

RETIREMENT HOME MARKET STUDY

Gatineau 2008



CANADA MORTGAGE AND HOUSING CORPORATION

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Gatineau

Census metropolitan Area

Global results

Retirement home market: more units available in 2007

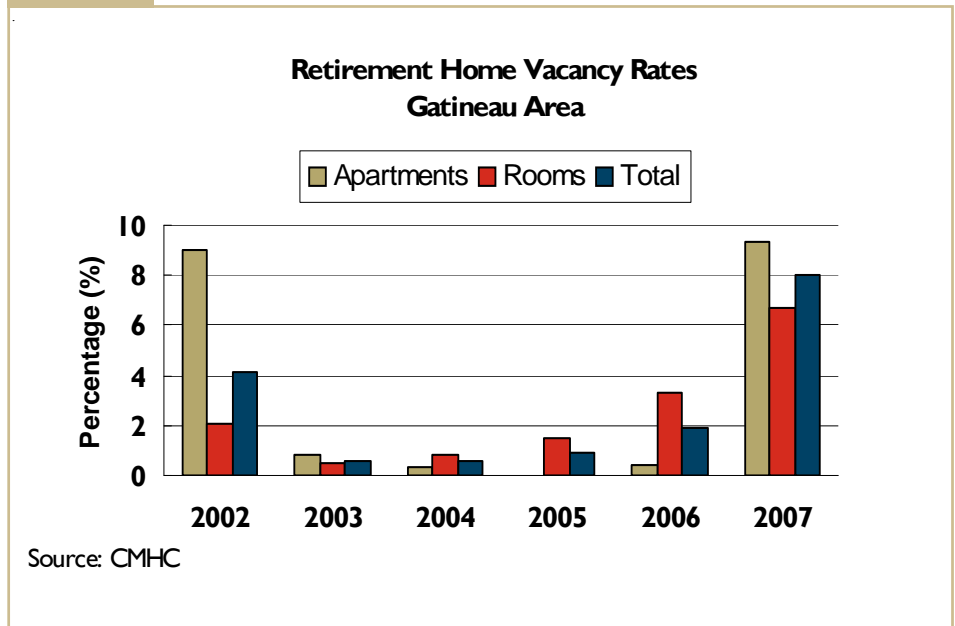
According to the results of the latest retirement home market survey conducted by Canada Mortgage and Housing Corporation (CMHC) in the Gatineau area, the proportion of unoccupied units rose from 1.9 per cent in October 2006 to 8 per cent in October 2007.

With the completion of new residences, the total retirement housing stock in the area increased from 1,664 in 2006 to 2,019 units in 2007, for a hike of 21 per cent. These new units therefore managed to meet a larger proportion of the potential demand.

Given the time needed for the market to adjust to this new supply, seniors seeking a specialized housing unit currently have a better chance of finding one.

It was in the Gatineau sector that the vacancy rate registered the greatest increase, from 3.3 per cent in 2006 to 10.5 per cent a year later. Elsewhere, the proportion of vacant rooms and apartments did not rise as significantly. In fact, the vacancy rate for the Hull and Aylmer sectors combined attained 5.1 per cent in 2007.

