HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Nova Scotia Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Spring 2012

Figure 1

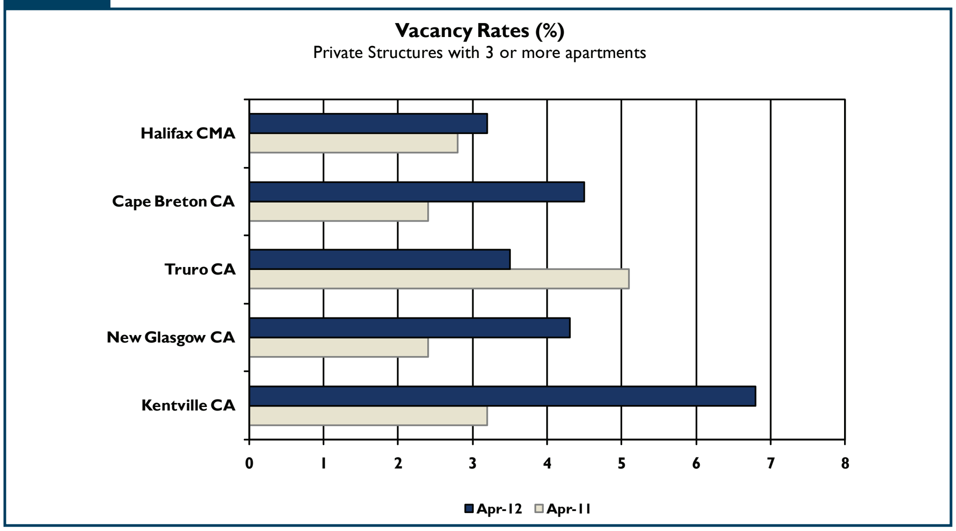
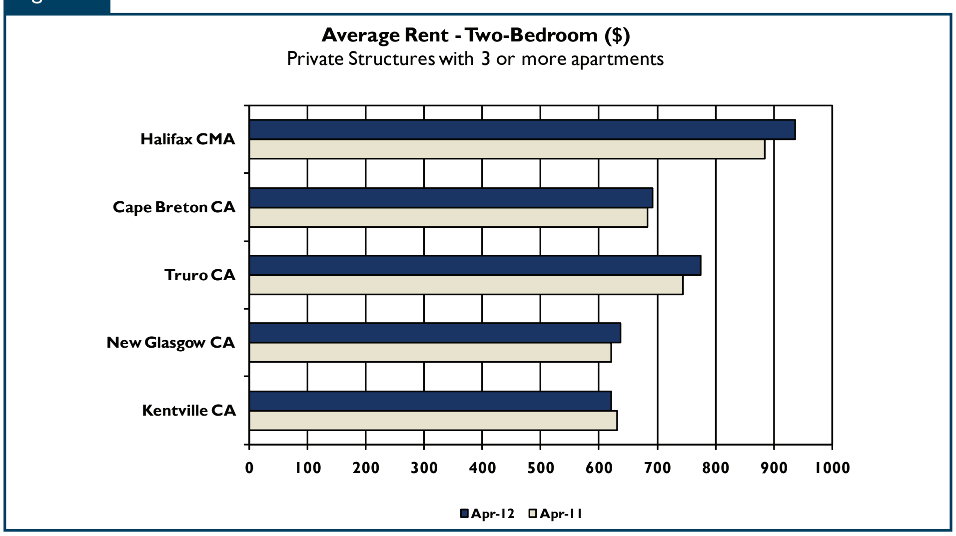


Figure 2



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

Vacancy Rates Mixed in Nova Scotia

- The overall vacancy rate in Nova Scotia's urban centres increased to 3.4 per cent in April 2012 from three per cent a year ago.
- The Halifax CMA recorded a vacancy rate of 3.2 per cent in April; a level that is statistically unchanged from last year.
- The vacancy rate for two-bedroom apartments in Nova Scotia was 3.9 per cent in April and the average rent was $884.
- The overall average rent in the province increased 2.6 per cent in April (based on structures common to both the 2011 and 2012 surveys).

Overview

The overall vacancy rate[1] in urban centres[2] in Nova Scotia increased to 3.4 per cent in the spring of 2012 from three per cent a year earlier. For the same period, the average rent in the province increased 2.6 per cent based on units common to both the 2011 and 2012 surveys[3].

A variety of factors impacted the rental market in Nova Scotia over the past few years. Migration to the province slowed in 2010 and turned negative in 2011. Recent migration statistics indicate that most parts of the province continue to record negative net-migration, with the exception of Halifax and Truro. Negative net-migration reduces demand for all types of housing including rental and exerts upward pressure on vacancy rates.

