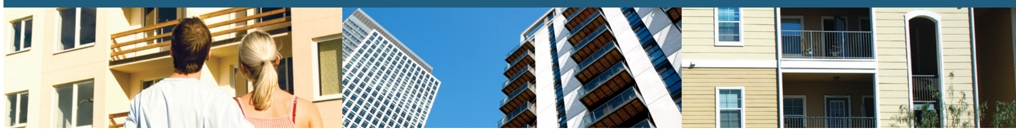
RENTAL MARKET REPORT

Nova Scotia Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Spring 2014

Figure 1

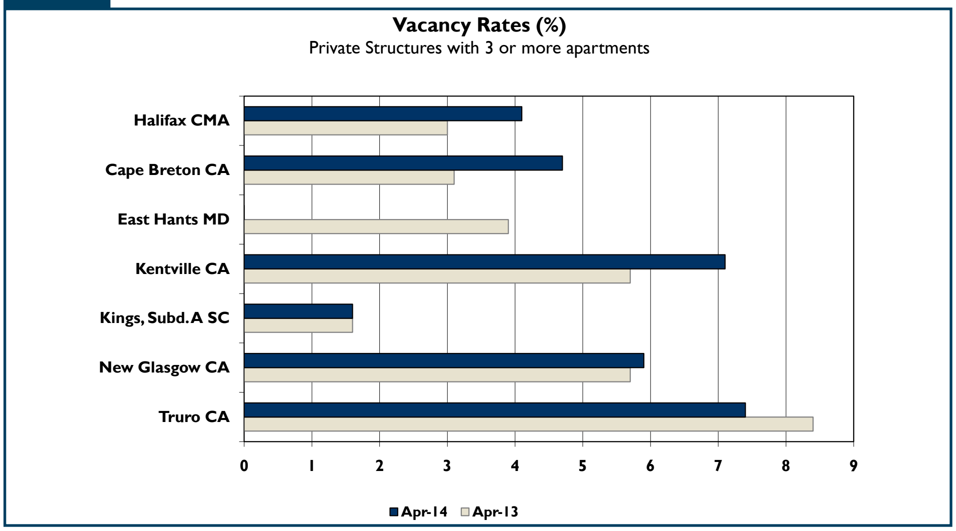
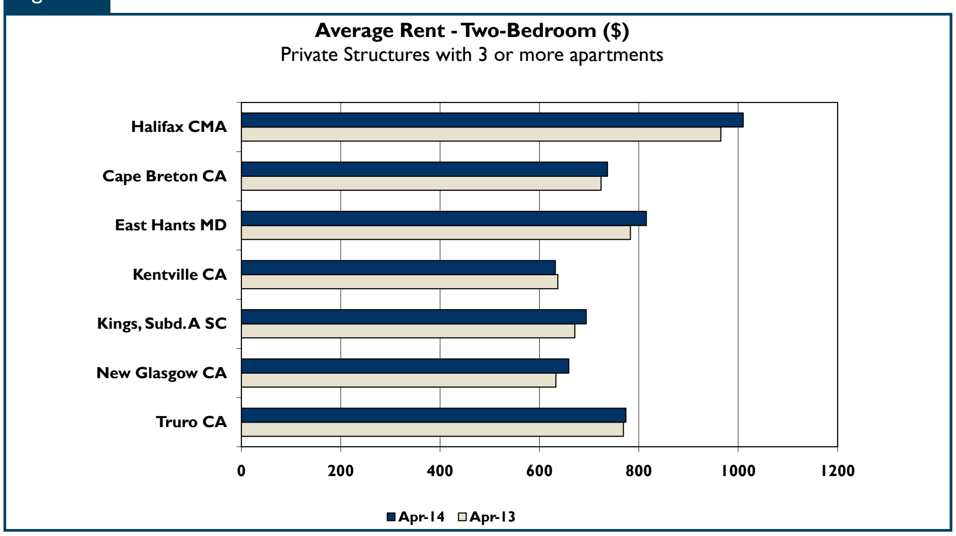


Figure 2



*Urban centres with a population of 10,000 + are included in the survey

Provincial Vacancy Rates Increased

- The purpose-built private apartment vacancy rate in Nova Scotia's urban centres increased in April 2014 to 4.5 per cent. The vacancy rate ranged from 1.6 per cent in Kings Subdivision A to 7.4 per cent in Truro.
- In Halifax, the vacancy rate climbed to 4.1 per cent from 3.0 per cent due to the completion of nearly 2,000 units in 2013.
- The provincial vacancy rate for a two-bedroom apartment increased to 5.1 per cent in April and the average rent was $959.
- The average rent for a two-bedroom apartment in Halifax was $1,010 in April.

