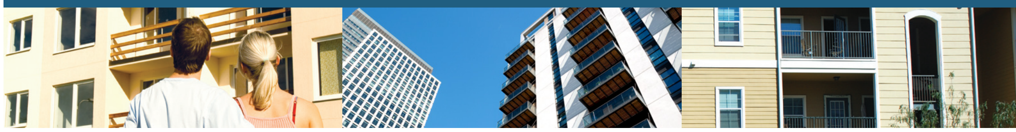
RENTAL MARKET REPORT

Nova Scotia Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2012

Figure 1

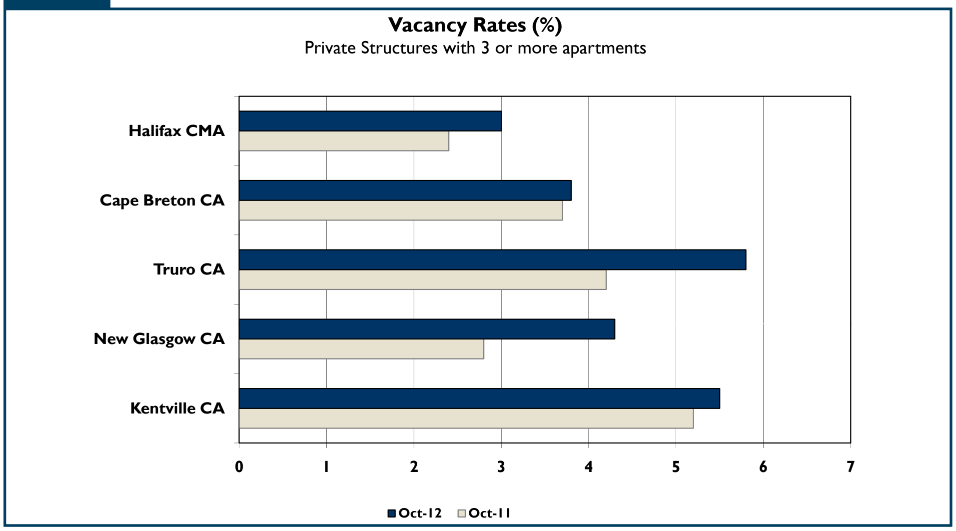
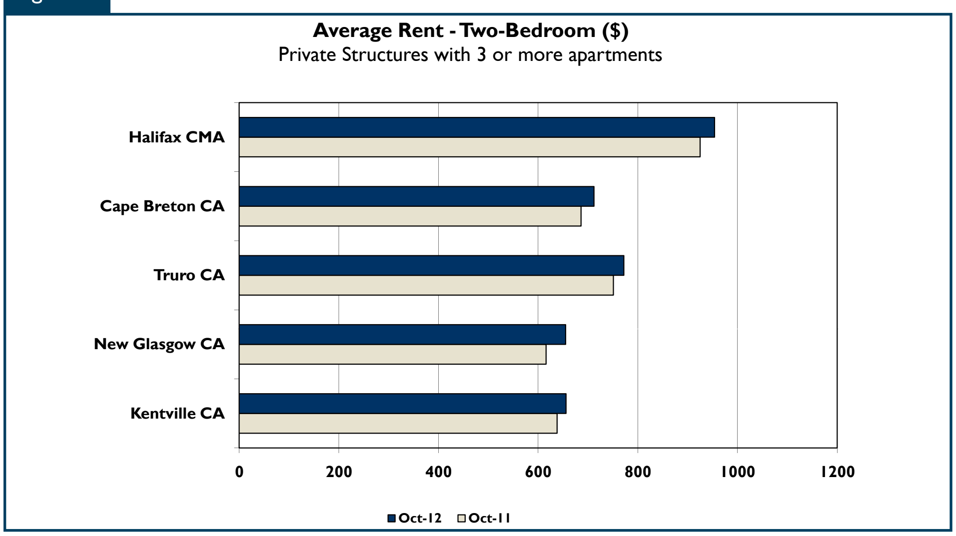


Figure 2



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

Vacancy Rate Increases in Nova Scotia

- The overall vacancy rate in Nova Scotia's urban centres was 3.4 per cent in October 2012 compared to 2.7 per cent last year.
- The Halifax CMA recorded a vacancy rate of 3.0 per cent in October, up from 2.4 per cent a year ago.
- The vacancy rate for two-bedroom apartments in Nova Scotia was 3.7 per cent in October and the average rent was $909.
- The overall average rent in the province increased 2.6 per cent (based on structures common to both the 2011 and 2012 surveys).

