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# ENTAL MARKET

# REPORT

Trois-Rivières

www.cmhc.ca

Canada Mortgage and Housing Corporation

## New decrease of the vacancy rate in Trois-Rivières

OCTOBER 2003 SURVEY

In 2003, the vacancy rate posted another decrease in the Trois-Rivières census metropolitan area (CMA). This was the sixth consecutive decline in the proportion of vacant units and, once again this year, one of the largest drops in the country. While the vacancy rate stood at 3.0 per cent in October 2002, it fell by half over one year, reaching 1.5 per cent in

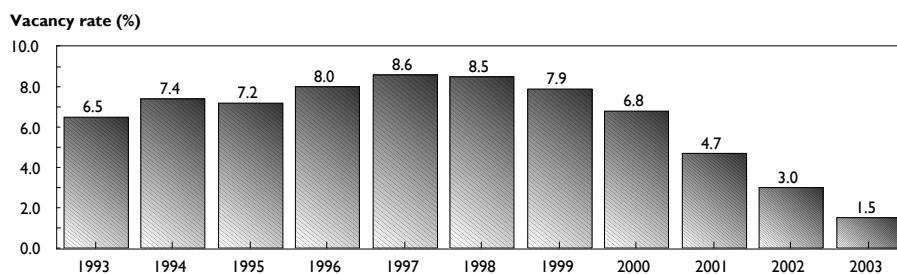
October 2003. This decrease was all the more notable in that this rate peaked at 8.6 per cent just six years ago. In Trois-Rivières, this is the lowest rate observed since 1976 (1.1 per cent). It should be noted, however, that the survey methodology at that time was slightly different from the one in effect today<sup>1</sup>.

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## Vacancy Rate Drops Again in Trois-Rivières



Source: CMHC (October survey)



HOME TO CANADIANS  
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<sup>1</sup> At that time, the survey covered buildings with six or more units, as opposed to three or more units in recent years.

The demographic context, along with improved economic conditions in the area, accounts for the current situation on the Trois-Rivières rental market. The children of the baby boomers, who themselves were born between 1947 and 1966, form the generation known as the “baby boom echo”. They are more numerous than the group that precedes them, and some are now old enough to work. Since 1996, the number of young people aged from 20 to 24 years has risen by 7 per cent in the area. In addition, the unemployment rate for the population aged under 25 years went from 24 per cent down to 15 per cent over the same period. Encouraged by better job prospects,

these young people drove up demand for rental housing in Trois-Rivières. What’s more, rental housing construction, other than retirement homes, has been sparse in the last few years, which caused the vacancy rate to fall more rapidly in Trois-Rivières.

### Some sectors experience vacancy rates under 1 per cent...

There used to be a major surplus of units available for rent, but the situation has changed considerably

in recent years. All sectors, with the exception of Bécancour, post vacancy rates under the level reflecting a balanced market, estimated at about 3 per cent. In certain sectors, the situation is difficult for renters seeking a dwelling that meets their expectations. In fact, in the Trois-Rivières-Ouest sector, just 0.9 per cent of apartments are still up for rent, while conditions are even more difficult in the northern sector of Trois-Rivières. In this zone, the proportion of vacant units stands at only 0.5 per cent. These central sectors, with many services nearby, continue to be preferred by renters. In the last

