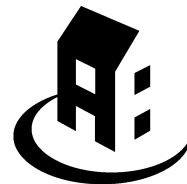


WHERE'S HOME? 2004

A Picture of Housing Needs in Ontario



ONPHA
Ontario
Non-Profit Housing
Association



Co-operative Housing Federation of Canada
Ontario Region

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1 INTRODUCTION

Approximately five years have passed since the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada - Ontario Region first published *Where's Home? A Picture of Housing Needs in Ontario*. The report, which covered housing needs in Ontario and in 21 selected municipalities across the Province, documented the need for affordable housing in the wake of the cancellation of most government programs for new affordable housing and the recession in the first part of the 1990's.

Today, the analysis of trends in housing affordability in Ontario shows that despite improvements in Ontario's economy and a modest level of rental development in a number of markets, there continues to be a serious housing affordability problem in Ontario. It is the position of the Ontario Non-Profit Housing Association and the Co-operative Housing Federation of Canada - Ontario Region, that the best way to address housing affordability problems of tenants is through a balanced approach that maximizes the capacity of the non-profit, co-operative and private sectors to build affordable housing. Non-profit and co-operative housing is a particular good investment for taxpayers because it remains permanently affordable.

While this report documents the higher vacancy rates in many markets, historical data also shows that vacancy rates rise and fall depending upon broader economic circumstances. In deciding upon government programs for affordable housing, it is necessary to not only look at current rental market conditions, but also longer term trends in rental demand. The current softer market conditions in many rental markets in Ontario are almost certainly a temporary phenomenon brought about as a result of historically low interest rates. When interest rates rise and ownership housing becomes less accessible, the demand for rental housing will result in tight market conditions again.

At the time of publication, the Government of Ontario has recently decided not to fund their housing election program commitments -- at least in their 2004 budget. Among other things, their platform promised to match the federal \$245 million for the Affordable Housing Program, provide 6,600 units of supportive housing and, finally, provide \$100 million for shelter allowances for 35,000 tenant households. The budget instead focused on education, health and managing the deficit.

We worry that this decision was also influenced by a misreading of the current rental housing market. While the higher vacancy rates in many markets may, according to some commentators, be used to argue for a respite in government support for *new* rental housing, they certainly should not be used to argue that housing affordability or the need for additional affordable housing is no longer an issue. At the very minimum, there should be funding for housing allowances, rent supplements, supportive housing, new affordable rental where there is a local business case, and the renovation of existing buildings to add to the stock of accessible affordable housing. Even when fiscal circumstances mean these kinds of programs cannot be fully funded, to abandon them completely is, in our view, a mistake.

We hope this report and the detailed data it describes will contribute to a more thoughtful discussion of the need to reasonably fund affordable housing programs.

This report provides a picture of trends in rents and vacancy rates, rental housing development, tenant incomes, and housing affordability. The report is based on data provided by the Canada and Housing Mortgage Corporation (CMHC) and Statistics Canada. The information used included: CMHC's rental market reports for October, 2003, and historical data on rents, vacancy rates and residential starts and completions; as well as custom tabulations from Statistics Canada from the 2001 census on housing affordability and incomes for owners and tenants. Data collected on rents and vacancy rates were based on surveys of purpose-built private rental housing contained in buildings with 3 or more rental units.

A decision was made when the data was first collected to obtain information related to housing market conditions for the larger housing market in which a municipality was located. For market conditions, we have used the larger market area used by CMHC such as Census Metropolitan Areas (CMA's) or Census Areas (CA's) which exceeds the municipal boundaries. (This general rule was followed except for the City of Toronto and Peel Region where housing market data was obtained for these municipalities because the Toronto CMA would have covered too large an area.) Income and housing affordability was based on data for households within municipalities. Tables usually indicate the geographic coverage of the data.

The report provides an overall review of trends in Ontario's rental market as well as separate municipal profiles for 21 different housing markets across Ontario.

As well as contributing to the province-wide debate, the information is intended to help individual non-profit housing providers and municipalities in assessing needs in their local housing markets. It is also helpful to the non-profit housing and co-operative housing sectors in providing a picture of rental housing trends and needs so that we can make appropriate recommendations on public policy.

David Peters, Evangeline Hallam, Robin Rowe, Anthony Van-Pham and Harvey Cooper all contributed to the preparation of this material. We also would like to thank Linda Lapointe of Lapointe Consulting who supervised the collection and interpretation of the data and wrote most of the report.

2 RENTAL HOUSING AVAILABILITY AND AFFORDABILITY

2.1 VACANCY RATES HAVE RISEN IN MOST MUNICIPALITIES IN ONTARIO

In October, 2003 vacancy rates for private rental housing in Ontario peaked at 3.5%, up from 2.7% in October, 2002. In all but seven of the 21 rental markets reviewed in this study, vacancy rates were at or above the 3% level considered necessary for a competitive rental market. The seven municipalities where tight rental market conditions still prevail are: Peterborough (1.4%), Owen Sound (1.8%), Kingston (1.9%), London (2.1%), St. Catharines-Niagara (2.7%), Oshawa (2.9%) and Ottawa (2.9%).

Why have vacancy rates risen when, as recently as 2001, the majority of rental markets were tight? Probably the most important factor behind the rise in vacancy rates is the continuing low interest rates, which make it very attractive for tenants who can afford a down payment to move into the ownership market, selecting either an existing house, a new condominium, or a smaller, new home. What is affordable to tenants in different markets will vary with their income and the costs of ownership housing. As CMHC notes “the current principal and interest carrying costs on Ontario’s average priced resale home remains very low by historical standards”.¹

Another reason cited by CMHC for the increase in vacancy rates was the drop in net migration to Ontario. Immigration from abroad was 14% lower than the previous year (as of October, 2003) and net inter-provincial migration also showed a modest outflow to other provinces compared to modest gains in the previous year.²

A third factor is the relatively high level of youth unemployment, which is resulting in many younger adults, who normally would rent, staying at home longer before moving into their own housing.

But these factors are only part of the explanation for the apparent decrease in rental demand. Another factor is that rents have been increasing steadily under both the former rent control legislation and in the less controlled market conditions under the *Tenant Protection Act* (TPA). Under the TPA, when a tenant leaves a unit, the vacant unit is no longer subject to rent control and the new tenant and landlord negotiate the new rent for the unit; however, once a tenant moves in, rent controls apply to the unit. These steady rent increases are driving some lower income tenants to share accommodation or to move into lower cost alternatives such as rooms and flats not covered by CMHC’s market surveys. Rent increases and housing affordability are discussed in more detail below.

Despite the higher vacancy rates, the discussion in the following sections will show that housing affordability continues to be a major problem in most rental markets in Ontario.

¹ From November, CMHC 2003 Fast Fax, Ontario Rental Market Report.

² Op. cit.

**Table 1: Vacancy Rates in Private Rental Apartments,
Ontario and Selected Markets, 1989-2003**

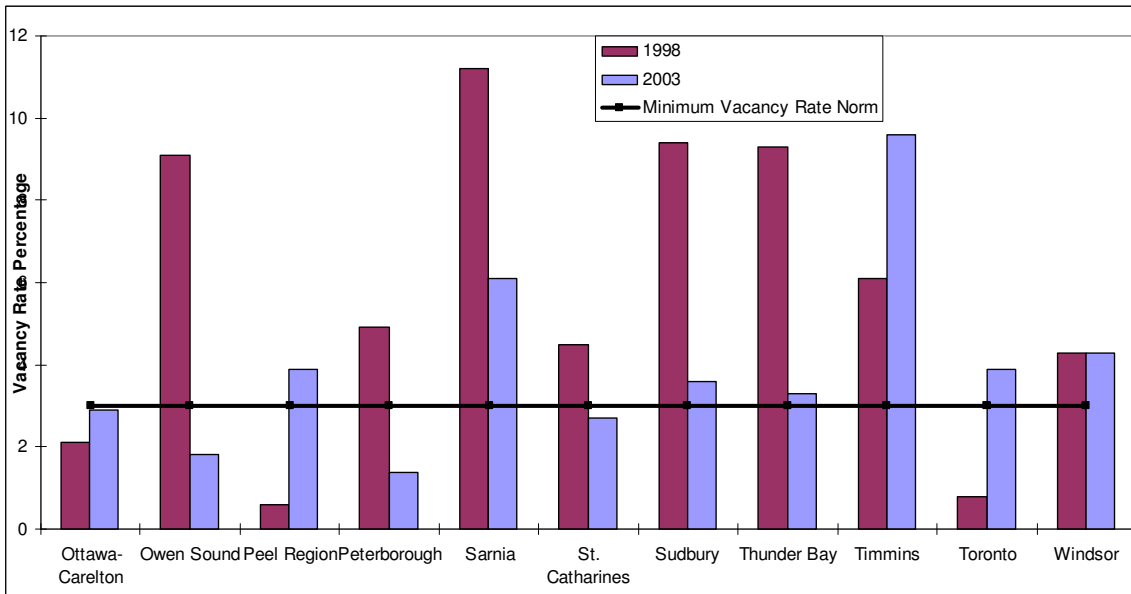
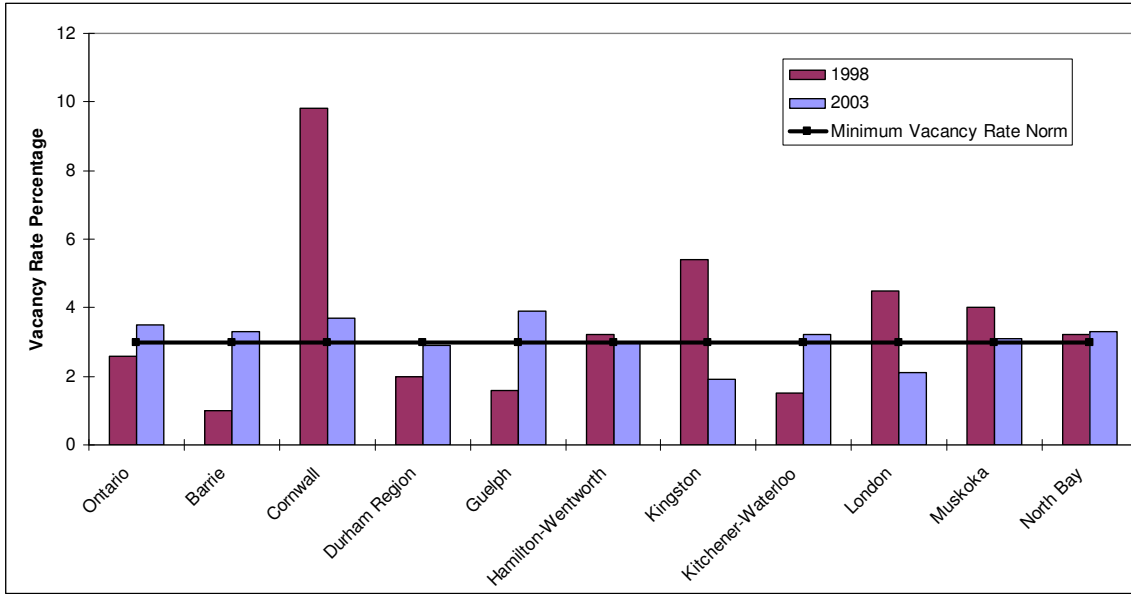
Municipality	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Ontario	0.9	1.3	2.2	2.6	2.7	2.4	2.3	3.0	2.8	2.6	2.1	1.6	1.7	2.7	3.5
Barrie CA	0.2	2.1	3.5	1.3	1.6	1.5	1.3	1.9	1.2	1.0	1.0	0.5	0.9	1.4	3.3
Cornwall CA	3.0	4.0	4.7	5.4	4.3	5.2	9.3	12.1	11.7	9.8	10.9	7.8	6.0	4.4	3.7
Durham Region*	2.1	1.7	3.4	6.0	4.6	3.4	2.7	3.7	2.4	2.0	1.7	1.7	1.3	2.3	2.9
Guelph CA	0.1	1.1	0.6	2.5	2.6	1.6	1.3	2.7	1.9	1.6	0.5	0.7	1.0	2.7	3.9
Hamilton CMA	0.6	1.3	1.6	2.3	2.7	2.4	2.0	2.2	3.1	3.2	1.9	1.7	1.3	1.6	3.0
Kingston CA	0.3	0.9	1.5	1.9	2.5	2.9	3.2	4.2	5.3	5.4	3.4	1.8	1.5	0.9	1.9
Kitchener CMA	0.6	1.3	4.3	4.4	4.3	2.8	2.2	1.8	1.9	1.5	1.0	0.7	0.9	2.3	3.2
London CMA	2.6	2.8	3.9	3.4	3.8	4.1	4.3	6.0	5.1	4.5	3.5	2.2	1.6	2.0	2.1
Muskoka	1.3	1.4	6.0	7.1	8.4	7.3	9.2	7.1	7.0	4.0	3.1	2.4	1.9	3.3	3.1
North Bay CA	0.6	1.3	1.6	2.3	2.4	2.0	2.0	2.2	5.1	3.2	5.1	5.5	2.7	3.3	3.3
Ottawa CMA	1.5	0.5	0.8	1.3	1.8	2.6	3.8	4.9	4.2	2.1	0.7	0.2	0.8	1.9	2.9
Owen Sound CA	0.4	0.7	2.1	2.9	6.2	5.6	6.8	8.5	8.2	9.1	2.9	2.8	1.6	1.5	1.8
Peel Region	0.9	1.9	3.1	3.4	2.0	1.3	0.7	1.7	0.9	0.6	0.8	0.5	1.0	3.3	3.9
Peterborough CA	1.1	2.3	2.7	3.6	4.9	4.6	3.3	5.5	5.8	4.9	4.4	3.2	3.7	2.6	1.4
Sarnia CA	2.8	2.7	2.3	4.2	6.6	7.7	8.5	9.2	10.2	11.2	8.8	7.3	6.3	4.4	6.1
St. Catharines CMA	0.9	1.9	2.7	3.4	4.9	5.4	4.8	5.1	4.8	4.5	3.2	2.6	1.9	2.4	2.7
Sudbury CMA	0.4	0.7	0.7	2.5	3.8	4.3	6.0	6.8	7.2	9.4	11.1	7.7	5.7	5.1	3.6
Thunder Bay CMA	1.1	1.0	1.0	2.5	2.7	4.1	6.2	5.6	7.7	9.3	7.5	5.8	5.8	4.7	3.3
Timmins CA	0.8	3.7	4.6	4.4	8.5	6.8	5.1	6.1	6.0	6.1	13.0	13.6	8.1	10.8	9.6
Toronto (City)	0.4	0.8	1.6	2.0	1.9	1.2	0.8	1.2	0.8	0.8	0.9	0.6	0.9	2.4	3.9
Windsor CMA	1.3	2.5	3.3	3.3	2.7	1.6	1.8	2.8	4.5	4.3	2.7	1.9	2.9	3.9	4.3

* Data is for the Oshawa CMA only.

Note: Vacancy Rates are for apartments in buildings with 3+ units.

Source: CMHC, Ontario Market Analysis Centre

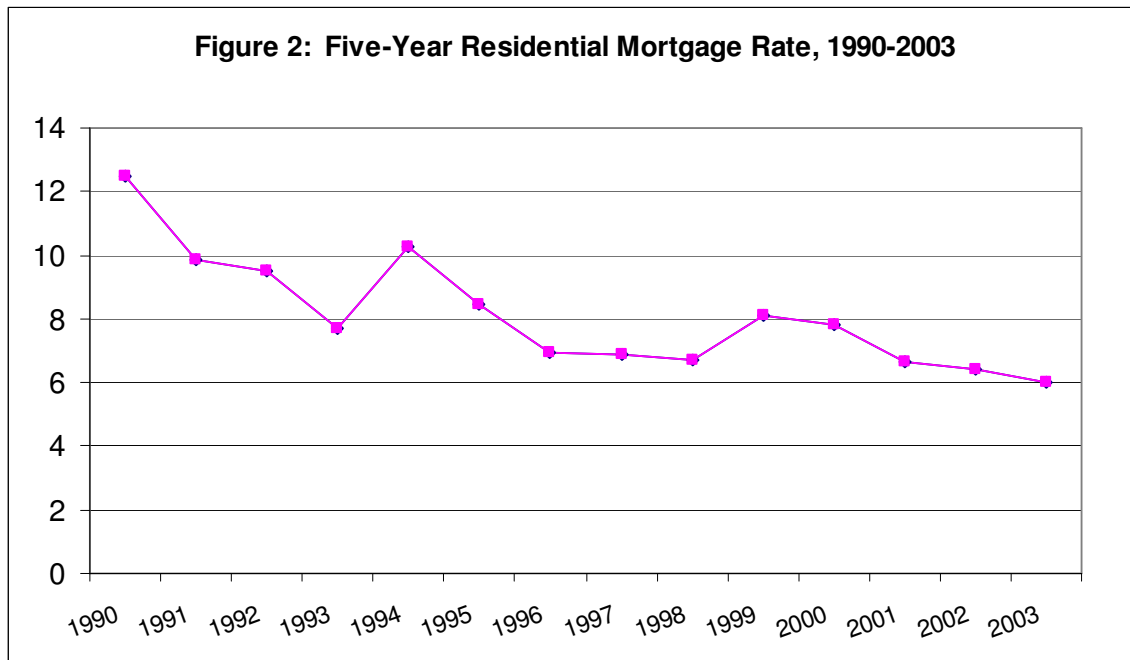
Figure 1: Vacancy Rates in Private Rental Apartments, Ontario and Selected Municipalities, 1998 and 2003



2.2 HOW LONG WILL INTEREST RATES REMAIN LOW?

The major factor behind the increase in vacancy rates in many rental markets in Ontario in 2003 is the low interest rates. Besides the selling price of a unit, mortgage rates are one of the most important factors affecting the affordability of ownership housing, which in turn has an impact on the rental market. As more people move into the ownership market, there is less demand for rental housing and there are higher vacancy rates in the existing stock due to the “move outs”. Figure 2 below illustrates the changes in the 5-year residential mortgage rate between 1990 and 2003.

After peaking in 1979 at 20%, mortgage rates fluctuated between 12% and 13% between 1985 and 1990 (see Figure 2 below). From 1991 onwards rates have been primarily on a downward trend – except for the period between 1999 and 2000. The 5-year average mortgage rate fell from 14% in 1990 to 8% by 1998. At the end of 2003, the five-year mortgage rate was 6% - a level not seen since 1956.



Source: Bank of Canada

It is difficult to predict with certainty when interest rates will increase. It could be as early as the summer of 2004, or it could be postponed until 2005 depending upon many factors: American interest rates, the Canadian dollar and overall growth in the economy, and inflation. In the U.S., there are signs that interest rates there may be increasing later in 2004, and this could trigger an increase in interest rates here.³ Some analysts believe the U.S. interest rates will have to rise because of the large public debt and a deficit of over \$500 billion in the current account. Federal Reserve Board Chairman Alan Greenspan acknowledged this risk in his recent address

³ Tim O'Neill, Chief Economist, BMO Housing Research Feb 2004.

to Congress. He also noted that as the economy improves, interest rates will rise to more “neutral” levels from their current level of near zero in real interest rates, thereby signaling a rise in interest rates.⁴ While there have been some differences between Canadian and American interest rates in recent years (with the Canadian rate higher than the U.S. rate), higher interest rates in the U.S. will likely force rates up in Canada – otherwise, there would be too much downward pressure on the Canadian dollar and Canada would have trouble attracting foreign investment.

The impact of low mortgage rates on the rental market is clear in the City of Toronto, the largest rental market in Ontario, where there has been a surge in vacancy rates from .9% in 2001 to 3.9% in 2003. The increase in vacancy rates in Toronto primarily reflects the availability of entry-level apartment condominiums, as well as ground-related housing for first time homebuyers in a number of suburban areas, that can be carried for costs similar to those of renting.

For example, with interest rates at 6%, a household could afford to purchase a \$160,000 condominium with payments of \$1,300/month, including taxes and common fees.⁵ By comparison, the same household would be paying \$1,045 for the average priced two-bedroom - if they could find a unit at this rent level. So, there is a strong incentive for those who can afford a down payment to move out of rental housing into ownership housing. Should interest rates rise back up to 9%, for example, the same household would have to pay close to \$1,600 or 21% more in carrying costs and ownership becomes less attractive.

At the same time as many tenants are moving into the condo market, low interest rates are also encouraging investors to rent out their units, thereby temporarily increasing the rental supply until some future date when they will sell their unit.

Regardless of what happens to interest rates in Canada, there are also limits to the pool of tenants who have the required down payment and can carry an ownership unit (even with low ratio mortgages). The “graduation rate” accelerates during extended low interest rate periods and then lags while the next wave of tenants saving for homeownership accumulates down payments.

