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ENTAL MARKET

REPORT

Trois-Rivières

www.cmhc.ca

Canada Mortgage and Housing Corporation

Fifth Consecutive Vacancy Rate Decrease in Trois-Rivières

OCTOBER 2002 SURVEY

The vacancy rate fell for a fifth straight year in the Trois-Rivières census metropolitan area (CMA). Once again this year, the drop was considerable. In fact, Trois-Rivières is the CMA that posted the most significant vacancy rate decrease in Canada. The surplus of units that long prevailed in the area has disappeared, and the proportion of vacant apartments has now reached 3.0 per cent. Last year, 4.7 per cent of

apartments were available for rent while, in 1997, this rate peaked at 8.6 per cent.

Again this year, the combination of two factors accounted for this decrease: the ongoing steady housing demand and the low volume of construction observed in recent years. The continued positive job creation supported the housing demand. And,

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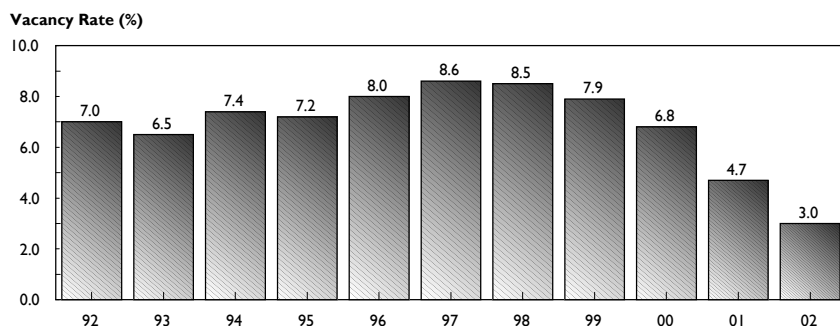
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Vacancy Rate Falls Significantly in Trois-Rivières



Source: CMHC (October Survey)



HOME TO CANADIANS
Canada

the high vacancy rates in the last few years in Trois-Rivières, along with the profitability problems related to the construction of standard quality traditional rental housing, deterred developers from starting up new projects.

Rental Housing Construction: retirement homes garner lion's share

For the past several years, the construction of new rental apartments in the Mauricie area has been

focused on retirement homes. This year was no exception, as almost all new units that arrived on the market were part of retirement housing projects. Why are builders so attracted to this product?

In addition to the aging of the population, a phenomenon that will ensure a flow of newcomers onto this market, immediate profitability is the reason behind this attraction. Developers recover their costs more rapidly by starting up such projects. Apart from retirement homes, the upscale rental housing segment can

Rental Markets in Canada in 2002: tighter conditions in Quebec

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

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

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

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

Apartment Vacancy Rates

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

About Renter Households in Quebec

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

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

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

Modest incomes

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

Great mobility

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

Satisfaction with their dwellings

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

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

¹ INRS (Institut national de recherche scientifique)-Urbanisation, Culture et Société [Quebec national scientific research institute-urbanization, culture and society]

Régie du logement [Quebec rental board]

Régie du bâtiment du Québec [Quebec construction board]

also offer some interesting opportunities. However, demand for this type of construction remains relatively weak in the Trois-Rivières area. It is for standard quality dwellings that the situation is more difficult. In fact, market rents in Trois-Rivières—the

lowest in the country—are well below the rates that would have to be charged to make a new building profitable. A new housing unit arriving on the market would have to be rented out for hundreds of dollars more than the current rent levels.

Certain Sectors Stand Out

In light of the latest Rental Market Survey results, it would appear that certain sectors are still favoured by

tenants, although conditions did tighten across the entire Trois-Rivières area market. The University (UQATR), Trois-Rivières North and Trois-Rivières-Ouest sectors all post vacancy rates under 2 per cent. These are the sectors with the newest dwellings. Conversely, Downtown Trois-Rivières (5.6 per cent) and Bécancour (8.7 per cent) are still contending with surpluses of vacant units.

Vacancy Rates Still High Elsewhere in the Mauricie Area

In the agglomeration of Shawinigan, throughout the 1990s, the vacancy

rate steadily remained in the range of 7 per cent to 9 per cent. Again this year, it can be seen that 8.5 per cent of apartments are vacant in Shawinigan, for an increase of 0.8 of a percentage point over last year. In La Tuque, conditions are still difficult, as 16.7 per cent of rental units are still unoccupied. The employment structure in these two centres and the demographic changes do not provide a context that is favourable to the housing market.

