

RENTAL MARKET REPORT

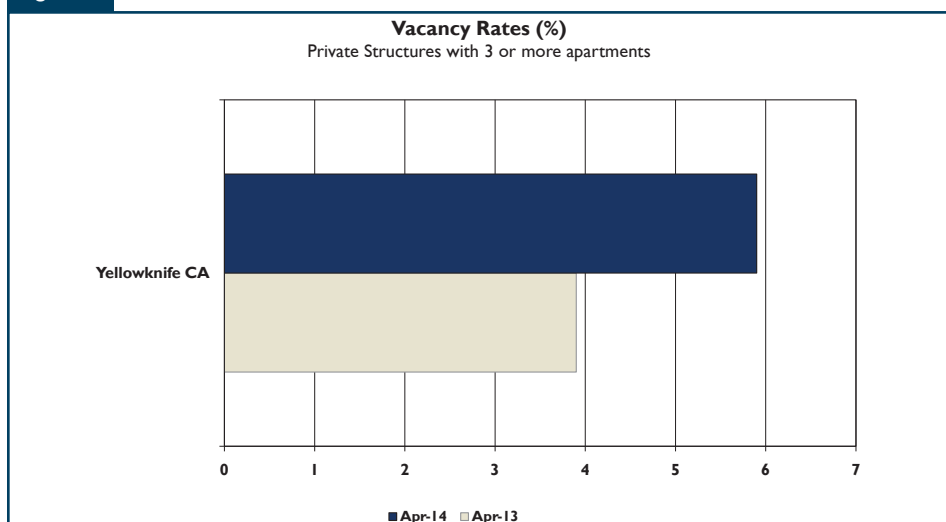
Yellowknife Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

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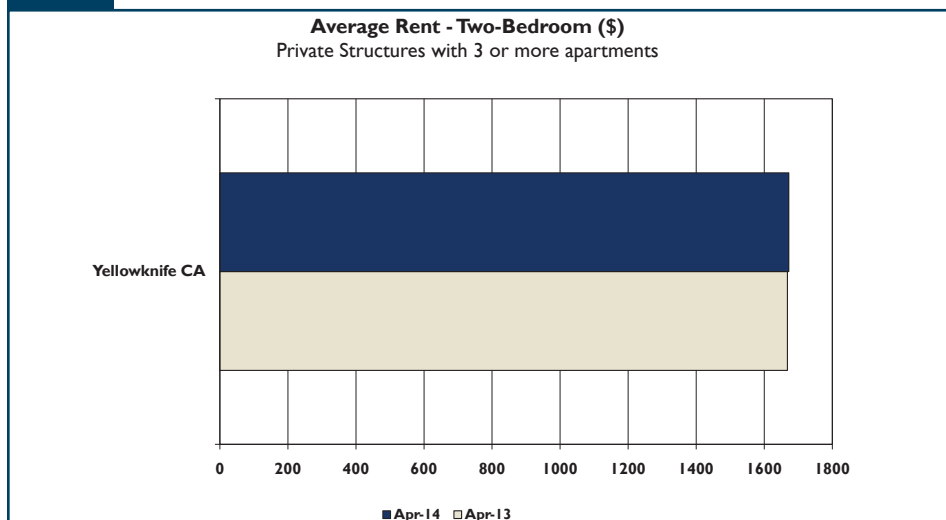
Figure 1



Vacancy Rates Increased in Yellowknife

- The apartment vacancy rate in Yellowknife increased to 5.9 per cent in April 2014 from 3.9 per cent in April 2013.
- In April 2014, the average rent for a two-bedroom apartment in Yellowknife was \$1,672 per month.
- For units common to both the April 2013 and April 2014 surveys, the average rent for a two-bedroom apartment did not change significantly.
- The universe for private apartment units in Yellowknife decreased to 1,584 units in April 2014 from 1,747 in April 2013.

