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# ENTAL MARKET

MONCTON

# REPORT

Canada Mortgage and Housing Corporation

VOLUME 4 EDITION 1  
OCTOBER 2002

## A Surge of New Rental Units Helps Ease Tight Market

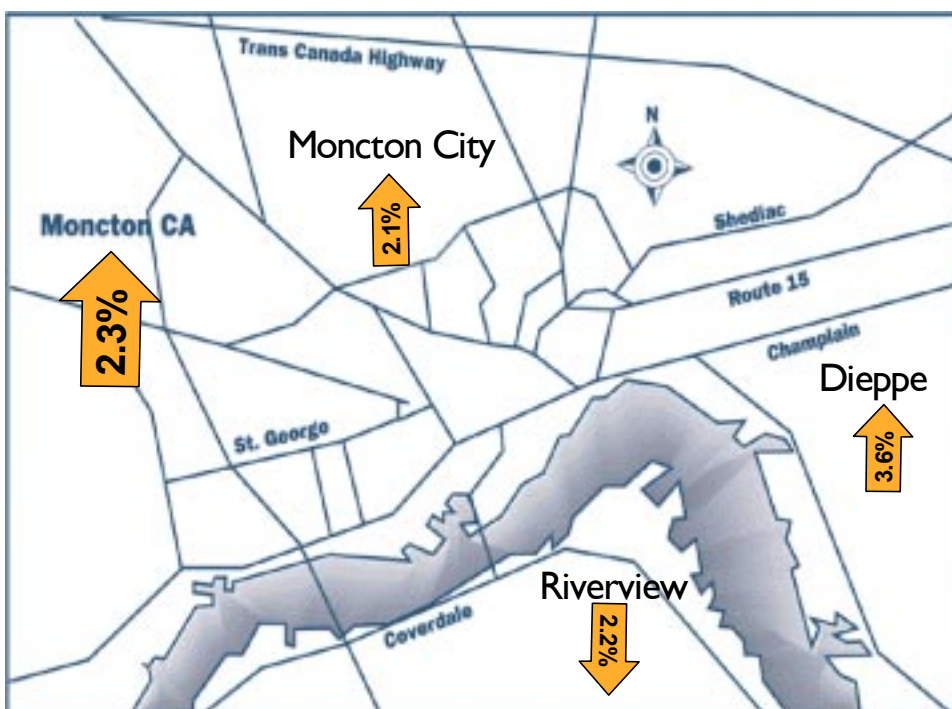
### Vacancy Rate Up Slightly

Results of the Fall 2002 Rental Market Survey in the Greater Moncton area indicate that there were 195 vacant units in apartment structures compared to 137 units a year ago. As a result, the vacancy rate increased to 2.3 per cent in October of this year from 1.6 per cent in 2001. Despite this increase, the vacancy rate remains low in historical terms. The latest rate represents the third lowest vacancy level since 1993.

The rise in vacancies in October was mainly due to a substantial increase in the supply of new rental units in 2002.

Despite higher vacancies, the demand for rental accommodations remains strong, as a result of record employment levels and strong in-migration to the region. These factors are viewed as the main stimulus for rental demand.

Vacancies went up in all bedroom types, except for bachelors. Vacancies rose in Moncton City and in Dieppe, but dropped in Riverview. Several hundred new high-end units coming onto the market over the last twelve months caused the average rent to rise by 3.6 per cent to \$545.



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HOME TO CANADIANS  
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## Supply of New Rentals on the Rise

Since 1990, about 200 new apartment units have come onto the rental market on average every year. However, in 2000 and 2001, nearly half of these new multi-unit structures were condominium projects for the home ownership market. Construction of rental apartment units declined significantly during these two years, causing the vacancy rate to drop to record low levels of 1.7 and 1.6 per cent in October 2000 and 2001, respectively. This slowdown in apartment starts occurred when demand was at a peak. Employment increased by more than 6,000 jobs over that two-year period, stimulating in-migration and further increases in rental demand. Builders clearly reacted to a greater need for rental units in 2002.

