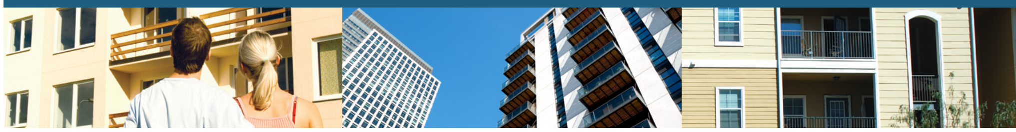
HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Newfoundland and Labrador Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

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Figure 1

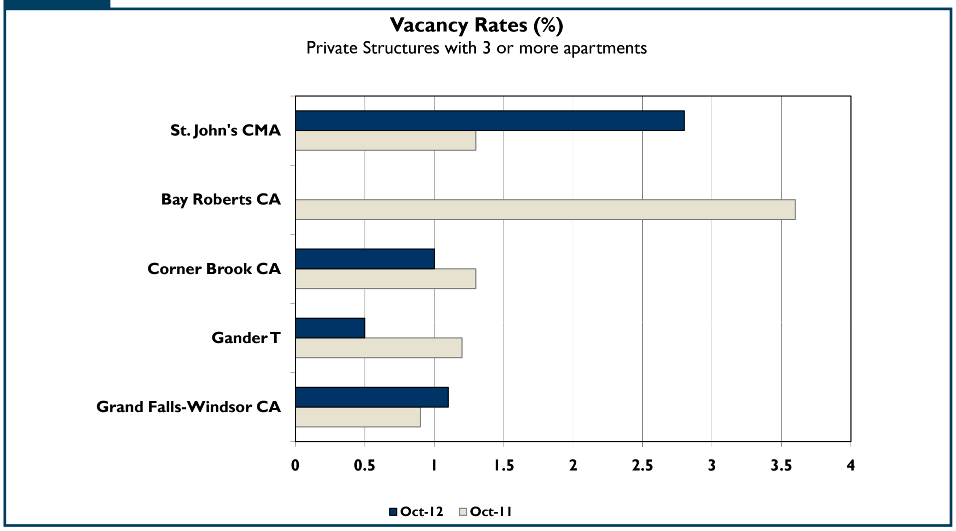
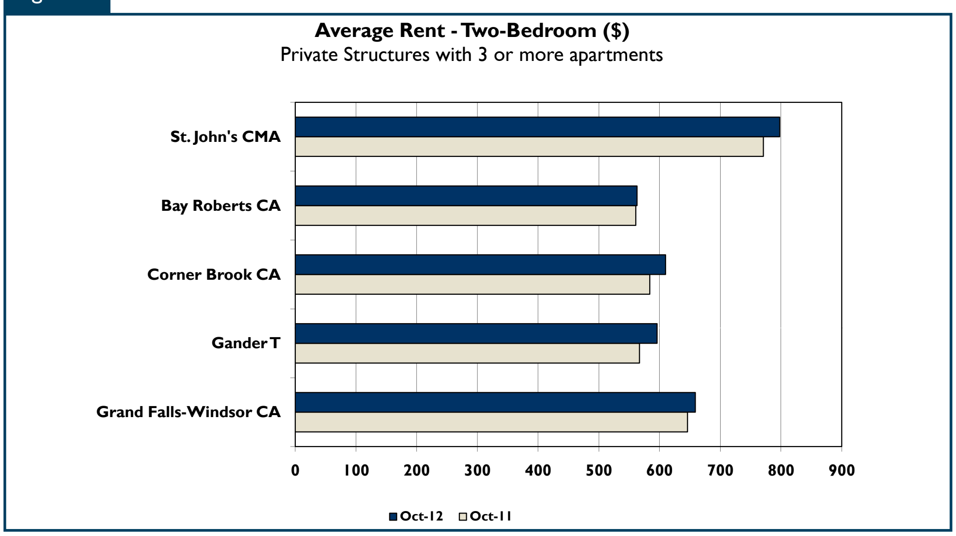


Figure 2



*Only centres with a population of 10,000 + are included in the survey. Detailed reports are available for CMAs.