Overview

The overall vacancy rate[1] in urban centres[2] in Nova Scotia was 3.4 per cent in October 2012 compared to 2.7 per cent last year. The average rent in the province climbed 2.6 per cent over the same period based on units common to both the 2011 and 2012 surveys[3].

A variety of factors impacted the rental market in the province during 2012. The population of Nova Scotia continued to climb reaching nearly 922,000 residents in the 2011 census. Increases in the provincial population continue to be mostly attributed to positive migration patterns which were strong in mid to late 2010 and stemmed largely from international migration. However, the pace of migration slowed in 2011 before turning positive again in the second quarter of 2012.

Statistics indicate that the majority of the province continues to report negative net-migration with the exceptions of Halifax County, Colchester County and Annapolis County where migration trends were positive in recent years. Positive migration patterns contribute to increased housing demand, specifically rental demand as new migrants often tend to rent upon their arrival in a new region.

In Halifax, rental demand was supported by population growth along with gains in employment and real wages. In Cape Breton, demand factors were mixed as declines in population were largely offset by increased levels of employment in 2012. In the Annapolis Valley region, steady employment growth along with a stable population resulted in continued demand for all types of housing, including rental unit accommodations.

On the supply side, increased levels of apartment rental construction in 2010 and 2011 are beginning to impact the market. Through three quarters of 2012, the number of completed rental units already exceeds the full year rental completion totals for each of the previous three years. As a result, an increase in supply in 2012 helped exert upward pressure on the provincial vacancy rate.

Stable demand for rental units throughout Nova Scotia was not substantial enough to offset the recent increases in new supply resulting in a higher provincial vacancy rate in 2012 at 3.4 per cent.

Vacancy Rate Trends

Vacancy rates in Nova Scotia's urban centres were mixed in 2012. The majority of centres recorded an increase, with the exception of Kings Subd A., where the rate declined to 2.4 per cent from 3.4 per cent last year.

The Halifax CMA, the province's largest rental market, reported a vacancy rate of 3.0 per cent in the October survey, which is an increase compared to the 2.4 per cent reported last year. In the New Glasgow CA, the vacancy rate climbed to 4.3 per cent from 2.8 per cent in 2011 while vacancies in the Truro CA increased to 5.8 per cent in 2012 from 4.2 per cent last year. In the census agglomerations of Cape Breton and Kentville, the rate was statistically unchanged this year at 3.8 and 5.5 per cent, respectively.

Over half of all rental units in Nova Scotia are two-bedroom units. In 2012, two-bedroom units recorded the highest vacancy rate of all unit types at 3.7 per cent. Bachelor-style units reported a vacancy rate of 3.3 per cent in 2012, which represents an increase compared to last year's rate of 2.4 per cent. In the one-bedroom segment of the market, vacancies climbed to 3.1 per cent in 2012 from 2.5 per cent last year. Three-bedroom units reported a statistically unchanged vacancy rate of 2.6 per cent in 2012.

Average Rents

The overall average rent in Nova Scotia as of the October survey was $859. The average rent for a two-bedroom unit in the province was $909 this year, with Halifax reporting the highest average rent at $954. Two-bedroom rents were the next highest in the Truro CA at $772. In the CA of Cape Breton, the average rent for a two-bedroom unit stood at $712, while rents in Kentville and Kings Subd. A were $656 and $683, respectively. In the New Glasgow CA, the average rent for a two-bedroom unit was $655 as of the October 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.