In fact, 2002 will be remembered as a banner year for the construction of multiple units. To the end of November, multiple starts including semi, row and apartments, reached 759 units. This represents the highest level of construction for that period since 1973. Apartments captured the greater share of these multiple starts with 654 units. Although most projects were not completed in time to be considered as part of our 2002 survey, a significant rise in new units coming onto the market between July 2001 and June 2002 is one of the main reasons which contributed to higher vacancies this year. Nearly 400 apartment units were completed over that twelve-month period.

## More Renters Buying Homes

Despite tighter resale market conditions in 2002, lower mortgage rates have offset the rise in prices. These financial conditions certainly influenced many renters to make the decision to move out of their apartments into home ownership. This became only too obvious when the monthly cost of financing the average house sold through the local real estate board fell to \$565; a figure lower than the \$614 average rent for a 3-bedroom apartment.

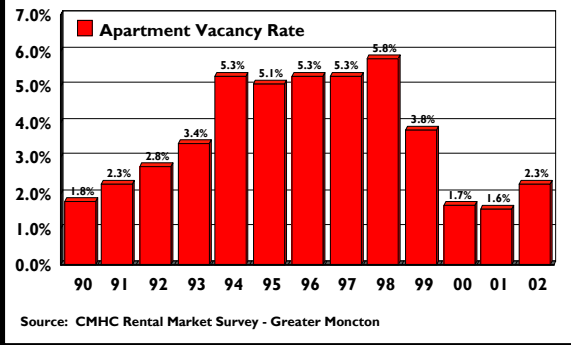
To the end of November, sales of existing homes sold through the local real estate board had reached a record high 1,663 units, exceeding the previous record set in 2001 by 5 per cent.

## Did You Know?

Some of the results of our October 2002 Survey were consistent when compared to our 2001 Survey, but there were some differences. The following section highlights the similarities and differences:

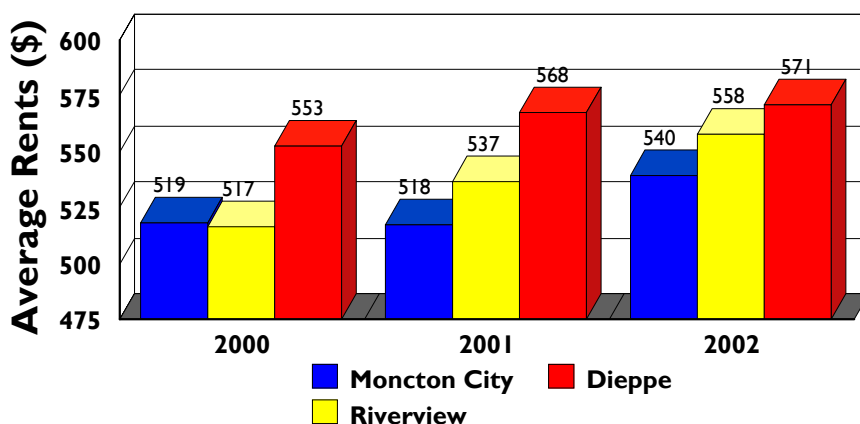
- ✓ In 2002, the vacancy rate in Dieppe doubled when compared to the previous year, jumping from 1.8 to 3.6 per cent. Dieppe now has the highest vacancy rate of all three communities.
- ✓ At \$571, Dieppe had the highest average rent again this year due to a greater share of newer stock.

## Vacancy Rate Rises Slightly But Remains Low in Historical Terms



- ✓ Bachelors units were in greater demand this October as the vacancy rate dropped to 2.2 per cent, despite the fact that the average rent jumped from \$354 to \$429 over the last two surveys.
- ✓ Contrary to 2001, unheated units have a higher vacancy rate than for those in which heat is included.
- ✓ In October 2002, units below \$350 were in greater demand with zero vacancies. In the previous year, high-end units above \$700 had the lowest vacancy rate of all rent ranges.
- ✓ Vacancy rates increased in all rent ranges, except for units below \$350.
- ✓ There was a substantial rise in vacancies in units with rents between \$350-399.
- ✓ There was a greater demand in West Moncton again this year with a 0.4 per cent vacancy rate, the lowest of all zones.
- ✓ Moncton City continues to capture about 80 per cent of the rental stock in Greater Moncton.
- ✓ When compared to other regions in the province, Greater Moncton has a higher ratio of newer rental stock. Over the last 10 years, 2,135 units were built in Greater Moncton. In Fredericton and Saint John, 1,018 and 79 new units were built over the same period, respectively. In Greater Moncton, only 16 per cent of rental stock was built prior to 1940.

