



RENTAL MARKET

MONCTON

REPORT

Canada Mortgage and Housing Corporation

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Vacancies Up Slightly Despite Significant Rise in Supply

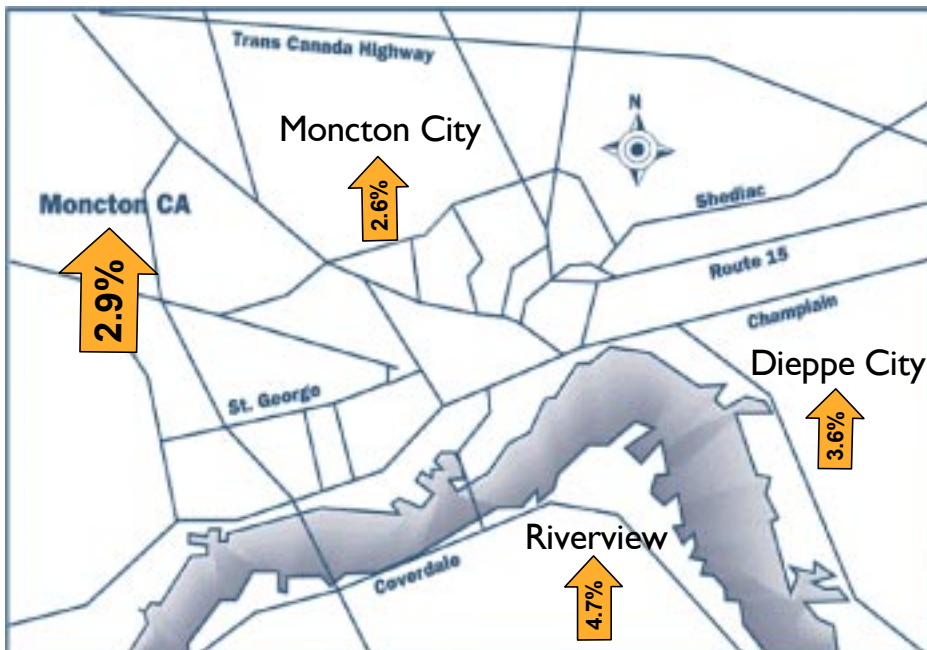
Rental Demand Remains Strong

Results of the Fall 2003 Rental Market Survey in the Greater Moncton area show that there were 256 vacant units in privately initiated apartment structures of three units and more compared to 195 units a year ago. As a result, the vacancy rate increased to 2.9 per cent in October of this year from 2.3 per cent in 2002. The latest rate represents the highest vacancy level since 1999. Despite this increase, the vacancy rate remains low in historical terms.

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

second half of 2002 and the first half of 2003. 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 the more popular one-bedroom and two-bedroom units. The vacancy rate increased in Moncton City, Dieppe City and in Riverview. Despite several hundred new high-end units coming onto the market over the last 12 months, the average rent rose by only 1.5 per cent to \$553.



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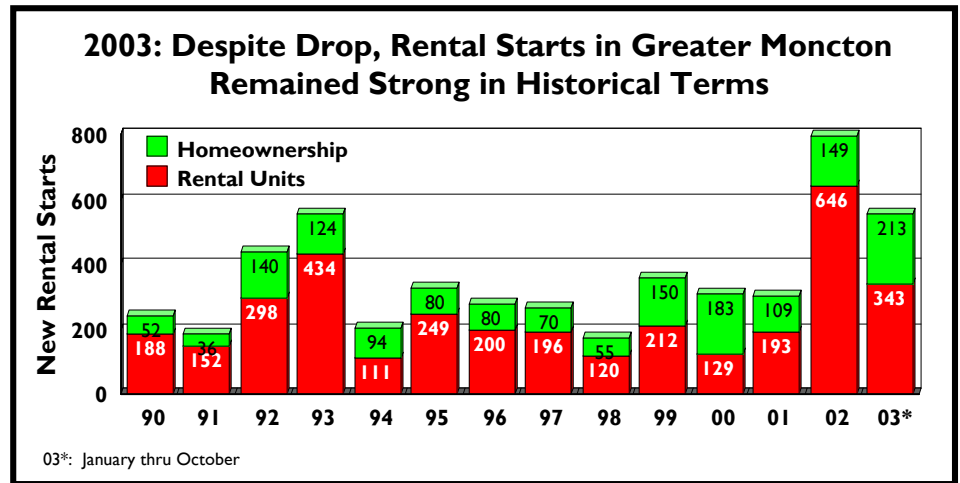
Vacancies Rising in Newer Units

The vacancy rate in Greater Moncton increased to 2.9 per cent in October 2003 as a result of a substantial jump in the number of new rental units coming onto the rental market over the last 18 months.

