HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Nova Scotia Highlights

Canada Mortgage and Housing Corporation

Date Released: Spring 2007

Demand for Rental Units Remains High

- Recent economic strength and demographic trends have boosted demand for rental accommodations in Nova Scotia.
- The overall average vacancy rate in Nova Scotia was 3.8 per cent in April 2007.
- The overall average rent in Nova Scotia was $720 per month as recorded in April 2007.
- As the recent high number of rental starts reach completion, vacancy rates will begin to face upward pressure.

Figure 1

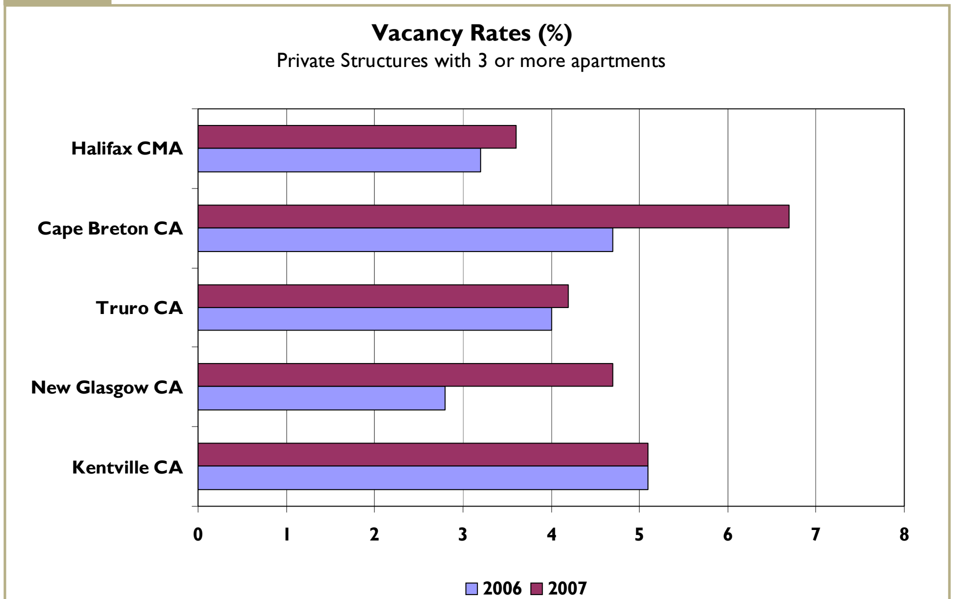

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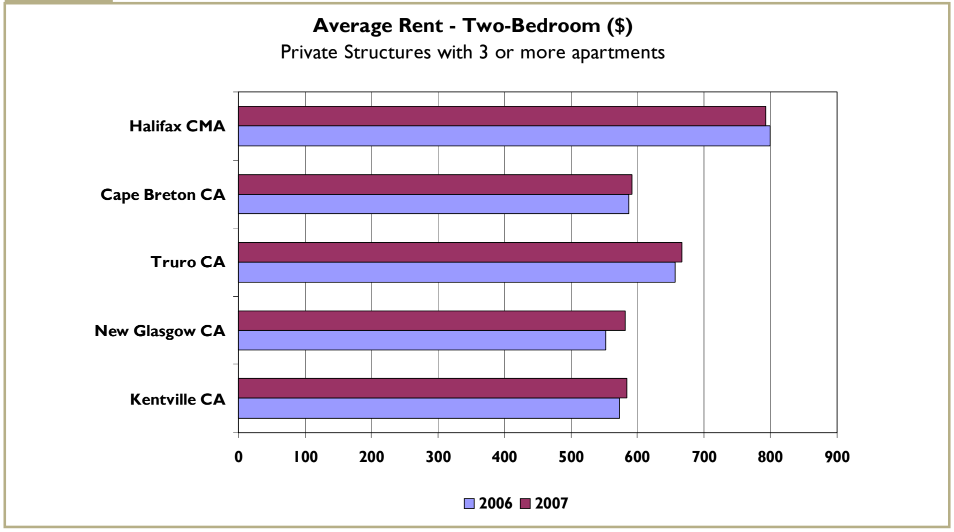
Figure 2



