



EAST FAX

RENTAL MARKET REPORT

Red Deer

Canada Mortgage and Housing Corporation

Apartment Vacancies Increase in 2003

November 2003

According to results released today from Canada Mortgage and Housing Corporation's annual Rental Market Survey, the apartment vacancy rate in Red Deer increased from 4.0 per cent in October 2002 to 4.3 per cent in October 2003. This is the highest vacancy rate recorded in six years.

The marginal increase in the overall vacancy rate is masking the dynamic forces at work in the rental market. With the combination of low mortgage rates and addition of nearly 50 units to the rental stock, the potential was there for the vacancy rate to rise.

However, landlords were mindful that low mortgage rates in 2002 had enticed several renters into homeownership thereby contributing to higher vacancies. In response, some property managers lowered rents in 2003 to draw in new tenants and encourage current tenants to delay decisions regarding homeownership. As a result, the vacancy rate for three-bedroom and plus units decreased from 5.6 per cent to 4.2 per cent. Moreover, one-bedroom units decreased from 4.1 per cent to 3.5 per cent, while the vacancy rate for two-bedroom units increased marginally from 3.8 per cent to 4.4 per cent. Nearly 93 per cent of Red Deer's apartment supply consists of one- and two-bedroom units.

The average rent for three-bedroom and plus units decreased from \$733 per month in 2002 to \$715 in 2003. Rent levels for all other bedroom types were virtually unchanged. The addition of new units commanding higher rents prevented declines in average rent levels.

Canada Mortgage and Housing Corporation conducts the Rental Market Survey annually in October in all census metropolitan areas and urban centres of 10,000 population or over. To obtain information on other communities, please call 1-877-722-CMHC.

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Note: Data are on 2001 census area definitions

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| Apartment Vacancy Rates (%) | 2002 | 2003 |
|-----------------------------|------|------|
| Bachelor | 5.2 | 11.7 |
| 1 Bedroom | 4.1 | 3.5 |
| 2 Bedroom | 3.8 | 4.4 |
| 3 Bedroom and + | 5.6 | 4.2 |
| Total | 4.0 | 4.3 |

| Average Apartment Rents (\$) | 2002 | 2003 |
|------------------------------|------|------|
| Bachelor | 455 | 455 |
| 1 Bedroom | 540 | 542 |
| 2 Bedroom | 644 | 645 |
| 3 Bedroom and + | 733 | 715 |
| Total | 600 | 600 |

| Apartment Units (2003) | Vacant | Total |
|------------------------|--------|-------|
| Bachelor | 23 | 196 |
| 1 Bedroom | 65 | 1,836 |
| 2 Bedroom | 113 | 2,584 |
| 3 Bedroom and + | 7 | 167 |
| Total | 208 | 4,784 |



Canada