Based on units common to both the 2011 and 2012 fall surveys, the average rent in the province climbed 2.6 per cent in 2012 compared to 2.1 per cent in 2011. As the Halifax CMA represents the largest share of the provincial rental market, it has the largest impact on the overall rent change. The average rent in Halifax also increased 2.6 per cent in 2012 compared to 2.0 per cent in 2011.

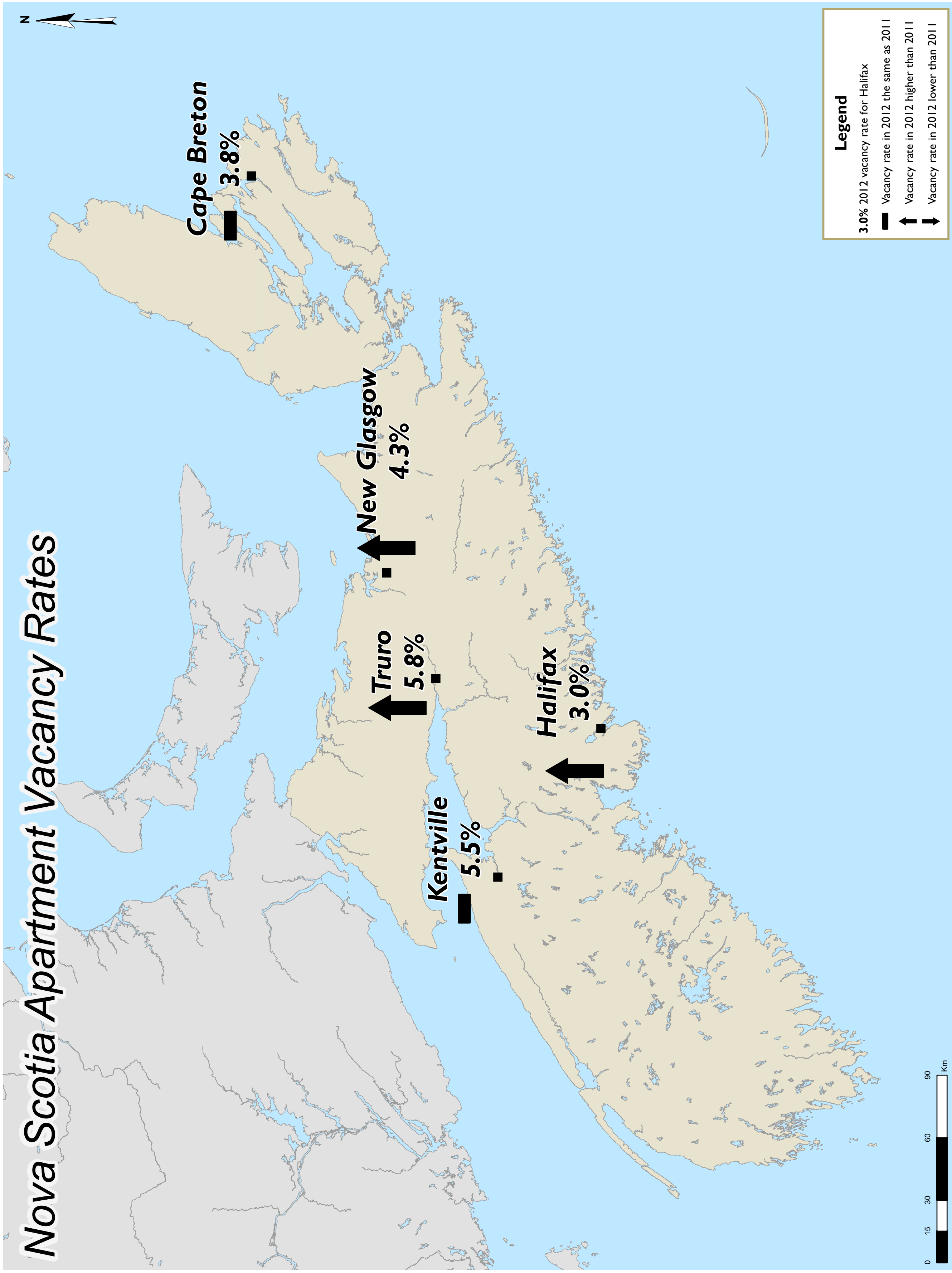
The increase in average rents was highest in the Cape Breton CA at 3.7 per cent. A relatively strong increase in rents in Sydney City of nearly five per cent contributed to the overall increase in the Cape Breton CA. In the CA's of Kentville and Truro, based on structures common to both the 2011 and 2012 surveys, rents posted a more modest increase of 2.0 and 1.9 per cent, respectively.

