



T H E

R E T I R E M E N T H O M E

MARKET STUDY



2006 GATINEAU

Retirement Home Market Study

2006 Gatineau

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Gatineau

Census Metropolitan Area

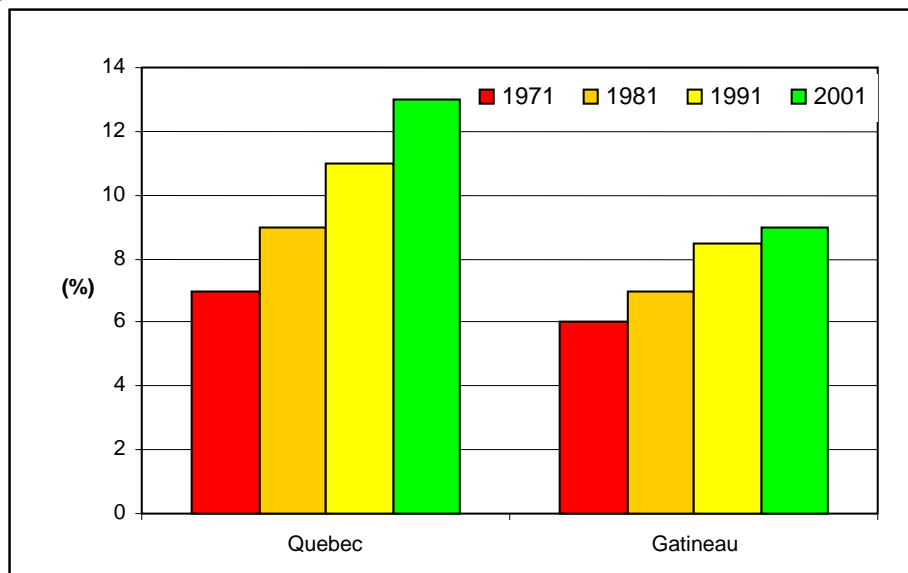
Market remains tight even with the rise in the vacancy rate

The results of the CMHC retirement home market survey conducted in the fall of 2005 once again revealed a very low proportion of vacant units in the Gatineau area. With an overall vacancy rate of 0.9 per cent, the situation was not very different from that observed the year before (0.6 per cent). Available units are therefore still scarce on the retirement home market in Gatineau.

Demand analysis: profile of Outaouais seniors

Presence of seniors in the Outaouais area

In the Outaouais, there were 26,950 people aged 65 years or older in 2005, or 37 per cent more than in 1996. The number of people aged 80 years or older attained 6,000 in 2005, for an increase of 73 per cent over 1996. The senior population is therefore growing more rapidly in the older age groups. As in the past, Outaouais seniors remained concentrated in the urban centres, as 90 per cent of this population still lived there. Even with the strong growth in the number of seniors, they represented 10 per cent of the total population in 2005, a rate well below the provincial average (14 per cent). Given that life expectancy is relatively lower for men, there were 1.4 women for every man in the group aged 65 years or older in 2005. In the group aged 80 years or older, this ratio climbed to 2.2 to 1.



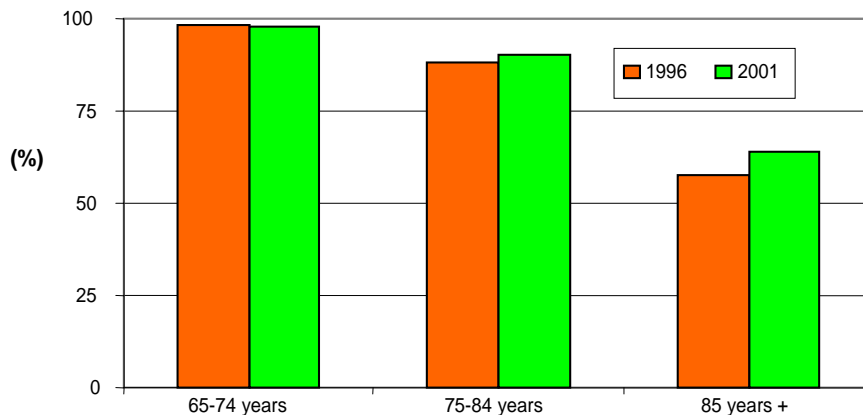
Source: ISQ

Graph 1 – Seniors in the Total Population (Province of Quebec and Gatineau)