Overview

Recent economic strength has boosted demand for multi-residential living and rental accommodations in Nova Scotia. An overall average vacancy rate of 3.8 per cent in April 2007, suggests that recent high levels of rental unit starts and completions in the province continue to experience rapid rates of absorption. It is expected, however, that as more rental starts are completed, average vacancy rates will face upward pressure as supply begins to exceed demand over the next 12 to 18 months.

Rental starts in Nova Scotia have averaged nearly 800 units per year from 2000 to 2006 with nearly 700 units per year in Metro Halifax. Demand for rental units has come from a rising number of prospective tenants. A large number of baby boomers' children leaving the nest and requiring accommodations, as well as increasing numbers of retirees looking for lower maintenance living have created increased demand for rental units. Also contributing to increased rental demand are high levels of employment, rising household income and strong consumer confidence. Given the rising costs of development, construction and labour, builders have welcomed the demand for more multi-residential projects and the corresponding economies of scale resulting from larger projects.

Vacancy Rates

With 85 per cent of the rental stock, Metro Halifax is by far the largest and most influential rental market in the province. With a reported vacancy rate of 3.6 per cent in April 2007, the Halifax market kept the overall provincial vacancy rate at 3.8 per cent. Cape Breton recorded the highest vacancy rate at 6.7 per cent while Truro had the next lowest to Halifax at 4.2 per cent.

Average Rents

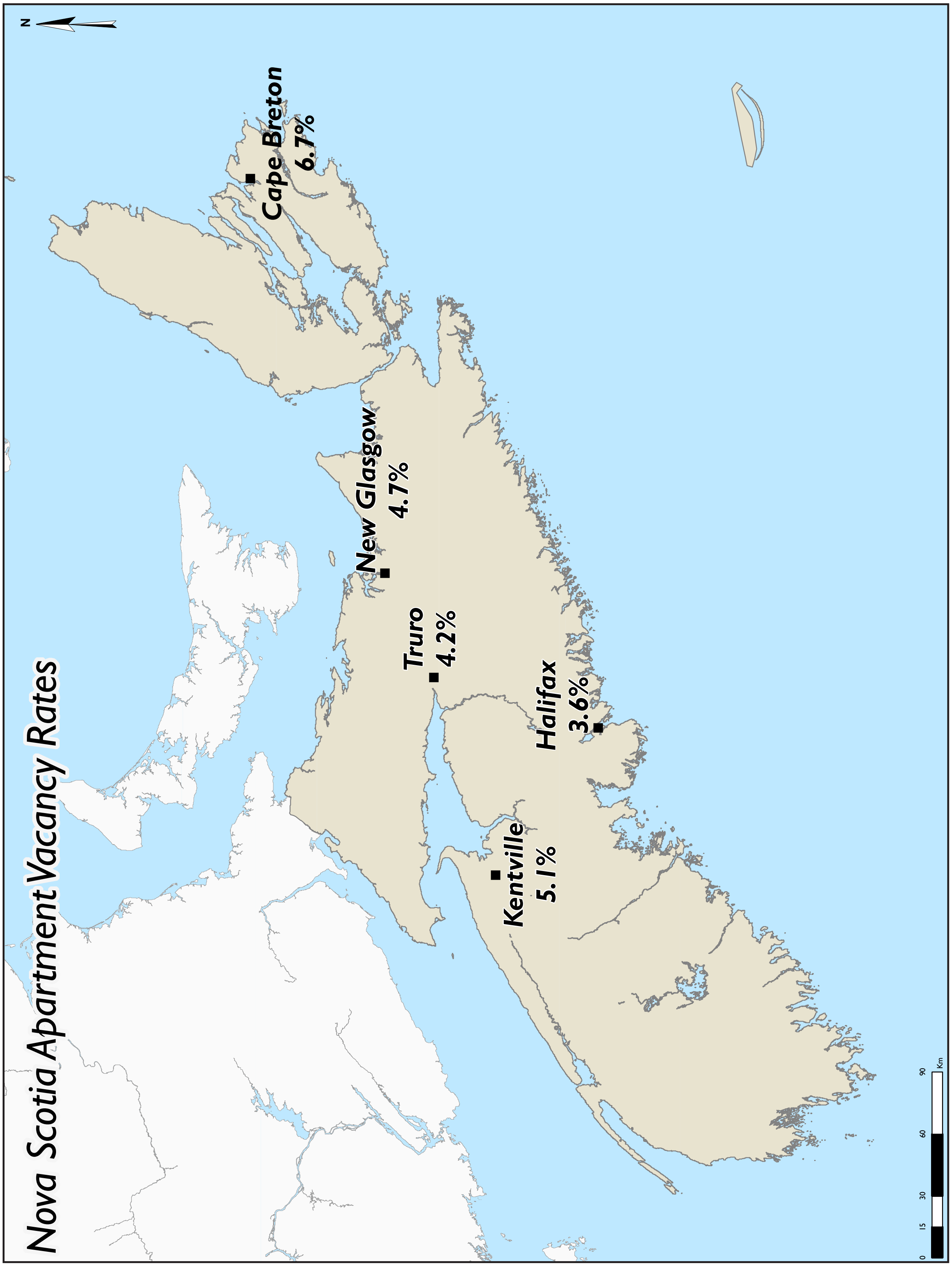
As with vacancy rates, the impact of average rents in Halifax influenced the overall average rent in Nova Scotia. In April, the average rent in Halifax was $746 per month while in the rest of Nova Scotia the average was $577 per month (overall was $720 per month). The lowest average rent was recorded in New Glasgow at $531 per month and the second highest was recorded in Truro at $619 per month.

