
Zone 5 - Southwest	1.6	3.8	**	0.0	1.3	2.2	1.8	4.9	**	3.0
Zone 6 - Central South	3.8	3.2	1.6	1.5	3.2	2.4	5.5	4.2	**	**
Zone 7 - South	2.3	4.5	8.3	3.3	2.4	3.0	1.8	5.2	4.1	6.3
Zone 8 - East	2.8	3.8	**	7.5	2.4	3.4	2.6	4.0	**	**
Zones 1-8 London City	2.0	3.7	3.1	3.1	1.9	2.4	2.0	4.6	3.1	4.3
Zone 9 - St. Thomas	2.0	4.8	1.4	**	4.0	4.0	1.1	5.7	**	**
Zone 10 - Strathroy	3.8	2.2	**	5.1	4.3	0.9	3.9	3.1	**	0.0
Zone 11 - Rest of CMA	**	**	N/U	N/U	**	**	**	**	N/U	N/U
London CMA	2.1	3.7	2.9	2.9	2.0	2.5	1.9	4.7	2.9	4.1

TABLE A2: APARTMENT STOCK AND VACANT UNITS

Private 3+ unit apartment universe and vacancies by zone London CMA										
Rental Sub-market	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe
Zone 1 - Downtown North	242	4,628	9	333	66	2,156	164	1,974	**	**
Zone 2 - Northeast	147	4,821	7	92	51	1,796	82	2,834	6	99
Zone 3 - North	150	2,946	**	**	32	1,262	102	1,475	13	182
Zone 4 - Northwest	129	6,765	1	181	29	2,980	94	3,425	5	179
Zone 5 - Southwest	221	5,860	0	110	44	2,027	167	3,396	10	327
Zone 6 - Central South	76	2,408	3	182	30	1,220	36	858	**	**
Zone 7 - South	208	4,635	3	97	46	1,549	143	2,732	16	258
Zone 8 - East	146	3,865	10	136	57	1,691	77	1,945	**	**
Zones 1-8 London City	1,319	35,928	35	1,158	355	14,680	865	18,638	63	1,451
Zone 9 - St. Thomas	112	2,320	**	**	31	791	80	1,408	**	**
Zone 10 - Strathroy	12	517	1	23	2	212	8	272	0	10
Zone 11 - Rest of CMA	**	91	N/U	N/U	**	27	**	64	N/U	N/U
London CMA	1,444	38,856	37	1,248	389	15,709	955	20,382	63	1,515

Interpretation of symbols used in the tables in this report

N/U = No units of this type in the Universe. N/A = No units of this type in the Sample.

** Information not released to ensure confidentiality and accuracy of survey results.

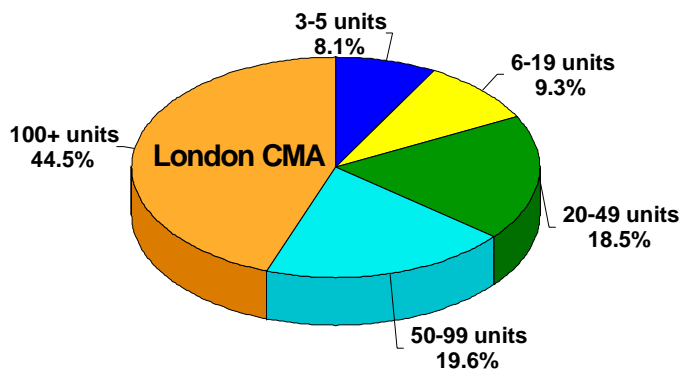
TABLE A3: APARTMENT VACANCY RATES

Vacancy rates by size of building (%) London CMA											
No. of Rental Units in the Building	All Units			Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2002	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
3 - 5 Units	3.8	5.3	3.4	5.2	3.4	5.8	2.4	4.6	4.1	7.1	3.4
6 - 19 Units	3.1	4.4	5.1	2.6	8.6	4.7	4.7	4.3	5.0	**	**
20 - 49 Units	2.6	2.4	3.7	5.2	1.2	2.4	2.8	2.4	4.4	0.0	5.9
50 - 99 Units	1.5	1.5	2.8	2.0	2.0	1.5	2.2	1.5	3.2	1.6	6.1
100+ Units	1.3	1.1	3.9	1.7	0.5	0.8	1.9	1.1	5.5	2.4	3.4
All Sizes	2.0	2.1	3.7	2.9	2.9	2	2.5	1.9	4.7	2.9	4.1