According to the United Nations definition, a nation is considered “old” when more than 8 per cent of the population is aged over 65 years. While the Outaouais has surpassed this mark, this area remains young in comparison with all of Quebec, which is partly due to the rise in immigration from the rest of the province and from outside Quebec. This immigration was strongly related to the development of the public service in the Outaouais area during the 1970s. This expansion brought about an influx of young people who stayed in the area, which slowed down the aging process that was already under way there, as elsewhere. The decrease in fertility therefore remains the principal factor causing the aging of the population in this area. Even if fertility in the area is slightly higher than in Quebec overall (in 2002, the birth rate was 10.2 per cent in the Outaouais, compared to 9.7 per cent for the province), it is on the decline, which is contributing to raising the demographic weight of older people. It goes without saying that the decline in mortality (in 2002, the death rate attained 6.6 per cent in the Outaouais, versus 7.5 per cent for the province of Quebec) is also a non-negligible factor that brings about changes in the age structure within the senior population. Over the years, the area therefore has an ever-growing number of increasingly older people.

Seniors’ housing choices

In Gatineau, the current trend is to see seniors stay at home for as long as possible, even if this means that they must call on the help of family members, caregivers or structured home care services. However, there comes a time when this is no longer possible. At the outset, functional (physical and/or cognitive) limitations in performing activities of daily living isolate the person and create a greater need for supervision, care or specialized services that cannot be met by natural family members. In 2001, in the Outaouais area, only 7.2 per cent of seniors lived in an institution or a retirement home. As can be expected, the rate of institutionalization increases with age. In fact, this proportion was 36.2 per cent for people aged 85 years or older, compared to 2.1 per cent in the case of people aged from 65 to 74 years. Across Quebec, 10 per cent of seniors no longer live in private households.



Source: Public Health – Outaouais
 Graph 2 – Proportion of the Outaouais Population Aged 65 Years or Older Living in Private Households, by Age Group