In 2002, rental starts in Greater Moncton more than tripled when compared to the annual average of about 200 units. In fact, at 646 units, total rental starts in 2002 reached a 30-year high. The substantial rise in rental starts in 2002 was mainly due to low interest rates, strong demand and relatively weak construction activity in 2000 and 2001. During the 2000-2001 period, most builders focused on building semi-detached and condominium projects for the homeownership market. As a result, the vacancy rate dropped to a low of 1.6 per cent by the fall of 2001.

However, the majority of the rental units started in 2002 were only completed in the second half of 2002 and in the first half of 2003. Consequently, most of the projects started in 2002 were only captured in our 2003 survey. This represents one of the main factors which caused the vacancy rate to rise to its highest level since 1999.

Despite rising vacancies, developers continued to take advantage of near-50-year-low interest rates to build new



rental projects again in 2003. Furthermore, rising construction costs have forced some developers to build larger structures in order to make their project economically viable. As a result, rental starts had already reached 343 units at the end of October 2003. High levels of rental starts over the last few years have caused a significant increase in vacancies in the newer stock. In October 2003, the vacancy rate in units built after 1995 was 4.1 per cent. A year earlier, the vacancy rate for units built after 1995 was only 2.2 per cent.

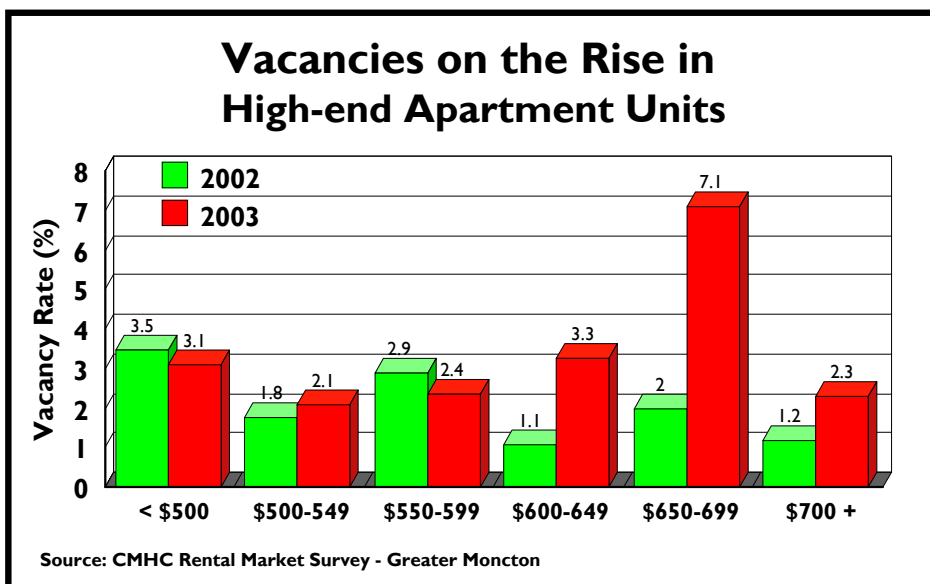
As most of the newer rental projects were high-end units targeted to older age groups, it did not come as a surprise that the vacancy rate for rental units between \$650-699 rose from 2 per cent in October 2002 to above 7 per cent in October 2003, while vacancies nearly doubled for units above \$700 over the same period.

Construction Up in Moncton City

In 2002, nearly 80 per cent of the 795 multiple starts were in Moncton City. Developers focused on building multi-unit dwellings in Moncton City again this year. Despite the spurt of construction activity over the last few years, the vacancy rate in Moncton City rose only marginally from 2.1 per cent in October 2002 to 2.6 per cent in October 2003, while the vacancy rate increased to 3.6 and 4.7 per cent in Riverview and Dieppe City, respectively. Historical data show that tenants have always been attracted to the newer rental projects that offer a great location and a broader range of amenities.

Furthermore, a fair number of people are moving into Greater Moncton for employment opportunities. These in-migrants may not have strong social links to one particular neighbourhood. As a result, most of them are more likely to move to another area of the region should it offer a broader range of rental accommodations. This explains in part the higher vacancies in Riverview and Dieppe City, where new rental projects over the last few years were not as abundant as in Moncton City.

