

RENTAL MARKET REPORT

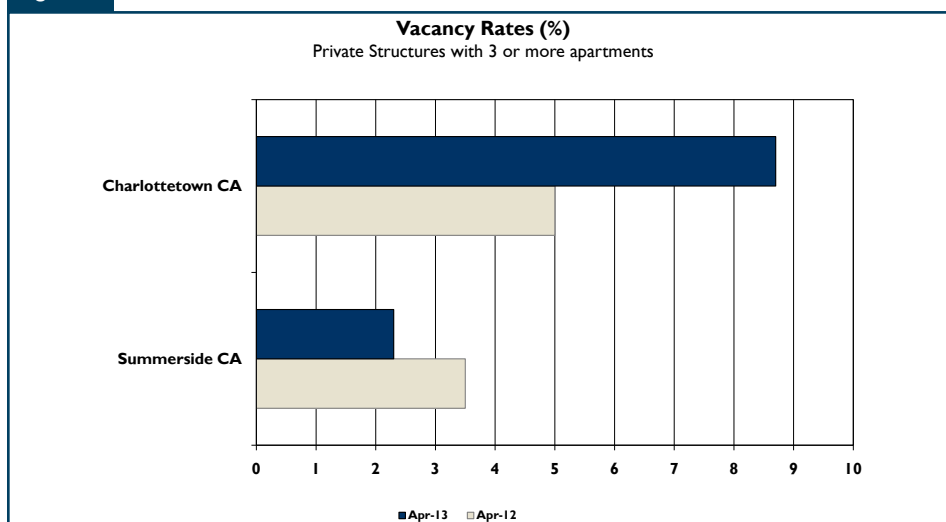
Prince Edward Island Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

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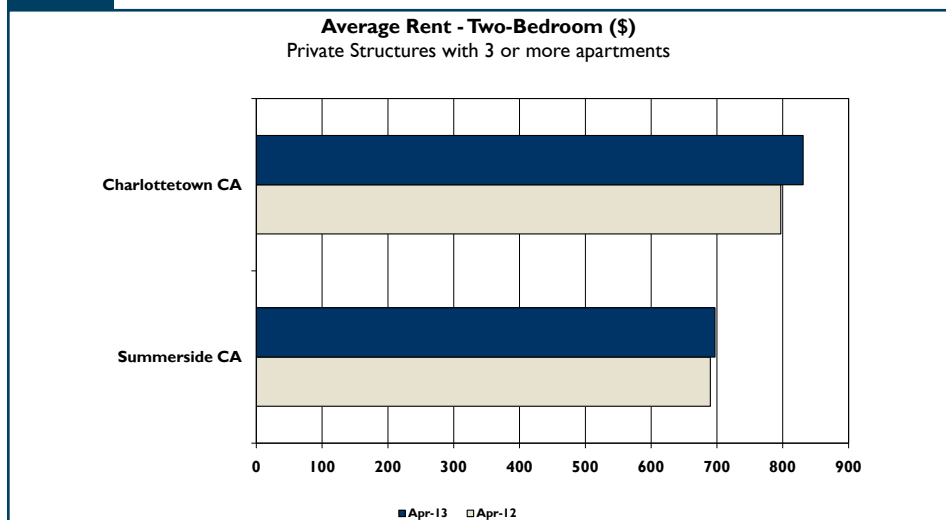
Figure 1



Island Vacancy Rates Rise in 2013

- The overall vacancy rate in Prince Edward Island's urban centres rose to 7.8 per cent in April 2013 from 4.8 per cent in April 2012.
- At 8.7 per cent, the Charlottetown area posted a higher vacancy rate than the provincial average.
- The average two-bedroom rent in Charlottetown was \$831, compared to the provincial average of \$808.

Figure 2



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

Overview

Results from Canada Mortgage and Housing Corporation's 2013 Spring Rental Market Survey¹ revealed that the vacancy rate for provincial urban centres² rose to 7.8 per cent in April 2013 compared to 4.8 per cent last year. Individual results for Charlottetown and Summerside were mixed.