Vacancy Rates Varied Across Province

- The overall provincial vacancy rate was 2.2 per cent in October 2012, up from 1.3 per cent a year ago.
- The St. John's area vacancy rate was 2.8 per cent in the fall of 2012 compared to 1.3 per cent last year.
- Gander had the lowest vacancy rate at 0.5 per cent.
- The average two-bedroom rent was $725 across the provincial urban centres surveyed.

Overview

According to the CMHC Fall Rental Market Survey conducted in October 2012[1], provincial vacancy rates varied in urban centres[2]. The overall provincial vacancy rate increased to 2.2 per cent in October from 1.3 per cent a year ago. The vacancy rate was highest in St. John's and lowest in Gander. Average rents were highest within the St. John's area, with Bay Roberts posting the lowest rents.

The St. John's rental market vacancy rate was 2.8 per cent in October compared to 1.3 per cent in October 2011. While higher home prices and a strong economy supported rental market demand during the survey period, other offsetting factors, including low mortgage rates and strong income growth, shifted demand from renter households to homeownership. An increase in new basement apartments is also believed to have created additional competition for the existing surveyed rental stock consisting of buildings with three or more units.

Gander posted a vacancy rate of 0.5 per cent this fall compared to 1.2 per cent last year, representing the largest decline across the province. This area continued to be positively impacted by its central location as a regional service hub, its large hospital and international airport, as well as buoyant residential and commercial development. With no significant increase in the supply of rental units, population and employment growth stimulated demand for rental units resulting in a corresponding decline in the vacancy rate.

Grand Falls-Windsor posted a vacancy rate of 1.1 per cent in October 2012 which was relatively unchanged compared to last year. The central town's economy has fared very well in recent years, despite the closure of the pulp and paper mill. Activity throughout the area has also been boosted by its large hospital, community colleges, a general increase in residential and commercial development activity, as well as its location as a central service hub for surrounding communities.

Large health, education and tourism sectors and a relatively steady and diversified economy continue to support the Corner Brook rental market. The vacancy rate for the western region hub was 1.0 per cent this fall compared to 1.3 per cent last year.

Average Rents

Overall, the average two-bedroom rent was $725 across the five urban centres surveyed, with increases recorded in every centre. The highest average two bedroom rent recorded was $798 in St. John's, while Bay Roberts recorded the lowest average rent at $563. The remaining average two-bedroom rents were $596 in Gander, $610 in Corner Brook and $659 in Grand Falls-Windsor – the highest recorded outside the St. John's area.

Based on structures common to both the 2011 and 2012 surveys[3], overall average rents increased in every centre. In St. John's, the average rent increased 4.2 per cent, Corner Brook increased 3.5 per cent, Grand Falls-Windsor increased 3.0 per cent and Gander increased 4.8 per cent. Rent increases were the result of higher rental demand from increased economic activity throughout the province, as well as general growth in population, income and employment in the surveyed centres.