2.3 RENTS OUTPACING INFLATION FOR MANY TENANTS IN ONTARIO

Rent increases in the twenty-one markets analyzed in this report were compared to the changes in the cost of living index for Ontario as a whole. In the ten-year period (1993 – 2003), rents have been outpacing inflation in those rental markets that account for the majority of tenants. (Refer to Table 2 and Figure 3 below.) Rents have outpaced inflation in Barrie, Durham (Oshawa CMA), Guelph, Hamilton, Kitchener, Ottawa, Peel Region and the City of Toronto, which together account for 62% of Ontario’s renters. The highest rent increases compared to inflation took place in Barrie and the City of Toronto where rent increases were 1.9 and 1.7 times the increase in the cost of living. In Guelph and Hamilton rents outpaced inflation by 1.5

⁴ Alan Greenspan, Federal Reserve Board’s Semi-annual Monetary Policy Report to Congress, Feb. 12, 2004.

⁵ In this example, it was assumed that the purchaser was able to make a down payment of 10% and that the mortgage was amortized over 25-years.

and 1.4 times.⁶ As was noted in the Ministry's consultation paper on the "*Tenant Protection Act*", increases were particularly high in the late 1990's after vacancy decontrol was introduced.⁷ In those markets where rents are increasing above the rate of inflation, tenants are paying more in real costs for rental housing and therefore, even if tenant incomes have improved in recent years, such improvements have been eroded by increases in rents.

In a number of markets where local economies have had negative or no growth (e.g., Thunder Bay, Timmins, Sarnia), a history of high vacancy rates has meant that rents have increased at a slower rate than in other municipalities where rental demand has been stronger.

While it is usual to find higher vacancy rates at the higher end of the rent scale and often at the bottom end (reflecting poor housing conditions), in many markets in Ontario vacancy rates are now high in many rent ranges. The explanation provided by most housing analysts is that as tenants leave housing to enter the ownership market, tenants in poorer quality housing move up into slightly more expensive housing, resulting in lower vacancies across the board.

⁶ The cost of inflation index compiles changes in the costs of all consumer goods, including housing. A more dramatic figure most likely would have emerged if we had just used the cost of all other consumer goods for comparison to the rent increases.

⁷ Ministry of Municipal Affairs and Housing, *Residential Tenancy Reform Consultation Paper, Spring, 2004*

Table 2: Change in Rents for Two-Bedroom Apartments Compared to Inflation, 1993-2003, Selected Municipalities

Municipality	1993	1998	2003	Rent Increase 1998-2003	Increase in CPI 1998-2003	Ratio of Rent To Inflation Increases 1998-2003	Rent Increase 1993-2003	Inflation Increase CPI 1993-2003	Ratio of Rent To Inflation Increases 1993-2003
Barrie CA	\$670	\$774	\$934	20.7%	13.2%	1.6	39.4%	21.1%	1.9
Cornwall CA	\$524	\$547	\$595	8.8%	13.2%	0.7	13.5%	21.1%	0.6
Durham Region (Oshawa CMA)	\$659	\$726	\$845	16.4%	13.2%	1.2	28.2%	21.1%	1.3
Guelph CA	\$626	\$686	\$823	20.0%	13.2%	1.5	31.5%	21.1%	1.5
Hamilton CMA	\$599	\$662	\$778	17.5%	13.2%	1.3	29.9%	21.1%	1.4
Kingston CA	\$619	\$653	\$768	17.6%	13.2%	1.3	24.1%	21.1%	1.1
Kitchener CMA	\$597	\$641	\$754	17.6%	13.2%	1.3	26.3%	21.1%	1.2
London CMA	\$615	\$637	\$736	15.5%	13.2%	1.2	19.7%	21.1%	0.9
Muskoka	n/a	\$644	\$740	14.9%	13.2%	1.1	n/a	21.1%	N/A
North Bay CA	\$592	\$618	\$679	9.9%	13.2%	0.7	14.7%	21.1%	0.7
Ottawa CMA	\$727	\$754	\$932	23.6%	13.2%	1.8	28.2%	21.1%	1.3
Owen Sound CA	\$562	\$592	\$689	16.4%	13.2%	1.2	22.6%	21.1%	1.1
Peel Region	\$810	\$894	\$1,033	15.5%	13.2%	1.2	27.5%	21.1%	1.3
Peterborough CA	\$635	\$669	\$728	8.8%	13.2%	0.7	14.6%	21.1%	0.7
Sarnia CA	\$584	\$569	\$655	15.1%	13.2%	1.1	12.2%	21.1%	0.6
St. Catharines/Niagara CMA	\$585	\$617	\$704	14.1%	13.2%	1.1	20.3%	21.1%	1.0
Sudbury CMA	\$610	\$623	\$651	4.5%	13.2%	0.3	6.7%	21.1%	0.3
Thunder Bay CMA	\$632	\$647	\$672	3.9%	13.2%	0.3	6.3%	21.1%	0.3
Timmins CA	\$570	\$587	\$589	0.3%	13.2%	0.0	3.3%	21.1%	0.2
Toronto (City)	\$769	\$882	\$1,045	18.5%	13.2%	1.4	35.9%	21.1%	1.7
Windsor CMA	\$631	\$680	\$776	14.1%	13.2%	1.1	23.0%	21.1%	1.1

Note: CPI increase was based on increase in cost of all goods in Ontario between 1998 and 2003.

Source: CMHC, Ontario Market Analysis Centre

Figure 3: Change in Rent for a Two-Bedroom Apartment in Selected Municipalities, 1993-2003

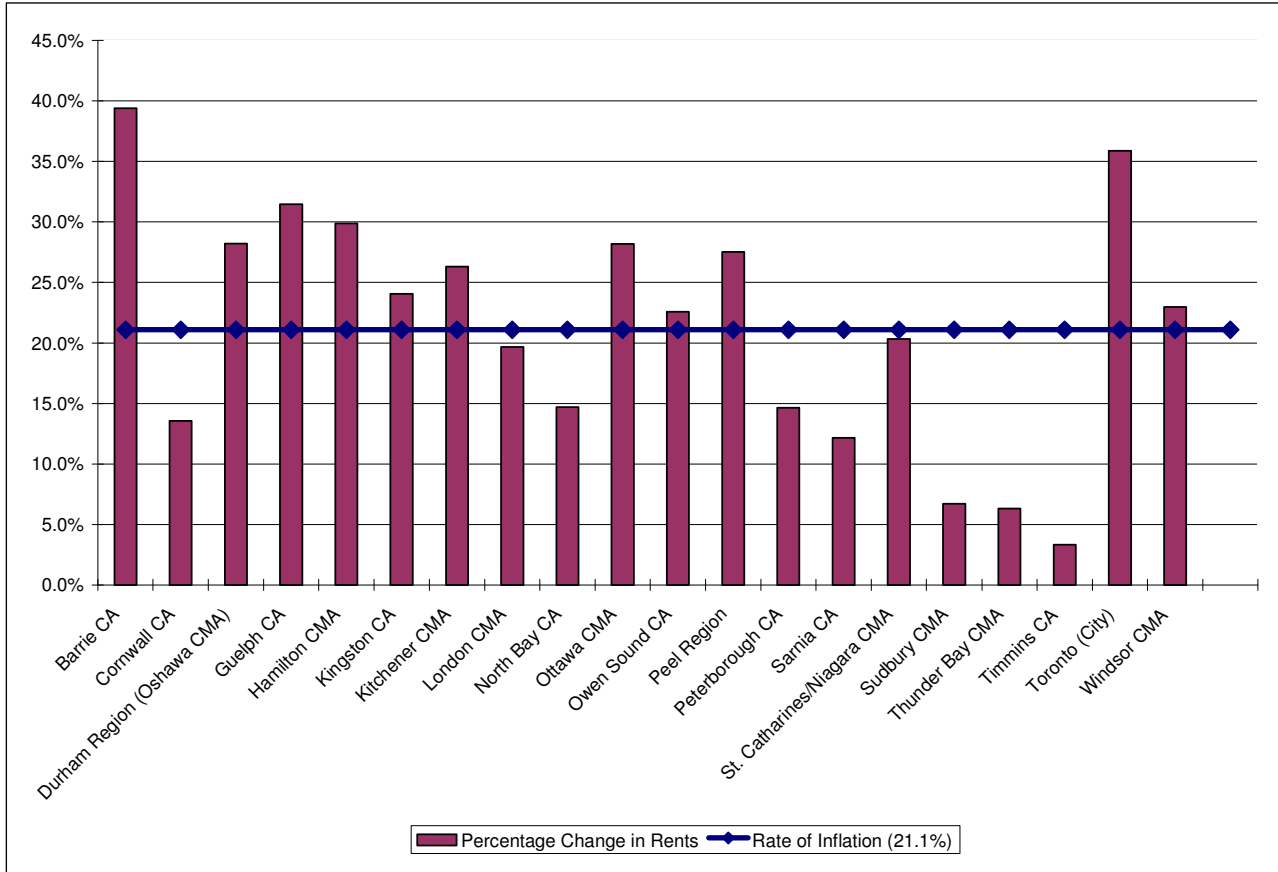


Figure 4: Rents in Two-Bedroom Apartments in 1993, 1998 and 2003, Selected Municipalities

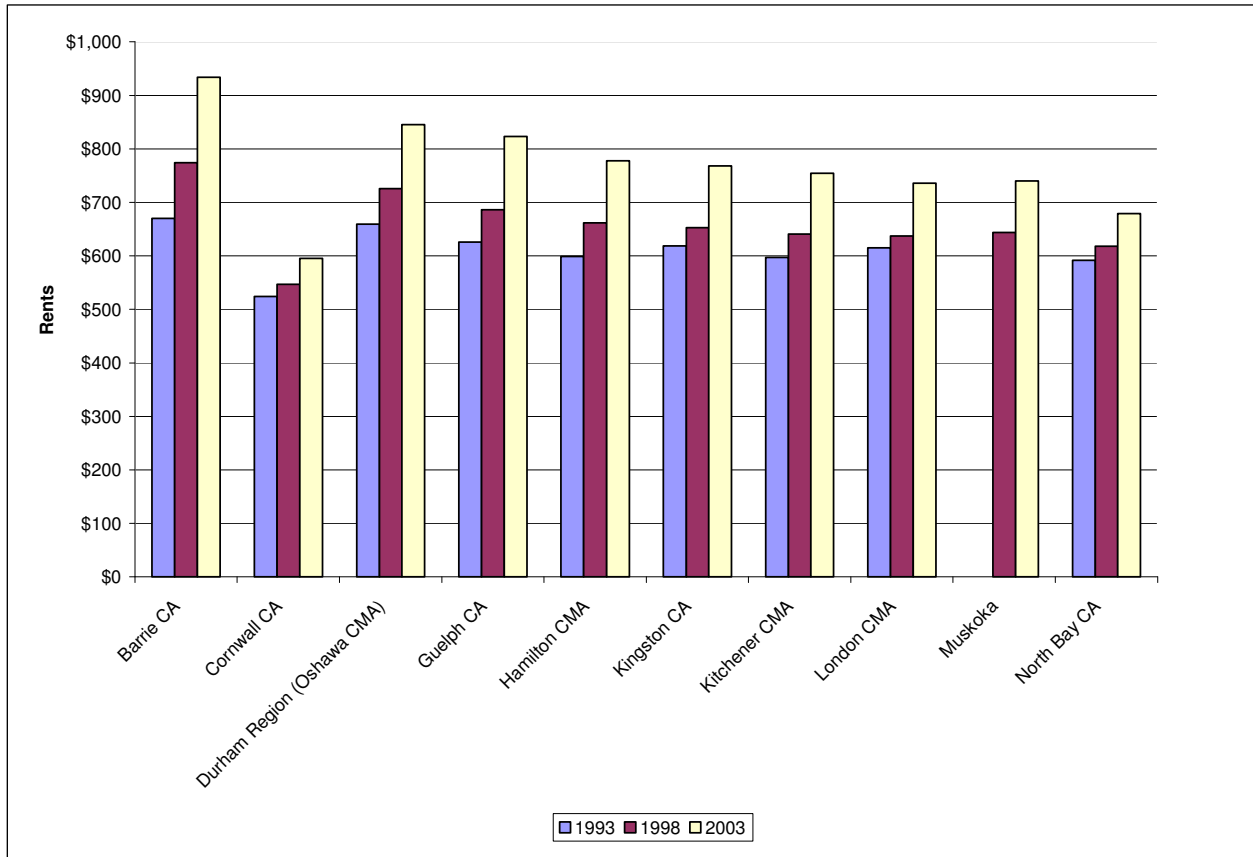
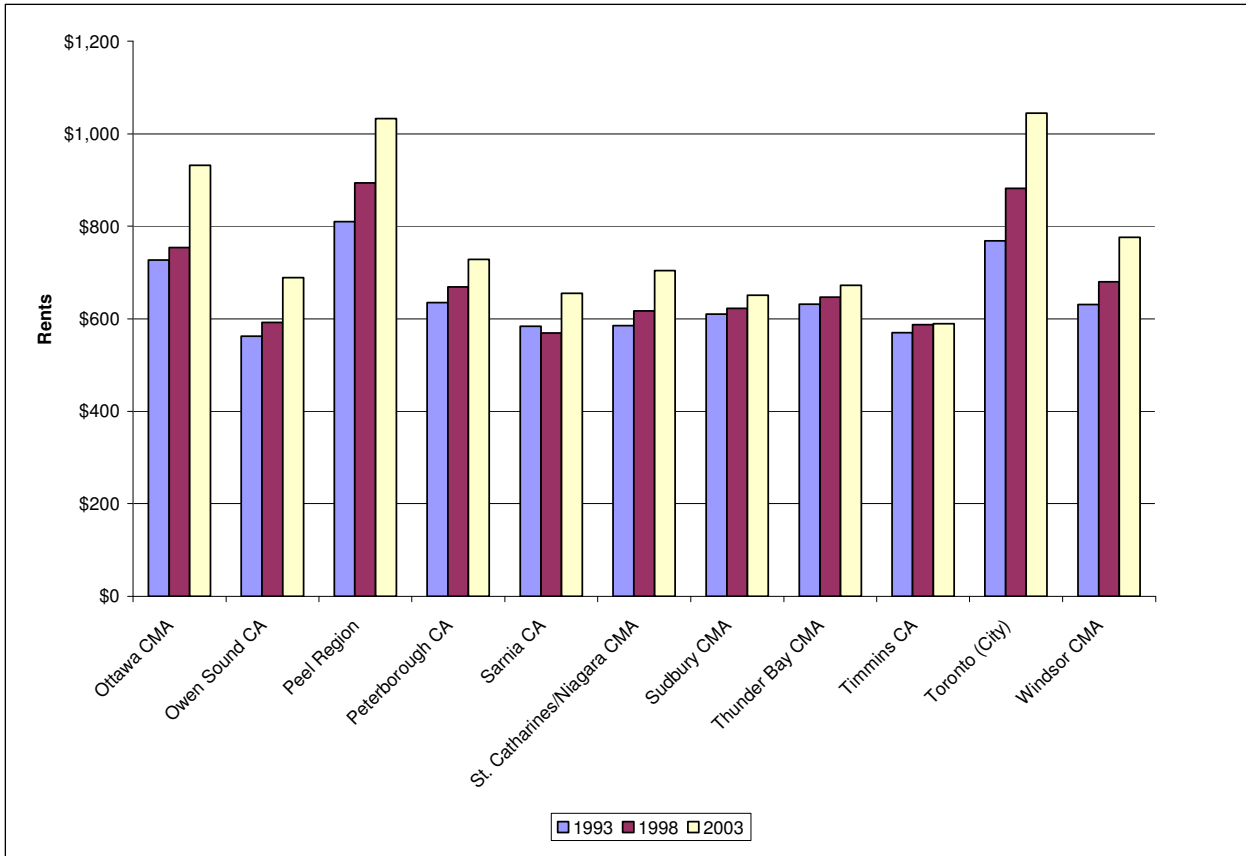


Figure 4: Rents in Two-Bedroom Apartments in 1993, 1998 and 2003, Selected Municipalities (Continued)



Source: CMHC, Ontario Market Analysis Centre

3 TENANTS AND HOUSING AFFORDABILITY

3.1 TENANTS' INCOMES ARE STILL FAR BEHIND HOMEOWNERS'

Between 1995 and 2000, the incomes of tenants and owners across Ontario increased at roughly the same pace. During this time period, both owners and tenants benefited from increased employment opportunities. The average homeowner income increased by approximately 21% between 1995 and 2000, while the average tenant income increased by 19% – almost the identical amount.

This more recent pattern of increase in tenants' and owners' incomes is completely different from that recorded in the previous five-year period – 1990-1995 – when tenants' incomes dropped by 4% while homeowners' incomes increased by 6%.

However, despite the increase in tenants' incomes between 1995 and 2000, over the ten-year period (1990-2000), owners' incomes have increased at close to twice the rate of increase for tenants' incomes. (Refer to Table 3). In 2000, the average income of a tenant household in Ontario was \$40,130 compared to the average income of owners of \$79,920. Thus, tenants continue to have an income that is approximately half that of owners. As a long-term trend, this is worrisome as the resulting disparities can cause social tensions.

While to some extent these differences in incomes are explained by the difference in household composition (because tenants are more likely to be smaller, non-family households and owners are more likely to be larger, family households), even when household type is kept constant, owners' incomes still outstrip the incomes of tenants. For example, a one-family owner household has 1.9 times the income of a renter one-family household.⁸ Among non-family households the differences are smaller, with non-family owner households having an income that is 1.4 times that of renter non-family households.

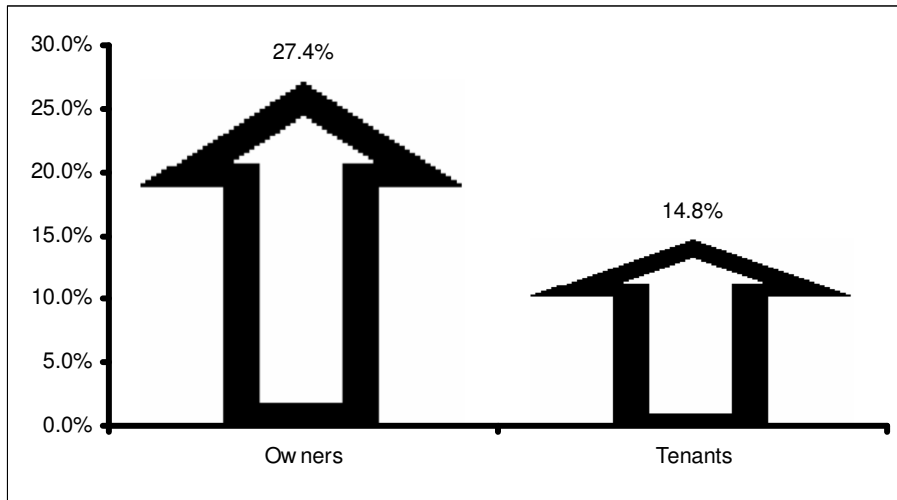
⁸ Most families are one-family households; a minority are multi-family households.

**Table 3: Average Owner and Tenant Household Income, Ontario
1990, 1995 and 2000**

Household Type	1990			1995			2000			1990-2000	1990-2000
	Owner Ave. Income	Tenant Ave. Income	Owner: Tenant Ratio	Owner Ave. Income	Tenant Ave. Income	Owner: Tenant Ratio	Owner Ave. Income	Tenant Ave. Income	Owner: Tenant Ratio	Ch. In Ave. Owner Income	Ch. In Ave. Tenant Income
Total	\$62,736	\$34,971	1.8	\$66,179	\$33,590	2.0	\$79,916	\$40,132	2.0	27.4%	14.8%
One Family	\$67,041	\$40,546	1.7	\$71,561	\$38,556	1.9	\$86,923	\$46,821	1.9	29.7%	15.5%
Non-Family	\$36,727	\$27,980	1.3	\$37,769	\$27,125	1.4	\$43,632	\$31,615	1.4	18.8%	13.0%

Source: Statistics Canada, 1991, 1996 and 2001 census, custom tabulations

Figure 5: Change in the Average Income of Ontario Owners and Tenants, 1990-2000



3.2 THE PROPORTION OF TENANTS WITH A HOUSING AFFORDABILITY PROBLEM REMAINS HIGH

Despite the strong improvement shown in tenants' incomes between 1995 and 2000 discussed above and the recent period of sustained strong economic growth in Ontario, affordability problems continue to be high – and are only slightly below the level measured in the 1995. Improvements in tenants' incomes are being eaten up by rent increases. Furthermore, Table 4 and Figure 6 demonstrate the pattern of a growing incidence of tenants with a housing affordability problem over the past two decades – with the largest increase occurring between 1990 and 1995.