Elsewhere in Quebec, the latest results show that the vacancy rates fell in four of the six CMAs across Quebec. The dynamic job market conditions and positive migration levels posted by several metropolitan

areas are factors that contributed to creating a housing shortage. The box *Rental markets in Canada in 2002: tighter conditions in Quebec* presents an overview of the rental market conditions prevailing in Quebec's CMAs and in a number of other metropolitan areas across Canada.

Tenants Seek Larger and Also More Expensive Units

According to the survey results, the vacancy rates went down for units of all sizes. While bachelor apartments posted the greatest decrease (from 9.4 per cent in 2001 to 6.5 per cent in 2002), there is still a definite trend

FlexHousing: best practices for today and tomorrow

The FlexHousing concept brings together the best of everything we know about housing—under one roof. All homes can be built in line with FlexHousing principles. This is simply an approach to designing and building homes based on the principles of adaptability, accessibility and affordability: the three A's.

Introduced by CMHC, this concept is similar to such international initiatives as universal design, the Smart House, the Grow Home and many others.

For landlords, this is a way of making their units more versatile, in order to ensure the comfort and satisfaction of their tenants, and also easier to rent, regardless of the price range.

Adaptability is the aspect that is most likely to stimulate innovation in the design of new housing types. It promotes the planning of indoor spaces within the same unit to better meet the needs of all family members (from children to seniors). It is as simple as planning such features as work surfaces installed at different heights in the kitchen so that people can work sitting down, large rooms that can be subdivided as required, etc.

Adaptability can also be planning a few units that can be easily joined or divided to allow for their rental based on market needs, without any major obstacles in terms of renovation costs, which would be a definite asset for landlords. And why not have units with multiple rental arrangements? This is the case of the Riverwind Towers project in Edmonton, where some units are designed for people—related or not—who want to live comfortably by sharing common living quarters. The bedrooms and their respective bathrooms are located on either side of a central space that includes all the common rooms.* The development of a small percentage of new units of this type in traditional housing projects would provide greater flexibility.

Already, just under 1 in 10 units are occupied by joint tenants or intergenerational families other than traditional families, and close to 3 in 10 units are occupied by single people, mainly women. While these phenomena have always existed, changing lifestyles and the aging of the population may bring about a new vision with regard to housing.

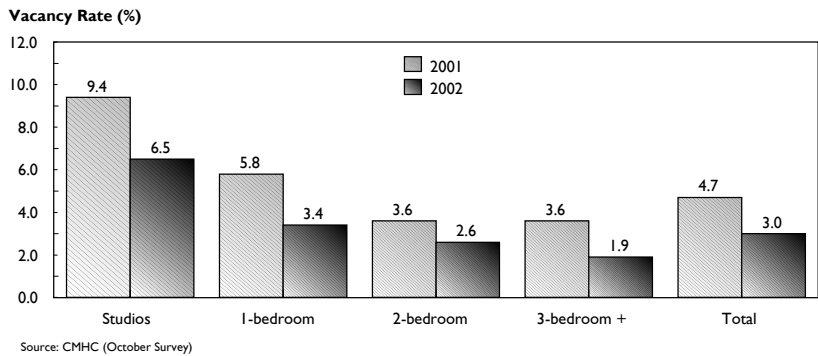
Once the novelty barrier has been broken, it becomes easier to integrate accessibility and affordability features and make the choices that are appropriate to a specific project. Are you ready for change?

* To find out more, consult the publications *FlexHousing: The Professional's Guide* and *FlexHousing: Homes that Adapt to Life's Changes* and visit the CMHC Web site (www.cmhc.ca).

in favour of roomier units. In fact, one-bedroom units had a vacancy rate of 3.4 per cent, down by 2.4 percentage points, but two-bedroom apartments and dwellings with three or more bedrooms showed vacancy rates below the 3-per-cent mark (at 2.6 per cent and 1.9 per cent, respectively). Larger units provide greater flexibility and are particularly popular among couples, families and people sharing accommodations.

What's more, Trois-Rivières residents do not necessarily seek lower cost housing. A review of vacancy rates for two-bedroom units by price range reveals a direct relation between prices and vacancies. While apartments that rent for under \$450 have a vacancy rate of 3.7 per cent, those between \$450 and \$549 are more difficult to find, as only 1.4 per cent of them are available. In the upper price range (\$550 or over), the shortage can be felt: just six units out of a thousand are available (0.6 per cent). Tenants are therefore willing to pay more to get a newer, better maintained and more modern dwelling. Landlords will consequently

Tenants Seek Roomier Units



have to keep renovating their units if they want to continue attracting tenants.

