



T H E

RETIREMENT HOME

MARKET STUDY



2001 CHICOUTIMI-JONQUIÈRE



HOME TO CANADIANS
Canada

Chicoutimi-Jonquière

Metropolitan Area

Highlights

- The number of available apartments in retirement homes remain practically nil in 2000. Just one apartment of this kind was available in the area.
- Room-and-board retirement homes moved below the balance point. Their vacancy rate reached 5.1 per cent.
- Overall, the vacancy rate in the retirement home market went down for the third consecutive year. There is now only 2.4 per cent of all units available.

Shortage persists in apartment retirement home segment

Since 1996, when retirement home market surveys started being conducted in the Chicoutimi-Jonquière census metropolitan area (CMA), a constant trend has been observed in the results. Year after year, the vacancy rate for apartments has remained practically nil.

ATTENTION

Please note that there was a change in the methodology used in developing the October 2000 survey. As a result of this change, the universe of housing units enumerated was modified, which has brought about a possible distortion between the data for 2000 and that of previous years.

See the Methodology section for more details.

At the time of the October 2000 survey, just one apartment was available in the retirement homes covered, which gives a vacancy rate of 0.1 per cent. This rate is even lower than in recent years. In fact, the levels were 0.6 per cent in October 1999 and 0.4 per cent in October 1998.

In the case of room-and-board retirement homes, the vacancy rate went down. It has now reached 5.1 per cent, and the market has thus fallen below the balanced level¹ for this type of dwelling.

¹On a balanced market, that is, a market that favours neither tenants nor landlords, the vacancy rates are 4 to 5 per cent for apartment retirement homes and 6 to 7 per cent for room-and-board retirement homes. These rates are higher than that for the traditional rental market (3 per cent) due to the greater turnover rate associated with senior clients.

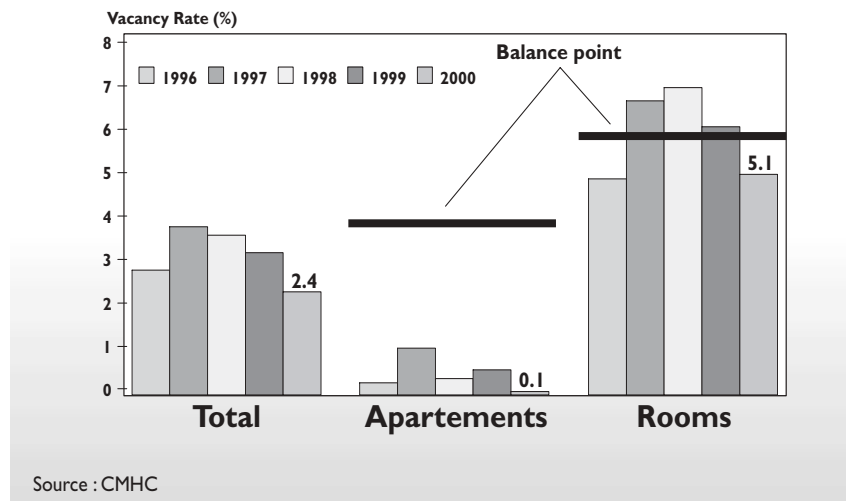
The decrease was attributable to a reduction in the stock, among other factors: in Jonquière, particularly, a few retirement homes that had been experiencing difficulties closed down.

In addition, with the change in the survey methodology, retirement homes with fewer than 10 units are no longer covered by the survey. Since projects in this category had a higher vacancy rate, their exclusion from the survey had a major impact on the market.

For apartments and rooms combined, only 2.4 per cent of all units were available. This rate remains very low, well below the level representing a balanced market. The area is therefore showing signs of a lack of rental dwellings intended for seniors.

The low vacancy rate is largely due to the significant progression in this age group. In fact, the number of people aged 75 years or older is rising by 400 per year in the area, for an annual growth rate of 4.9 per cent.