What is most disconcerting about the 2000 data on housing affordability is the high proportion of Ontario tenants who are paying 50% or more of their income on housing. Between 1990 and 1995, the proportion of tenants paying 50% or more of their income on housing rose from 14% to 22%. By the year 2000, this proportion dropped only slightly to 20% of tenant households. Thus, one fifth of tenants in Ontario – 265,990 tenant households – can be considered to be at risk of homelessness. This situation exists even after a sustained period of economic recovery following the deep recession of the early 1990's.

The proportion of tenants paying more than 30% of their income on housing rose steadily in Ontario between 1980 and 1995, with a slight decline in 2000. (When households pay more than 30% of their income on housing, they are considered to have a housing affordability problem.) While 29% of tenant households had a housing affordability problem in 1980, by 1995, 44% of tenants were in this situation. In 2000, the proportion of tenant households with an affordability problem dropped slightly to 42%. In 2000, there were still over half a million tenants (564,730 tenant households) paying 30% or more of their income on housing.

By comparison in 2000, only 17% of homeowners in Ontario were paying 30% or more of their income on housing costs. Thus, tenants are 2.5 times more likely than homeowners to be paying 30% or more of their income on housing costs.

Peterborough is at the top of the 21 municipalities studied in terms of tenants having a housing affordability problem (refer to Table 6). One quarter of tenants in Peterborough were paying 50% or more of their income on rent in 2000. Other areas above the provincial average for tenants paying more than half their income on rent include: Cornwall (23%), Kingston (23%), London (23%), North Bay (23%), St. Catharines (23%), Timmins (24%), Sarnia (22%), Sudbury (22%) and Windsor (22%).

Table 4: Proportion of Income Spent on Housing in Ontario, Owners and Tenants, 2000

Households Spending 50% or More of Their Housing Costs										
Ontario	1980		1985		1990		1995		2000	
Tenants	144,260	13%	166,450	14%	194,920	15%	300,645	22%	265,990	20%
Owners	94,875	5%	88,820	5%	135,310	6%	165,005	7%	175,335	6%

Households Spending 30% or More of Their Housing Costs										
Ontario	1980		1985		1990		1995		2000	
Tenants	310,540	29%	366,805	32%	432,915	33%	615,985	44%	564,730	42%
Owners	271,265	15%	248,815	12%	403,785	18%	467,400	19%	485,900	17%

Source: Custom tabulation from Statistics Canada, various census years.

**Figure 6:
Proportion of Tenants and Owners Paying 30% or More of Their Income on Housing, 1980-2000**

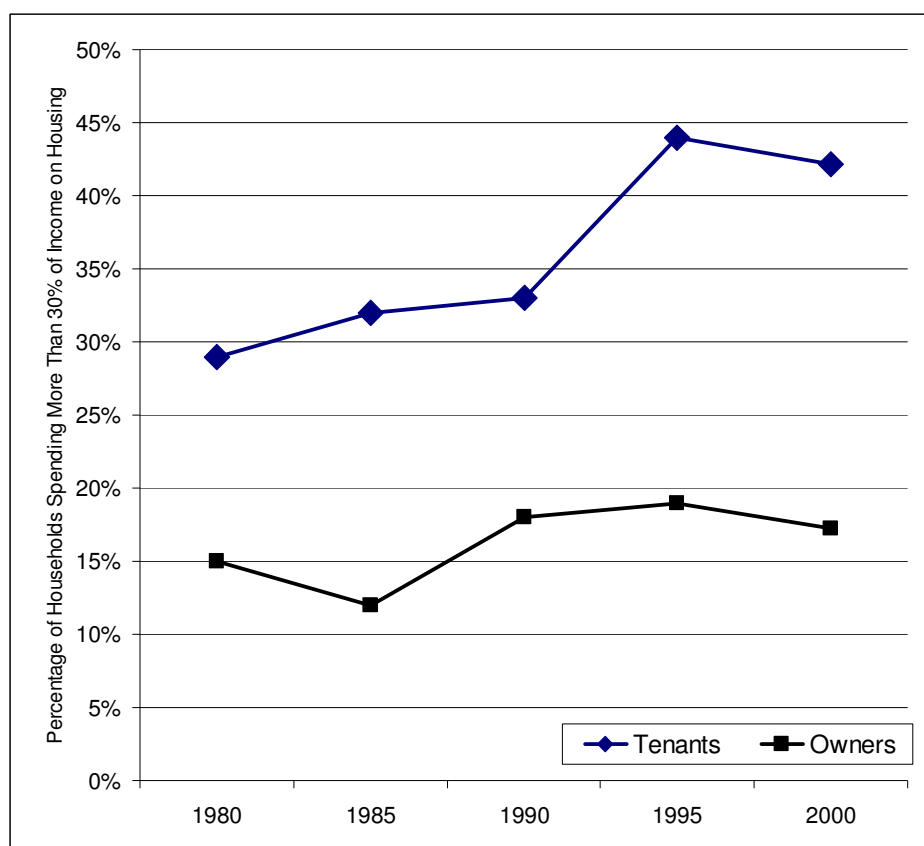


Table 5: Proportion of Income Spent on Housing by Owners and Tenants, 1990, 1995 and 2000, Ontario and Selected Municipalities

All Households	50% or Greater						30% or Greater					
	1990		1995		2000		1990		1995		2000	
	#	%	#	%	#	%	#	%	#	%	#	%
Ontario												
Tenants	194,920	15.0%	300,645	22.0%	265,990	19.9%	432,915	33.0%	615,985	44.0%	564,730	42.2%
Owners	135,310	6.0%	165,005	7.0%	175,335	6.2%	403,785	18.0%	467,400	19.0%	485,900	17.3%
Barrie (City)												
Tenants	1,365	17.0%	2,460	24.0%	2,045	19.8%	3,075	37.0%	4,820	48.0%	4,615	44.8%
Owners	995	7.0%	1,295	7.0%	1,610	6.1%	3,260	23.0%	4,030	22.0%	5,160	19.5%
Cornwall (City)												
Tenants	1,380	17.6%	2,050	23.8%	1,890	23.2%	3,080	39.4%	4,410	51.2%	3,975	48.8%
Owners	600	5.7%	655	6.2%	730	6.7%	1,550	14.8%	1,795	17.0%	1,845	17.0%
Durham Region												
Tenants	5,670	16.7%	7,620	20.5%	6,570	19.0%	12,110	35.6%	16,125	43.4%	14,445	41.7%
Owners	6,570	6.6%	7,600	6.6%	14,195	10.5%	22,965	22.9%	24,310	21.1%	24,305	17.9%
Guelph (City)												
Tenants	1,905	14.7%	2,550	18.0%	2,295	16.9%	4,350	33.6%	5,535	39.1%	5,120	37.8%
Owners	795	4.1%	1,000	4.6%	1,300	4.8%	3,165	16.4%	3,475	16.1%	3,985	14.0%
Hamilton (City)												
Tenants	10,065	16.0%	15,470	23.0%	14,200	21.9%	22,025	35.0%	30,935	47.0%	29,100	44.8%
Owners	5,940	6.0%	6,525	6.0%	7,190	5.9%	19,160	18.0%	19,585	18.0%	20,910	17.1%
Kingston (City)												
Tenants	2,640	17.1%	4,155	26.6%	4,500	23.3%	5,710	37.1%	7,940	50.8%	9,245	47.8%
Owners	525	5.4%	645	6.4%	1,320	4.9%	1,590	16.3%	1,830	18.3%	3,990	14.8%
Waterloo Region												
Tenants	6,990	14.0%	10,065	16.0%	8,840	17.0%	16,160	32.0%	30,935	47.0%	18,870	36.3%
Owners	4,125	5.0%	5,940	6.0%	5,055	4.7%	14,475	17.0%	19,585	18.0%	15,380	14.3%
London (City)												
Tenants	8,865	16.1%	12,750	23.0%	12,695	22.7%	19,845	36.1%	26,155	47.2%	25,225	45.1%
Owners	3,060	4.8%	4,125	5.6%	4,295	5.3%	9,545	14.9%	12,265	16.6%	12,415	15.3%
Muskoka (District)												
Tenants	700	17.5%	1,075	24.9%	700	17.2%	1,575	39.5%	2,185	50.6%	1,740	42.8%
Owners	985	7.2%	1,200	8.0%	1,060	6.4%	2,480	18.0%	3,180	21.2%	2,830	17.2%
North Bay (City)												
Tenants	1,625	19.0%	2,150	23.0%	1,945	23.2%	3,370	40.0%	4,365	58.0%	4,025	48.0%
Owners	570	5.0%	810	7.0%	810	6.2%	1,940	16.0%	2,085	17.0%	2,095	16.1%
Ottawa (City)												
Tenants	16,290	14.0%	24,020	20.0%	20,475	17.3%	36,120	30.0%	48,930	41.0%	43,930	37.2%
Owners	5,925	4.0%	6,895	4.0%	7,105	3.9%	20,775	15.0%	23,635	15.0%	21,690	11.9%
Owen Sound (City)												
Tenants	570	15.6%	810	21.9%	815	21.4%	1,410	38.5%	1,890	51.2%	1,830	48.1%
Owners	195	3.9%	245	4.7%	245	4.6%	630	12.6%	705	13.6%	710	13.2%
Peel Region												
Tenants	9,300	13.0%	15,455	19.0%	13,555	17.3%	21,995	31.0%	32,555	40.0%	29,835	38.1%
Owners	12,240	8.0%	15,155	8.0%	16,365	7.1%	39,570	25.0%	46,800	26.0%	49,495	21.6%
Peterborough (City)												
Tenants	2,220	22.0%	2,995	22.0%	2,585	25.1%	4,665	43.0%	5,830	55.0%	5,330	51.7%
Owners	999	6.0%	965	6.0%	1,030	5.5%	2,815	17.0%	2,965	17.0%	3,105	16.4%
Sarnia (City)												
Tenants	1,550	16.5%	2,145	24.3%	1,980	22.4%	3,435	36.6%	4,315	48.8%	4,025	45.6%
Owners	710	3.8%	755	3.8%	980	4.8%	2,220	11.8%	2,295	11.7%	2,430	12.0%
St. Catharines (City)												
Tenants	3,055	18.3%	4,245	23.5%	3,960	23.4%	6,340	38.0%	8,495	47.0%	8,020	47.4%
Owners	1,635	5.0%	1,930	5.7%	2,200	6.0%	4,920	15.0%	5,380	15.8%	5,990	16.3%
Sudbury (City)												
Tenants	3,445	16.5%	5,665	24.1%	4,785	22.2%	7,360	35.3%	11,355	48.3%	9,610	44.6%
Owners	1,890	5.0%	1,900	4.8%	2,375	5.8%	5,130	13.6%	5,510	13.9%	6,035	14.6%
Thunder Bay (City)												
Tenants	2,110	14.7%	2,905	20.1%	2,890	21.4%	4,590	31.9%	6,190	42.9%	6,270	46.3%
Owners	970	3.4%	1,455	4.8%	1,520	4.8%	2,960	10.2%	3,875	12.8%	4,225	13.4%
Timmins (City)												
Tenants	1,165	19.8%	1,420	22.6%	1,345	24.4%	2,330	39.6%	2,895	46.1%	2,640	48.0%
Owners	570	5.1%	665	5.9%	660	5.7%	1,635	14.8%	1,655	14.6%	1,655	14.4%
Toronto (City)												
Tenants	66,415	15.0%	106,295	23.0%	95,760	20.8%	145,225	33.0%	212,710	45.0%	198,475	43.2%
Owners	32,840	8.0%	39,235	9.0%	41,015	8.6%	85,500	21.0%	100,595	23.0%	106,225	22.2%
Windsor (City)												
Tenants	5,220	19.1%	7,310	24.3%	6,560	22.4%	10,475	38.3%	14,285	47.5%	12,910	44.1%
Owners	2,295	4.9%	2,575	5.3%	2,940	5.4%	6,355	13.6%	7,015	14.4%	8,035	14.8%

Note: For 2000, Toronto, Ottawa, Sudbury, Hamilton contain municipalities in the former regional municipalities.

Source: Custom tabulation from Statistics Canada, various census years.

Figure 7: Tenant Households Paying 30% or More of Their Income on Rent Selected Municipalities, 1990, 1995 and 2000.

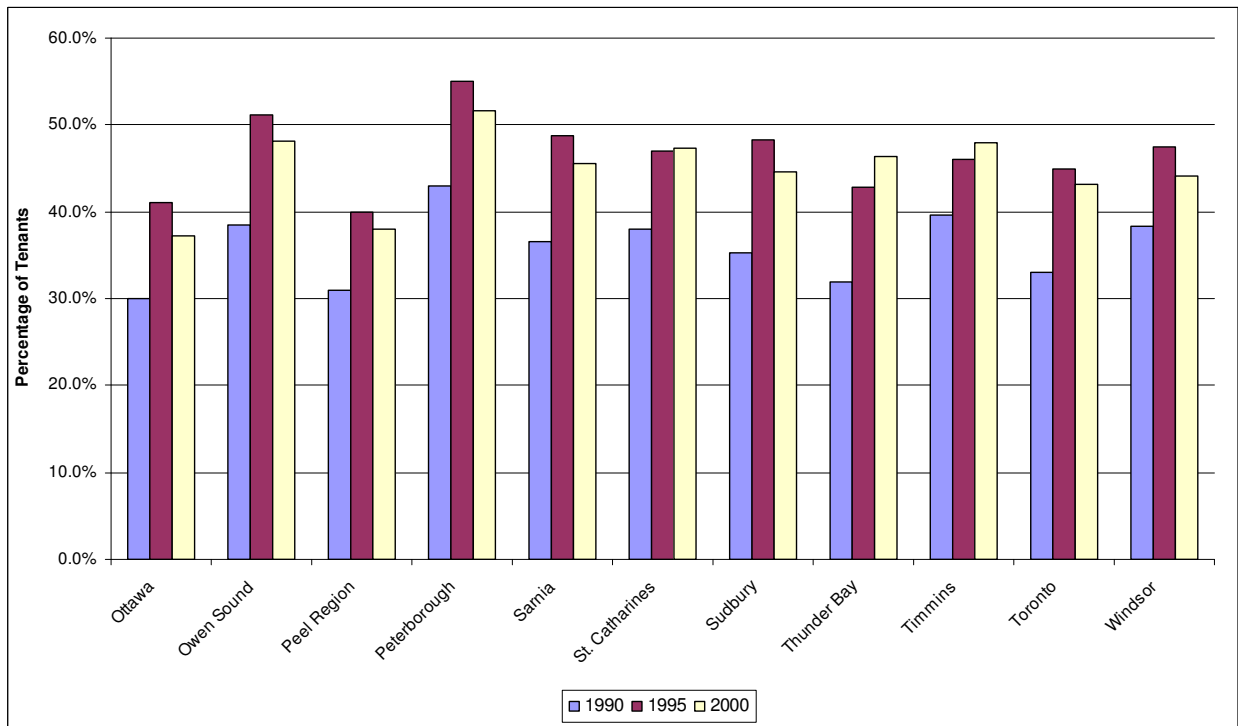
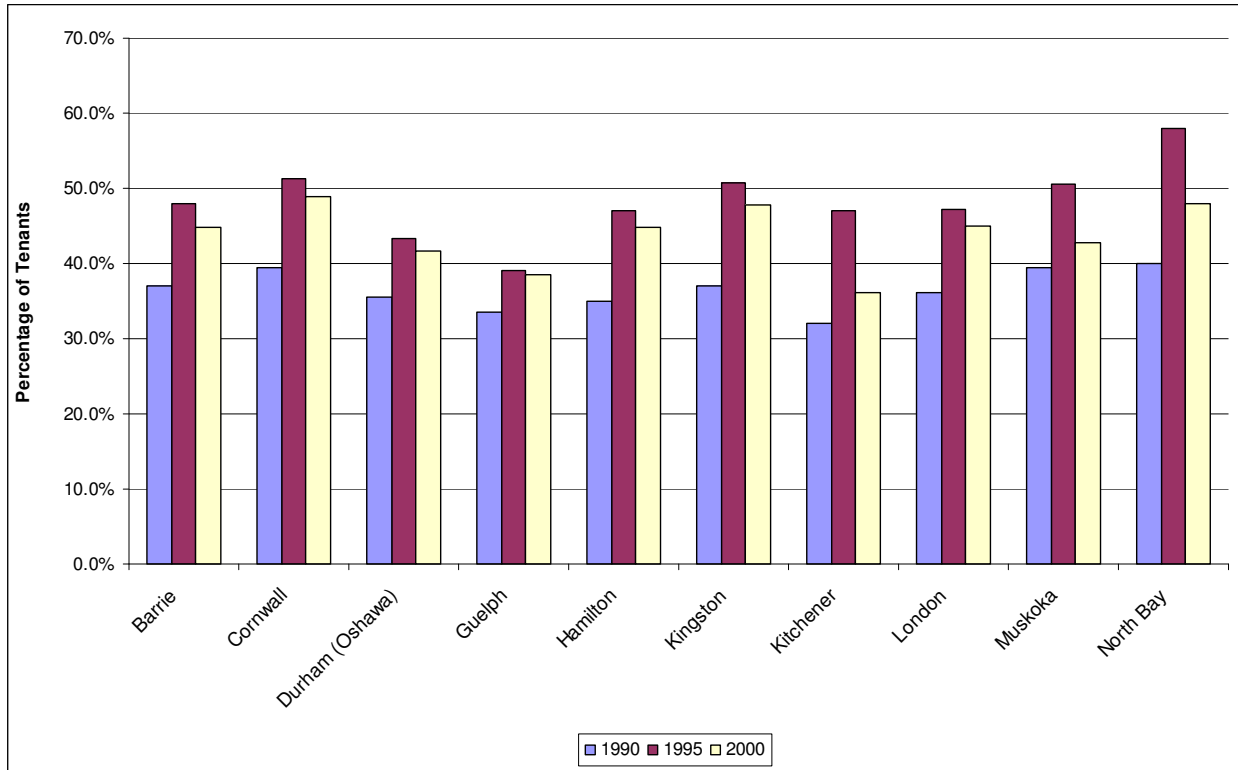
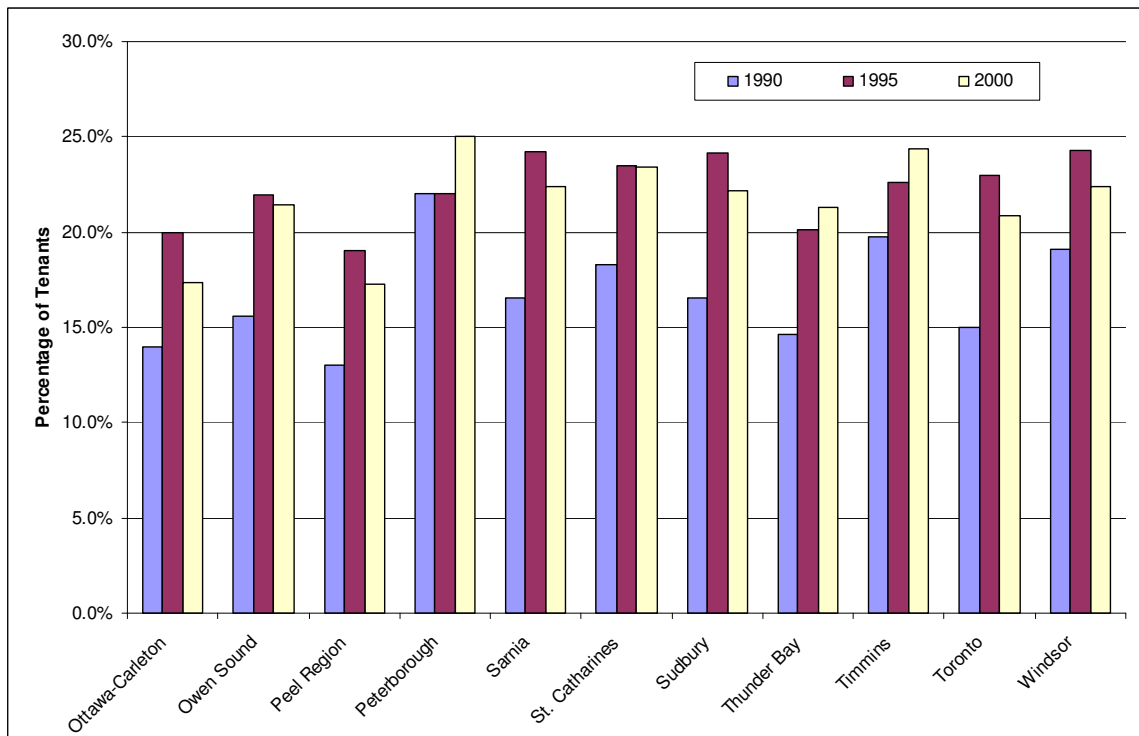
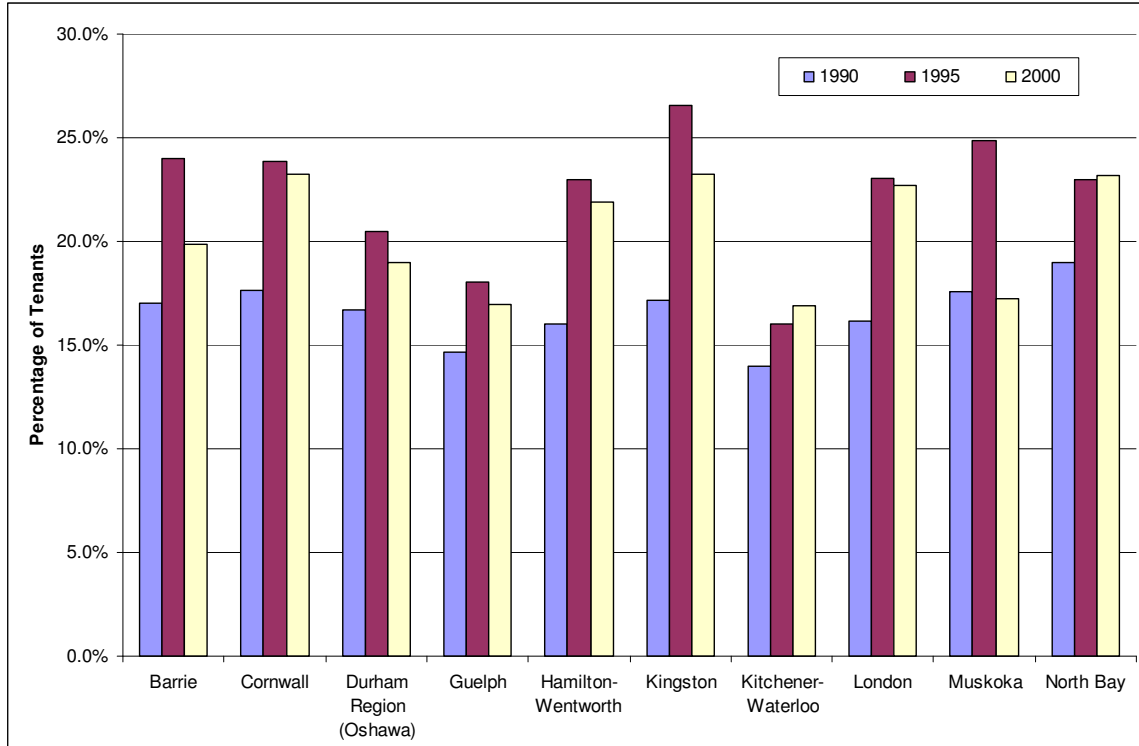


