RENTAL MARKET REPORT

Windsor

Canada Mortgage and Housing Corporation

WINDSOR CMA VACANCY RATE TOPS 4 PER CENT IN 2003

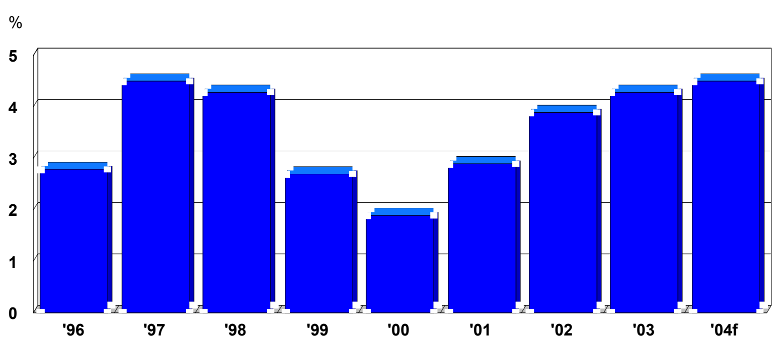
ANNUAL SURVEY
OCTOBER 2003

Landlords were faced with an increasing challenge in attracting and keeping tenants in 2003. For the third year in a row the apartment vacancy rate increased in the Windsor Census Metropolitan Area (CMA). The rate hit 4.3 per cent, up from 3.9 per cent recorded in the October 2002 survey. The lure of low mortgage rates and the comparable carrying cost between homeownership and rental payments continued to draw renters out of apartments.

The move to homeownership as evidenced by the booming new construction and hot resale markets explain most of the decline in demand for rental units. Mortgage interest rates did not rise as anticipated in 2003. The continuing low rates urged any possible fence sitters to switch from renting to owning. On the other hand, while employment among the 15-24 year-old "prime renters" is still below levels three years ago, it has stabilized. Also in-migration to the Windsor-Essex area has been very strong.

However, these two positive factors have not offset the strong movement of renter households to homeownership. Due to the

Apartment vacancies up in 2003



Source: CMHC

IN THIS ISSUE

Continued on page 2

Margot Stevenson
CMHC Market Analysis, London Office
Tel: (519) 873-2407 Fax: (519) 438-5266
mstevens@cmhc-schl.gc.ca * www.cmhc.ca

HIGHLIGHTS

•The vacancy rate for private apartments in the Windsor CMA rose to 4.3 per cent from 3.9 per cent in October 2002 .

• Vacancy rates are higher in one, two, and three or more bedroom units while dropping for bachelors.

• Rents for bachelor and three or more units increased the most at 2.7 per cent and 6.3 per cent respectively.

• Rent increases for one and two bedroom units were only 1.8 per cent and 0.9 per cent respectively.

• Limited supply of traditional apartment units in the last 12 months.

• Softer demand as renters move to the ownership market due to historically low mortgage rates.

• Trend for young adults to stay in family home long and move directly into homeownership.

• The Windsor CMA private apartment vacancy rate is expected to edge up to 4.5 per cent in 2004, while the average rent for a two bedroom unit is expected to reach $790 in 2004.

affordability of homeownership in the area with an average MLS house price of $155,300 in October and two bedroom rents that rate as the highest in South Western Ontario, most of these new migrants turned to ownership.

On the supply side there were no new rental units completed in 2003. Currently there are 26 rental units under construction, spreadout at several different locations across the City. The University of Windsor also had its new residence ready for September.

Most zones in Windsor City have higher vacancies

All zones in the Windsor CMA experienced higher vacancies in 2003 except for zone 2. The rate in zone 2 east inner, dropped from 5.5 per cent last year to 4.5 per cent in 2003 however this is still significantly above the rate of 2.6 per cent in 2001. This area is located next to the core and near the Windsor Casino. Modest rent increases of under two per cent this year have contributed to the declining rate in this zone. In particular, the two bedroom vacancy rate has declined from a high of 7.3 per cent last year to the second lowest in 2003 at 4.1 per cent. All of the two bedroom vacancies in this zone were in buildings built before 1986.