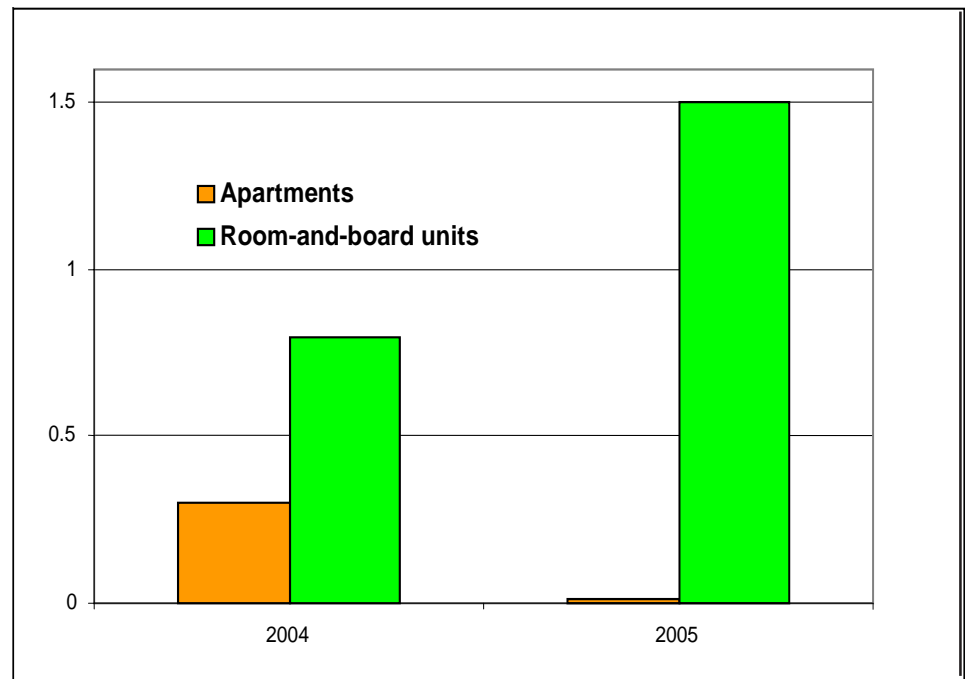
Higher incomes, especially for women

An adequate income, good health and good social integration are the essential conditions for the well-being of seniors. In the Gatineau area, women posted the greatest increase in average income, which went up from \$12,900 in 1980 to \$18,700 in 2003, for a gain of 45 per cent (in 2003 dollars). That said, men also saw their average income rise over this period, from \$23,100 to \$28,300, up by 23 per cent (in 2003 dollars). For people aged 65 years or older, the ratio between women's and men's incomes therefore climbed from 56 per cent to 66 per cent. It is recommended that traditional households not spend more than 30 per cent of their income on housing. Going by this rule, a single man could then pay at most \$707 in rent, while a couple could go up to \$1,200.

In the last few decades, Outaouais women's income has changed both quantitatively and qualitatively. The proportion of women having received private retirement benefits tripled, from 15.7 per cent to 46.6 per cent, between 1980 and 2003. The proportion of women receiving Quebec Pension Plan (QPP) benefits jumped up by 50 points and reached 84.2 per cent in 2003. In fact, their income from private sources—excluding government transfers—saw its share rise from 33.7 per cent to 40.4 per cent, despite a marked decrease in the share of investment income (from 22.0 per cent to 11.8 per cent of the total). This was because the share of private retirement income went up almost threefold (from 8.2 per cent to 23.4 per cent). For men, the share of income from private sources decreased slightly, from 58.4 per cent to 55.0 per cent, between 1980 and 2003, mainly on account of the tumble in their employment earnings (from 25.9 per cent to 7.4 per cent), and the share of their private retirement income climbed from 16.7 per cent to 37.7 per cent. Over this period, the share paid by the QPP doubled (from 11.5 per cent to 21.1 per cent). However, even if the number of Guaranteed Income Supplement recipients is down, close to 50 per cent of the people in this age group still exercise their right to receive these benefits, which means that they face certain financial difficulties. It should be noted, though, that this proportion falls to less than 40 per cent in the urban centres.

Retirement homes in the Outaouais area

The vacancy rate for apartment retirement homes went from 9.0 per cent in 2002 to 0.8 per cent in 2003 and then fell to 0.3 per cent in 2004. At the time of our last survey, there were no vacancies in residences of this type. While, in 2004, bachelor apartments still provided some room in these retirement homes, last year, it became impossible to find any units. Clients, who could show their preferences by ignoring small units just a few years back, are now making do with what is available, which explains the zero vacancy rates in all categories.



