

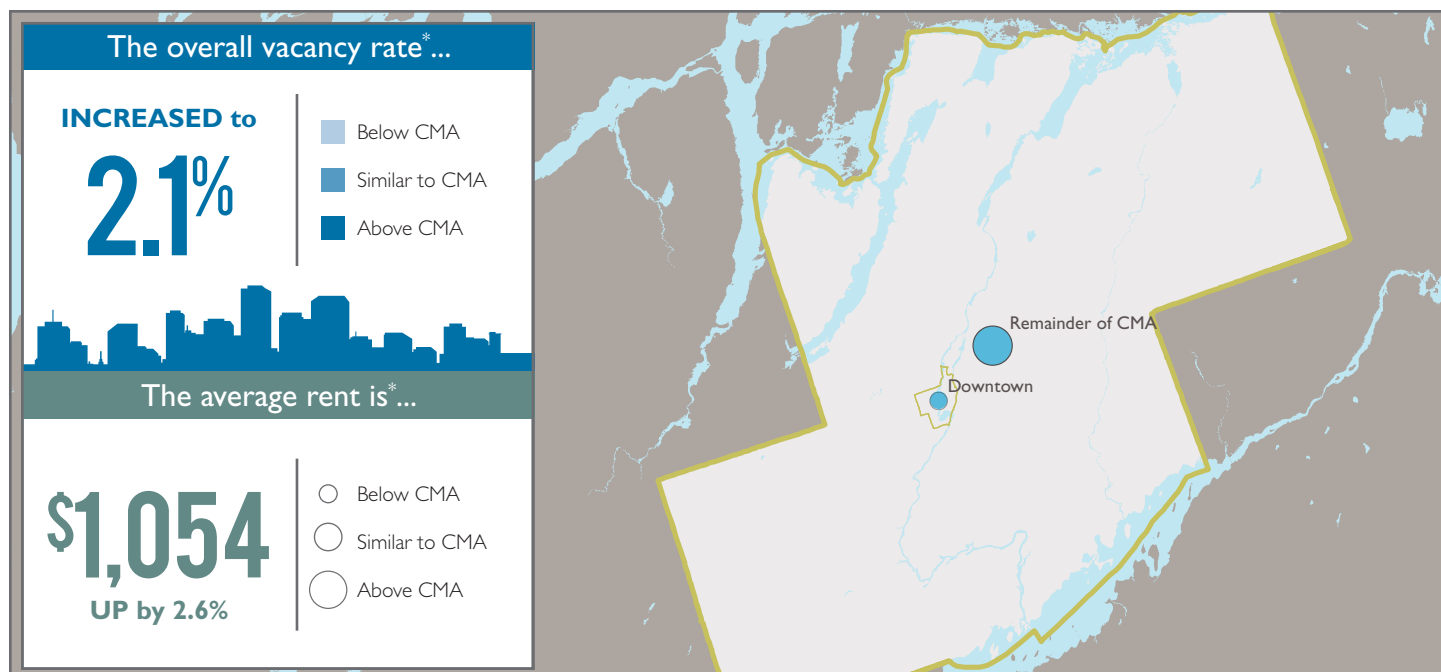
RENTAL MARKET REPORT

Peterborough CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
5.4%	2.2%	1.9%	1.8%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$785 Avg. Rent	\$942 Avg. Rent	\$1,104 Avg. Rent	\$1,347 Avg. Rent

“The overall vacancy rate moved higher, yet, remained low from a historical standpoint.”

Olga Golozub
Senior Analyst, Economics

*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

Key analysis findings

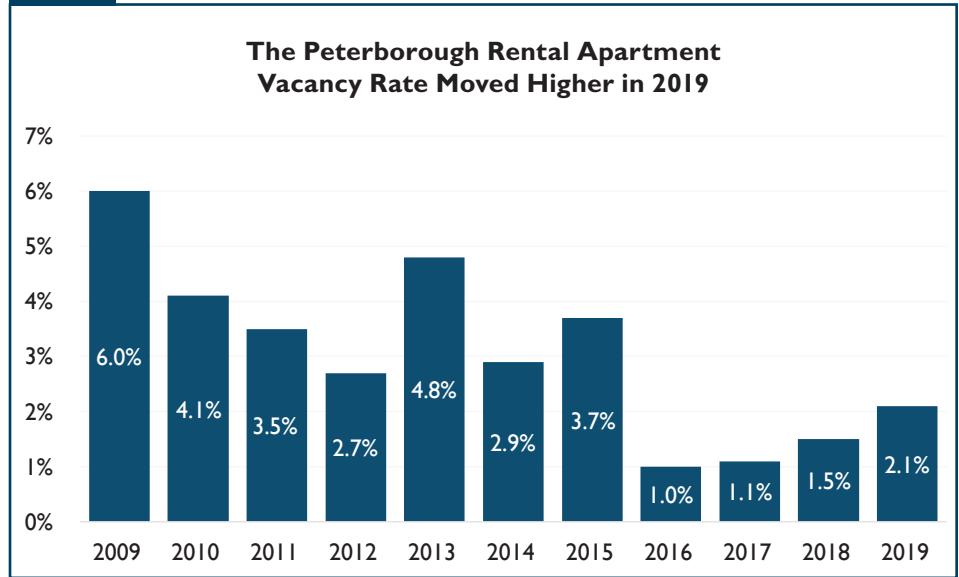
- The purpose-built rental apartment vacancy rate moved higher to 2.1% in 2019.
- The decline in demand was exclusively concentrated in the CMA's Zone 1 – Downtown.
- Fixed sample¹ average rent increased by 2.6%, substantially lower than 7.1% in 2018.

