



RENTAL MARKET

REPORT

Thunder Bay

Canada Mortgage and Housing Corporation

October 2001 Survey

THUNDER BAY VACANCY RATE REMAINS STABLE AT 5.8 PER CENT

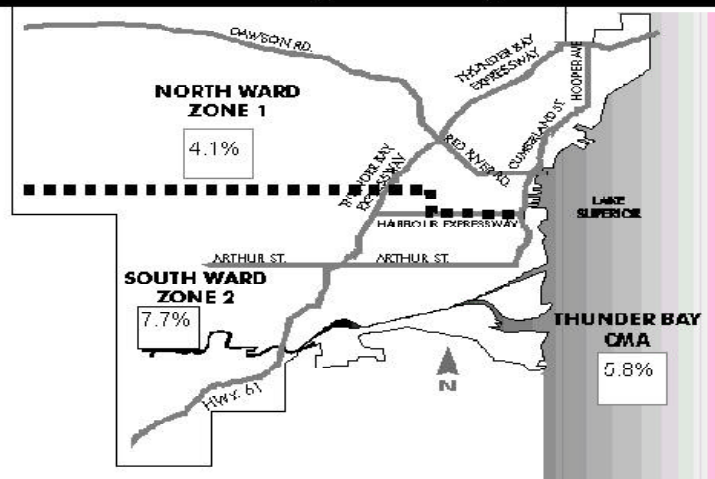
The vacancy rate among apartments with at least three units (3+) in the Thunder Bay Census Metropolitan Area (CMA) has remained steady at 5.8 per cent in October 2001, unchanged from last year's survey, according to Rental Market Survey (RMS) data released in November by Canada Mortgage and Housing Corporation (CMHC). (See Table 1)

With the October vacancy rate remaining stable, Thunder Bay now becomes the CMA with the highest vacancy rate for centres with populations over 100,000. Twenty-five of Canada's 26 major centres have lower vacancy rates than Thunder Bay. Northern Ontario's other major centre, Sudbury saw its rate drop from having the highest (7.7 per cent) among Census Metropolitan Areas in the country last year to 5.7 per cent this year. Meanwhile, elsewhere in Northwestern Ontario, Kenora's vacancy rate remained high at 10.8 per cent.

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Thunder Bay Survey Zones



CMHC's RMS splits the city into segments corresponding to the former cities of Port Arthur and Fort William. In the North Zone, the vacancy rate fell to 4.1 per cent from 4.9 per cent in October 2000 while the South rate rose to 7.7 per cent, up from 6.8 per cent last year. (See Table 4).

CMHC Market Analysis
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Despite the relatively high vacancy rate, rents for all bedroom types rose except for bachelor units. The average rent for two bedroom apartments in CMA structures with at least three units (3+) was \$657 in October 2001, up from \$654 last October. Rents are still well below their peak in 1996 of \$672. The average rent for a one bedroom apartment in structures with at least three units also rose to \$529, two dollars more than the figure recorded in 2000, but \$1 less than the average one bedroom rent peak of \$530 in 1996. (See Table 6)

North Ward rents are higher than South Ward rents as has been the pattern for several years. North Ward two bedroom rents rose to \$692 from \$682 last year while one beds rose to \$561 from \$559. South Ward one bedroom rents are one dollar higher (\$498) than last year (\$497) while two bedroom rents fell to \$618 from \$624 last year. (See Table 6 on page 6) Rent data collected may or may not include utilities and this data does not specify whether the rents are hot (utilities included) or cold (utilities, not included).

Employment factors are key points to consider when trying to ascertain market movement.

Employment did edge up over the year between the 2000 and 2001 surveys. Full-time work did improve compared to part-time. Jobs in retail, the casino and call centres put pressure on the market but homeownership affordability improved with falling interest rates causing some renters to become homeowners. New migration figures also show out-migration amongst 15-24 between 1999 and 2000 being higher than 25-44 and 45+ for the first time since at least 1992. If that trend continued between 2000 and 2001, that would have been another factor curbing the movement towards lower vacancy rates.