Vacancy Rate Edges Up

According to the results of Canada Mortgage and Housing Corporation's (CMHC) April 2014 Spring Rental Market Survey[1], the overall vacancy rate[2] in urban centres[3] in Nova Scotia stood at 4.5 per cent compared to 3.4 per cent in 2013. This spring, the vacancy rate in Halifax increased to 4.1 per cent, while the vacancy rate in Cape Breton increased to 4.7 per cent and the vacancy rate in Truro decreased to 7.4 per cent. Provincial vacancies were highest for two-bedroom units at 5.1 per cent. In the bachelor segment of the market, the vacancy rate stood at 3.5 per cent while in the one-bedroom and three-bedroom plus segments, vacancies were 3.8 and 4.0 per cent, respectively.

Softening Rental Housing Demand

In late 2013 and early 2014, rental demand softened primarily due to weaker economic growth over the last year and a decline in population. The population of the province declined by 0.3 per cent in 2013 to 940,592 residents. The decrease in total population is largely attributed to net out-migration patterns in most parts of the province. Despite the provincial decrease, two counties, Halifax County and Annapolis County, each reported positive net-migration. Population decrease has reduced demand for all types of housing including rental units.

Along with a decreasing population, the median age in the province continues to increase. As of the 2011 census, the median age in Nova Scotia stood at 44 years of age compared to 38.8 in 2001. The number of Nova Scotians over 64 climbed 11 per cent from 2006 and 2011 to 153,375 residents. As reported by Statistics Canada in 2011, the province recorded an increasing number of renter households in the province, as aging adults provide steady demand for rental units within the context of low maintenance living options.

In terms of rental supply, the rental stock increased to 51,661 units from 49,974 units between April 2013 and April 2014. Nearly all the units have been added to the rental stock in the Halifax CMA. Despite modest population growth in Halifax CMA, the increase in supply pushed up the vacancy rate beyond the four per cent level. The rental stock of most other centres remained stable with a 20-unit increase in Kentville, which corresponded to a relatively unchanged vacancy rate of 7.1 per cent. With seven units added to its stock, Truro was the only centre to record both an increase in supply and a decrease in the vacancy rate. The decrease in vacancy rate can be partially explained by the absorption of new supply started in 2012.

Same Sample Rent Increases Highest in Kings Subdivision A

Based on units common to both the 2013 and 2014 spring surveys[4], the average rent for a two-bedroom unit in Nova Scotia's urban centres increased 1.0 per cent this year. In Halifax, where 85 per cent of the total purpose built rental stock is located, two-bedroom same sample rents climbed 0.9 per cent. In Truro, the second largest provincial market, two-bedroom rents also increased 0.9 per cent while the highest increase was recorded in Kings Subdivision A at 4.7 per cent.

Vacancies Increased Throughout Nova Scotia

Vacancies increased in most centres across Nova Scotia. Truro was the exception where vacancies declined to 7.4 per cent from 8.4 per cent. In Halifax, demand continued to be supported by on-going net-migration, albeit the 1,800 new people to the city make up less than half the population gains recorded on average over the past ten years.

On the supply side, apartment rental starts in Halifax were above the ten-year average in recent years. In 2010, 943 units began construction followed by 1,565 units in 2011, 1,276 in 2012, and 1,402 in 2013. This rise in activity has increased the total supply of units over the past few years. While between 2008 and 2011 an increase in supply of 2,400 units also corresponded to a one percentage point drop in the vacancy rate, the completion of nearly 2,000 units in the last eight months offset incremental demand and pushed the vacancy rate up to 4.1 per cent in April 2014.

In Cape Breton, apartment construction was subdued in recent years. Despite the relatively low

1 Due to seasonal factors, the results of the October 2013 Rental Market Survey are not directly comparable with the results from the April 2014 Rental Market Survey.

2 The survey is based on privately-initiated rental apartment structures of three or more units.

3 Urban centres defined as centres with a population of 10,000 or more.

4 Year-over-year comparisons of average rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. Excluding new structures and focusing on structures existing in both the April 2013 and April 2014 surveys provides a better indication of actual rent increases paid by tenants.

levels of construction, the vacancy rate on the island climbed in 2014 as reduced employment opportunities and elevated levels of out-migration resulted in vacancies increasing to 4.7 per cent this year. In the Northern Nova Scotia Economic Region, declining employment along with net out-migration contributed to reduced demand for all types of housing including rental. In Truro, increased levels of apartment construction in 2010 and 2011 pushed up the vacancy rate in 2013, yet this year vacancies inched downward to 7.4 per cent, as units added to the local universe were leased. Notably, the vacancy rate for a two-bedroom unit decreased 9.2 per cent to 8.1 per cent while the vacancy rate for a one-bedroom unit remained relatively unchanged at 6.3 per cent. In New Glasgow, the vacancy rate remained essentially unchanged at 5.9 per cent.

