



T H E

RETIREMENT HOME

MARKET STUDY



2002 CHICOUTIMI-JONQUIÈRE



HOME TO CANADIANS
Canada

Chicoutimi-Jonquière

Census Metropolitan Area

Highlights

- In 2002, the vacancy rate in apartment retirement homes remained low, at 0.2 per cent.
- In the room-and-board retirement home segment, the vacancy rate fell to 4.4 per cent.
- Overall, the retirement home market has a vacancy rate of 2.5 per cent, a situation similar to that which prevailed in 2000 (2.4 per cent).

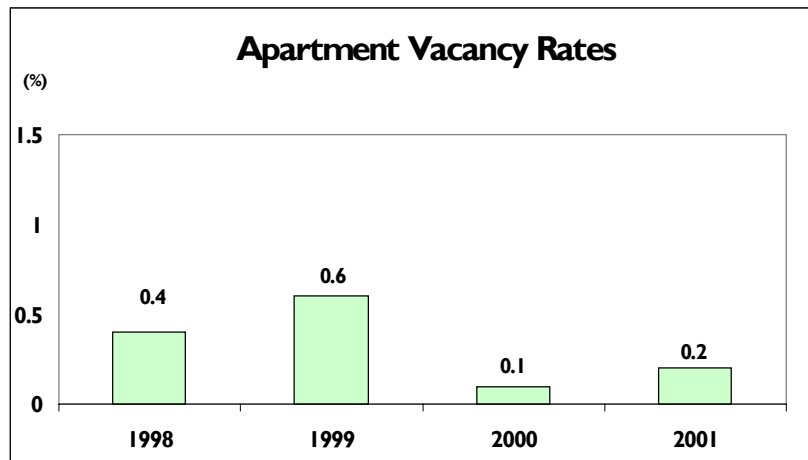
Retirement home market remains tight in Chicoutimi-Jonquière

The October 2001 survey results revealed that the retirement home market situation did not change much over one year. In fact, the vacancy rate in apartment residences went from 0.1 per cent in October 2000 to 0.2 per cent in 2001. This small increase kept the number of available apartments under the balanced level¹ of 4 per cent.

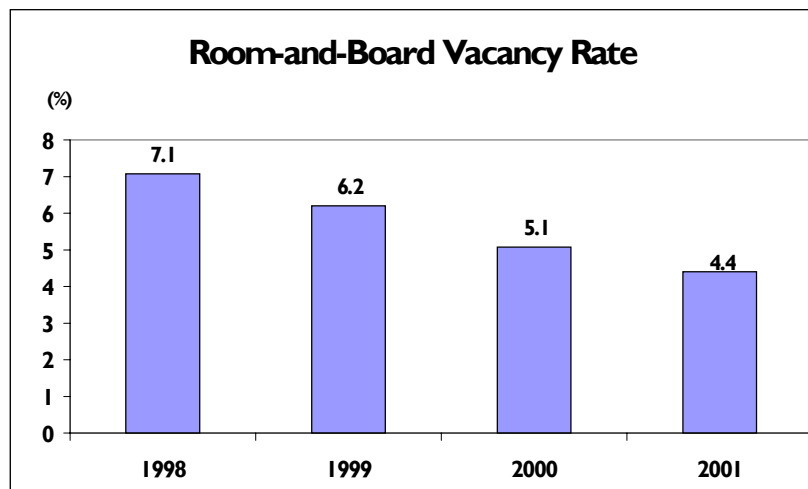
In the room-and-board retirement home segment, the vacancy rate continued on the downward course that it has followed for last two years, reaching 4.4 per cent and moving further away from the balanced level¹ (6 per cent).

For all categories combined, in the Chicoutimi-Jonquière census metropolitan area (CMA), the retirement home market posted a vacancy rate of 2.5 per cent in 2001. The market finds itself in the same situation as last year, when the vacancy rate had attained 2.4 per cent. The Chicoutimi-Jonquière area therefore continued to contend with a generalized scarcity of retirement housing.