The vacancy rate decrease put upward pressure on rental rates in 2002 in the Trois-Rivières metropolitan area. The average rent for all units combined effectively went up by 2.5 per cent, representing an increase slightly above inflation (1.5

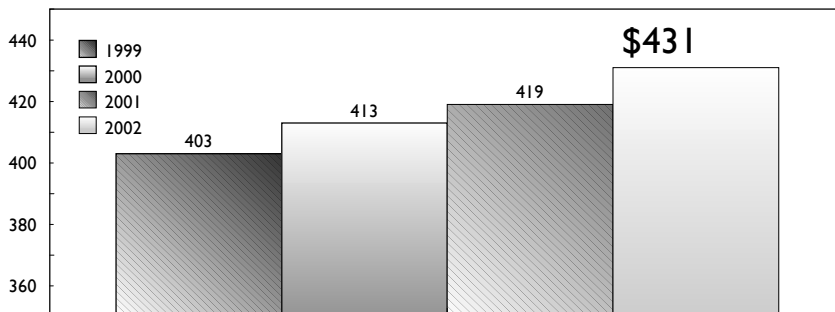
per cent). After several years of little or no rental hikes, landlords can now begin to catch up to a certain extent, given the recent housing scarcity situation.

Vacancy Rate to Fall Slightly in 2003

Once again next year, the vacancy rate is expected to fall in the Trois-Rivières area. Continued job creation, although at a slower pace, will support the rental housing demand. However, more vigorous apartment construction activity in 2002 will limit the decrease in the number of the vacant units. Overall, the area will end up with 2.7 per cent of its apartments available for rent in 2003, for a small decrease of 0.3 of a percentage point from the level recorded in 2002. As well, the tighter vacancy rate conditions observed in recent years will put upward pressure on rental rates. As a result, the rental increase will again exceed inflation and reach 2.5 per cent.

Falling Vacancy Rate Leads to Rental Increase

Average Monthly Rent (\$) - Two bedroom apartment



Source: CMHC (October Survey)

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 the 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 information is obtained from the owner, manager or building superintendent. The survey is usually conducted in the first two weeks of October and these results reflect market conditions at that time.

Definitions

Vacancy: A unit is considered vacant if, at 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.

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.

Market Zones

The various zones are described as follows:

Zone 1: Downtown

Zone 2: UQTR Sector

Zone 3: North Sector

Zone 1 to 3: City of Trois-Rivières

Zone 4: Municipality of Trois-Rivières-Ouest

Zone 5: Cap-de-la-Nadeleine and Ste-Marthe

Zone 6: Cap-de-la-Madeleine and St-louis-de-France

Zone 7: Municipality of Bécancour

Zone 1 to 7: Trois-Rivières Metropolitan Area

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

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I. Apartment Vacancy Rates (%)
By Market Zone and Bedroom Type

Trois-Rivières CMA

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
Downtown (1)	17.6	7.0	13.4	5.7	7.1	5.7	4.0	4.1	10.1	5.6
UQTR Sector (2)	5.7	5.3	3.3	2.4	1.9	0.9	3.9	0.6	3.1	1.8
North Sector (3)	***	***	2.5	1.4	1.6	1.4	0.3	0.4	1.8	1.2
City of Trois-Rivières (1-3)	12.5	6.0	7.4	3.6	3.8	2.8	2.3	1.5	5.4	3.1
Trois-Rivières-Ouest (4)	***	***	1.0	1.4	2.8	2.4	0.5	0.0	1.6	1.9
Cap-de-la-Mad & Ste-Marthe (5)	***	***	6.0	6.0	4.1	2.5	3.4	2.8	4.4	3.8
Cap-de-la-Mad & St-Louis (6)	***	***	4.3	2.3	3.0	2.1	9.4	3.8	5.4	2.6
Cap-de-la-Madeleine (5 - 6)	4.1	***	5.0	3.8	3.6	2.3	7.8	3.5	5.0	3.1
Bécancour (7)	13.3	***	5.9	8.0	7.8	5.6	7.8	11.9	7.7	8.7
Total - Trois-Rivières CMA	9.4	6.5	5.8	3.4	3.6	2.6	3.6	1.9	4.7	3.0