TABLE A4: APARTMENT VACANCY RATES

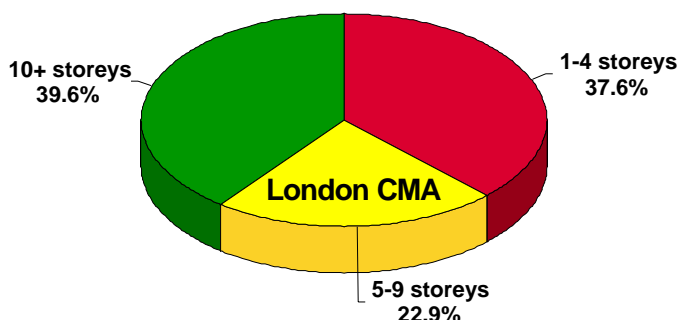
Vacancy rates by structure height (%) London CMA											
Building Height	All Units			Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2002	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004
1 - 4 Storeys	3.1	3.7	4.2	4.6	4.9	3.9	3.4	3.4	4.8	3.7	4.5
5 - 9 Storeys	1.3	0.9	1.9	0.7	0.4	1.1	1.6	0.8	2.1	1.2	4.6
10+ Storeys	1.3	1.2	4.3	1.7	0.3	0.8	2.1	1.3	6.0	2.8	3.6
All heights	2.0	2.1	3.7	2.9	2.9	2	2.5	1.9	4.7	2.9	4.1

**Apartment Universe by
Size of Apartment Building (units)**



Source: CMHC Annual October 2004 Rental Market Survey

**Apartment Universe by
Number of Residential Floors
in the Building**



Source: CMHC Annual October 2004 Rental Market Survey

Definition of London City Zones

Zone 1 (Downtown North): Census Tracts(CTs) 22,23,33,34. North to Oxford St., East to Adelaide St and bound by the Thames River to the West and South. **Zone 2 (Northeast):** CTs 38-41, 46-48. North of Oxford St., East of Adelaide St., West of Clarke Rd, North to the River and Kilally Rd. **Zone 3 (North):** CTs 42,43,45,49-51. North of Oxford St., West of Adelaide St (except portion North of the River), City Boundary to the North and River to the West. **Zone 4 (Northwest):** CTs 8, 9, 20,21,44. South to Riverside Drive and the River, West to Sanitorium Rd, area, North to City boundary and West of River boundary with Zone 3. **Zone 5 (Southwest):** CTs 5-7, 10,11,19, 110. West of Wharncliffe Rd, South of the Thames River to Southdale Rd and then further South to Lambeth, West to the Byron area. **Zone 6 (South Central):** CTs 15-18. Includes Old South area - East of Wharncliffe Rd, West of Adelaide St., North of Baseline Rd, and South of the Thames River. **Zone 7 (South):** CTs 1-4, 12-14. East of Wharncliffe Rd., South of Zone 6 and the Thames River to the 401 Highway and then to the eastern boundary of the City, **Zone 8 (East):** CTs 24-32, 35-37. East of Adelaide St, South of Oxford St (except section East of Clarke Rd to the Eastern City boundary and down to the South branch of the Thames River.

TABLE A5: APARTMENT RENTS

Average rents by bedroom type and sub-market area (\$)								
London CMA								
Rental Sub-market	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2003	2004	2003	2004	2003	2004	2003	2004
Zone 1 - Downtown North	447	459	580	591	815	799	**	**
Zone 2 - Northeast	**	465	558	565	661	672	**	771
Zone 3 - North	528	**	648	663	898	953	**	**
Zone 4 - Northwest	497	**	635	670	790	839	958	**
Zone 5 - Southwest	**	510	600	623	766	803	**	**
Zone 6 - Central South	**	480	548	550	754	794	**	**
Zone 7 - South	475	503	594	605	695	712	757	799
Zone 8 - East	**	398	534	552	610	644	**	**
Zones 1-8 London City	464	475	591	607	743	769	937	958
Zone 9 - St. Thomas	382	**	525	534	673	652	**	**
Zone 10 - Strathroy-Caradoc	**	428	**	569	**	661	**	702
Zone 11 - Rest of CMA	N/U	N/U	**	**	**	**	N/U	N/U
London CMA	458	471	586	602	736	758	934	945

TABLE A6: APARTMENT RENTS

Average Rents by size of building (\$)								
London CMA								
No. of Rental Units in the Building	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2003	2004	2003	2004	2003	2004	2003	2004
3 - 5 Units	380	418	486	497	597	623	902	911
6 - 19 Units	405	402	493	499	608	604	**	**
20 - 49 Units	435	469	549	557	694	695	766	781
50 - 99 Units	472	489	597	612	708	719	817	881
100+ Units	514	530	642	667	810	854	1,042	1,080
All Sizes	458	471	586	602	736	758	934	945

TABLE A7: APARTMENT RENTS

Average Rents by structure height (\$)								
London CMA								
Building Height	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2003	2004	2003	2004	2003	2004	2003	2004
1 - 4 Storeys	409	430	525	532	653	655	817	821
5 - 9 Storeys	501	515	605	624	714	734	912	997
10+ Storeys	507	526	642	670	817	863	1,052	1,092
All heights	458	471	586	602	736	758	934	945

2004 Ontario Retirement Homes Report

Do you want to learn more about the dynamic private retirement home market in Ontario? The current report contains data on almost 38,000 beds with findings by market area covering vacancy rates and per diems by bed type, capture rates, new supply and vacancy rates by rent range for private beds as well as rent distributions. Order your copy today by calling **1-800-493-0059**.