Figure 8: Tenant Households Paying 50% or More of Their Income on Rent Selected Municipalities, 1990, 1995 and 2000



3.3 COST OF RENTING RELATIVE TO AVERAGE WAGES

To better appreciate how expensive it is to rent for many working people, we looked at average wages from the census (updated to 2003) in different municipalities and compared these figures to what it would cost to afford to rent in that particular market (based on paying a maximum of 30% of one's income on rent). Table 6 shows that many working people are unable to afford to pay the prevailing rents in their municipality if they are living on their own. They are likely to be better off if living in a family household where there is more than one income earner, but for some lower paid jobs, even two employed people would not be able to afford the average rent. And for families with small children where one parent has to stay at home, and the main earner is in a lower paid job, they are likely to have a hard time keeping up with their rent.

Table 6: Cost of Renting an Apartment in Toronto, Ottawa, Hamilton and Sudbury Compared to Average Incomes for Selected Occupations

	Toronto		Ottawa		Hamilton		Sudbury	
Ave. 1 Bedroom Rent	\$894		\$767		\$627		\$513	
Ave. 2 Bedroom Rent	\$1,055		\$930		\$765		\$647	
Income Needed to Afford 1 Bedroom	\$35,760		\$30,680		\$25,080		\$20,520	
Income Needed to Afford 2 Bedroom	\$42,200		\$37,200		\$30,600		\$25,880	
	Affordable		Affordable		Affordable		Affordable	
Ave. Income	2003 (est.)	Housing	2003 (est.)	Housing	2003 (est.)	Housing	2003 (est.)	Housing
Elementary school & kindergarten teachers	\$45,896	\$1,147	\$45,001	\$1,125	\$45,967	\$1,149	\$48,114	\$1,203
Carpenter	\$35,860	\$896	\$30,499	\$762	\$34,665	\$867	\$30,752	\$769
Medical Secretary	\$27,537	\$688	\$29,011	\$725	\$27,457	\$686	\$28,109	\$703
Labourers in processing, mfg. and utilities	\$22,812	\$570	\$20,958	\$524	\$32,060	\$802	\$33,377	\$834
Data entry clerks	\$22,645	\$566	\$24,593	\$615	\$24,311	\$608	\$22,197	\$555
Retail salesperson and sales clerk	\$21,264	\$532	\$17,288	\$432	\$19,448	\$486	\$19,168	\$479
Chefs and cooks	\$20,744	\$519	\$17,321	\$433	\$16,796	\$420	\$12,443	\$311
Food and beverage servers	\$13,974	\$349	\$12,711	\$318	\$10,895	\$272	\$8,178	\$204
Cashiers	\$10,542	\$264	\$9,243	\$231	\$10,495	\$262	\$11,486	\$287

Source: Data on incomes from Statistics Canada and calculations by Lapointe Consulting

4 TRENDS IN DEVELOPMENT OF RENTAL HOUSING

In this section we briefly examine trends in the development of rental housing as a portion of the total housing market and the size of the rental housing market.

4.1 DEVELOPMENT PRIMARILY ORIENTED TO OWNERSHIP HOUSING

Following the cancellation of the provincial non-profit housing program in 1995 combined with the earlier cancellation of the federal non-profit program in 1993, there was a major drop in the development of rental housing. Over the past five-year period, 1999 – 2003, the annual average level of rental housing starts was close to 3,000 rental units across Ontario. This level of rental housing production is approximately the same level as in the previous five-year period (1994-1998), but one-fifth of the level in the five-year period 1989-1993 when there was an annual average of approximately 14,000 rental units starts (refer to Table 7 below).

In the most recent five-year period, 1999 to 2003, there was an annual average of 54,400 freehold ownership housing starts and an average of 14,700 condominium starts in Ontario. While rental housing starts accounted for 4% of housing starts during this period, freehold housing accounted for 75% and condominium 20%. As was discussed earlier in the report, the strength of the ownership market is primarily due to low mortgage rates.

**Table 7: Residential Starts in Ontario, 1989 to 2003
By Intended Tenure**

Year	Freehold	%	Condo	% of Starts	Rental	Co-op	Rental + Co-op	%	Unknown	%	Total	%
1989	47,472	58.6%	20,213	24.9%	11,436	1,170	12,606	15.6%	735	0.9%	81,026	100.0%
1990	28,104	52.7%	11,435	21.4%	12,158	1,212	13,370	25.1%	432	0.8%	53,341	100.0%
1991	24,813	53.8%	4,240	9.2%	14,519	2,531	17,050	37.0%	20	0.0%	46,123	100.0%
1992	27,917	57.3%	2,798	5.7%	13,798	4,151	17,949	36.9%	29	0.1%	48,693	100.0%
1993	26,332	67.8%	3,287	8.5%	7,974	1,253	9,227	23.8%	1	0.0%	38,847	100.0%
1994	32,516	78.2%	3,866	9.3%	4,148	1,026	5,174	12.4%	4	0.0%	41,560	100.0%
1995	22,685	71.1%	5,713	17.9%	2,884	611	3,495	11.0%	0	0.0%	31,893	100.0%
1996	31,634	80.1%	6,145	15.6%	1,289	444	1,733	4.4%	0	0.0%	39,512	100.0%
1997	40,925	81.9%	8,254	16.5%	790	0	790	1.6%	3	0.0%	49,972	100.0%
1998	39,649	79.2%	9,258	18.5%	1,181	0	1,181	2.4%	0	0.0%	50,088	100.0%
1999	48,246	76.7%	13,316	21.2%	1,323	0	1,323	2.1%	40	0.1%	62,925	100.0%
2000	51,966	77.1%	13,308	19.7%	2,045	0	2,045	3.0%	104	0.2%	67,423	100.0%
2001	50,474	71.8%	16,815	23.9%	2,717	0	2,717	3.9%	256	0.4%	70,262	100.0%
2002	62,305	78.3%	13,244	16.6%	3,886	0	3,886	4.9%	180	0.2%	79,615	100.0%
2003	58,938	72.8%	16,837	20.8%	4,770	0	4,770	5.9%	388	0.5%	80,933	100.0%
Ave. 89-93	30,928	57.7%	8,395	15.7%	11,977	2,063	14,040	26.2%	243	0.5%	53,606	100.0%
Ave. 94-98	33,482	78.6%	6,647	15.6%	2,058	416	2,475	5.8%	1	0.0%	42,605	100.0%
Ave. 99-03	54,386	75.3%	14,704	20.4%	2,948	0	2,948	4.1%	194	0.3%	72,232	100.0%

Note: CMHC no longer provides rental starts by assisted or private.

Source: CMHC, Ontario Market Analysis Centre

Canada Mortgage and Housing Corporation is in the process of updating its longer-term housing projections for Ontario; however, the most recent data that is available from CMHC indicates that approximately 16,000 new rental units are needed in Ontario annually over the

next 20-year period. The current rate of rental production is only one fifth of what is projected to be required.⁹

Rental housing meets the needs of several different groups of households including: younger adults entering the work force; low and moderate income individuals and families who cannot afford to purchase; older adults who are moving out of their owned home because they can no longer maintain their home due to economic or health concerns, or want to have their equity in a more liquid state; and, immigrants who usually have a higher likelihood of renting during their first ten years of living in Canada.

4.2 RENTAL HOUSING PRODUCTION LOW IN MOST MUNICIPALITIES

A review of residential completions in the 21 rental markets reviewed in this report reveals the low level of rental housing completed across Ontario. (Refer to Table 8 below.)

While rental housing is making a modest comeback in a number of markets and primarily at the high end of the market, rental housing production in most areas is well below the level that is needed over the longer term to meet future rental demand.

In addition to some modest private rental development, the active involvement by local governments in supporting affordable housing development in municipalities like Ottawa, Kitchener and Toronto is helping to create more affordable rental stock. Since the spring of 2003, funding has also been available for affordable housing through the Community Rental Housing Program, primarily through federal assistance. (Some funding will continue to flow through this program, although until the provincial government agrees to match the federal funding it will be up to municipalities to arrange for the required matching funding.)

Some of the exceptions to the decline in rental production are observed in the Ottawa CMA, where 432 rental units were developed annually in the five-year period between 1999 and 2003, representing 8% of total residential completions. Similarly, in the Kitchener CMA, an average of 322 rental housing units were completed annually in this time period, representing 10% of all completions. In addition, in the City of Toronto, private rental development and affordable rental housing sponsored by the City has resulted in modest levels of production of close to 500 rental units annually between 1999 and 2003, accounting for 5% of all housing developed in that time period.

⁹ See Ministry of Municipal Affairs and Housing, *Affordable Rental Housing Supply: The Dynamics of the Market and Recommendations for Encouraging New Supply*, May 2001

**Table 8: Average Annual Residential Completions by Tenure,
1994-1998 and 1999-2003, Selected Municipalities**

Municipality	5-year Period	OWNERSHIP				RENTAL							
		Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		All Tenures	
		Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Barrie CA	94-98	1,184	98%	2	0%	20	2%	0	0%	20	2%	1206	100%
	99-03	2,360	94%	76	3%	n/a	n/a	n/a	n/a	70	3%	2506	100%
Cornwall CA	94-98	106	81%	5	4%	20	15%	0	0%	20	15%	130	100%
	99-03	153	97%	3	2%	n/a	n/a	n/a	n/a	1	1%	157	100%
Durham (Oshawa CMA)	94-98	1,584	93%	66	4%	1	0%	45	3%	46	3%	1696	100%
	99-03	2,704	96%	66	2%	n/a	n/a	n/a	n/a	42	1%	2811	100%
Guelph CA	94-98	601	82%	63	9%	10	1%	63	9%	73	10%	737	100%
	99-03	984	90%	20	2%	n/a	n/a	n/a	n/a	87	8%	1091	100%
Hamilton, City	94-98	2,011	69%	552	19%	18	1%	323	11%	341	12%	2904	100%
	99-03	2,523	71%	986	28%	n/a	n/a	n/a	n/a	27	1%	3537	100%
Kingston CA	94-98	456	87%	8	2%	55	11%	2	0%	57	11%	521	100%
	99-03	640	91%	16	2%	n/a	n/a	n/a	n/a	51	7%	707	100%
Kitchener CMA	94-98	1,691	89%	93	5%	63	3%	58	3%	121	6%	1904	100%
	99-03	2,858	88%	76	2%	n/a	n/a	n/a	n/a	322	10%	3256	100%
London CMA	94-98	1,153	66%	278	16%	224	13%	102	6%	326	19%	1757	100%
	99-03	568	88%	58	9%	n/a	n/a	n/a	n/a	21	3%	647	100%
Muskoka	94-98	155	95%	2	1%	5	3%	0	0%	5	3%	163	100%
	99-03	263	91%	23	8%	n/a	n/a	n/a	n/a	2	1%	288	100%
North Bay CA	94-98	76	99%	0	0%	1	1%	0	0%	1	1%	77	100%
	99-03	106	95%	5	4%	n/a	n/a	n/a	n/a	1	1%	112	100%
Ottawa CMA	94-98	2,843	86%	134	4%	152	5%	189	6%	341	10%	3317	100%
	99-03	4,870	89%	151	3%	n/a	n/a	n/a	n/a	432	8%	5453	100%
Owen Sound CA	94-98	28	100%	0	0%	0	0%	0	0%	0	0%	28	100%
	99-03	21	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	21	100%
Peel, Region of	94-98	4,864	79%	875	14%	26	0%	391	6%	417	7%	6156	100%
	99-03	9,036	86%	1306	12%	n/a	n/a	n/a	n/a	124	1%	10466	100%
Peterborough CA	94-98	253	74%	48	14%	21	6%	18	5%	39	11%	341	100%
	99-03	318	91%	27	8%	n/a	n/a	n/a	n/a	4	1%	350	100%
St. Catharines- Niagara CMA	94-98	1,008	81%	141	11%	29	2%	70	6%	99	8%	1248	100%
	99-03	1,167	91%	89	7%	n/a	n/a	n/a	n/a	23	2%	1279	100%
Sarnia CA	94-98	139	98%	0	0%	3	2%	0	0%	3	2%	142	100%
	99-03	187	85%	0	0%	n/a	n/a	n/a	n/a	33	15%	220	100%
Sudbury, City of	94-98	342	84%	3	1%	26	6%	38	9%	64	16%	409	100%
	99-03	206	93%	0	0%	n/a	n/a	n/a	n/a	15	7%	222	100%
Thunder Bay CMA	94-98	241	70%	33	10%	47	14%	22	6%	69	20%	343	100%
	99-03	181	85%	30	14%	n/a	n/a	n/a	n/a	1	1%	212	100%
Timmins CA	94-98	66	84%	0	0%	4	6%	8	10%	12	16%	79	100%
	99-03	24	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	24	100%
Toronto, City	94-98	1,352	29%	1882	41%	120	3%	1231	27%	1351	29%	4585	100%
	99-03	2,527	25%	6971	70%	n/a	n/a	n/a	n/a	494	5%	9993	100%
Windsor CMA	94-98	1,629	90%	96	5%	75	4%	11	1%	86	5%	1812	100%
	99-03	2,116	91%	188	8%	n/a	n/a	n/a	n/a	24	1%	2328	100%

Source: CMHC, Ontario Market Analysis Centre

4.3 PAST GAINS IN RENTAL HOUSING OFFSET BY LOSSES

Not only has rental development seriously declined since the mid-1990's, the rental market itself is shrinking in size. While over the past 10 years (1994-2003) approximately 27,000 purpose-built rental apartment and row units were initiated across Ontario (refer to Table 7 on page 20), data from CMHC shows that during the same period, the number of rental units in the private rental universe has actually declined by 1% across the Province. (Refer to Table 9 below.)

Losses in the rental market universe normally surveyed by CMHC have occurred in Durham Region, Guelph, Kitchener, Hamilton, London, Ottawa, Peterborough, Peel Region, Sarnia and St. Catharines. More detailed analysis is required of these losses to determine which types of units are being either demolished or converted to condominiums. Often a loss of rental housing means a decline in the affordable housing stock, especially when low-rise apartments are demolished.

Some markets did show some modest increases in the rental housing universe, including Barrie, Cornwall, Muskoka, Toronto, Muskoka, North Bay, Owen Sound, Sudbury and Windsor. Losses of rental housing outweighed increases so that over 9,500 rental units were lost in the 21 markets examined, whereas for Ontario as a whole the figure was 7,660 rental units lost.¹⁰

Toronto's aggressive policies on demolitions and condominium conversions prevented the City from losing rental housing. More recently, however, the OMB approved an application for the conversion of 500 rental units – a trend that may result in the City losing more its affordable rental housing stock.¹¹

¹⁰ The lower figure in Ontario is due to the fact that 7,000 Limited Dividend units were treated as "assisted units" in 1993 but as private units in 2003. Therefore, we added them back to the 1993 private stock, resulting in a lower decline Ontario-wide compared to the 21 markets where we could not do this calculation.

¹¹ Discussed in *the Residential Tenancy Reform Consultation Paper*, op. cit.

Table 9: Number of Private Rental Row and Apartment Units in Structures with 3+ Units, Ontario and Selected Markets, 1993 and 2003

Market Area	1993 Total	2003 Total	Net Change in Total Rental Units	Percent Change
Barrie CA	3,569	3,831	262	7.3%
Cornwall CA	3,456	3,545	89	2.6%
Durham Region (Oshawa CMA)	12,914	12,285	-629	-4.9%
Guelph CA	8,001	7,642	-359	-4.5%
Hamilton CMA	46,376	44,995	-1,381	-3.0%
Kingston CMA	11,591	11,654	63	0.5%
Kitchener CMA	30,635	29,078	-1,557	-5.1%
London CMA	45,837	42,329	-3,508	-7.7%
Muskoka	807	889	82	10.2%
North Bay CA	3,747	3,844	97	2.6%
Ottawa CMA	71,273	67,848	-3,425	-4.8%
Owen Sound CA	1,816	1,854	38	2.1%
Peel Region	41,385	39,414	-1,971	-4.8%
Peterborough CA	5,325	5,419	94	1.8%
Sarnia CA	6,609	6,196	-413	-6.2%
St. Catharines-Niagara CMA	17,896	17,075	-821	-4.6%
Sudbury CMA	11,313	12,090	777	6.9%
Thunder Bay CMA	5,725	5,770	45	0.8%
Timmins CA	1,798	1,869	71	3.9%
Toronto (City)*	253,650	256,032	2,382	0.9%
Windsor CMA	14,937	15,480	543	3.6%
Total 21 housing market areas	598,660	589,139	-9,521	-1.6%
Total Ontario	658,184	650,524	-7,660	-1.2%

Note: CMHC included in 2003 figures 7,000 units in former Limited Dividend buildings but these were not included in 1993 as CMHC treated them as “assisted”. For the purpose of this comparison of the rental universe in 1993 and 2003, we have added them back into the 1993 figure. Thus, in Ontario as a whole, there were 651,184 rental units, excluding Limited Dividend buildings, but 658,184 when these were added back in. The fact that these Limited Dividend buildings were treated as assisted rental units in 1993 has resulted in an “apparently” higher loss of rental units in the 21 markets compared to Ontario as we had no way of adding them back to the private rental units on an individual market basis.

Source: CMHC, Ontario Market Analysis Centre

5 SUMMARY AND CONCLUSIONS

We have examined the state of the rental housing market in Ontario and in 21 different market areas. Our findings show that historically low mortgage rates are having a major impact on rental markets across Ontario as more and more people can afford to leave the rental market to purchase a home or condominium. Even though softer rental market conditions prevail in many cities across Ontario, as a result of past rent increases, the majority of tenants are faced with rents which have outpaced inflation over the past decade. This increase erodes the recent increases in tenant incomes.

Despite economic gains by tenants between 1995 and 2000 when tenants' incomes rose almost the same rate as owners, the average income of tenants in Ontario is still only half that of homeowners. Even after several years of strong economic growth, a very high proportion of tenants in Ontario have a severe affordability problem. Today one fifth of tenants are paying 50% or more of their income on rent and are considered to be at risk of being homeless. Furthermore, 42% of tenants are paying 30% or more of their income on shelter (30% being considered the maximum level of what tenants should pay on housing).