Availability Rates

The availability rate in Nova Scotia stood at 4.1 per cent as of the October survey compared to 3.3 per cent 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 throughout the province in 2012. In Nova Scotia's largest rental market, Halifax, the rate was 3.9 per cent in 2012 compared to 3.1 per cent in 2011. In the New Glasgow CA, the availability rate increased to 5.0 per cent in 2012 from 2.8 per cent last year. In the Truro CA, the availability rate stood at 5.8 per cent this year, which is an increase compared to the 4.2 per cent reported in 2011. In Kings Subd. A, the availability rate was 2.4 per cent in 2012 compared to 3.4 per cent in 2011.

The availability rate by unit type was also mixed in 2012. Bachelor and three-bedroom unit types recorded statistically unchanged rates of 4.1 and 3.2 per cent, respectively. In the one-bedroom and two-bedroom segments, the availability rates climbed in 2012 to 3.9 and 4.4 per cent, respectively.


Nova Scotia Apartment Vacancy Rates
N
Cape Breton
3.8%
New Glasgow
4.3%
Truro
5.8%
Halifax
3.0%
Kentville
5.5%
Legend
3.0% 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	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Halifax CMA	1.6 a	2.8 b	2.3 a	2.9 a	2.6 a	3.2 a	1.9 a	2.5 a	2.4 a	3.0 a
Cape Breton CA	6.6 c	5.7 c	3.2 c	3.5 b	3.3 b	3.7 b	5.2 b	2.7 b	3.7 a	3.8 b
Sydney City	6.9 c	6.0 b	2.1 b	3.6 c	3.0 b	4.6 b	5.0 b	3.1 c	3.4 b	4.4 b
Remainder of CA	**	**	5.7 c	3.4 c	4.1 b	1.9 a	**	**	4.6 b	2.2 a
Kentville CA	**	**	3.5 c	4.4 c	4.8 b	5.4 a	11.0 c	7.8 c	5.2 a	5.5 a
Kings, Subd. A SC	n/u	n/u	**	**	4.2 b	2.8 a	**	**	3.4 b	2.4 a
New Glasgow CA	5.0 b	6.2 c	3.2 b	5.7 b	2.3 a	3.7 a	3.6 a	0.0 c	2.8 a	4.3 a
Truro CA	3.6 c	4.7 c	4.6 b	3.2 b	3.9 a	6.9 a	**	**	4.2 a	5.8 a
Nova Scotia 10,000+	**2.4** a	**3.3** b	**2.5** a	**3.1** a	**2.8** a	**3.7** a	**2.3** a	**2.6** a	**2.7** 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	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Halifax CMA	670 a	690 a	753 a	773 a	925 a	954 a	1,182 a	1,191 a	866 a	893 a
Cape Breton CA	503 a	526 a	547 a	580 a	686 a	712 a	883 a	826 b	649 a	670 a
Sydney City	504 a	529 a	567 a	607 a	711 a	744 a	914 a	864 b	671 a	694 a
Remainder of CA	479 c	**	505 a	515 a	629 a	638 a	710 b	691 b	594 a	607 a
Kentville CA	522 a	477 a	526 a	539 a	638 a	656 a	696 a	710 a	607 a	621 a
Kings, Subd. A SC	n/u	n/u	545 a	575 a	665 a	683 a	**	**	663 a	682 a
New Glasgow CA	465 a	488 a	509 a	540 a	616 a	655 a	730 d	694 a	578 a	610 a
Truro CA	474 a	489 a	577 a	597 a	751 a	772 a	782 a	812 a	697 a	715 a
Nova Scotia 10,000+	**647** a	**663** a	**730** a	**750** a	**882** a	**909** a	**1,146** a	**1,153** a	**834** a	**859** a