Over 10 per cent of the nearly 45,000 rental units in Nova Scotia have been constructed since 2000. While demand has kept up with supply, it is expected that over the next year and a half, demand will not continue to keep pace. The impact of this is not likely to be felt in new construction projects and newer rental units. The impact is expected to be most noticeable in older buildings. The aging rental stock will be most affected by rising costs due to less energy efficiency, more maintenance costs and less opportunity to raise rents. Landlords of older buildings will find it increasingly difficult to attract and retain tenants and simultaneously manage rising costs.

CAUTION

In our analysis, we have deliberately avoided making comparisons between the results of the April 2007 rental market survey and the October 2006 survey. A key reason for this is that changes in rents, vacancy rates, and availability rates between the spring and the fall may not be solely attributable to changes in rental market conditions; they could also reflect seasonal factors. For example, if more people tend to move in the spring than in the fall, it could have an impact on vacancy and availability rates as well as the level of rents. Alternatively, in centres where there are a significant number of university students, vacancy and availability rates could be higher in the spring if students move home for the summer.

To the extent that these types of seasonal variations exist, comparing results from the spring and fall Rental Market Surveys could lead to incorrect conclusions about trends in rental market conditions. To avoid this, we have limited our analysis to the results of our spring 2007 Rental Market Survey and comparing these results for different centres across Canada. In spring 2008, when we have results from our second spring Rental Market Survey, we will be able to extend our analysis to make year over year comparisons.


