

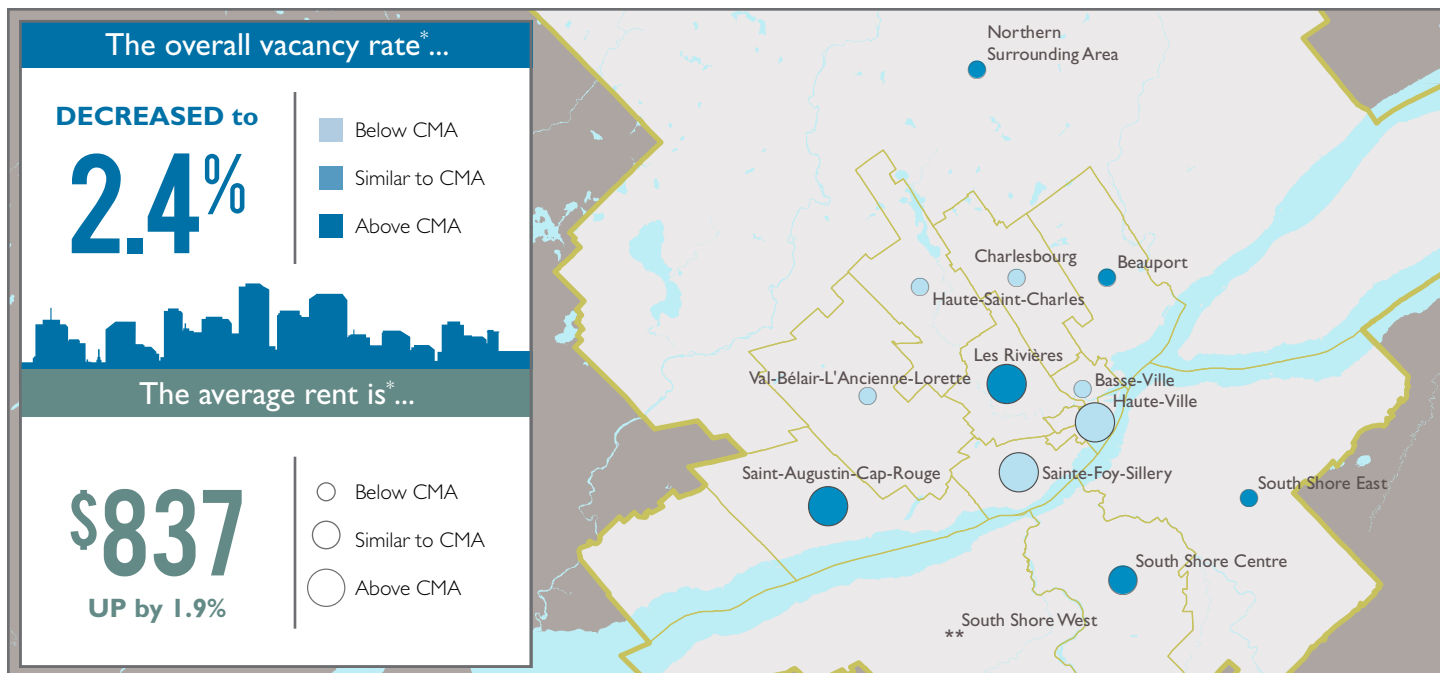
RENTAL MARKET REPORT

Québec CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
3.3%	2.7%	2.4%	1.9%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$595 Avg. Rent	\$745 Avg. Rent	\$862 Avg. Rent	\$1,009 Avg. Rent

“Overall, demand increased more than supply in the Québec area rental market over the past year. The percentage of vacant dwellings declined from 3.3% in 2018 to 2.4% in 2019.”

Nicolas Bernatchez
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.

Highlights

- The overall vacancy rate for apartments went down from 3.3% in October 2018 to 2.4% in October 2019. This was the third year in a row that rental demand in the area outpaced supply.
- Rental market conditions tightened in several sectors of the Québec agglomeration, while the vacancy rate remained stable on the South Shore.
- Overall, the proportion of vacant dwellings remained relatively higher in the upper rent ranges.
- The estimated change in the average rent from 2018 to 2019 was 1.9%, a slightly higher increase than in recent years.
- The vacancy rate for rental condominiums was also down, reaching 1.4% in 2019 (2.5% in 2018).