¹ The balanced level represents a situation where neither tenants nor landlords are favoured. In the case of apartments, the balanced level is about 4 per cent while, for room-and-board units, it is around 6 per cent, given the higher occupant turnover rate.



Source: CMHC



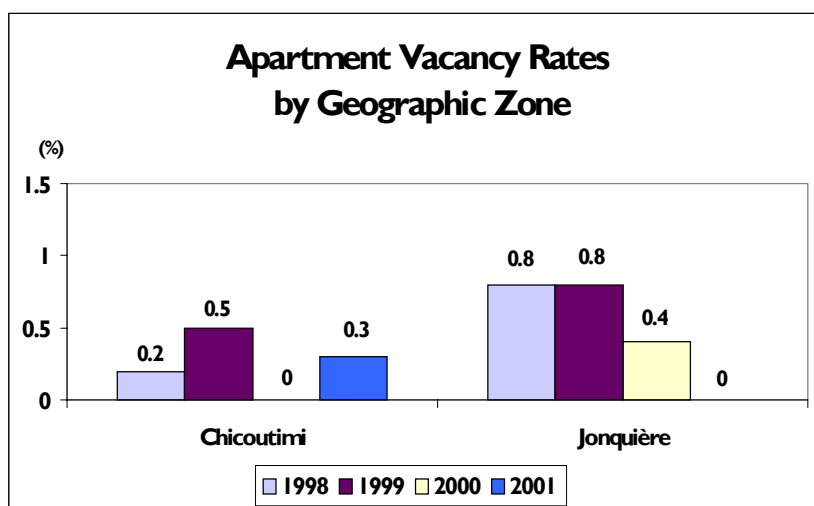
Source: CMHC

Overview of main centres in the area

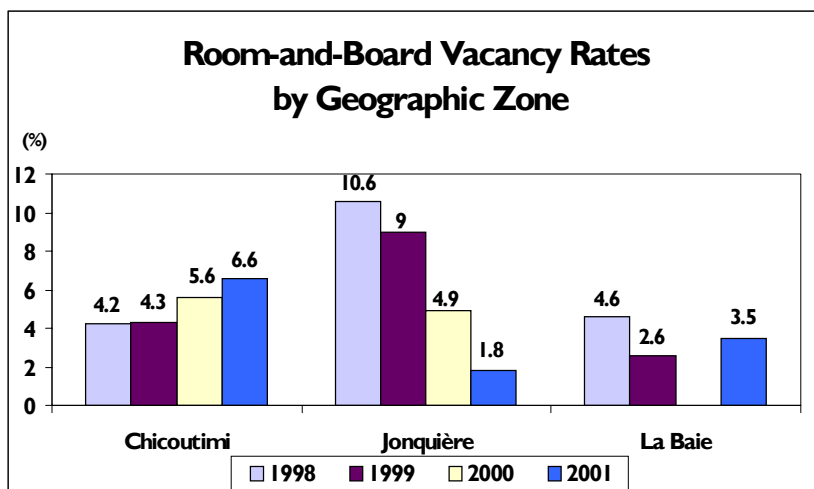
The Chicoutimi sector accounts for half of the total retirement housing stock. Like in 2000, its stock comprises as many apartments as room-and-board units. The overall vacancy rate went from 2.5 per cent in 2000 to 3.5 per cent in 2001. There were consequently 25 available units in Chicoutimi, compared to 18 in 2000. While no apartments were available in this sector the previous year, only one such unit was unoccupied in 2001. As for room-and-board residences, their vacancy rate rose slightly from 5.6 per cent in 2000 to 6.6 per cent in 2001.

In Jonquière, the supply is also divided equally among apartment residences and room-and-board retirement homes. All apartments were occupied in 2001 whereas, the year before, this sector had a single vacant apartment. As for the supply of room-and-board units, it decreased from 15 beds in 2000 to just 5 in 2001.

