

R

ENTAL MARKET

MONCTON

REPORT

Canada Mortgage and Housing Corporation

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Employment Growth Helps Sustain Rental Demand Rental Market Conditions Remain Tight

Results of the Fall 2001 Rental Market Survey in the Greater Moncton area indicate that there were 137 vacancies in row and apartment structures compared to 150 vacant units a year ago. As a result, the vacancy rate dropped slightly to 1.6 per cent in October of this year from 1.7 per cent in 2000. This represents the lowest vacancy rate in well over a decade.

A strong labour market is viewed as the main factor which contributed to fewer vacancies in the Greater Moncton area. The influx of workers in the Moncton region

over the past year has had a significant impact on the local rental market. In fact, the vacancy rate has dropped for the third consecutive year from a high of 5.8 per cent in 1998 to the current 1.6 per cent.

There were no vacancies in 3+ bedroom units. This increased demand for larger rental units caused the average rent to rise to \$604 compared to \$580. The overall average rent of \$526 increased by only 0.6 per cent when compared to last year, far below the inflation rate.



Vacancy Rate 2001, Moncton CA

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Supply of New Rentals Declined

To the end of November, row and apartment starts had reached 216 units, a near 8 per cent drop when compared to the previous year. However, several of these structures were condominium projects for the homeownership market. Construction of rental row and apartment units declined this year when compared to 2000. This is also viewed as one of the main factors which contributed to a slightly lower vacancy rate this year.

With 103 units, Dieppe captured nearly half of the 216 new row and apartment units built in Greater Moncton over the first eleven months of 2001. Strong levels of in-migration from Northern New Brunswick continued to stimulate housing demand in Dieppe. The average rent rose by nearly 3 per cent to \$569, the highest average rent of all zones within Greater Moncton. Despite an increased supply of row and apartment units and a rise in the average rents, the vacancy rate only rose slightly to 1.7 per cent, remaining low in historical terms. The development of the industrial park in Dieppe will also generate economic growth in the short term and stimulate housing demand.

In Moncton City, 76 row and apartment units were built this year compared to 160 units last year. The significant drop in supply, combined with a strong

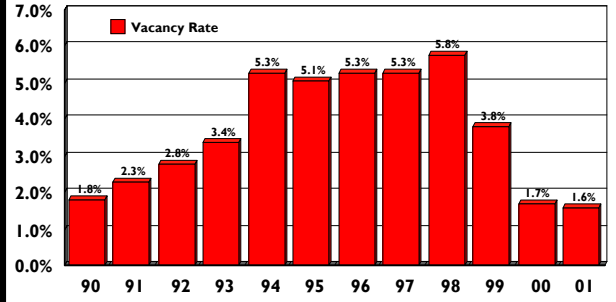
demand for rental accommodations caused the vacancy rate to drop to 1.5 per cent. Only 101 of the 6,873 units surveyed in Moncton City were available for rent in October. One can expect the demand for rental units to remain strong in Moncton City and in North Moncton in particular. The major developments expected near Trinity Drive in particular will create several hundred new jobs in this area.

Tenants Attracted to Newer Stock

Construction of rental accommodations has been relatively strong over the last six years. Notwithstanding this, the vacancy rate for all units built after 1995 was only 0.9 per cent, the second lowest of all age categories. There were only 10 vacant units in this particular age group despite the fact that the average rent, at \$645, was significantly higher than all other age groups.

Developers have been focusing on the construction of upper-end rental units to serve the growing senior and empty-nester demand. The low vacancies in the high-end of the market confirms that tenants are willing to pay a premium for a good location and additional amenities.

Vacancy Rate Drops to the Lowest Level in Over a Decade



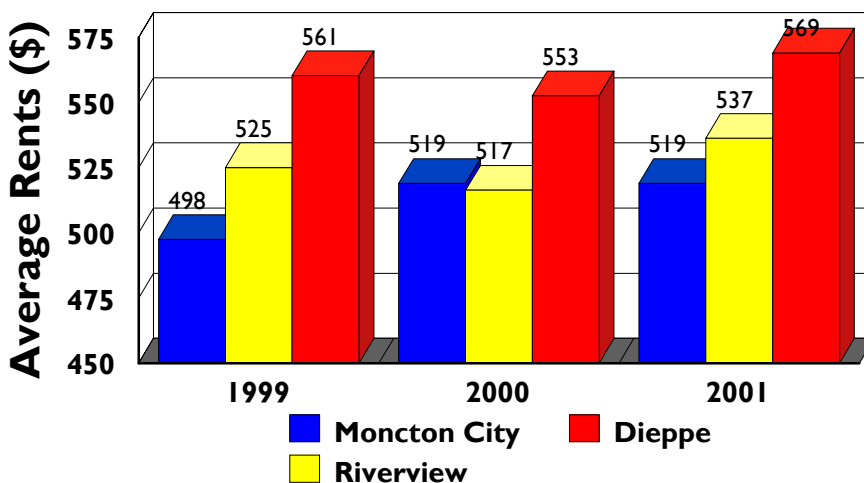
Source: CMHC Rental Market Survey - Greater Moncton

What Are Renters Looking For?