Québec area rental market tightens for a third consecutive year

According to the results of the most recent Rental Market Survey conducted by Canada Mortgage and Housing Corporation (CMHC), the overall vacancy rate for rental units in the Québec census metropolitan area (CMA) declined over the past year, falling from 3.3% in October 2018 to 2.4% in October 2019 (figure 1).

Thus, for a third consecutive year, the growth in rental demand was proportionally greater than that of supply.¹ The vacancy rate in the Québec area was close to the provincial average, estimated at 1.8% in 2019.

Rental demand still relatively strong

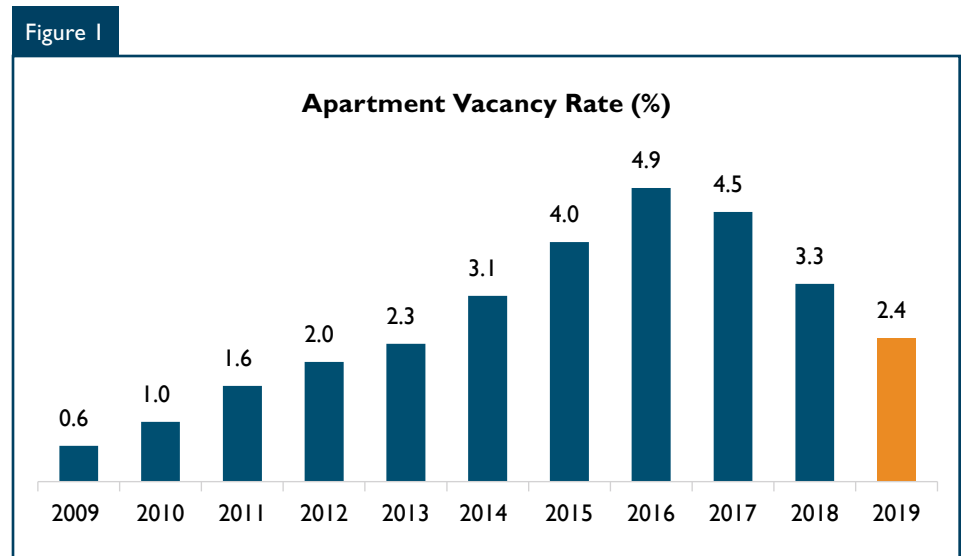
The strength of the rental demand in the Québec area likely stemmed from a combination of several economic and demographic factors, such as the dynamic job market, rising net migration and the aging population.

Growth in full-time employment in the Québec area over the past three years appears to have fostered the creation of new households and has driven the overall housing demand.²

In addition, the proportion of renters among younger households has risen in recent years,³ which has probably been a factor in supporting rental housing demand.

Moreover, the economic vitality and very low unemployment rate in the Québec area are conducive to attracting and retaining new residents, and the region's net migration has been significantly higher over the past two years, particularly thanks to international migration.⁴ Since newcomers generally start out as renters,⁵ this higher migration in the region has no doubt generated increased demand for rental units.

Lastly, the acceleration in the aging of the population seems to have fuelled rental demand much more significantly in recent times. As baby boomers gradually reach retirement



Source: CMHC

¹ The vacancy rate for rental housing in the Québec CMA declined from 4.9% to 4.5% between 2016 and 2017, then to 3.3% in 2018.

² From June 2016 to June 2019, the number of full-time jobs increased by 7.4% in the Québec CMA, whereas it had decreased by 0.6% over the previous three-year period (12-month moving average). Source: Statistics Canada.

³ Based on data from Statistics Canada's 2011 National Household Survey and 2016 Census, the proportion of renter households among people under age 35 increased from 60.1% in 2011 to 62.9% in 2016. This reflects a slowdown in the movement to homeownership among youth, as the renter rate for households under age 35 declined during the first decade of the 2000s, falling from 69.3% to 60.1% between 2001 and 2011.