Vacancy rate moved up, but remained low

According to the Rental Market Survey² (RMS) conducted in October 2019, the rental apartment vacancy rate in the Peterborough Census Metropolitan Area (CMA) rose to 2.1% from 1.5% in October 2018. The vacancy rate moved higher for the second consecutive year, after bottoming out in 2016-2017 at 1.0-1.1%.

An estimated 0.5% drop in the number of occupied units alongside no change in the rental apartment universe resulted in the vacancy rate moving higher. At 2.1%, the vacancy rate remains well below the 10-year average, prolonging tight rental market conditions for a fourth consecutive year.

Figure 1



Source: CMHC, Rental Market Survey, 2009-2019

Demand eased in the downtown core, zone 1

The decline in demand was exclusively concentrated in the CMA's Zone 1 – Downtown, where there was a higher concentration of bachelor and one-bedroom apartments with a turnover rate twice as high as in Zone 2 – Rest of CMA, where two- and three-bedroom apartments are more prevalent.

Typically, downtown is attractive to younger households who value mobility and older households who prefer to be in close proximity to services within the CMA's core. This year's demand for rental accommodations was negatively impacted by weaker employment conditions for younger adults. From October 2018 to October 2019,

for those in the 15-to-24 age group, employment declined, however fewer of them were looking for a job. This restrained demand for purpose-built rental apartment units, as weaker employment conditions for young adults tend to discourage them from leaving the family home to create their own household, most of which would be renter households.

It appears that this downward pressure on rental demand was not offset by the continuous growth of the population aged 65 and older. Despite the fast rate of growth³, the share of renter households with a primary household maintainer aged 65 and over in Zone 1 remained stable over the 2006-2019 period⁴, while the share of owner households headed by a senior increased significantly to 34.9% in 2016 from 28.1% in 2006 (Figure 2).

¹ 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 2018 and 2019 Fall Rental Market Surveys, we can get a better indication of actual rent increases paid by most tenants.

² The survey is based on privately initiated rental apartment structures of three or more units.

³ According to the latest Census data, in 2016, households headed by at least one senior age 65 and over represented 35.6% of the total households in Peterborough CMA, up from 30.1% in 2006.

⁴ An assumption was made that in Peterborough Downtown, the 2019 share of renter households aged 65+ would remain similar to its 2006-2016 share, following the 10-year trend based on the three Censuses.

Stable rental stock

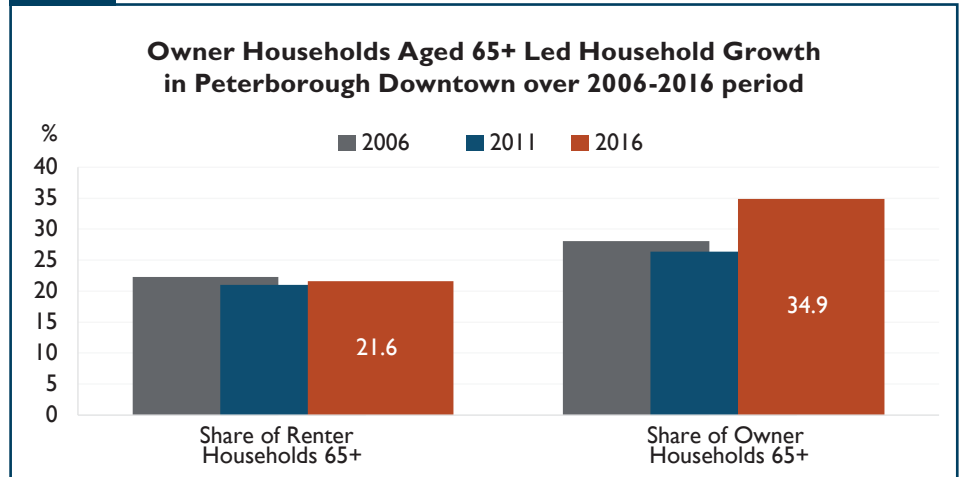
With only 13 purpose-built rental completions this year⁵, the net increase in the rental universe between October 2018 and October 2019 was negligible⁶. No growth in rental supply occurred after the 2018 decade-high increase of 2.6%.

