



# THE

# RETIREMENT HOME

MARKET STUDY



1999 QUÉBEC



HOME TO CANADIANS  
Canada 

# Québec

## Metropolitan Area

### Highlights

In October 1998, the vacancy rate for private retirement homes reached 7.9%, compared to 8.8% one year earlier.

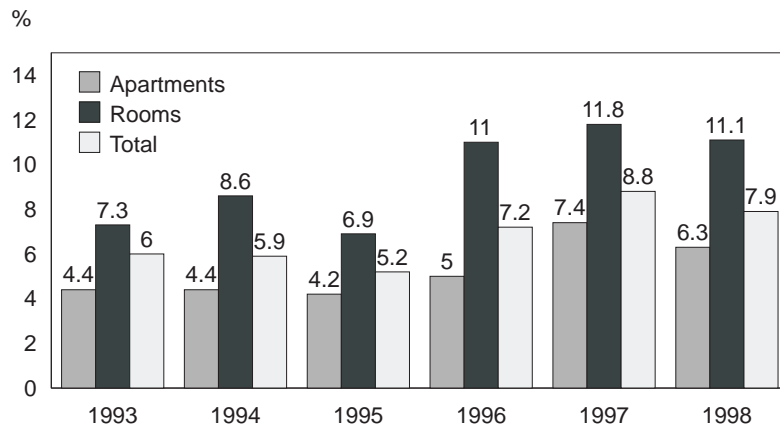
The vacancy rate went down from 7.4% to 6.3% in apartment residences, while it remained at approximately 11% in room and board retirement homes.

Rooming residences with fewer than 50 beds registered the highest vacancy rate.

### Significant Decrease in the Vacancy Rate

According to the results of the latest survey conducted by CMHC, private retirement homes in the Québec area posted a vacancy rate of 7.9% in October 1998, a decrease of almost one percentage point from the peak attained in 1997.

### Vacancy Rates by Residence Type



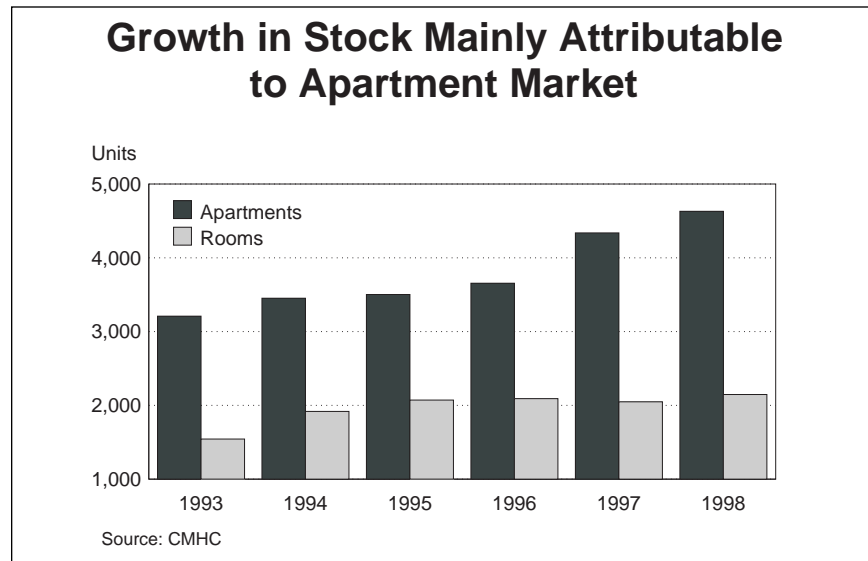
Source: CMHC

In apartment residences, the vacancy rate went down from 7.4% to 6.3% between the last two fall surveys, but still remains far from the balance point of around 4% (\*). The record vacancy rate in 1997 was a result of a massive arrival of new units (700) on the market within a very short period of time. The recent drop in the proportion of unoccupied units is due to the smaller number of apartments added to our survey in 1998, (approximately 300 units). In addition, some of these new units resulted from the expansion of retirement homes already on the market for several years and 100% occupied. Naturally, since these new constructions were responding to an obvious local demand in the form of reservations; these units were all occupied as soon as they were completed.