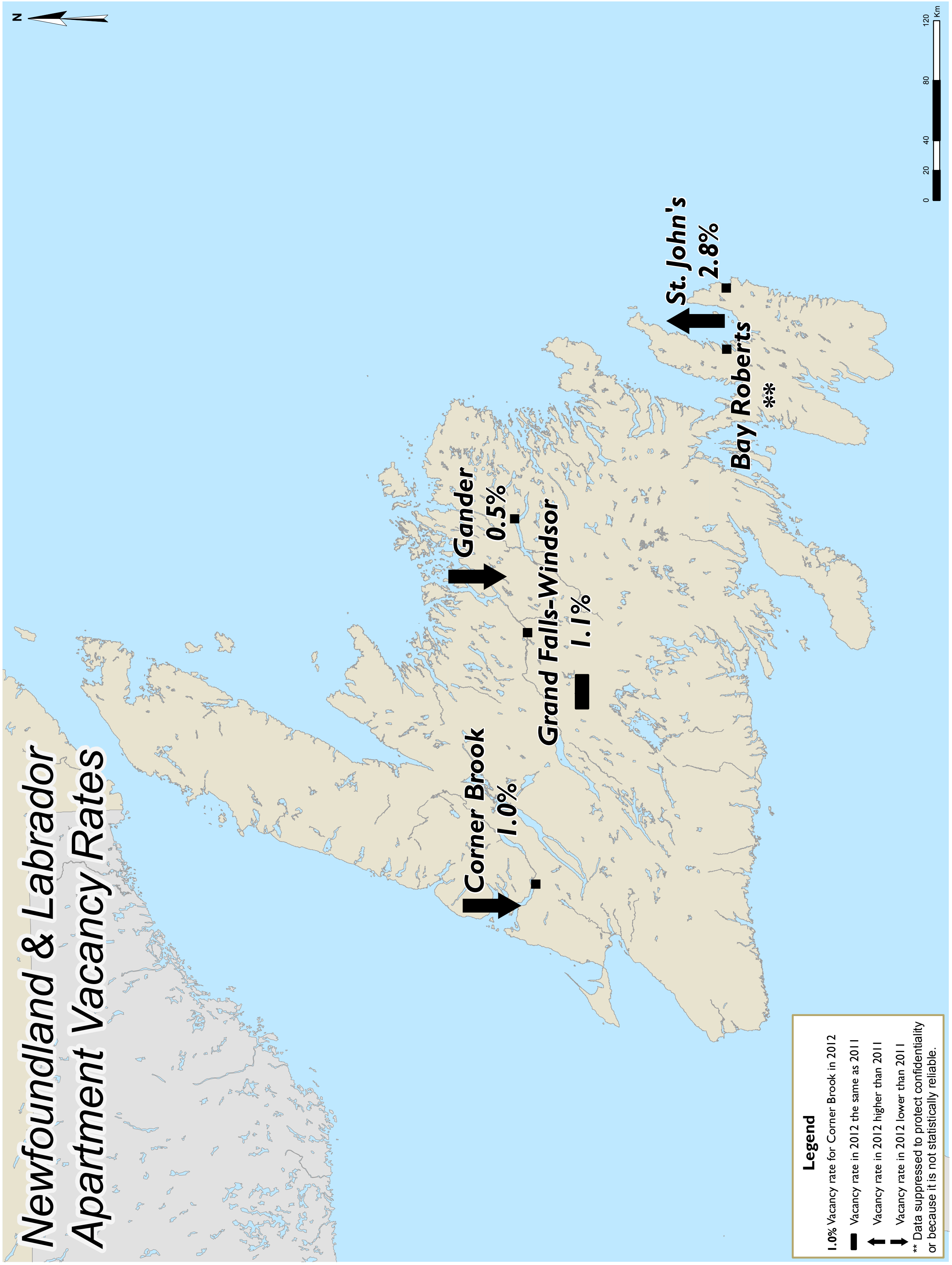
Availability Rates

The rental apartment availability rate ranged from a high of 3.3 per cent in St. John's to a low of 0.5 per cent in Gander. The availability rate was 1.3 per cent in the Grand Falls-Windsor area, while Corner Brook recorded a rate of 1.0 per cent during the Fall 2012 survey.

[1] Based on privately-initiated rental apartment 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.

[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 Fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants.


Newfoundland & Labrador
Apartment Vacancy Rates
N
Corner Brook
1.0%
Grand Falls-Windsor
1.1%
Gander
0.5%
Bay Roberts
**
St. John's
2.8%
0
20
40
80
120
Km
Legend
1.0% Vacancy rate for Corner Brook in 2012
Vacancy rate in 2012 the same as 2011
Vacancy rate in 2012 higher than 2011
Vacancy rate in 2012 lower than 2011
** Data suppressed to protect confidentiality or because it is not statistically reliable.

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
St. John's CMA	1.9 a	4.2 b	1.2 a	2.1 a	1.1 a	3.0 a	2.1 a	3.0 c	1.3 a	2.8 a
Bay Roberts CA	n/u	n/u	**	**	**	**	**	n/u	3.6 d	**
Corner Brook CA	0.0 a	4.3 a	1.7 a	1.7 a	1.1 a	0.3 a	2.5 a	2.4 a	1.3 a	1.0 a
Gander T	**	**	0.8 a	0.8 a	1.5 a	0.5 a	0.0 a	0.0 a	1.2 a	0.5 a
Grand Falls-Windsor CA	16.9 a	0.0 a	1.2 a	3.7 c	0.3 a	0.5 a	**	**	0.9 a	1.1 a
Newfoundland & Labrador 10,000+	**2.0 a**	**4.1 a**	**1.2 a**	**2.1 a**	**1.1 a**	**2.0 a**	**2.2 a**	**2.6 a**	**1.3 a**	**2.2 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

