

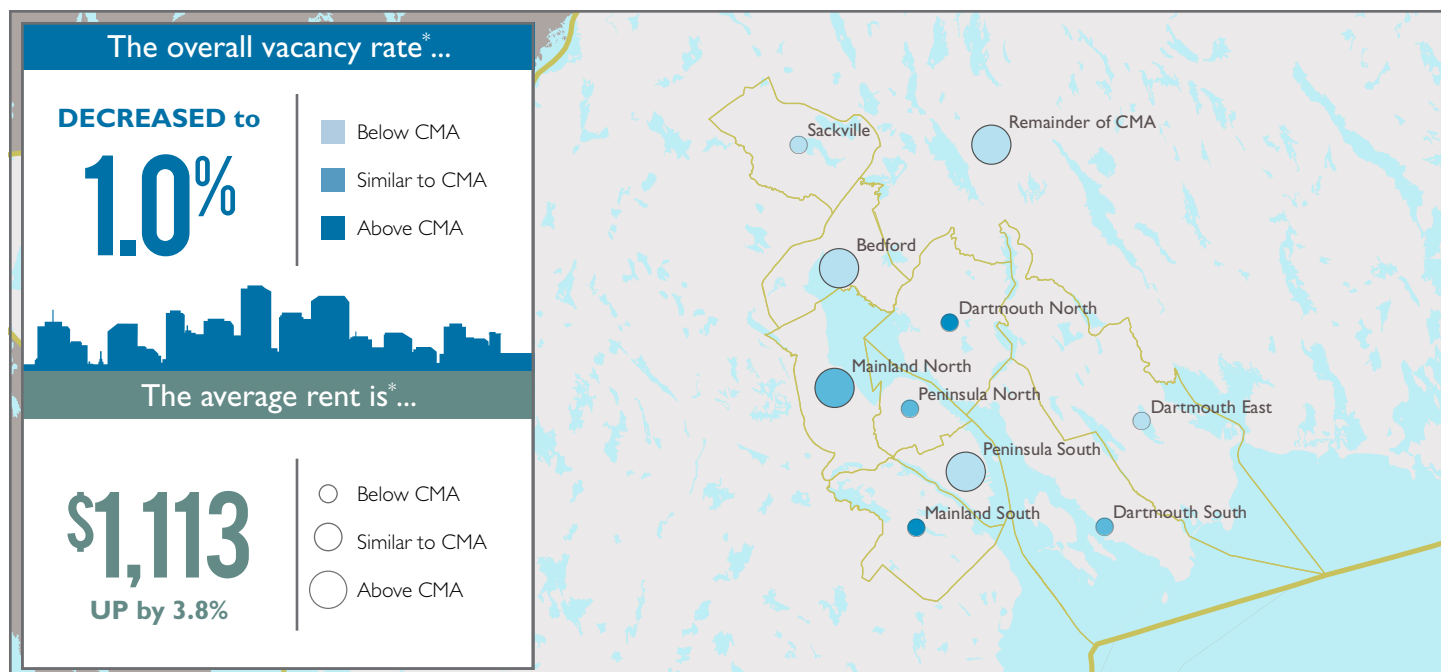
RENTAL MARKET REPORT

Halifax CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
1.3%	1.0%	0.9%	1.2%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$812 Avg. Rent	\$959 Avg. Rent	\$1,202 Avg. Rent	\$1,390 Avg. Rent

“The Halifax CMA vacancy rate continued to trend lower, down to 1% from 1.6% a year ago and average rents increased, as demand outpaced new rental apartment supply yet again in 2019.”

Chris Janes
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 Findings

- Following historic highs, there were fewer rental apartment completions.
- Lower vacancy rates, with biggest changes recorded outside Halifax City.
- Total average rents increased 3.8% as market tightened.

Vacancy rate trends lower as demand outpaces new rental apartment supply

According to the results of Canada Mortgage and Housing Corporation's Rental Market Survey conducted in October 2019¹, the Halifax CMA vacancy rate was 1% versus 1.6% in October 2018. The average two-bedroom rent was \$1,202 up 3.7% versus 1.8% in 2018.²

The 4% increase recorded in the rental universe in 2019 was similar to rates observed in 2017 and 2018, even though there were fewer newly completed units this past survey year (Figure I). The addition of structures converted from Condos to rental and recently renovated structures previously removed from the sample, are main factors that contributed to increased supply. Due to higher demand, the vacancy rate continues to drop, despite consistent growth in rental supply. In light of this growing demand, there are currently over 4,000 rental units under construction in the Halifax CMA, which is the highest level at any point in time. From a geographic perspective, the Halifax Peninsula, Mainland North and Hammonds Plains have been key areas of recent development.