In 1998, the vacancy rate decreased in apartment residences with fewer than 100 units, but increased slightly in those with 100 or more units. However, an analysis of the results in the 18 high-density retirement homes reveals that this increase in the vacancy rate was due to deteriorating conditions in two residences. If these two residences are excluded, the vacancy rate stands at about 5%, which is comparable to that observed in smaller projects.

In the room and board retirement home segment, the situation remains difficult even though there was a slight improvement in 1998. For a third year in a row, the vacancy rate remained at approximately 11%, a figure which is quite far from the balance point of about 6% to 7% for this type of residence. In the last few years, the arrival on the market of well-structured apartment projects offering units and a more diversified range of services at competitive prices has affected the rooming residences.

*(\*) In a balanced market, that is, one that favours neither tenants nor landlords, the vacancy rates hover around 4% to 5% for apartment residences and around 6% to 7% for rooming residences.*

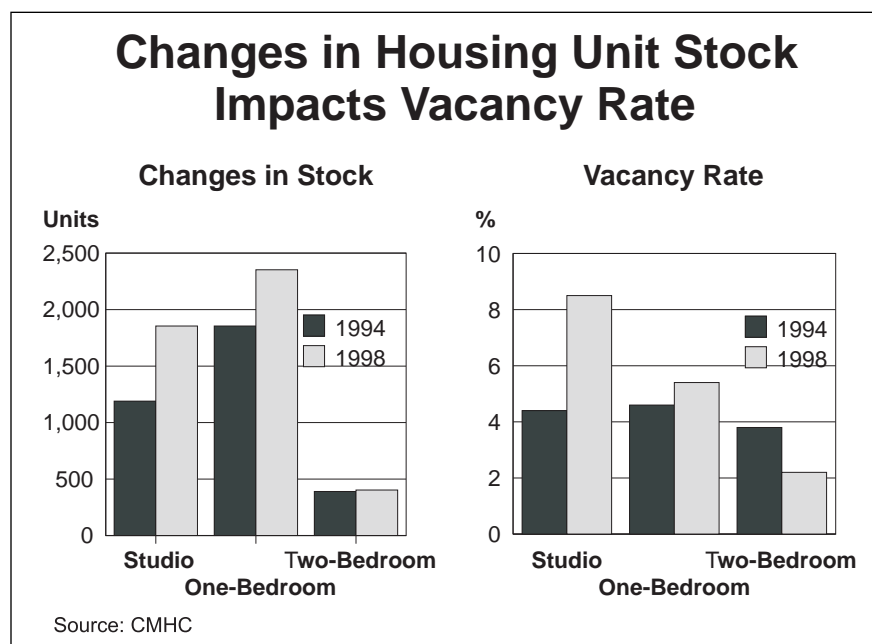


Based on our observations, an increasing number of independent seniors are leaving these rooming residences for the new apartments. Several rooming residences established in the suburbs a number of years ago were working well. Since the arrival in the vicinity of substantial players that do not hesitate to recruit directly among competing residences, these retirement homes are experiencing more and more difficulty in renting out their rooms. Replacing clients who move to new retirement homes, or persons who pass away, is a painstaking task in the current context. Instead, owners of rooming residences are making every effort to keep their clients, even going as far as lowering the rents when certain retirees hesitate to renew their leases. Over the years, the proportion of persons losing their independence has risen significantly in these retirement homes. Since less independent seniors require more costly special care and their financial means are limited, the profitability of several projects is truly being questioned. For this reason, some residences are simply deciding to close down.

Once again in 1998, smaller rooming residences with fewer than 20 beds were the ones that had the highest vacancy rate (15%). The fact that the limited size of these retirement homes which restricts their capacity to offer tenants an elaborate range of services is certainly not extraneous to this phenomenon.