⁴ According to Statistics Canada's population estimates (table 17-10-0136-01, CMHC calculations), net migration in the Québec CMA increased from 4,043 in 2016/17 to 5,615 in 2017/18. About 82% of net migration in 2017/18 was from international migration, including a high proportion of non-permanent residents. Net migration data for the Québec CMA for 2018/19 are not yet available, but data at the provincial level suggest that international migration has remained very high, which has also likely kept net international migration in the Québec area relatively high.

⁵ According to data from Statistics Canada's 2016 Census, 89% of households in the Québec CMA who arrived from outside the CMA between May 2015 and May 2016 were renters.

age, more and more households aged 65 and over are likely to choose a rental apartment, for various reasons (freedom from property maintenance, downsizing, access to certain services, etc.). Although the scope of future rental demand from boomers remains uncertain, it does appear that part of this cohort has begun to change tenure.

On the supply side, the construction of new conventional, or purpose-built, rental units⁶ remained strong between 2018 and 2019. Nearly 2,600 new units were completed, an increase similar to the record levels of the previous two years (figure 2). This does not necessarily mean that overall supply kept pace, since a certain number of existing units may also have been withdrawn from the market.

Nevertheless, the rental stock is growing, and overall, demand increased proportionally more than supply.

Québec agglomeration sparks market tightening

For the second year in a row, the decline in the overall vacancy rate in the metropolitan area stemmed from the tighter market conditions observed in several central and suburban sectors on the North Shore of the St. Lawrence River, in the Québec agglomeration (where the vacancy rate fell from 4.6% to 3.3% between 2017 and 2018, then to 2.3% in 2019). These sectors likely accounted for a significant portion

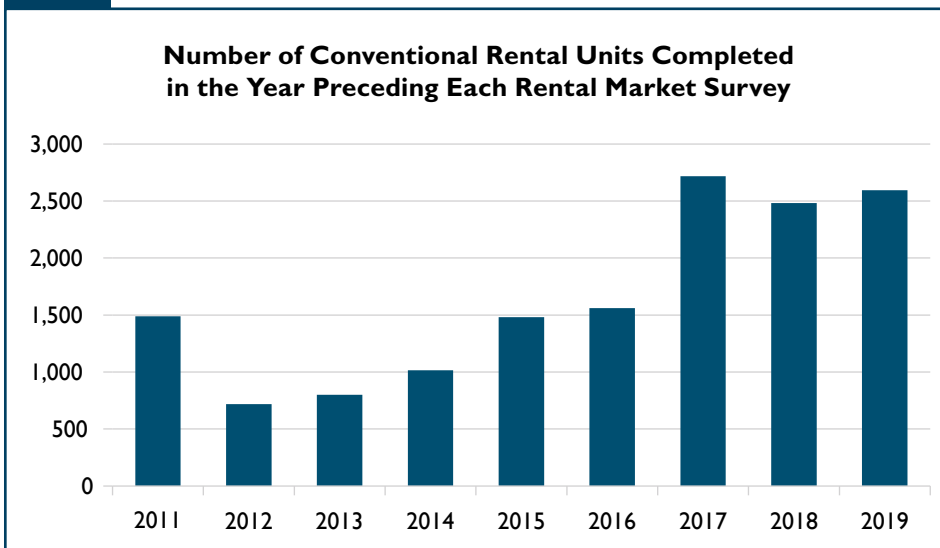
of the growth in demand for rental units.⁷ On the South Shore, the percentage of vacant units remained stable (3.3% in 2019).

A detailed analysis of the survey results also revealed that the decline in the vacancy rate affected several market segments, reflecting a range of needs and preferences. For example, the vacancy rates were down for apartments of all bedroom types (one-bedroom, two-bedroom and three or more bedrooms), with the exception of bachelor units.

Percentage of vacant dwellings still higher in the upper rent ranges

The survey found that the vacancy rates declined for units across all rent ranges, with the exception of the highest rents, for which the proportion of vacant units remained above average (figure 3). This result was probably due in part to the generally higher rents for newly built units. The strong growth in the area's supply of new housing in recent years has been felt more in the higher price ranges. Overall, the vacancy rate for recent units (4.5% in October 2019 for units built since 2005) remained stable and above the market average (2.4% in 2019).