The increase in supply of new rental units in the Charlottetown area has more than offset the increase in demand. During the past twelve months, local developers have added close to 290 new rental units to the market which is well above the ten-year annual average of 119 new units. As such, the vacancy rate in Charlottetown remained high in 2013 at 8.7 per cent.

In Summerside³, the level of construction of new rental projects slowed in 2012, after two years of above average construction. With the limited amount of new construction and steady demand, the vacancy rate remained statistically unchanged at 2.3 per cent in April 2013.

As in many rental markets, two-bedroom units account for the vast majority of rental apartment units in the urban centres of Prince Edward Island. In Charlottetown, the vacancy rate for two-bedroom units increased to 9.1 per cent in April 2013 compared to 5.4 per cent last year. In Summerside, the vacancy rate for two-bedroom units remained statistically unchanged from the previous year at

2.5 per cent.

The overall average rent in the Charlottetown area was \$785, while the average two-bedroom rent was \$831 in April 2013. In Summerside, the overall average rent was \$678 compared to the two-bedroom average of \$697.

This year's overall average rent increased 1.0 per cent based on structures common to both the 2012 and 2013 spring surveys⁴. The Island Regulatory and Appeals Commission (IRAC), which manage residential rental increases, allowed increases of 5.0 per cent and 3.0 per cent for heated and unheated units, respectively, during 2013. The increase of 1.0 per cent which was below the amount allowed by IRAC, was the result of strong competition for tenants, created by the above average level of new rental construction.

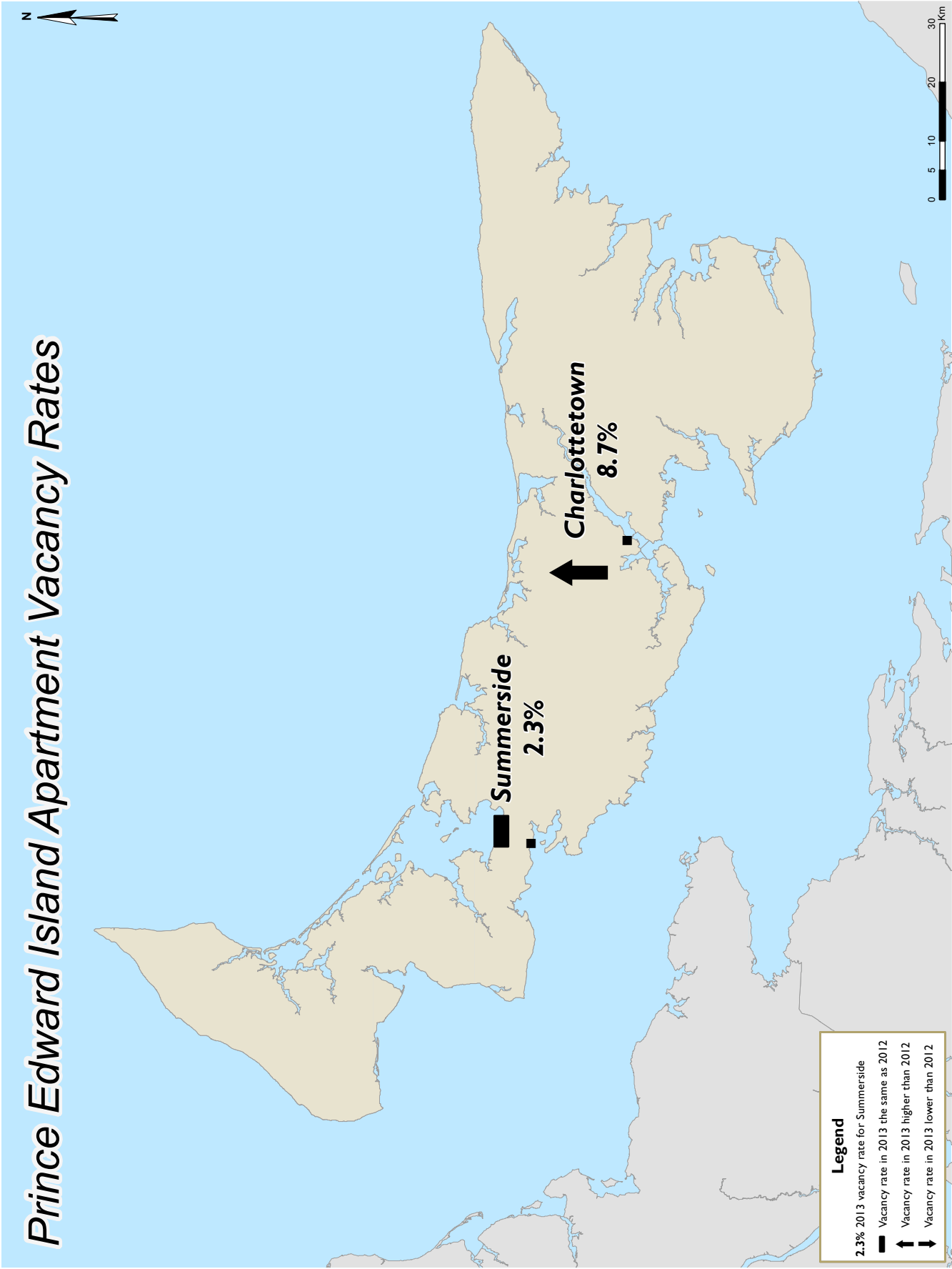
The availability rate for the urban centres in Prince Edward Island was at 9.3 per cent in April 2013. At 2.7 per cent, Summerside posted a lower availability rate than the provincial average, while Charlottetown posted a higher rate at 10.7 per cent.