2. Apartment Average Rents (\$)
By Market Zone and Bedroom Type

Trois-Rivières CMA

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	2001	2002	2001	2002	2001	2002	2001	2002
Downtown (1)	276	293	329	349	362	384	406	427
UQTR Sector (2)	325	309	396	409	477	478	557	572
North Sector (3)	***	***	378	382	456	466	495	484
City of Trois-Rivières (1-3)	294	295	361	375	427	442	488	491
Trois-Rivières-Ouest (4)	***	***	351	359	435	447	485	483
Cap-de-la-Mad & Ste-Marthe (5)	***	***	374	399	404	415	393	417
Cap-de-la-Mad & St-Louis (6)	***	***	337	336	393	401	430	441
Cap-de-la-Madeleine (5 - 6)	284	***	355	368	400	408	421	435
Bécancour (7)	233	***	293	290	347	353	368	384
Total - Trois-Rivières CMA	293	292	358	370	419	431	467	473

3. Number of Apartments - Vacant and Universe (Units)

By Market Zone and Bedroom Type

Trois-Rivières CMA

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.	Vacant	Univ.
Downtown (1)	24	338	71	1,245	69	1,203	21	509	184	3,295
UQTR Sector (2)	15	282	19	799	9	982	3	467	46	2,529
North Sector (3)	***	***	10	750	16	1,180	3	722	32	2,741
City of Trois-Rivières (1-3)	42	708	100	2,793	94	3,365	26	1,698	262	8,565
Trois-Rivières-Ouest (4)	***	***	10	723	31	1,315	0	750	57	2,990
Cap-de-la-Mad & Ste-Marthe (5)	***	***	30	499	26	1,065	7	250	70	1,867
Cap-de-la-Mad & St-Louis (6)	***	***	16	717	22	1,023	26	680	66	2,543
Cap-de-la-Madeleine (5 et 6)	***	***	46	1,216	48	2,088	33	929	136	4,410
Bécancour (7)	5	28	8	100	7	126	8	67	28	321
Total - Trois-Rivières CMA	72	1,114	165	4,832	180	6,894	67	3,445	483	16,286

*** Not available or sample too small to be disclosed

**4. Apartment Average Rents (\$) With or Without Services
By Market Zone and Bedroom Type
Trois-Rivières CMA**

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	With Services	Without Services	With Services	Without Services	With Services	Without Services	With Services	Without Services
Downtown (1)	304	252	418	278	557	335	***	343
UQTR Sector (2)	***	***	433	333	535	425	***	456
North Sector (3)	***	***	381	376	475	457	515	458
Trois-Rivières-Ouest	***	***	374	358	456	448	458	478
Cap-de-la-Mad & Ste-Marthe (5)	***	***	322	463	397	418	439	399
Cap-de-la-Mad & St-Louis (6)	***	***	340	334	420	396	515	425
Bécancour (7)	***	***	284	321	350	358	***	385
Total - Trois-Rivières CMA	299	249	395	352	489	412	571	437

**Note : Average rents with services include heating, electricity and hot water. The reader will note that, in certain market zones, the average rent with services is lower than the rent without services. This phenomenon results from that recently built units, which are generally more expensive, are almost always offered without services, while older units usually include services. This is more frequent in zones where stock is newer.*

**5. Apartment Vacancy Rates (%)
By Structure Size and Bedroom Type
Trois-Rivières CMA**

Structure Size	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
3 to 5 units	5.9	16.0	9.8	4.9	4.6	5.1	1.9	1.5	5.4	4.5
6 to 19 units	15.7	4.5	5.9	3.6	3.3	1.9	4.4	2.3	4.8	2.5
20 to 49 units	10.8	3.9	3.2	1.7	3.6	1.5	4.3	1.1	4.5	1.8
50 to 99 units	1.0	1.9	0.8	0.8	1.1	0.0	***	***	0.8	0.7
100 units and more	4.8	7.4	2.5	3.3	0.7	1.3	0.0	***	2.7	4.5
Total - Trois-Rivières CMA	9.4	6.5	5.8	3.4	3.6	2.6	3.6	1.9	4.7	3.0

**6. Apartment Vacancy Rates (%) and Average Rents
By Year of Construction and Bedroom Type
Trois-Rivières CMA**

Year	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total
	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate	Rent	Vac. Rate
1990 or later	5.0	300	0.7	436	1.4	515	0.7	515	1.6
1980 to 1989	4.4	280	2.6	353	2.2	418	1.1	454	2.1
1970 to 1979	5.6	328	2.2	419	1.3	478	2.4	549	2.1
Before 1970	9.9	257	6.1	308	4.7	362	3.3	410	5.2

*** Not available or sample too small to be disclosed