An examination of the cost of renting in several municipalities across Ontario showed that many working tenants do not earn enough money to pay for the rents being charged in private rental housing.

Rising rents have not only contributed to ongoing housing affordability problems, but also to some tenants being forced out of their housing, either as a result of a real or an "economic" eviction. Some tenants are doubling up or moving back home to live with their parents, others are moving into smaller, less expensive housing and some are ending up homeless and living in some type of temporary housing situation. We have not been able to examine how many tenants are being pushed out of their housing due to rent increases; however, it is an important dimension that needs to be investigated if we are to understand the human impact of current market conditions. This is especially true in the context of arguments, often from uneasy apartment owners facing higher vacancy rates, that there is no longer a need for governments to encourage affordable rental supply.

The current set of economic and social conditions provides a distinct challenge for policy makers at all levels of government. Improvements in rental vacancy rates do not mean that there is no longer a rental housing problem. Clearly, there is a need for more affordable rental housing to alleviate the serious affordability problems of the 266,000 tenant households who are paying 50% or more of their income on housing, as well as to address the needs of the broader group of tenants with an affordability problem estimated to include 564,730 tenant households.

Rental housing production has made a modest comeback in some markets, especially in those where municipalities have gotten involved in supporting affordable housing developments – although it is way below the level required annually in Ontario. Despite the short-term softening of rental market conditions, there continues to be a need for additional rental housing in the future, particularly affordable housing, in municipalities across Ontario, and providers of affordable housing have an important role to play in meeting this need. However, government

programs for affordable housing will need to be flexible to take into account local circumstances and to encourage the right mix of new development, acquisition and renovation, portable shelter allowances, and targeted rent supplements. An effective program mix must also be designed to take advantage of the capacity and commitment of the non-profit and co-operative sectors.

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BARRIE

Vacancy Rate Softens After A Decade Of Tight Rental Market Conditions

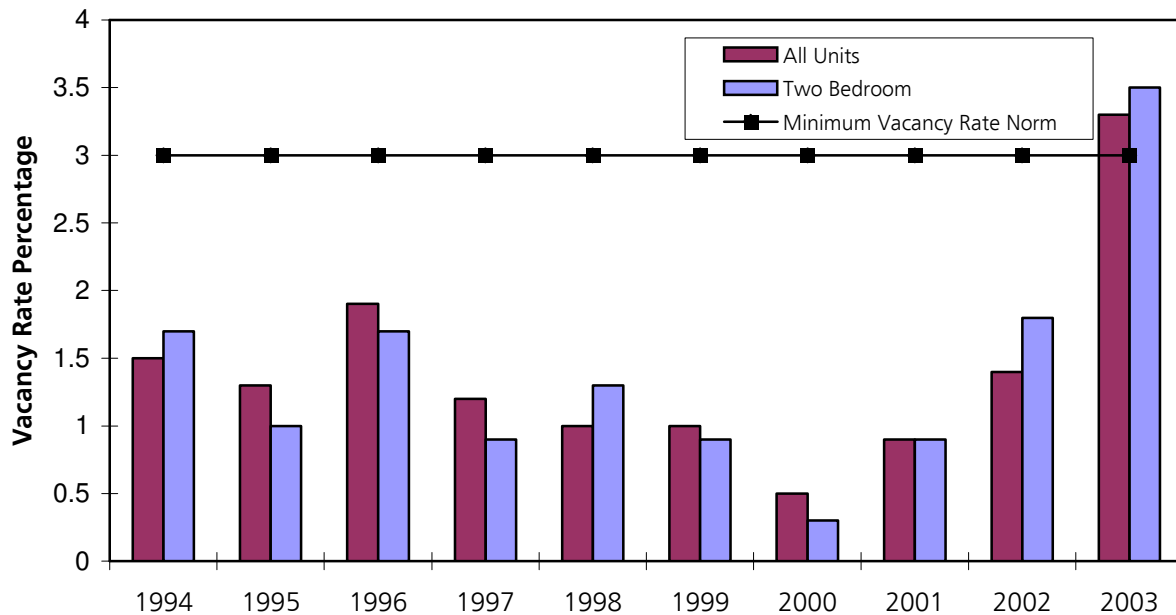
While the City of Barrie has experienced a tight rental market for most of the past decade, the overall vacancy rate rose from 1.4% in 2002 to 3.3% in 2003. The vacancy rate among one-bedroom units rose from 0.9% in 2002 to 1.7% in 2003, while the vacancy rate for two-bedroom apartments rose from 1.8% to 3.5%. The highest increase was among bachelors, which rose from 0.8% in 2002 to 9.4% in 2003. The increase in vacancy rates is primarily due to the historically low mortgage rates, which are encouraging those who can afford a down payment to enter the ownership market. As well there has been a modest amount of rental development in Barrie after years of little production. Given the strong population growth that is characteristic of Barrie, this high vacancy level is most likely a blip in the more traditional pattern of tight vacancy rates.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Barrie CA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	1.5	1.3	1.9	1.2	1	1	0.5	0.9	1.4	3.3
Two Bedroom	1.7	1.0	1.7	0.9	1.3	0.9	0.3	0.9	1.8	3.5

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rents Increasing Twice The Rate Of Inflation In The Past Decade

According to CMHC's Rental Market report, despite the softer rental market conditions, rents for all apartment types rose 6.3% in 2003 – well above the rate of inflation and the rent review guidelines. In October 2003, a two-bedroom apartment was renting for \$934, a one-bedroom

unit was \$784 and a bachelor \$614. Rents in Barrie are among the highest in Ontario—on par with the City of Ottawa and well above rents in many urban centres in southern Ontario.

Data collected by ONPHA shows that over the ten-year period, 1993-2003, rents for one and two-bedroom units have increased at almost twice the level of inflation (1.8 times for one bedroom units and 1.9 times for two-bedroom units). This level of increase was the highest among rental markets in Ontario.

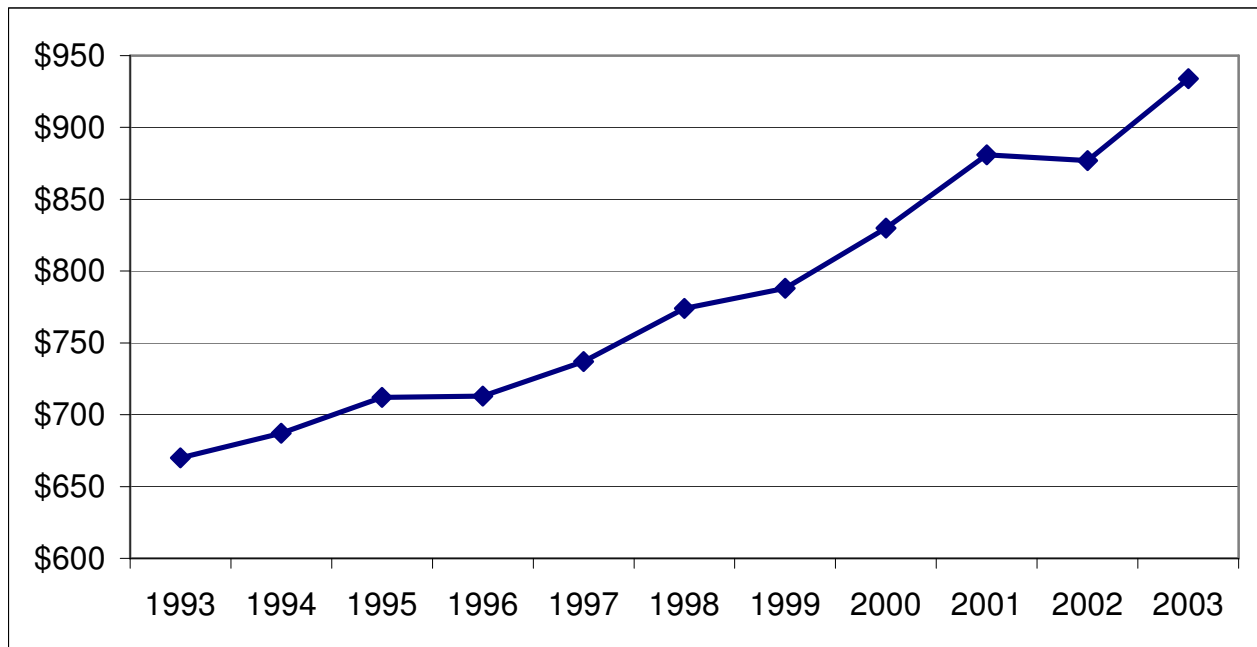
**Change in Average Rents Compared to Inflation
Barrie CA: 1993-2003**

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$469	\$538	\$614	14%	13.2%	1.1
One-Bedroom	\$570	\$661	\$784	19%	13.2%	1.4
Two-Bedroom	\$670	\$774	\$934	21%	13.2%	1.6
Three-Bedroom	\$813	\$925	N/A	N/A	13.2%	N/A

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$469	\$538	\$614	31%	21.1%	1.5
One-Bedroom	\$570	\$661	\$784	38%	21.1%	1.8
Two-Bedroom	\$670	\$774	\$934	39%	21.1%	1.9
Three-Bedroom	\$813	\$925	N/A	N/A	21.1%	N/A

Source: CMHC and Statistics Canada

**Rent Increases for a 2-Bedroom Apartment
Barrie CA: 1993-2003**



Source: CMHC Ontario Market Analysis Centre

A High Proportion Of Tenants Have A Housing Affordability Problem

In 2000 the average income of all owner households in Barrie was \$72,783 – close to twice the income of tenant households who had an average income of \$38,700. The average tenant household income rose 20.5% between 1995 and 2000, slightly above the increase for owners whose average income rose 17.1%. This is a vast improvement over the situation recorded in the 1996 census, when tenant incomes declined by 9% between 1990 and 1995 and homeowner incomes rose 4%.

Despite the improvement in tenants' incomes, rent increases have meant that housing affordability among tenants has only shown a modest improvement since 1995. In 2000, 45% of tenants were paying 30% or more of their income on shelter – more than twice the level observed among homeowners, 20% of whom were paying this proportion of their income on shelter. One fifth of all tenants (over 2,000 tenant households) were paying 50% or more of their income on shelter, indicating a serious housing affordability problem. A much smaller proportion of homeowners (6%) were in this situation in 2000.

Proportion of Income Spent on Housing City of Barrie, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	4,820	48.0%	4,615	44.8%	2,460	24.0%	2,045	19.8%
Owners	4,030	22.0%	5,160	19.5%	1,295	7.0%	1,610	6.1%

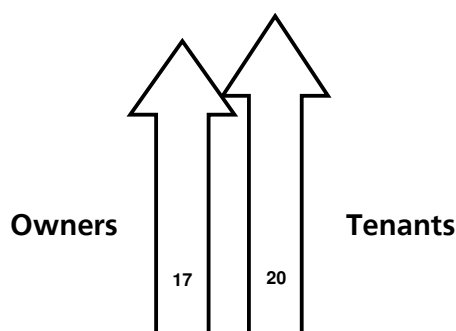
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Barrie, 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$62,141	\$32,124	1.9	\$72,783	\$38,700	1.9	17.1%	20.5%
One Family Households	\$66,212	\$36,631	1.8	\$77,537	\$44,529	1.7	17.1%	21.6%
Non-Family Households	\$36,626	\$25,103	1.5	\$42,692	\$30,687	1.4	16.6%	22.2%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in Barrie over the past five-year period is freehold – accounting for 94% of all units that were developed between 1999 and 2003. Condominium units account for 3% of units developed and rental housing 3%. Over the past five-year period the average number of rental units completed annually in Barrie was 70 – up from the 20 rental units that were completed annually in the previous five-year period (1994-1998).

Residential Completions by Tenure

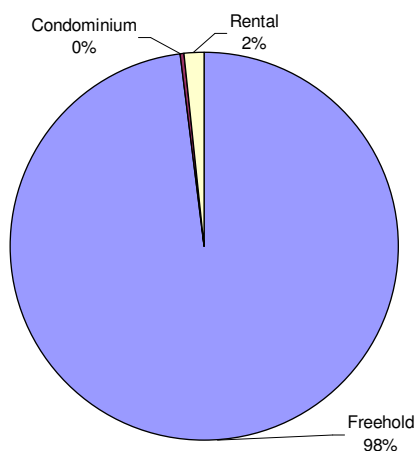
Barrie CA: 1989-2003

Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	2024	72%	294	10%	263	9%	224	8%	487	17%	2805	100%
1990	1751	65%	743	28%	87	3%	99	4%	186	7%	2680	100%
1991	1091	53%	229	11%	38	2%	719	35%	757	36%	2077	100%
1992	1252	89%	4	0%	20	1%	123	9%	143	10%	1399	100%
1993	838	80%	42	4%	0	0%	170	16%	170	16%	1050	100%
1994	732	96%	0	0%	27	4%	0	0%	27	4%	759	100%
1995	600	100%	0	0%	0	0%	0	0%	0	0%	600	100%
1996	1104	100%	0	0%	0	0%	0	0%	0	0%	1104	100%
1997	1729	99%	0	0%	17	1%	0	0%	17	1%	1746	100%
1998	1756	96%	8	0%	58	3%	0	0%	58	3%	1822	100%
1999	2612	98%	0	0%	64	2%	0	0%	64	2%	2676	100%
2000	2164	97%	133	2%	66	1%	0	0%	66	1%	2363	100%
2001	2264	92%	144	6%	54	2%	0	0%	54	2%	2462	100%
2002	2417	94%	0	0%	146	6%	0	0%	146	6%	2563	100%
2003	2344	95%	103	4%	n/a	n/a	n/a	n/a	21	1%	2468	100%
Average Annual Production												
1994-98	1184	98%	2	0%	20	2%	0	0%	20	2%	1206	100%
1999-03	2360	94%	76	3%	n/a	n/a	n/a	n/a	70	3%	2506	100%

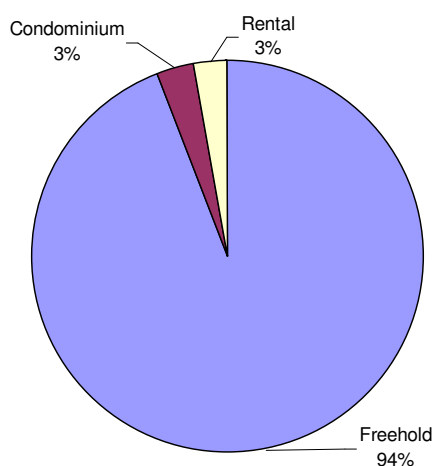
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



CORNWALL

Rental Market Continues To Tighten In 2003

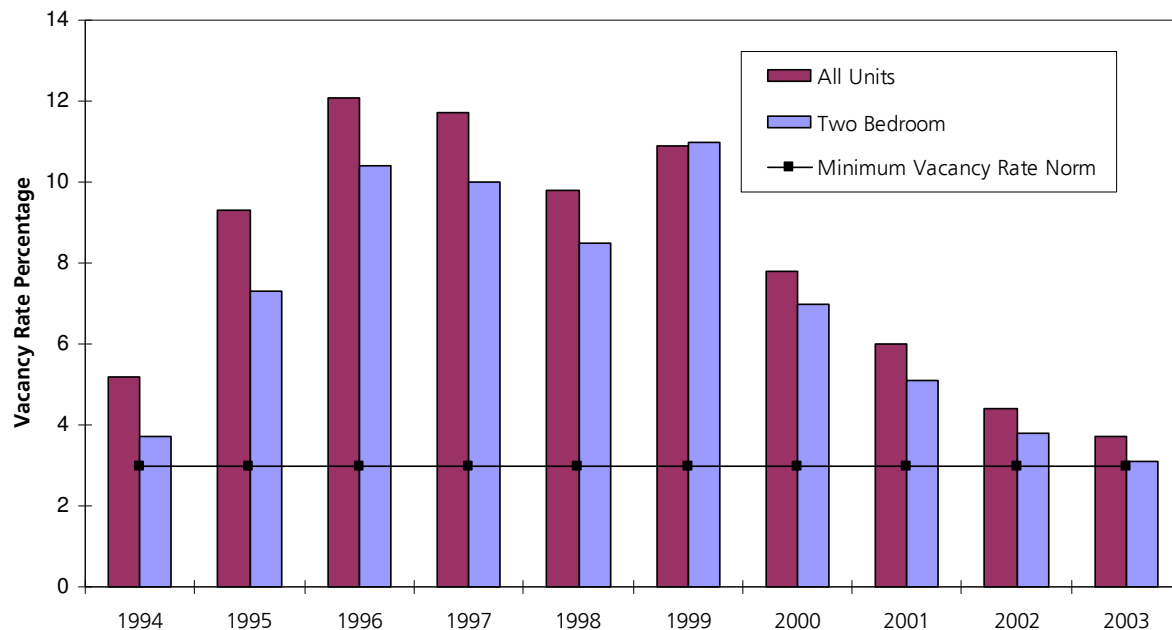
In contrast with other markets in Ontario, Cornwall's vacancy rate declined again in 2003. Though still relatively healthy at 3.7%, Cornwall's latest reported vacancy rate continued a trend of declining vacancy rates in this area, from the peak level of 12% recorded in 1996 and 1997. The declining vacancy rate reflects the improved employment situation in Cornwall as a result of aggressive economic development and marketing initiatives adopted by the municipality in response to a loss of employment in the mid 1990's. With growing demand in 2003, all apartment unit types recorded shrinking vacancy rates compared to 2002. The vacancy rate for bachelor suites dropped from 3.5% in 2002 to 2.9% in 2003; for one-bedroom units it fell from 6.4% in 2002 to 5.3% in 2003; and for two-bedroom units the vacancy rate dropped from 3.9% in 2002 to 3.1% in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Cornwall CA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	5.2	9.3	12.1	11.7	9.8	10.9	7.8	6	4.4	3.7
Two Bedroom	3.7	7.3	10.4	10	8.5	11	7	5.1	3.9	3.1

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rents Increase Again In 2003

In response to increasing demand and falling vacancy rates, average rents rose again in 2003. Between October 2002 and October 2003, the average rent for two-bedroom units increased

2.8%, while for one-bedroom it increased 3.4%. Rents in Cornwall are still quite modest, with a two-bedroom unit renting for \$595 per month. The 2.8% increase over 2002 was on par with the increase in the rate of inflation. Reflecting past high vacancy rates, rents in Cornwall have increased way below the rate of inflation over the last decade.

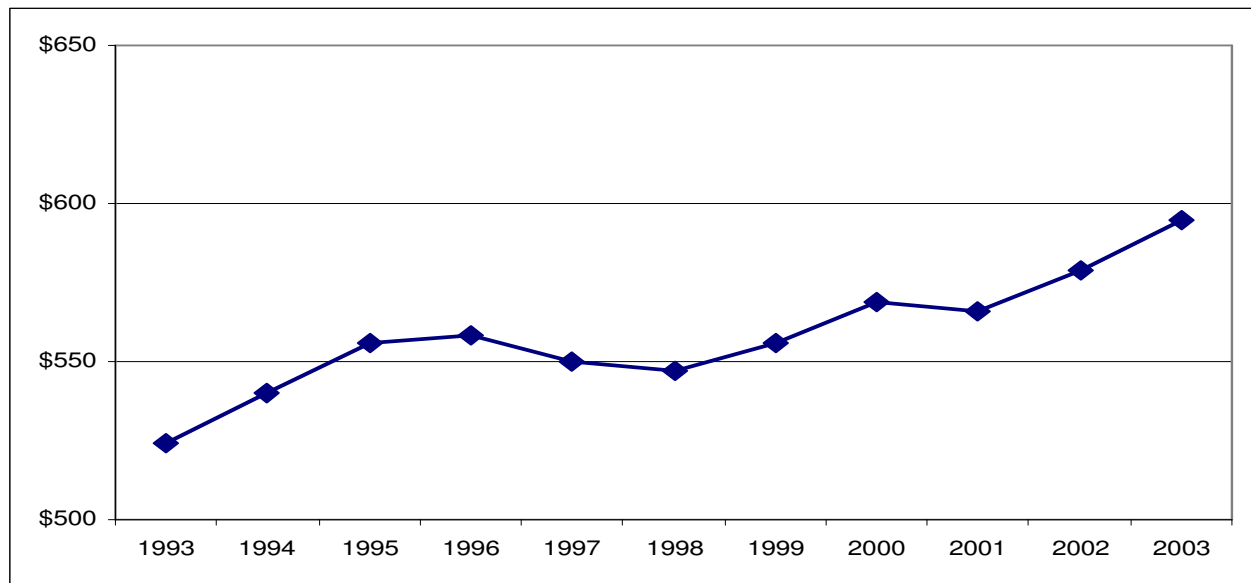
Change in Average Rents Compared to Inflation Cornwall CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$389	\$379	\$406	7%	13.2%	0.5
One-Bedroom	\$440	\$447	\$483	8%	13.2%	0.6
Two-Bedroom	\$524	\$547	\$595	9%	13.2%	0.7
Three-Bedroom	\$540	\$577	\$603	5%	13.2%	0.3

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$389	\$379	\$406	4%	21.1%	0.2
One-Bedroom	\$440	\$447	\$483	10%	21.1%	0.5
Two-Bedroom	\$524	\$547	\$595	14%	21.1%	0.6
Three-Bedroom	\$540	\$577	\$603	12%	21.1%	0.6

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Cornwall CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Just Under Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in Cornwall was \$56,091—more than twice the level of tenant households, whose average income was \$26,064. Though remaining far below owner incomes, between 1995 and 2000 tenant incomes grew by 12.6% compared to

owner income increases of just 9.3%. This is a significant improvement over the situation recorded in the 1996 census when the average tenant income declined by 4% between 1990 and 1995 and the average homeowner income rose by 5%.

