

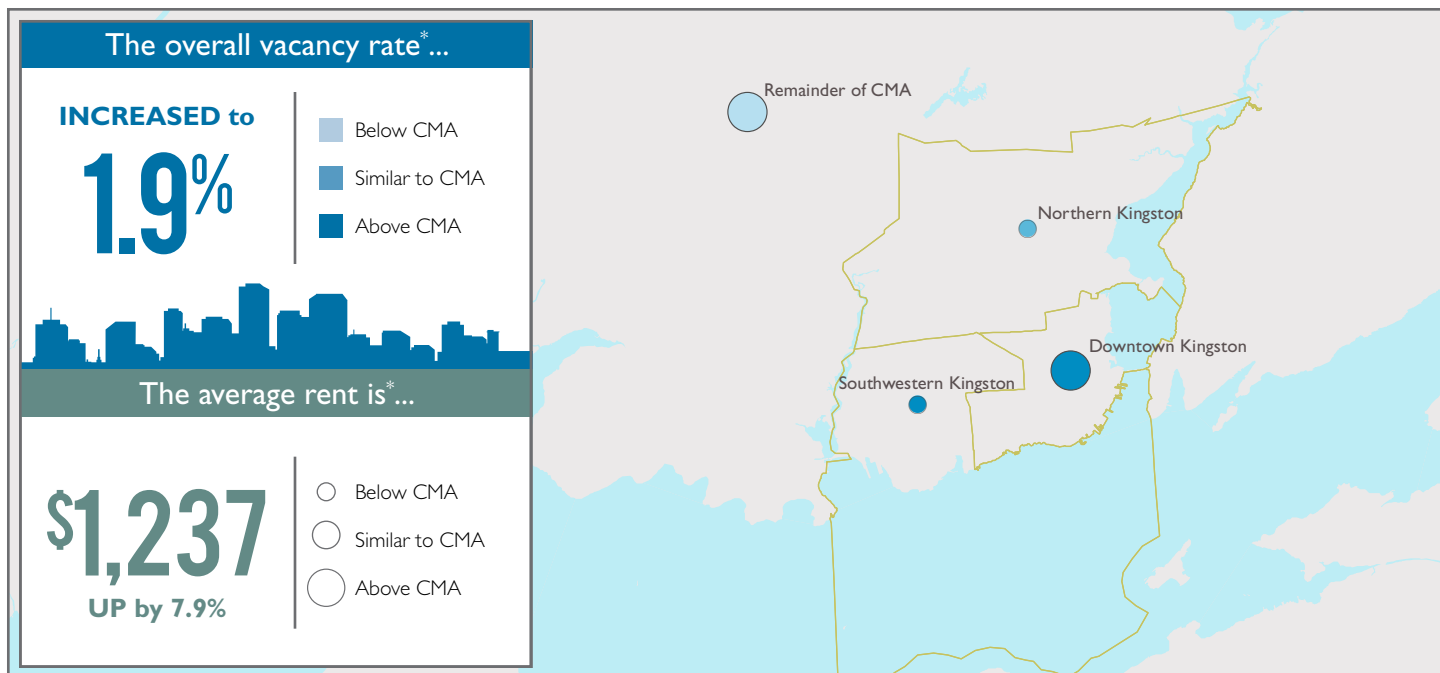
RENTAL MARKET REPORT

Kingston CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
1.4%	2.1%	1.9%	** %
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$814 Avg. Rent	\$1,101 Avg. Rent	\$1,289 Avg. Rent	\$1,805 Avg. Rent

“New rental supply exerted an upward pressure on vacancy rate. The number of vacant units more than tripled compared to 2018.”

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.

**The data is suppressed.

Key analysis findings

- The rental apartment vacancy rate moved higher due to robust growth in rental supply.
- Demand for rental accommodations held steady and strong.
- Both, supply and demand growth was almost exclusively concentrated in Zone 4 – Remainder of CMA.