## Mauricie, vacancy rates are still high

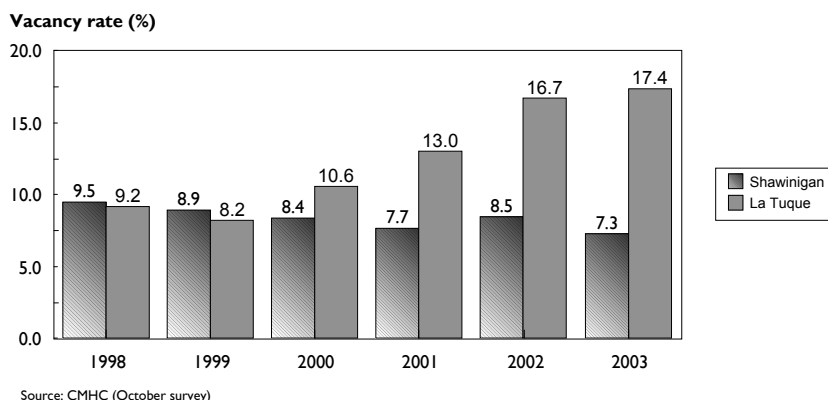
In the Shawinigan area, since the early 1990s, the vacancy rate has steadily remained in the range from 7 per cent to 9 per cent. The latest survey again revealed similar results, as 7.3 per cent of apartments were available for rent. However, this was an improvement of 1.5 percentage points over the level recorded in 2002. The shakier employment situation, affordable home prices and the exodus of young people caused the proportion of vacant dwellings to stay high, even with the lack of rental housing construction in recent years.

As for La Tuque, the situation is still difficult there, as 17.4 per cent of rental housing units remain unoccupied, compared to a proportion of 16.7 per cent in

October 2002. Even more so in La Tuque than in Shawinigan, the employment structure and

demographic trends are not creating a context that is favourable to the housing market.

### Vacancy Rates Higher Elsewhere in the Mauricie



Apartment Vacancy Rates		
Canada	2002	2003
<b>Metropolitan Areas</b>		
Abbotsford	2.0	2.5
Calgary	2.9	4.4
Charlottetown	2.2	3.5
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
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
Saskatoon	3.7	4.5
Sherbrooke	1.8	0.7
St. Catharines-Niagara	2.4	2.7
St. John's	2.7	2.0
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
<b>Total Canada</b>	<b>1.7</b>	<b>2.3</b>
<b>Québec Province</b>		
<b>Urban Areas from 50,000 to 99,999 inhabitants</b>		
Drummondville	2.2	2.5
Granby	2.5	1.7
Shawinigan	8.5	7.4
St-Jean-sur-Richelieu	0.6	0.5
<b>Sub-Total 50,000-99,999</b>	<b>3.0</b>	<b>2.6</b>
<b>Urban Areas from 10,000 to 49,999 inhabitants</b>		
Alma	5.0	7.0
Amos	13.0	12.0
Baie-Comeau	11.1	6.9
Cowansville	3.5	3.8
Dolbeau-Mistassini	4.7	4.9
Gaspé	6.5	4.5
Joliette	0.9	0.8
La Tuque	16.7	17.4
Lachute	1.0	1.8
Magog	1.4	0.4
Matane	10.8	9.7
Montmagny	1.4	0.3
Rimouski	2.6	0.9
Rivière-du-Loup	1.6	1.0
Roberval	3.7	4.0
Rouyn-Noranda	10.0	7.9
Salaberry-de-Valleyfield	2.2	1.5
Sept-Îles	9.2	5.2
Sorel-Tracy	5.8	4.3
St-Félicien	3.4	5.0
St-Georges	2.3	3.6
St-Hyacinthe	0.7	0.5
St-Lin	n.d.	1.7
Ste-Marie	3.1	1.3
Thetford-Mines	7.9	7.1
Val d'Or	11.7	6.4
Victoriaville	1.8	4.0
<b>Sub-Total 10,000-49,999 inhabitants*</b>	<b>4.5</b>	<b>3.6</b>
<b>Total Province of Québec</b>	<b>1.2</b>	<b>1.3</b>

few years, they have managed to obtain vacancy rates below the average for the area.