Zone 1 - centre had the least change in vacancy rate going from 4.0 per cent to 4.2 per cent. This is the zone encompassing the downtown area and the new Chrysler headquarters. Demand for one bedroom units increased as downtown workers looked for accommodation close to work.

Zone 4 -west which includes the University of Windsor and St. Clair College, had one of the smallest increases in vacancy rates along with zone 3 - east outer. Zone 4 rose from 4.3 per cent to 4.6 per cent due to the demand from students for accommodation. The University of Windsor reported a 31 per cent increase in first year enrolment. This was offset by the new residence built by the university and the fact that many of the

Methodology

CMHC conducts the Rental Market Survey every year in October to determine the number of vacancies and the rents charged in private structures. The survey is conducted on a sample basis in all urban areas with populations of 10,000 or more. Only structures that have been on the market for at least three months are included. The survey is conducted by telephone or site visit and information is obtained from the owner, manager, or building superintendent. The survey is conducted in the first two weeks of October and the results reflect market conditions at that time.

students expected from the double cohort delayed returning to post secondary education in the fall due to the anticipated surplus of applications.

The vacancy rate in older buildings was more elevated in 2003, as renters with a wide selection of units from which to choose, looked to newer, more updated buildings.

Economic Outlook

With limited new supply on the market, demand factors continue to drive the rental market in the Windsor CMA. Employment levels in Windsor were up by 1.5 per cent (2,400) in the third quarter compared to one year earlier. This was the smallest year over year increase since second quarter 2002. The trend to stay in the parental home for a longer period of time is confirmed by the 2001 Census which found that 43.4 per cent of young adults aged 20-29 lived with their parents. This compares to a rate of 36.1 per cent in London. This indicates a shift in the traditional life-cycle model where young adults move out of the family home into rental accommodations. It now appears that many young adults are staying home and saving a downpayment to move straight to homeownership and bypass the rental market altogether.

Job growth has been sluggish for both young adults and the 25-44 year segments in the Windsor area in September 2002. The local economy has been impacted by the slowdown in automotive demand, and the rising Canadian dollar which impacts the cost of Canadian exports. Strong job growth in 2001 and 2002 has been maintained however and this combined with income growth through lucrative contract settlements has allowed more renter households to switch to homeownership in the past 12 months.

Both the new and resale ownership housing markets were very active in Windsor in 2003. The number of homes sold through the Windsor Essex County Real Estate Board was up eight per cent in the first ten months. By year-end, resale homes will have gained nearly four per cent in equity on average.

Single-detached new housing construction is on the way to hit 1,600 units , down slightly from 2002's activity but still considered a strong year, and hit the 1,600 level again in 2004.

With renters moving to homeownership, combined with an increase in job-seeking migrants, Windsor's rental market was very dynamic in 2003. However, because overall vacancies increased, stronger economic and income growth did not result in higher achievable rents.

Two bedroom apartment rents rose by only $7 following an increase of $31, or 4.2 per cent, to $769 in the October 2002 survey. Average rents in Windsor tend to increase sporadically. Rent increases in one bedroom units rose $12 to $650 or a gain of only 1.8 per cent due to weaker demand.

Actual vacant row units totalled only 41 units in the 2003 survey but due to the small size of the universe (584), the vacancy rate for the Windsor CMA rose from 3.6 per cent in 2002 to 7 per cent. The row universe includes 4 federal index linked mortgage co-ops which represent 44 per cent of the supply. The universe has been shrinking due to conversions to homeownership.

Rental Market Outlook

The Windsor CMA will continue to lose renters to the homeownership market in 2004. Although both resale and new home prices will see further increases, mortgage rates are forecast to increase only marginally next year. Historically low mortgage rates will still attract renters to the homeownership market.