Almost half (49%) of tenants in Cornwall are spending more than 30% of their income on rent—three times the level recorded for homeowners of whom just 16% had shelter costs exceeding 30%. In the year 2000, 23% (or nearly one quarter) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. By comparison, 7% of owner households in 2000 were in this situation.

**Proportion of Income Spent on Housing
City of Cornwall: 1995-2000**

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	4,410	51.2%	3,975	48.8%	2,050	23.8%	1,890	23.2%
Owners	1,795	17.0%	1,845	16.3%	655	6.2%	730	6.7%

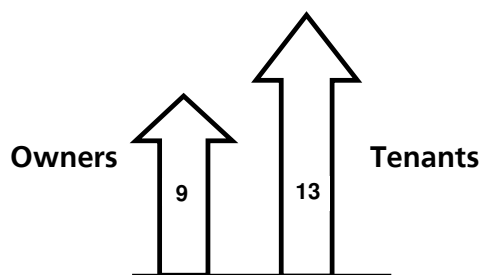
Source: Statistics Canada Custom Tabulation

**Average Household Incomes of Owners and Tenants
City of Cornwall: 1995-2000**

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$51,326	\$23,139	2.2	\$56,091	\$26,064	2.2	9.3%	12.6%
One Family Households	\$56,885	\$26,957	2.1	\$62,450	\$30,907	2.0	9.8%	14.7%
Non-Family Households	\$28,159	\$18,445	1.5	\$31,427	\$20,778	1.5	11.6%	12.6%

Source: Statistics Canada Custom Tabulation

**Owner and Tenant Income
Percent Change from 1995 to 2000**



Housing Market Primarily Oriented to Freehold Housing

The majority of housing being developed in Cornwall over the past five-year period is freehold—accounting for 97% of all units that were developed between 1999 and 2003. Two percent (2%) of the units completed in the same period were condominium units, while a meager 1% were rental units. With virtual no rental housing under construction and a rising demand, the vacancy rates in Cornwall are likely to continue their decline into the future.

Residential Completions by Tenure Cornwall CA: 1989-2003

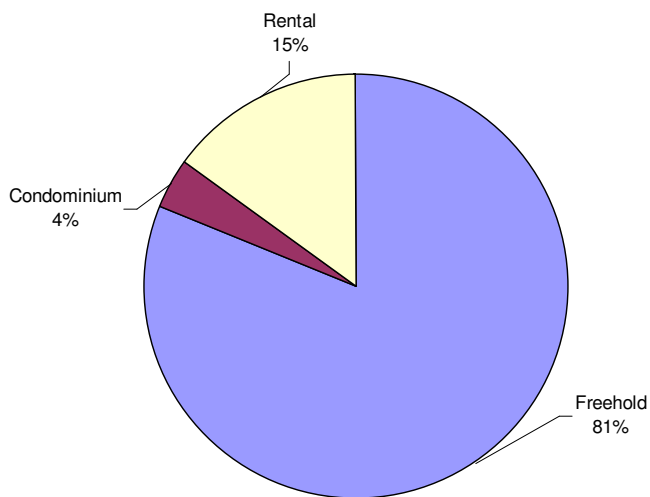
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	299	61%	51	10%	34	7%	108	22%	142	29%	492	100%
1990	195	66%	0	0%	15	5%	84	29%	99	34%	294	100%
1991	162	73%	0	0%	36	16%	25	11%	61	27%	223	100%
1992	139	53%	0	0%	6	2%	118	45%	124	47%	263	100%
1993	140	96%	0	0%	6	4%	0	0%	6	4%	146	100%
1994	182	81%	0	0%	44	19%	0	0%	44	19%	226	100%
1995	126	88%	0	0%	18	13%	0	0%	18	13%	144	100%
1996	89	69%	12	9%	28	22%	0	0%	28	22%	129	100%
1997	71	95%	0	0%	4	5%	0	0%	4	5%	75	100%
1998	60	79%	12	16%	4	5%	0	0%	4	5%	76	100%
1999	118	97%	0	0%	4	3%	0	0%	4	3%	122	100%
2000	97	100%	0	0%	0	0%	0	0%	0	0%	97	100%
2001	134	100%	0	0%	0	0%	0	0%	0	0%	134	100%
2002	169	91%	16	9%	0	0%	0	0%	0	9%	185	100%
2003	247	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	247	100%

Average Annual Production												
1994-98	106	81%	5	4%	20	15%	0	0%	20	15%	130	100%
1999-03	153	97%	3	2%	n/a	n/a	n/a	n/a	1	1%	157	100%

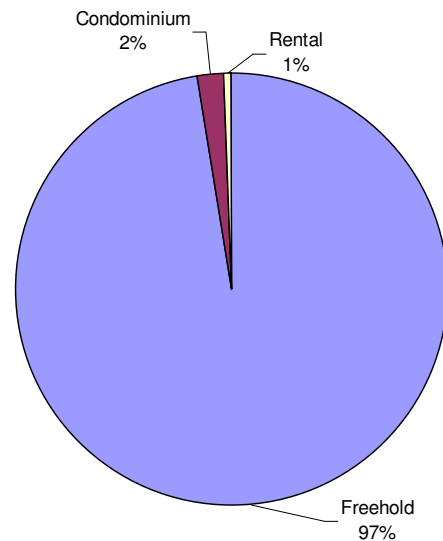
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



THE REGION OF DURHAM

Vacancy Rates Rose In 2003

Vacancy rates have been relatively tight in the Oshawa CMA (which includes Whitby, Oshawa and Clarington) for several years dating back to 1997.¹² In 2003, the overall vacancy rate for apartments rose to 2.9% from 2.3% in 2002 with higher vacancy rates recorded for most unit types. The vacancy rate for one-bedroom units rose from 1.8% in 2002 to 3.3% in 2003, and from 2.1% to 2.9% for two-bedroom units. Vacancy rates declined for bachelor units from 3.8% to 2.0%, and for three plus bedrooms from 4.7% to 1.9%.

The higher vacancy rates among one- and two-bedroom apartment units, which account for most of the rental stock, are the result of strong employment growth and low mortgage rates that make home ownership more accessible to tenants. As well, younger adults are continuing to stay home longer, thereby reducing demand for rental housing.

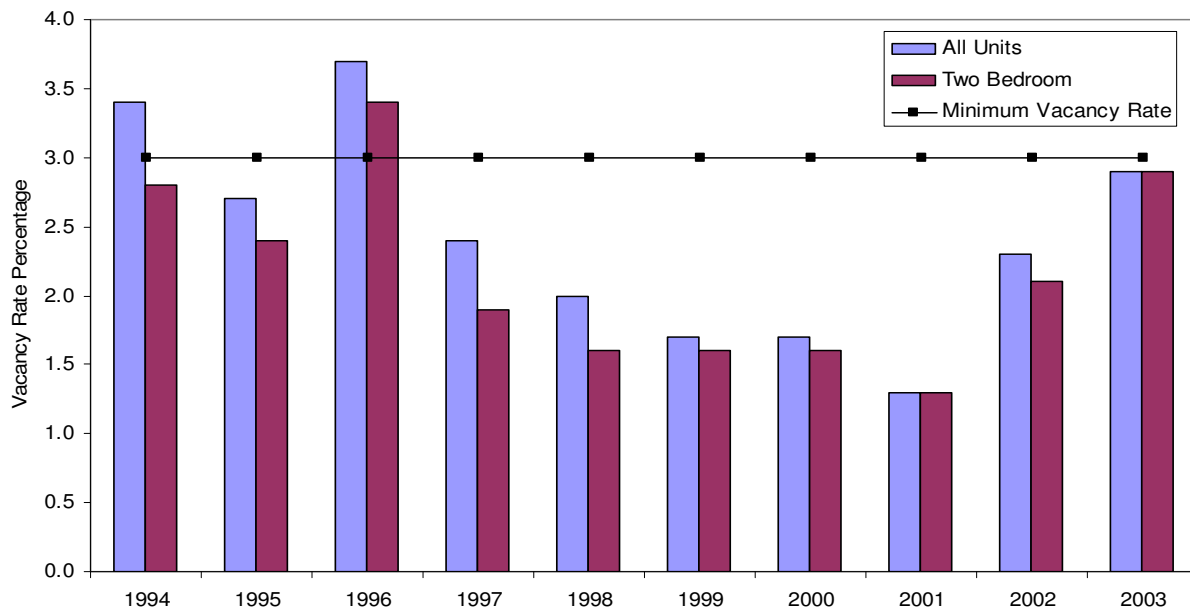
Overall vacancy rates were slightly lower in the Ajax/Pickering/Uxbridge area at 2.3%.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Oshawa CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	3.4	2.7	3.7	2.4	2	1.7	1.7	1.3	2.3	2.9
Two Bedroom	2.8	2.4	3.4	1.9	1.6	1.6	1.6	1.3	2.1	2.9

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



¹² The Oshawa CMA contains the eastern three municipalities in Durham (Oshawa, Clarington and Whitby); however, Ajax and Pickering are included in the Toronto CMA. For the purposes of this report, the Oshawa CMA rental market conditions are used to represent the Region.

Rent Increases Above The Rate Of Inflation

Since 1997, rents in the Oshawa CMA have been on a steady upward climb after moderating in the first half of the 1990's. In 2003, rents for all unit types increased. Rents increased by 5.5% for one-bedroom units, 3% for two-bedroom units and 2% for three bedroom plus units, but remained unchanged for bachelors. In 2003, a two-bedroom apartment rented for \$845.

Over the five-year period (1998-2003) rents for most units (except for bachelor units) have been increasing above the rate of inflation. For the ten-year period (1993-2003) rents for one-bedroom units increased by 1.5 times the rate of inflation, and for two-bedroom units by 1.3 times the rate of inflation.

Change in Average Rents Compared to Inflation

Oshawa CMA: 1993-2003

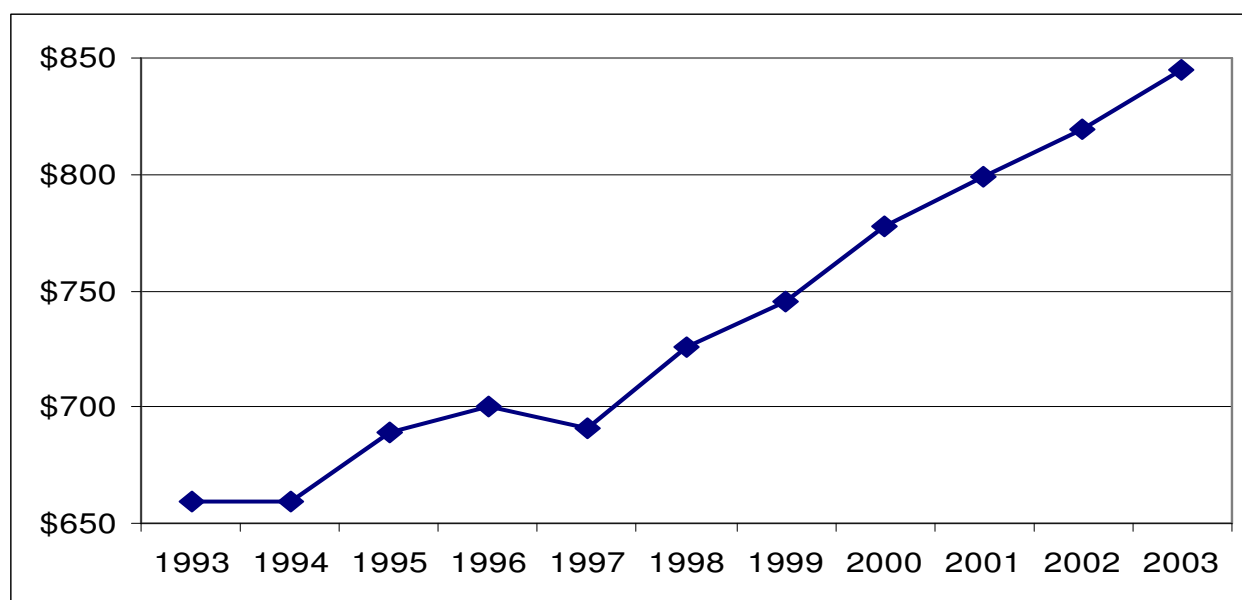
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$480	\$518	\$581	12%	13.2%	0.9
One-Bedroom	\$570	\$641	\$752	17%	13.2%	1.3
Two-Bedroom	\$659	\$726	\$845	16%	13.2%	1.2
Three-Bedroom	\$752	\$828	\$944	14%	13.2%	1.1

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$480	\$518	\$581	21%	21.1%	1.0
One-Bedroom	\$570	\$641	\$752	32%	21.1%	1.5
Two-Bedroom	\$659	\$726	\$845	28%	21.1%	1.3
Three-Bedroom	\$752	\$828	\$944	26%	21.1%	1.2

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

Oshawa CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Approximately One Fifth Of Tenants Have A Serious Housing Affordability Problem

In the year 2000, owners in the Region of Durham had an average household income that was twice that of tenants. The average tenant household income was \$40,938 in 2000, compared to an average owner household income of \$83,799. The average owner household income increased by 19% between 1995 and 2000, compared to 14% for the average tenant household income.

Despite strong economic growth in Durham Region in the latter 1990's, 42% of tenants in the Region were paying 30% or more of their income on rent—down only slightly from the 43% level recorded in 1995. Close to one fifth (19%) of tenants were spending in excess of 50% of their income on rent in 2000, representing 6,570 tenant households with a severe affordability problem.

Proportion of Income Spent on Housing Durham Regional Municipality, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	16,125	43.4%	14,445	41.7%	7,620	20.5%	6,570	19.0%
Owners	24,310	21.1%	24,305	17.9%	7,600	6.6%	14,195	10.5%

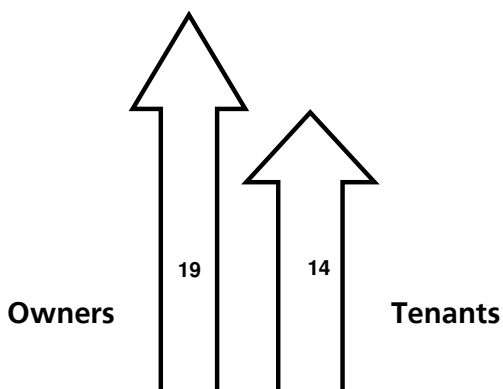
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants Durham Regional Municipality, 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$70,234	\$35,835	2.0	\$83,799	\$40,938	2.0	19.3%	14.2%
One Family Households	\$74,155	\$39,924	1.9	\$88,627	\$47,892	1.9	19.5%	20.0%
Non-Family Households	\$40,518	\$28,457	1.4	\$45,570	\$29,606	1.5	12.5%	4.0%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Almost No Rental Housing Being Developed In The Oshawa CMA

Over the five-year period 1999-2003, 96% of housing completions in the Oshawa CMA were freehold, 2% were condominium units and only 1% were rental units. Between 1999 and 2003, just 42 rental units were developed on an annual basis, with most of this occurring in 2002 when 168 units were completed. This level of production is well below the level that will be needed when rental demand returns to traditional levels.

Residential Completions by Tenure Oshawa CMA: 1989-2003

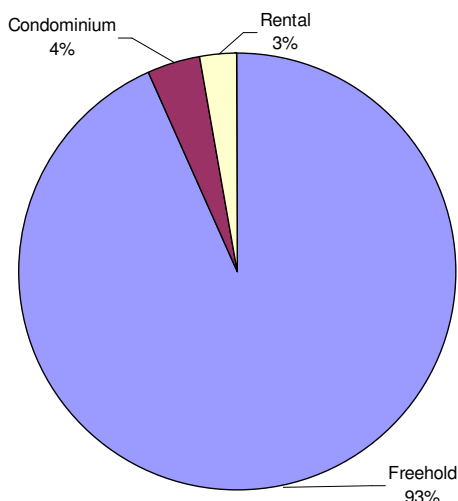
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	2775	83%	184	5%	403	12%	0	0%	403	12%	3362	100%
1990	2438	81%	15	0%	256	8%	319	11%	575	19%	3028	100%
1991	1833	72%	448	18%	264	10%	0	0%	264	10%	2545	100%
1992	1584	54%	0	0%	36	1%	1291	44%	1327	46%	2911	100%
1993	1101	66%	0	0%	0	0%	564	34%	564	34%	1665	100%
1994	1875	94%	28	1%	0	0%	83	4%	83	4%	1986	100%
1995	1235	89%	36	3%	4	0%	114	8%	118	8%	1389	100%
1996	1311	97%	12	1%	0	0%	27	2%	27	2%	1350	100%
1997	1859	93%	132	7%	0	0%	0	0%	0	0%	1991	100%
1998	1642	93%	122	7%	0	0%	0	0%	0	0%	1764	100%
1999	2177	97%	37	2%	34	2%	0	0%	34	2%	2248	100%
2000	2390	97%	77	3%	8	0%	0	0%	8	0%	2475	100%
2001	2476	97%	84	3%	0	0%	0	0%	0	0%	2560	100%
2002	3107	94%	40	1%	168	5%	0	0%	168	5%	3315	100%
2003	3369	97%	90	3%	n/a	n/a	n/a	n/a	0	0%	3459	100%

Average Annual Production												
1994-98	1584	93%	66	4%	1	0%	45	3%	46	3%	1696	100%
1999-03	2704	96%	66	2%	n/a	n/a	n/a	n/a	42	1%	2811	100%

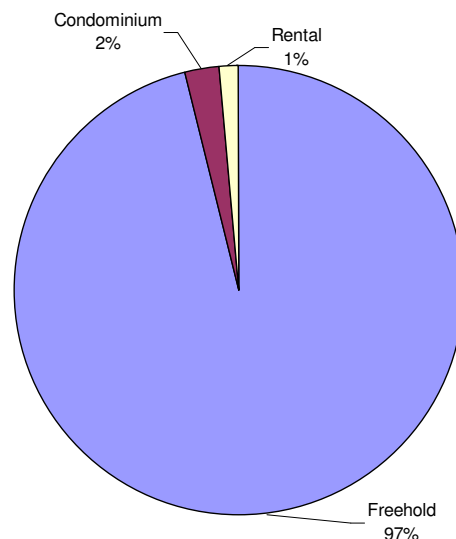
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



GUELPH

Vacancy Rates Decline in 2003 For Smaller Units And Rise For Larger Units

After five years of low vacancy rates between 1997 and 2001, the overall vacancy rate in the City of Guelph eased off in 2002 to 2.7%, and again in 2003 when it reached 3.9%.

While the vacancy rate for all units rose between 2002 and 2003, the vacancy rate for bachelor apartments and one-bedroom units actually fell. The vacancy rate for bachelor units declined from 6.7% in 2002 to 3.3% in 2003, and for one-bedroom units from 3.0% in 2002 to 2.3% in 2003. The steep decline in bachelor unit vacancies is probably due to increased demand from the city's large student population for a limited supply of only 271 bachelor units—reflecting the 2003 “double cohort” year. The vacancy rate for two-bedroom units rose from 2.1% in 2002 to 4.7% in 2003.

