



THE

RETIREMENT HOME

MARKET STUDY



1999 TROIS-RIVIÈRES



HOME TO CANADIANS
Canada

Trois-Rivières

Metropolitan Area

Highlights

In October 1998, the vacancy rate for private retirement homes was 6.7%, compared to 8.8% the previous year.

The vacancy rate dropped from 6.8% to 4.0% in apartment type residences, while it fell from 10.2% to 8.5% in room and board type homes.

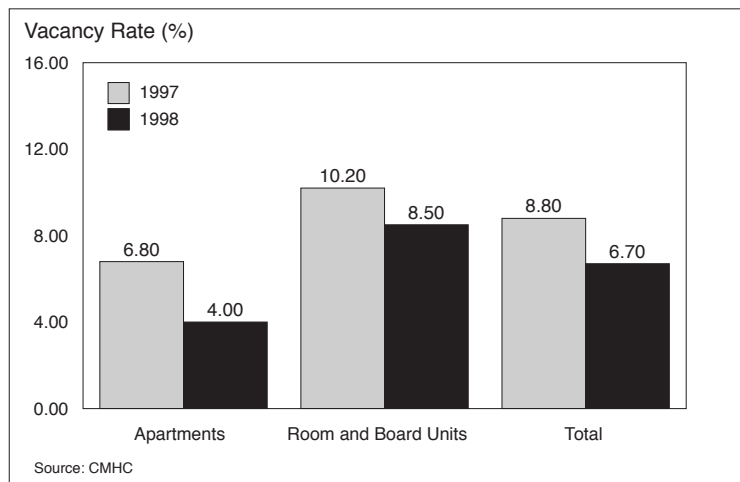
Room and board type residences with fewer than 20 beds are the hardest hit.

Significant Decline in the Vacancy Rate

According to the results of the last survey conducted by CMHC, private retirement homes in the Trois-Rivières area had a 6.7% vacancy rate last October, a drop of two percentage points from the 8.8% rate observed in 1997.

In apartment type residences, the vacancy rate fell sharply between the last two fall surveys, going down from 6.8% to 4.0%, a rate which is indicative of a balanced market for this type of residence. With the aging of the population, the demand for apartments targeted to independent retired persons will continue to grow.

Vacancy Rate Declines in the Trois-Rivières Area



Favourable conditions on the retirement apartment market in the Trois-Rivières area will have rapidly attracted the attention of several developers. The construction of new residences literally exploded during the second half of 1998. In Cap-de-la-Madeleine, no fewer than three structures were started, comprising a total of some 150 units. In 1998, there were approximately 5,000 seniors aged 65 years or older in this municipality, and the need for new apartments was becoming more and more apparent since, until then, this sector comprised only one apartment residence.

At the beginning of 1999, construction on two of the three residences started during the second quarter of 1998 was fully completed. According to the latest checks, the absorption of the new units had gone very well, showing that there was indeed a strong demand in the vicinity. Another residence for seniors will be built in 1999, this one in Trois-Rivières-Ouest. The Dargis group has, indeed, undertaken a major new residential development on a vast lot located at the corner of Marion Boulevard and Richelieu Hill. Phase I of the project (65 apartments) should be on the market in early autumn and phase II (56 apartments) will follow soon thereafter.

As for room and board residences, the situation is still difficult despite some improvement in 1998. In fact, even with a decrease of nearly two percentage points, the vacancy rate for such residences remains high, as it reached 8.5% at the time of our last survey. This is still far from a balanced market, which is characterized by a vacancy rate of 6% to 7% for room and board residences. The arrival on the market over the past few months of well-structured apartment projects offering units and a more diversified range of services at competitive prices, will strike a hard blow to room and board residences. Retirement homes of this last type have already lost quite a few residents to newly built residences. The results of the next survey should in fact confirm that the situation of room and board residences is increasingly shaky in the area, as in other metropolitan areas in Québec.

Based on our observations, a growing number of independent seniors are leaving these rooming residences for the new apartments. Several small rooming residences established in the suburbs a number of years ago were working well. But, 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 those who pass away, is a painstaking task in the current context. Instead, owners of rooming residences are making every effort to keep their clients, very often 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.

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.

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

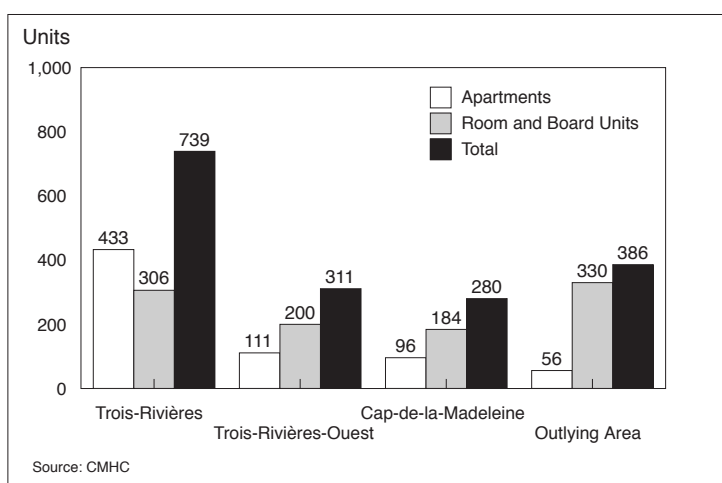
The potential client group for the retirement home market is composed of persons 65 years or older. To clearly understand the changes in this population segment and, consequently, in the potential demand for retirement housing units, we must look at the census data for the Trois-Rivières metropolitan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