While the overall vacancy rate remained unchanged at 5.8 per cent, there were some interesting changes in vacancies by bedroom type in the CMA. Thunder Bay's most popular rental unit, the two bedroom was toppled from its position with vacancies in the 3 bedroom stock dropping to 3.1 per cent from 6.0 per cent last year. The two-bed rate, also fell but more moderately to 4.9 per cent from 5.3 per cent. Vacancies for bachelor and one bedroom both moved upwards to 17.7 and 6.3 per cent respectively. The 2000 rates for these two bedroom types were 10.7 per cent and 6.0 per

cent. Bachelor and three bedroom units do represent a significantly smaller portion of the rental market examined in this survey. (See Table 5)

No matter whether one looks at unit count or structure height, the larger the structure, the lower the vacancy rate. The vacancy rate for structures with 3-5 and 6-19 units is 8.5 per cent. Meanwhile, vacancies are higher than market while both the 20-49 and 50-99 unit groupings, vacancies are 3.4 per cent and 3.5 per cent respectively. (See Table 8)

Similarly, buildings with between 5 and 9 storeys are the most often rented although the vacancy rate has risen from 1.6 per cent in 2000 to 4.0 per cent in 2001. Structures between one and four storeys high trail the larger buildings with these buildings having a 5.9 per cent vacancy rate, down from 6.3 per cent last year. (See Table 10)

Table 7 presents vacancies by rent range with lower priced accommodation experiencing higher rates while higher priced units experienced lower rates. The \$600-\$699 rent range is a mild anomaly.

Summary

Thunder Bay's vacancy rate among apartments with three or more units remained unchanged compared to 2000 at 5.8 per cent. This halted a decline in vacancy rates ongoing since the peak in the market in 1998 when the vacancy rate for structures with at least three units was 9.3 per cent.

The vacancy rate in the north zone (essentially Thunder Bay's North Ward) fell once again to 4.1 per cent from 4.9 per cent. Conversely, the vacancy rate in the south zone (largely Thunder Bay's South Ward) edged rose to 7.7 per cent from 6.8 per cent last October.

Once again, average two bedroom rents rose to \$657 from \$654 while one bedroom rents also climbed to \$529 from \$527 per month.

Despite the levelling in the overall vacancy rate, Thunder Bay's rate should come down in the next twelve months. Continued retail and call centre expansion should work in favour of a further decline while historical low mortgage rates will tempt some renters to become homeowners. On balance, the vacancy rate should fall to 5.0 per cent in 2002.

National Average Rental Vacancy Rate Declines To 1.1 Per Cent

The average rental vacancy rate in Canada's metropolitan centres fell from 1.6 per cent in October 2000 to 1.1 per cent in October, 2001. This is the lowest rate since the survey first included structures of three units and over in 1987.

Steady job creation in the past few years, high international immigration and growth in the young adult population were reasons cited for the drop in vacancy rates in many centres.

Seventeen of Canada's 26 major centres have lower vacancy rates than a year ago. The lowest rates were in Victoria (0.5 %), Montreal (0.6 %), Hull (0.6 %), and Ottawa (0.8 %).

Higher in-migration pushed vacancy rates lower in five of 10 centres in Ontario. Greater rental supply and strong movement towards home ownership caused vacancy rates to rise in Toronto, Ottawa, Kitchener and Windsor. As mentioned, Thunder Bay has the highest vacancy rate among Canada's metropolitan areas at 5.8 per cent, followed by Sudbury at 5.7 per cent.

Five of Quebec's six metropolitan areas had lower vacancy rates, with the greatest relative decline occurring in Sherbrooke (4.7 to 2.3 %). The Chicoutimi-Jonquière vacancy rate remained 4.4 per cent.

In the west, Victoria's vacancy rate went from 1.8 to 0.5 per cent in the past 12 months. Rates also fell in Winnipeg, Edmonton, Calgary, and Vancouver but rose in Regina and Saskatoon.

In Atlantic Canada, vacancy rates declined in Halifax, and St. John's. The vacancy rate in Saint John rose to 5.6 per cent from 3.4 per cent, the largest increase of all Canadian metropolitan areas.

CMHC's annual rent survey shows the highest average monthly rents for two-bedroom apartments were still in Toronto (\$1,027), Vancouver (\$919), and Ottawa (\$914). The lowest average rents were in Trois-Rivières (\$419) and Sherbrooke (\$446).

In metropolitan areas, rent increases ranged between 0.2 and 8.7 per cent. The greatest increase occurred in Edmonton. Calgary posted the second-largest increase at 5.8 per cent. Rents in Hull, Saint John, Toronto, St. Catharines, Ottawa, London and St. John's rose more than four per cent. Metropolitan area rent data is presented in Table 12 on Page 8.