Some of the renter's preferences in 2001 were consistent while others were very different from 2000. Based on our latest Rental Market Survey, the following section highlights the similarities and where shifts occurred:

- ✓ In 2001, more renters showed a preference toward one-bedroom units as the vacancy rate dropped from 3.4 to 0.9 per cent over the last twelve months.
- ✓ The larger 3+ bedroom units were in greater demand this year with zero vacancies.
- ✓ Although unheated units have higher average rents than before, the vacancy rate for units with heat included was slightly higher than for those in which heat is not included.
- ✓ With a 0.4 per cent vacancy rate, the high-end units with rents above \$700 were in greater demand again this year.
- ✓ When it comes to the size of the building, renters preferred to live in larger apartment buildings again this year. Large buildings with 50 to 99 units showed a 0.3 per cent vacancy rate in October, despite their rental rates being \$130 above Greater Moncton's average rent.
- ✓ There was a substantial drop in vacancies in units with rents between \$400-449.

Higher Average Rent in Dieppe



Vacancy Rate to Remain Under 2 Per Cent Again in 2002

Attractive labour market conditions experienced in 2001 are expected to remain solid in 2002. Construction of the Moncton airport terminal combined with the new Fredericton-Moncton highway will help stimulate regional economic growth in 2002. 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 where the economy will be going through a transition period. Strong levels of in-migration will stimulate demand for rental accommodations.

opt for an apartment. Active listings of existing homes were already down 17 per cent at the end of November 2001 when compared to the previous year. Developers will take advantage of these market conditions to build more high-end rental accommodations. Expect the construction of row and apartment units to bounce back over the next twelve months. Most of the construction activity over the forecast period will take place in Dieppe and North Moncton, where the vacancy rate was only 0.2 per cent in the Fall of 2001.

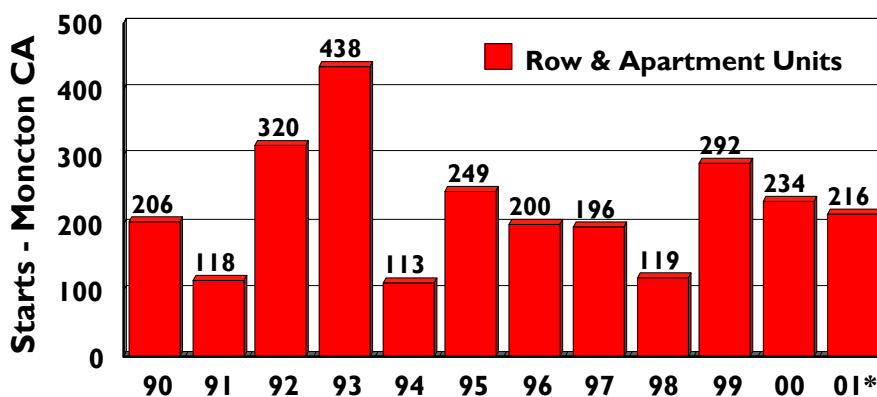
Rents to Increase

Strong demand for high-end rentals combined with the current low supply of available units for rent will cause the average rents to rise in the range of 2 to 2.5 per cent by the end of 2002.

A shortage of existing homes for sale may also force potential home seekers to

Row and Apartment Vacancy Rates By Market Across Canada		
Area	2000	2001
Calgary	1.2	1.2
Chicoutimi-Jonquière	4.4	4.4
Edmonton	1.3	0.9
Halifax	3.6	2.8
Hamilton	1.6	1.3
Kitchener	0.8	0.9
London	2.2	1.7
Montreal	1.5	0.6
St. Catharines-Niagara	2.7	2.0
Oshawa	1.7	1.3
Hull	1.5	0.6
Ottawa	0.2	0.8
Quebec	1.6	0.8
Regina	1.4	2.0
Saint John	3.4	5.6
St. John's	3.7	2.7
Saskatoon	1.7	2.9
Sherbrooke	4.7	2.3
Sudbury	8.5	6.0
Thunder Bay	5.7	5.8
Toronto	0.6	0.9
Trois-Rivières	6.8	4.7
Vancouver	1.4	1.0
Victoria	1.8	0.5
Windsor	1.9	2.8
Winnipeg	2.0	1.4
Charlottetown	2.6	1.8
By Province	2000	2001
Newfoundland	5.7	3.3
Prince Edward Island	3.3	2.4
Nova Scotia	4.2	3.3
New Brunswick	3.1	4.1
Quebec	2.2	1.3
Ontario	1.6	1.7
Manitoba	2.2	1.4
Saskatchewan	2.2	3.5
Alberta	1.3	1.1
British Columbia	3.6	2.6
Yellowknife	2.4	1.0
Canada	2.2	1.7