Vacancy rates dropped the most for older rental units, though units built after 2005 had the lowest vacancy rates (0.3%) and the lowest turnover rates (15%). Bigger structures with 100+ units also had the lowest vacancy rates (0.7%). New and larger rental structures are able to attract and retain tenants by offering high-end quality finishes and more amenities, despite higher rents. The proportion of newer rental units is very high in Halifax compared to other cities. This has increased the quality of rental stock, incentivized older buildings to upgrade in order to compete and affected affordability, because rents have increased faster than disposable income.³

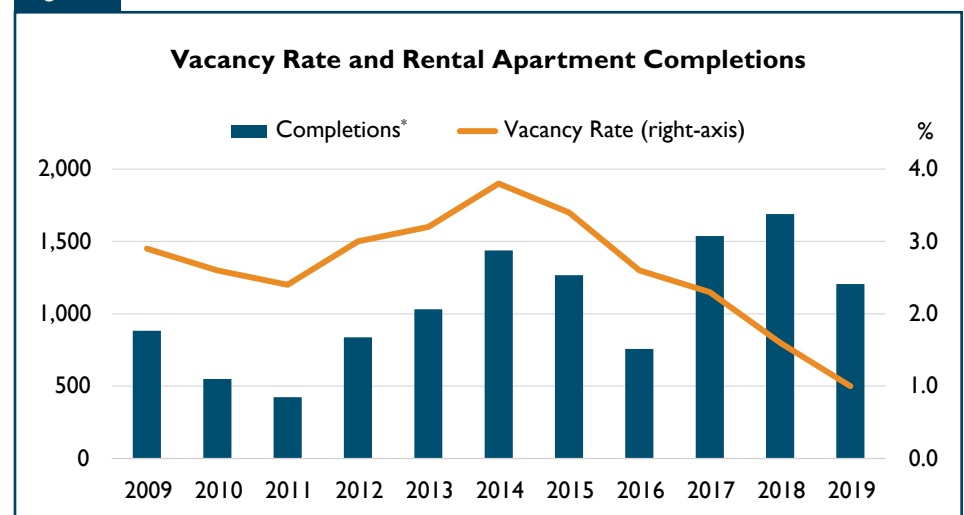
New apartment supply is not coming onto the rental market fast enough to offset increased demand.⁴ It is possible record high levels of construction activity in the city and relatively larger projects are responsible for longer construction times. However, larger

projects, which have lower per-unit construction times, have a significant impact on supply over a short period when they eventually hit the market.

Rental market supported by population growth and diversified economy

On the demand side, demographic and economic fundamentals continued to support rental apartment demand. An aging population has seen more seniors downsizing and switching to rental. Net interprovincial migration in 2019 was 3,300, marking four consecutive years of positive migration.⁵ Job growth and declining unemployment rates have been instrumental in not only diminishing interprovincial outflows, but helping to retain international migrants as well. Employment growth has particularly been strong among the younger 15-24 and 25-44 age cohorts.

Figure I



Source: CMHC

*Figures are for rental units completed between the rental market surveys, which includes the period from July of the year preceding a given survey to June of the following year.

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

² The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the Rental Market Survey sample in 2018 and 2019.

³ Real personal disposable income increased 1.9% year-over-year in the second quarter of 2019 having been trending down since 2015 Q1. Source: Conference Board of Canada.

⁴ The average length of rental apartment construction in 2018 was 26 months, which is higher than the 10-year average of 20 months.

⁵ Statistics Canada – Table 17-10-0022-01. Estimates of interprovincial migrants by province or territory, annual.

These younger demographic segments are an important source of renters within the Halifax CMA rental market and Halifax's diversified economy continues to create employment opportunities to attract them.

Population gains from international migrants in particular, has been a significant factor contributing to higher demand for rental apartments in recent years. In fact, since 2016, over 18,000 new permanent residents have settled in the Halifax region.⁶ With the Atlantic Immigration Pilot program extended to 2021, population growth will likely remain a key driver of rental housing demand. There has been a significant increase of international students as well. While overall student enrollments at the three universities in the city were up 1.1%, the number of international students increased 4.6%.⁷ At Dalhousie University in the South End, international student numbers were up 9% in 2018-2019 compared to the previous school year.

