



THE

# RETIREMENT HOME

MARKET STUDY



1999 SHERBROOKE



HOME TO CANADIANS  
Canada 

# Sherbrooke

## Metropolitan Area

### Demand Remains Above Supply

The **retirement home** market is doing well in the Sherbrooke metropolitan area. For a few years now, the housing demand has been slightly greater than the supply there. In October 1998, only 3.4% of units remained unoccupied. It is normal to find unoccupied housing units even in excessive demand situations. These unoccupied units result from the normal turnover of clients. In balanced conditions, just over 5% of the units are vacant on the Sherbrooke retirement home market.

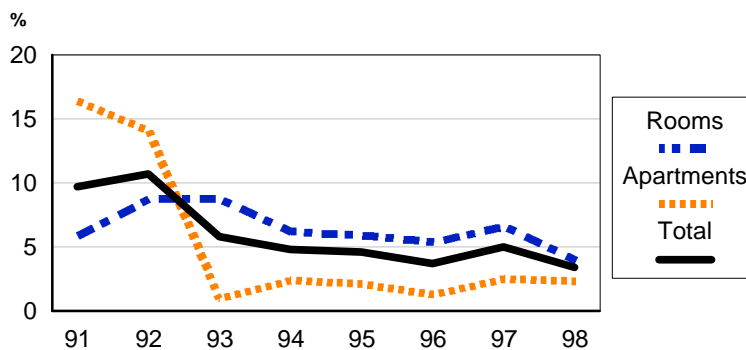
In the Sherbrooke metropolitan area, the retirement housing stock comprises mostly room-and-board units. In fact, out of the 2,179 private housing units intended for seniors, 1,345 are rooms. Apartments, with 834 units, account for only 38% of this housing supply. In the Montréal and Québec metropolitan areas, apartments are the ones that dominate the composition of the retirement housing stock.

### What Is a Private Retirement Home ?

A retirement home is specifically designed to meet the needs of seniors. It offers services that are not found in a regular rental building, such as meals, health care or animation. It may contain two types of dwellings: room-and-board units and apartments. In the case of room-and-board units, the rental rates include meals, which are served in a common kitchen or dining room. Rooms are equipped with a private or shared bathroom. Apartments, for their part, contain a kitchen and a full bathroom. Rents may or may not include the costs of a meal service. This report covers only privately initiated retirement homes with 10 or more units intended for independent clients.

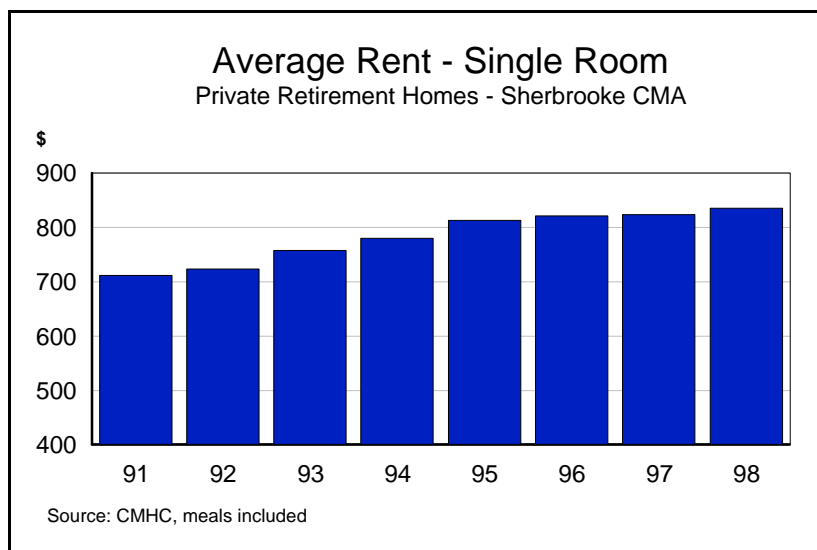
### Vacancy Rates

Private Retirement Homes - Sherbrooke CMA



Source: CMHC

For both rooms and apartments, market conditions continue to reflect the overall market situation. As such, for the room-and-board unit component, the vacancy rate stood at 4.0% in October 1998. On a balanced market, at least 6.0% of rooms are unoccupied. As for the apartment component, its vacancy rate was 2.3% at the same time. The rate representing balanced conditions for apartments is at least 4.0%.