TABLE 1: VACANCY RATES IN PRIVATE APARTMENT STRUCTURES OF 3 UNITS AND OVER 1994-2001

METROPOLITAN AREA	1994 October	1995 October	1997 October	1998 October	1999 October	2000 October	2001 October
CALGARY	5.1	3.6	0.5	0.6	2.8	1.3	1.2
CHICOUTIMI	6.3	6.0	4.1	4.8	4.9	4.4	4.4
EDMONTON	8.9	10.2	4.6	1.9	2.2	1.4	0.9
HALIFAX	7.2	7.7	7.7	5.5	3.6	3.6	2.8
HAMILTON	2.4	2.0	3.1	3.2	1.9	1.7	1.3
KITCHENER	2.8	2.2	1.9	1.5	1.0	0.7	0.9
LONDON	4.1	4.3	5.1	4.5	3.5	2.2	1.6
MONTREAL	6.8	6.2	5.9	4.7	3.0	1.5	0.6
OSHAWA	3.4	2.7	2.4	2.0	1.7	1.7	1.3
OTTAWA-HULL	3.5	4.9	5.4	3.1	1.6	0.5	0.7
OTTAWA	2.6	3.8	4.2	2.1	0.7	0.2	0.8
HULL	6.6	8.3	9.4	6.7	4.4	1.4	0.6
QUÉBEC	6.9	6.0	6.6	5.2	3.3	1.6	0.8
REGINA	3.2	2.1	1.5	1.7	1.4	1.4	2.1
ST. CATHARINES	5.8	5.2	5.4	4.6	3.2	2.6	1.9
SAINT JOHN	8.0	8.6	8.2	7.3	5.2	3.4	5.6
ST. JOHN'S	7.1	10.8	16.6	15.4	9.2	3.8	2.5
SASKATOON	1.8	1.0	0.9	0.8	0.9	1.7	2.9
SHERBROOKE	8.0	6.2	7.5	7.3	7.6	4.7	2.3
SUDBURY	4.3	6.0	7.2	9.4	11.1	7.7	5.7
THUNDER BAY	4.1	6.2	7.7	9.3	7.5	5.8	5.8
TORONTO	1.2	0.8	0.8	0.8	0.9	0.6	0.9
TROIS-RIVIÈRES	7.4	7.2	8.6	8.5	7.9	6.8	4.7
VANCOUVER	0.8	1.2	1.7	2.7	2.7	1.4	1.0
VICTORIA	1.9	3.3	3.5	3.8	3.6	1.8	0.5
WINDSOR	1.6	1.8	4.5	4.3	2.7	1.9	2.9
WINNIPEG	5.6	5.4	5.9	4.0	3.0	2.0	1.4
TOTAL (1)	4.6	4.3	4.1	3.4	2.6	1.6	1.1

(1) Weighted average of Metropolitan areas surveyed. Metropolitan areas are shown in capital letters.

**Table 2: Apartment Vacancy Rates By Structure Year of Completion and Bedroom Type
Thunder Bay CMA**

Year of Completion	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Date Available	**	**	N/A	N/A	**	**	**	**	N/U	N/U
Pre 1940	15.3	12.6	**	**	15.7	13.1	14	10.2	**	**
1940 - 1959	8.9	**	**	**	**	**	**	**	**	N/A
1960 - 1974	3.1	3.5	**	**	3.3	2	2.9	4.8	**	**
1975 - 1984	3.4	3.4	**	7.8	2.8	3.1	3.7	3.5	0	0
After 1984	8.1	7.7	27.5	59.8	11.6	14.9	7	4.6	**	4
Total	5.8	5.8	10.7	17.7	6	6.3	5.3	4.9	6	3.1

Newer units in Thunder Bay popular

Units built between 1960 - 1974 and 1975 - 1984 at 3.5 and 3.4 per cent respectively had the lowest vacancy rates of all structure ages while the oldest structures fared markedly worse than newer structures on either side of the prime 25 year age band. Pre-1940

fared the worst out of the five ranges for which data is available experiencing a 12.6 per cent vacancy rate while newer structures built after 1985 also fared poorly with a vacancy rate of 7.7 per cent. Data for those structures completed between 1940 and 1959 could not be reported due to sampling size. (See Table 2 above.)