Figure 2



Source: CMHC, Starts and Completions Survey

Data from July of the previous year to June of the current year, for example, from July 2018 to June 2019 for completions in 2019.

⁶ Rental units in retirement homes are not included in the "purpose-built rental" category.

⁷ For more information on trends that may have influenced this result, see the CMHC publication: *Who are the renters in the various geographic sectors of the Québec area?* Housing Market Insight—Québec CMA, October 2019.

Average rent increases a little faster

The estimated change in the average rent for rental apartments in the Québec CMA between October 2018 and 2019 was 1.9%, a slightly faster increase than in the last few years (1.3% on average annually from 2014 to 2018). This result was consistent with the decline in the percentage of vacant units in the area, but the growth in the average rent remained relatively limited with inflation factored in. The average rent for two-bedroom apartments reached \$862 in October 2019.

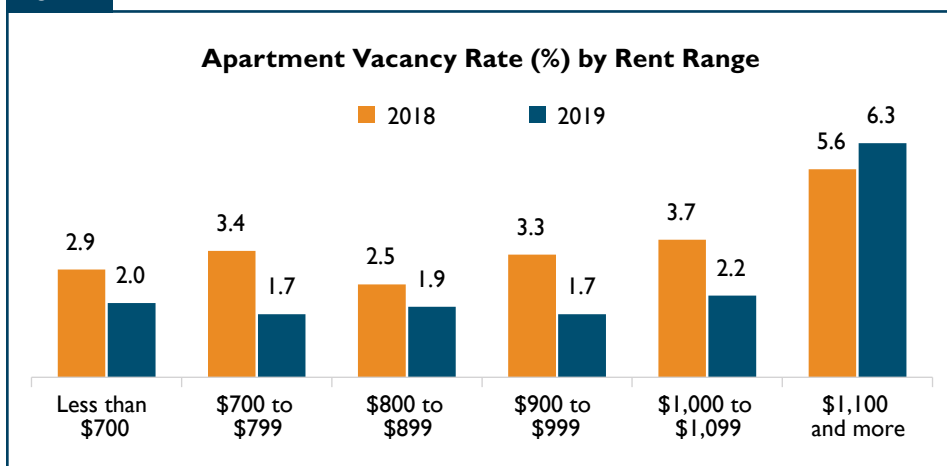
Rental condominium market also tightens

The proportion of rental condominium units has gradually increased in recent years in the Québec area. In 2019, 15.6% of the condominium stock was offered for rent, which represents about 5,500 units.⁸ Like the primary rental market, the secondary rental market also tightened, as the vacancy rate for rental condominiums dropped from 2.5% to 1.4% between 2018 and 2019.

The rental condominium market has therefore met part of the growing rental demand. Given their location,

often near services and in newly constructed buildings that may also offer amenities, these dwellings have a higher average rent (\$1,074 for two-bedroom apartments in 2019) than units in the primary market.