In Cape Breton and the Annapolis Valley, declines in total employment in 2011 resulted in reduced demand for rental units and exerted upward pressure on vacancy rates. However, in the Halifax CMA and the Truro CA, demand for rental was supported by modest increases in employment levels last year.

In the Halifax CMA, an increase in existing home sales in the fourth quarter of last year and in the first four months of 2012 partially reduced demand for rental units. Specifically, an increase in sales amongst first time home buyers is believed to have shifted some demand from rental to homeownership.

On the supply side, following subdued levels of apartment construction in 2008 and 2009, rental unit construction in the province, specifically in Halifax, increased sharply in 2010 and 2011. However, as many of these units take 12 to 24 months to complete, the majority remain under construction. As a result, a relatively modest level of new supply entered the market in 2011. In Halifax, demand and supply factors largely offset each other resulting in a statistically unchanged vacancy rate in the spring of 2012.

Vacancy Rate Trends

Vacancy rates in urban centres of Nova Scotia were mixed in 2012. Most urban centres saw increased vacancy rates with the exception of Truro, where the vacancy rate declined, and Halifax, where the rate was relatively unchanged. The Halifax CMA, which accounts for about 84 per cent of total rental stock in the province, recorded a vacancy rate of 3.2 per cent in April 2012, which is statistically unchanged from 2.8 per cent last year.

In the Cape Breton CA, the overall vacancy rate increased from 2.4 to 4.5 per cent in April. In the Kentville CA, the vacancy rate climbed from 3.2 to 6.8 per cent. In Kings County A, vacancies increased to 0.8 per cent in 2012 from zero per cent last year, while in the New Glasgow CA, the vacancy rate climbed from 2.4 to 4.3 per cent. The only urban centre to report a decrease in the vacancy rate in 2012 was the Truro CA, where vacancies declined from 5.1 to 3.5 per cent.

Just over half of all rental units in Nova Scotia are two-bedroom units. Two-bedroom units recorded a vacancy rate of 3.9 per cent in April 2012, which is relatively unchanged from last year. One-bedroom units encompass just over one-third of all rental units in the province and reported an increase in the vacancy rate, climbing from 2.4 per cent in 2011 to 3.1 per cent this year. Three-bedroom plus units comprise about eight per cent of the provincial rental market and reported a stable vacancy rate of two per cent in 2012. About six per cent of the provincial rental stock consists of bachelor-style units. The vacancy rate for this unit type increased to three per cent in April 2012 from 1.8 per cent a year ago.

Average Rents

The overall average rent in Nova Scotia in April 2012 was $837, while the average rent for a two-bedroom unit was $884. The highest average two-bedroom rents were recorded in Halifax at $926, followed by the Truro CA at $770 and Cape Breton at $694. In New Glasgow, the average rent for a two-bedroom unit was $636.

Based on structures common to both the 2011 and 2012 spring surveys, the average rent in Nova Scotia increased 2.6 per cent in 2012. As the Halifax CMA comprises the largest share of the provincial rental market, it has the

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.

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.

largest impact on the overall average rent change. The average rent in Halifax increased 2.7 per cent in 2012.