Rents followed what one would expect when looking at structure age. Generally, the older the project, the lower the rent. There are a couple exceptions to this rule worth noting in the bachelor and one bedroom universe. (See Table 3 below.)

**Table 3: Average Apartment Rents By Year of Completion and Bedroom Type
Thunder Bay CMA**

Year of Completion	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Date Available	**	**	N/A	N/A	**	**	**	**	N/U	N/U
Pre 1940	456	477	**	**	431	459	510	541	**	**
1940 - 1959	488	**	**	**	**	**	**	**	**	N/A
1960 - 1974	608	602	**	**	554	548	654	660	**	**
1975 - 1984	636	636	**	433	568	574	673	667	761	789
After 1984	671	669	346	350	523	525	682	686	**	835
Total	605	605	379	375	527	529	654	657	802	819

Did you know?

CMHC first opened its doors in 1946 with a mission to provide affordable homes to thousands of Canadian veterans returning from WWII. Since we introduced our mortgage insurance in 1954, CMHC has helped one in three Canadians obtain financing for their homes. Mortgage insurance also helps landlords and developers access low-cost financing, which ensures a supply of affordable rental units.

CMHC targets its clients as specific target groups, such as housing professionals, industry, governments and consumers. With the right information, these clients are able to make better and more informed decisions, leading to an overall improvement in the quality of housing and living conditions for Canadians.

That's why we are proud to be "Home to Canadians".

If you need to obtain additional information for our products or services call toll-free 1-800-668-2642 or visit our Web site at www.cmhc-schl.gc.ca.

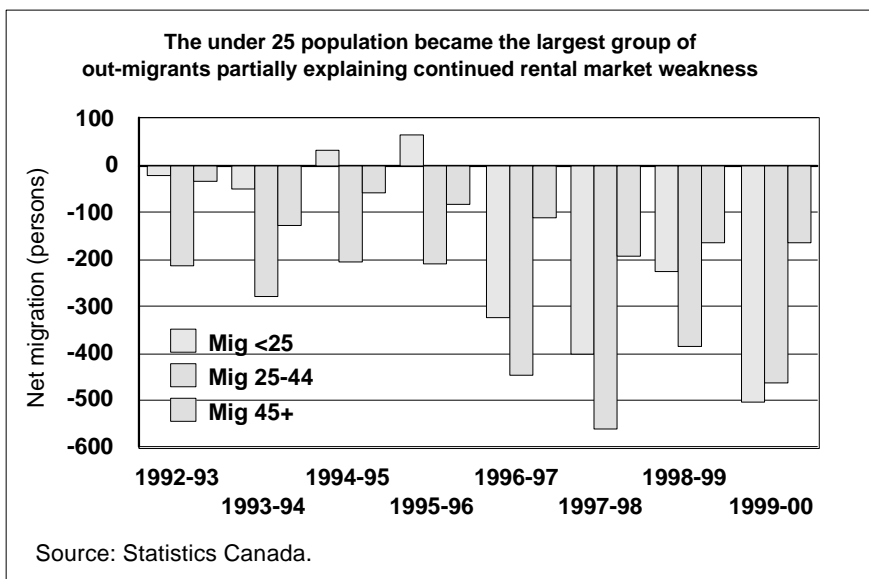
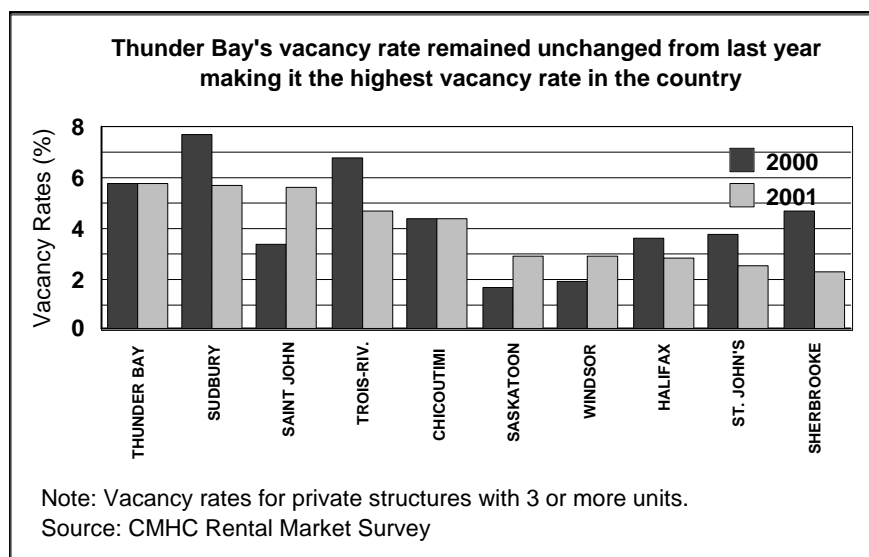
East, once again, dominates high vacancy centres