With no significant rental supply anticipated in 2004, the above mentioned demand factor will see the vacancy rate edge up to 4.5 per cent. A third year of higher vacancies will keep the rent increases in check. The average rent for the benchmark two bedroom unit will increase less than two per cent to $790 in 2004.

Acknowledgement

The success of the Rental Market Survey depends on the co-operation of property owners and managers across Canada. We acknowledge their assistance in providing timely and accurate information. We sincerely hope that the results of this work will provide a benefit to these clients and the entire housing industry.

CANADA'S VACANCY RATE RISES TO 2.2%

The average rental apartment vacancy rate in Canada's 28 metropolitan centres rose to 2.2 per cent from 1.7 per cent in October 2002 but is below the average of 3.4 per cent over the 1992 to 2002 period. This is the second consecutive annual increase in the vacancy rate since 1992.

The rise in the vacancy rate over the past year reflects a number of factors. Foremost among these are low mortgage rates, which reduced mortgage carrying costs and lessened demand for rental housing units bringing homeownership within the reach of many renter households. Vacancy rates also rose because rental apartment completions added new rental supply in many centres. Nationally, vacancy rates have increased across the range of rent levels in a number of large centres. Nevertheless, at the most affodable level there is still an inadequate supply of units. Therefore, there is a need to add to the affordable rental stock. This fact is reinforced by evidence that a large proportion of low income families have to pay more than 30 per cent of their income on rent.

Private Apartment structures with 3 or more rental units

2003 Rank	Census Metropolitan Area (CMA)	Vacancy Rate (%) 2002	2003	2003 Universe	Vacant Units
1	Québec	0.3	0.5	76,046	399
2	Sherbrooke	1.8	0.7	24,943	166
3	Montréal	0.7	1.0	479,688	4,986
4	Victoria	1.5	1.1	23,717	255
5	Gatineau	0.5	1.2	19,433	238
6	Winnipeg	1.2	1.3	54,096	717
7	Trois-Rivières	3.0	1.5	16,681	249
8	Kingston	0.9	1.9	11,484	223
9	St. John's	2.7	2.0	4,496	89
9	Vancouver	1.4	2.0	107,493	2,165
11	London	2.0	2.1	38,825	797
11	Regina	1.9	2.1	11,477	238
12	Halifax	2.7	2.3	36,625	858
13	Abbotsford	2.0	2.5	4,114	101
14	St. Catharines-Niagara	2.4	2.7	16,169	435
15	Ottawa	1.9	2.9	60,045	1,744
15	Oshawa	2.3	2.9	11,246	328
16	Hamilton	1.6	3.0	42,213	1,269
17	Kitchener	2.3	3.2	25,996	838
18	Thunder Bay	4.7	3.3	5,390	180
19	Edmonton	1.7	3.4	66,332	2,259
20	Charlottetown CA*	2.2	3.5	3,734	31
21	Greater Sudbury	5.1	3.6	11,065	396
22	Toronto	2.5	3.8	302,481	11,484
23	**Windsor**	**3.9**	**4.3**	**14,896**	**635**
24	Calgary	2.9	4.4	43,245	1,908
25	Saskatoon	3.7	4.5	15,431	689
26	Saguenay	4.9	5.2	8,576	443
26	Saint John	6.3	5.2	9,512	494
	Canada (1)	**1.7**	**2.2**	**1,545,449**	**34,614**

(1) weighted average of metropolitan areas surveyed. Abbotsford and Kingston were not CMAs in 2001.

***Census Agglomeration (CA)**

Vacancy rates were higher than one year ago in 20 of Canada's 28 metropolitan areas. Saint John, Saguenay, Saskatoon, Calgary and Windsor had the highest vacancy rates, while Quebec City, Sherbrooke, Montreal, Victoria and Gatineau were among the cities with the lowest vacancy rates.