Source: CMHC

Graph 3 – Vacancy Rates in Apartment and Room-and-Board Retirement Homes

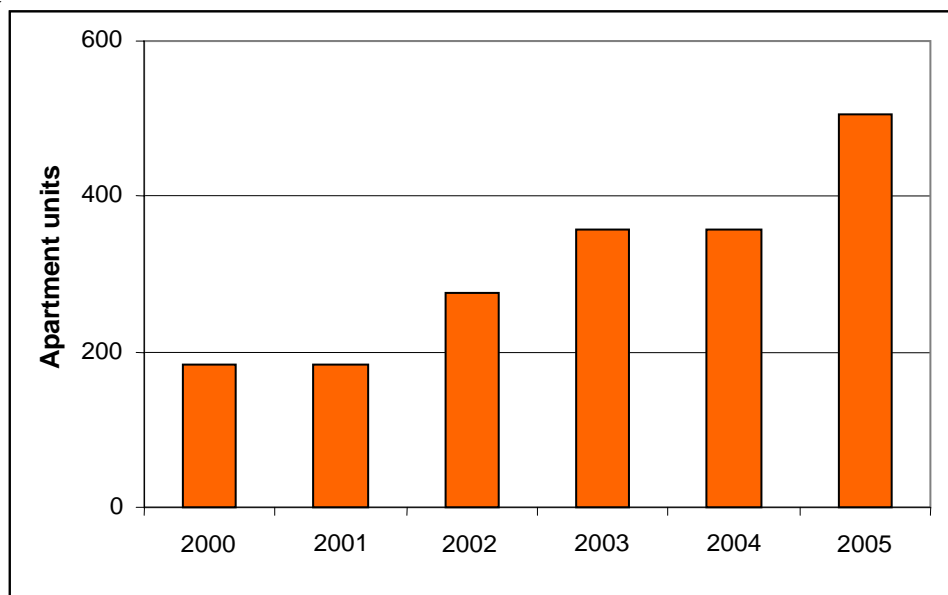
The room-and-board retirement home market eased slightly. From 0.8 per cent in 2004, the vacancy rate in this segment almost doubled to 1.5 per cent in 2005, even though the number of rooms and beds continued to decrease. In fact, the market lost 24 rooms last year on account of structural conversions in certain buildings. In this market segment, as well, seniors would appear to prefer more spacious units, as evidenced by the vacancy rate for double-occupancy rooms, which remained at zero, while this rate nearly doubled (from 0.9 per cent in 2004 to 1.7 per cent in 2005) for single-occupancy rooms.

Supply adjusting slowly...and with reason

Given the scarcity of vacant units, it might seem surprising to see that the supply on the retirement home market is not more dynamic. It should still be noted that, over the past year, 125 apartments were added to the retirement rental housing stock. This supply is certainly limited, but still in line with the trends observed on the market. In fact, even if the aging of the population is a real concern, retirement homes are not the first choice of seniors. Most of them effectively stay at home for as long as possible, with some moving to smaller but also more comfortable units, if they have the means. This is notably the case for single women who cannot maintain a larger dwelling on their own and who often either buy a condominium or else rent a conventional apartment. All seniors put off moving to an institution or a retirement home for as long as they can. In 2005, with 26,950 seniors

and just 1,235 occupied places in retirement homes, the Outaouais area had one of the lowest penetration rates in the province, at 4.6 per cent. In fact, considering that the average age of tenants in these residences is 80 years old, this significantly reduces the potential pool of clients, at least for now. Consequently, in Gatineau, where there were around 6,000 people aged 80 years or older in 2005, if only 36.2 per cent (the percentage of people aged 80 years or older not living in private households in 2001) lived in a retirement home or an institution, this would make only 2,172 potential clients for both of these residential options. Now, since retirement homes already account for more than half of this number, it is not as surprising to see that builders are remaining cautious.

However, during 2005, two housing projects got under way, and 200 units will arrive on the market and be included in the survey universe in 2006. These recent starts will bring the total number of dwellings built in the last five years to 725 units, representing one third of the rental housing construction in Gatineau. These projects should increase the supply of available units and, by the same token, help the market to ease.



Source: CMHC
 Graph 4 – Apartment Units

Demand favoured by a continued strong resale market

Although limited by demographics, demand for retirement housing has the support of the resale market. In fact, while this market had been expected to calm down in 2005, it maintained its momentum and stayed at a peak. Sales therefore went up by 2 per cent on account of the high number of listings. However, even if the seller-to-buyer ratio edged up as a result of the increase in the number of properties for sale, the market remained favourable to sellers (ratio of just 6 to 1). Older homeowners who sold their properties in 2005, and even those who will do so in 2006, will benefit from an additional financial cushion. In fact, property values have been steadily rising, at an annual rate above 10 per cent for the last three years. When the difference with the purchase price (from about 30 years ago) is added, the capital gain is more than attractive. For the part of this client group who would first opt for another type of property, like a condominium, the market is also favourable. In fact, after having taken advantage of market favouring them for the sale of their home, these people then arrive as buyers on the existing upscale condominium market, where there are 12 sellers for every buyer.