Average Rents Highest in Halifax

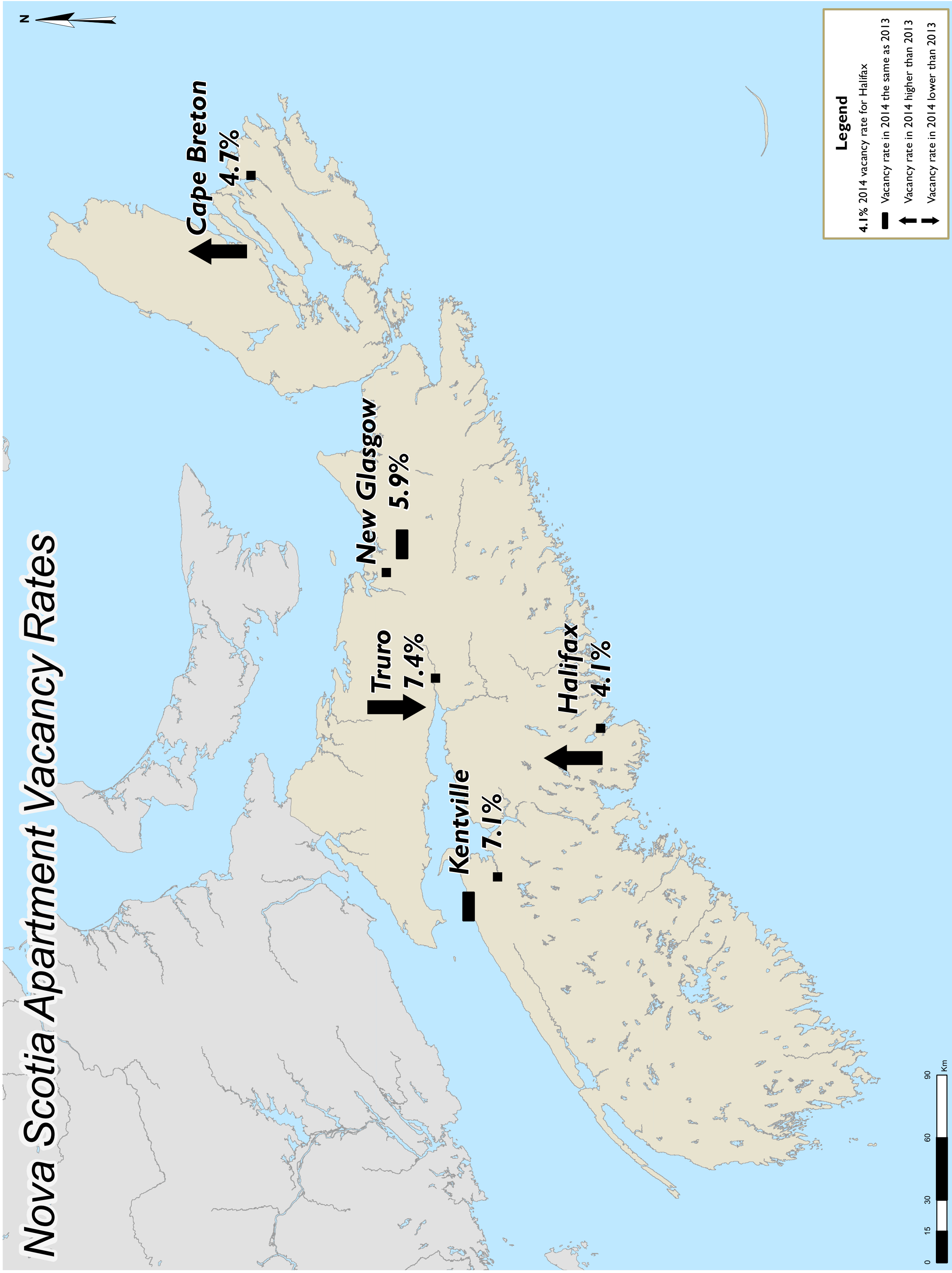
The overall average monthly rent for a two-bedroom unit in Nova Scotia's urban centres as of the April 2014 survey was $959. Halifax was the only centre to report an above average two-bedroom rent at $1,010. Rents were next highest in East Hants at $815 followed by Truro at $774. In the Cape Breton CA, the average rent for a two-bedroom unit was $737 while in New Glasgow rents stood at $659. In Kentville and Kings Subd. A. two-bedroom rents in the April 2014 survey were $632 and $694, respectively.