Figure 1



Supply

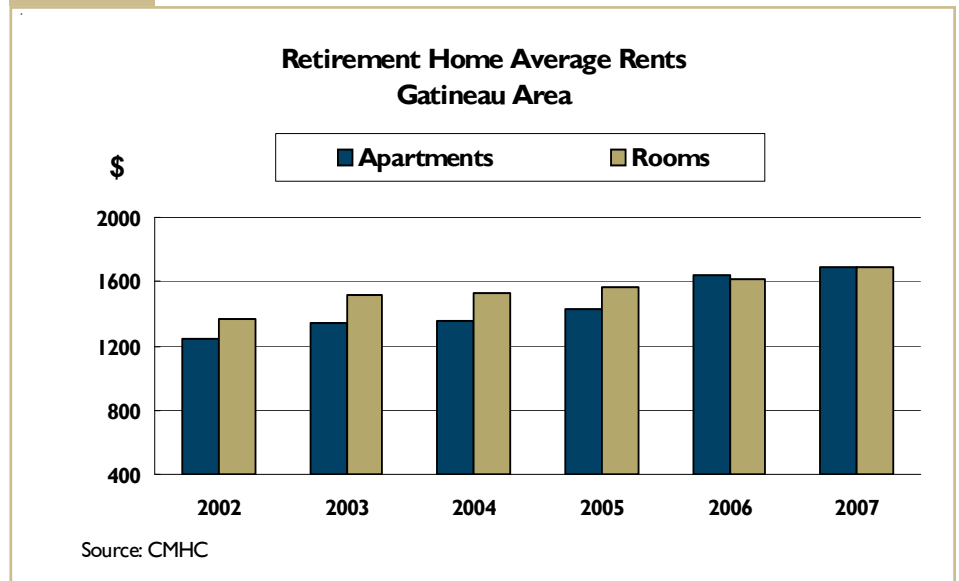
Supply abundant in apartment retirement homes

In apartment retirement homes, the vacancy rate climbed by 8.9 percentage points, from 0.4 per cent in 2006 to 9.3 per cent in 2007. This rate reflects the gradual take-up of the new retirement housing units that were put up for rent at the beginning of the summer. In addition, many new units have arrived on the market in the last two years. In fact, in 2007, 176 new units were put up for rent, for an increase of 21 per cent over 2006. This gain followed a hike of 62 per cent in 2006.

Consequently, the vacancy rates rose for all unit types. It can be noted that the smaller bachelor apartments were not as popular as the other unit types. Bachelor units saw their vacancy rate reach 11.6 per cent, but these units accounted for only 25 per cent of the total stock of apartments. The vacancy rate for one-bedroom units attained 8.9 per cent in 2007, as a result of the recent surplus of new units observed in the summer. The supply of one-bedroom apartments rose by 25 per cent between 2006 and 2007 and represented close to 50 per cent of the total supply of apartments. Lastly, two-bedroom apartments seemed to be easier to rent, as their vacancy rate was the lowest (7.9 per cent in 2007), despite the fact that their stock increased by 25 per cent in 2007.

The recent vacancy rate hike helped limit the increase in rents to 2.7 per cent in 2007, which gave some respite after an increase of 15 per cent in 2006. The average rent reached \$1,695 in 2007, compared to \$1,650 a year earlier. However, the rise in the average rent does not necessarily reflect the increase charged upon lease renewals, but rather the higher rents for new units or existing units for which additional services are being provided. In

Figure 2



fact, the number of units with meals included had jumped up in 2006, and this had affected the average rent, while, in 2007, it was the number of apartments with an optional meal service that increased significantly. As well, the number of apartments with a mandatory meal service remained stable. The increase in the average rent in 2007 was therefore limited by the lower rents charged for apartments with no meal service. Finally, the number of services offered in apartment retirement homes increased and, as a result, the average rents charged in these residences have now reached the same level as the rates asked in room-and-board retirement homes.

Vacancy rate lower in room-and-board retirement homes

Room-and-board retirement homes had a lower vacancy rate than apartment residences, as 6.7 per cent of their rooms were vacant in October 2007. But, this was an increase of 3.4 percentage points over October 2006. The opening of a new residence in the spring of 2007 brought the total supply of room-and-board units to 1,021, for a gain of 21 per cent over the year before.

As for double-occupancy rooms, which account for just 12 per cent of the stock of room-and-board units, none are vacant.

Despite the increase in the vacancy rate, the average rent rose by 4.5 per cent between October 2006 and October 2007, for an increase of \$73 per month.