## Higher Average Rent in All Areas



### Apartment Vacancy Rates in regions across Canada

CMA Areas	2001	2002
Abbotsford	2.4	2.0
Calgary	1.2	2.9
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
Kingston	1.5	0.9
Kitchener	0.9	2.3
London	1.6	2.0
Montreal	0.6	0.7
St. Catharines-Niagara	1.9	2.4
Oshawa	1.3	2.3
Ottawa	0.8	1.9
Quebec	0.8	0.3
Regina	2.1	1.9
Saint John	5.6	6.3
St. John's	2.5	2.7
Saskatoon	2.9	3.7
Sherbrooke	2.3	1.8
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
Charlottetown	1.8	1.8
<b>CANADA</b>	<b>1.1</b>	<b>1.7</b>

#### By Province

	2001	2002
Newfoundland	3.2	3.0
Prince Edward Island	2.7	2.8
Nova Scotia	3.3	3.0
New Brunswick	4.1	4.2
Quebec	1.3	1.2
Ontario	1.7	2.7
Manitoba	1.4	1.4
Saskatchewan	3.5	3.9
Alberta	1.1	2.3
British Columbia	2.6	3.1
Yellowknife	1.0	0.3

# Vacancy Rate to Rise Above 3 Per Cent by The End of 2003

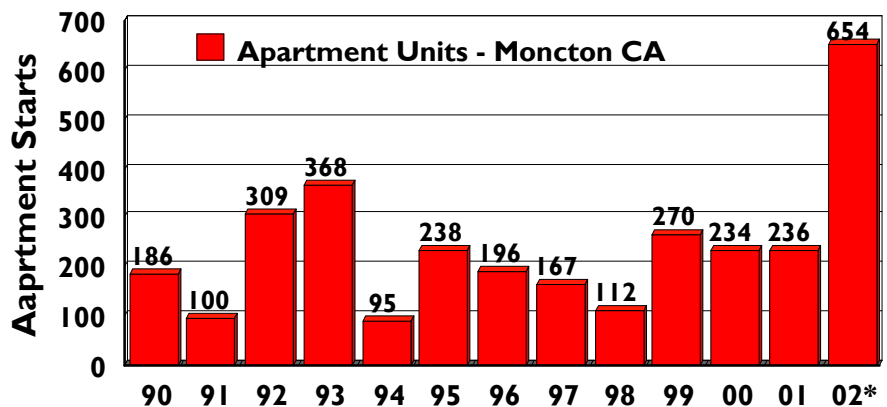
Employment growth in 2003 will unlikely match the pace set in 2002. However, labour market conditions will remain attractive in 2003. Construction of the Moncton airport terminal combined with the new Fredericton-Moncton highway has improved accessibility and will continue to stimulate regional economic growth over the next several years. The construction of several new commercial projects will also positively affect consumer confidence and generate several hundred new jobs in the construction and retail sector in particular. These new positions will attract a large number of people from outside the region. As a result, the demand for rental accommodations will remain relatively strong in 2003, thanks to strong in-migration.

hundred new apartment units started in 2002 were not completed in time to be included in our October Rental Market Survey. As a result, these new units will most likely have an impact on our survey results in October 2003. The large number of new rental units coming onto the market over the next few months will cause the vacancy rate to rise above 3 per cent by the end of 2003.

Expect the construction of apartment units to drop in 2003, but to remain strong in historical terms. Following a weak year in 2002, apartment starts in Dieppe should bounce back due to the high levels of in-migration from northern New Brunswick. Due to a large number of new high-end units continuing to come onto the market, expect average rent to rise in the range of 4 to 4.5 per cent by the end of 2003.