Vacancy rates were higher in nine of Ontario's 11 metropolitan areas. Only Greater Sudbury and Thunder Bay had lower vacancy rates than last year. Rates increased by at least one percentage point in Hamilton, Toronto, Kingston and Ottawa.

In Quebec, four of six metropolitan areas had higher vacancy rates than in 2002. Vacancy rates in Sherbrooke and Trois-Rivieres declined by more that one per cent each. The greatest relative increase occurred in Gatineau, while Montreal, Quebec, and Saguenay vacancy rates rose modestly. In the Prairies and British Columbia, vacancy rates went up in seven of eight metropolitan areas, the only exception being Victoria. In Calgary and Edmonton, the vacancy rates rose by 1.5 percentage points and 1.7 percentage points respectively.

In Atlantic Canada, the vacancy rate declined in all three centres. The vacancy rate in Saint John (NB) declined to 5.2 per cent, the highest rate of all Canadian Metropolitan Areas. Rates declined in St.John's (NFLD) to 2.0 per cent and in Halifax to 2.3 per cent.

TABLE 1: APARTMENT VACANCY RATES

Vacancy rates by zone for private 3+ unit buildings (%) Windsor CMA										
Rental	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
Sub-market	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Centre	4.2	4.7	8.1	7.5	3.6	3.7	4.5	5.5	**	**
Zone 2 - E. Inner	5.5	4.5	**	**	3.1	4.8	7.3	4.1	**	**
Zone 3 - E. Outer	4.3	4.6	2.5	1.1	3.4	3.5	5.9	6.8	**	**
Zone 4 - West	3.1	3.4	1.8	2.7	2.9	2.9	2.8	3.2	**	**
Zones 1-4 Windsor City	4.1	4.3	5.0	4.8	3.3	3.6	5.0	5.1	4.7	6.0
Zone 5	N/A	**	N/A	**	N/A	**	N/A	**	N/A	**
Zone 6 - Remainder	1.4	2.8	**	**	2.1	**	0.7	**	**	**
Windsor CMA	**3.9**	**4.3**	**5.0**	**4.9**	**3.2**	**3.5**	**4.6**	**4.9**	**4.7**	**6.0**

TABLE 2: APARTMENT STOCK AND VACANCIES

Private 3+ unit apartment universe and vacancies by zone Windsor CMA										
Rental	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
Sub-market	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe
Zone 1 - Centre	233	4,916	33	433	93	2,495	103	1,866	**	**
Zone 2 - E. Inner	101	2,248	**	**	46	962	43	1042	**	**
Zone 3 - E. Outer	158	3,399	4	315	57	1,595	98	1,428	**	**
Zone 4 - West	118	3,447	6	208	54	1,865	42	1,306	**	**
Zones 1-4 Windsor City	609	14,010	49	1,019	249	6,917	285	5,642	26	431
Zone 5	N/A	**	N/A	**	N/A	**	N/A	**	N/A	**
Zone 6 - Remainder	16	578	**	**	**	**	**	**	**	**
Windsor CMA	**635**	**14,896**	**51**	**1,026**	**256**	**7,301**	**300**	**6,101**	**28**	**467**

TABLE 3: APARTMENT VACANCY RATES

Vacancy rates by age of building and sub-market (%) Windsor CMA										
Rental	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
Sub-market	Before 1986	1986 and later	Before 1986	1986 and later	Before 1986	1986 and later	Before 1986	1986 and later	Before 1986	1986 and later
Zone 1 - Centre	4.9	1.8	7.5	N/U	3.8	0.0	5.9	2.4	**	**
Zone 2 - E. Inner	4.4	6.3	**	N/U	4.8	N/U	4.3	0.0	**	**
Zone 3 - E. Outer	4.9	0.7	1.1	N/U	3.7	0.0	7.3	1.2	**	**
Zone 4 - West	3.3	4.8	2.8	0.0	2.9	0.0	3.7	1.3	**	**
Zone 5	N/A	**	N/A	**	N/A	**	N/A	**	N/A	**
Zone 6 - Remainder	3.6	0.0	0.0	N/U	2.5	0.0	4.9	0.0	**	**
Windsor CMA	**4.4**	**2.9**	**5.0**	**0.0**	**3.6**	**0.0**	**5.4**	**1.3**	**2.3**	**15.4**