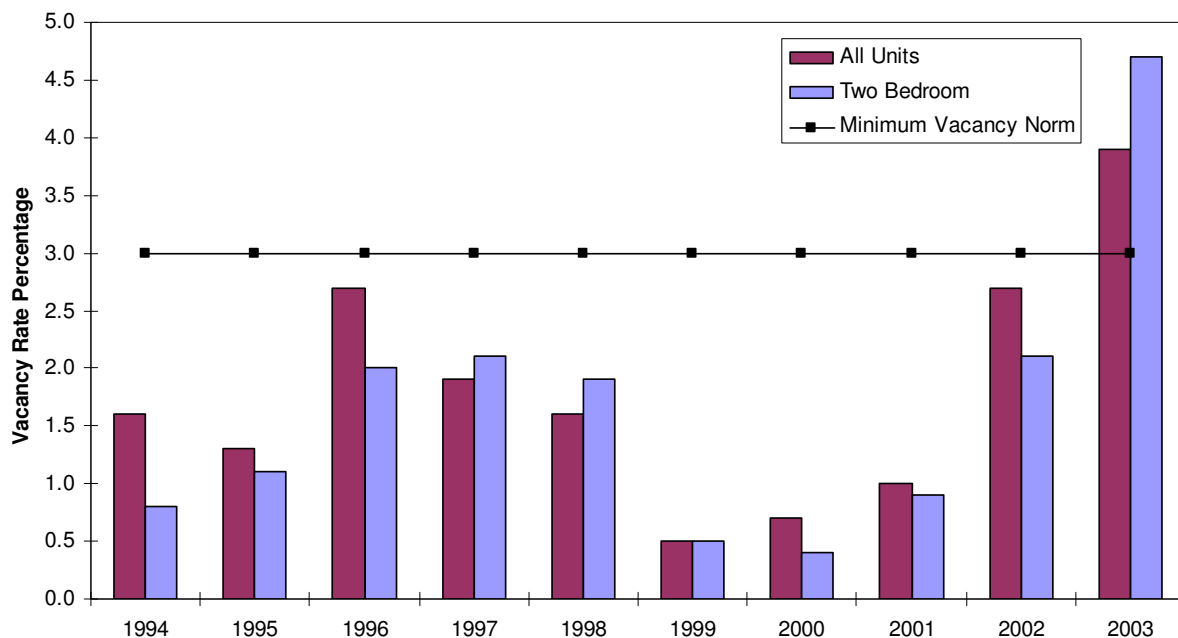
With mortgage rates at historic lows, many renters made the jump from rental to ownership. Many younger couples living in two-bedroom units are able to move into ownership housing, resulting in higher vacancies in this type of rental unit. Household formation among young adults, who typically move into rental accommodation, is being hampered by limited growth in employment opportunities for the 18 to 24-year old age group.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Guelph CA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	1.6	1.3	2.7	1.9	1.6	0.5	0.7	1	2.7	3.9
Two Bedroom	0.8	1.1	2	2.1	1.9	0.5	0.4	0.9	2.1	4.7

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Over The Past Decade Rent Increases Are Well Above The Rate Of Inflation

With increasing vacancies, pressures on rents began to subside in 2003. After recording an increase of 4.8% in 2002, the average rent for a two-bedroom unit increased by 2.7% in 2003 to \$823. At the same time rents for one-bedroom units remained at \$706—the same level as in 2002.

Although rent increases appear to be easing in Guelph, data collected by ONPHA shows that over the past decade, 1993-2003, the average rents for one and two-bedroom units increased at 1.5 times the rate of inflation. During the same period the average rents for bachelor and three-bedroom units have increased at 1.7 times the rate of inflation.

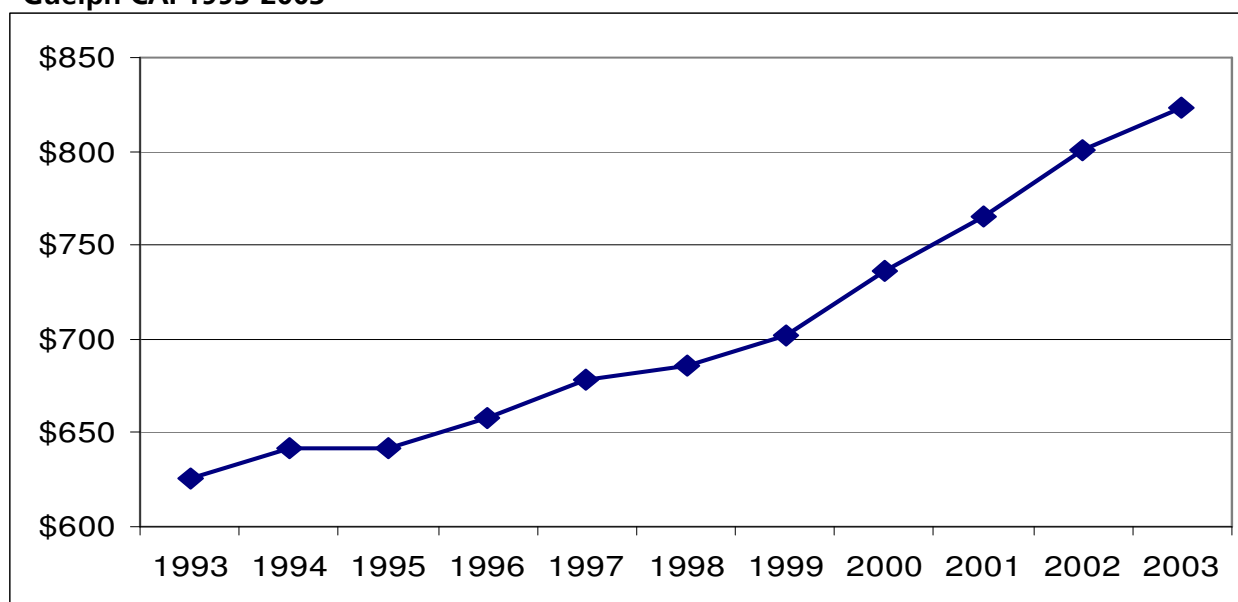
Change in Average Rents Compared to Inflation Guelph CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$445	\$456	\$602	32%	13.2%	2.4
One-Bedroom	\$536	\$593	\$706	19%	13.2%	1.4
Two-Bedroom	\$626	\$686	\$823	20%	13.2%	1.5
Three-Bedroom	\$680	\$744	\$927	25%	13.2%	1.9

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$445	\$456	\$602	35%	21.1%	1.7
One-Bedroom	\$536	\$593	\$706	32%	21.1%	1.5
Two-Bedroom	\$626	\$686	\$823	31%	21.1%	1.5
Three-Bedroom	\$680	\$744	\$927	36%	21.1%	1.7

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Guelph CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

A High Proportion Of Tenants Have A Housing Affordability Problem

In the year 2000, the average income of all owner households in Guelph was \$77,159 -- almost twice the level of tenant households, who had an average income of \$40,091. Between 1995 and 2000, the average tenant income increased by 18.5%, slightly more than the average owner income which increased by 17.7%.

A significant proportion of tenants in Guelph are spending more than 30% of their income on rent. In the year 2000, 38% of tenants were paying 30% or more of their income on shelter— more than twice the level among homeowners (just 14% of whom had shelter costs exceeding 30%). In the year 2000, 17% (or nearly one fifth) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a serious affordability problem. In 2000, less than 5% of owner households were in this situation.

Proportion of Income Spent on Housing City of Guelph: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	5,535	39.1%	5,120	38.4%	2,550	18.0%	2,295	16.9%
Owners	3,475	16.1%	3,985	14.0%	1,000	4.6%	1,300	4.8%

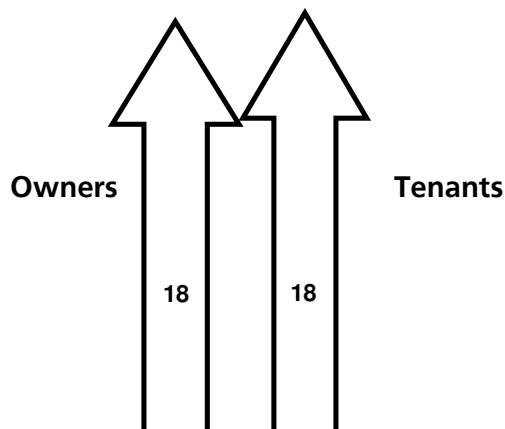
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Guelph: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$65,534	\$33,833	1.9	\$77,159	\$40,091	1.9	17.7%	18.5%
One Family Households	\$71,534	\$39,886	1.8	\$84,896	\$48,527	1.7	18.7%	21.7%
Non-Family Households	\$36,519	\$26,550	1.4	\$42,457	\$30,609	1.4	16.3%	15.3%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented to Freehold Housing

The majority of housing being developed in Guelph over the past five-year period is freehold—accounting for 90% of all units developed between 1999 and 2003. Two percent (2%) of the units developed in the same period were condominium, while 8% were rental. Between 1999 and 2003 an average of 17 rental units were added to the rental market annually.

At current levels of rental production—in spite of the current short-term improvement in vacancy rates—rental demand can be expected to exceed supply in the near future.

Residential Completions by Tenure Guelph CA: 1989-2003

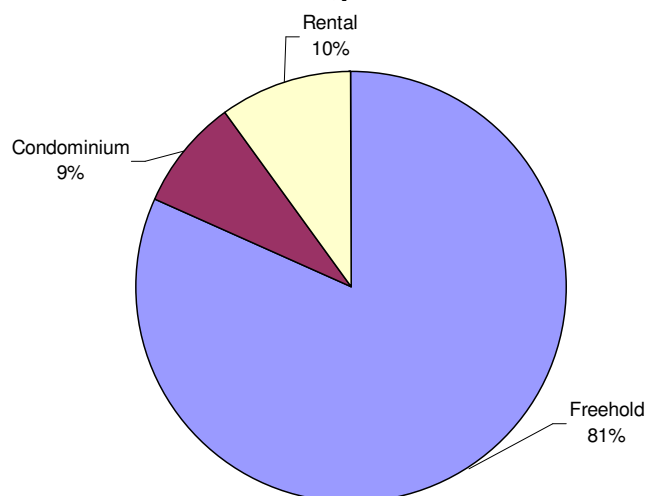
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	644	70%	230	25%	52	6%	0	0%	52	6%	926	100%
1990	365	58%	146	23%	113	18%	0	0%	113	18%	624	100%
1991	392	68%	0	0%	102	18%	83	14%	185	32%	577	100%
1992	420	42%	163	16%	48	5%	371	37%	419	42%	1002	100%
1993	291	45%	172	27%	6	1%	173	27%	179	28%	642	100%
1994	343	52%	66	10%	0	0%	247	38%	247	38%	656	100%
1995	332	90%	36	10%	0	0%	0	0%	0	0%	368	100%
1996	628	85%	39	5%	6	1%	68	9%	74	10%	741	100%
1997	829	87%	123	13%	0	0%	0	0%	0	0%	952	100%
1998	873	90%	50	5%	45	5%	0	0%	45	5%	968	100%
1999	783	79%	80	8%	129	13%	0	0%	129	13%	992	100%
2000	1103	93%	0	0%	80	7%	0	0%	80	7%	1183	100%
2001	1030	100%	0	0%	0	0%	0	0%	0	0%	1030	100%
2002	1073	90%	0	0%	118	10%	0	0%	118	10%	1191	100%
2003	932	88%	19	2%	n/a	n/a	n/a	n/a	106	10%	1057	100%

Average Annual Production												
1994-98	601	82%	63	9%	10	1%	63	9%	73	10%	737	100%
1999-03	984	90%	20	2%	n/a	n/a	n/a	n/a	87	8%	1091	100%

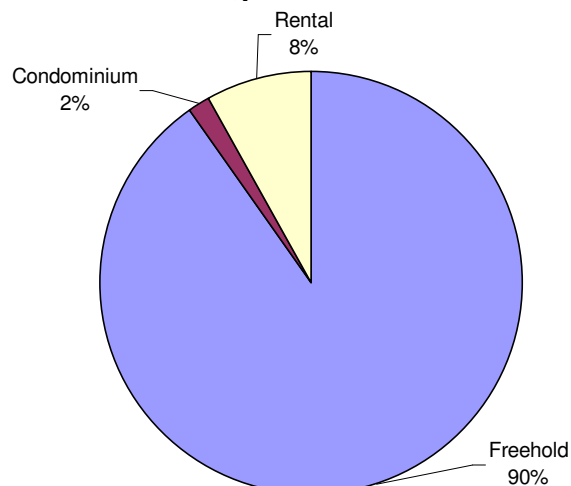
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



HAMILTON

Vacancy Rates Soften In 2003

As in many other markets in Southern Ontario, the rental market in Hamilton softened in 2003. After four years of recording a vacancy rate below 2%, the overall vacancy rate in the Hamilton CMA almost doubled, rising from 1.6% in 2002 to 3.0% in 2003. The highest vacancy rates were among bachelor units, which recorded a 4.9% vacancy rate. Vacancy rates were in the 3% range for one and two-bedroom units.

Despite the overall improvement in the vacancy rate, certain pockets continue to have low vacancy rates, such as the West End of the City, Burlington and Dundas. In Burlington, where higher homeownership costs are a barrier to many tenants wanting to move into ownership housing, the overall vacancy rate is just 0.6%.

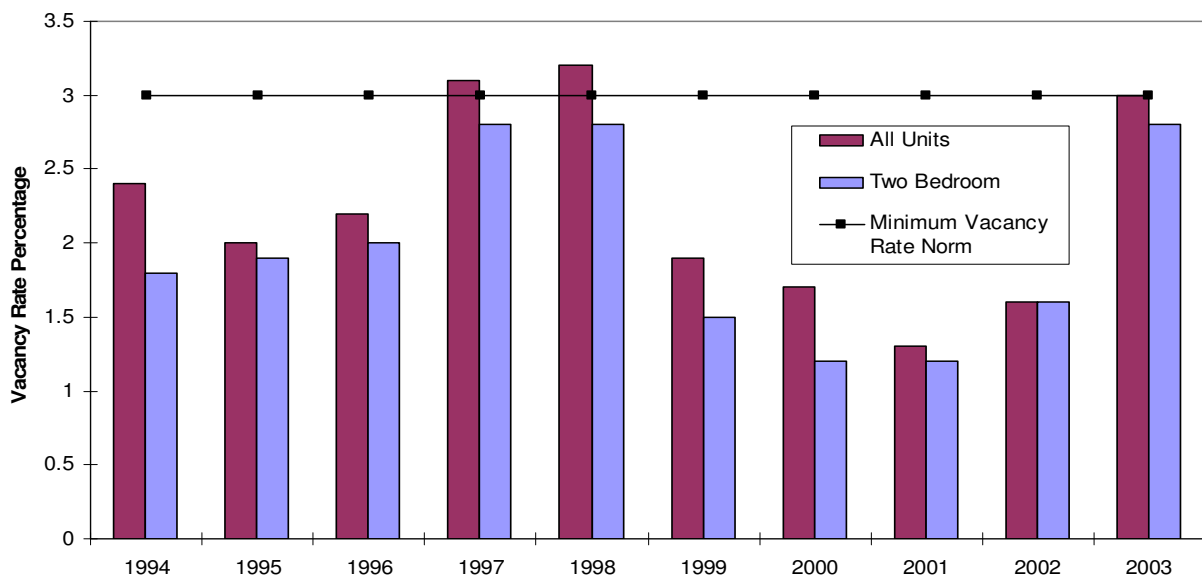
Historically low interest rates are attracting tenants to the ownership market, resulting in more rental units being available for rent. At the same time, CMHC reports that the rental supply increased by 417 units between 2002 and 2003, accounting for the increase in vacancy rates in 2003. About one quarter of this increase was due to the inclusion of a condominium building that was not in the rental universe in 2002 but was included in 2003.¹³

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Hamilton CMA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	2.4	2.0	2.2	3.1	3.2	1.9	1.7	1.3	1.6	3.0
Two Bedroom	1.8*	1.9	2.0	2.8	2.8	1.5	1.2	1.2	1.6	2.8

Note: * = buildings with 6+ units; otherwise 3+ units

Source: CMHC, Ontario Market Analysis Centre.



¹³ Canada Mortgage and Housing Corporation includes a building in the rental universe if more than 50% are rented out.

Despite Slower Rent Increases, Rents Still Increasing Faster Than Inflation

As a result of the higher vacancy rates, the average rent increase for all units in 2003 was only 1.6%. In 2003 the average rent for a one-bedroom apartment in the Hamilton CMA was \$633 and the average rent for a two-bedroom apartment was \$778. Nevertheless, in the past five-year period, rents have still been increasing faster than inflation—although not as much as in other markets in and around the Greater Toronto Area. For example, between 1998 and 2003, rent increases were 1.3 times the rate of inflation for both one and two-bedroom units and 1.8 times the rate of inflation for bachelor units. Over the last decade, rents have increased by 1.4 times the rate of inflation for most apartments by bedroom count (bachelors, one and two-bedroom units).

Change in Average Rents Compared to Inflation

Hamilton CMA: 1993-2003

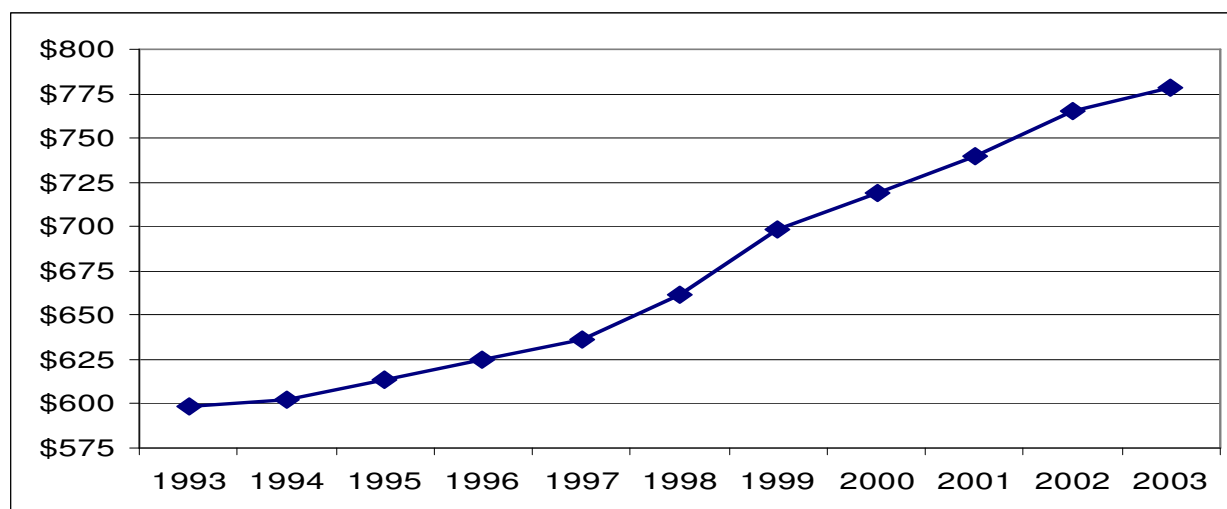
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$383	\$403	\$498	24%	13.2%	1.8
One-Bedroom	\$488	\$539	\$633	17%	13.2%	1.3
Two-Bedroom	\$599	\$662	\$778	18%	13.2%	1.3
Three-Bedroom	\$742	\$821	\$946	15%	13.2%	1.2

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$383	\$403	\$498	30%	21.1%	1.4
One-Bedroom	\$488	\$539	\$633	30%	21.1%	1.4
Two-Bedroom	\$599	\$662	\$778	30%	21.1%	1.4
Three-Bedroom	\$742	\$821	\$946	27%	21.1%	1.3

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

Hamilton CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Owners Incomes Are Twice The Level Of Tenants

In the City of Hamilton, owner incomes are 2.2 times the level of tenant incomes, based on the 2001 census. In 2000, owners had an average household income of \$71,344 while tenants had an average income of \$32,222. In the most recent census, owners' and tenants' incomes improved at roughly the same level, with the average owner income improving by 16% and the average tenant income improving by 14%. The recent growth in tenants' incomes contrasts with what occurred between 1990 and 1995, when the average income of tenants declined by 4% and the average income of owners increased by 8%.

Marginal Improvement In Housing Affordability Among Tenants

Despite improved incomes, the proportion of tenants with a housing affordability problem remains high. In 2000, 45% of tenants were paying 30% or more of their income on rent compared to 47% in 1995. In 2000, over one fifth of tenants (22%) were paying 50% or more of their income on rent compared to 23% in 1995. In 2000, 14,200 households in the City of Hamilton had a severe affordability problem (paying 50% or more of their income on rent).

Proportion of Income Spent on Housing City of Hamilton, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	30,935	47.0%	29,100	44.8%	15,470	23.0%	14,200	21.9%
Owners	19,585	18.0%	20,910	17.1%	6,525	6.0%	7,190	5.9%

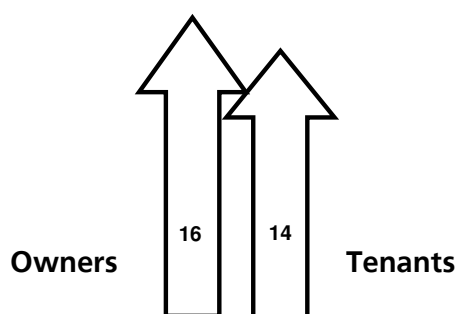
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Hamilton: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$61,694	\$28,306	2.2	\$71,344	\$32,222	2.2	15.6%	13.8%
One Family Households	\$67,138	\$33,901	2.0	\$78,391	\$38,796	2.0	16.8%	14.4%
Non-Family Households	\$34,600	\$22,311	1.6	\$37,125	\$25,311	1.5	7.3%	13.4%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Rental Production Continues At A Low Level In Hamilton

Over the five-year period between 1999 and 2003, 71% of all housing completions in the Hamilton CMA were freehold, 28% were condominium and 1% were rental units. In the previous five-year period (1994 to 1998), as the tail end of the non-profit housing programs were being developed, 12% of all completions were rental, 69% were freehold, and 19% were condominium.