Between October 2018 and October 2019, there were no completions of condominium apartments nor seniors' residences, which could potentially absorb some rental demand. Early in 2018, aiming to increase the supply of rental units, the Peterborough municipality introduced policies that allowed the construction of secondary suites within single-detached, semi-detached and row houses. It is expected that this resulted in additional units added to rental supply⁷ beginning in 2019, likely placing upward pressure on the purpose-built apartment vacancy rate.

Rent growth in 2019 declined compared to 2018

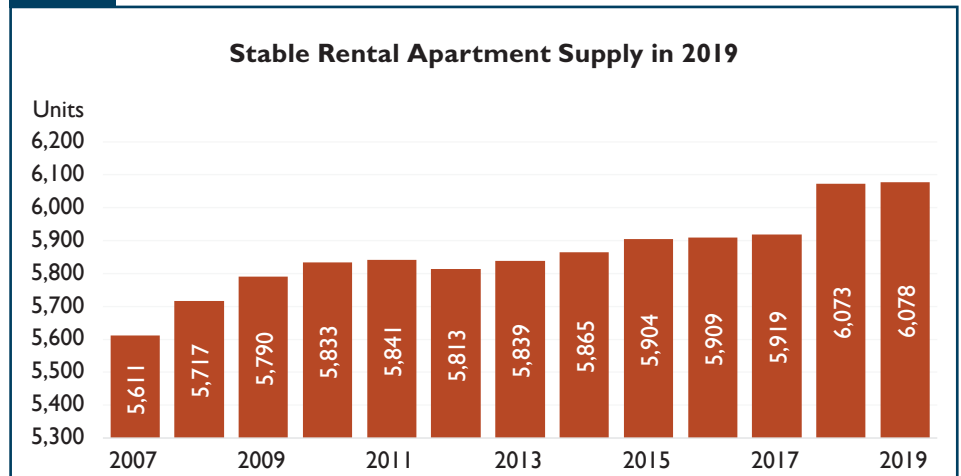
The average fixed sample rent for all bedroom types in Peterborough CMA increased by 2.6% between October 2018 and October 2019. This was higher than the 2019 Ontario Rent Review Guideline of 1.8%, yet, significantly lower than the 7.1% increase in 2018. Since rent controls do not apply at turnover, landlords are allowed to increase rents at their discretion

Figure 2



Source: Statistics Canada, Census 2006, 2011, 2016

Figure 3



Source: CMHC, Rental Market Survey, 2007-2019

on apartments that are turned over to a new tenant and right up to the Ontario Guideline on apartments, which have the same tenant as last year. The turnover rate in Peterborough declined by five percentage points to 12.8% in October 2019, becoming one of the lowest in Ontario after Toronto

(9.5%) and Oshawa (9.9%). The attractiveness of renting relative to homeownership increased further, as the gap between the average homeownership payments and the average rents widened. With fewer units being re-rented this year, there were fewer opportunities to increase rents compared to 2018.

