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Subject: Atlantic Region Rental Housing Market

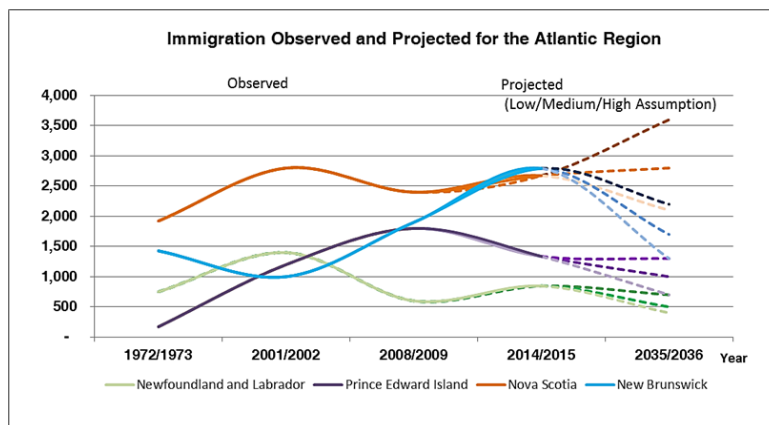
Comments: Rental housing is an important component of Canada's housing system. One-third of the Atlantic residents are renters. There are three major categories of "typical" renters: young people, who represent new renter households when they leave the family home; older Canadians (age ≥55), opting for apartment living when they no longer want to maintain larger family homes; and new immigrants, a critical component of the Atlantic Region's future labour force, many of whom initially rent before they transition to home ownership.

In the Atlantic Region, rental housing has increased as a proportion of the total housing starts in recent years. According to CMHC historic data, the number of rental units in the Atlantic Region soared by 59% in 2015 to reach 2,352 units, with a 4% year-over-year increase between 2001 and 2015. Also on the rise in 2015 was the average monthly rental rate, almost doubling the annual average since 2001 to \$811. The table below shows the Atlantic Provinces new housing starts and rental starts as a proportion of all starts from 2001 to 2015. The orange highlights reflect the increased rental supply on the market corresponding with increases in immigration inflow for each province.

Atlantic Provinces New Housing Starts All Markets vs. Rental (2001 - 2015)												
	NL Starts			PEI Starts			NS Starts			NB Starts		
	All	Rental	%	All	Rental	%	All	Rental	%	All	Rental	%
2001	1,180	14	1%	375	48	13%	2,767	746	27%	2,200	669	30%
2002	1,552	40	3%	518	166	32%	3,721	847	23%	2,647	966	36%
2003	1,863	20	1%	553	129	23%	3,591	833	23%	3,004	937	31%
2004	2,091	33	2%	603	125	21%	3,314	559	17%	2,642	636	24%
2005	1,761	4	0%	554	79	14%	3,257	643	20%	2,669	611	23%
2006	1,493	24	2%	523	123	24%	3,327	1,096	33%	2,872	648	23%
2007	1,825	39	2%	484	41	8%	3,320	911	27%	3,000	597	20%
2008	2,229	47	2%	495	91	18%	3,327	647	19%	3,140	686	22%
2009	2,022	76	4%	693	255	37%	2,787	655	24%	2,620	611	23%
2010	2,213	90	4%	592	212	36%	3,538	1,119	32%	2,950	889	30%
2011	2,322	81	3%	669	344	51%	4,075	1,793	44%	2,459	742	30%
2012	2,544	94	4%	679	299	44%	3,925	1,482	38%	2,543	958	38%
2013	2,024	395	20%	502	210	42%	3,314	1,564	47%	2,073	869	42%
2014	1,496	255	17%	334	94	28%	2,633	1,089	41%	1,725	573	33%
2015	1,202	146	12%	394	158	40%	3,448	1,611	47%	1,379	437	32%
Average	1,854	91	5%	531	158	30%	3,356	1,040	31%	2,528	722	29%

Source: CMHC

New immigrants represent a huge number of potential tenants. According to the Federation of Canadian Municipalities' recent report, more than 28% of all rental units were occupied by new immigrant households from 2000 to 2010. This represents approximately 122,000 units, including about 40,000 newly purpose-built rental developments. These high numbers show that immigration is a truly important factor in the rental market. Recent Statistics Canada prediction data supports the theory that the projected increase of new immigrations to the Atlantic Region could cause rental units supply to rise in the next decade. However, such impact in rental market is more significant in the short run than in the long run. After all, immigrants settling in their destination cities will eventually become home buyers and leave the rental housing market in the long run.



Source(s): Citizenship and Immigration Canada and Statistics Canada

In Atlantic Canada, the majority of the predicted increase of new rental starts in the next couple of years will be in urban areas, especially on the Halifax Peninsula and in Dartmouth, with 1,611 rental starts in 2015 and 1,000 in 2016. The table above shows the three assumptions for immigration inflows in the Atlantic Region in 2035/2036, predicted by Canadian Immigration Centre and Statistics Canada. Overall, the Atlantic Region will experience a moderate increase in the number of renters, with an average of 6,100 new immigrants each year potentially first settling in as tenants.