The Maritimes and Quebec have six of the top ten centres with high vacancy rates in the country according to CMHC's October survey. St. John's, Halifax, and Saint John combine with Trois Rivières, Sherbrooke and Chicoutimi to dominate the top ten. Rounding out the top ten are Sudbury (5.7 per cent), Windsor 2.9 per cent and finally, Saskatoon, our only western centre creeping into the select group with a vacancy rate of 2.9 per cent, up strongly from 1.7 per cent. Thunder Bay's vacancy rate, as mentioned earlier, is highest in the country at 5.8 per cent. (See chart above)

Migration trends took another turn for the worse in 1999-2000 after a slight improvement in 1998-99. And, after counting the bulk of the out-migration between 1992 and 1999 in the 25-44 age group, the under 25 age group took over as the most populous age group experiencing out-migration which, of course, does not bode well for the rental market. Obviously, out-migration has to be brought under control in the Thunder Bay CMA for there to be sustained improvement in the local housing market. (See chart at right.)

Rental Outlook: Factors suggesting further rate decline outweigh the alternative

The Rental market has been improving since 1998 and despite the vacancy rate stabilizing over the past twelve months, factors suggesting a further rate decline outweigh factors pushing in the



opposite direction. Strong construction activity will persist next year with projects such as the Bowater saw mill, Costco construction beginning and the continuation of the acute care hospital. Call centre jobs, a new and growing sector, stand to bolster the rental market with its natural attractiveness to the prime renter age group of 18-30. Rental construction is not anticipated to occur in any great amounts so the fall of the local vacancy rate should resume leading to a survey result of 5.0 per cent in October, 2002. Average rents should be flat, or possibly fall slightly given the

relatively high vacancy rate. Out-migration and outstanding homeownership affordability will temper any dramatic improvement in the vacancy rate.

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.

Table 4: Apartment Vacancy Rates By Zone and Bedroom Type

Thunder Bay CMA

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
North Ward 1	4.9	4.1	**	**	4.1	3.5	5.1	4.2	**	**
South Ward 2	6.8	7.7	13.0	21.5	8.0	9.1	5.6	5.5	**	**
Thunder Bay CMA	5.8	5.8	10.7	17.7	6.0	6.3	5.3	4.9	6.0	3.1

Table 5: Number of Apartment Units - Vacant and Total (Universe) By Zone and Bedroom Type

Thunder Bay CMA

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
North Ward 1	115	2,822	**	**	34	992	69	1,619	**	**
South Ward 2	203	2,640	31	144	89	981	81	1,463	**	**
Thunder Bay CMA	318	5,462	39	220	124	1,973	150	3,081	6	188

Table 6: Apartment Average Rents By Zone and Bedroom Type

Thunder Bay CMA

Area	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
North Ward 1	641	647	**	**	559	561	682	692	**	**
South Ward 2	568	562	391	371	497	498	624	618	**	**
Thunder Bay CMA	605	605	379	375	527	529	654	657	802	819

Table 7: Apartment Vacancy Rates By Rent Range and Bedroom Type

Thunder Bay CMA

Rent Range	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
< \$400	18.3	24.9	**	24.8	**	28	**	**	N/U	N/U
400-499	8.6	9	**	9.2	8.3	10	**	**	**	**
500-599	6.6	4.5	**	**	5.1	3.7	9.1	5.8	**	**
600-699	5.3	5.7	N/U	N/U	1	2.1	6.2	6.5	**	**
700-799	2.6	2.7	N/U	N/U	**	**	2	2.8	**	**
\$800 +	2.9	2.1	N/U	N/U	**	**	**	**	**	**
Total	6.3	6.1	11.1	18	6.5	6.9	5.9	4.9	6.1	3.3

Zones

The survey zones reported in this publication are identified on the map on page one.