### ... and Bécancour posts a spectacular recovery

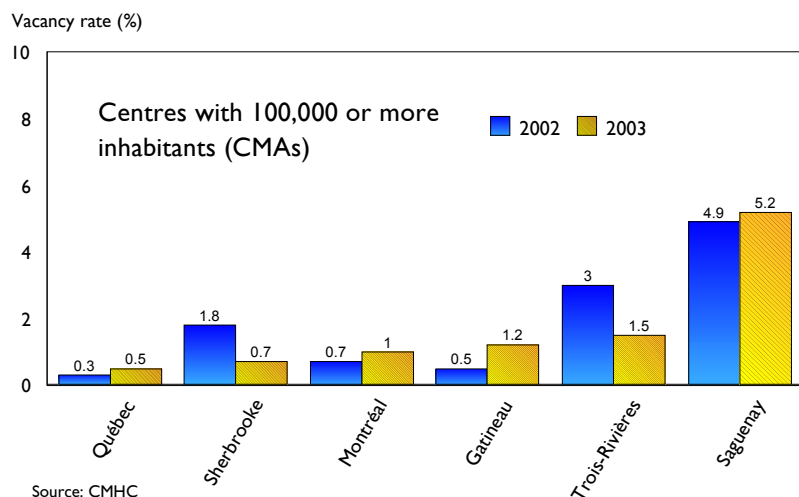
Conversely, Bécancour still has the highest vacancy rate, at 5.5 per

cent at the time of our latest survey. The good news, however, is that this rate is progressively moving away from the peaks recorded for many years. Since 1989, this is only the third year that the vacancy rate is below the 10-per-cent mark. In the early 1990s, the more difficult job market conditions and higher unemployment rate had driven up

## Rental market conditions in Quebec's six CMAs

Among the 28 CMAs across Canada, Saguenay sits on top. It is the area that has the highest vacancy rate, along with Saint John, New Brunswick. At the other end of the spectrum are Québec (0.5 per cent), Sherbrooke (0.7 per cent) and Montréal (1.0 per cent), which are the three CMAs with the tightest rental markets, in both the province and the country. To complete the overview of centres with 100,000 or more inhabitants in the province of Quebec, Gatineau and Trois-Rivières have vacancy rates of 1.2 per cent and 1.5 per cent, respectively.

### Vacancy Rates across Quebec



\* Now including Rimouski and Saint-Hyacinthe

the proportion of unoccupied units to stratospheric levels (close to 25 per cent).

## Low vacancy rates drive up rents

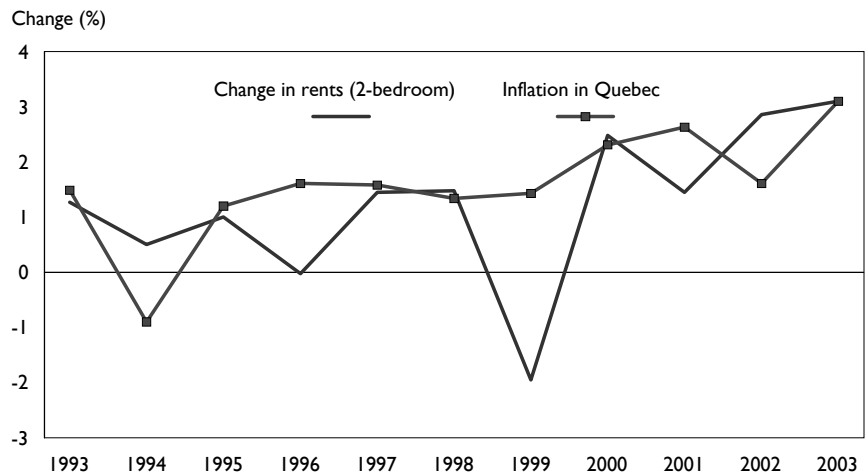
The average rent rose by 3.1 per cent over last year for all dwellings combined. This increase was comparable to the inflation rate observed over the corresponding period. Landlords are making do with more modest hikes, given the surplus situation that lasted for a long time in the area. For the last 15 years or so, rents have almost always risen at rates below inflation. With these difficult times still in mind, landlords are sometimes hesitant to raise their rents significantly for fear of causing some tenants to leave.

Even after the gains noted for the past two years, rents are relatively low in relation to the other CMAs across Quebec. By comparison, a two-bedroom apartment, which costs an average of \$436 in Trois-Rivières, rents for \$457 in Saguenay, \$575 in Montréal and \$639 in Gatineau.