Vacancy rates dropped most in areas outside Halifax City

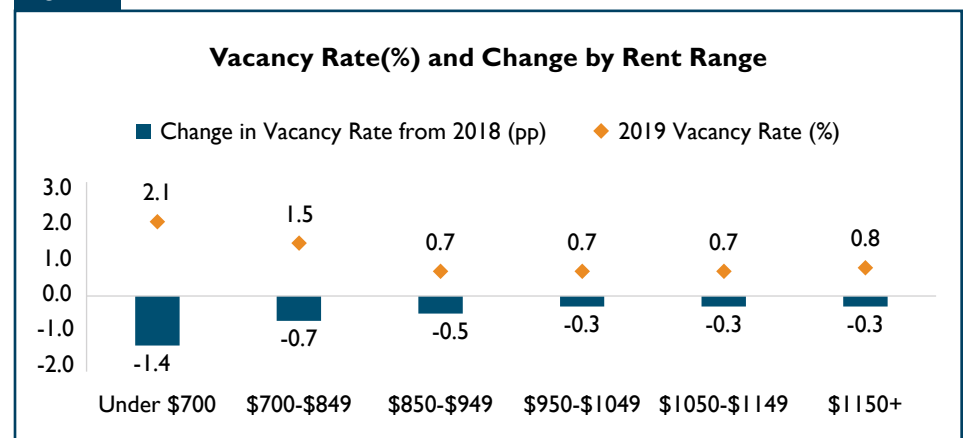
CMHC's June 2019 Housing Market Insight report showed affordability challenges were more evident on the Halifax Peninsula and in the downtown core in particular.⁸ Supporting this, is that the biggest changes in vacancy rates recorded during the October rental market survey were in more affordable markets further away from the downtown core and outside Halifax City where rental demand outpaced supply. In fact, vacancy rate declines ranged from 1.4 to 1.7 percentage

points in the outlying areas of Dartmouth City, Sackville and Remainder of CMA, whereas in Halifax City, which represents 66% of the total rental universe, vacancy rates remained essentially the same. The exception being Peninsula South, where the vacancy rate declined 0.7 percentage points to 0.4%. Rental demand was still high enough to drive the Peninsula South vacancy rate lower, despite a 7% increase in supply. The prior (October 2018) survey showed that the Peninsula and Mainland North had the lowest vacancy rates. This could also have made it harder to find rental accommodations and contributed to increased demand in outlying areas, as indicated in the current rental market survey.

While rental vacancy rates were lowest for units priced from \$850-\$1,150, they dropped the most for units in lower rent ranges (Figure 2). This is in contrast to previous years, where vacancy rate declines were apparent across the broader spectrum of market rents or more pronounced in newer units or survey zones with higher average rents.

Particularly noteworthy, is the City of Dartmouth, where the overall vacancy rate declined from 2.9% to 1.5% and total average rent was \$954, which is one of the lowest among all areas surveyed. Higher rental apartment demand also appears to have spread out to Sackville, where the overall vacancy rate declined from 2% to only 0.5% and the total average rent was \$1,101. This trend was less evident in Bedford, where vacancies declined slightly. Areas that make up the Remainder of CMA recorded the biggest vacancy rate decline from 1.9% to 0.2%, despite an 18% increase in the number of rental units. Due to tightening rental market conditions, rents increased the most in Mainland South, Bedford and Sackville. The same sample two-bedroom average rent increased by 3.8%, 5.2% and 6.0% respectively, in these areas.

