



# 2020 Rental Market Report

Growth Committee – February 2021



SAINT JOHN

# Background

- CMHC released their Annual Rental Market Study on January 28<sup>th</sup>, 2021
- 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 or more, and targets only privately initiated structures with at least three rental units, which have been on the market for at least three months.

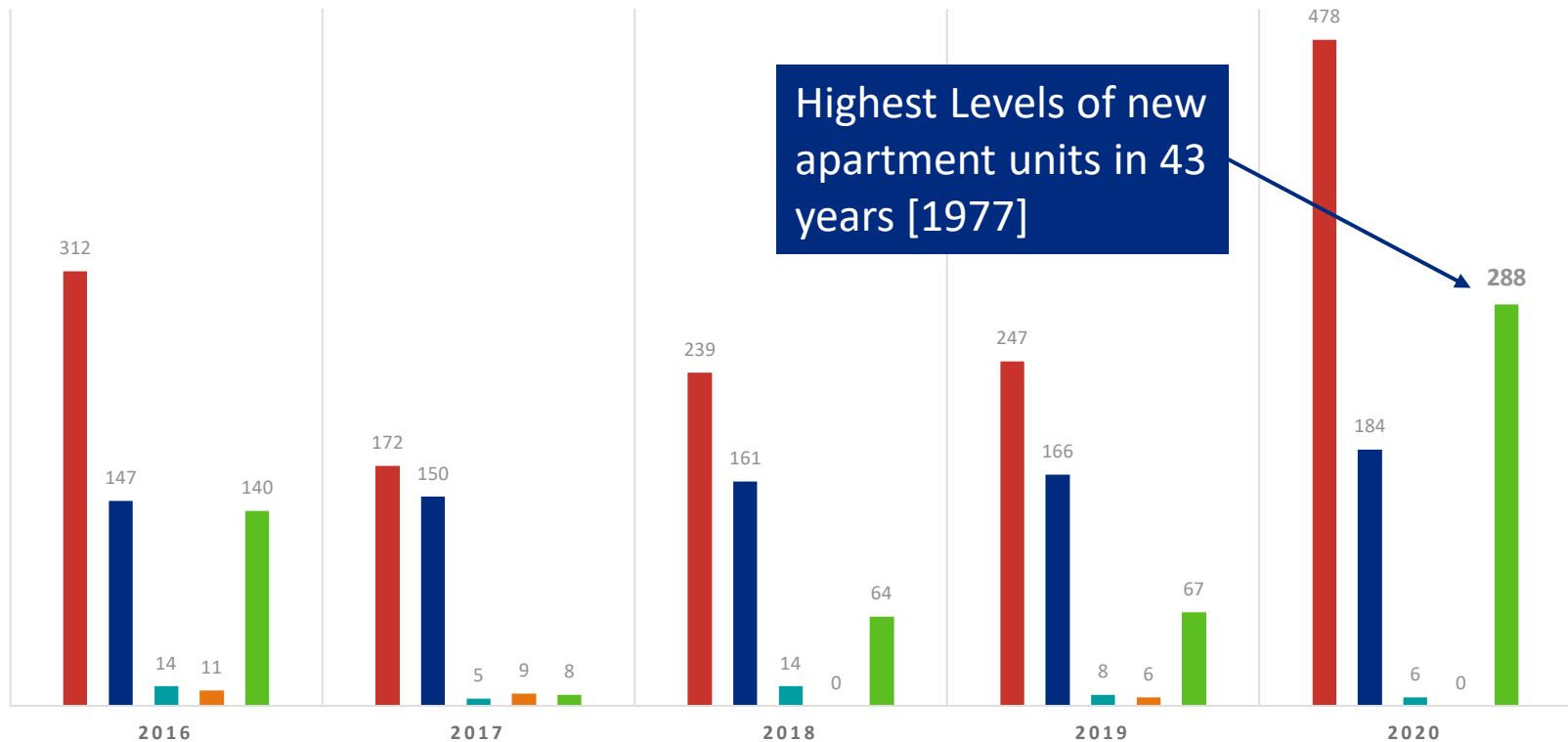
# Vacancy Rates

- Vacancy Rates in Saint John CMA dropped from 3.3% to 3.1%
- This is likely triggered by demand from:
  - Population growth
  - People downsizing e.g., empty nesters selling homes to move into rental units with less maintenance.
- We have slightly higher vacancy than Moncton (2.8%) and Fredericton (2.5%)
- Development has not yet kept pace with demand.
  - This is despite record number of Housing Completions

# Housing Completions

## HOUSING COMPLETIONS - SAINT JOHN CMA STATISTICS CANADA. TABLE 34-10-0134-01

■ Total units ■ Single-detached units ■ Semi-detached units ■ Row units ■ Apartment and other unit types



# Vacancy By Size



49 Noel Ave

We saw a decline in Vacancy for

- 1 Bdrm: 3.8% → 3.1%
- 3+ Bdrm: 4.6% → 3.5%
  - This is even more impressive considering we saw a 21% increase (243 units) in 3+ Bedroom available units in our local rental market
  - These 3 bedroom units are most in demand by new immigrants, who typically have larger families

We saw an increase in Vacancy for:

- Bachelor: 4.1% → 4.6%
- 2 Bdrm: 2.6% → 2.8%



# Rent Cost

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- Average Rent in 2020 for 2 Bedroom Apartment in Saint John is **\$825**
    - This Compares to:
      - \$949 and \$979 in Moncton and Fredericton respectively
      - Canadian Average of \$1165