## Vigorous housing starts activity attributable to retirement home construction

Over the past two years, many retirement housing units have been started, and this market segment has garnered most of the new constructions. The aging of the

## Rental Increase Nears Inflation



population has created a market niche offering good prospects for the future, and developers have not hesitated to seize this opportunity. In addition to a higher immediate profitability than that provided by the traditional rental market, these future prospects are exactly what developers are counting on.

It is in the standard quality traditional rental housing segment that conditions are more difficult, given the low rents on the market. In fact, these rents are not sufficiently high to make the construction of a standard building profitable, which explains why builders are more interested in units targeting the booming retirement housing market.

## Newer dwellings preferred by renters

According to the survey results,

newer apartments are the most popular among renters, again this year. A review of projects built since 1990 reveals that barely 0.4 per cent were vacant at the time of the latest survey. And, the vacancy rate rises progressively with the age of the buildings, attaining 2.8 per cent in the case of structures built before 1970. Since newer buildings are generally more expensive, rental rates are therefore not the main factor influencing the decision to rent.

In effect, the relation between price and rental performance seems to be inverted. A two-bedroom apartment rents for an average of \$513 in a building aged under 13 years, and very few of these units are available for rent (0.2 per cent). Conversely, 2.1 per cent of dwellings of the same size built before the 1970s are unoccupied, even though their average rent is just \$363. Renters do not hesitate

to pay somewhat more to get a little more comfort and luxury in newer buildings. However, older units, offering a certain charm and having been well maintained or renovated, can still manage to do quite well.

## Vacancy rate to rise slightly in 2004

While the total population was declining in the Trois-Rivières area, the number of young people aged from 20 to 24 years rose by 7 per cent between 1996 and 2001. Benefiting from improved job market conditions in the last few years, they boosted demand for rental housing. This “baby boom echo” phenomenon, combined with the low volume of conventional rental housing starts, accounts for the significant decrease in the

## Larger Dwellings Sought by Renters



number of vacant units observed in 2003. During 2004, this pressure on demand will be offset by the arrival of new retirement housing

units and new subsidized rental dwellings. As a result, the vacancy rate will rise to about 2.5 per cent in October 2004.

### THE RETIREMENT HOME MARKET STUDY

The Canada Mortgage and Housing Corporation's Market Analysis Center publishes reports on the Retirement Homes for six Metropolitan Areas in Québec (Saguenay, Gatineau, Montréal, Québec, Sherbrooke and Trois-Rivières).

These are the most comprehensive tools for developers and investors interested in this promising real estate segment and are based on the latest CMHC's data available in 2002.

**Customer Service Department**

at 1 866 855-5711

or by Email: [cam\\_qc@cmhc.ca](mailto:cam_qc@cmhc.ca)

## Financial Health of Renter Households in Quebec<sup>1</sup>

A widely used affordability criterion is the « 30 per cent threshold ». According to this criteria, a household that allocates 30 per cent or more of its gross income on housing does not live in an affordable home. From 1996 to 2001, the proportion of renter households in Quebec spending more than the affordability threshold on housing declined. This is what was revealed by the data on shelter costs and household income collected by Statistics Canada at the time of its last two censuses. While, in 1996, 36 per cent of renter households in Quebec allocated 30 per cent or more of their income on housing costs, only 31 per cent did so in 2001. Across Canada, the situation also improved, but to a lesser extent, as this proportion went from 37 per cent down to 35 per cent over the same period. In 2001, among the ten Canadian provinces, Quebec had the lowest percentage of renter households spending 30 per cent or more of their income on housing. These results are not really surprising, given that Quebec has the lowest average rents.