In such a context, rents are progressing quite interestingly. The average rent for single room-and-board units went up from \$712 in 1991 to \$836 in 1998, making for a 17% hike over 7 years. During the same period, the consumer price index progressed by around 10%.

## **Rental Performance Not as Good in the Centre District**

About three out of every four private retirement housing units are situated in the city of Sherbrooke. The remaining units are divided among five suburban municipalities, namely Rock Forest, Fleurimont, Lennoxville, Deauville and St-Denis-de-Bromptonville. The overall rental performance of the housing projects located in the suburbs is similar to that of the buildings situated in the central city. In October 1998, the vacancy rate for retirement homes in the suburbs was 2.7%, compared to 3.6% for residences in the city of Sherbrooke. This result is not surprising knowing that seniors generally do not want to leave their neighbourhood when they make the transition from regular housing to retirement accommodations. Some seniors even affirm having spent more time choosing their unit in a residence, than the residence itself. In fact, if seniors have a retirement housing project in their district, they will not «shop around» for another if they find the one close to their home acceptable.

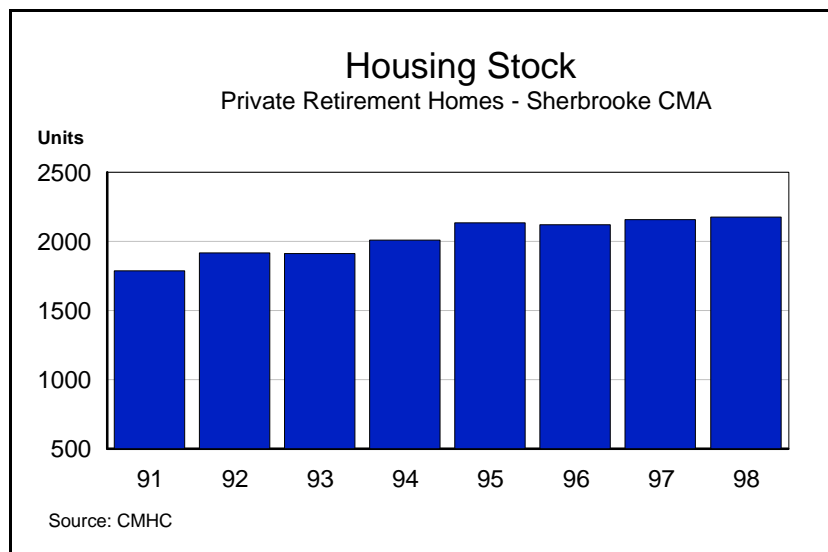
Within the city of Sherbrooke, though, some differences can be observed in the rental performance of retirement homes, depending on the district where they are located. The housing projects situated in the Centre district effectively seem to have a little more difficulty in attracting and retaining older tenants. In October 1998, the vacancy rate for retirement homes in the Centre district was 7.6%. In the East, North and West districts, the rates stood at 4.0%, 2.1% and 2.5%, respectively. For seniors, security is an important aspect in choosing a home. It could be that the Centre district of Sherbrooke provides a lesser sense of security to older persons, particularly those who like to go out in the evening.

**Large  
Housing  
Projects  
in Favour**

**F**or a few years now, larger structures, which are able to offer a wide range of services, have been the most popular with older clients. In October 1998, for example, only 1.3% of the rooms were unoccupied in retirement homes with 100 or more units. At the other end of the spectrum, 9.1% of the rooms were still vacant in seniors' housing project with fewer than 20 units. The results are similar in the case of apartments. Those contained in projects with 50 or more units posted a vacancy rate of 1.0% in 1998, while 18.3% of apartments in residences with fewer than 50 units were unoccupied. The economies of scale particular to large projects enable them to offer sufficient services to meet the numerous needs of seniors, whether in terms of health care, animation or security.