Rents remain relatively stable

In general, the rents hardly changed in retirement homes. They even went down in some cases. Even though the vacancy rates remained very low, the arrival of new units would seem to have limited the rent increases. In fact, two-bedroom apartments were the only unit category that registered a substantial rent hike, from \$1,235 to \$1,414, for a gain of 15 per cent. In this category, 69 units were added to the supply, but these new apartments were apparently not sufficient to curb the rise in prices. It should still be recalled that, in Gatineau, single seniors can spend an average of \$700 on their rent, without compromising the payment of their other expenses, an amount that is well below the rates charged on the market. It would be better to live as a couple (who can spend an average of \$1,200 of their income on housing) to reduce the housing costs. Given that, with age, so-called basic expenses (food, health, shelter, transportation) decrease, the proportion of their income that seniors would be able to spend on housing could be greater than 30 per cent. Still, the financial aspect would appear to be a non-negligible limiting factor holding back many seniors from moving into a retirement home and inciting them instead to turn to the public system when they no longer have a choice.

On the other side of the river

In Ottawa, the situation is very different. In fact, the retirement home vacancy rate reached 9.2 per cent there in 2005, another world compared to Gatineau. That said, since the peak recorded in 2003 (17.3 per cent), the vacancy rate has still declined by half. The market therefore tightened in relation to the year before, when this rate attained 9.8 per cent. As well, the decrease in the number of unoccupied units had an immediate impact on rents, which went up by 7.5 per cent in certain cases. It should be specified once again that, since retirement home types are segmented differently, it is difficult to compare the results for Ottawa with those for Gatineau.

Regional results

The results of the latest retirement home market survey conducted across the province of Quebec revealed different situations, depending on the CMAs. First of all, the retirement home penetration rates¹ are more than twice as high in some CMAs as in others, and the vacancy rates also vary from one area to another. Before reviewing these results, it is important to mention that, for smaller CMAs, both the penetration and vacancy rates are more sensitive to marginal increases in supply (that is, in construction). The results must therefore be analyzed in a specific context.

The Sherbrooke area had the highest penetration rate (24.2 per cent). Developers have been at the forefront of the retirement home construction sector, offering innovative products sometimes targeted to a broader client group. In 2005, the vacancy rates reached 2.2 per cent for apartments and 3.6 per cent for room-and-board units. According to the 2005 survey, rooms still accounted for 45 per cent of the retirement housing units in this area.

The Trois-Rivières area followed with a penetration rate of 22.5 per cent.

The vacancy rate for apartment retirement homes went down by close to six tenths of a percentage point to 1.9 per cent, from 2.5 per cent in the fall of 2004. In the room-and-board retirement home segment, the proportion of vacant units fell to 5.6 per cent in 2005, from 6.3 per cent one year earlier.

In the Québec area, the penetration rate attained 20.0 per cent, with a significant proportion of apartment retirement homes. The recent increase in the number of vacant units in apartment residences caused the vacancy rate to climb to 3.1 per cent in the fall of 2005. In the room-and-board retirement home segment, the proportion of unoccupied units rose slightly, reaching 6.2 per cent in the fall of 2005.

The Saguenay area posted a penetration rate of 18.3 per cent. The overall vacancy rate was 1.5 per cent in October 2005, down from 2.9 per cent one year earlier. It was the status quo in supply that accounted for the tighter market conditions, as no new units were added to the universe between the October 2004 and 2005 surveys. Stable supply and a higher demand resulting from the

increase in the senior population therefore led to a decrease in the vacancy rate.

In Montréal, the penetration rate was estimated at 14.3 per cent. In 2005, for a third straight year, construction got under way on several new retirement homes in Greater Montréal. In all, over 2,600 new units were added to the retirement housing stock, which drove up the vacancy rates in both apartment residences (to 4.0 per cent) and room-and-board homes (to 4.5 per cent).