The table below shows the relation between the changes in affordability and the increase in the average rent for a two-bedroom unit from 1996 to 2001 in the six census metropolitan areas (CMAs) across Quebec. It can be noted that, despite more significant increases in the average rents in the CMAs of Montréal (7.5 per cent), Gatineau (6.7 per cent) and Québec (5.3 per cent), these were the areas where affordability improved the most. These were also the areas where the proportions of renter households exceeding the affordability threshold were the lowest in 2001. Conversely, in the CMAs where the average rents rose less significantly, namely, Sherbrooke (4.7 per cent), Saguenay (3.8 per cent) and Trois-Rivières (3.5 per cent), the improvements in affordability were less remarkable. In addition, their percentages of renter households who spent more than the affordability threshold were greater than the average for Quebec. This therefore suggests that renters in the Montréal, Gatineau and Québec CMAs saw their incomes rise more rapidly than those in Sherbrooke, Saguenay or Trois-Rivières and that they are financially more at ease.

	Percentage of renter households spending 30% or more of their income on housing		Increase in the average rent for a two-bedroom unit from 1996 to 2001
	1996	2001	
Quebec	35.8%	31.0%	
Canada	36.9%	34.6%	
<b>CMA</b>			
Gatineau	35.0%	29.5%	6.7%
Québec	35.8%	30.8%	5.3%
Montréal	37.4%	31.6%	7.5%
Saguenay	33.5%	32.0%	3.8%
Sherbrooke	37.9%	33.0%	4.7%
Trois-Rivières	37.7%	34.1%	3.5%

Sources: Statistics Canada and CMHC

<sup>1</sup> This article was based on information contained in the research report *2001 Census Housing Series Issue 1: Housing Affordability Improves*, Research Highlights, Socio-economic Series 03-017, Canada Mortgage and Housing Corporation, September 2003.

## **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:*

## **Customer Service Department**

at 1 866 855 5711

or by E-mail: [cam\\_qc@cmhc.ca](mailto:cam_qc@cmhc.ca)

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

**Trois-Rivières CMA**

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Downtown (1)	7.0	***	5.7	3.3	5.7	1.3	4.1	3.0	5.6	2.7
UQTR Sector (2)	5.3	3.3	2.4	1.1	0.9	0.9	0.6	1.6	1.8	1.4
North Sector (3)	***	***	1.4	0.7	1.4	0.2	0.4	0.8	1.2	0.5
Former Trois-Rivières City (1-3)	6.0	3.8	3.6	2.0	2.8	0.8	1.5	1.6	3.1	1.6
Trois-Rivières-Ouest (4)	***	***	1.4	1.3	2.4	0.9	0.0	0.3	1.9	0.9
Cap-de-la-Mad & Ste-Marthe (5)	***	***	6.0	1.4	2.5	1.5	2.8	0.8	3.8	1.4
Cap-de-la-Mad & St-Louis (6)	***	***	2.3	1.3	2.1	1.4	3.8	1.0	2.6	1.3
Cap-de-la-Madeleine (5 - 6)	***	***	3.8	1.4	2.3	1.5	3.5	0.9	3.1	1.3
City of Trois-Rivières (1-6)	6.2	2.8	3.3	1.8	2.6	1.0	1.7	1.2	2.9	1.4
Bécancour (7)	***	7.3	8.0	2.5	5.6	7.6	11.9	6.0	8.7	5.5
<b>Total - Trois-Rivières CMA</b>	<b>6.5</b>	<b>2.9</b>	<b>3.4</b>	<b>1.8</b>	<b>2.6</b>	<b>1.2</b>	<b>1.9</b>	<b>1.3</b>	<b>3.0</b>	<b>1.5</b>

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

**Trois-Rivières CMA**

Zone	Bachelor		1-Bedroom		2-Bedroom		3-Bedroom +	
	2002	2003	2002	2003	2002	2003	2002	2003
Downtown (1)	293	***	349	360	384	371	427	446
UQTR Sector (2)	309	342	409	427	478	495	572	588
North Sector (3)	***	***	382	388	466	469	484	501
Former Trois-Rivières City (1-3)	295	317	375	390	442	445	491	516
Trois-Rivières-Ouest (4)	***	***	359	373	447	457	483	496
Cap-de-la-Mad & Ste-Marthe (5)	***	***	399	405	415	416	417	435
Cap-de-la-Mad & St-Louis (6)	***	***	336	339	401	407	441	445
Cap-de-la-Madeleine (5 - 6)	***	***	368	373	408	412	435	443
City of Trois-Rivières (1-6)	293	315	371	384	432	437	474	493
Bécancour (7)	***	248	290	294	353	366	384	387
<b>Total - Trois-Rivières CMA</b>	<b>292</b>	<b>314</b>	<b>370</b>	<b>382</b>	<b>431</b>	<b>436</b>	<b>473</b>	<b>491</b>