The La Baie sector was no exception. It has only rooms, and the vacancy rate remained stable at 3.5 per cent, which means that only four rooms were available in 2001.



Source: CMHC



Source: CMHC

Note: Confidential data for La Baie in 2000 number of buildings insufficient

**Rental increase
due to stagnant
supply and vigorous
demand**

Since demand remained high and supply stabilized, rental rates went up substantially. It can thus be seen that the rent for a one-bedroom unit rose 7.5 per cent over one year, while that for a bachelor apartment went up 3 per cent. For two-bedroom apartments, the rates remained practically stable, as the difference was less than \$10 on average.

Even if the vacancy rate is higher for room-and-board retirement homes, it still remains below the balanced level. This situation thereby favours a rental increase in this market segment. In fact, the rate for a single room in such residences climbed by 5 per cent.

The retirement home market continues to favour landlords. In fact, potential tenants are facing a shortage of units, while current tenants are contending with a tight market that favours rental increases.

**Aging of the
population
and its impact
on the market**

The 65 years and over age group reached 19,910 people in 2001, in the Chicoutimi-Jonquière CMA². This was an increase of 11 per cent over the 1996 census. According to CMHC, the senior population should grow by about 450 people a year, from 2001 to 2006, and by 720 people a year, between 2007 and 2011. As a result, this age group should comprise 25,965 people by 2011³.

It can therefore be seen that there is a need for new units to house the growing number of seniors. Given that around 8 per cent⁴ of people aged 65 years or older live in private retirement homes, we get a ratio of 1 unit for every 12 people turning 65. As such, during the period from 2001 to 2006, 35 new units a year will be required to meet the demand resulting from the increase in the senior population. This number will then rise to 55 units over the period from 2007 to 2011.

²Source : 2001 Census, Statistics Canada

³The demographic forecasts mentioned in this document come from the study entitled long-Term Outlook, Population and Households, 1996-2001, published by the CMHC Market Analysis Centre (Quebec Region).

⁴Source : Housing for Seniors in Canada, Market for more than 55 years guide, 1999, published by CMHC.

For several years now, the vacancy rates have been very low on the retirement home market. This situation, which has meant that many households have had to put off moving into a retirement home, has created a latent demand. Today, as a result of the increase in the 65 years and older age group, 175 units are therefore required, in addition to the 35 newly needed units in 2002.

Faced with such a demand, several projects were launched in order to fill this gap, including the expansion of the Villa Jonquière and Villa du Saguenay projects (for total of 217 units). As well, the 40 new units of the Manoir Champlain arrived on the market at the beginning of 2002. The Chicoutimi-Jonquière retirement home market has the capacity to absorb these new units within the next two to four years. Over this absorption period, the market will be able to return to a balanced level and thereby meet the latent demand that was created during the last few years.

People living in retirement homes are satisfied with their choices

A Canada-wide user satisfaction study of housing options was conducted by CMHC. The sample comprised a total of 24 case studies spread among six categories.

One of the main findings of the study was that respondents were very satisfied with their current housing. The majority, i.e. 70 per cent, said that they were very happy living there and 88 per cent said that they would repeat the move if they had to do it over.

The study also identified other interesting results concerning the retirement home market. With regard to where the clients came from, the survey revealed that 44 per cent of the respondents had previously lived in the same town or city as their current residence, 21 per cent had lived in the surrounding area, 27 per cent had come from elsewhere in the province, 7 per cent from another province and 1 per cent from another country.

The most common reasons that respondents had for leaving their previous home were changes in health or physical strength (28 per cent), the difficulty of looking after a residence (20 per cent) and a wish to be with others of the same age (21 per cent).

