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# RETIREMENT HOME

MARKET STUDY



2000 CHICOUTIMI-JONQUIERE



HOME TO CANADIANS  
Canada 

# Chicoutimi-Jonquière

## Metropolitan Area & Lac-Saint-Jean

*The vacancy rate posted a decrease in 1999 among retirement homes in the Saguenay area. At the time of the October 1999 survey, just 3.3% of all units were available. However, the situation clearly differs between apartment retirement homes and those comprising rooms.*

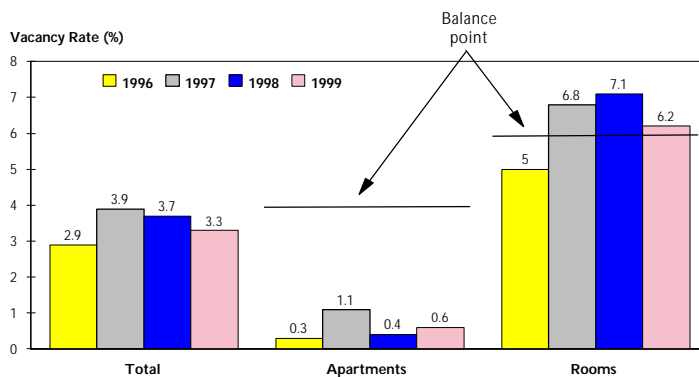
### Shortage persists in apartment retirement homes

Private apartment retirement homes have practically reached full capacity in the Chicoutimi-Jonquière metropolitan area. At the time of the October 1999 survey, only four apartments were available out of a total of 717. This corresponds to a vacancy rate of 0.6%. There was little change in the situation between the last two surveys: the vacancy rate stood at 0.4% in October 1998. This rate remains very low, well below the balance point.<sup>1</sup>

### Highlights

- The low vacancy rate is enduring for apartment retirement housing in the area, as it remains below the 1% mark.
- The vacancy rate for rooms was down in 1999, attaining a balanced level of 6.2%.

### Shortage Persists in Apartments Retirement Homes



<sup>1</sup> In a balanced market, that is, a market that favours neither tenants nor landlord: vacancy rates are 4% to 5% for apartment retirement homes and 6% to 7% for room-and-board residences. These rates are higher than that of the traditional rent market (3%) due to the greater turnover rate associated with older clients.

This situation in the apartment segment is evidence of a shortage, of an insufficient number of apartments to meet the needs of an aging client group. The seniors population has increased significantly in recent years: the number of persons aged over 65 years, which stood at 12,500 in 1986 in the area, will exceed 20,000 in 2001. This population will subsequently continue to grow and should attain over 25,000 people in 2011, when the first baby boomers will reach this age group.

**Rooms: an alternative to the lack of apartments**

For room-and-board retirement homes, the vacancy rate posted a decrease, attaining 6.2%. As a result, the market is now balanced for this type of housing.

Over the last few years, in a quest for greater autonomy, seniors' preferences have gone from room-and-board retirement homes to apartment residences. Rooms, with no kitchen and sometimes no private bathroom, do not have the same appeal. During the last half of the decade, however, faced with the difficulty of finding an apartment, some fell back on this choice.

In the Saguenay area, the number of units offered is slightly higher in the case of apartments (717) than for rooms (690). The trend is just the opposite in the Lac-Saint-Jean area, where there are nearly four times more rooms (729) than apartments (201). The retirement housing stock is composed of smaller, older residences in Lac-Saint-Jean (generally rooms), while the newer, larger retirement homes (generally apartments) are mainly located in the Saguenay.

**Difficulties for rooms in Jonquière**

In a market where there are only four vacant apartments in the entire area, it is obvious that no major differences in the apartment segment can be observed among the various zones across the metropolitan area.

For room-and-board retirement homes, just like last year, it was Jonquière that had the highest vacancy rate (9.0%). La Baie and Chicoutimi, for their part, both attained vacancy rates below the balance point for this type of residence (2.6% and 4.3%, respectively).

In Alma, a definite improvement was noted over last year, as the vacancy rate (apartments and rooms combined) went from 12.9% down to 7.3%.

Elsewhere in the Lac-Saint-Jean area, the vacancy rate varies greatly among the various municipalities. There is not a single unit available in Roberval while, in Saint-Félicien, the vacancy rate stands at 3.6%. In Dolbeau-Mistassini, the rate attained 10.2%, but the unoccupied units are concentrated in one retirement home: if this residence is excluded, the rate falls to 3.8%. As well, in the Lac-Saint-Jean area overall, it can be noted that the vacancy rate is higher for apartments than for rooms.