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
St. John's CMA	583 a	611 a	666 a	709 a	771 a	798 a	819 a	854 a	725 a	758 a
Bay Roberts CA	n/u	n/u	**	**	561 a	563 a	**	n/u	558 a	557 a
Corner Brook CA	423 a	439 a	507 a	527 a	584 a	610 a	737 a	740 a	570 a	591 a
Gander T	**	**	519 a	533 a	567 a	596 a	663 a	684 a	563 a	588 a
Grand Falls-Windsor CA	**	**	520 a	533 a	646 a	659 a	**	**	625 a	634 a
Newfoundland & Labrador 10,000+	**568 a**	**591 a**	**629 a**	**663 a**	**701 a**	**725 a**	**787 a**	**821 a**	**679 a**	**706 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) ($7.5 < cv \leq 10$)
** 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

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
St. John's CMA	363	363	1,091	1,107	1,722	1,715	283	282	3,459	3,467
Bay Roberts CA	0	0	3	3	28	28	1	0	32	31
Corner Brook CA	25	25	113	117	311	310	40	42	489	494
Gander T	1	1	121	121	408	426	37	37	567	585
Grand Falls-Windsor CA	6	6	83	86	380	378	10	10	479	480
Newfoundland & Labrador 10,000+	**395**	**395**	**1,411**	**1,434**	**2,849**	**2,857**	**371**	**371**	**5,026**	**5,057**

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.
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Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
St. John's CMA	2.5 a	4.2 b	1.3 a	2.4 a	1.7 a	3.6 a	3.2 b	3.7 b	1.8 a	3.3 a
Bay Roberts CA	n/u	n/u	**	**	**	**	**	n/u	3.6 d	**
Corner Brook CA	0.0 a	4.3 a	1.7 a	1.7 a	1.1 a	0.3 a	2.5 a	2.4 a	1.3 a	1.0 a
Gander T	**	**	0.8 a	0.8 a	1.5 a	0.5 a	0.0 a	0.0 a	1.2 a	0.5 a
Grand Falls-Windsor CA	53.4 a	0.0 a	1.2 a	5.0 b	0.3 a	0.5 a	**	**	1.3 a	1.3 a
Newfoundland & Labrador 10,000+	**3.1** a	**4.1** a	**1.3** a	**2.4** a	**1.4** a	**2.3** a	**3.0** a	**3.1** b	**1.6** a	**2.5** 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

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Newfoundland and Labrador

Centre	Bachelor				1 Bedroom				2 Bedroom				3 Bedroom +				Total			
	Oct-10 to Oct-11		Oct-11 to Oct-12		Oct-10 to Oct-11		Oct-11 to Oct-12		Oct-10 to Oct-11		Oct-11 to Oct-12		Oct-10 to Oct-11		Oct-11 to Oct-12		Oct-10 to Oct-11		Oct-11 to Oct-12	
St. John's CMA	6.3	a	4.2	a	5.8	a	4.8	b	5.4	a	4.0	a	7.0	b	4.8	b	5.8	a	4.2	a
Bay Roberts CA	n/u		n/u		**		**		13.7	d	**		**		n/u		**		++	
Corner Brook CA	++		4.1	b	4.7	b	4.2	d	6.2	a	3.7	c	15.6	a	-4.3	d	5.7	a	3.5	b
Gander T	**		**		6.0	a	3.9	a	4.0	a	4.9	a	4.4	a	3.3	a	4.2	a	4.8	a
Grand Falls-Windsor CA	**		**		0.5	a	4.8	b	1.7	b	2.9	a	**		**		1.5	a	3.0	b
Newfoundland & Labrador 10,000+	**5.9**	a	**4.0**	a	**5.3**	a	**4.6**	a	**5.0**	a	**4.0**	a	**7.7**	a	**3.1**	b	**5.3**	a	**4.0**	a

[1]The 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
Please click Methodology or Data Reliability Tables Appendix link for more details

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.

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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.

CMHC—HOME TO CANADIANS

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