Shortage in the Apartments Retirement Homes



With such an increase in clients, the new projects built in recent years had no problem renting out their units. For the years to come, there is obvious potential for growth, which several developers have noted. It can therefore be expected that some new retirement homes will be built and that certain existing establishments will be expanded. These projects will continue to represent the majority of apartment built in the area, clearly exceeding traditional rental housing constructions.

The new retirement home projects are mostly buildings with at least 50 apartments. It is towards this type of housing that seniors are turning, as they seek greater independence. Rooms, with no kitchen and sometimes no private bathroom, do not seem to be as attractive. In addition, most futures residences also will be apartment building with at least 50 apartments. Given their size, these retirement homes can offer a wider range of services, since the costs are divided among a greater number of tenants.

Better results than the traditional rental market

The apartment retirement home segment is doing much better than the traditional rental market. On this last market, the vacancy rates have been hovering between 4 and 5 per cent for several years, while the balanced level is rather around 3 per cent. This situation could lead to the conversion of traditional rental properties into retirement homes, within a few years, where the location, clients and structure of the buildings will lend themselves to such a change.

Vacancy rate below the balance point in La Baie

In the case of retirement homes comprising rooms, the market is geographically diversified. Chicoutimi posts the highest vacancy rate, which climbed to 5.6 per cent. La Baie, for its part, has a vacancy rate below the balance point for this type of retirement home, although this rate also went up, reaching 3.4 per cent. Jonquière was the only zone where a decrease was noted, as the vacancy rate there went down from 9.0 per cent to 4.9 per cent, as a result of the reduction in the housing stock. For apartment retirement homes, given the low vacancy rate observed, the situation is similar in all sectors of this market.

Larger buildings still the most popular

In several areas across Quebec, it can be seen that larger buildings are the most popular among senior clients and that these structures post the lowest vacancy rates. The economies of scale particular to large projects allow them to offer sufficient services to meet the numerous needs of seniors, in such areas as health care, recreational activities or security. In the Saguenay area, this phenomenon can effectively be noted for retirement homes composed of rooms. In apartment residences, regardless of size, there are practically no vacant units, which makes it impossible to draw any conclusions about client preferences. As well, there are no apartment retirement homes with fewer than 50 units in the Chicoutimi-Jonquière CMA.

Investments opportunities, but not risk-free

The need for housing for independent seniors is certainly already present, but it has not yet attained its highest point. The growth will continue and reach a peak in twenty years, when the first baby boomers will turn 75 years old. As well, retirement homes offering more specialized care (for semi-independent and non-independent seniors) will also be necessary.

Even with the presence of a demand for additional units, it should be recalled that retirement homes are not risk-free investments; the financial difficulties encountered by certain projects are a reminder of the particular conditions on this market. The success of upcoming projects depends not only on potential demand, but also on several other factors such as the quality of the services, the rental rates, the proximity of certain services, competition from other retirement homes in the same sector, the quality of the management, etc. A residence can even be filled to 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 to be built will be mainly projects with 50 or more apartments, as their size will enable them to better distribute the costs and thereby increase profitability.

Statistical Tables

Table 1.1

Number of Apartment Buildings and Units by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000								
Year	10 to 49 units		50 to 99 units		100 or more units		Total	
	No. of bldgs	No. of units	No. of bldgs	No. of units	No. of bldgs	No. of units	No. of bldgs	No. of units
1998*	2	12	4	225	4	472	10	709
1999*	3	17	5	228	4	472	12	717
2000	2	12	4	224	4	473	10	709

* For these years, the total included buildings with fewer than 10 units
 Source: CMHC

Table 1.2

Number of Apartment Units by Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000				
Year	Studio	1-bedroom	2-bedroom +	Total
1998*	415	252	42	709
1999*	369	304	44	717
2000	366	296	47	709

* For these years, the total included buildings with fewer than 10 units
 Source: CMHC