It can be noted that seniors are not a very mobile client group. They want take advantage of their retirement years in the community where they have lived, even if the market there is more limited than in nearby municipalities. They generally do not want to leave their neighbourhood when making the transition to a retirement home.

### **Larger retirement homes more popular**

In several areas, it can be observed that large buildings are the most popular among older clients. The economies of scale particular to large residences enable them to offer sufficient services to meet the many needs expressed by seniors, including health care, organized group activities and security. In the Saguenay area, this phenomenon can effectively be noted for room-and-board retirement homes. In the case of apartments, the vacancy rate in every building size is practically nil, so no conclusions can be drawn with regard to client preferences. As well, there are no apartment residences with fewer than 50 units in the metropolitan area.

### **The aging of the population: a phenomenon that is bound to grow**

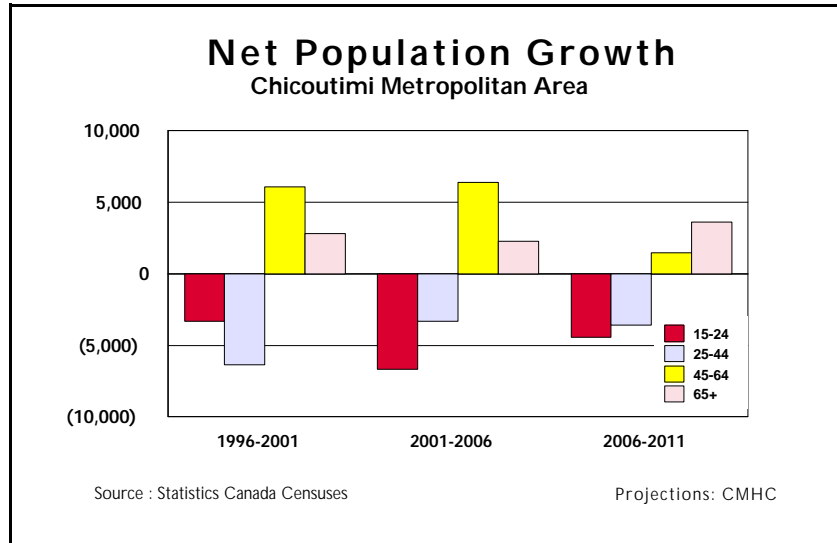
At the beginning of this new millennium, the aging of the population is increasingly present. However, it is mainly as of 2011 that this phenomenon will be reaching its height.

As such, in the Chicoutimi-Jonquière area, the population aged 65 years or older, which stood at 17,920 people in 1996, will attain 25,965 in 2011.<sup>2</sup> This represents an annual increase of 3.3%, while the overall population will be slightly declining at a annual rate of -0.2%. As a result, the proportion of seniors, which was 10.8% in 1996, will reach 16.7% in 2011.

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<sup>2</sup> *The demographic projections mentioned in this document were drawn from the "Long-Term Outlook, Population and Households, Quebec and Its Metropolitan Areas, 1996-2011", published by the CMHC Market Analysis Centre - Quebec Region.*

According to the demographic projections, it is estimated that the number of people aged over 65 years will rise, on average, by 565 per year from now until 2001, by 450 from 2001 to 2006 and by 720 between 2006 and 2011. The longer-term projections indicate that this rate of growth will especially increase after 2011, when the first baby boomers will turn 65.



It can therefore be seen that there is a need for new units to house the growing number of seniors. Considering that around 8% of the population aged 65 years or older live in private retirement homes<sup>3</sup>, we get a ratio of one housing unit for every 12 persons who turn 65. This ratio can give us an indication of current and future needs.

Given the number of units that currently exist in the area and the population aged over 65 years, there is an immediate need for about 60 units to fill current requirements and meet the surplus demand.

With the expected increases in this population, a need for some 40 units per year can also be anticipated from now until 2006, only to cover the demand from people attaining this age group. This need will rise to close to 60 units per year between 2006 and 2011.

After 2011, we are issuing some reservations on the constancy of this ratio, as the preferences of the baby boomers may differ a great deal from those of the groups that preceded them.

<sup>3</sup> According to the results observed in various metropolitan areas across Quebec.

**There is a need  
in the area ...**

The need for apartments for independent seniors is certainly already present, but it will be further felt in coming years. As well, retirement homes offering more specialized care (for semi-independent and non-independent seniors) will also be necessary. But it is in 20 years that these needs will be most acute, when the baby boomers will turn 75.