Figure 3

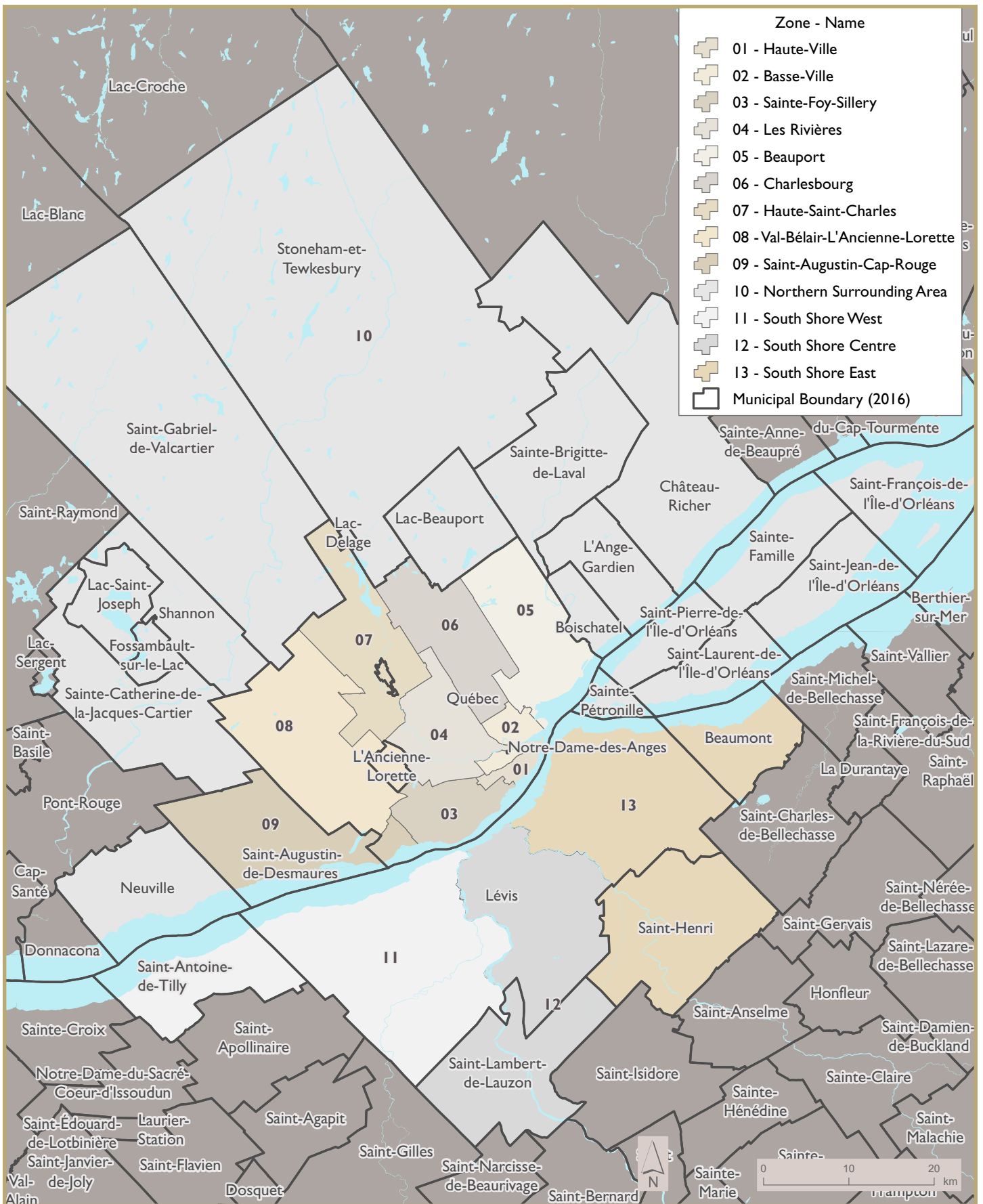


Source: CMHC

⁸ The term “rental condos,” commonly used by developers to market purpose-built rental units in buildings that contain only units intended specifically for the rental housing market, does not meet CMHC’s survey definition of a rental condominium. To be considered a rental condominium, a unit must be in a building whose legal designation is that of a condominium.

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 - QUÉBEC CMA	
Zone 1	Haute-Ville - Districts of Saint-Jean-Baptiste, Montcalm, Vieux-Québec–Cap-Blanc–colline-Parlementaire and Saint-Sacrement
Zone 2	Basse-Ville - Districts of Saint-Roch, Saint-Sauveur, Maizerets, Vieux-Limoilou and Lairet
Zone 3	Sainte-Foy–Sillery - Districts of Sillery, Cité-Universitaire, Pointe-de-Sainte-Foy, Saint-Louis and Plateau
Zone 4	Les Rivières - Borough of Les Rivières
Zone 5	Beauport - Borough of Beauport
Zone 6	Charlesbourg - Borough of Charlesbourg
Zone 7	Haute-Saint-Charles - Districts of Lac-Saint-Charles, Châtelets, Saint-Émile and Loretteville
Zone 8	Val-Bélair–L'Ancienne-Lorette - Districts of Val-Bélair and Aéroport, and city of L'Ancienne-Lorette
Zone 9	Saint-Augustin–Cap-Rouge - City of Saint-Augustin-de-Desmaures and district of Cap-Rouge
Zones 1-9	Québec Agglomeration
Zone 10	Northern Surrounding Area - Côte-de-Beaupré (Regional county municipalities of La Côte-de-Beaupré and L'Île-d'Orléans), Jacques-Cartier (Regional county municipality of La Jacques-Cartier and city of Neuville)
Zone 11	South Shore West - Borough of Les Chutes-de-la-Chaudière-Ouest and municipality of Saint-Antoine-de-Tilly
Zone 12	South Shore Centre - Borough of Les Chutes-de-la-Chaudière-Est and municipality of Saint-Lambert-de-Lauzon
Zone 13	South Shore East - Borough of Desjardins and municipalities of Saint-Henri and Beaumont
Zones 11-13	South Shore
Zones 1-13	Québec CMA