Historically low mortgage rates have also provided some renters with the opportunity to make a jump into the homeownership market. This is also viewed as another factor that may have contributed to slightly higher vacancies in Greater Moncton this year.



Apartment Vacancy Rates in regions across Canada

CMA's	2002	2003
Abbotsford	2.0	2.5
Calgary	2.9	4.4
Saguenay	4.9	5.2
Edmonton	1.7	3.4
Halifax	2.7	2.3
Hamilton	1.6	3.0
Gatineau	0.5	1.2
Kingston	0.9	1.9
Kitchener	2.3	3.2
London	2.0	2.1
Montréal	0.7	1.0
St. Catherines-Niagara	2.4	2.7
Oshawa	2.3	2.9
Ottawa	1.9	2.9
Québec	0.3	0.5
Regina	1.9	2.1
Saint John	6.3	5.2
St. John's	2.7	2.0
Saskatoon	3.7	4.5
Sherbrooke	1.8	0.7
Sudbury	5.1	3.6
Thunder Bay	4.7	3.3
Toronto	2.5	3.8
Trois-Rivières	3.0	1.5
Vancouver	1.4	2.0
Victoria	1.5	1.1
Windsor	3.9	4.3
Winnipeg	1.2	1.3
Charlottetown	2.2	3.5
CANADA	1.7	2.2

By Province

	2002	2003
Newfoundland	3.2	3.3
Prince Edward Island	2.7	3.7
Nova Scotia	3.3	2.6
New Brunswick	4.1	4.3
Quebec	1.3	1.3
Ontario	1.7	3.5
Manitoba	1.4	1.6
Saskatchewan	3.5	4.1
Alberta	1.1	3.7
British Columbia	2.6	3.1
Yellowknife	1.0	1.7

Vacancy Rate to Increase Just Above 3 Per Cent in 2004

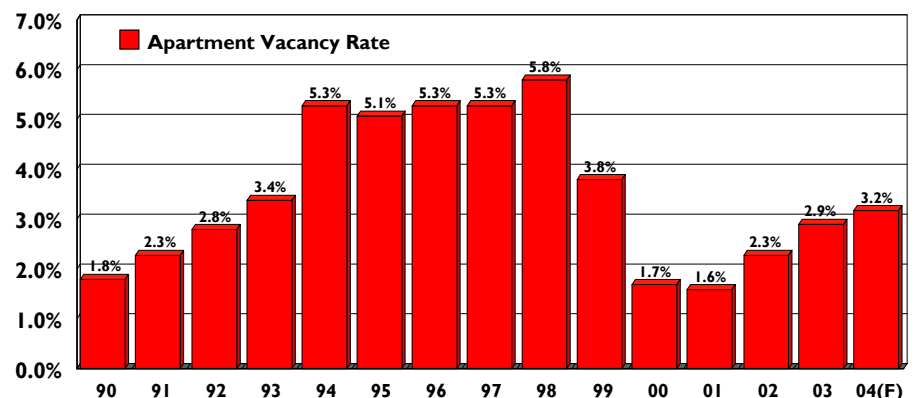
Solid employment growth expected again in 2004 will continue to fuel in-migration and housing demand. Positive net migration will initially benefit landlords as most workers moving into the region will opt for the average apartment rather than a single-detached home. When combined with an expected increase in the student population, vacancies in the lower-to mid-rent ranges are expected to drop slightly again in 2004.

However, developers and investors still perceive real estate to be a better investment than a deflated stock market, despite rising vacancies and construction costs. Furthermore, the increase in construction costs will be somewhat offset by low interest rates, as no significant rise in interest rates is expected again in 2004. In short, expect the construction of multi-unit dwellings in 2004 to exceed the 2003 levels as developers will continue to take

advantage of attractive interest rates to borrow money at a low cost. Relatively high levels of multiple starts in 2003 combined with even stronger levels of new high-end rental projects expected in 2004 will cause a rise in vacancies in the newer, more expensive rental stock again in 2004. But the majority of the new rental projects expected in 2004 will not be completed in time to be included in our October 2004 Rental Market Survey. As a result, the vacancy rate is only expected to rise slightly above 3 per cent by the end of 2004.

Due to a large number of new high-end units continuing to come onto the market, expect the average rent to rise in the range of 1.5 to 2.0 per cent by the end of 2004. However, significant gains in rental rates for existing units are not expected in 2004 as tenants will benefit from a broader selection and more bargaining power.