Residents were influenced by several criteria in the choice of their current home. At the top of the list were the quality of the dwelling (40 per cent) and the attractiveness of the project (39 per cent), followed by the closeness to facilities and services (36 per cent), the services available on the premises (36 per cent) and the recreational facilities and activities (31 per cent). The human touch was also important in the choice of a residence. Friends or relatives living there or children or relatives living nearby are reasons that motivated the choice of 27 per cent of the respondents.

These results were drawn from the publication "Research Highlights" Issue 83. To get a copy, visit CMHC's Web site (www.cmhc.ca/publications/en/rh-pr/index.html).

What CMHC's experience reveals about operating retirement homes¹

The private retirement home market offers a varied choice of housing projects, which can be grouped into four major categories: room-and-board, apartment with services, apartment without services and long-term care. The following results cover the first three categories, which represent the largest number of privately initiated housing units.

It can first be noted that the greater the services component, the smaller the unit floor area tends to be. A room-and-board unit offers an average floor area of 40 square metres, while an apartment without services is twice as large. The presence of common areas in housing projects with a wide range of services partly offsets the small size of the units themselves. Occupants generally have access to a community room, a dining room, common lounges and sometimes even arts and crafts premises, an exercise room or else a library.

Characteristics of Retirement Homes Located in Quebec¹ 2000 - 2001

	Room-and-board units	Apartments with services	Apartments without services
Average rent (\$)	1,000	1,200	900
Average floor area (m ²)	40	62	80
Average apartment size	N/A	2,6 rooms (from 2 to 3 rooms)	3 rooms (from 2 to 4 rooms)
Average number of units in the building	78 (from 30 to 187)	175 (from 55 to 429)	325 (from 200 to 465)
Total expenses (% of income) ²	60%	54%	42%
« Salary » item (\$/unit/month)	265	260	115
« Food » item (\$/unit/month)	110	85	N/A

In apartment retirement homes, there is \$300 difference in rents per month, depending on whether services are offered or not. In project without services, the average rent is \$900, compared to \$1,200 in projects with services, where residents can, for example, buy meals, receive care, have access to recreational equipment, etc. The \$300 gap is not just linked to the presence or absence of services, it is also attributable to the size of the units. Apartments without services generally have two to four rooms, while those with services have two to three. The size of the units also explains why rooms with services, for which the average rent is \$1,000 per month, are more affordable than apartments with services.

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The increase in operating expenses is generally proportional to the quantity of services offered. As such, room-and-board retirement homes have the highest ratio of operating expenses to income (see note 2), at 60 per cent. In apartment retirement homes with services, this ratio is 54 per cent, while it is around 42 per cent in apartment buildings without services. The “salary” item is the main component of the operating expenses, regardless of the type of retirement home, followed by the “food” item, where applicable. It should be noted that the salary portion more than doubles when retirement homes offer meal services; this is also because the services offered in such residences are generally more complete. It should further be noted that the average age of the occupants is higher in retirement homes of this type.

Economies of scale can of course be realized when buildings are large. As well, projects where the quality of the construction and the services offered are above average will have higher operating expenses-to-income ratios than other retirement homes on the market. It should also be mentioned that the smaller a project, the higher the expenses-to-income ratio. In general, this is why it is difficult to make retirement homes with services profitable when they have fewer than 75 to 100 units.

¹ *Drawn from an analysis of 46 private housing projects with loans recently insured by CMHC.*

² *Gross operating expenses as a percentage of gross rental income (residential portion only).*

Table I.1

Universe of Apartments for Seniors by Building Size - In Number of Buildings and Units Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001								
Year	10 to 49 units		50 to 99 units		100 or more units		Total	
	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units
1999*	3	17	4	225	4	472	11	714
2000	2	12	4	224	4	473	10	709
2001	0	0	2	116	4	473	6	589

* For 1999, the total included buildings with fewer than 10 units.
 Note: In 2001, we reclassified certain apartment buildings to room-and board.
 Source: CMHC