Retirement housing supply up by 21 per cent between 2006 and 2007

In the Gatineau area, there were 15 retirement homes, including five buildings with apartments only, seven room-and-board retirement homes and three mixed residences. The total number of retirement housing units therefore reached 2,019, or 21 per cent more than in 2006. The supply of room-and-board units, at 1,021 units, surpassed the number of apartments (998). All these results were drawn from the CMHC survey and concern retirement homes with 10 or more units.

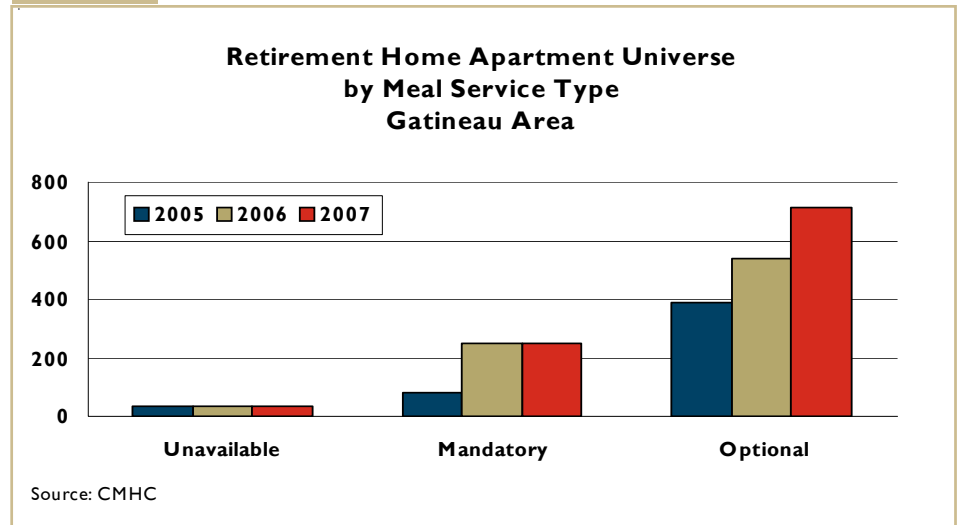
Most of the retirement homes are high-rises with 50 or more units, as this maximizes returns on the various services offered, such as supervision, meals, personal care services and recreational activities.

The retirement home market has therefore become sizable in the Gatineau area, with a housing stock that has doubled in five years.

Units for independent seniors rising steadily

Since 2006, the number of apartments with an optional meal service has been rising steadily. In fact, with the arrival of new units on the market, greater flexibility can be observed in terms of the services offered. In 2007, 71 per cent of the units had an optional meal service, compared to 65 per cent in 2006. It can therefore be noted that this is a changing market, offering a more varied range of units and services.

Figure 3



Retirement home construction still going strong

In 2007, the construction of new retirement homes continued the growth trend that began in 2006. In fact, at the end of 2007, five new residences were under construction, for an estimated total of 668 units that will arrive on the market in 2008, nearly half of which will be rooms. This will represent a further increase in supply of 33 per cent in 2008.