Provincial Availability Rates Up in 2014

The availability rate[5] in the province's urban centres was 5.9 per cent in April compared to 4.5 per cent last year. By unit type, all units recorded an upward shift in rates with bachelor and one-bedroom units moving to 4.4 per cent and 5.3 per cent, respectively. Two-bedroom and three-bedroom plus units reported increased rates to 6.4 per cent and 6.7 per cent, respectively.

Availability rates by centre were mixed in the spring. In Halifax, the availability rate climbed from 4.2 per cent to 5.8 per cent last year. In Cape Breton, the availability rate increased from 3.3 per cent to 5.2 per cent while the rate remained statistically unchanged in Truro and New Glasgow at 8.1 and 5.9 per cent, respectively.

[5] A rental unit is considered available if the unit is vacant, or the existing tenant has given or received official notice to move and a new tenant has not signed a lease. As the definition of availability includes vacancy, the availability rate will always be equal to or greater than the vacancy rate.


Nova Scotia Apartment Vacancy Rates
Cape Breton
4.7%
New Glasgow
5.9%
Truro
7.4%
Halifax
4.1%
Kentville
7.1%
Legend
4.1% 2014 vacancy rate for Halifax
Vacancy rate in 2014 the same as 2013
Vacancy rate in 2014 higher than 2013
Vacancy rate in 2014 lower than 2013
N
0
15
30
60
90
Km

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Halifax CMA	1.1 a	3.1 c ↑	2.9 a	3.6 b ↑	3.2 b	4.7 b ↑	3.3 d	3.8 c -	3.0 a	4.1 a ↑
Cape Breton CA	4.0 d	5.7 a -	2.5 c	4.5 b ↑	3.1 c	4.1 a ↑	**	8.8 a	3.1 b	4.7 a ↑
East Hants MD	**	**	**	**	4.7 b	**	**	**	3.9 b	**
Kentville CA	6.1 c	**	5.6 c	**	5.9 c	**	**	**	5.7 b	7.1 c -
Kings, Subd. A SC	-	-	6.7 a	**	1.0 a	2.0 b ↑	**	**	1.6 a	1.6 b -
New Glasgow CA	3.8 c	5.8 a ↑	8.8 b	6.1 a ↓	4.8 b	5.9 a ↑	0.0 c	3.7 a ↑	5.7 a	5.9 a -
Queens RGM	**	**	**	0.0 d	0.0 c	**	-	-	**	0.0 d
Truro CA	4.2 d	2.4 c -	6.4 b	6.3 b -	9.2 a	8.1 a ↓	**	**	8.4 a	7.4 a ↓
Nova Scotia 10,000+	**1.6** b	**3.5** c ↑	**3.2** b	**3.8** b ↑	**3.8** a	**5.1** a ↑	**3.5** c	**4.0** c -	**3.4** a	**4.5** a ↑

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the change is a statistically significant decrease, while – indicates that the change is not statistically significant.

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Halifax CMA	703 a	728 a	783 a	788 a	965 a	1,010 a	1,207 a	1,191 a	900 a	930 a
Cape Breton CA	546 a	533 a	593 a	603 a	724 a	737 a	872 c	1,018 a	687 a	710 a
East Hants MD	**	**	613 b	571 c	783 a	815 b	754 a	783 a	741 a	764 b
Kentville CA	502 a	517 a	555 a	544 a	637 a	632 a	724 a	728 a	607 a	605 a
Kings, Subd. A SC	-	-	578 a	575 a	671 a	694 a	**	**	671 a	692 a
New Glasgow CA	476 a	438 b	549 a	542 a	633 a	659 a	700 b	694 b	600 a	611 a
Queens RGM	**	**	527 a	609 a	561 a	565 c	-	-	548 a	589 a
Truro CA	509 a	487 a	598 a	609 a	769 a	774 a	843 a	863 a	721 a	725 a
Nova Scotia 10,000+	**678** a	**697** a	**761** a	**765** a	**918** a	**959** a	**1,171** a	**1,162** a	**867** a	**893** a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent (0 ≤ *cv* ≤ 2.5), b- Very good (2.5 < *cv* ≤ 5), c - Good (5 < *cv* ≤ 7.5), d - Fair (Use with Caution) (7.5 < *cv* ≤ 10)
** Data supresses to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Halifax CMA	2,583	2,638	15,410	15,681	20,586	22,079	3,362	3,511	41,941	43,909
Cape Breton CA	137	143	439	438	1,109	1,098	115	113	1,800	1,792
East Hants MD	3	3	88	88	226	230	20	19	337	340
Kentville CA	54	53	345	360	910	917	53	52	1,362	1,382
Kings, Subd. A SC	0	0	15	14	104	105	8	8	127	127
New Glasgow CA	86	86	317	317	748	748	27	27	1,178	1,178
Queens RGM	6	6	49	66	70	51	0	0	125	123
Truro CA	97	97	730	739	1,757	1,758	125	122	2,709	2,716
Nova Scotia 10,000+	**2,972**	**3,032**	**17,449**	**17,760**	**25,537**	**27,011**	**3,716**	**3,858**	**49,674**	**51,661**