Higher vacancy rate

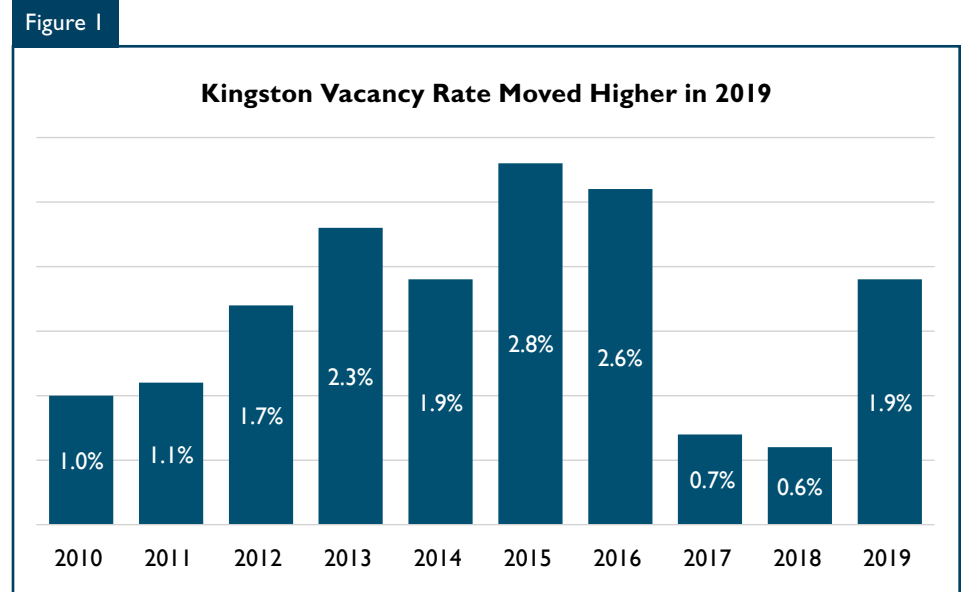
According to the results of the Rental Market Survey¹ (RMS) conducted in October 2019, the purpose-built rental apartment vacancy rate in the Kingston Census Metropolitan Area (CMA) increased to 1.9%. It was the first increase in five years, after the vacancy rate had reached a 29-year low of 0.6% in 2018. This year's increase in vacancy rate was due to robust growth in rental supply, providing renters with more choice. At 1.9%, the vacancy rate was slightly higher than the 10-year average of 1.7%.

New rental supply brought more balance to the market

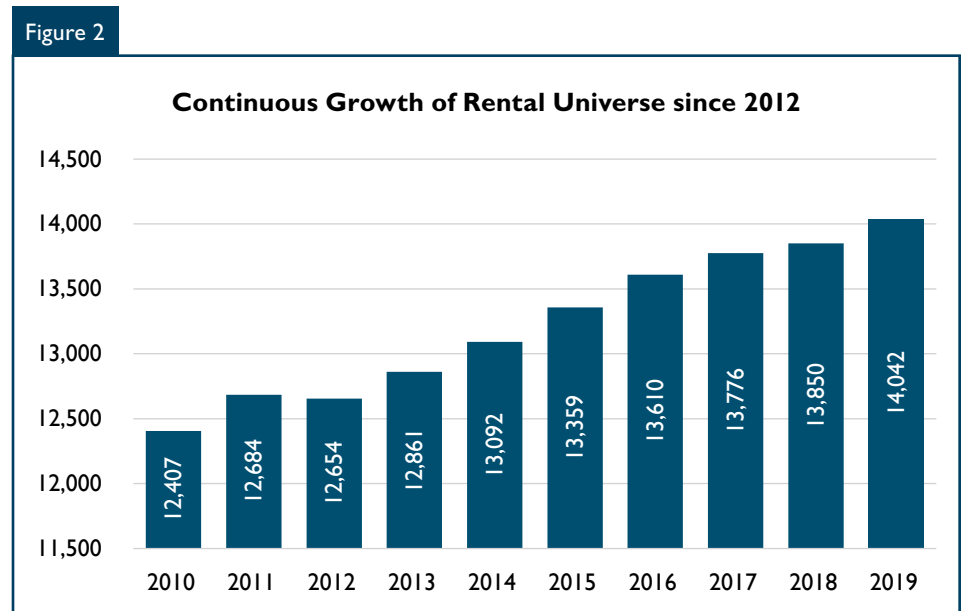
CMHC's primary rental market universe, which accounts for demolitions, renovations and conversions of existing stock, but excludes seniors and student residences, grew by 192 units or 1.4%, the fastest rate of growth in the last three years. This strong growth brought more balance to the market, alleviating some of the downward pressure on vacancy rates seen in the last few years. The number of vacant units more than tripled, generating the softest market conditions in the last three years.

Nearly all of the increase was concentrated in only one of the CMA's submarket, Zone 4 – Remainder of CMA. It should be noted that after the 2019 Rental Market Survey cut-off date², almost 300 new purpose-built

rental apartment units were completed prior to October (which will be reflected in the 2020 universe), potentially adding to the upward pressure on this year's vacancy rates.



Source: CMHC, Rental Market Survey 2010-2019



Source: CMHC, Rental Market Survey 2010-2019

¹ The survey is based on privately initiated rental apartment structures of three or more units.