Construction of Row and Apartment Units in Greater Moncton Dropped Slightly in 2001



01*: January through November



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CMHC is the source for expert analysis and comprehensive data on housing. Whether you are in mortgage lending, real estate sales, the building industry, housing appraisals, urban planning, relocation consulting or government, it is critical that you understand the trends and factors behind New Brunswick's housing markets. There is simply no substitute for the thorough, concise analysis of housing market developments that you get with CMHC's market data and analysis.

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

Higher Rents as Building Size Gets Bigger

According to the 2001 Rental Market Survey results, there is a general upwards trend on average rents as the building size gets bigger. So what is it about the size of a building that allows its owners to demand a higher rent?

Apartment buildings tend to have progressively higher rents as the structures get bigger, as smaller rental structures are typically unable to compete with other types of land uses for the more accessible locations within the city. As a result, the highest valued residential land will usually be developed as higher density apartment buildings.

Although these larger buildings may not have the same degree of personality as the smaller buildings, they are often very convenient and accessible to shopping, professional services, and other desirable amenities that will demand higher rents.

Also, economies of scale realized through the operational efficiencies of managing a large number of units gives developers the ability to add extra amenities (e.g., fitness facilities, common lounge) to the building. It is expected that the gap between rents of various sizes of apartment buildings will not continue simply due to the recent design style of new mid-sized structures that are commanding premium rents.

Developers have recognized a demand at the upper-end of the market for larger individual units in lower density buildings. Today's renters in the Moncton area, especially the seniors population, are typically not interested in living in high-rise apartment buildings.

From an urban planner's perspective, this low-rise structure design fits better with the general aesthetics of the city and gives developers less resistance from the neighborhood to the construction of a new building. From the developer's perspective, this design will likely attract more renters and allow them to charge higher rents, while limiting the number of units that can be placed in one building.

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 all 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: Row & Apartment Vacancy Rates (%) - By Zone and Bedroom Type

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Zone 1 - Moncton City	1.8	1.5	1.1	4.2	3.7	0.6	0.9	1.8	2.4	0.0
Central Moncton	3.2	2.5	2.9	6.3	6.0	0.7	1.8	3.3	3.4	0.0
West Moncton	1.0	0.6	**	**	0.9	0.0	1.2	1.1	**	**
East Moncton	0.8	1.2	**	**	2.5	0.3	0.2	1.4	**	**
North Moncton	0.1	0.2	**	**	0.3	0.8	0.0	0.1	**	**
Zone 2 - Riverview	1.7	2.5	**	**	1.5	5.0	1.9	2.0	**	**
Zone 3 - Dieppe	1.3	1.7	**	**	1.8	1.2	1.2	1.9	**	**
MONCTON CA	1.7	1.6	1.1	4.1	3.4	0.9	1.0	1.8	2.0	0.0

** Not published

Table 2: Number of Row & Apartment Units - Vacant and Total (Universe 2001)

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Zone 1 - Moncton City	101	6,873	17	410	11	1,863	73	4,133	0	467
Central Moncton	75	3,005	15	238	7	920	53	1,594	0	253
West Moncton	4	766	**	**	0	265	4	397	**	**
East Moncton	18	1,527	**	**	1	343	15	1,051	**	**
North Moncton	4	1,575	**	**	3	335	1	1,091	**	**
Zone 2 - Riverview	19	758	**	**	7	149	11	564	**	**
Zone 3 - Dieppe	17	1,019	**	**	2	185	15	801	**	**
MONCTON CA	137	8,650	17	420	21	2,197	99	5,498	0	535

** Not published

Sub-markets Description

Central Moncton

All areas north of Petitcodiac 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 Row & Apartment Rents (\$)

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Zone 1 - Moncton City	519	519	346	355	439	451	560	558	582	597
Central Moncton	514	518	327	**	432	455	566	565	578	614
West Moncton	516	518	304	**	428	458	564	573	**	**
East Moncton	493	507	367	**	436	438	516	530	**	**
North Moncton	552	533	372	**	467	444	593	569	**	**
Zone 2 - Riverview	517	537	**	**	440	444	541	557	**	**
Zone 3 - Dieppe	553	569	**	**	496	496	568	582	**	**
MONCTON CA	523	526	347	355	445	454	560	561	580	604