<u>The following letter codes are used to indicate the reliability of the estimates</u>:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data supresses to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

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1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14	Apr-13	Apr-14
Halifax CMA	1.9 b	4.1 c ↑	4.1 b	5.2 b ↑	4.6 a	6.3 a ↑	4.7 c	6.6 c -	4.2 a	5.8 a ↑
Cape Breton CA	4.0 d	5.7 a -	2.5 c	4.8 b ↑	3.4 c	4.9 a ↑	**	8.8 a	3.3 b	5.2 a ↑
East Hants MD	**	**	**	**	4.7 b	**	**	**	3.9 b	**
Kentville CA	6.1 c	**	7.0 c	**	6.1 c	**	**	**	6.2 b	7.1 c -
Kings, Subd. A SC	-	-	6.7 a	**	1.9 a	2.0 b -	**	**	2.4 a	1.6 b ↓
New Glasgow CA	3.8 c	5.8 a ↑	8.8 b	6.1 a ↓	5.0 b	6.0 a ↑	4.0 d	7.4 a ↑	5.9 a	6.1 a -
Queens RGM	**	**	**	0.0 d	0.0 c	**	-	-	**	0.0 d
Truro CA	4.2 d	3.6 d -	6.4 b	7.2 b -	9.3 a	8.5 a -	**	**	8.5 a	8.1 a -
Nova Scotia 10,000+	**2.2** b	**4.4** b ↑	**4.3** a	**5.3** a ↑	**4.9** a	**6.4** a ↑	**4.8** c	**6.7** b ↑	**4.5** a	**5.9** a ↑

<u>The following letter codes are used to indicate the reliability of the estimates</u>:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the change is a statistically significant decrease, while – indicates that the change is not statistically significant.

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14	Apr-12 to Apr-13	Apr-13 to Apr-14
Halifax CMA	2.1 c	2.0 c	1.8 c	1.0 d	2.1 b	0.9 d	3.2 d	++	2.1 b	++
Cape Breton CA	++	**	**	4.5 d	4.1 d	2.9 c	**	**	3.3 d	2.6 c
East Hants MD	**	**	++	++	1.2 d	++	**	**	1.3 d	++
Kentville CA	**	3.3 d	1.0 d	0.9 a	++	0.8 d	++	**	1.1 a	1.1 a
Kings, Subd. A SC	-	-	-2.8 c	2.4 c	0.7 a	4.7 c	**	**	++	4.5 c
New Glasgow CA	**	++	9.6 c	++	++	3.7 d	**	**	**	**
Queens RGM	**	**	**	**	**	++	-	-	**	**
Truro CA	**	++	1.1 d	++	-0.6 b	0.9 a	++	1.2 d	++	0.8 a
Nova Scotia 10,000+	**2.0** c	**1.9** c	**2.0** c	**1.1** a	**2.0** b	**1.0** a	**3.1** d	**++**	**2.0** b	**0.7** b

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data supresses to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

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

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

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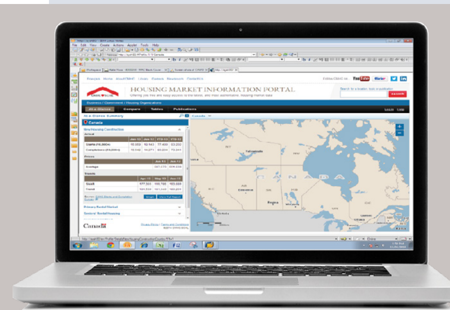

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