2004: Vacancy Rate Expected to Rise Slightly



Source: CMHC Rental Market Survey - Greater Moncton



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

Demographic Highlights: Moncton Rental Market

According to Statistics Canada's 2001 Census results, here are some interesting facts about the Moncton rental market:

Population

Following Moncton City, the second largest rental market zone in Greater Moncton is Riverview, with a population of just over 35,500 representing 30 per cent of the Moncton CA's 117,727 residents. On the other hand, West Moncton is the smallest with a population count of approximately 9,580.

Tenure: Owning versus Renting

Overall in Greater Moncton, there are 14,660 renter households, about 31 per cent of all living arrangements. Renter households make up the majority of occupants in Central Moncton, at 63 per cent. While at 15 per cent, Riverview has the lowest ratio of renters-to-owners in Greater Moncton.

Income

The median household income for 2000 in Moncton was \$43,766. On average, household incomes were significantly lower in Central Moncton, while Dieppe City was home to the Moncton CA's most affluent residents.

Affordability

Almost 5,900 or 40 per cent of renter households in Moncton spend 30 per cent or more of their income on their monthly lease.¹ This figure ranges from a low of 38 per cent in Moncton East to a high of almost 42 per cent in Moncton West.

¹ Does not include households in publicly-initiated housing whose shelter cost-to-household income ratio may be less than 30% or those whose shelter-to-income ratio (STIR) is over 100 per cent.

STATISTICS SUMMARY Atlantic CMA's & Cas	Rural & Small CAs	Halifax CMA	St. John's CMA	Saint John CMA	Moncton CA	Fredericton CA	Charlottetown CA
Total Population (2001)	1,373,519	359,183	172,918	122,678	117,727	81,346	58,358
Population Change 1996-2001	-4.7%	4.7%	-0.7%	-2.4%	3.7%	3.0%	2.0%
Average Income (Total Households)	\$42,939	\$56,361	\$54,940	\$51,460	\$55,483	\$51,432	\$52,103
Average Income (Owner Households)	\$49,227	\$70,470	\$66,313	\$62,503	\$64,763*	\$61,262*	\$61,434*
Average Income (Renter Households)	\$29,335	\$33,802	\$29,106	\$28,836	\$33,709*	\$30,081*	\$29,965*
Number of Dwellings (2001)	524,760	144,435	64,830	48,260	46,820	32,175	22,395
Ownership Rate (2001)	79.0%	61.7%	69.5%	67.4%	68.6%	71.4%	64.8%
Rental Market Vacancy Rate	N/A	2.7%	2.7%	6.3%	2.3%	0.9%	2.3%
Average 2-bedroom Rent	N/A	\$704	\$589	\$492	\$578	\$620	\$568

Source: Statistics Canada and CMHC

* Estimate based on per cent change in average total household income (1996-2001)

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.

Acknowledgment

The Rental Market Survey could not have been conducted without the co-operation of the many property owners and managers throughout Canada. We gratefully 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	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Moncton City	2.1	2.6	1.6	2.6	2.5	2.2	2.0	2.9	2.2	2.3
Central Moncton	3.5	3.1	**	**	3.8	2.8	3.3	3.5	2.9	3.0
West Moncton	0.4	1.5	**	**	0.0	1.5	0.0	1.1	**	**
East Moncton	0.7	2.8	**	5.8	1.5	1.0	0.6	3.3	**	**
North Moncton	1.8	2.0	**	**	0.8	2.3	2.3	2.2	**	**
Zone 2 - Riverview	2.2	3.6	**	**	2.9	2.9	2.1	4.1	**	0.0
Zone 3 - Dieppe City	3.6	4.7	**	**	0.6	7.8	4.0	4.3	**	**
MONCTON CA	2.3	2.9	2.2	1.7	2.4	2.6	2.3	3.2	2.4	2.0

** 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
Zone 1 - Moncton City	185	7,082	6	338	47	2,120	121	4,135	11	488
Central Moncton	89	2,884	2	138	30	1,063	50	1,448	7	235
West Moncton	10	681	**	**	3	228	4	347	**	**
East Moncton	53	1,886	3	52	4	399	44	1,315	2	120
North Moncton	33	1,631	**	**	10	429	23	1,026	**	**
Zone 2 - Riverview	26	729	0	5	4	145	22	545	0	34
Zone 3 - Dieppe City	45	958	0	3	13	160	33	764	0	31
MONCTON CA	256	8,769	6	346	64	2,426	175	5,445	11	552