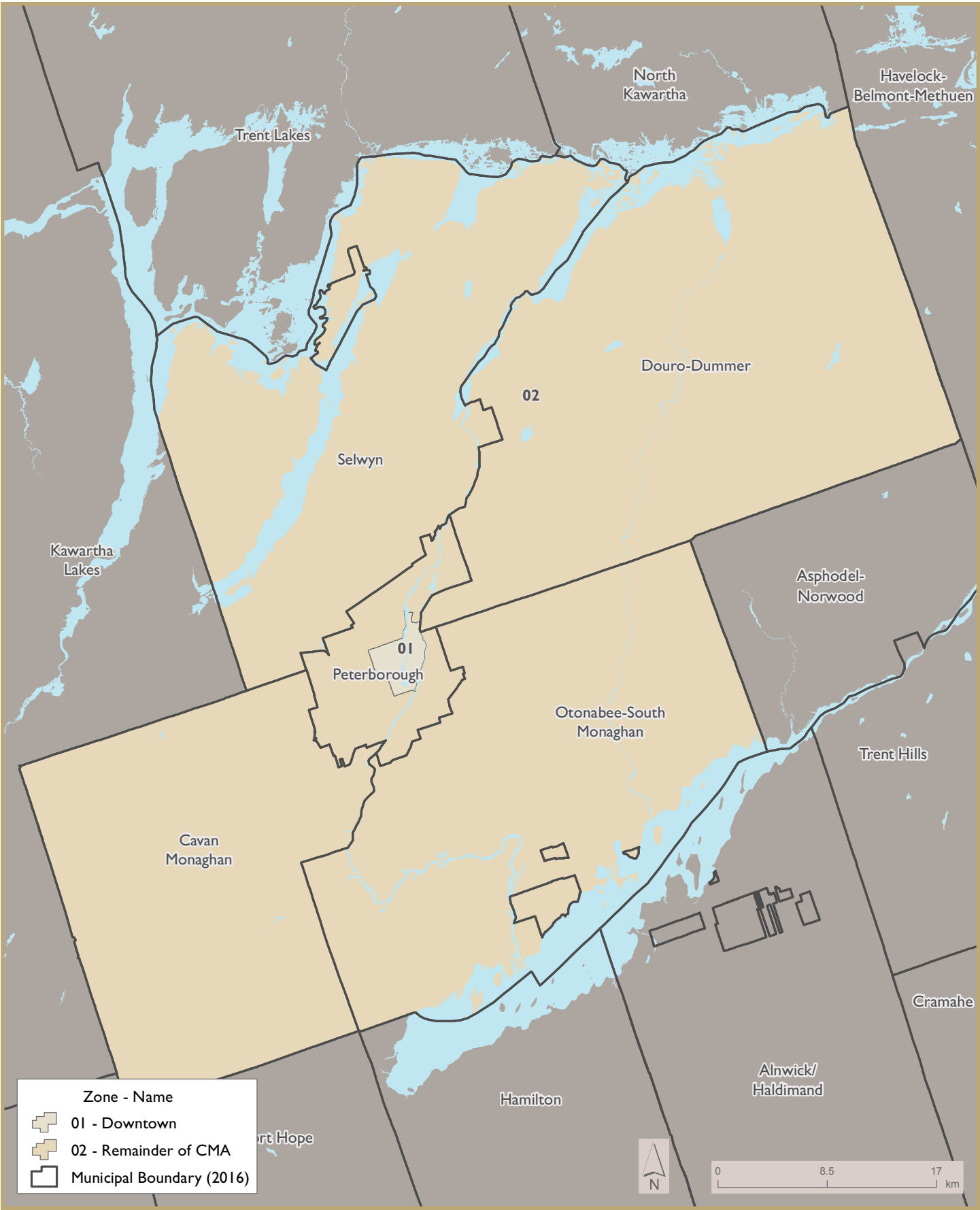
⁵ The cut-off date of a newly completed rental structure to be included in the Rental Market Survey is June 30.

⁶ In addition to 13 rental completions, removal of units for renovation, conversion or demolition, as well as units reinstated back on the market (for example, after a renovation is completed) meant that the supply of rental apartments increased by only 5 units or 0.08%.

⁷ Secondary suites/accessory apartments would fall under the Secondary Rental Market Survey (SRMS) that CMHC conducts in the fall of each year in selected Canadian CMAs.

RESOURCES

You can find this data – and data for all provinces and census metropolitan areas (CMAs) in Canada – at cmhc.ca/rental-market-report-data.



RMS ZONE DESCRIPTIONS - PETERBOROUGH CMA	
Zone 1	Downtown - Part of Peterborough City (Geographically: Zone 1 is bounded by Park Hill Rd. on north, Lansdowne St. on south, Ashburnham on east, Park St./Monaghan Rd. on west). Census tracts: 0005.00, 0006.00, 0007.00, 0008.00 and 0010.00.
Zone 2	Rest of Peterborough CMA - As well as: Selwyn TP, Douro-Dummer Tp, Otonabee-South Monaghan Tp, Cavan-Millbrook-North Monaghan TP, Curve Lake First Nation 35 IRI, and Hiawatha First Nation IRI. Census tracts: 0001.01, 0001.02, 0002, 0003, 0004, 0009.01, 0009.02, 0009.03, 0009.04, 0011, 0012, 0013, 0014, 0100, 0101, 0102.01, 0102.04, 0103, 0105.02, 0106, 0200.00, 0201.00, 9004.00 and 9005.00.
Zones 1-2	Peterborough CMA

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 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 rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy 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 month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover 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 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 percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent 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.

METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.

RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be \bar{x} and its standard deviation be $\sigma_{\bar{x}}$. Then the Coefficient of Variation is given by $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$.

Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

a — Excellent

b — Very good

c — Good

d — Fair (Use with Caution)

** — Poor — Suppressed

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

— — No units exist in the universe for this category

n/a — Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

Sampling Fraction (%) range

Structures in Universe	(0,20]*	(20,40]	(40,60]	(60,80]	(80,100)
3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

Coefficient of Variation (CV) %

Vacancy Rate	0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor	Poor

Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

- a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
- b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
- c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
- d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
- ** — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

↑ indicates the year-over-year change is a statistically significant increase.

↓ indicates the year-over-year change is a statistically significant decrease.

– indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

△ indicates that the change is 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.

Turnover: A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

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 50,000 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 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

Acknowledgement

The Rental Market Survey and the Condominium Apartment Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members 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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