HISTORICAL APARTMENT VACANCY RATES AND RENTS

Historical Apartment Vacancy Rates and Average Rents by structure age
London CMA: 1999-2004

Bedroom Type	Completion Date	Vacancy rates (%)						Average Weighted Rents (\$)					
		1999	2000	2001	2002	2003	2004	1999	2000	2001	2002	2003	2004
Bachelor	Before 1940	7.3	5.1	7.2	7.8	5.2	5.0	372	375	396	397	402	427
	1940-1959	1.7	5.2	1.0	3.5	4.4	4.3	376	378	388	390	404	422
	1960-1975	2.8	1.9	1.4	1.4	2.7	2.3	428	436	455	470	479	491
	1976-1985	0.6	1.7	1.5	0.0	0.5	0.6	455	467	491	496	515	526
	1986 and later	0.0	0.0	0.0	4.0	1.1	1.5	412	430	416	437	434	469
	Total	3.4	3.0	3.1	3.7	2.9	2.9	408	416	433	440	458	471
One Bedroom	Before 1940	6.1	2.7	3.5	2.7	5.1	3.8	459	472	482	492	496	510
	1940-1959	4.0	4.8	2.1	1.4	5.2	3.7	449	461	467	500	509	517
	1960-1975	2.3	1.6	1.0	1.0	1.5	2.0	517	526	542	567	590	605
	1976-1985	1.6	1.0	0.8	0.7	0.7	1.9	568	583	604	613	641	664
	1986 and later	3.7	2.1	0.5	1.2	1.7	3.5	576	592	598	621	632	669
	Total	2.9	1.9	1.3	1.2	2.0	2.5	520	530	547	566	586	602
Two Bedroom	Before 1940	5.7	3.9	2.7	3.6	5.5	4.2	570	574	591	623	623	644
	1940-1959	6.7	3.4	2.4	4.2	3.8	3.2	516	534	543	576	580	600
	1960-1975	4.2	2.3	1.6	2.3	1.4	3.0	601	619	640	671	698	711
	1976-1985	3.7	2.3	1.2	1.4	1.2	4.2	708	721	749	752	803	818
	1986 and later	2.6	1.9	2.7	2.9	2.8	9.8	698	745	776	814	841	902
	Total	4.0	2.4	1.8	2.4	1.9	4.7	639	657	683	705	736	758
Three Bedroom+	Before 1940	8.0	2.5	0.0	1.2	3.2	3.5	690	725	788	864	835	858
	1940-1959	8.3	2.4	0.0	6.1	9.1	4.5	574	613	611	631	835	935
	1960-1975	2.7	0.5	0.5	2.3	3.5	3.6	839	827	870	891	961	933
	1976-1985	3.2	1.5	2.2	1.3	0.6	4.5	881	937	917	953	987	1,030
	1986 and later	5.4	3.1	3.6	8.7	0.9	5.6	831	859	870	1,057	896	917
	Total	4.6	1.5	1.2	2.9	2.9	4.1	790	815	852	900	934	945
All Bedroom Types	Before 1940	6.2	3.3	3.4	3.5	5.1	4.0						
	1940-1959	5.1	4.2	2.1	2.7	4.8	3.6						
	1960-1975	3.3	1.9	1.3	1.7	1.6	2.6						
	1976-1985	2.8	1.8	1.1	1.1	0.9	3.3						
	1986 and later	2.9	2.0	2.1	2.6	2.4	7.8						
	Total	3.5	2.2	1.6	2.0	2.1	3.7						

METHODOLOGY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey (RMS)** every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10 000 and more. The survey targets only structures with at least three rental units, which have been on the market for at least three months. The data collected for a structure depends on its initiation type (private or public), and whether it is an apartment or a row structure. The survey collects vacant unit data for all sampled structures. The market rent data are collected for only privately initiated structures. The available unit data are obtained only for privately initiated apartments. Most data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of October, and the results reflect market conditions at that time.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; OR the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is what the owner is asking for the unit.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row Structure: Any building containing three or more rental units, all of which are ground oriented. Owner-occupied units are not included in the rental building unit count.

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

ACKNOWLEDGEMENT

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

MARKET ZONES

The survey zones reported in this publication are described on page 9 and map on page 4.

Mortgage Loan Insurance for Energy-Efficient Homes - Rental Properties

CMHC is proud to introduce mortgage loan insurance enhancements to support the development of energy-efficient housing.

On a two year pilot basis, CMHC will now provide eligible borrowers with a 10% refund on their mortgage loan insurance premiums when a rental residential property (such as an apartment, retirement or nursing home) is constructed to meet Natural Resources Canada (NRCAN) energy standards or renovated using energy efficiency measures. These energy-efficient improvements will also be recognized in the value assessment of the project.

Discuss and arrange a CMHC insured mortgage with your financial institution.