Demand

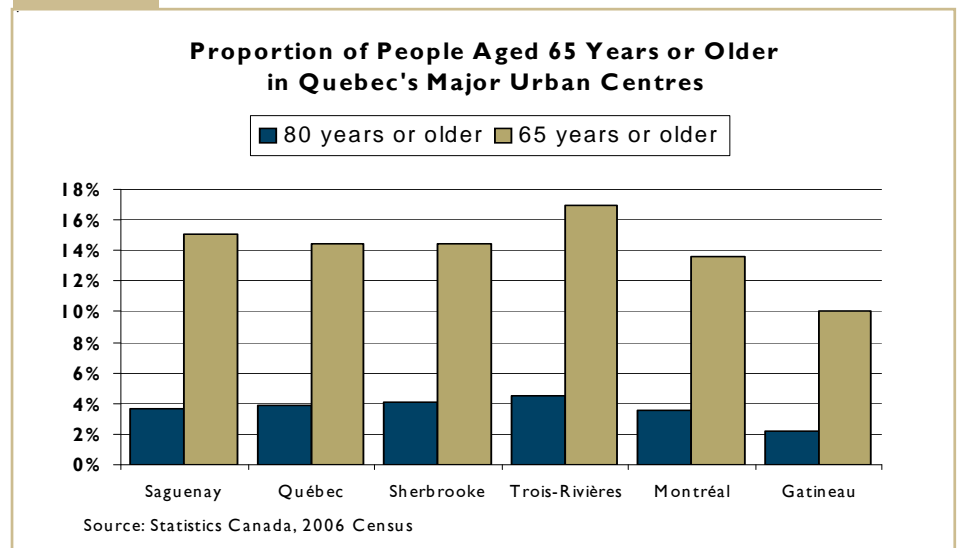
Demand for retirement housing units

The Gatineau area has the smallest proportion of seniors among Quebec's major urban centres but, according to the latest data drawn from the 2006 census, the number of people aged 65 years or older rose by 11.4 per cent between 2001 and 2006, compared to an average growth of 11.5 per cent for the province overall. As well, the group aged 80 years or older stood out the most with a growth rate of 27.6 per cent between 2001 and 2006. These rates were above the average growth of 10 per cent observed in the Gatineau area between the last two censuses.

The general trend shows that demand for retirement housing units is growing faster than the demand for other types of housing. In 2006, there were 28,000 people aged 65 years or older in the area, out of which two in ten were 80 years or older.

As for capacity to pay, a number—although not the majority—of seniors have the means to live in a retirement home. In fact, the Gatineau area has the highest homeownership rate in Quebec and, also, families there have among the highest average incomes in the province. According to the 2001 census data (the 2006 data are not yet available), the average income of families in the area was \$10,000 higher than the average for all Quebec families. Consequently, when comparing Gatineau area seniors with other older persons across Quebec, it can be noted that they are in a better financial position to access a retirement home unit.

Figure 4

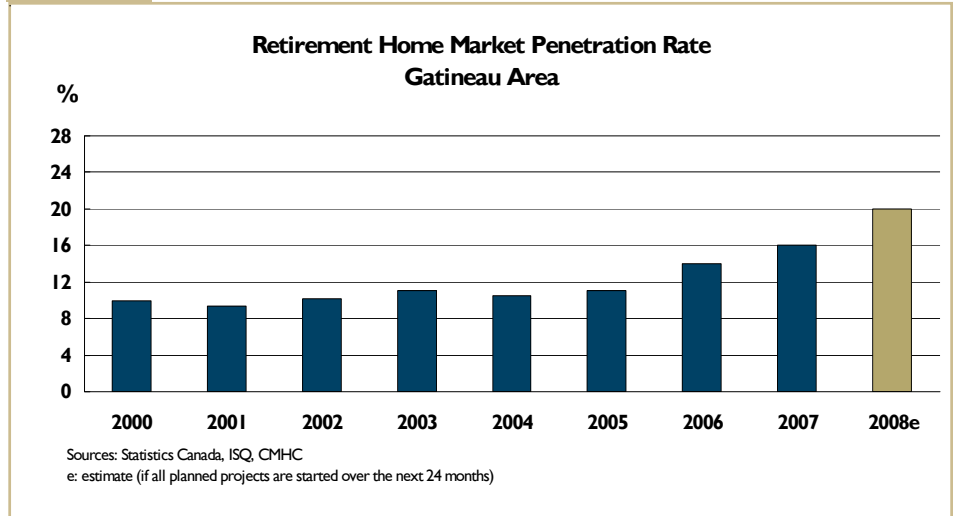


Market dynamics

Average retirement housing supply catches up to Quebec average

Even though the growth in the population aged 75 years or older has been steadily picking up the pace for the last three years, the construction of retirement housing has allowed the market to meet a greater and greater share of the demand for this type of housing. In fact, in 2007, the number of retirement housing units corresponded to 16 per cent of the population aged 75 years or older, compared to 10.5 per cent in 2004.