Codes Used In Tables:

Code	Definition
N/U	No units of thie type in the Universe
N/A	Used when there are no structures in sample
**	Information not released to ensure confidentiality and accuracy of survey results

TABLE 4: APARTMENT VACANCY RATES

Vacancy rates by size of building (%)
Windsor CMA

No. of Rental Units in the Building	All Units			Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2001	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
3 - 5 Units	5.2	7.5	7.4	**	**	7.2	4.7	8.1	8.7	3.6	**
6 - 19 Units	3.0	4.5	5.0	9.9	8.5	4.0	5.5	3.7	3.2	**	**
20 - 49 Units	2.4	3.2	3.6	5.4	3.9	3.4	3.5	2.4	3.8	**	**
50 - 99 Units	1.6	2.6	2.6	1.6	**	1.8	1.4	3.7	3.7	4.5	**
100+ Units	3.0	3.3	**	**	**	1.7	**	5.9	**	**	**
All Sizes	2.9	3.9	4.3	5.0	4.9	3.2	3.5	4.6	4.9	4.7	6.0

TABLE 5: APARTMENT VACANCY RATES

Vacancy rates by structure height (%)
Windsor CMA

Building Height	All Units			Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	2001	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1 - 4 Storeys	4.1	5.5	6.1	6.4	6.6	4.5	5.0	6.4	7.0	6.8	9.9
5 - 9 Storeys	1.3	1.6	1.6	0.0	2.5	1.8	1.4	1.2	2.0	**	**
10+ Storeys	1.5	2.9	2.6	**	**	2.1	2.5	4.2	3.3	**	**
All heights	2.9	3.9	4.3	5.0	4.9	3.2	3.5	4.6	4.9	4.7	6.0

TABLE 6: PRIVATE APARTMENT UNIVERSE

Apartment vacancies and universe by building age
Windsor CMA

Completion Year	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe
Pre-1960	270	3,643	40	506	120	1,749	102	1,300	8	89
1960-1975	166	5,393	10	482	89	2,976	67	1,732	0	203
1976-1985	169	4,856	0	33	47	2,419	122	2,361	0	44
1986 and later	29	1,003	0	5	0	157	9	708	20	132
Total	**635**	**14,896**	**51**	**1,026**	**256**	**7,301**	**300**	**6,101**	**28**	**467**

TABLE 7: APARTMENT STOCK AND VACANCIES

Private apartment universe and vacancies by structure size
Windsor CMA

No. of Rental Units in the Building	All Units		Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +	
	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe	Vacant Units	Universe
3 - 5 Units	152	2,051	**	**	29	609	107	1,224	**	**
6 - 19 Units	168	3,349	18	213	96	1,753	41	1,290	**	**
20 - 49 Units	142	3,930	13	331	77	2,179	52	1,368	**	**
50 - 99 Units	73	2,815	**	**	21	1,469	42	1,142	**	**
100+ Units	**	**	**	**	**	**	**	**	**	**
All sizes	**635**	**14,896**	**51**	**1026**	**256**	**7,301**	**300**	**6,101**	**28**	**467**

TABLE 9: APARTMENT RENTS

Average rents by bedroom type and sub-market area ($)
Windsor CMA

Rental Sub-market	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom+	
	2002	2003	2002	2003	2002	2003	2002	2003
Zone 1 - Centre	429	450	626	634	767	773	**	**
Zone 2 - E. Inner	**	**	629	654	762	777	**	**
Zone 3 - E. Outer	527	537	676	683	782	794	**	**
Zone 4 - West	500	514	618	645	759	775	**	**
Zones 1-4 Windsor City	481	494	636	651	769	779	912	968
Zone 5 - Amherstburg Twp	N/A	**	N/A	**	N/A	**	N/A	**
Zone 6 - Remainder	**	**	668	**	772	**	**	**
Windsor CMA	**481**	**494**	**638**	**650**	**769**	**776**	**906**	**963**