### Larger Units Easier to Rent

The 1998 survey results show a clear relationship between vacancy rates and unit sizes. The vacancy rate effectively goes from 11.1% for rooms to 2.2% for two-bedroom apartments. Renter preferences and the changes in the housing unit stock account for this situation. For a slightly higher price, renters can find on the market studio apartments that are larger and generally offer a wider range of services which reduces the preference for rooms. As for apartments, the growth in the stock since 1994 has been greater in the studio category (+56%) than in the one-bedroom unit (+27 %) and two-bedroom unit (+3%) segments. Developers should therefore offer more large units in future projects. Likewise, owners with numerous unoccupied studio apartments could consider the possibility of converting some of them into larger units. However, even with a very low vacancy rate, two-bedroom units have a more limited growth potential since their prices are higher.



## Québec's Haute-Ville Sector Continues to Stand Out

Among the nine market zones in the Québec metropolitan area, the Québec Haute-Ville (zone 2) posted the best rental performance once again in 1998. The vacancy rate stood at only 2.2% in apartment residences and 0.6% in rooming residences. These rates are well below the values corresponding to balanced conditions. Seniors are still strongly attracted to this sector, notably because of the proximity of the services. In the case of apartment retirement homes, zones 4 (Sainte-Foy, Sillery, Cap-Rouge, Saint-Augustin), 5 (Val-Bélair, Saint-Émile, Loretteville, etc.) and 6 (Grand Charlesbourg) showed a balanced market with vacancy rates hovering around 4%. As for rooming residences, only zone 1 (Québec Basse-Ville) posted a balanced vacancy rate with 6.9% of units unoccupied. It is important to note, though, that a high vacancy rate in a particular sector does not necessarily indicate that there is no room there for a potential residence. A considerable vacancy rate sometimes results from the fact that the units offered on the market simply do not meet the needs of seniors.

## What Does the Future Hold for the Private Retirement Home Market in the Area?

To identify future housing market trends in general, we must inevitably turn to demographics, which is the quantitative study of populations and their changes over time. Demographics is the major factor responsible for the principal movements observed in the housing demand. The significant group formed by the baby boomers (people born during the prosperous postwar period (1947-1966)) greatly influenced the real estate market in the late 1980s and early 1990s.

The low birth rate in the last few decades and the growing life expectancy have inescapably resulted in an aging population, which represents a positive element for the retirement home market. But, at what rate exactly is this aging process taking place in the Québec area? Will this rate always be increasingly sustained? What can be expected in terms of the demand for units?

The potential client group for the retirement home market is composed of persons aged 65 years or older. To fully understand the changes in this population segment and, consequently, in the potential demand for retirement housing units, we must look at the census data for the Québec metropolitan area.

<b>Census year</b>	<b>Persons aged 65 years or older</b>	<b>Growth in this group (%)</b>	<b>Proportion of the total population (%)</b>
<b>1981</b>	48,050		8,3
<b>1986</b>	57,015	18,7	9,5
<b>1991</b>	68,860	20,8	10,7
<b>1996</b>	78,180	13,5	12,2
<b>2001f</b>	87,970	12,5	13
<b>2006f</b>	95,478	8,5	14,4
<b>2011f</b>	114,518	19,9	16,7
<b>2016f</b>	135,727	18,5	20,3
<b>2021f</b>	158,555	16,8	23,3
<b>2026f</b>	152,060	-4,1	23,1

Sources: Statistics Canada, CMHC forecast (f)

As can be noted, the growth in the group of persons 65 years or older reached a first peak during the 1986 to 1991 period, close to 21%. From there, however, the progression declines, attaining 12.5% in 1996-2001 and a mere 8.5% in the following five years. Why is there such a major slowdown in the number of seniors at this time? Simply because the persons who are now turning 65 are the children of the 1930s, who are precisely not very numerous. That decade was considerably trying for households after the economic crisis in 1929. During these difficult times, young couples of childbearing age could not afford to have many children, which explain the decline in the birth rate recorded during that period. As a result, the children of the Depression, as they are often called, are not very numerous, but most were favoured. After a turbulent youth due to World War II, they easily found good jobs, which they held for several decades. Despite their small numbers, they had a stream of children, giving rise to the famous baby boomers group.