Zone 1: Essentially Thunder Bay's North Ward. Thunder Bay Census Metropolitan Area north of a line running roughly along

10th and 11th Avenues to Edward Street; then east of Edward Street to Oliver Road; then north of Oliver Road to the CMA's western boundary.

**Table 8: Apartment Vacancy Rates By Structure Size and Bedroom Type
Thunder Bay CMA**

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
3 - 5 Units	9.1	8.5	**	**	8.8	10.5	10.9	7.6	**	**
6 - 19 Units	9.2	8.5	**	**	9.7	8.2	7.8	7	**	**
20 - 49 Units	3.1	3.4	**	**	4.2	4.8	2.4	2.1	**	0
50 - 99 Units	1.8	3.5	0	0	0.8	1.6	2.4	4.6	**	**
100+ Units	**	**	N/U	N/U	**	**	**	**	**	**
Total	5.8	5.8	10.7	17.7	6	6.3	5.3	4.9	6	3.1

**Table 9: Average Apartment Rents By Structure Size and Bedroom Type
Thunder Bay CMA**

Structure Size	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
3 - 5 Units	529	537	**	**	459	454	554	592	**	**
6 - 19 Units	588	585	**	**	505	519	632	624	**	**
20 - 49 Units	621	627	**	**	546	550	684	688	**	739
50 - 99 Units	667	674	406	439	604	597	701	712	**	**
100+ Units	**	**	N/U	N/U	**	**	**	**	**	**
Total	605	605	379	375	527	529	654	657	802	819

**Table 10: Apartment Vacancy Rates By Structure Height and Bedroom Type
Thunder Bay CMA**

Storey Count	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Storey Data	9	10.2	**	**	**	**	**	**	**	4.4
1 - 4 Storeys	6.3	5.9	9.1	13.7	6	6	6.2	5.2	**	**
5 - 9 Storeys	1.6	4	**	**	0	1.9	2.2	4.9	**	**
10+ Storeys	**	**	N/U	N/U	**	**	**	**	**	**
Total	5.8	5.8	10.7	17.7	6	6.3	5.3	4.9	6	3.1

**Table 11: Average Apartment Rents By Structure Height and Bedroom Type
Thunder Bay CMA**

Storey Count	All Units		Bachelor		One Bedroom		Two Bedroom		Three Bedroom +	
	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001
No Storey Data	692	711	**	**	**	**	**	**	**	829
1 - 4 Storeys	575	574	382	377	511	513	629	631	**	**
5 - 9 Storeys	683	672	**	**	609	615	710	692	**	**
10+ Storeys	**	**	N/U	N/U	**	**	**	**	**	**
Total	605	605	379	375	527	529	654	657	802	819

(Zones continued)

Zone 2: Basically Thunder Bay's South Ward. Thunder Bay Census Metropolitan Area south of a line running roughly along

10th and 11th Avenues to Edward Street; then west of Edward Street to Oliver Road; then south of Oliver Road to the CMA's western boundary.

Abbreviations:

** - sample too small to be reported.

N/U - no units in this category.

Table 12: Average rent of private apartments (in structures of 3 units and over all units)
October 2001

Area	Number of bedrooms			
	0	1	2	3
Calgary, CMA	492	649	783	749
Chicoutimi CMA	296	364	439	479
Edmonton, CMA	458	537	654	734
Halifax, CMA	508	554	673	850
Hamilton, CMA	453	608	740	909
Kitchener, CMA	481	615	722	881
London, CMA	433	547	683	847
Montréal, CMA	404	476	529	629
Oshawa, CMA	542	692	799	900
Ottawa, CMA	622	762	914	1,090
Québec, CMA	380	473	538	613
Regina, CMA	334	476	568	653
Saint John, CMA	344	406	483	509
Saskatoon, CMA	356	460	558	600
Sherbrooke, CMA	297	366	446	536
St. Catharines-Niagara, CMA	424	569	680	757
St. John's, CMA	419	489	575	581
Sudbury, CMA	387	500	620	694
Thunder Bay, CMA	375	529	657	819
Toronto, CMA	695	866	1,027	1,214
Trois-Rivières, CMA	293	358	419	467
Windsor, CMA	466	618	738	873
Winnipeg, CMA	357	476	605	704

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 the 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.

Rental row house structure:
Any building with three or more ground-oriented rental dwellings.