However, the majority of the several

## Construction of Apartment Units in Greater Moncton Bounced Back in 2002



02\*: January thru November



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**Contact Ben Champoux, your local analyst, at (506) 851-2742**

# Census Highlight: When will they move out?

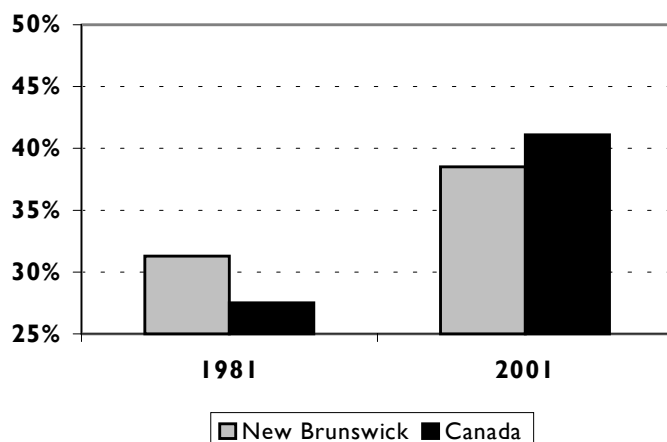
## *More young adults living at home with their parent(s)*

According to Statistics Canada, the proportion of young adults living at home with their parent(s) is on the rise. Over the last two decades, young adults aged 20 to 29 have exhibited a growing tendency to remain in (or return to) the parental home. New Brunswick has not been immune from this phenomenon. Over the past 20 years, the number of young adult New Brunswickers living at home increased by over 7 percentage points from 31.3 per cent in 1981 to 38.5 per cent in 2001.

There are a number of explanations for this growing trend of “staying in the nest” including declining marriage rates, rising age at first marriage, the pursuit of post secondary education and difficulties in finding a job. While the province’s figures are lower than the national average of 41 per cent, the fact that more young adults are living at or returning to live with their parents is having an impact on the rental market as this age group typically exhibits the highest incidence of renting.

Finally, for those parent(s) who feel they have finally gained the freedom to roam their home, Statistics Canada reports that about 33 per cent of men and 28 per cent of women aged 20 to 29 returned home at least once after an initial departure.

**Proportion of Young Adults Aged 20 to 29 Living with their Parent(s)  
New Brunswick and Canada  
(1981 and 2001)**



## 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 and more. Only Structures which have been on the market for at least three months are included. While this publication is mainly about privately initiated apartments with three units and more, the CMHC survey also examines row houses and publicly initiated rental and co-op housing.

The survey is conducted by telephone or 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 any 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 which are not ground oriented.

**Rental row house structure:** Any building with three or more ground oriented rental dwellings.

### Acknowledgement

The Rental Market Survey could not have been conducted without the co-operation 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.

# Statistical Tables

**Table 1: Apartment vacancy rates (%) - By zone and bedroom type**

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
<b>Zone 1 - Moncton City</b>	1.2	2.1	4.2	1.6	0.6	2.5	1.8	2.0	0.0	2.2
Central Moncton	2.5	3.5	**	**	0.7	3.8	3.4	3.3	**	2.9
West Moncton	0.6	0.4	**	**	0.0	0.0	1.1	0.0	**	**
East Moncton	1.1	0.7	**	**	0.3	1.5	1.3	0.6	**	**
North Moncton	0.2	1.8	**	**	0.8	0.8	0.1	2.3	**	**
<b>Zone 2 - Riverview</b>	2.7	2.2	**	**	5.0	2.9	2.2	2.1	**	**
<b>Zone 3 - Dieppe</b>	1.8	3.6	**	**	1.3	0.6	2.0	4.0	**	**
<b>MONCTON CA</b>	<b>1.6</b>	<b>2.3</b>	<b>4.1</b>	<b>2.2</b>	<b>0.9</b>	<b>2.4</b>	<b>1.8</b>	<b>2.3</b>	<b>0.0</b>	<b>2.4</b>