** Not published

Table 4: Row & Apartment Vacancy Rates (%) - By Structure Size and Bedroom Type

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
3 - 5 Units	2.1	1.5	**	**	3	0.9	2	1.9	1.5	0
6 - 19 Units	2	1.9	**	**	4.5	0.9	1.1	2.3	**	**
20 - 49 Units	1.2	1.4	**	3.6	1.9	1	0.8	1.4	**	**
50 - 99 Units	0.6	0.3	**	**	1.4	0.5	0	0.2	**	**
Total	1.7	1.6	1.1	4.1	3.3	0.9	1.1	1.8	2	0

** Not published

Table 5: Average Row & Apartment Rents (\$) - By Structure Size and Bedroom Type

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
3 - 5 Units	468	497	**	**	392	422	479	507	568	590
6 - 19 Units	512	510	**	**	437	442	543	544	**	**
20 - 49 Units	543	539	**	351	464	469	585	582	**	**
50 - 99 Units	676	656	**	**	557	556	738	696	**	**
Total	523	526	347	355	445	454	559	561	580	604

** Not published

Table 6: Row & Apartment Vacancy Rates (%) - By Structure Height and Bedroom Type

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Storey Data	1.9	**	**	**	3.5	**	1.2	**	2.9	**
1-4 Storeys	1.6	1.7	**	4.4	3.4	1	1	1.9	0.5	0
5-9 Storeys	**	0.2	**	**	**	0	**	0.3	N/A	**
Total	1.7	1.6	1.1	4.1	3.3	0.9	1.1	1.8	2	0

** Not published

Table 7: Average Row & Apartment Rents (\$) - By Structure Height and Bedroom Type

Height	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Storey Data	506	**	**	N/A	432	**	540	**	575	**
1-4 Storeys	538	519	**	355	456	446	573	552	589	602
5-9 Storeys	**	571	**	**	**	515	**	630	N/A	**
Total	523	526	347	355	445	454	559	561	580	604

** Not published

Table 8: Row & Apartment Vacancy Rates (%) and Average Rents - By Age of Structure

Vacancy Rates (%)	All Units		Average Rents (\$)	All Units		Vacant VS Total Units	All Units	
	2000	2001		2000	2001		Vacant	Total
No Date	6.8	1.4	No Date	459	526	No Date	1	186
Pre 1940	1.5	1.6	Pre 1940	497	495	Pre 1940	20	1,224
1940 - 1959	4.0	1.9	1940 - 1959	425	455	1940 - 1959	10	506
1960 - 1974	1.4	1.5	1960 - 1974	486	489	1960 - 1974	51	3,364
1975 - 1984	1.0	0.4	1975 - 1984	568	536	1975 - 1984	2	606
1985 - 1994	1.5	2.6	1985 - 1994	572	562	1985 - 1994	42	1,658
After 1995	1.1	0.9	After 1995	661	645	After 1995	10	1,105
Total	1.7	1.6	Total	523	526	Total	136	8,649

** Not published

Table 9: Row & Apartment Vacancy Rates (%) - By Rent Range

Rent Range (\$)	All Units		Rent Range (\$)	All Units		Rent Range (\$)	All Units	
	2000	2001		2000	2001		2000	2001
< \$300	**	**	< \$350	3.2	2.1	< \$500	3.1	2.2
\$300 - 349	0.7	2	\$350 - 399	5.8	3.3	\$500 - 549	1.2	0.7
\$350 - 399	5.8	3.3	\$400 - 449	3.5	0.3	\$550 - 599	0.4	1.5
\$400 - 449	3.5	0.3	\$450 - 499	1.4	3.3	\$600 - 649	1.4	1.9
\$450 - 499	1.4	3.3	\$500 - 549	1.2	0.7	\$650 - 699	**	**
\$500 +	1	1.2	\$550 +	0.8	1.3	\$700 +	**	0.4
Total	1.7	1.6	Total	1.7	1.6	Total	1.7	1.6

** Not published

Table 10: Row & Apartment Vacancy Rates and Average Rents - Heated vs Unheated

	All Units		Bachelor		One Bedroom		Two Bedroom		Three + Bedroom	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
Vacancy Rates (%)										
Moncton CA	1.7	1.6	1.1	4.1	3.3	0.9	1.1	1.8	2.0	0.0
Heat Not Included	1.9	1.5	2.0	5.9	3.1	1.1	1.3	1.6	1.9	0.0
Heat Included	1.5	1.7	0.6	2.9	3.7	0.6	0.6	2.1	2.2	0.0
Average Rents (\$)										
Moncton CA	523	526	347	355	445	454	559	561	580	604
Heat Not Included	530	533	301	341	449	447	565	571	563	576
Heat Included	512	515	372	364	436	464	548	544	608	642

** Not published

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

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