Table 1.3

Number of Apartment Buildings and Units by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000								
Year	Unavailable		Optional		Mandatory		Total	
	No. of bldgs	No. of units	No. of bldgs	No. of units	No. of bldgs	No. of units	No. of bldgs	No. of units
1998*	---	---	5	465	5	244	10	709
1999*	---	---	4	390	8	327	12	717
2000	0	0	4	473	6	236	10	709

--- Data not available, confidential or change of classification between surveys
* For these years, the total included buildings with fewer than 10 units
Source: CMHC

Table 1.4

Number of Room-and-Board Buildings and Beds by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000								
Year	10 to 29 units		30 to 49 units		50 or more units		Total	
	No. of bldgs	No. of beds	No. of bldgs	No. of beds	No. of bldgs	No. of beds	No. of bldgs	No. of beds
1998*	13	251	6	219	3	189	25	686
1999*	12	246	6	217	3	185	26	690
2000	8	157	7	255	3	190	18	602

* For these years, the total included buildings with fewer than 10 units
Source: CMHC

Table 1.5

Number of Room-and-Board Beds by Occupancy Type Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000			
Year	Single occupancy No. of beds	Double occupancy + No. of beds	Total No. of beds
1998*	558	128	686
1999*	600	90	690
2000	510	92	602

* For these years, the total included buildings with fewer than 10 units
Source: CMHC

Table 1.6

Number of Buildings by Market Zone Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000				
Zones	Apartment	Room-and-board	Mixed	Total
1 - Chicoutimi	4	8	0	12
2 - Jonquière	3	6	2	11
3 - La Baie	1	2	0	3
CHICOUTIMI METRO	8	16	2	26

Source: CMHC

Table 1.7

Number of Units by Market Zone Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000			
Zones	Apartment*	Room-and-board*	Total
1 - Chicoutimi	412	320	732
2 - Jonquière	243	223	466
3 - La Baie	54	59	113
CHICOUTIMI METRO	709	602	1,311

* Including units in mixed retirement homes
Source: CMHC

Table 2.1

Apartment Vacancy Rates by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000				
Year	10 to 49 units	50 to 99 units	100 or more units	Total
1998*	---	0.0%	0.2%	0.4%
1999*	5.9%	0.4%	0.4%	0.6%
2000	8.3%	0.0%	0.0%	0.1%

--- Data not available, confidential or change of classification between surveys
* For these years, the total included buildings with fewer than 10 units
Source: CMHC

Table 2.2

Apartment Vacancy Rates by Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000				
Year	Studio	1-bedroom	2-bedroom +	Total
1998*	0.2%	0.8%	0.0%	0.4%
1999*	0.8%	0.3%	0.0%	0.6%
2000	0.0%	0.3%	0.0%	0.1%

* For these years, the total included buildings with fewer than 10 units
Source: CMHC

Table 2.3

Apartment Vacancy Rates by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000				
Year	Unavailable	Optional	Mandatory	Total
1998*	---	0.2%	0.8%	0.4%
1999*	---	0.5%	0.6%	0.6%
2000	---	0.0%	0.4%	0.1%

--- Data not available, confidential or change of classification between surveys
 * For these years, the total included buildings with fewer than 10 units
 Source: CMHC

Table 2.4

Apartment Vacancy Rates by Market Zone and Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000								
Zones	Studio	No. of units	1-bedroom	No. of units	2-bedroom +	No. of units	Total	No. of units
1 - Chicoutimi	0.0%	196	0.0%	196	0.0%	20	0.0%	412
2 - Jonquière	0.0%	135	1.2%	81	0.0%	27	0.4%	243
3 - La Baie	---	35	---	19	---	0	---	54
CHICOUTIMI METRO	0.0%	366	0.3%	296	0.0%	47	0.1%	709

--- Data not available, confidential or change of classification between surveys
 Note: Including units in mixed retirement homes
 Source: CMHC

Table 2.5

Room-and-Board Vacancy Rates by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 1998 to 2000				
Year	10 to 29 beds	30 to 49 beds	50 or more beds	Total
1998*	11.2%	5.0%	2.1%	7.1%
1999*	2.0%	7.4%	6.5%	6.2%
2000	3.2%	8.6%	2.1%	5.1%