## New Investments in Sight

The private retirement housing stock will grow in 1999 in the Sherbrooke metropolitan area. In a market economy, this is generally what happens when the housing demand exceeds the supply. Already, an expansion project involving the addition of 240 housing units has been undertaken in a residence located in the East district of the city of Sherbrooke. Some newspapers have also mentioned other projects targeted to seniors. Between 1991 and 1998, nearly 400 units were added to the housing stock.



Some upward pressure on the vacancy rate will be felt over the next few months. Should the projects that have been announced in the newspapers, but that have not yet been started, be undertaken in 1999, the market could rapidly find itself with a surplus of units. In fact, in the Sherbrooke metropolitan area, the annual demand for private retirement accommodation is around 60 units per year. To this annual progression of the market, additional units must be anticipated for the supply to catch up to the demand. This catch-up volume is estimated at just under 100 units.

The apparent stability of the housing stock between 1998 and 1999 concealed the arrival of a new retirement home. This addition to the stock was less visible as an existing residence shut down its operations. This shows that, even in a market where the outlook is good, the financial risk still exists.

Table 1

<b>Apartment Vacancy Rates (%)</b> <b>by Unit Size</b> <b>Sherbrooke CMA, Private Retirement Homes with 10 or More Units</b>					
Year	Unit Size				
	Studio	1 bedroom	2 bedroom	3 bedroom	Total
1997	4.7	1.5	0.9	confidential	2.5
1998	4.7	0.5	1.8	confidential	2.3

Source: CMHC

Table 2

<b>Number of Apartments and Residences</b> <b>by Structure Size*</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>				
Structure Size	1997		1998	
	Apartments	Residences	Apartments	Residences
Under 50 units	60	5	60	5
Over 50 units	774	10	774	10
Total	834	15	834	15

Source: CMHC

\* Structure size is determined by the sum of the number of rooms and apartments.

Table 3

<b>Apartment Vacancy Rates (%)</b> <b>by Structure Size*</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>		
Structure Size	1997	1998
Under 50 units	26.7	18.3
Over 50 units	0.6	1.0
Total	2.5	2.3

Source: CMHC

**Table 4**

<b>Number of Rooms and Residences by Structure Size*</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>				
Structure Size	1997		1998	
	Rooms	Residences	Rooms	Residences
Under 20 units	77	5	77	5
20 to 49 units	457	12	473	12
50 to 99 units	410	7	402	7
100 or more rooms	382	3	393	3
<b>Total</b>	1, 326	27	1,345	27

Source: CMHC

\* A double room is considered as a single unit, whether it contains one or two beds.

**Table 5**

<b>Room Vacancy Rates (%)</b> <b>by Structure Size*</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>		
Structure Size	1997	1998
Under 20 units	26.0	9.1
20 to 49 units	6.6	5.9
50 to 99 units	5.1	3.5
100 or more rooms	4.2	1.3
<b>Total</b>	6.6	4.0

Source: CMHC



Table 6

<b>Number of Units and Residences by Location Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>				
<b>Zone</b>	<b>1997</b>		<b>1998</b>	
	<b>Units</b>	<b>Residences</b>	<b>Units</b>	<b>Residences</b>
<b>East District</b>	326	5	374	6
<b>North District</b>	860	9	839	8
<b>West District</b>	157	3	157	3
<b>Centre District</b>	296	6	288	6
<b>City of Sherbrooke</b>	1,639	23	1,658	23
<b>Suburbs</b>	521	9	521	9
<b>Sherbrooke CMA</b>	2,160	32	2,179	32

Source: CMHC

Table 7

<b>Unit Vacancy Rates (%) by Location Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>		
<b>Zone</b>	<b>1997</b>	<b>1998</b>
<b>East District</b>	5.5	4.0
<b>North District</b>	3.6	2.1
<b>West District</b>	3.2	2.5
<b>Centre District</b>	11.1	7.6
<b>City of Sherbrooke</b>	5.3	3.6
<b>Suburbs</b>	4.0	2.7
<b>Sherbrooke CMA</b>	5.0	3.4