\*\* Not published

**Table 2: Number of apartment units - vacant and total (universe)**

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
<b>Zone 1 - Moncton City</b>	144	6,811	5	324	46	1,838	82	4,137	11	512
Central Moncton	102	2,967	**	**	39	1,029	29	743	**	**
West Moncton	2	692	**	**	39	1,029	49	1,504	9	302
East Moncton	11	1,561	**	**	4	299	6	1,123	**	**
North Moncton	29	1,591	**	**	2	272	27	1,165	**	**
<b>Zone 2 - Riverview</b>	16	721	**	**	4	143	12	555	**	**
<b>Zone 3 - Dieppe</b>	35	968	2	5	1	190	29	743	**	**
<b>MONCTON CA</b>	<b>195</b>	<b>8,500</b>	<b>7</b>	<b>332</b>	<b>51</b>	<b>2,170</b>	<b>123</b>	<b>5,435</b>	<b>13</b>	<b>562</b>

\*\* Not published

## Sub-markets Description

### Central Moncton

All areas north of Petit Codiac River, west of Wheeler Blvd and east of Collishaw and Vaughan Harvey Dr.

### West Moncton

All areas west of Collishaw and Vaughan Harvey Blvd and south of Berry Mills and Killiam Dr.

### East Moncton

All Areas south of TC Highway, east of North Branch Halls Creek and north of Old Shediac Rd.

### North Moncton

All areas bounded by Berry Mills and Killiam Dr., Edgett Rd., and TC Highway.

**Table 3: Average apartment rents (\$)**

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
<b>Zone 1 - Moncton City</b>	518	540	353	429	451	461	558	575	598	616
Central Moncton	517	533	**	**	455	449	565	586	**	639
West Moncton	518	508	**	**	458	450	573	557	**	**
East Moncton	506	545	**	**	438	508	530	545	**	**
North Moncton	533	563	**	**	444	462	569	595	**	**
<b>Zone 2 - Riverview</b>	537	558	**	**	444	439	562	588	**	**
<b>Zone 3 - Dieppe</b>	568	571	**	397	496	504	581	587	**	**
<b>MONCTON CA</b>	<b>526</b>	<b>545</b>	<b>354</b>	<b>429</b>	<b>454</b>	<b>463</b>	<b>561</b>	<b>578</b>	<b>605</b>	<b>614</b>

\*\* Not published

**Table 4: Apartment vacancy rates (%) - By structure size and bedroom type**

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
3 - 5 Units	1.6	3.5	**	**	0.9	3.3	1.9	4.0	0.0	3.1
6 - 19 Units	1.9	2.6	**	**	0.9	2.9	2.3	2.5	**	**
20 - 49 Units	1.5	1.2	3.6	1.2	1.0	1.1	1.5	1.2	**	0.0
50 - 99 Units	0.3	*	**	**	0.5	*	0.2	*	**	0.0
<b>Total</b>	<b>1.6</b>	<b>2.3</b>	<b>4.1</b>	<b>2.2</b>	<b>0.9</b>	<b>2.4</b>	<b>1.8</b>	<b>2.3</b>	<b>0.0</b>	<b>2.4</b>

\*\* Not published

**Table 5: Average apartment rents (\$) - By structure size and bedroom type**

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
3 - 5 Units	496	485	**	**	421	408	506	511	589	579
6 - 19 Units	510	541	**	**	442	461	544	563	**	**
20 - 49 Units	538	557	351	367	469	485	583	597	**	714
50 - 99 Units	656	*	**	**	556	*	696	*	**	782
<b>Total</b>	<b>526</b>	<b>545</b>	<b>354</b>	<b>429</b>	<b>454</b>	<b>463</b>	<b>561</b>	<b>578</b>	<b>605</b>	<b>614</b>

\*\* Not published

**Table 6: Apartment vacancy rates (%) - By structure height and bedroom type**

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
No Storey Data	*	1.3	*	*	*	0.0	*	1.5	*	*
1-4 Storeys	1.7	2.6	4.5	1.5	1.0	2.8	1.9	2.5	0.0	3.1
5-9 Storeys	0.2	*	*	*	0.0	*	0.3	*	*	*
<b>Total</b>	<b>1.6</b>	<b>2.3</b>	<b>4.1</b>	<b>2.2</b>	<b>0.9</b>	<b>2.4</b>	<b>1.8</b>	<b>2.3</b>	<b>0.0</b>	<b>2.4</b>