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 Summerside represents 15 per cent of the rental market in provincial urban centres.

⁴ 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 2012 and 2013 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 Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13
Charlottetown CA	**	**	4.9 c	6.9 c	5.4 b	9.1 b	**	**	5.0 b	8.7 b
Summerside CA	**	**	**	**	3.7 d	2.5 c	0.0 d	**	3.5 d	2.3 c
Prince Edward Island 10,000+	**	**	4.9 c	6.5 c	5.1 b	8.0 b	**	**	4.8 b	7.8 b

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 Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13
Charlottetown CA	487 a	496 b	641 a	651 a	797 a	831 a	932 b	980 b	755 a	785 a
Summerside CA	512 b	519 b	522 b	527 b	690 a	697 a	705 b	712 b	669 a	678 a
Prince Edward Island 10,000+	489 a	499 b	632 a	642 a	778 a	808 a	869 b	904 b	741 a	769 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 Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13
Charlottetown CA	150	150	1,142	1,183	2,767	2,957	235	237	4,294	4,527
Summerside CA	11	11	150	151	541	555	78	80	780	797
Prince Edward Island 10,000+	161	161	1,292	1,334	3,308	3,512	313	317	5,074	5,324

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

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** 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

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13	Apr-12	Apr-13
Charlottetown CA	**	**	5.7 c	8.9 b	6.9 b	10.7 c	4.9 d	**	6.4 b	10.6 a
Summerside CA	**	**	**	**	3.7 d	2.7 b	0.0 d	**	3.5 d	2.5 c
Prince Edward Island 10,000+	**	**	5.7 c	8.4 b	6.4 b	9.4 a	3.6 d	11.9 d	5.9 b	9.3 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 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

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I.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent¹ by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-11 to Apr-12	Apr-12 to Apr-13	Apr-11 to Apr-12	Apr-12 to Apr-13	Apr-11 to Apr-12	Apr-12 to Apr-13	Apr-11 to Apr-12	Apr-12 to Apr-13	Apr-11 to Apr-12	Apr-12 to Apr-13
Charlottetown CA	3.7 d	++	2.7 c	1.0 d	2.5 c	1.2 a	++	**	2.8 b	1.2 a
Summerside CA	2.8 c	1.3 a	++	**	1.5 a	++	++	++	1.5 a	++
Prince Edward Island 10,000+	3.5 d	++	2.4 c	1.1 d	2.3 b	1.0 a	++	2.5 c	2.6 b	1.0 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

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.

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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