Source: CMHC

**Table 8**

<b>Vacancy Rates (%)</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>			
<b>Year</b>	<b>Rooms</b>	<b>Apartments</b>	<b>Total</b>
1991	5.9	16.4	9.7
1992	8.7	14.1	10.7
1993	8.7	1.0	5.8
1994	6.2	2.4	4.8
1995	5.9	2.1	4.6
1996	5.4	1.3	3.7
1997	6.6	2.5	5.0
1998	4.0	2.3	3.4

Source: CMHC

**Table 9**

<b>Average Monthly Rent for a Single Room (\$)</b> <b>Sherbrooke CMA - Private Retirement Homes with 10 or More Units</b>	
<b>Year</b>	<b>\$</b>
1991	712
1992	724
1993	758
1994	780
1995	813
1996	822
1997	824
1998	836

Source: CMHC

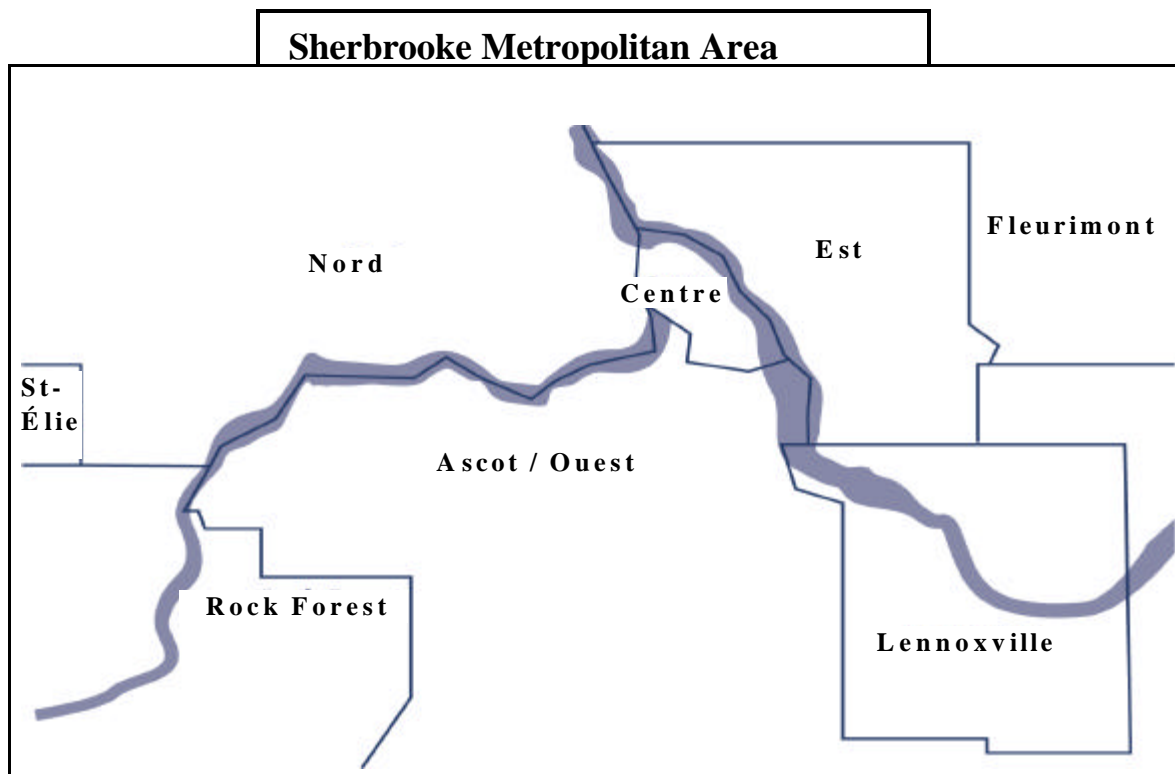
***What are the Vacancy Rates and Average Rents  
for the private rental market in the Sherbrooke  
Metropolitan Area, at the end of 1998?***

**You can find them and more in the:**

**RENTAL MARKET REPORT**

**( October 1998 Survey )**

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*For more information about this survey, please contact  
**Hélène Dauphinais** at (819) 564-5622*