Figure 2



Source: CMHC

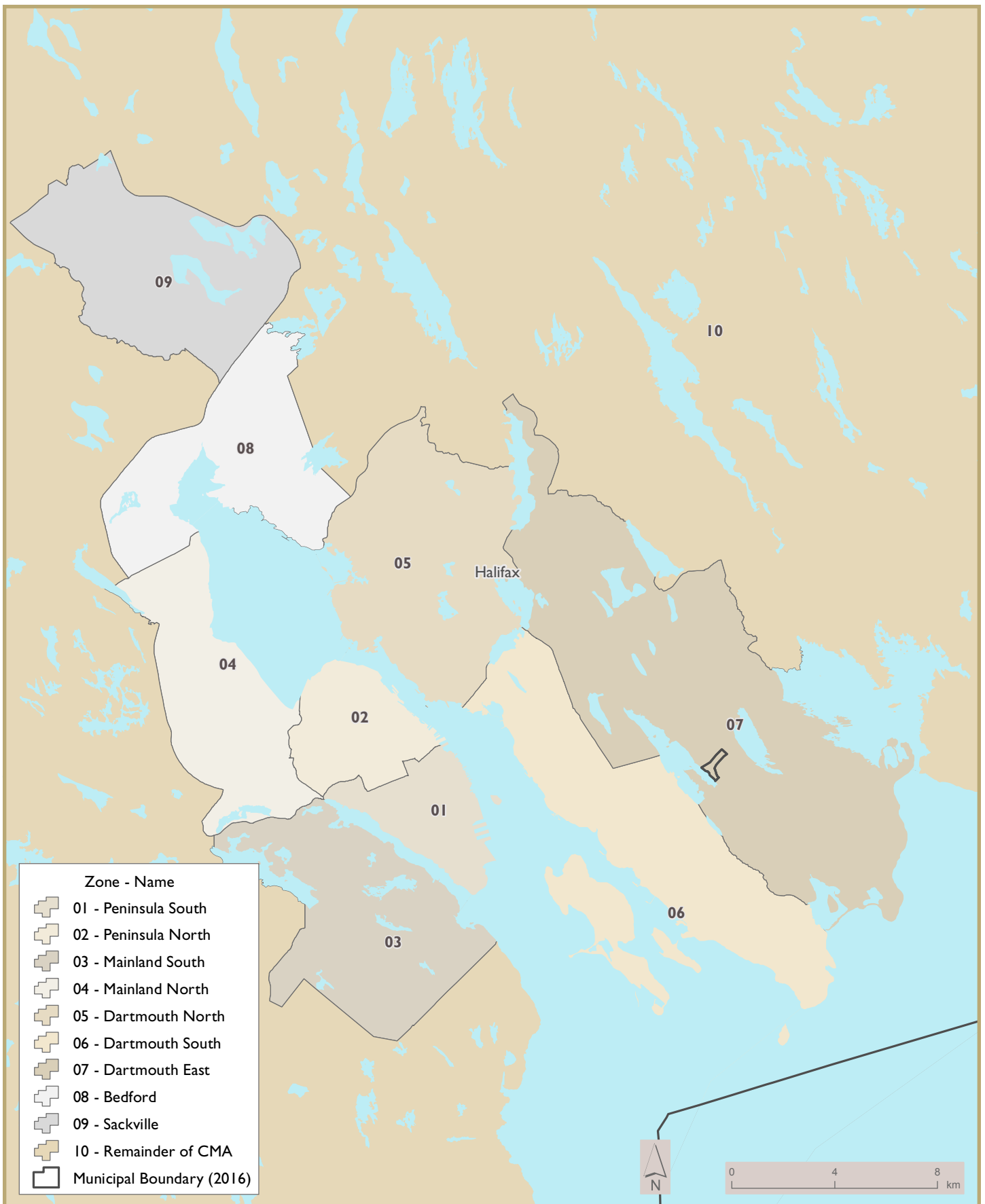
RESOURCES

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

⁶ Immigration, Refugees and Citizenship Canada.

⁷ Maritime Provinces Higher Education Commission (MPHEC) - Total Enrolment by Province, Institution and Registration Status.

⁸ For more information, see the publication: *A Profile of Renters and Rental Affordability, Housing Market Insight – Halifax CMA*, June 2019.



RMS ZONE DESCRIPTIONS - HALIFAX CMA	
Zone 1	Halifax Peninsula South begins at Cornwallis Street, then along Cunard to Robie Street. From Robie the boundary runs south to Quinpool Road; along Quinpool to Connaught Avenue; north on Connaught to Chebucto Road to the North West Arm.
Zone 2	Halifax Peninsula North is the northern section of the Halifax Peninsula, separated from the mainland by Dutch Village Road and Joseph Howe Avenue.
Zone 3	Halifax Mainland South is the mainland area within the city of Halifax south of St. Margaret's Bay Road.
Zone 4	Halifax Mainland North is the mainland area within the city of Halifax boundaries north of St. Margaret's Bay Road.
Zones 1-4	City of Halifax
Zone 5	Dartmouth North is the part of Dartmouth north of Ochterloney Street, Lake Banook and Micmac Lake.
Zone 6	Dartmouth South is south of Ochterloney Street and Lake Banook and west of (outside) the Circumferential Highway, including Woodside as far as CFB Shearwater.
Zone 7	Dartmouth East is the area bounded by Micmac Lake and Lake Charles to the west, Highway 111, Halifax Harbour to Hartlen Point to the south, Cow Bay and Cole Harbour to the east and Ross Road, Lake Major Road, Lake Major and Spider Lake to the north.
Zones 5-7	City of Dartmouth
Zone 8	Bedford is the area bounded by Highway 102, the Sackville River and Kearney Lake to the west, continuing northeast to Rock Lake, south to Anderson Lake, southwest to Wrights Cove north of Pettipas Drive.
Zone 9	Sackville is the area bounded by Highway 102, North of Highway 101 & Margeson Drive northeast to Feely Lake, South along Windgate Drive to Windsor Junction Road then south to Highway 102.
Zone 10	Remainder of CMA is the remaining portion of HRM east of Ross Road and Lake Major Road, north of Wilson Lake Drive and Beaverbank-Windsor Junction Crossroad, west of Kearney Lake and Birch Cove Lakes and south of Long Lake and the community of Herring Cove.
Zones 1-10	Halifax 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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