The Gatineau area, which has a younger population, had a penetration rate of 11.1 per cent. The overall vacancy rate of 0.9 per cent was not very different from the level observed the year before (0.6 per cent). The vacancy rate for apartment retirement homes went from 9.0 per cent in 2002 to 0.8 per cent in 2003 and then fell to 0.3 per cent in 2004. In 2005, there were no vacancies in residences of this type.

¹ The penetration rate is the ratio between the supply of retirement housing units and the population aged 75 years or older.

	Sherbrooke	Trois-Rivières	Québec	Saguenay	Montréal	Gatineau
Population in 2005						
75 years or older	11,198	10,907	45,725	9,274	218,094	11,162
Housing stock						
Apartments	1,477	1,230	6,044	794	22,334	506
Rooms	1,232	1,219	3,109	900	8,935	729
Total	2,709	2,449	9,153	1,694	31,269	1,235
Vacancy rates (%)						
Apartments	2.2	1.9	3.1	2.6	4.0	0.0
Rooms	3.6	5.6	6.2	0.3	4.5	1.5
Total	3.1	3.7	4.2	1.5	4.1	0.9
Penetration rate (%)						
	24.2	22.5	20.0	18.3	14.3	11.1

Source: CMHC, Statistics Canada

Table 1.1

**Universe of Apartments for Seniors
By Bedroom Type - In Number of Units
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Type	2004	2005
Studio	100	127
1-bedroom	146	209
2-bedroom	111	170
Total	357	506

Source : CMHC

Table 1.2

**Universe of Room-and-Board for Seniors
By Building Size and Number of Beds
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Building Size	2004	2005
10 to 49 units	**	**
50 to 99 units	**	195
100 units and more	558	534
Total	753	729

**: Data confidential because less than 3 buildings.

Source : CMHC

Table 1.3

**Universe of Room-and-Board for Seniors
By Room Type and Number of Beds
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Type	2004	2005
Single Room	645	643
Double Room	108	86
Total	753	729

Source : CMHC

Table 2.1

**Vacancy Rates of Apartments for Seniors (%)
By Bedroom Type
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Type	2004	2005
Studio	**	0.0
1-bedroom	0.0	0.0
2-bedroom	0.0	0.0
Total	0.3	0.0

** : Data confidential because less than 3 buildings.
Source : CMHC

Table 2.2

**Vacancy Rates of Room-and-Board for Seniors (%)
By Building Size
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Building Size	2004	2005
10 to 49 units	**	**
50 to 99 units	**	0.0
100 units and more	1.1	2.1
Total	0.8	1.5

** : Data confidential because less than 3 buildings.
Source : CMHC

Table 2.3

Vacancy Rates of Room-and-Board for Seniors (%)
By Room Type
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005

Type	2004	2005
Single Room	0.9	1.7
Double Room	0.0	0.0
Total	0.8	1.5

Source : CMHC

Table 3.1

**Average Apartment Rents for Seniors
By Bedroom Type
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Type	2004	2005
Studio	**	\$1,293
1-bedroom	\$1,533	\$1,526
2-bedroom	\$1,235	\$1,419
Total	\$1,360	\$1,430

** : Data confidential because less than 3 buildings.

Source : CMHC

Table 3.2

**Average Room-and-Board Rents for Seniors
By Building Size
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Building Size	2004	2005
10 to 49 units	**	**
50 to 99 units	**	**
100 units and more	\$1,538	\$1,474
Total	\$1,532	\$1,430

** : Data confidential because less than 3 buildings.

Source : CMHC

Table 3.3

**Average Room-and-Board Rents for Seniors
By Room Type
Private Retirement Homes with 10 or More Units
Gatineau CMA
2004 to 2005**

Type	2004	2005
Single Room	\$1,614	\$1,634
Double Room	\$1,042	\$1,033
Total	\$1,532	\$1,563

Source : CMHC

Methodology

The **survey universe** includes all privately initiated retirement homes with 10 or more units, enumerated 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.

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.

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 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.

This CMHC report gives the results of the annual survey conducted in the fall of 2005 on the privately initiated retirement home market in the Gatineau 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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