The short-term demand for new retirement homes is weak, at least from a demographic standpoint. There might possibly be a need resulting from the fact that the existing stock does not correspond to what clients are seeking, especially in certain sectors.

Of course, the impressive group of baby boomers is also aging, but its first members will not be turning 65 before the 2010s, explaining the strong growth observed at that time. The population is therefore increasingly older. However, this does not necessarily mean that the number of golden agers will soar over the next few years. Developers will have to be very cautious before putting up new residences geared towards this client group in the area. Some seem to have well understood the new demographic reality and have opted for a concept combining units for golden agers and others targeting the young retiree and pre-retiree groups.

We will also see more residences offering more elaborate and more costly health care services. Future retirees will be more at ease financially and will opt for such residences.

Likewise, some large rental projects already accommodating seniors will probably offer meal services, medical care, etc. to keep their clients.



# Methodology

---

This CMHC report sets out the results of the survey conducted in the fall of 1998 on the privately initiated retirement home market in the Québec metropolitan area. This annual report contains vacancy rates, rental rates and an analysis of the main results obtained from the information provided by the persons in charge at the time of the survey.

The results of this survey constitute the most complete data on the Québec metropolitan area privately initiated retirement home market. The survey covers all private residences enumerated in the region and that have been on the market for at least three months. The results were compiled in various manners, including by residence type, market zone, unit type and residence size.

All players and observers on the market will find this information useful. In addition to assisting 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, as well as various governmental organizations and departments, and several housing-related industries.

# Definitions

---

**U**noccupied unit: A housing unit is considered to be unoccupied if, at the time of the survey, it is physically vacant and available for rent. The vacancy rate corresponds to the ratio between the number of unoccupied units and the total number of housing units. A balanced market, that is, one that favours neither tenants nor landlords, is characterized by vacancy rates of approximately 4% to 5% for apartment-type residences and 6% to 7% for retirement homes that offer rooms.

**Rooming Residences:** 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.).

**Apartment Residences:** 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 rooming residences, they also offer a variety of services. In the survey, apartment residences were divided into two categories: those with a meal service (two or three meals per day are 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.)

# Market Zones

---

- Zone 1:** Québec Basse-Ville (Limoilou, St. Roch, St-Sauveur), Vanier
- Zone 2:** Québec Haute-Ville (St-Jean-Baptiste, Champlain, Montcalm)
- Zone 3:** Québec des Rivières (Neufchâtel, Duberger, Les Saules, Lebourgneuf), Ancienne-Lorette
- Zone 4:** Sainte-Foy, Sillery, Cap-Rouge, Saint-Augustin
- Zone 5:** Val-Bélair, Saint-Émile, Loretteville, Lac Saint-Charles, Lac Delage, Valcartier, Shannon, Lac Saint-Joseph, Sainte-Catherine-de-la-J.-C., Fossambault
- Zone 6:** Grand Charlesbourg, Lac Beauport, Stoneham-Tewkesbury
- Zone 7:** Grand Beauport, Sainte-Brigitte-de-Laval, Boischâtel, L'Ange-Gardien, Château-Richer, Île d'Orléans
- Zone 8:** Charny, Saint-Romuald, Saint-Jean-Chrysostôme, Saint-Nicolas, Saint-Rédempteur, Breakeyville, Saint-Lambert, Saint-Étienne
- Zone 9:** Lévis, Pintendre, Saint-Joseph de Lévy, Saint-Étienne-de-Beaumont

# Acknowledgments

---

The retirement home market survey could not have been conducted without the invaluable cooperation of the owners and managers of these residences. We thank them greatly for their efforts and for having assisted us in quickly obtaining specific information.