² Total rental completions are tallied over the 12 months ending June 30, 2019, which marks the cut-off date for the Rental Market Survey.

³ International student enrolment information at Queen's University could be found on page 4 of the "Short-term Enrolment Projections" report for 2019-2022 at the following link: http://www.queensu.ca/registrar/sites/webpublish.queensu.ca.uregwww/files/files/EnrPlan_2019_2022.pdf.

Demand for rental accommodations remained stable and strong

The vacancy rate increased across all Kingston submarkets albeit for different reasons. Greater softening of rental market conditions occurred in the three zones, Zone 1 - Downtown, Zone 2 – Southwestern Kingston and Zone 3 – Northern Kingston. In all of the aforementioned three zones, demand for rental accommodations declined, while supply remained virtually unchanged compared to 2018, raising the vacancy rate to 2.3% in Zones 1 and 2 and to 1.7% in Zone 3.

The only submarket in the CMA where demand increased was Zone 4 – Remainder of CMA. Demand in this zone, as estimated by the number of occupied units, increased strongly by 6.9%, fully offsetting the decline in demand in the three other zones.

Since growth in both, new rental supply and demand was almost exclusively concentrated in Zone 4, it seems that these newer units were attractive to tenants. Possibly some tenants vacated their units in Zones 1, 2 or 3, (consequently lowering demand there) and relocated to Zone 4 in search for newer rental units. Alternatively, in some instances, international students studying at Queen’s University or St. Lawrence College could have absorbed some of these newer units. According to the Queen’s Enrolment Projections Report for 2019-2022³, in the first three months of 2019, first-year visa student applications for 2019-2020 increased by 5.9% over the same period a year ago.

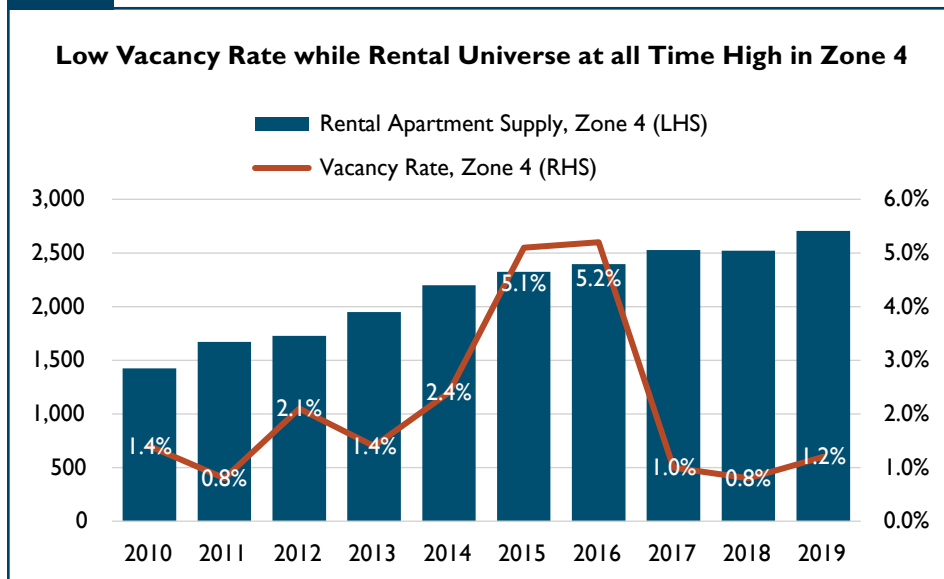
Overall, demand for rental accommodations in Kingston CMA has seen no change in 2019, has remained strong, but experienced some compositional variation among the submarkets as described above.

Strong rent growth

The average fixed sample rent for all bedroom types in Kingston CMA increased by 7.9% between 2018 and 2019, which is significantly above the 2019 Ontario rent guideline of 1.8%. The 7.9% increase was the highest rate of growth since we started collecting rent data.

At 17.4%, the overall turnover rate in Kingston CMA was the fourth highest in Ontario after Sudbury, London and Ottawa. Since rent controls do not apply at turnover, it is most likely that all new tenants and tenants who moved units during 2019 faced higher rents than those who remained put. It should be noted, that in October 2019 the overall asking rent⁴ for vacant units was not statistically higher than for occupied units, implying that significant rent increases occurred prior to the month of October.

