

RENTAL MARKET REPORT

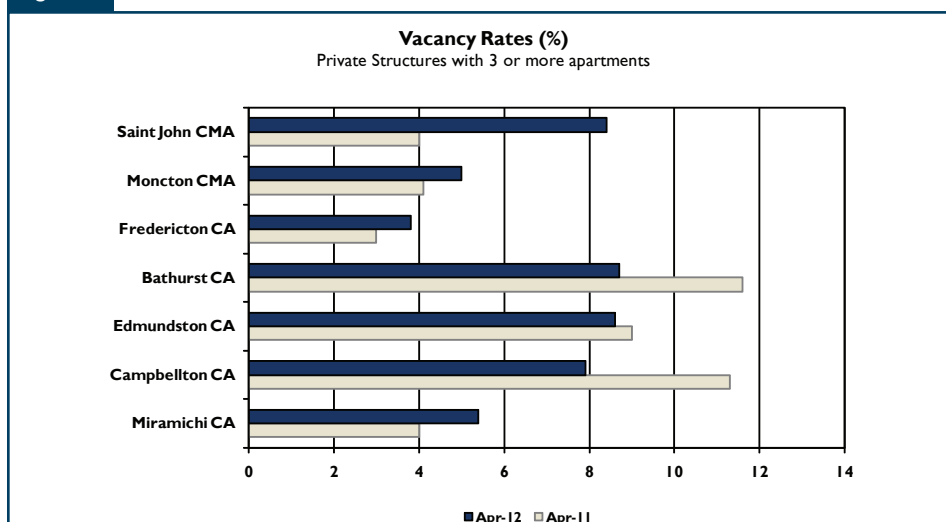
New Brunswick Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

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Figure 1



Vacancy Rate Rises in New Brunswick

- The overall vacancy rate in New Brunswick's urban centres increased to 6.2 per cent in April 2012, up from 4.5 per cent a year ago.
- The vacancy rate increased in all three of the province's large urban centres, ranging from a low of 3.8 per cent in Fredericton to a high of 8.4 per cent in Saint John.
- In the smaller urban centres, the vacancy rate varied between a low of 5.4 per cent in Miramichi to a high of 8.7 per cent in Bathurst.
- The overall average rent in the province's urban centres was \$668 per month.
- Fredericton and Moncton were the only urban centres in the province where the average rent exceeded the provincial average.

Figure 2



*Only centres with a population of 10,000 + are included in the survey.

Overview

According to the CMHC Rental Market Survey conducted in the spring of 2012, the vacancy rate¹ increased in four of New Brunswick's seven urban centres² compared to the level recorded a year ago. The province's three large urban centres – Fredericton, Moncton and Saint John – were included in this group.

In the spring of 2012, the vacancy rate in Fredericton stood at 3.8 per cent, up from three per cent a year earlier. Steady in-migration continued to bolster demand for rental units, resulting in the lowest vacancy rate in the province. The balance between supply and demand, however, has been impacted by higher than average levels of construction activity, particularly during the last three years. Due to rapid development in the local rental market, the number of apartment units under construction last year in Fredericton was at a historically high level, with a monthly average of approximately 200 units maintained throughout the year. As a result, the addition of new units to the local rental market proceeded at a pace slightly ahead of what existing demand has been able to absorb, thereby, contributing to the higher vacancy rate.

In Greater Moncton, a similar trend was observed, as the expansion of the local rental supply has also outpaced demand in recent years. Combined construction activity in 2010 and 2011 accounted for the second highest two-year total for apartment starts in the region since 1980. As a result, the average monthly number of apartment units under construction during the

second half of 2011 was just under 600 units. In contrast, between 2005 and 2009, the monthly average for the number of apartment units under construction was just over 200 units. Consequently, the increase in the supply of new units available to local consumers has progressed at a faster pace than the local market has been able to absorb, pushing the spring 2012 vacancy rate to five per cent, up from last year's rate of 4.1 per cent.

In Saint John, the vacancy rate was up significantly, rising 4.4 percentage points to 8.4 per cent. Compared to either Fredericton or Moncton, the expansion of the local rental universe has proceeded at a relatively modest pace in Saint John in recent years. In 2011, rental starts in the Saint John CMA were limited to 80 units. Favorable housing market conditions and a lack of population growth in Saint John, combined with the continued migration of people away from the downtown area towards current and expanding residential areas (particularly to the Kennebecasis River Valley), has curbed demand for rental units, leading to the higher vacancy rate in the spring of 2012.