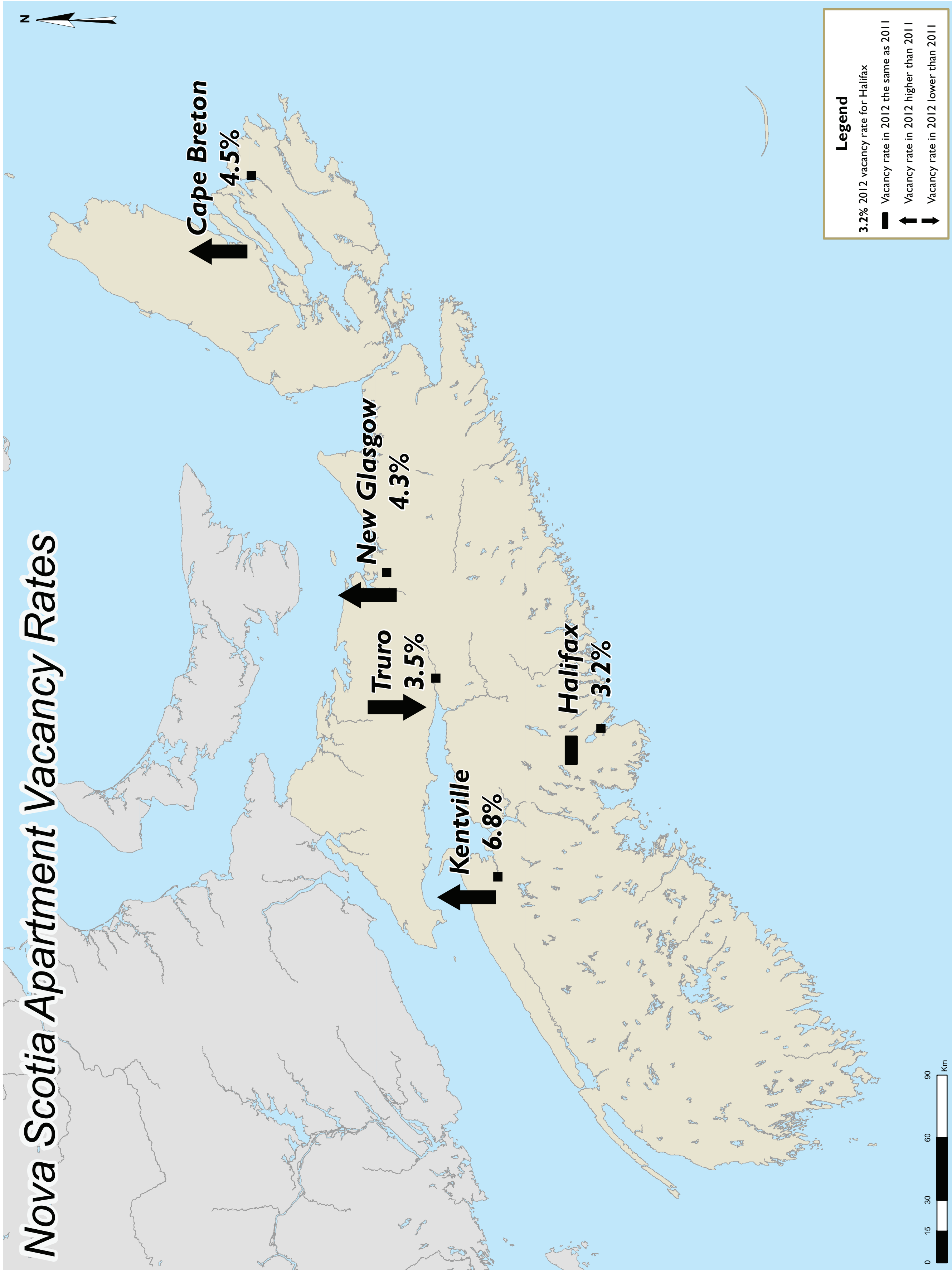
The provincial rent increase of 2.6 per cent was slightly lower than what was recorded in Halifax, due in large part, to a smaller increase of one per cent in average rents in the Truro CA, the province's second largest rental market. In the Cape Breton CA, average rents increased 3.3 per cent, based on structures common to both the 2011 and 2012 surveys.

Availability Rates

The availability rate in Nova Scotia in April 2012 was 4.3 per cent, which is relatively unchanged compared to last year. A unit is considered available if the existing tenant has given or received notice to vacate the unit and a new tenant has not yet signed a lease; or the unit is vacant.

Availability rates were mixed in urban centres. The largest increase was reported in Kentville, where the availability rate climbed to 7.2 per cent from 3.3 per cent last year. In the Halifax CMA, availability rates were statistically unchanged at 4.3 per cent this year.

The availability rate by bedroom type was also mixed in 2012. The availability rate for bachelor units climbed from 2.6 to 3.9 per cent in 2012. One-bedroom units recorded a rate of 4.3 per cent this year compared to 3.5 per cent in the spring of 2011. The availability rate for two-bedroom and three-bedroom plus units were relatively unchanged in 2012 at 4.6 and 3.3 per cent, respectively.


Nova Scotia Apartment Vacancy Rates
N
Cape Breton
4.5%
New Glasgow
4.3%
Truro
3.5%
Halifax
3.2%
Kentville
6.8%
Legend
3.2% 2012 vacancy rate for Halifax
Vacancy rate in 2012 the same as 2011
Vacancy rate in 2012 higher than 2011
Vacancy rate in 2012 lower than 2011
0 15 30 60 90
Km

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Nova Scotia

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
Halifax CMA	1.6 b	2.7 b	2.1 a	3.0 a	3.5 b	3.7 b	2.7 c	1.6 c	2.8 a	3.2 b
Cape Breton CA	2.8 c	4.2 d	2.9 c	4.0 d	2.3 b	4.6 c	1.7 c	5.3 d	2.4 b	4.5 c
Kentville CA	3.6 d	8.7 c	2.0 c	7.5 c	3.8 d	6.3 c	0.0 d	**	3.2 c	6.8 c
Kings, Subd. A SC	n/u	n/u	**	**	0.0 c	0.0 c	**	**	0.0 c	0.8 a
New Glasgow CA	3.4 b	4.2 d	4.1 b	4.8 b	1.6 a	4.0 b	0.0 a	7.4 c	2.4 a	4.3 b
Truro CA	3.0 d	3.5 d	5.5 c	2.0 b	4.9 b	4.0 b	**	**	5.1 b	3.5 b
Nova Scotia 10,000+	**1.8 b**	**3.0 b**	**2.4 a**	**3.1 b**	**3.5 a**	**3.9 b**	**2.7 c**	**2.0 b**	**3.0 a**	**3.4 a**