TABLE 10: APARTMENT RENTS

Average rents by age of building, bedroom type and sub-market area($)
Windsor CMA

Rental Sub-market	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom+	
	Before 1986	1986 & Later	Before 1986	1986 & Later	Before 1986	1986 & Later	Before 1986	1986 & Later
Zone 1 - Centre	450	N/U	634	600	773	777	**	**
Zone 2 - E. Inner	515	N/U	654	N/U	779	731	**	**
Zone 3 - E. Outer	537	N/U	682	703	793	801	**	**
Zone 4 - West	512	584	645	654	764	822	**	**
Zone 5 - Amherstburg Twp	N/A	**	N/A	**	N/A	**	N/A	**
Zone 6 - Remainder	395	N/U	614	600	682	687	848	N/U
Windsor CMA	**493**	**584**	**650**	**656**	**775**	**783**	**983**	**905**

ZONE DEFINITIONS

Zone	Zone Name	BOUNDARIES North	East	South	West
1*	Centre	Detroit River	Pierre, Moy Parkwood	C.P. Rail, Ypres Blvd.	Conrail
2*	East Inner	Detroit River	Buckingham, Raymo, Norman, Chrysler	C.P. Rail, Tecumseh Rd.	Zone 1
3*	East Outer	Detroit River	City Limit	City Limit	Zone 2
4*	West	Conrail	Howard Avenue	City Limit	Zone 3
5**	Amherstburg Twp				
6	Rest of CMA	Includes: Essex T., LaSalle T., Lakeshore Twp., St. Clair Beach V./ Sandwich South Twp./Tecumseh T.			

* Indicates zone in the city of Windsor

METHODOLOGY

Canada Mortgage and Housing Corporation conducts the Rental Market Survey every year during the first two weeks of October. The purpose of the survey is to objectively measure the number of vacancies and the rents charged in rental buildings. The survey is conducted by telephone or site visit with information on rents obtained from the owner, property manager or building superintendent. All markets in Canada with populations over 10,000 are surveyed. Buildings which have been recently completed must be on the market for at least three months before they are included in the survey universe. While this report focuses on privately-initiated apartment buildings which have three or more units available for rent, the CMHC survey also covers private row housing developments and all publicly-assisted rental, non-profit and co-op housing projects.

DEFINITIONS

Vacancy: A unit is considered vacant if it is physically unoccupied and available for immediate rental at the time of the survey.

Rent: This is the actual amount a tenant pays per month for their unit. A rental incentive, for example, first month free is not pro-rated over the 12-month lease. Amenities and services such as heat, light, hot water, cable and laundry facilities may or may not be included in the monthly rents reported. The weighted average rent figures in this report represent the average of different units in the market area, some of which may have some or all of these services.

Rental apartment: Any building which is not ground-oriented and contains three or more units available for rent. Owner-occupied units(s) are not included in the rental building's unit count. For example, an owner-occupied tri-plex would be excluded from the survey (less than three units), while an owner-occupied four-plex would be counted as a three unit rental building.

Rental row house: Any building containing three or more ground-oriented rental units.

Condominiums: Registered condominium apartment and row developments are included in the rental universe if the units are tenant-occupied and vacancies are available for rent. Contact your local CMHC office for clarification on developments which are occupied by both homeowners and tenants.

Reliability: The comprehensive coverage of CMHC's rental survey ensures reliable results by bedroom type; structure size and height; age and for the six Census-based zones which make up the Windsor Census Metropolitan Area (CMA).

Aussi disponible en francais