Vacancy Rate – Small Urban Centres

In the spring of 2012, the vacancy rate declined in all but one of New Brunswick's smaller urban centres. The only exception was Miramichi, where the vacancy rate was up 1.4 percentage points to 5.4 per cent. Despite the year-over-year increase, the vacancy rate in Miramichi was lower than the provincial average.

The vacancy rate was comparable in the three remaining urban centres. In Bathurst and Edmundston, the vacancy rate was nearly identical at 8.7 and 8.6 per cent, respectively. In Campbellton, the vacancy rate was slightly lower at 7.9 per cent.

The vacancy rate in the smaller urban centres tends to fluctuate regularly due to the relatively small size of their respective rental universes. Nevertheless, population declines in New Brunswick's small CMAs and a corresponding decline in demand for rental units have resulted in a vacancy rate that is higher than the provincial average in most of these centres.

Average Rents – New Brunswick Urban Centres

Fredericton and Moncton were the only two urban centres in the province where the average rent exceeded the overall provincial average of \$668. With positive net-migration in both centres contributing to solid demand for newer rental units, the average rents in these centres were the highest in the province at \$746 and \$693, respectively. In Saint John, relatively weak demand for rental units has limited upward pressure on local rents. As a result, the average rent in Saint John, in addition to being the lowest among the three large provincial urban centres, was just below the provincial average at \$661. The average rent in the smaller urban centres varied between \$460 and \$535 as out-migration and weak demand led to only moderate changes in the average rent.

¹ Based on privately-initiated rental apartments structures of three or more units.

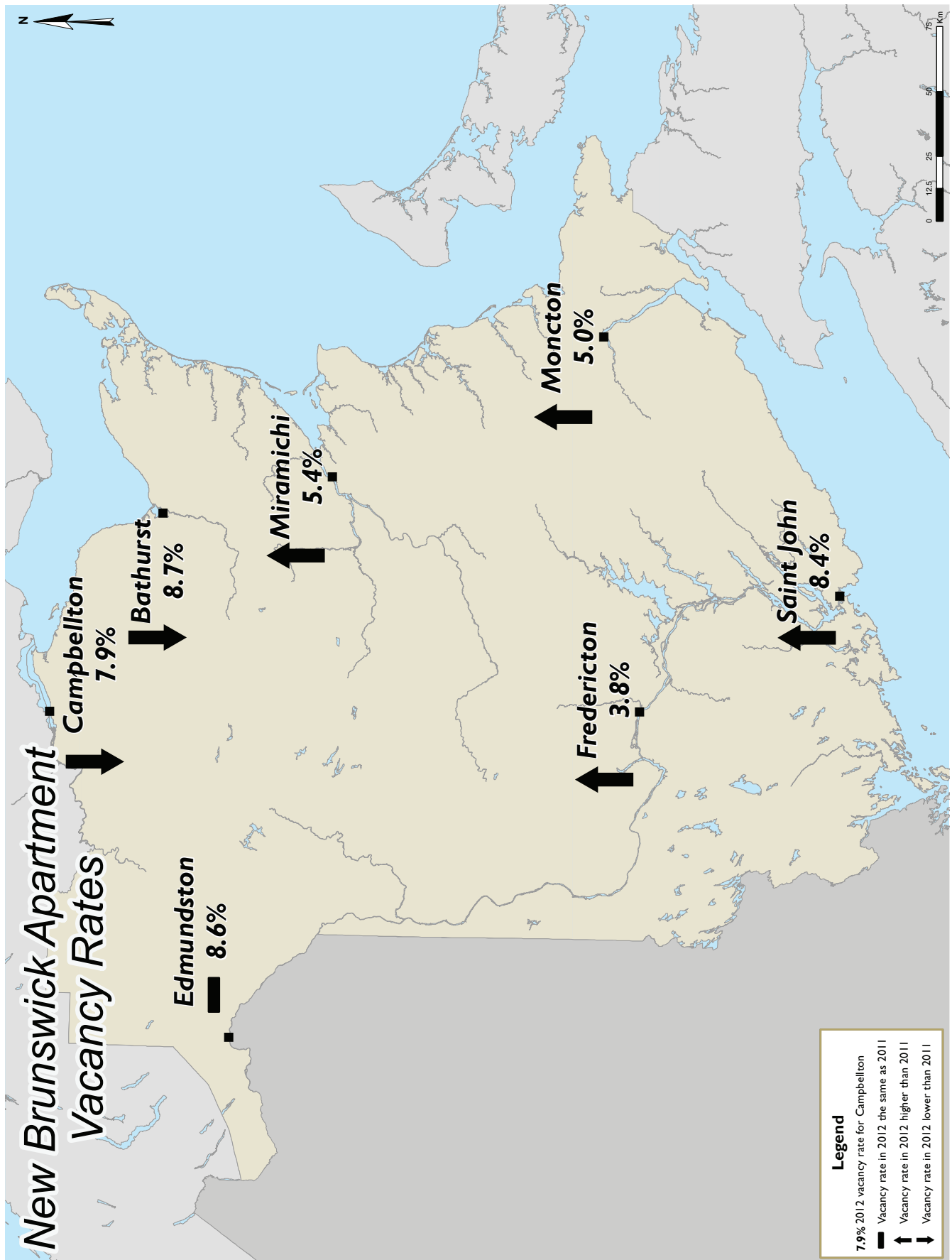
² Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