Table I.2

Universe of Apartments for Seniors by Unit Size - In Number of Units Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001				
Year	Studio	1-bedroom	2-bedroom +	Total
1999*	369	304	44	717
2000	366	296	47	709
2001	322	224	43	589

* For 1999, the total included buildings with fewer than 10 units.
 Source: CMHC

Table 1.3

Universe of Apartments for Seniors by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001								
Year	Unavailable		Optional		Mandatory		Total	
	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units	# Bldgs.	# Units
1999*	--	--	4	390	7	324	11	714
2000	0	0	4	473	6	236	10	709
2001	0	0	4	473	2	116	6	589

--: Data not available, confidential or change of classification between surveys.
 * For 1999, the total included buildings with fewer than 10 units.
 Note: In 2001, we reclassified certain apartment buildings to room-and-board.
 Source: CMHC

Table 1.4

Universe of Room-and-Board for Seniors by Building Size - In Number of Buildings and Beds Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001								
Year	10 to 29 units		30 to 49 units		50 or more units		Total	
	# Bldgs.	# Beds	# Bldgs.	# Beds	# Bldgs.	# Beds	# Bldgs.	# Beds
1999*	12	246	6	217	3	185	26	690
2000	8	157	7	255	3	190	18	602
2001	8	149	6	205	7	400	21	754

* For 1999, the total included buildings with fewer than 10 units.
 Note: In 2001, we reclassified certain apartment buildings to room-and-board.
 Source: CMHC

Table 1.5

Universe of Room-and-Board for Seniors by Occupation Type - In Number of Beds Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001			
Year	Single occupancy	Double occupancy +	Total
	# Beds	# Beds	# Beds
1999*	600	90	690
2000	510	92	602
2001	662	92	754

* For 1999, the total included buildings with fewer than 10 units.

Source: CMHC

Table 1.6

Universe of Retirement Homes for Seniors by Market Zone - In Number of Buildings Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001			
Zone	Apartment*	Room-and-Board*	Total
1-Chicoutimi	3	10	13
2- Jonquière	3	8	11
4- La Baie	0	3	3
Chicoutimi CMA	6	21	27

* Including units in mixed retirement homes.

Source: CMHC

Table 1.7

Universe of Retirement Homes for Seniors by Market Zone - In Number of Units Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001			
Zone	Apartment*	Room-and-Board *	Total
1-Chicoutimi	358	336	694
2- Jonquière	231	264	495
4- La Baie	0	108	108
Chicoutimi CMA	589	708	1,297
* Including units in mixed retirement homes.			
Source: CMHC			

Table 2.1

Vacancy Rates of Apartments for Seniors by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001				
Year	10 to 49 units	50 to 99 units	100 or more units	Total
1999*	5.9%	0.4%	0.4%	0.6%
2000	8.3%	0.0%	0.0%	0.1%
2001	--	0.0%	0.2%	0.2%

* For 1999, the total included buildings with fewer than 10 units.
 --: Data not available, confidential or change of classification between surveys.
 Source: CMHC

Table 2.2

Vacancy Rates of Apartments for Seniors by Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001				
Year	Studio	1-bedroom	2-bedroom +	Total
1999*	0.8%	0.3%	0.0%	0.6%
2000	0.0%	0.3%	0.0%	0.1%
2001	0.3%	0.0%	0.0%	0.2%

* For 1999, the total included buildings with fewer than 10 units.
 Source: CMHC

Table 2.3

Vacancy Rates of Apartments for Seniors by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001				
Year	Unavailable	Optional	Mandatory	Total
1999*	--	0.5%	0.6%	0.6%
2000	--	0.0%	0.4%	0.1%
2001	--	0.2%	0.0%	0.2%

* For 1999, the total included buildings with fewer than 10 units.
 ---: Data not available, confidential or change of classification between surveys.
 Source: CMHC