Saint John's rental costs are still below 90% of other Canadian CMAs

## Rent by Area

| 2020                     | Bachelor |                    | 1 Bedroom |                    | 2 Bedroom |                    | 3 Bedroom + |                    | Total    |                    |
|--------------------------|----------|--------------------|-----------|--------------------|-----------|--------------------|-------------|--------------------|----------|--------------------|
| Neighbourhood            | Avg Rent | % Change from 2019 | Avg Rent  | % Change from 2019 | Avg Rent  | % Change from 2019 | Avg Rent    | % Change from 2019 | Avg Rent | % Change from 2019 |
| <b>Central Peninsula</b> | \$ 563   | 6.3                | \$ 721    | 3.6                | \$ 875    | 6.2                | \$ 1,059    | **                 | \$ 798   | 5.3                |
| <b>West</b>              | **       | **                 | \$ 604    | **                 | \$ 716    | 1.3                | \$ 815      | **                 | \$ 706   | 2.1                |
| <b>North</b>             | \$ 610   | 5.1                | \$ 739    | 3.3                | \$ 839    | 2.7                | \$ 818      | 3.7                | \$ 812   | 3                  |
| <b>East</b>              | \$ 602   | **                 | \$ 668    | 2.5                | \$ 826    | 2.1                | \$ 818      | 1.4                | \$ 784   | 2.4                |
| <b>Saint John City</b>   | \$ 572   | 5.2                | \$ 703    | 3                  | \$ 826    | 3.4                | \$ 857      | 3.3                | \$ 787   | 3.5                |
| Outlying Areas           | **       | **                 | \$ 641    | **                 | \$ 819    | ++                 | \$ 796      | ++                 | \$ 803   | ++                 |
| <b>Saint John CMA</b>    | \$ 572   | 5.2                | \$ 701    | 3.3                | \$ 825    | 3.3                | \$ 854      | 3.3                | \$ 788   | 3.6                |

# Number of Rental Units

## Number of Private Apartment Units in the Universe, by Bedroom Type - New Brunswick CMA's

| 2020                  | Bachelor |                    | 1 Bedroom |                    | 2 Bedroom |                    | 3 Bedroom + |                    | Total  |                    |              |
|-----------------------|----------|--------------------|-----------|--------------------|-----------|--------------------|-------------|--------------------|--------|--------------------|--------------|
|                       | Units    | Variance from 2019 | Units     | Variance from 2019 | Units     | Variance from 2019 | Units       | Variance from 2019 | Units  | Variance from 2019 | % Change     |
| <b>Moncton CMA</b>    | 481      | 22                 | 3,131     | 132                | 9,178     | 526                | 559         | 17                 | 13,349 | 697                | <b>5.51%</b> |
| <b>Saint John CMA</b> | 393      | 2                  | 2,597     | 63                 | 5,370     | 181                | 1543        | 273                | 9,903  | 519                | <b>5.53%</b> |
| <b>Fredericton CA</b> | 359      | -19                | 1,796     | 74                 | 5,302     | 143                | 1028        | 73                 | 8,485  | 271                | <b>3.30%</b> |

## Number of Private Apartment Units in the Universe, by Bedroom Type – City of Saint John

| 2020                     | Bachelor      |            | 1 Bedroom    |              | 2 Bedroom    |              | 3 Bedroom +  |              | Total        |              |            |
|--------------------------|---------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
|                          | Neighbourhood |            | 2019         | 2020         | 2019         | 2020         | 2019         | 2020         | 2019         | 2020         | Variance   |
| <b>Central Peninsula</b> | 253           | 255        | 1,058        | 1,073        | 1,015        | 1,025        | 304          | 499          | 2,630        | 2,852        | 222        |
| <b>West</b>              | 30            | 29         | 307          | 318          | 658          | 688          | 208          | 259          | 1,203        | 1,294        | 91         |
| <b>North</b>             | 64            | 64         | 737          | 749          | 1,783        | 1,828        | 504          | 501          | 3,088        | 3,142        | 54         |
| <b>East</b>              | 41            | 42         | 332          | 347          | 983          | 1,007        | 222          | 238          | 1,578        | 1,634        | 56         |
| <b>Saint John City</b>   | <b>388</b>    | <b>390</b> | <b>2,434</b> | <b>2,487</b> | <b>4,439</b> | <b>4,548</b> | <b>1,238</b> | <b>1,497</b> | <b>8,499</b> | <b>8,922</b> | <b>423</b> |

52% of unit growth in 2020 occurred Uptown



# Summary Insights

- There is strong demand for rental units, and 90% of all units in the Saint John CMA are located in the City.
- We are seeing decreasing vacancy likely due to population growth from immigration and baby boomers down-sizing
  - Decreased vacancy usually correlates with an increase in rent → until enough new units come online to reduce market pressure
- Saint John is still very affordable by Canadian Standards with rent being cheaper than 90% of other Canadian CMA's on average
  - The cost of rent is exceeding inflation (.62% in 2020) in every neighbourhood, however this should be seen in context.
    - Average % Change in Rent in Saint John CMA: 3.6%
    - Average % Change in Rent in Canadian CMAs: 3.6%
- Development is not keeping pace with demand.
  - Despite record housing completions, vacancy is still decreasing.

# Summary Insights -

- Approximately 36% of renters in Saint John are spending 30% or more on shelter costs – approximately 5000 people. Almost 14% are spending 50% or more on shelter costs [2016 Census].
  - These renters are most exposed to rent increases.
- Feedback from external stakeholders:
  - Staff will investigate with CMHC how to account for housing costs that fall outside rent and its impact on tenants (i.e. heat, electricity, etc).
  - Stakeholders shared with staff that they are hearing of increased numbers of evictions and average rents increasing beyond what is portrayed by CMHC
    - This is concerning and warrants further investigation

# Questions