<u>The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation)</u>:
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 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	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
Halifax CMA	2,572	2,583	15,140	15,303	19,726	20,194	3,186	3,269	40,624	41,349
Cape Breton CA	141	138	451	441	1,115	1,110	118	109	1,825	1,798
Sydney City	132	124	314	307	779	770	99	92	1,324	1,293
Remainder of CA	9	14	137	134	336	340	19	17	501	505
Kentville CA	54	54	350	350	881	910	55	54	1,340	1,368
Kings, Subd. A SC	0	0	16	15	93	104	8	8	117	127
New Glasgow CA	86	87	334	343	737	756	28	27	1,185	1,213
Truro CA	97	95	717	723	1,714	1,732	114	115	2,642	2,665
Nova Scotia 10,000+	**2,956**	**2,971**	**17,146**	**17,364**	**24,522**	**25,127**	**3,532**	**3,608**	**48,156**	**49,070**

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

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
Halifax CMA	2.9 a	3.5 c	3.0 a	3.8 a	3.2 a	4.1 a	2.7 a	3.1 b	3.1 a	3.9 a
Cape Breton CA	6.6 c	5.7 c	3.2 c	3.5 b	3.5 b	3.7 b	6.9 b	2.7 b	3.9 a	3.8 b
Sydney City	6.9 c	6.0 b	2.1 b	3.6 c	3.3 b	4.6 b	7.0 b	3.1 c	3.7 a	4.4 b
Remainder of CA	**	**	5.7 c	3.4 c	4.1 b	1.9 a	**	**	4.6 b	2.2 a
Kentville CA	**	**	3.5 c	5.3 c	4.8 b	5.8 a	11.0 c	7.8 c	5.2 a	6.0 a
Kings, Subd. A SC	n/u	n/u	**	**	4.2 b	2.8 a	**	**	3.4 b	2.4 a
New Glasgow CA	5.0 b	11.1 c	3.2 b	6.7 b	2.3 a	3.8 a	3.6 a	0.0 c	2.8 a	5.0 a
Truro CA	3.6 c	4.7 c	4.6 b	3.2 b	4.0 a	6.9 a	**	**	4.2 a	5.8 a
Nova Scotia 10,000+	**3.5** b	**4.1** b	**3.1** a	**3.9** a	**3.4** a	**4.4** a	**3.0** b	**3.2** b	**3.3** a	**4.1** 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

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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	
	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
Halifax CMA	2.7 b	4.4 b	1.9 a	2.3 a	1.7 b	2.7 a	1.7 c	2.1 b	2.0 a	2.6 a
Cape Breton CA	7.4 c	++	3.1 c	3.6 c	5.8 b	4.0 b	4.6 b	++	5.5 b	3.7 b
Sydney City	6.4 c	1.8 c	2.9 c	4.5 d	6.6 b	5.3 b	5.0 b	++	6.0 b	4.9 b
Remainder of CA	**	**	3.8 c	1.2 d	4.1 c	1.0 a	2.5 c	++	4.3 b	0.7 b
Kentville CA	**	**	2.2 b	3.4 c	2.7 a	1.9 a	1.2 a	3.1 b	1.9 b	2.0 a
Kings, Subd. A SC	n/u	n/u	++	5.1 b	++	2.6 a	n/s	**	++	2.8 a
New Glasgow CA	**	++	++	++	**	**	++	**	++	**
Truro CA	**	3.6 c	2.1 c	1.9 b	1.3 a	1.9 b	++	++	1.7 b	1.9 a
Nova Scotia 10,000+	**3.0 b**	**4.1 b**	**1.9 a**	**2.4 a**	**1.7 b**	**2.7 a**	**1.8 c**	**2.0 b**	**2.1 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.

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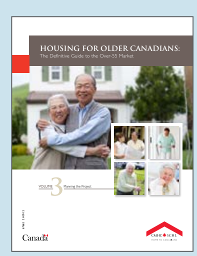

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