Figure 5



The growth in supply has therefore been accelerating faster than the increase in demand in recent years. At the current pace of new retirement home construction, the penetration rate of the supply will be close to 20 per cent in 2008. With the present vigour of residential construction in general, it is quite likely that the vacancy rate will continue to rise in the area.

Around the Province

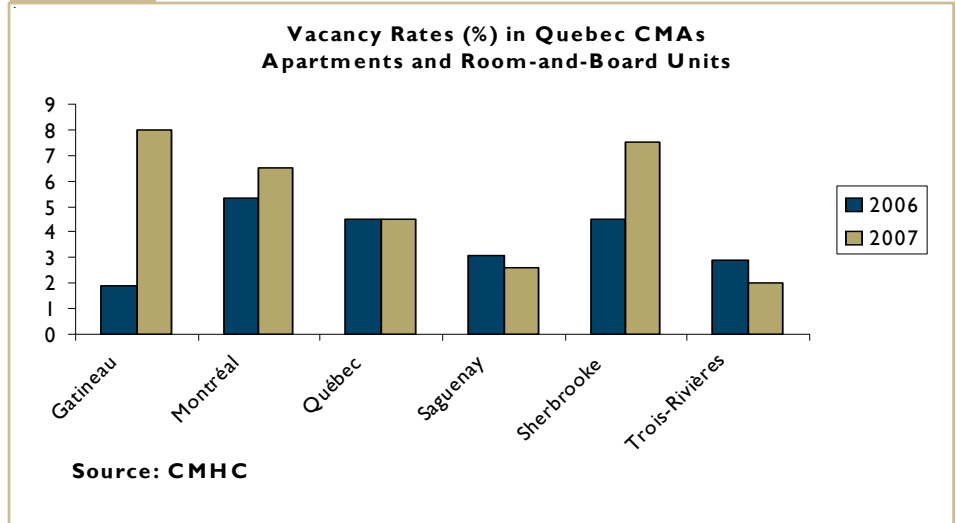
With the exception of the Saguenay and Trois-Rivières CMAs, conditions on the retirement home market (apartment and room-and-board segments) eased or remained stable in all areas with 100,000 or more inhabitants.

Gatineau was the area where market conditions eased the most. In fact, the vacancy rate there rose by 6.1 percentage points between October 2006 and October 2007 and has now reached 8 per cent (versus 1.9 per cent in 2006). This area of Quebec therefore became the one with the highest proportion of unoccupied units in 2007. Less significant easing was also observed in Sherbrooke (where the vacancy rate rose from 4.5 per cent in 2006 to 7.5 per cent in 2007) and Montréal (where the rate went up from 5.3 per cent in 2006 to 6.5 per cent in 2007).

In Saguenay and Trois-Rivières, the vacancy rates went down between 2006 and 2007. In Saguenay, the decrease was 0.5 of a percentage point (from 3.1 per cent in 2006 to 2.6 per cent in 2007), while the market tightened slightly more in Trois-Rivières. In fact, the vacancy rate there has now reached 2 per cent, down by 0.9 of a percentage point from 2006. The Trois-Rivières area

therefore had the lowest vacancy rate across Quebec in 2007. In the Québec CMA, the vacancy rate remained stable at 4.5 per cent in 2007.

Figure 6



Between 2001 and 2006, the growth in the number of people aged 75 years or older, that is, the main client group for retirement homes, varied depending on the different Quebec CMAs. The Gatineau and Saguenay areas came in first with increases of about 30 per cent, followed by Trois-Rivières (+24 per cent), Québec (+22 per cent), Montréal (+20 per cent) and Sherbrooke (+17 per cent).