**... but investments  
will not be risk-free**

Even with a demand for additional units, it must be recalled that retirement homes are not risk-free investments; the financial difficulties encountered by some projects are a reminder of the particular conditions of this market. The success of upcoming projects will depend not only on the potential demand, but also on several other factors such as the quality of the services, the rental rates, the proximity of services, the competition from other retirement homes in the same sector, the quality of the management, etc. A residence can be operating at full capacity and still show a deficit, if the market cannot support the rental increases that would be required to ensure its viability. This is another reason why the next retirement homes will mainly be residences with 50 or more apartments, as their size will allow them to better distribute their costs and thereby increase their viability.

The Chicoutimi-Jonquière market therefore shows an obvious capacity to absorb new units, whether to house the people who are reaching this age group or to fill the current requirements due to a demand that exceeds the supply. With the prevailing situation featuring a low vacancy rate and a growing number of seniors, the area has good potential for the years to come. Over 100 units could be added over the next two years without causing the vacancy rate to rise above the balance point.

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## Definitions

**Vacant unit:** A housing unit is considered to be vacant if, at the time of the survey, it is unoccupied and available for rent. The vacancy rate corresponds to the ratio between the number of vacant units and the total number of housing units.

**Apartment retirement homes:** These are buildings that offer self-contained housing units (that is, with a kitchen and a bathroom). Meals may be included in the rent or optional. Like room-and-board retirement homes, they also offer a variety of services. In the survey, apartment retirement homes were divided into two categories: those with a mandatory meal service (two or three meals per day included in the rent) and those with an optional meal service (residents may take advantage of this service if they wish, but the cost of the meals is not included in the basic rent).

**Room-and-board retirement homes:** These are buildings that offer single or double rooms. The bathroom may be private or shared. This type of retirement home provides meals and offers a variety of support services (supervision, doctor visits, religious services, etc.).

## Methodology

This CMHC report sets out the results of the survey conducted in the fall of 1999 on the privately initiated retirement home market in the Chicoutimi-Jonquière metropolitan area and Lac-Saint-Jean centres.

This annual report presents vacancy rates, rental rates and an analysis of the principal results obtained from the information provided by the persons in charge reached at the time of the survey.

The results of this survey constitute the most comprehensive data on the Saguenay-Lac-Saint-Jean private retirement home market. The survey covers all private residences enumerated in the area that have been on the market for at least three months.

In addition to serving CMHC, these survey results will be useful to lenders, mortgage brokers, property managers, investors, appraisers, landlords, tenants, decision makers and advisors in the area of housing, various governmental organizations and departments, and several housing-related industries.

**Table 1**

<b>Number of Apartments by Unit Size and Meal Service Formula Private Apartments Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>								
Meal Service Formula	Unit Size							
	Studio		1 Bedroom		2 Bedroom		Total	
	1998	1999	1998	1999	1998	1999	1998	1999
Meals Mandatory	116	246	116	79	12	2	244	327
Meals Optional	299	123	136	225	30	42	465	390
Total	415	369	252	304	42	44	709	717

Source : CMHC

**Table 2**

<b>Apartment Vacancy Rates (%) by Unit Size and Meal Service Formula Private Apartments Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>								
Meal Service Formula	Unit Size							
	Studio		1 Bedroom		2 Bedroom		Total	
	1998	1999	1998	1999	1998	1999	1998	1999
Meals Mandatory	0.9	0.4	0.9	1.3	n.a.	n.a.	0.8	0.6
Meals Optional	0.0	1.6	0.7	0.0	n.a.	0.0	0.2	0.5
Total	0.2	0.8	0.8	0.3	n.a.	0.0	0.4	0.6

Note: To ensure data confidentiality, we cannot disclose the information when there is an insufficient number of retirement homes.

Source: CMHC



**Table 3**

Average Apartment Rents (\$) by Unit Size and Meal Service Formula Private Apartments Retirement Homes Chicoutimi-Jonquière Metropolitan Area						
Meal Service Formula	Unit Size					
	Studio		1 Bedroom		2 Bedroom	
	1998	1999	1998	1999	1998	1999
Meals Mandatory	783	755	1,122	1,200	n.a.	n.a.
Meals Optional	826	820	1,102	1,070	n.a.	1,300

Note 1: To maintain data confidentiality, rents cannot be disclosed where there is an insufficient number of residences.

Note 2: The reader will notice that in some structure sizes, the average rent without meals, is higher than apartments including meals. This phenomenon occurs because apartments with optional meals are generally larger. Other characteristics might also affect the average price.