* For these years, the total included buildings with fewer than 10 units
 Source: CMHC

Table 2.6

Room-and-Board Vacancy Rates by Market Zone and Occupancy Type Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000						
Zones	Single occupancy	No. of Units	Double occupancy +	No. of Units	Total	No. of Units
1 - Chicoutimi	6.8%	234	2.3%	86	5.6%	320
2 - Jonquière	5.1%	217	---	6	4.9%	223
3 - La Baie	---	59	---	0	---	59
CHICOUTIMI METRO	5.7%	510	2.2%	92	5.1%	602

--- Data not available, confidential or change of classification between surveys
 Source: CMHC

Table 3.1

Average Apartment Rents* by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000			
Year	Unavailable	Optional	Mandatory
2000	---	\$996	\$922

* All services combined
 --- Data not available, confidential or change of classification between surveys
 Source: CMHC

Table 3.2

Average Apartment Rents* by Market Zone and Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000						
Zones	Studio	No. of units	1-bedroom	No. of units	2-bed-room +	No. of units
1 - Chicoutimi	\$756	196	\$1,078	196	\$1,457	20
2 - Jonquière	\$856	135	\$1,226	81	\$1,465	27
3 - La Baie	---	35	---	19	---	0
CHICOUTIMI METRO	\$793	366	\$1,114	296	\$1,462	47

* All services combined
 --- Data not available, confidential or change of classification between surveys
 Source: CMHC

Table 3.3

Average Room-and-Board Rents* by Market Zone and Occupancy Type Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000				
Zones	Single occupancy	No. of units	Double occupancy +	No. of units
1 - Chicoutimi	\$847	234	\$617	86
2 - Jonquière	\$848	217	---	6
3 - La Baie	\$879	59	---	0
CHICOUTIMI METRO	\$851	510	\$624	92

* All services combined
 --- Data not available, confidential or change of classification between surveys
Source: CMHC

Table 4.0

Features Percentage of Residences Offering a Specific Service Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière Metropolitan Area 2000		
Service	Apartment	Room-and-board
Cable television	100%	100%
Worship service	100%	100%
Banking counter	50%	7%
Hairdresser	100%	87%
Convenience store	50%	0%
Swimming pool	38%	7%
Footpath	25%	40%
Bedding	0%	67%
Clothes cleaning	25%	87%
24-hour on-site medical care	63%	67%
Limited medical care (visits)	38%	40%
Housekeeping	88%	100%
Furniture	0%	33%
Indoor parking	38%	0%
Outdoor parking	100%	100%
Supervision	100%	100%
Intercom system	100%	93%
Transportation system	25%	60%
Other services	25%	33%

Source: CMHC

Methodology

The **survey universe** includes all privately initiated retirement homes with 10 or more units, enumerated in the Chicoutimi-Jonquière census metropolitan area. Take note that for the surveys prior to 2000, residences with less than 10 units were included. 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.

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. It should be noted that the retirement homes in this last category were not enumerated before the 2000 survey in the Chicoutimi-Jonquière CMA.

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 between surveys, but rather to provide an indication of rent levels. Also, 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.

(*) It should be noted that, in previous retirement home market surveys in the Chicoutimi-Jonquière CMA, we had published median rents instead of average rents. As a result, it is difficult to compare the rents from the 2000 survey with those from previous surveys.

Market Zones

The **market zones** corresponds to the limits of the stated municipalities. We also include, to Chicoutimi : Saint-Fulgence, Saint-Honoré, Shipshaw and Canton Tremblay; and to Jonquière : Lac-Kénogami, Saint-Ambroise and Saint-Charles-de-Bourget.

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 2000 on the privately initiated retirement home market in the Chicoutimi-Jonquière CMA. This 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.

The results of this survey are the most comprehensive data on the retirement home market in the Chicoutimi-Jonquière CMA. 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.

For more information about this survey, please contact:

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