Census year	1981	1986	1991	1996	2001f	2006f	2011f	2016f	2021f	2026f
People 65 years or older	11,616	13,385	16,025	18,370	20,463	22,034	25,360	28,931	33,470	36,785
Growth in this group (%)	n/a	15.2	19.7	14.6	11.4	7.7	15.1	14.1	15.7	9.9
Proportion of the total population (%)	9.3	10.4	11.8	13.1	14.1	15.2	17.2	19.7	22.7	25.4

Source: Statistics Canada, CMHC forecast (f)

As we can see, the growth in the 65 years or older group reached a first peak during the 1986-1991 period — close to 20%. From there, however, the progression declines, attaining around 11% in 1996-2001 and a mere 8% during the next 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. Indeed, that decade was considerably trying for households following the economic crisis in 1929. During these difficult times, young couples of childbearing age could not afford to have several children, which explains 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 on account of 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 following group, the famous baby boomers. The short-term demand for new retirement homes is rather weak, at least from a demographic standpoint. However, we must consider demands resulting from the fact that the existing stock may not fully correspond to what clients are seeking, especially in certain sectors.

Stock of Units by Market Zone



In the Trois-Rivières metropolitan area, the proportion of apartments out of the total stock of units was approximately 40% at the time of the last survey. Comparatively, the same percentage reached 68% in the Québec area. Apartments for independent seniors therefore seemed relatively scarce in the Trois-Rivières area. The addition of the new projects in Cap-de-la-Madeleine and the potential construction of a new residence in Trois-Rivières-Ouest will result in a better balance in the supply of units on the market. At the end of 1999, there will be basically as many rooms as apartments in the area.

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 stronger growth observed at that time. It is therefore true to say that the population is 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.

With the new demographic reality, some may opt for a concept combining units which include services for golden agers and units targeted to the young retiree and pre-retiree group. We will also see more residences offering more elaborate and more costly health care services. Future retirees will be financially more at ease and will be able to choose such residences.

Likewise, some large rental projects already accommodating seniors will probably offer meal services, medical care, etc. to retain 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 Trois-Rivières 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 Trois-Rivières 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

Unoccupied 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.)

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

1998 Results for Private Apartment Type Residences Number of Apartments, Vacancy Rates (%) and Median Rents (\$) by Number of Bedrooms				
	Number of Bedrooms			
	Studio	One-bedroom	Two-Bedroom	Total
Number	343	306	47	696
Vacancy Rate (%)	4.7	3.9	0.0	4.0
Median Rent (\$)				
Meals included	880	1,250	—	—
Meals optional	825	868	650	—

Table 2

1998 Results for Private Room and Board Type Residences Number of Beds, Vacancy Rates (%) and Median Rents (\$) by Room Type			
	Room Type		
	Single	Double	Total
Number	986	34	1,020
Vacancy Rate (%)	7.8	29.4	8.5
Median Rent (\$)	770	625	—

Table 3

1998 Results for all Private Residences Number of Residences, Number of Units and Vacancy Rates (%) by Structure Size						
Structure Size*	Apartments			Room and Board Units		
	Residences	Units	Vacancy Rate	Residences	Units	Vacancy Rate
Under 20 units	0	0	—	37	363	9.9
20 to 49 units	0	0	—	11	335	9.0
50 to 99 units	2	145	3.4	5	322	6.5
100 units or over	4	470	3.6	0	0	—
Total	6	615	4.0	53	1,020	8.5

* 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 numbers of residences by type may differ slightly from the previous figures.

Table 4

1998 Results for all Private Residences Vacancy Rates (%) by Residence Type and Market Zone			
Market Zone	Residence Type		
	Apartments	Rooms	Total
1-Trois-Rivières	5.1	7.5	6.1
2-Trois-Rivières-Ouest	1.8	6.0	4.5
3-Cap-de-la-Madeleine	3.1	11.4	8.6
4-Outlying Area*	1.8	9.4	8.3
Total	4.0	8.5	6.7

* The outlying area includes Bécancour, Champlain, Pointe-du-Lac, Saint-Louis-de-France, Saint-Maurice and Sainte-Marthe-du-Cap-de-la-Madeleine.

For more information about this publication, please contact:

Pascal-Yvan Pelletier (418) 649-8102

© 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.