



T H E

RETIREMENT HOME

MARKET STUDY



2003 g a t i n e a u



HOME TO CANADIANS
Canada

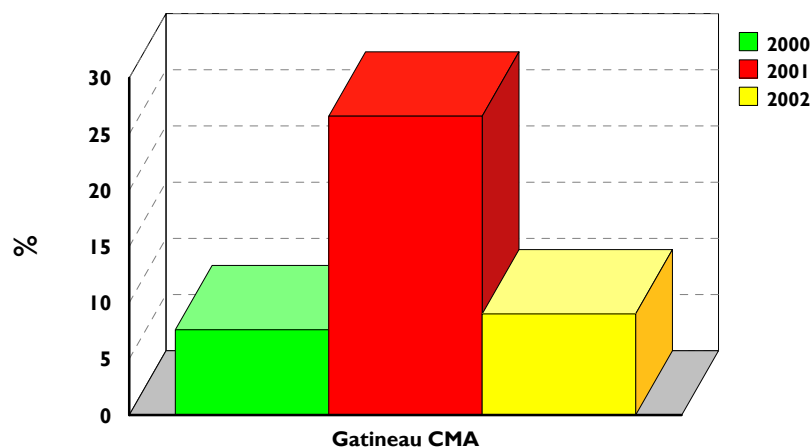
Gatineau

Census Metropolitan Area

Supply and demand still managing to meet

The retirement home market changes a great deal from one year to the next in the Outaouais. The apartment vacancy rate has been going up and down for the past three years, but has still not hindered the balance. In fact, builders who have invested in this housing sector seem to be good calculators as, even if the supply seemed to be showing a surplus in 2001, the results for 2002 have demonstrated the opposite.

Vacancy Rate
Apartment Retirement Homes



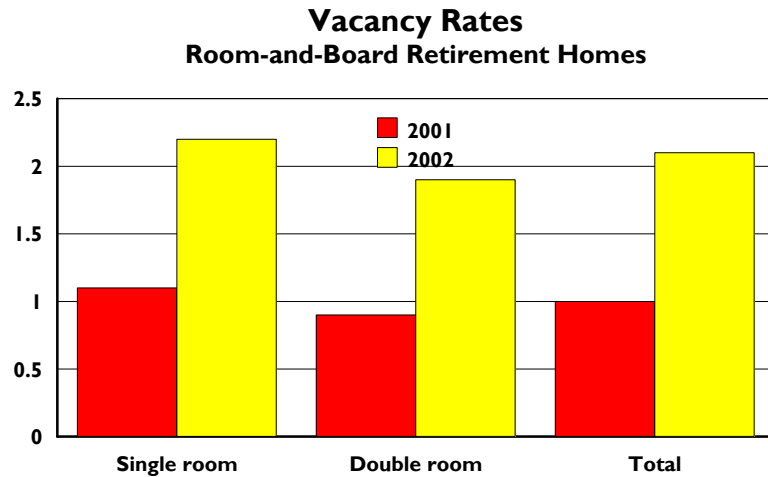
Source: CMHC

The vacancy rate for apartment retirement homes went up from 7.6 per cent in 2000 to 26.6 per cent in 2001, but fell to 9.0 per cent in 2002. All the apartments that arrived on the market in 2001 and that had not yet found takers at the time of our survey were rented in 2002. A certain balance was therefore regained.

In the room-and-board retirement home segment, the status quo has reigned for the past two years. The vacancy rate for these residences has changed little, as it rose from 1.0 per cent in 2001 to 2.1 per cent in 2002. Given the success of this type of housing, it is highly likely that the arrival of 170 new rooms at the end of 2002 will have only a small impact on the vacancy rate in this market segment in 2003.

Changes in retirement homes

As is the case with traditional rental housing, room-and-board retirement home clients prefer larger buildings and roomy spaces. Buildings with 100 or more rooms post a vacancy rate of 2.0 per cent, compared to 2.6 per cent for the others. In terms of space, double rooms have a lower vacancy rate (1.9 per cent) than single rooms (2.2 per cent).