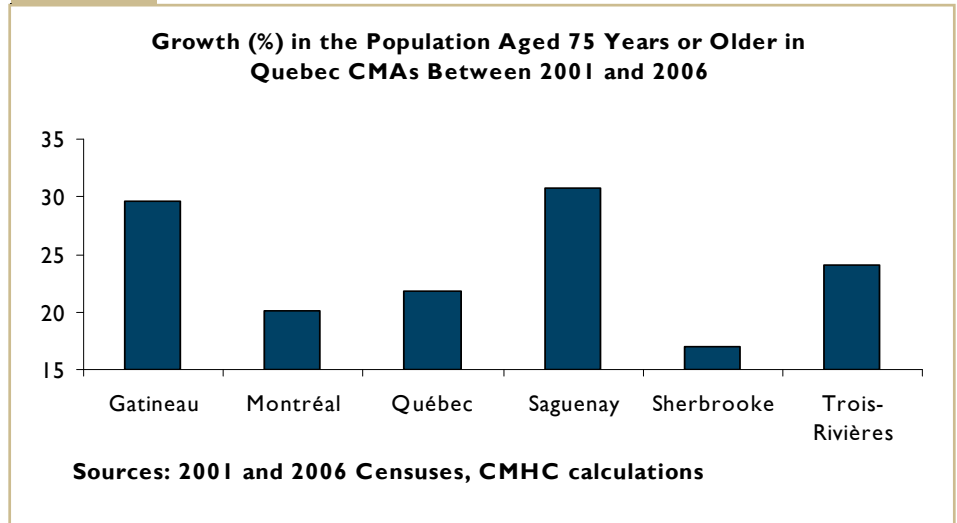
While Gatineau registered the strongest growth in the population aged 75 years or older, this was also the area where, in 2006, the penetration rate¹ was the lowest, at 14 per cent. Relatively speaking, this means that the Gatineau area was, in 2006, the market with the fewest existing units for clients aged 75 years or older. In fact, Gatineau also stood out because of the fact that around 60 per cent of all households aged 75 years or older owned their own homes in 2006, the highest proportion among all CMAs across Quebec. If seniors in the Gatineau area behaved similarly to those living in other CMAs, demand for retirement home units could be expected to increase on this market, with a greater proportion of homeowners turning to the rental market.

At the other end of the spectrum from Gatineau, the Sherbrooke area had the highest penetration rate among all Quebec CMAs, at 24 per cent, and also the smallest proportion of homeowner households aged 75 years or older (42 per cent). There consequently remained a much smaller number of homeowners to potentially attract to the retirement home market. In the

¹ Retirement housing units divided by population aged 75 years or older

other CMAs, just under one in two households aged 75 years or older were homeowners in 2006, with rates of 49 per cent in Saguenay, 47 per cent in Montréal, 46 per cent in Québec and 46 per cent in Trois-Rivières.

Figure 7



The supply of units increased in all CMAs across Quebec between 2006 and 2007. The Gatineau area registered the strongest increase (+21 per cent), which could explain the vacancy rate hike observed in this area. In the Sherbrooke CMA, given that the supply grew by less than 2 per cent in 2007, the smallest increase in Quebec, the rise in the vacancy rate therefore resulted from a decrease in demand on the retirement home market.