Figure 2



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

Apartment Vacancies Increased in 2014

According to the results of Canada Mortgage and Housing Corporation's (CMHC) April 2014 Rental Market Survey¹, the overall apartment vacancy rate² in Yellowknife increased from 3.9 per cent in April 2013 to 5.9 per cent in April 2014. The vacancy rate for one-bedroom apartment units was 4.8 per cent in April 2014 compared to six per cent in April 2013. The apartment vacancy rate for units with three bedrooms or more was 3.7 per cent in April 2014 compared to 3.1 per cent in the April 2013 survey. The largest increase in vacancy was seen in two-bedroom units which increased from 1.7 per cent in April 2013 to 7.4 per cent in this year's survey, representing the highest vacancy rate among the different bedroom types. Given that two-bedroom units represented 47 per cent of the rental stock in Yellowknife, the rise in vacancies in this bedroom type had a strong impact on the overall vacancy rate. On the other hand, the vacancy rate for bachelor units declined to three per cent in the April 2014 survey from 9.9 per cent in the April 2013 survey. However, given the small universe of 41 bachelor apartment units, which represents less than three per cent of the total universe, a few more rented units have a large impact on the vacancy rate.

Lower Demand for Rental Units in Yellowknife

Since the global economic downturn in 2009, the Northwest Territories experienced another recession in

2011 with real GDP declining by 7.3 per cent. While the economy has been growing since then, real GDP in the Northwest Territories has not yet returned to its peak 2007 level. Employment continues to moderate. Following a reduction in 2013, the average employment level in the territory continued to moderate through the first quarter of 2014. With employment levels declining, migrants have been attracted to other jurisdictions. As a result, the Northwest Territories has been experiencing a net outflow of migrants. On a net basis, 521 people left the Northwest Territories in 2013, 68 per cent more than the previous year. With net migration declining, the demand for rental accommodations has moderated causing vacancy rates to increase.

Another factor impacting the rental market has been the movement of renters to homeownership. The condominium market in Yellowknife is expanding and providing an alternative housing option for some renters. In discussion with industry participants, this increased selection of lower priced condominiums along with low mortgage rates has prompted some renters to make the move into homeownership. This has contributed to further upward pressure on vacancy rates.

The increase in vacancy occurred despite a notable reduction in the supply of rental units due to the conversion to hotels. With 1,584 apartments in April 2014, the rental apartment universe in Yellowknife declined 9.3 per cent

from the previous year. Two-bedroom units, which represent the highest proportion of Yellowknife's rental market universe, saw the supply reduced by 89 units from April 2013 to April 2014.

No Significant Change to Same Sample Rents

Based on units common to both the 2013 and 2014 April surveys³, overall apartment rents did not see a significant change in April 2014 on a year-over-year basis. Average rents for both bachelor and two-bedroom units were effectively unchanged from April 2013 to April 2014. However, there was a change in one-bedroom apartment rents, which saw a decline of 1.3 per cent as relatively high vacancies for this bedroom type may have led to some rent reductions. On the other hand, renters of three-bedroom apartments saw a same-sample average rent increase of three per cent.

Average Rents in Yellowknife

Including both new and existing structures, the average monthly rent for a two-bedroom apartment in Yellowknife was \$1,672 in April 2014. Three-or-more bedroom units reported a monthly average rent of \$1,834 in April 2014. One-bedroom units rented for \$1,391, while bachelor suites rented for \$1,159 per month in April 2014. The average monthly rent for all apartment units in April 2014 was \$1,554.

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

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

³ 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.

I.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Yellowknife

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
Yellowknife CA	9.9 ^b	3.0 ^a ↓	6.0 ^b	4.8 ^b -	1.9 ^b	7.4 ^b ↑	3.1 ^d	3.7 ^c -	3.9 ^b	5.9 ^b ↑

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

I.1.2 Private Apartment Average Rents (\$) by Bedroom Type Yellowknife

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
Yellowknife CA	1,138 ^a	1,159 ^a	1,431 ^a	1,391 ^a	1,668 ^a	1,672 ^a	1,818 ^a	1,834 ^a	1,568 ^a	1,554 ^a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** 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

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I.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Yellowknife

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
Yellowknife CA	43	41	707	658	832	743	165	142	1,747	1,584

The following letter codes are used to indicate the reliability of the estimates:

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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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I.1.4 Private Apartment Availability Rates (%) by Bedroom Type Yellowknife

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
Yellowknife CA	9.9 ^b	3.0 ^a ↓	6.7 ^b	5.0 ^b ↓	2.3 ^b	10.6 ^c ↑	3.1 ^d	4.6 ^c -	4.4 ^b	7.5 ^b ↑

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)

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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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Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

I.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent¹ by Bedroom Type Yellowknife

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
Yellowknife CA	6.8 ^b	++	3.2 ^c	-1.3 ^d	4.5 ^b	++	2.6 ^c	3.0 ^b	3.7 ^b	++

¹The 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 suppressed 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

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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.

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