Table 1

Number of Apartments by Unit Size and Meal Service Type								
Meal Service Type	Unit Size							
	Studio		One-Bedroom		Two-Bedroom		Total	
	1997	1998	1997	1998	1997	1998	1997	1998
Mandatory	1,003	1,277	863	1,072	97	110	1,963	2,459
Optional	676	578	1,369	1,281	311	293	2,375	2,171
<b>Total</b>	<b>1,679</b>	<b>1,855</b>	<b>2,232</b>	<b>2,353</b>	<b>408</b>	<b>403</b>	<b>4,338</b>	<b>4,630</b>

Source: CMHC

Table 2

Apartment Vacancy Rates (%) by Unit Size and Meal Service Type								
Meal Service Type	Unit Size							
	Studio		One-Bedroom		Two-Bedroom		Total	
	1997	1998	1997	1998	1997	1998	1997	1998
Mandatory	8.7	8.8	8.7	6.9	4.1	2.7	8.5	7.7
Optional	11.2	7.8	5.0	4.2	2.6	2.0	6.5	4.8
<b>Total</b>	<b>9.7</b>	<b>8.5</b>	<b>6.5</b>	<b>5.4</b>	<b>2.9</b>	<b>2.2</b>	<b>7.4</b>	<b>6.3</b>

Source: CMHC

Table 3

Average Apartment Rents (\$) by Unit Size and Meal Service Type						
Meal Service Type	Unit Size					
	Studio		One-Bedroom		Two-Bedroom	
	1997	1998	1997	1998	1997	1998
Mandatory	925	965	1,285	1,275	1,550	1,550
Optional	725	603	955	975	1,200	1,200
<b>Total</b>	<b>895</b>	<b>900</b>	<b>1,060</b>	<b>1,080</b>	<b>1,267</b>	<b>1,250</b>

Source: CMHC

Table 4

<b>Apartment Prices and Floor Areas by Unit Size and Meal Service Type</b>									
<b>Unit Type</b>	<b>Price (\$)</b>	<b>Price Limits (\$)</b>		<b>Floor Area (sq. ft.)</b>	<b>Floor Area Limits (sq. ft.)</b>		<b>Price per sq. ft. (\$)</b>	<b>Price per sq. ft. Limits (\$)</b>	
<b>APARTMENTS - MEALS INCLUDED</b>									
<b>Studio</b>	965	895	995	305	266	350	3.17	2.71	3.67
<b>One-Bedroom</b>	1,275	1,114	1,400	500	450	583	2.51	2.33	3.02
<b>Two-Bedroom</b>	1,550	1,280	1,885	788	732	936	2.13	1.62	2.46
<b>APARTMENTS - MEALS OPTIONAL</b>									
<b>Studio</b>	603	392	830	253	240	341	1.63	1.63	2.96
<b>One-Bedroom</b>	975	775	1,050	600	468	622	1.67	1.46	1.85
<b>Two-Bedroom</b>	1,200	868	1,375	886	815	959	1.31	1.21	1.53

Note: The lower and upper median values, called limits, indicate the range comprising 50% of the observations. This therefore means that one out of every two figures is within these limits.

Source: CMHC

Table 5

<b>Number of Residences and Apartments and Vacancy Rates (%) by Structure Size</b>						
<b>Structure Size</b>	<b>1997</b>			<b>1998</b>		
	<b>Number of Residences</b>	<b>Number of Apartments</b>	<b>Vacancy Rate (%)</b>	<b>Number of Residences</b>	<b>Number of Apartments</b>	<b>Vacancy Rate (%)</b>
<b>Under 50 units</b>	12	336	9.2	12	329	4.6
<b>50 to 99 units</b>	14	966	8.0	18	1,291	5.4
<b>100 units or over</b>	18	3,010	6.7	18	2,986	6.9
<b>Total</b>	44	4,312	7.2	48	4,606	6.3

Note: Projects containing both apartments and rooms were placed in the category corresponding to the largest proportion of units in the residence. This is why the total number of residences by type may differ slightly from the figures appearing in the previous tables.