Figure 8

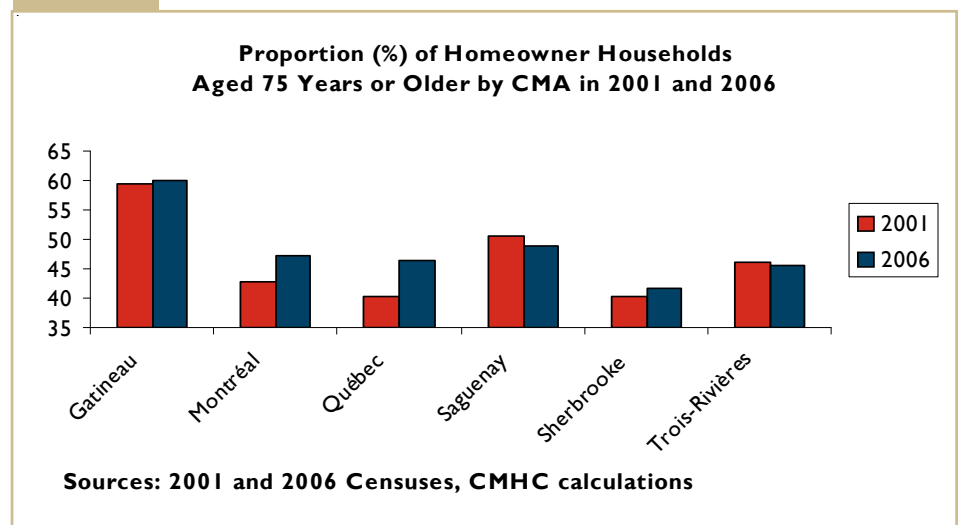


Table 1.1: Universe of Apartments for Seniors By Bedroom Type Private Retirement Homes with 10 or More Units Gatineau Metropolitan Area 2006 to 2007		
Type	2006	2007
Bachelor	225	251
1-bedroom	396	495
2-bedroom	201	252
Total	822	998

Source: CMHC

Table 1.2: Universe of Room-and-Board Units for Seniors By Building Size Private Retirement Homes with 10 or More Units Number of Beds Gatineau Metropolitan Area 2006 to 2007		
Building Size	2006	2007
10 to 49 units	--	--
50 to 99 units	206	--
100 or more units	578	790
Total	842	1,021

-- Data confidential because fewer than three buildings.

Source: CMHC

**Table 1.3: Universe of Room-and-Board Units for Seniors
By Room Type
Private Retirement Homes with 10 or More Units
Gatineau Metropolitan Area
2006 to 2007**

Type	2006	2007
Single room	746	899
Double room	96	122
Total	842	1,021

Source: CMHC

Table 2.1: Vacancy Rates of Apartments for Seniors (%) By Bedroom Type Private Retirement Homes with 10 or More Units Gatineau Metropolitan Area 2006 to 2007		
Type	2006	2007
Bachelor	0.4	11.6
1-bedroom	0.5	8.9
2-bedroom	0.0	7.9
Total	0.4	9.3

Source: CMHC

Table 2.2: Vacancy Rates of Room-and-Board Units (%) By Building Size Private Retirement Homes with 10 or More Units Number of Beds Gatineau Metropolitan Area 2006 to 2007		
Building Size	2006	2007
10 to 49 units	--	--
50 to 99 units	--	--
100 or more units	4.0	7.5
Total	3.3	6.7

-- Data confidential because fewer than three buildings.

Source: CMHC

Table 2.3: Vacancy Rates of Room-and-Board Units (%) By Room Type Private Retirement Homes with 10 or More Units Gatineau Metropolitan Area 2006 to 2007		
Type	2006	2007
Single room	3.8	7.6
Double room	0.0	0.0
Total	3.3	6.7

Source: CMHC

Table 3.1: Average Rents of Apartments for Seniors (\$) By Bedroom Type Private Retirement Homes with 10 or More Units Gatineau Metropolitan Area 2006 to 2007		
Type	2006	2007
Bachelor	1,458	1,476
1-bedroom	1,807	1,814
2-bedroom	1,554	1,680
Total	1,650	1,695

Source: CMHC

Table 3.2: Average Rents of Room-and-Board Units (\$) By Building Size Private Retirement Homes with 10 or More Units Number of Beds Gatineau Metropolitan Area 2006 to 2007		
Building Size	2006	2007
10 to 49 units	--	--
50 to 99 units	--	--
100 or more units	1,686	1,742
Total	1,618	1,691

-- Data confidential because fewer than three buildings.