Source : CMHC

**Table 4**

Apartment Rents and Floor Areas by Unit Size and Meal Service Formula Private Apartments Retirement Homes Chicoutimi-Jonquière Metropolitan Area						
Unit Size	Rents (\$)	Rents Boundaries (\$)	Floor Area (sq ft)	Floor Area Boundaries (sq ft)	Rents per sq ft (\$)	Rents per sq ft Boundaries (\$)
APARTMENTS - MEALS MANDATORY						
Studio	755	700 - 787	400	400 - 400	1.96	1.75 - 1.97
1 Bedroom	1,200	1,050 - 1,250	582	493 - 800	1.92	1.50 - 2.04
2 Bedroom	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
APARTMENTS - MEALS OPTIONAL						
Studio	820	820 - 980	354	350 - 354	2.32	2.32 - 2.66
1 Bedroom	1,070	1,050 - 1,160	515	515 - 600	2.12	1.86 - 2.25
2 Bedroom	1,300	1,300 - 1,450	843	700 - 843	1.72	1.54 - 2.07

Note: The lower and upper median values, called boundaries, indicate the interval that includes 50% of the observations. This means that one of every two values falls within the limits represented by these boundaries.

Source: CMHC

**Table 5**

<b>Number of Residences, Apartments and Vacancy Rates by Building Size Private Apartments Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>						
Building Size	1998			1999		
	Number of Residences	Number of Apartments	Vacancy Rates (%)	Number of Residences	Number of Apartments	Vacancy Rates (%)
Less than 100 units	4	225	0.0	4	225	0.4
100 or more units	4	472	0.2	4	472	0.4
Total	8	697	0.1	8	697	0.4

*Note: Retirement homes comprising both apartments and rooms were categorized according to the type with the most units. For this reason, the totals per type may slightly differ from the results in previous tables.*

**Table 6**

<b>Number of Beds, Vacancy Rates and Median Rent per Bed by Type of Room Private Room-and-Board Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>						
Statistics	Single Rooms		Double Rooms		Total	
	1998	1999	1998	1999	1998	1999
Number of Beds	558	600	128	90	696	690
Vacancy Rate (%)	8.2	6.5	3.1	3.3	7.1	6.2
Median Rent (\$)	801	825	649	750	---	---

**Table 7**

<b>Room Rents and Floor Areas Private Room-and-Board Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>						
Type of Room	Rents (\$)	Rents (\$) Boundaries	Floor Area (sq ft)	Floor Area Boundaries (sq ft)	Rents per sq ft	Rents per sq ft Boundaries (\$)
Single	825	765 - 888	241	140 - 350	3.83	2.39 - 5.21
Double	750	600 - 1,400	415	285 - 450	3.11	1.90 - 3.11

**Table 8**

<b>Number of Residences, Beds and Vacancy Rates by Building Size Private Room-and-Board Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>						
Building Size	1998			1999		
	Number of Residences	Number of Beds	Vacancy Rates (%)	Number of Residences	Number of Beds	Vacancy Rates (%)
Less than 20 rooms	10	118	16.1	10	113	11.5
20 to 49 rooms	12	379	7.1	13	392	4.3
50 or more rooms	3	189	2.1	3	185	6.5
Total	25	686	7.1	26	690	6.1

*Note: Retirement homes comprising both apartments and rooms were categorized according to the type with the most units. For this reason, the totals per type may slightly differ from the results in previous tables.*

**Table 9**

<b>Number of Units and Vacancy Rates by Type of Residences and Market Zone Private Apartments and Room-and-Board Retirement Homes Chicoutimi-Jonquière Metropolitan Area</b>									
Market Zone	Apartments			Rooms			Total		
	Number of units	Vacancy Rates (%)		Number of units	Vacancy Rates (%)		Number of units	Vacancy Rates (%)	
	1999	1998	1999	1999	1998	1999	1999	1998	1999
1- Chicoutimi	415	0.2	0.5	303	4.2	4.3	718	1.9	2.1
2- Jonquière*	248	0.8	0.8	311	10.6	9.0	559	6.3	5.4
3- La Baie	54	n.a.	n.a.	76	4.6	2.6	130	2.8	1.5
Total / Metro Area	717	0.4	0.6	690	7.1	6.2	1,407	3.7	3.3
4- Alma	64	13.6	9.4	251	12.8	6.8	315	12.9	7.3
5- Dolbeau / Mistassini	60	n.a.	n.a.	126	19.9	5.6	186	18.6	10.2
6- Roberval	0	n.a.	n.a.	121	1.6	0.0	121	1.6	0.0
7- Saint-Félicien	40	n.a.	n.a.	70	n.a.	n.a.	110	17.4	3.6
Total / Lac-St-Jean	201	16.5	9.5	729	9.9	4.7	930	11.3	5.6
Total / Saguenay-Lac-Saint-Jean	918	4.0	2.5	1,419	8.6	5.4	2,337	6.8	4.3

\* The Jonquière Zone include the residences from the municipalities of St-Ambroise and St-Charles-de-Bourget.