Source: CMHC

Table 6

Number of Beds, Vacancy Rates and Average Rents per Bed Private Room and Board Retirement Homes						
	Single Rooms		Double Rooms		Total	
	1997	1998	1997	1998	1997	1998
<b>Number of Beds</b>	1,958	2,003	90	144	2,048	2,147
<b>Vacancy Rate</b>	11.2%	10.9%	23.3%	13.2%	11.8%	11.1%
<b>Average Rent</b>	\$850	\$850	\$675	\$750	—	—

Source: CMHC

Table 7

Room Prices and Floor Areas									
Unit Type	Price (\$)	Price Limits (\$)		Floor Area (sq. ft.)	Floor Area Limits		Price per sq. ft. (\$)	Price per sq. ft. Limits	
ROOMS									
<b>Simple</b>	850	800	1,020	168	140	204	5.56	4.49	6.43
<b>Double</b>	750	657	788	260	200	384	2.88	2.14	4.35

Note: The lower and upper median values, called limits, indicate the range comprising 50% of the observations. This therefore means that one out of every two figures is within these limits.

Source: CMHC

Table 8

Number of Residences and Beds and Vacancy Rates (%) by Structure Size Private Room and Board Retirement Homes						
Structure Size	1997			1998		
	Number of Residences	Number of Beds	Vacancy Rate (%)	Number of Residences	Number of Beds	Vacancy Rate (%)
<b>Under 20 rooms</b>	67	712	15.0	72	734	15.1
<b>20 to 49 rooms</b>	35	1,047	11.6	33	980	11.2
<b>50 rooms or over</b>	4	242	3.7	6	374	3.7
<b>Total</b>	106	2,001	11.8	111	2,088	11.3

Note: Projects containing both apartments and rooms were placed in the category corresponding to the largest proportion of units in the residence. This is why the total number of residences by type may differ slightly from the figures appearing in the previous tables.

Source: CMHC

Table 9

Number of Units and Vacancy Rates by Residence Type and Market Zone									
Market Zone	Apartments			Rooms			Total		
	Number of Units	Vacancy Rates (%)		Number of Beds	Vacancy Rates (%)		Number of Units	Vacancy Rates (%)	
	1998	1997	1998	1998	1997	1998	1998	1997	1998
1- Québec Basse-Ville, Vanier	566	4.9	9.2	350	10.1	6.9	916	7.1	8.3
2- Québec Haute-Ville	1,162	4.8	2.2	161	1.9	0.6	1,323	4.4	2.0
3- Québec Des Rivières, Ancienne-Lorette	554	4.5	7.4	78	21.6	29.5	632	8.5	10.1
4- Ste-Foy, Sillery, Cap-Rouge, St-Augustin	846	7.6	3.9	224	15.9	16.1	1,070	9.3	6.4
5- Val Bélaïr, St-Émile, Loretteville, etc.	148	14.4	4.1	175	11.0	9.7	323	12.5	7.1
6- Grand Charlesbourg, Stoneham, etc.	410	8.9	3.9	131	20.8	13.0	541	11.2	6.1
7- Grand Beauport, Boischatel, Île-d'Orléans, etc.	391	12.0	22.3	640	9.9	9.4	1,031	10.8	14.3
8- Charny, St-Romuald, St-Jean-Chrysostôme, etc.	94	17.5	7.4	226	14.2	17.7	320	15.2	14.7
9- Grand Lévis, Pintendre	459	8.6	5.7	162	11.4	12.3	621	9.3	7.4
Total - Québec Metropolitan Area	4,630	7.4	6.3	2,147	11.8	11.1	6,777	8.8	7.9

Source: CMHC



*What are the Private Rental Market Vacancy Rates and Average Rents in the Region at the end of 1998?*

You can find them and more in the:  
**RENTAL MARKET REPORT**

*To subscribe, please call:  
(514) 496-8561*

For more information about this publication, please contact:

**Jean-François Dion** at (418) 649-8101

© 1999 Canada Mortgage and Housing Corporation. All rights reserved. No portion of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, mechanical, electronic, photocopying, recording or otherwise without the prior written permission of Canada Mortgage and Housing Corporation. Without limiting the generality of the foregoing, no portion of this publication may be translated from English into any other language without the prior written permission of Canada Mortgage and Housing Corporation. The information, analyses and opinions contained in this publication are based on various sources believed reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.