Source: CMHC

Table 3.3: Average Rents of Room-and-Board Units (\$) By Room Type Private Retirement Homes with 10 or More Units Gatineau Metropolitan Area 2006 to 2007		
Type	2006	2007
Single room	1,689	1,750
Double room	1,060	1,328
Total	1,618	1,691

Source: CMHC

DEFINITIONS

Retirement home: A housing project intended for and serving clients whose average age is 65 years or older. The project must not be linked to the public health system (admission is not controlled by the government or its representatives). The dwellings can be either apartments or rooms. Retirement homes can offer a variety of support services (supervision, medical care, housekeeping, etc.).

Apartment retirement home: A building providing self-contained dwellings, that is, units with a full kitchen and bathroom. A meal service may be mandatory (included in the rental rates), optional (for an additional charge) or unavailable.

Room-and-board retirement home: A building providing single occupancy, double occupancy or other types of rooms. As applicable, the bathroom may be private or shared. This type of retirement home offers meals.

Mixed retirement home: A building providing both apartments and rooms.

Privately initiated retirement home: A building owned by an individual or a private company and not directly subsidized by a public agency. Conversely, all publicly initiated retirement homes, such as low-rent housing and buildings owned and administered by CMHC, the Société d'habitation du Québec (SHQ), a municipal housing bureau or a non-profit organization (NPO), are excluded.

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

METHODOLOGY

The **survey universe** includes all privately initiated retirement homes with 10 or more units, enumerated in the Québec census metropolitan area. The survey is conducted in October every year, and the retirement homes covered must have been in operation for at least three months.

The data collected on vacancy rates and rents was compiled by building type, building size, market zone and dwelling type, among other factors.

The **rent data** corresponds to the actual amount paid by tenants for their dwelling. Certain services such as meals, care and recreational activities may be included in the monthly rental rates. Monthly rents (*) indicated in this publication reflect the average rent for the different dwellings, regardless of the services included. However, some tables make a distinction between rents for apartments with mandatory meals (included in the rent), optional meals (excluded from the rent) and unavailable meals.

Some tables, however, make a distinction between the rents for apartments with mandatory meals (included in the rent) and the rents for apartments with optional meals (excluded from the rent).

Apartment retirement homes are divided into three categories, according to the type of meal service offered. As a result, in certain residences, the rental rates include meal service charges. When the meal service is optional, tenants can purchase a pass that entitles them to a certain number of meals or they can pay for their meals individually. The amount so paid is not included in the monthly rent. Finally, there may also be no meal service available.

In the case of room-and-board retirement homes, meals are included in the rental rates. As well, for double occupancy or other types of rooms, the rates are based on the rent paid by each tenant and not on the total rent paid for the room.

It should be noted that the survey does not aim to measure changes in rents, but rather to provide an indication of rent levels. As well, in each zone, the average rents may be strongly influenced by the presence of retirement homes where the rents are very different from the average, which explains some of the disparities between the zones.

The results for apartment retirement homes also take into account the apartments found in **mixed retirement homes** (including both apartments and rooms). Likewise, the results for room-and-board retirement homes take into account the rooms contained in mixed retirement homes.

ACKNOWLEDGMENT

The retirement home market survey could not have been conducted without the valuable cooperation of the owners and managers of these retirement homes. We greatly acknowledge their hard work and assistance in providing timely and accurate information.

CONFIDENTIALITY

The retirement home market survey aims to produce reliable statistics to provide an overview of the market in order to facilitate decision making for the various housing sector stakeholders. All the information collected on vacant units, services and rents is strictly confidential and never disclosed individually. The results are published in the form of averages for all retirement homes in a given category or survey zone.

As well, the survey results are confidential if they are compiled from a universe comprising fewer than three buildings.

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Free regional reports also available:

- B.C. Seniors' Housing Market Survey
- Ontario Retirement Homes Report
- The Retirement Home Market Study, Quebec Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Residential Construction Digest, Prairie Centres
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