In each of New Brunswick's urban centres, two bedroom units account for at least half of the local rental universe. As such, these units are often used as a benchmark to assess change in the local rental market. In the spring of 2012, the overall average two bedroom rent in New Brunswick's urban centres (based on structures common to both the 2011 and 2012 April surveys³) was up 3.3 per cent. This was higher than the overall average increase of 2.9 per cent for all bedroom types. The larger increase in the average rent reflects strong demand for two bedroom units and an emphasis on this unit type by builders in most of the more recently completed structures. The average rent increases varied from a low of 0.7 per cent in Campbellton to a high of 4.9 per cent in Saint John.

Availability Rates

The availability rate in the province was up to 6.6 per cent in April compared to 5.2 per cent during the same period last year. Among the province's three large urban centres, Fredericton posted the lowest availability rate at 4.5 per cent. The availability rate in Moncton was also lower than the provincial average at 5.4 per cent. In Saint John, the availability rate was up to 8.8 per cent. In the smaller urban areas, the availability rate was mostly higher than the provincial average, varying between 8.1 and 9.3 per cent. The exception was in Miramichi, where the availability rate experienced a moderate increase to 5.6 per cent, slightly below the provincial average.

³ When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2011 and 2012 Spring rental market surveys, we can get a better indication of actual rent increases paid by most tenants.



I.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12
Moncton CMA	**	3.3 d	4.2 c	3.9 c	3.8 b	5.5 b	4.3 d	5.2 c	4.1 b	5.0 b
Saint John CMA	**	**	4.1 c	9.0 b	3.4 b	8.4 b	4.8 c	7.0 c	4.0 b	8.4 a
Bathurst CA	15.5 a	17.0 a	19.2 d	10.8 c	7.2 b	6.7 b	3.7 d	3.9 d	11.6 c	8.7 a
Campbellton CA	29.6 a	9.1 b	13.7 a	9.7 a	8.0 a	5.8 a	7.9 b	12.5 d	11.3 a	7.9 a
Edmundston CA	**	**	11.8 d	13.3 d	6.7 c	5.9 c	**	**	9.0 b	8.6 b
Fredericton CA	4.9 d	3.8 d	3.0 a	4.3 b	2.7 a	3.7 b	4.0 c	4.0 c	3.0 a	3.8 a
Miramichi CA	4.7 d	21.7 a	4.0 b	5.6 a	3.6 a	4.8 a	9.8 a	4.4 a	4.0 a	5.4 a
New Brunswick 10,000+	9.2 b	7.9 b	5.5 b	6.7 a	3.8 a	5.9 a	4.6 b	5.6 b	4.5 a	6.2 a

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

I.1.2 Private Apartment Average Rents (\$) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12
Moncton CMA	465 a	480 a	583 a	604 a	697 a	721 a	781 a	850 b	667 a	693 a
Saint John CMA	477 b	480 a	559 a	578 a	653 a	688 a	690 a	754 a	626 a	661 a
Bathurst CA	361 a	343 a	448 a	446 a	546 a	562 a	535 a	567 a	494 a	506 a
Campbellton CA	408 a	400 a	432 a	437 a	537 a	547 a	647 a	670 a	496 a	506 a
Edmundston CA	339 a	341 a	447 a	419 a	485 a	490 a	502 a	544 b	463 a	460 a
Fredericton CA	549 a	537 a	620 a	628 a	728 a	755 a	993 a	995 a	726 a	746 a
Miramichi CA	332 b	329 a	474 a	493 a	558 a	558 a	616 b	560 a	532 a	535 a
New Brunswick 10,000+	467 a	465 a	559 a	571 a	672 a	696 a	790 a	828 a	645 a	668 a