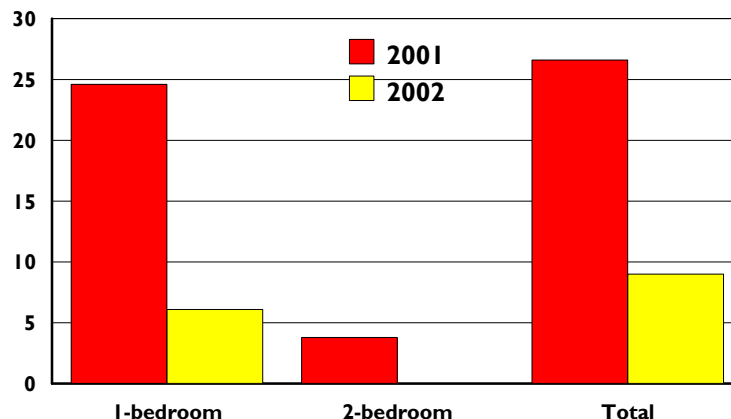


Source: CMHC

For apartment retirement homes, the situation is quite different, with the overall vacancy rate having attained 9.0 per cent. However, the relatively considerable availability of such units is largely attributable to the bachelor apartment category. This type of dwelling has not found its client base. As for the rest of this market segment, one-bedroom units reached a vacancy rate of 6.1 per cent, while two-bedroom apartments are posting a shortage.

Experience effectively shows that, for want of being homeowners, renters appreciate large spaces. Retirement home clients are no exception, and bachelor units are not as popular as larger apartments. The market is therefore contending with a surplus of available bachelor apartments, which will certainly be absorbed in 2003, following the conversion of these units into roomier dwellings.

Vacancy Rates Apartment Retirement Homes



Source: CMHC

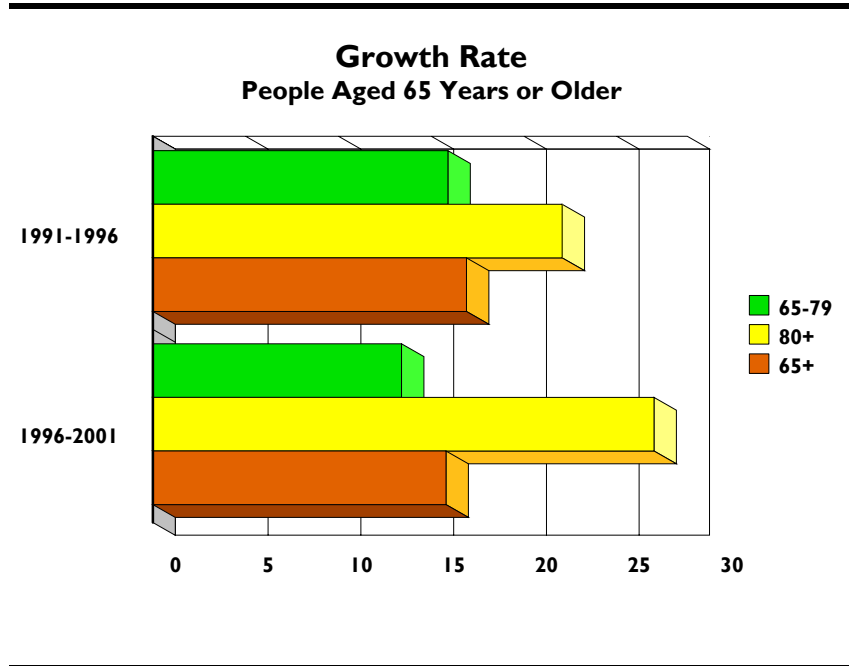
Changes in prices

In 2001, the greater availability of rooms put slight downward pressure on the rents for these units in 2002. In the Gatineau census metropolitan area, rental rates for rooms fell by 8 per cent in 2002, and this decrease was mainly concentrated in the Hull sector, where the vacancy rate reached nearly 3 per cent.

As for apartment rents, an increase of almost 20 per cent was recorded, essentially on account of the arrival of some new players on the market. In fact, the rent for a two-bedroom unit more than doubled in 2002. This phenomenon can be explained by the scarcity of large apartments, but especially by the addition of more luxurious units to the market in 2002.