** Not published

Submarkets 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	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Moncton City	540	548	429	370	461	483	575	587	616	616
Central Moncton	533	542	**	**	449	478	586	596	639	600
West Moncton	508	528	**	**	450	465	557	588	**	**
East Moncton	545	563	**	397	508	491	545	584	**	**
North Moncton	563	551	**	**	462	495	595	577	**	**
Zone 2 - Riverview	558	553	**	**	439	447	588	581	**	566
Zone 3 - Dieppe City	571	588	397	**	504	528	587	598	**	**
MONCTON CA	545	553	429	370	463	483	578	588	614	617

** Not published

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

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
3 - 5 Units	3.5	3.5	**	**	3.3	2.7	4.0	4.3	3.1	3.9
6 - 19 Units	2.6	2.7	**	**	2.9	2.9	2.5	2.8	**	**
20 - 49 Units	1.2	2.9	1.2	3.5	1.1	2.1	1.2	3.1	0.0	0.0
50 - 99 Units	*	3.6	**	**	**	**	**	4.5	0.0	0.0
Total	2.3	2.9	2.2	1.7	2.4	2.6	2.3	3.2	2.4	2.0

** Not published

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

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
3 - 5 Units	485	503	**	**	408	427	511	538	579	566
6 - 19 Units	541	539	**	**	461	477	563	571	**	**
20 - 49 Units	557	573	367	378	485	509	597	609	714	734
50 - 99 Units	*	660	**	**	**	**	**	690	782	724
Total	545	553	429	370	463	483	578	588	614	617

** Not published

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

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
No height Data	1.3	**	**	**	0.0	**	1.5	**	**	**
1-4 Storeys	2.6	3.1	1.5	2	2.8	3	2.5	3.3	3.1	2.3
5-9 Storeys	**	**	**	**	**	**	**	**	**	**
Total	2.3	2.9	2.2	1.7	2.4	2.6	2.3	3.2	2.4	2

** Not published

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

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
No height Data	586	**	**	**	504	**	590	**	**	**
1-4 Storeys	537	549	362	371	450	473	573	585	609	596
5-9 Storeys	**	**	**	**	**	**	**	**	**	**
Total	545	553	429	370	463	483	578	588	614	617

** 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	
	2002	2003		2002	2003		Vacant	Total
No Date	0.0	1.8	No Date	516	499	No Date	11	622
Pre 1940	2.6	3.2	Pre 1940	478	509	Pre 1940	37	1,180
1940 - 1959	**	**	1940 - 1959	**	**	1940 - 1959	**	**
1960 - 1974	1.7	2.4	1960 - 1974	506	514	1960 - 1974	76	3,120
1975 - 1984	**	**	1975 - 1984	**	**	1975 - 1984	**	**
1985 - 1994	2.7	3.0	1985 - 1994	576	573	1985 - 1994	46	1,548
After 1995	2.2	4.1	After 1995	687	655	After 1995	67	1,636
Total	2.3	2.9	Total	545	553	Total	256	8,769

** Not published

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

Rent Range (\$)	All Units		Rent Range (\$)	All Units		Rent Range (\$)	All Units	
	2002	2003		2002	2003		2002	2003
< \$300	**	**	< \$350	0.0	**	< \$500	3.5	3.1
\$300 - 349	0.0	6.1	\$350 - 399	6.3	2.1	\$500 - 549	1.8	2.1
\$350 - 399	6.3	2.1	\$400 - 449	3.1	2.9	\$550 - 599	2.9	2.4
\$400 - 449	3.1	2.9	\$450 - 499	3.4	2.7	\$600 - 649	1.1	3.3
\$450 - 499	3.4	2.7	\$500 - 549	1.8	2.1	\$650 - 699	2.0	7.1
\$500 +	1.9	3.0	\$550 +	2.0	3.2	\$700 +	1.2	2.3
Total	2.3	2.9	Total	2.3	2.9	Total	2.3	2.9

** Not published

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

	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Vacancy Rates (%)										
Moncton CA	2.3	2.9	2.2	1.7	2.4	2.6	2.3	3.2	2.4	0.0
Heat Not Included	2.9	3.0	0.9	2.2	3.1	2.8	2.7	3.3	4.1	1.4
Heat Included	1.4	2.8	2.9	1.4	1.4	2.4	1.5	3.1	0.0	2.8
Average Rents (\$)										
Moncton CA	545	553	429	370	463	483	578	588	614	617
Heat Not Included	554	566	339	372	460	487	591	601	579	614
Heat Included	533	532	471	368	466	478	556	564	656	620

** Not published

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