\*\* Not published

**Table 7: Average apartment rents (\$) - By structure height and bedroom type**

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
No Storey Data	*	586	*	*	*	504	*	590	*	*
1-4 Storeys	518	537	354	362	446	450	552	573	603	609
5-9 Storeys	571	*	*	*	515	*	630	*	*	*
<b>Total</b>	<b>526</b>	<b>545</b>	<b>354</b>	<b>429</b>	<b>454</b>	<b>463</b>	<b>561</b>	<b>578</b>	<b>605</b>	<b>614</b>

\*\* Not published

**Table 8: Apartment vacancy rates (%) and average rents - By age of structure**

Vacancy Rates (%)	All Units		Average Rents (\$)	All Units		Vacant VS Total Units	All Units	
	2001	2002		2001	2002		Vacant	Total
No Date	1.4	0.0	No Date	526	516	No Date	0	449
Pre 1940	1.6	2.6	Pre 1940	495	478	Pre 1940	34	1,321
1940 - 1959	1.9	6.1	1940 - 1959	455	467	1940 - 1959	18	302
1960 - 1974	1.5	1.7	1960 - 1974	488	506	1960 - 1974	55	3,250
1975 - 1984	0.4	4.4	1975 - 1984	536	613	1975 - 1984	21	480
1985 - 1994	1.9	2.7	1985 - 1994	595	576	1985 - 1994	40	1,482
1995 and after	0.9	2.2	1995 and after	645	687	1995 and after	27	1,216
<b>Total</b>	<b>1.6</b>	<b>2.3</b>	<b>Total</b>	<b>526</b>	<b>545</b>	<b>Total</b>	<b>195</b>	<b>8,500</b>

\*\* Not published

**Table 9: Apartment vacancy rates (%) - By rent range**

Rent Range (\$)	All Units		Rent Range (\$)	All Units		Rent Range (\$)	All Units	
	2001	2002		2001	2002		2001	2002
< \$300	**	**	< \$350	2.1	0.0	< \$500	2.2	3.5
\$300 - 349	2.0	0.0	\$350 - 399	3.3	6.3	\$500 - 549	0.7	1.8
\$350 - 399	3.3	6.3	\$400 - 449	0.3	3.1	\$550 - 599	1.5	2.9
\$400 - 449	0.3	3.1	\$450 - 499	3.3	3.4	\$600 - 649	2.1	1.1
\$450 - 499	3.3	3.4	\$500 - 549	0.7	1.8	\$650 - 699	**	2.0
\$500 +	1.2	1.9	\$550 +	1.4	2.0	\$700 +	0.4	1.2
<b>Total</b>	<b>1.6</b>	<b>2.3</b>	<b>Total</b>	<b>1.6</b>	<b>2.3</b>	<b>Total</b>	<b>1.6</b>	<b>2.3</b>

\*\* Not published

**Table 10: Apartment vacancy rates and average rents - Heated vs Unheated**

	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
<b>Vacancy Rates (%)</b>										
<b>Moncton CA</b>	1.6	2.3	4.1	2.2	0.9	2.4	1.8	2.3	0.0	2.4
Heat Not Included	1.5	2.9	5.9	0.9	1.1	3.1	1.6	2.7	0.0	4.1
Heat Included	1.7	1.4	2.9	2.9	0.6	1.4	2.1	1.5	0.0	0.0
<b>Average Rents (\$)</b>										
<b>Moncton CA</b>	526	545	355	429	454	463	561	578	604	614
Heat Not Included	533	554	341	339	446	460	571	591	576	579
Heat Included	515	533	364	471	464	466	544	556	642	656

\*\* Not published

**Rental Market Report** is published once a year for the Moncton market. Priced at \$40 plus applicable taxes. For more information, contact Sandra Slaunwhite at the Atlantic Business Centre (902) 426-4708. Order # NBRE2.

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