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

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I.1.3 Number of Private Apartment Units in the Universe by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12
Moncton CMA	364	365	2,396	2,416	6,721	6,815	503	474	9,984	10,070
Saint John CMA	404	384	2,298	2,294	4,775	4,697	1,101	1,146	8,578	8,521
Bathurst CA	131	130	352	362	651	682	109	117	1,243	1,291
Campbellton CA	44	45	314	328	406	424	67	69	831	866
Edmundston CA	65	64	477	483	642	645	81	80	1,265	1,272
Fredericton CA	342	335	1,547	1,541	4,299	4,216	874	787	7,062	6,879
Miramichi CA	24	23	208	219	575	562	41	45	848	849
New Brunswick 10,000+	1,374	1,346	7,592	7,643	18,069	18,041	2,776	2,718	29,811	29,748

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Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

I.1.4 Private Apartment Availability Rates (%) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12	Apr-11	Apr-12
Moncton CMA	**	4.9 d	5.0 b	4.3 c	5.0 b	5.8 b	4.3 d	5.4 c	5.1 b	5.4 b
Saint John CMA	**	11.1 d	4.8 c	9.2 b	3.7 b	8.6 b	5.1 c	8.4 c	4.3 b	8.8 a
Bathurst CA	15.5 a	17.0 a	19.4 d	11.1 c	7.8 b	6.9 b	3.7 d	3.9 d	12.0 c	8.9 a
Campbellton CA	29.6 a	9.1 b	14.6 a	9.7 a	8.2 a	6.0 a	7.9 b	12.5 d	11.8 a	8.1 a
Edmundston CA	**	**	12.3 d	13.3 d	7.9 c	7.1 c	**	**	10.3 c	9.3 b
Fredericton CA	5.2 d	4.3 d	3.2 b	4.4 b	3.1 b	4.5 b	4.2 c	4.6 c	3.3 a	4.5 a
Miramichi CA	**	21.7 a	4.4 b	5.6 a	4.3 a	5.0 a	14.6 a	4.4 a	5.0 a	5.6 a
New Brunswick 10,000+	9.8 b	8.6 b	6.1 a	7.0 a	4.4 a	6.3 a	4.9 b	6.4 b	5.2 a	6.6 a

The following letter codes are used to indicate the reliability of the estimates:

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1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent¹ by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-10 to Apr-11	Apr-11 to Apr-12	Apr-10 to Apr-11	Apr-11 to Apr-12	Apr-10 to Apr-11	Apr-11 to Apr-12	Apr-10 to Apr-11	Apr-11 to Apr-12	Apr-10 to Apr-11	Apr-11 to Apr-12
Moncton CMA	3.5 c	2.3 c	2.3 b	2.9 c	2.3 a	2.9 b	2.1 c	2.0 c	2.4 a	2.6 b
Saint John CMA	2.1 c	**	2.1 c	3.6 d	2.8 b	4.9 c	3.3 d	3.0 c	2.3 b	4.3 b
Bathurst CA	-3.4 b	-1.5 a	++	2.1 c	1.1 a	2.3 b	1.3 a	6.6 c	1.1 a	2.0 b
Campbellton CA	++	-1.9 a	3.3 b	0.8 d	1.3 a	0.7 a	2.3 c	2.1 c	1.9 b	0.5 b
Edmundston CA	++	++	++	++	++	1.8 c	**	**	++	1.4 d
Fredericton CA	++	1.5 d	2.1 c	3.6 c	2.2 b	2.9 b	**	3.9 d	2.7 c	2.4 b
Miramichi CA	**	++	++	**	2.9 b	2.4 c	**	++	3.3 b	2.4 c
New Brunswick 10,000+	1.7 c	3.7 d	2.1 a	3.2 c	2.3 a	3.3 b	2.7 c	3.1 d	2.3 a	2.9 a

¹The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

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TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey (RMS)** every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2011 data presented in this publication is based on Statistics Canada's 2006 Census area definitions. April 2012 data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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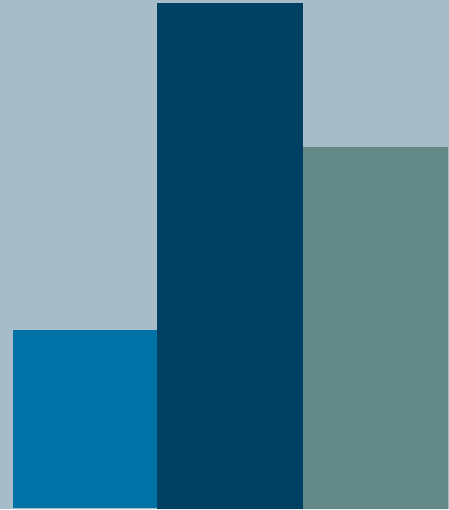
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