Figure 3

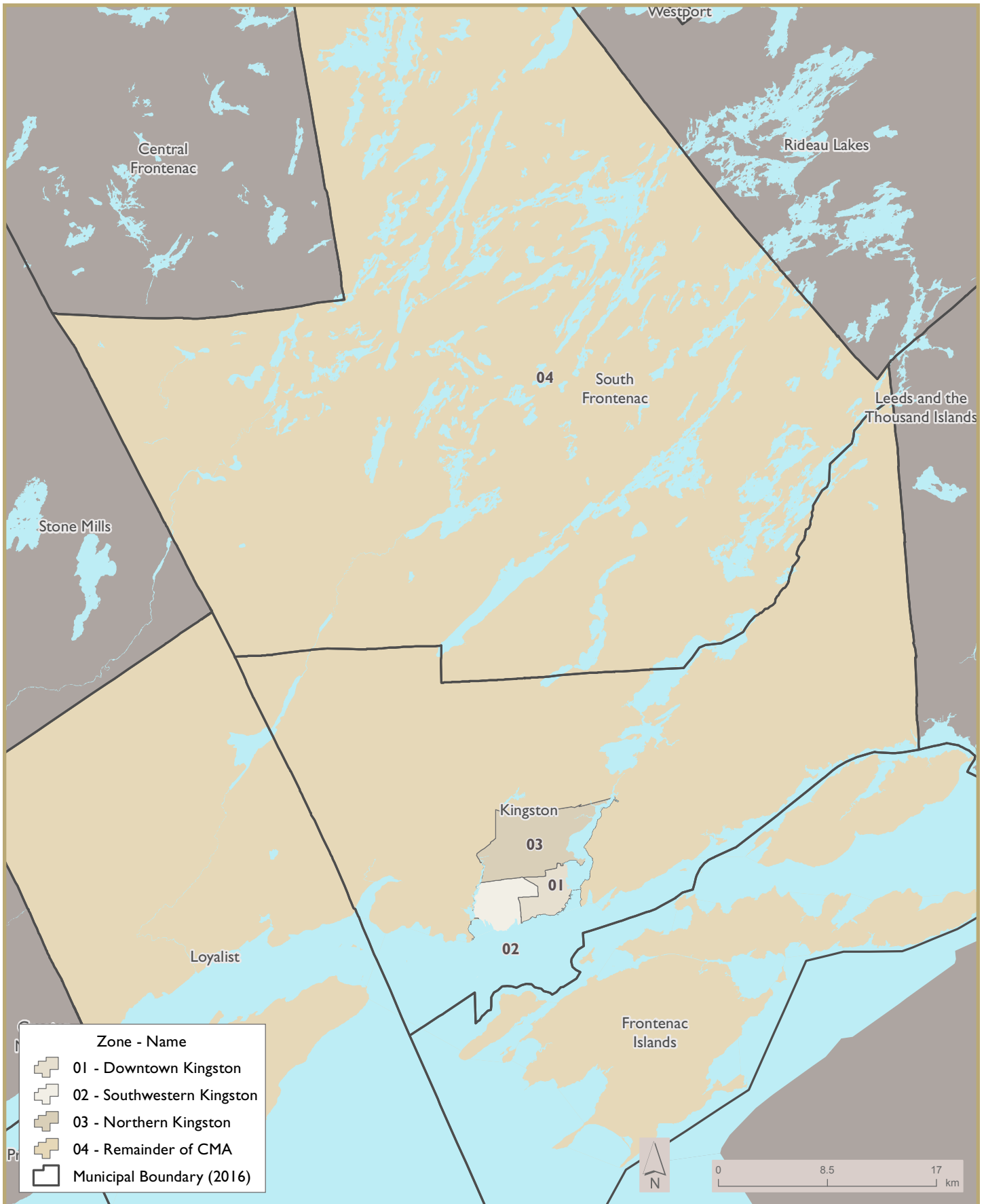


Source: CMHC, Rental Market Survey, 2010-2019

⁴ The spreadsheet with average rents for vacant and occupied units for all Canadian CMAs is available on CMHC website at: <https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/average-apartment-rents-vacant-occupied>.

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 - KINGSTON CMA	
Zone 1	Downtown Kingston - Southern and Eastern boundaries determined by Lake Ontario and the Cataraqui River respectively. Western boundary determined by the following streets: Sir John A Macdonald, Albert, Princess, Division and Montreal. Northern boundary determined by the following streets: Concession, Joseph and Railway.
Zone 2	Southwestern Kingston City - Southern and Western boundaries determined by Lake Ontario and the Little Cataraqui River respectively. Eastern boundary abuts Zone 1.
Zone 3	Northern Kingston City - Southern boundary determined by Zones 1 and 2. Eastern, Northern and Western boundaries determined by Kingston's former city limits.
Zone 4	Rest of Kingston CMA
Zones 1-4	Kingston 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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