**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)	***	***	43	1,299	15	1,155	16	531	90	3,291
UQTR Sector (2)	8	242	9	808	9	975	8	498	34	2,524
North Sector (3)	***	***	5	731	2	1,103	6	822	14	2,753
Former Trois-Rivières City (1-3)	24	646	57	2,838	26	3,234	30	1,851	138	8,568
Trois-Rivières-Ouest (4)	***	***	9	677	13	1,388	2	756	27	3,041
Cap-de-la-Mad & Ste-Marthe (5)	***	***	8	591	18	1,149	2	221	28	2,042
Cap-de-la-Mad & St-Louis (6)	***	***	9	688	15	1,080	7	693	35	2,669
Cap-de-la-Madeleine (5 et 6)	***	***	18	1,279	32	2,228	8	915	63	4,711
City of Trois-Rivières (1-6)	32	1,154	84	4,794	71	6,830	41	3,522	229	16,320
Bécancour (7)	3	41	3	122	10	131	4	67	20	361
<b>Total - Trois-Rivières CMA</b>	<b>35</b>	<b>1,195</b>	<b>87</b>	<b>4,916</b>	<b>81</b>	<b>6,961</b>	<b>45</b>	<b>3,589</b>	<b>249</b>	<b>16,681</b>

\*\*\* 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)	***	***	437	292	***	344	***	382
UQTR Sector (2)	347	***	444	***	549	428	633	***
North Sector (3)	***	***	378	***	474	459	524	477
Former Trois-Rivières City (1-3)	365	***	***	372	***	458	***	496
Trois-Rivières-Ouest (4)	326	***	424	316	516	402	600	440
Cap-de-la-Mad & Ste-Marthe (5)	***	***	***	***	***	418	***	***
Cap-de-la-Mad & St-Louis (6)	297	***	342	344	***	406	***	434
City of Trois-Rivières (1-6)	324	***	408	361	489	419	579	456
Bécancour (7)	***	***	293	299	***	369	***	388
<b>Total - Trois-Rivières CMA</b>	<b>323</b>	<b>***</b>	<b>405</b>	<b>360</b>	<b>489</b>	<b>418</b>	<b>579</b>	<b>454</b>

\*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	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
3 to 5 units	16.0	14.8	4.9	2.1	5.1	0.9	1.5	1.2	4.5	1.7
6 to 19 units	4.5	2.5	3.6	2.3	1.9	1.4	2.3	1.3	2.5	1.6
20 to 49 units	3.9	0.4	1.7	0.2	1.5	0.5	1.1	0.6	1.8	0.4
50 to 99 units	1.9	1.4	0.8	0.3	0.0	3.3	***	4.2	0.7	1.2
100 units and more	7.4	2.3	3.3	1.7	1.3	1.7	***	2.9	4.5	2.0
<b>Total - Trois-Rivières CMA</b>	<b>6.5</b>	<b>2.9</b>	<b>3.4</b>	<b>1.8</b>	<b>2.6</b>	<b>1.2</b>	<b>1.9</b>	<b>1.3</b>	<b>3.0</b>	<b>1.5</b>

**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	1.1	285	0.2	445	0.2	513	0.4	529	0.4
1980 to 1989	0.9	286	1.2	357	0.9	425	0.9	462	1.0
1970 to 1979	5.0	361	1.2	426	1.1	480	1.2	567	1.4
Before 1970	5.6	266	3.4	323	2.1	363	2.2	435	2.8

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