There are not tons of private retirement homes in the Outaouais area. In all, the survey conducted by CMHC in 2002 covered eight private establishments, with a total of 646 rooms and 277 apartments. These units are divided among three room-and-board retirement homes, three mixed residences (rooms and apartments) and one retirement home comprising only apartments. Since the survey, the supply of apartments has grown with the opening of a new 86-unit residence. In 2002, the retirement home market was therefore very active, given the low vacancy rates in most categories.

Findings from the latest census



Source: CMHC

In 1996, 8 per cent of the Outaouais population was 65 years or older. Today, 10 per cent of inhabitants are in this age group. Two thirds of them live in the city, closer to services and often their children and grandchildren. While most seniors live in the city, it should still be noted that the concentration of older people is greater in rural areas, where close to 15 per cent of the population is aged 65 years or older, compared to 9 per cent in urban zones.

As well, the results from the latest census confirmed that, in the Outaouais, as elsewhere in Quebec, people are getting older and are therefore seeking a lifestyle that is better suited to their situation. While the segment of the population aged from 65 to 79 years posted slower growth in 2001, the group aged 80 years or older was growing faster. With the average age of people living in retirement homes being closer to 80 years, a strong growth in this population segment entails a greater demand for this type of housing in the future. Since seniors put off moving into a retirement home for as long as possible, residences will more and more often have clients who are losing their independence, so it will be increasingly important for them to provide adapted care services.

Changes in services offered

Even though the residences are mainly intended for independent seniors, most of them have adapted to a broader client base by extending the range of services offered. For example, the gradual loss of independence experienced by residents has obliged several establishments to provide additional care services. At the top of the list of new services is bathing assistance. Also, doctor visits are now offered in most retirement homes, as is a convenience store. Physiotherapy and massage therapy services have also appeared in certain establishments. Lastly, while the vast majority of Gatineau area retirement home clients primarily use the French language, a good number of residences offer their services in both official languages.

**Vacancy Rate, Average Rent and Number of Beds
by Building Size
Private Room-and-Board Retirement Homes
Gatineau CMA**

		10 to 49 units	50 to 99 units	100 or more units	Total
Vacancy rate	2001	***	***	1.2%	1.0%
	2002	***	***	2.0%	2.1%
Average rent (\$)	2001	***	***	1,478	1,484
	2002	***	***	1,325	1,367
Number of beds	2001	***	***	606	675
	2002	***	***	505	699

(***) Sample too small to be disclosed

Source: CMHC

**Vacancy Rate, Average Rent and Number of Beds
by Room Type
Private Room-and-Board Retirement Homes
Gatineau CMA**

		Single room	Double room	Total
Vacancy rate	2001	1.1%	0.9%	1.0%
	2002	2.2%	1.9%	2.1%
Average rent (\$)	2001	1,600	888	1,484
	2002	1,458	857	1,367
Number of beds	2001	565	110	675
	2002	593	106	699

Source: CMHC

**Vacancy Rate, Average Rent and Number of Apartments
by Unit Type
Private Apartment Retirement Homes
Gatineau CMA**

		Bachelor	1-bedroom	2-bedroom	Total - CMA
Vacancy rate	2001	*	24.16%	3.8%	26.6%
	2002	*	6.1%	0.0%	9.0%
Average rent (\$)	2001	*	1,344	550	1,051
	2002	*	1,451	1,022	1,249
Number of apartments	2001	*	61	52	184
	2002	*	114	82	277

Source: CMHC

Methodology

The **survey universe** includes all privately initiated retirement homes with 10 or more units, located in the Gatineau 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) and 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 the meals individually. The amount so paid is not included in the monthly rent. Finally, there may 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 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.

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.

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 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.

This CMHC report gives the results of the annual survey conducted in the fall of 2002 on the privately initiated retirement home market in the Gatineau Census Metropolitan Area. This annual report presents vacancy rates, rents and an analysis of the main results derived from the information provided by the people in charge questioned at the time of the survey.

These CMHC survey results are the most comprehensive data on the retirement home market in the Gatineau metropolitan area. They are useful to lenders, mortgage brokers, property managers, investors, appraisers, owners, tenants, housing advisors and decision makers, various government departments and agencies, as well as several related industries.

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