Nova Scotia Apartment Vacancy Rates
Cape Breton
6.7%
New Glasgow
4.7%
Truro
4.2%
Halifax
3.6%
Kentville
5.1%
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	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Halifax CMA	1.5 a	2.3 b	2.5 a	2.9 a	3.7 a	4.1 a	5.2 b	4.7 c	3.2 a	3.6 a
Cape Breton CA	**	**	4.9 d	10.0 d	3.8 c	5.9 c	3.1 d	**	4.7 b	6.7 b
Kentville CA	5.6 a	0.0 a	4.5 b	5.9 a	5.2 a	5.0 a	**	**	5.1 a	5.1 a
New Glasgow CA	7.1 c	4.4 b	3.6 b	6.8 a	2.0 a	3.9 a	0.0 c	3.5 a	2.8 a	4.7 a
Truro CA	**	5.1 d	5.3 b	4.0 b	3.0 b	4.3 b	**	**	4.0 b	4.2 b
Nova Scotia 10,000+	**2.6** a	**2.7** b	**2.7** a	**3.3** a	**3.6** a	**4.2** a	**5.0** b	**4.6** c	**3.3** a	**3.8** 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 is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

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

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Halifax CMA	575 a	598 a	648 a	653 a	799 a	793 a	1,029 a	1,015 a	744 a	746 a
Cape Breton CA	434 a	467 a	478 a	490 a	587 a	592 a	672 a	707 b	557 a	570 a
Kentville CA	434 a	439 a	484 a	482 a	573 a	584 a	594 a	637 a	542 a	553 a
New Glasgow CA	408 b	393 a	450 a	468 a	553 a	582 a	569 b	581 d	516 a	531 a
Truro CA	392 a	414 a	508 a	527 a	657 a	667 a	693 a	713 b	604 a	619 a
Nova Scotia 10,000+	**553** a	**573** a	**629** a	**636** a	**760** a	**757** a	**986** a	**988** a	**715** a	**720** a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \le cv \le 2.5$), b – Very good ($2.5 < cv \le 5$), c – Good ($5 < cv \le 7.5$)
d – Fair (Use with Caution) ($7.5 < cv \le 10$)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in 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 links** for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2007 by Bedroom Type Nova Scotia

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
Halifax CMA	59 b	2,538	405 a	14,158	757 a	18,459	139 c	2,969	1,360 a	38,124
Cape Breton CA	**	150	47 d	474	73 c	1,232	**	136	134 b	1,992
Kentville CA	0 a	49	20 a	348	41 a	807	**	39	63 a	1,242
New Glasgow CA	4 b	92	21 a	316	27 a	701	1 a	30	54 a	1,138
Truro CA	5 d	99	26 b	663	66 b	1,528	**	79	100 b	2,368
Nova Scotia 10,000+	**80 b**	**2,928**	**520 a**	**15,958**	**963 a**	**22,727**	**148 c**	**3,252**	**1,712 a**	**44,864**

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

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
Halifax CMA	2.1 a	3.1 c	3.0 a	4.1 b	4.3 a	5.0 a	6.1 b	5.9 c	3.8 a	4.6 a
Cape Breton CA	**	**	4.9 d	10.0 d	4.5 c	5.9 c	3.7 d	**	5.2 b	6.7 b
Kentville CA	5.6 a	0.0 a	5.6 a	5.9 a	6.0 a	5.2 a	**	**	5.9 a	5.2 a
New Glasgow CA	7.1 c	4.4 b	3.6 b	7.4 a	2.2 a	3.9 a	0.0 c	3.5 a	2.9 a	4.9 a
Truro CA	**	8.6 c	6.2 b	4.2 b	3.2 b	4.8 b	**	**	4.4 b	4.9 b
Nova Scotia 10,000+	**3.2 b**	**3.5 c**	**3.2 a**	**4.4 a**	**4.2 a**	**5.0 a**	**5.8 b**	**5.7 c**	**3.9 a**	**4.7 a**

The following letter codes are used to indicate the reliability of the estimates:
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Please click **Methodology** or **Data Reliability Tables Appendix links** for more 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. Most RMS data contained in this publication refer to privately initiated apartment 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.

Data tables in this publication result from CMHC's Rental Market Survey and provide a snapshot of vacancy and availability rates, and average rents in both new and existing structures.

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.

October 2006 data presented in this publication is based on Statistics Canada's 2001 Census area definitions. April 2007 data presented in this publication is based on Statistics Canada's 2006 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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