CONDOMINIUM SUB AREA DESCRIPTIONS - QUÉBEC CMA	
Sub Area 1	North Centre includes RMS Zone 1 (Québec Haute-Ville), Zone 2 (Québec Basse-Ville), Zone 3 (Sainte-Foy-Sillery), and Zone 4 (Les Rivières).
Sub Area 2	Northern Crown includes RMS Zone 5 (Beauport), Zone 6 (Charlesbourg), Zone 7 (Haute-Saint-Charles), Zone 8 (Val-Bélair-L'Ancienne-Lorette), Zone 9 (Saint-Augustin-Cap-Rouge) and Zone 10 (Côte-de-Beaupré, Jacques-Cartier).
Sub Area 3	South Shore includes RMS Zone 11 (South Shore West), Zone 12 (South Shore Centre) and Zone 13 (South Shore East).
Sub Areas 1-3	Québec CMA

NOTE: Refer to RMS Zone Descriptions page for detailed zone descriptions.

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.

CMHC HELPS CANADIANS MEET THEIR HOUSING NEEDS

Canada Mortgage and Housing Corporation (CMHC) has been helping Canadians meet their housing needs for more than 70 years. As Canada's authority on housing, we contribute to the stability of the housing market and financial system, provide support for Canadians in housing need, and offer unbiased housing research and advice to Canadian governments, consumers and the housing industry. Prudent risk management, strong corporate governance and transparency are cornerstones of our operations.

For more information, visit our website at www.cmhc.ca or follow us on [Twitter](#), [LinkedIn](#), [Facebook](#), [Instagram](#) and [YouTube](#).

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

©2019 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of this CMHC publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or the entire content of, this CMHC publication, please send a Copyright request to the Housing Knowledge Centre at Housing_Knowledge_Centre@cmhc.ca. Please provide the following information: Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on

PUBLICATIONS AND REPORTS AVAILABLE ONLINE

Local, regional and national analysis and data on current market conditions and future trends.

- Housing Information Monthly
- Housing Market Assessment
- Housing Market Insight
- Housing Now Tables
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Northern Housing
- Housing Market Outlook, Canada and Major Centres
- Preliminary Housing Starts Data
- Rental Market Reports, Canada and Provincial Highlights
- Rental Market Reports, Major Centres
- Seniors' Housing Reports
- Mortgage and Consumer Credit Trends Report

DATA TABLES AVAILABLE ONLINE

- Funding and Securitization Data
- Household Characteristics
- Housing Market Data
- Housing Market Indicators
- Mortgage and Debt Data
- Rental Market Data

HOUSING MARKET INFORMATION PORTAL

*The housing data you want,
the way you want it.*

- ✓ Information in one central location
- ✓ Desktop and mobile friendly
- ✓ Neighbourhood-level data

cmhc.ca/hmiportal

SUBSCRIBE NOW

*Get email notifications when
CMHC publications are released
or updated. Sign up for a free
myCMHC account for enhanced
site access, including one-click
subscriptions to the reports
and tables that matter to you.*

**Get your myCMHC
account today!**

Get the market intelligence you need today!

Find all the latest trends, research and insights at cmhc.ca/housingmarketinformation

Housing Observer

Featuring quick reads and videos on...

- Analysis and data
- Timely insights
- Updates to housing conditions, trends and much more!

Subscribe today to stay in the know!

www.cmhc.ca/observer