Table 2.4

Vacancy Rates of Apartments for Seniors by Market Zone and Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001								
Zone	Studio	No. of units	1-bed-room	No. of units	2-bed-room +	No. of units	Total	No. of units
1-Chicoutimi	0.5%	192	0.0%	146	0.0%	20	0.3%	358
2- Jonquière	0.0%	130	0.0%	78	0.0%	23	0.0%	231
4- La Baie	--	0	--	0	--	0	--	0
Chicoutimi CMA	0.3%	322	0.0%	224	0.0%	43	0.2%	589

Note: Including units in mixed retirement homes.
 ---: Data confidential because less than 3 buildings..
 Source: CMHC

Table 2.5

Vacancy Rates of Room-and-Board for Seniors by Building Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 1999 to 2001				
Year	10 to 29 beds	30 to 49 beds	50 or more beds	Total
1999*	2.0%	7.4%	6.5%	6.2%
2000	3.2%	8.6%	2.1%	5.1%
2001	4.0%	10.2%	1.5%	4.4%

* For 1999, the total included buildings with fewer than 10 units.
Source: CMHC

Table 2.6

Vacancy Rates of Room-and-Board for Seniors by Market Zone and Occupancy Type Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001						
Zone	Single occupancy	No. of beds	Double occupancy +	No. of beds	Total	No. of beds
1-Chicoutimi	7.2%	306	3.3%	60	6.6%	366
2- Jonquière	2.0%	254	0.0%	20	1.8%	274
4- La Baie	3.9%	102	0.0%	12	3.5%	114
Chicoutimi CMA	4.7%	662	2.2%	92	4.4%	754

Source: CMHC

Table 3.1

Average Apartment Rents* for Seniors by Meal Service Formula Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001			
Type	Unavailable	Optional	Mandatory
2001	--	\$1,025	\$947
<p>* All services combined. --: Data not available, confidential or change of classification between surveys. Note: Buildings offering optional meal service are higher-end than those offering mandatory meal service. Source: CMHC</p>			

Table 3.2

Average Apartment Rents* for Seniors by Market Zone and Unit Size Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001						
Zone	Studio	No. of units	1-bed-room	No. of units	2-bed-room+	No. of units
1-Chicoutimi	\$779	192	\$1,162	146	\$1,457	20
2- Jonquière	\$871	130	\$1,267	78	\$1,483	23
4- La Baie	--	0	--	0	--	0
Chicoutimi CMA	\$816	322	\$1,198	224	\$1,471	43
<p>* All services combined. --: Data confidential because less than 3 buildings. Source: CMHC</p>						

Table 3.3

Average Room-and-Board Rents* for Seniors by Market Zone and Occupancy Type Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001				
Zone	Single occupancy	# beds	Double occupancy +	# beds
1-Chicoutimi	\$892	306	\$705	60
2- Jonquière	\$906	254	\$779	20
4- La Baie	\$868	102	\$704	12
Chicoutimi CMA	\$894	662	\$721	92
* All services combined. Source: CMHC				

Table 4.1

Features Percentage of Residences Offering a Specific Service Private Retirement Homes with 10 or More Units Chicoutimi-Jonquière CMA 2001		
Service	Apartment	Room-and-board
Cable television	100 %	100 %
Worship service	100 %	100 %
Banking counter	67 %	5 %
Hairdresser	83 %	81 %
Convenience store	67 %	0 %
Swimming Pool	50 %	5 %
Footpath	50 %	24 %
Bedding	0 %	57 %
Clothes cleaning	17 %	76 %
24-hour on-site medical care	67 %	57 %
Limited medical care (visits)	33 %	43 %
Housekeeping	100 %	100 %
Furniture	0 %	29 %
Indoor parking	50 %	0 %
Outdoor parking	100 %	100 %
Supervision	100 %	100 %
Intercom system	100 %	95 %
Transportation system	50 %	52 %
Other services	33 %	38 %
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. 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.

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.

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 2001 on the privately initiated retirement home market in the Chicoutimi-Jonquière 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 Quebec 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.

For more information about this survey, please contact:

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