<u>The following letter codes are used to indicate the reliability of the estimates</u>:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data supresses 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 Nova Scotia

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
Halifax CMA	650 a	702 a	736 a	769 a	885 a	926 a	1,109 a	1,134 a	833 a	867 a
Cape Breton CA	482 a	538 a	533 a	567 a	683 a	694 a	815 c	914 c	631 a	657 a
Kentville CA	481 a	492 a	551 b	548 a	631 a	627 a	659 a	701 b	598 a	596 a
Kings, Subd. A SC	n/u	n/u	514 a	577 a	598 a	663 a	**	**	612 a	665 a
New Glasgow CA	478 b	446 d	540 a	514 a	621 a	636 a	605 c	620 c	585 a	599 a
Truro CA	484 a	480 a	576 a	595 a	744 a	770 a	797 b	833 b	686 a	716 a
Nova Scotia 10,000+	**623 a**	**677 a**	**715 a**	**747 a**	**848 a**	**884 a**	**1,082 a**	**1,104 a**	**803 a**	**837 a**

<u>The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation)</u>:
a - Excellent ($0 \le cv \le 2.5$), b- Very good ($2.5 < cv \le 5$), c - Good ($5 < cv \le 7.5$), d - Fair (Use with Caution) ($7.5 < cv \le 10$)
** Data supresses 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 Nova Scotia

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
Halifax CMA	2,568	2,573	15,091	15,213	19,734	19,973	3,176	3,251	40,569	41,010
Cape Breton CA	144	145	455	440	1,147	1,107	120	116	1,866	1,808
Kentville CA	53	53	346	348	859	910	54	54	1,312	1,365
Kings, Subd. A SC	0	0	15	15	88	104	8	8	111	127
New Glasgow CA	85	88	331	354	735	744	29	28	1,180	1,214
Truro CA	97	97	733	725	1,704	1,740	114	118	2,648	2,680
Nova Scotia 10,000+	**2,954**	**2,965**	**17,107**	**17,235**	**24,526**	**24,840**	**3,523**	**3,601**	**48,110**	**48,641**

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 supresses 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

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Nova Scotia

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
Halifax CMA	2.5 b	3.7 c	3.2 b	4.3 b	4.5 b	4.6 b	4.6 c	3.1 c	3.9 a	4.3 a
Cape Breton CA	2.8 c	4.2 d	2.9 c	4.0 d	2.3 b	4.6 c	1.7 c	5.3 d	2.4 b	4.5 c
Kentville CA	3.6 d	8.7 c	2.0 c	7.9 c	4.0 d	6.7 c	0.0 d	**	3.3 c	7.2 b
Kings, Subd. A SC	n/u	n/u	**	**	0.0 c	0.0 c	**	**	0.0 c	0.8 a
New Glasgow CA	3.4 b	4.2 d	4.7 a	4.8 b	2.0 a	4.0 b	0.0 a	11.1 c	2.8 a	4.4 b
Truro CA	3.0 d	3.5 d	5.5 c	2.0 b	4.9 b	4.0 b	**	**	5.1 b	3.5 b
Nova Scotia 10,000+	**2.6 b**	**3.9 b**	**3.5 b**	**4.3 b**	**4.3 a**	**4.6 a**	**4.5 c**	**3.3 c**	**3.9 a**	**4.3 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 supresses 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 Nova Scotia

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
Halifax CMA	3.2 d	4.0 c	3.1 c	2.9 b	2.4 b	3.0 b	2.6 c	++	2.8 b	2.7 b
Cape Breton CA	++	10.6 d	**	++	4.3 d	2.7 c	5.9 d	**	4.0 d	3.3 d
Kentville CA	4.1 d	1.4 a	1.2 a	++	1.5 a	2.4 c	++	1.2 d	1.4 a	++
Kings, Subd. A SC	n/u	n/u	**	**	-0.6 b	2.9 c	n/s	**	++	3.0 c
New Glasgow CA	++	++	**	++	**	**	**	**	**	++
Truro CA	**	++	++	1.0 d	1.8 b	0.8 a	++	3.8 d	1.6 b	1.0 a
Nova Scotia 10,000+	**2.8** c	**4.0** c	**3.0** b	**2.7** b	**2.4** b	**2.8** b	**2.6** c	**++**	**2.9** a	**2.6** 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 supresses 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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