While condominiums in the Hamilton area provide some opportunity for rental units, over the longer term there is a need for purpose-built rental housing, as condominium investors sell their (temporarily rented) units to owner-occupants.

Residential Completions by Tenure Hamilton CMA: 1989-2003

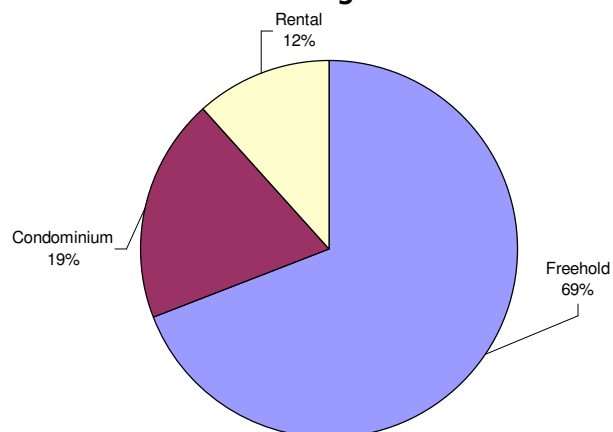
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	2881	60%	1476	31%	199	4%	261	5%	460	10%	4817	100%
1990	2131	66%	769	24%	177	5%	165	5%	342	11%	3242	100%
1991	946	38%	763	31%	128	5%	654	26%	782	31%	2491	100%
1992	1336	50%	715	27%	0	0%	629	23%	629	23%	2680	100%
1993	1689	67%	255	10%	18	1%	559	22%	577	23%	2521	100%
1994	2034	58%	314	9%	0	0%	1171	33%	1171	33%	3519	100%
1995	1334	68%	470	24%	0	0%	146	7%	146	7%	1950	100%
1996	1705	70%	492	20%	0	0%	224	9%	224	9%	2421	100%
1997	2476	73%	838	25%	35	13%	60	2%	95	3%	3409	100%
1998	2505	78%	648	20%	54	2%	15	0%	69	2%	3222	100%
1999	2506	72%	894	26%	51	2%	0	0%	51	2%	3451	100%
2000	2504	62%	1520	38%	0	0%	0	0%	0	0%	4024	100%
2001	2349	72%	920	27%	15	1%	0	0%	15	1%	3284	100%
2002	2549	70%	1025	28%	47	1%	0	0%	47	1%	3621	100%
2003	2708	82%	571	17%	n/a	n/a	n/a	n/a	24	1%	3303	100%

Average Annual Production												
1994-98	2011	69%	552	19%	18	1%	323	11%	341	12%	2904	100%
1999-03	2523	71%	986	28%	n/a	n/a	n/a	n/a	27	1%	3537	100%

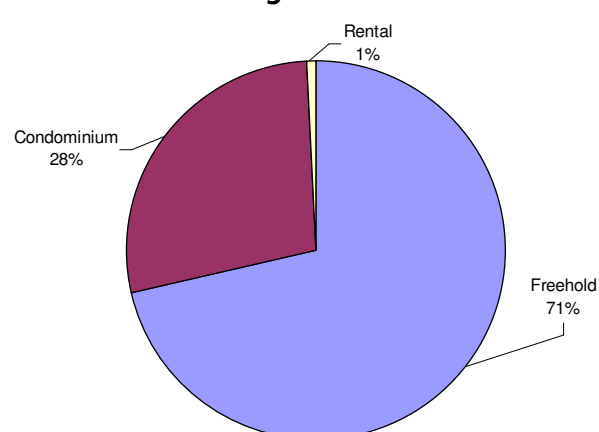
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



KINGSTON

Though Slightly Better In 2003, Rental Market Tightest Among Ontario CMA's

After three years of consecutive decreases in vacancy rates from 2000 to 2002, the overall vacancy rate in the Kingston CMA rose from 0.9% in 2002 to 1.9% in 2003. Although the vacancy rate eased somewhat in 2003, it remained tight compared to a healthy rental market target of 3%.

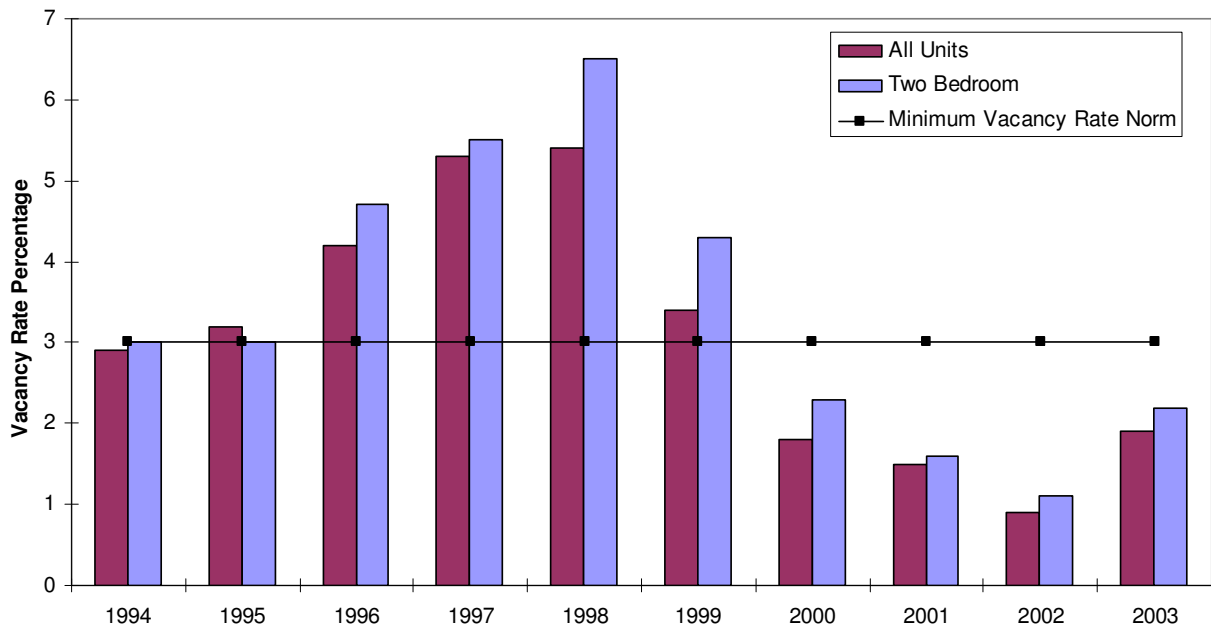
At 1.9%, Kingston's vacancy rate for 2003 is below the provincial average of 3.5% and remains low in comparison to other markets in Ontario. In 2003 Kingston had the lowest vacancy rate for a CMA in Ontario.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Kingston CMA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	2.9	3.2	4.2	5.3	5.4	3.4	1.8	1.5	0.9	1.9
Two Bedroom	3	3.0	4.7	5.5	6.5	4.3	2.3	1.6	1.1	2.2

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Outstrip Rate Of Inflation In 2003

As a result of low vacancy rates, rent increases for all units ran ahead of inflation in 2003. While year-over-year inflation was 2.7%, the average rent for a two-bedroom unit increased 5.6% between October 2002 and October 2003. The tight rental market affected all unit types. For example, the average rent for one-bedroom units increased by 4.8% between 2002 and 2003, while the average rent for bachelor suites increased 7.0%. The greatest increase between 2002

and 2003 took place among rental units with 3 or more bedrooms, where the average rent shot up 7.5%. Over the ten-year period (1993 to 2003) rents for most apartments increased at about the level of inflation, except for bachelor units which increased by 1.9 times the rate of inflation.

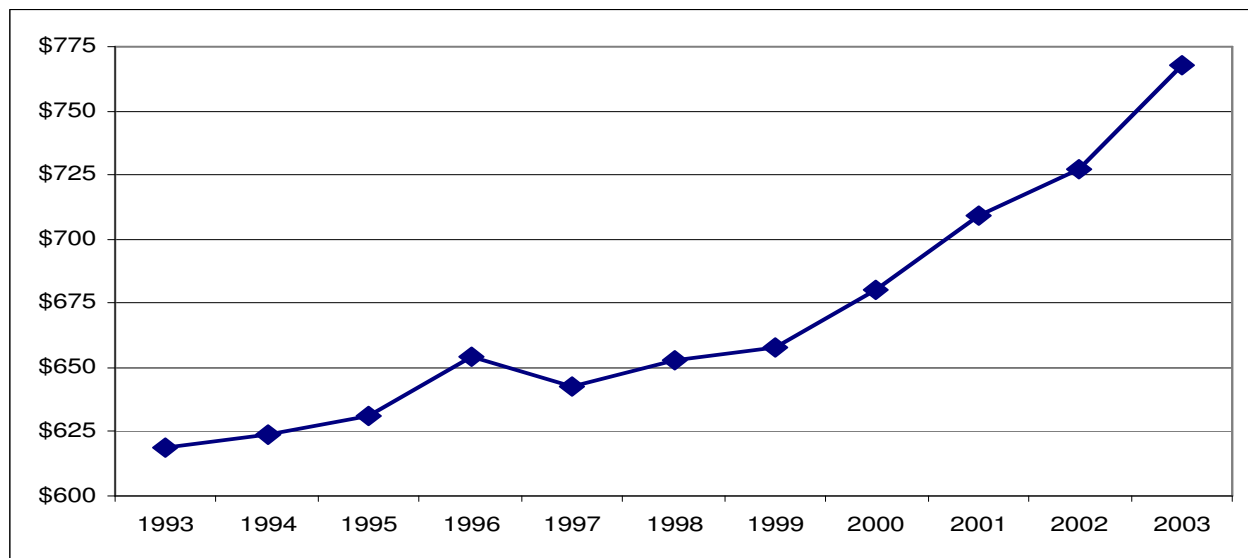
Change in Average Rents Compared to Inflation Kingston CMA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$359	\$416	\$504	21%	13.2%	1.6
One-Bedroom	\$505	\$534	\$627	17%	13.2%	1.3
Two-Bedroom	\$619	\$653	\$768	18%	13.2%	1.3
Three-Bedroom	\$788	\$848	\$934	10%	13.2%	0.8

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$359	\$416	\$504	40%	21.1%	1.9
One-Bedroom	\$505	\$534	\$627	24%	21.1%	1.1
Two-Bedroom	\$619	\$653	\$768	24%	21.1%	1.1
Three-Bedroom	\$788	\$848	\$934	19%	21.1%	0.9

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Kitchener CMA: 1993-2003



Source: CMHC Ontario Markets Analysis Centre

Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in the City of Kingston was \$73,753—more than twice the level of tenant households who had an average income of \$32,879. Between 1995 and 2000, the average tenant income increased by 23%, slightly less than the average owner income, which increased by 25%. The increase in incomes is in marked contrast to what

happened between 1990 and 1995, when the average income of tenants decreased by 4% and the average income of owners increased by 7%.

Almost half of tenants in Kingston are spending more than 30% of their income on rent. In the year 2000, 48% of tenants were paying 30% or more of their income on shelter—more than three times the level among homeowners of whom just 15% had shelter costs exceeding 30%. In the year 2000, 23% (or nearly one quarter) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. By comparison, in 2000 less than 5% of owner households were in this situation.

Proportion of Income Spent on Housing City of Kingston: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	7,940	50.8%	9,245	47.8%	4,155	26.6%	4,500	23.3%
Owners	1,830	18.3%	3,990	14.8%	645	6.4%	1,320	4.9%

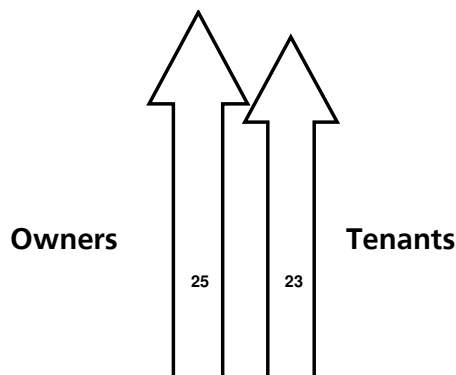
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Kingston: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$59,009	\$26,733	2.2	\$73,753	\$32,879	2.2	25.0%	23.0%
One Family Households	\$67,792	\$32,298	2.1	\$82,400	\$40,252	2.0	21.5%	24.6%
Non-Family Households	\$38,139	\$22,513	1.7	\$40,987	\$26,289	1.6	7.5%	16.8%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in Kingston over the past five-year period is freehold—accounting for 91% of all units that were developed between 1999 and 2003. Two

percent (2%) of the units developed in the same period were condominium, while 7% were rental.

Although an average of 51 rental units were added to the rental market annually between 1999 and 2003, the rental market is probably going to get tighter. CMHC notes in its Rental Market Report that 125 rental starts were recorded in 2001 and none in 2002 or 2003. Without new additions, the supply of rental housing can be expected to tighten further in the near future.

Residential Completions by Tenure Kingston CMA: 1989-2003

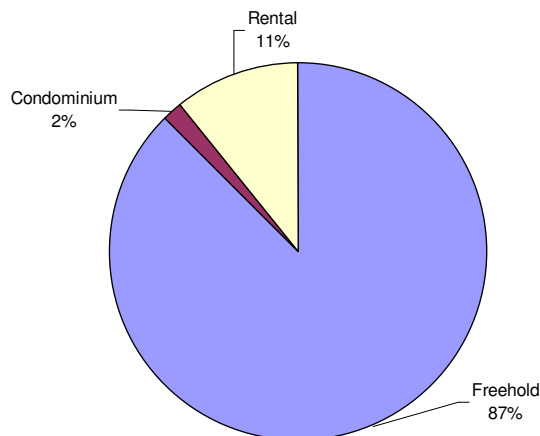
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	985	60%	206	12%	410	25%	50	3%	460	28%	1651	100%
1990	1011	63%	72	5%	481	30%	30	2%	511	32%	1594	100%
1991	554	56%	95	10%	341	34%	0	0%	341	34%	990	100%
1992	511	60%	0	0%	262	31%	80	9%	342	40%	853	100%
1993	593	76%	0	0%	6	1%	180	23%	186	24%	779	100%
1994	507	72%	42	6%	151	21%	8	1%	159	22%	708	100%
1995	340	99%	0	0%	2	1%	0	0%	2	1%	342	100%
1996	414	100%	0	0%	0	0%	0	0%	0	0%	414	100%
1997	527	83%	0	0%	108	17%	0	0%	108	17%	635	100%
1998	492	97%	0	0%	16	3%	0	0%	16	3%	508	100%
1999	532	97%	0	0%	18	3%	0	0%	18	3%	550	100%
2000	553	85%	0	0%	100	15%	0	0%	100	15%	653	100%
2001	565	87%	78	12%	8	1%	0	0%	8	1%	651	100%
2002	715	85%	0	0%	128	15%	0	0%	128	15%	843	100%
2003	837	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	837	100%

Average Annual Production												
1994-98	456	87%	8	2%	55	11%	2	0%	57	11%	521	100%
1999-03	640	91%	16	2%	n/a	n/a	n/a	n/a	51	7%	707	100%

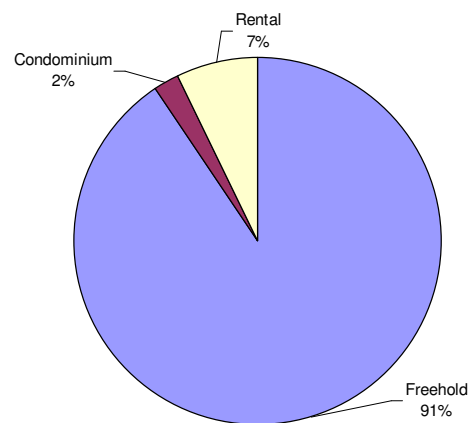
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



LONDON

Vacancy Rates Continue Below Desired Level

Vacancy rates in the London CMA have been tight since October 2000. The continuing low vacancies in the London area was contrary to the trend observed in many other areas in Ontario where vacancy rates increased in 2003. Vacancy rates declined for bachelor and two-bedroom units, increased for one bedroom units and remained the same for 3+ bedroom units. In 2003, the overall vacancy rate was 2.1%—up slightly from the 2.0% rate of 2002. The vacancy rate for bachelor apartments was 2.9%, for one-bedroom units it was 2%, for 2-bedroom units - 1.9% and for 3+ bedroom units - 2.9%.

While many tenants have been moving into ownership housing because of the historically low mortgage rates, the reason for the unchanged vacancy rates has more to do with increases in rental demand. CMHC's Rental Market Report notes that there has been a recent increase in international migration to the area and a rise in the 15-24 year age group—both groups that have high propensities to rent.

The low level of rental completions over the past five-year period has also contributed to the continuing tight rental market.

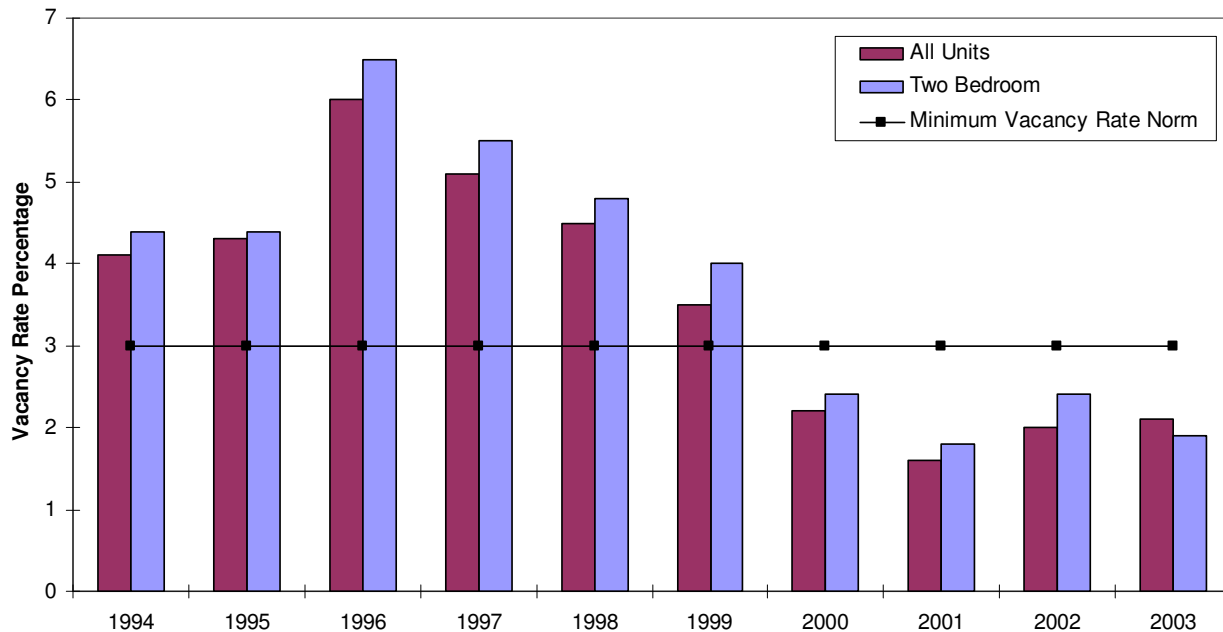
Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units

London CMA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	4.1	4.3	6	5.1	4.5	3.5	2.2	1.6	2	2.1
Two Bedroom	4.4	4.4	6.5	5.5	4.8	4	2.4	1.8	2.4	1.9

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Keeping Pace With Inflation

In 2003, the average rent for bachelor apartments rose 4% from \$440 to \$458; the average rent for one-bedroom apartments rose 3.5% from \$566 to \$586 and the average rent for two-bedroom apartments rose 4.4% from \$705 to \$736. Over the 5-year period (1998-2003), rents for bachelor apartments increased by less than the rate of inflation, at the rate of inflation for one-bedroom units, 1.2 times the rate of inflation for 2-bedroom units and 1.4 times the rate of inflation for 3-bedroom units. However, over a longer period -- the past decade (1993-2003) -- London is one of the few markets in southern Ontario where rents have been increasing below the rate of inflation. This is probably due to the high vacancy rates experienced in the London CMA throughout much of the 1990's, which peaked at 6% in 1996.

Change in Average Rents Compared to Inflation

London CMA: 1993-2003

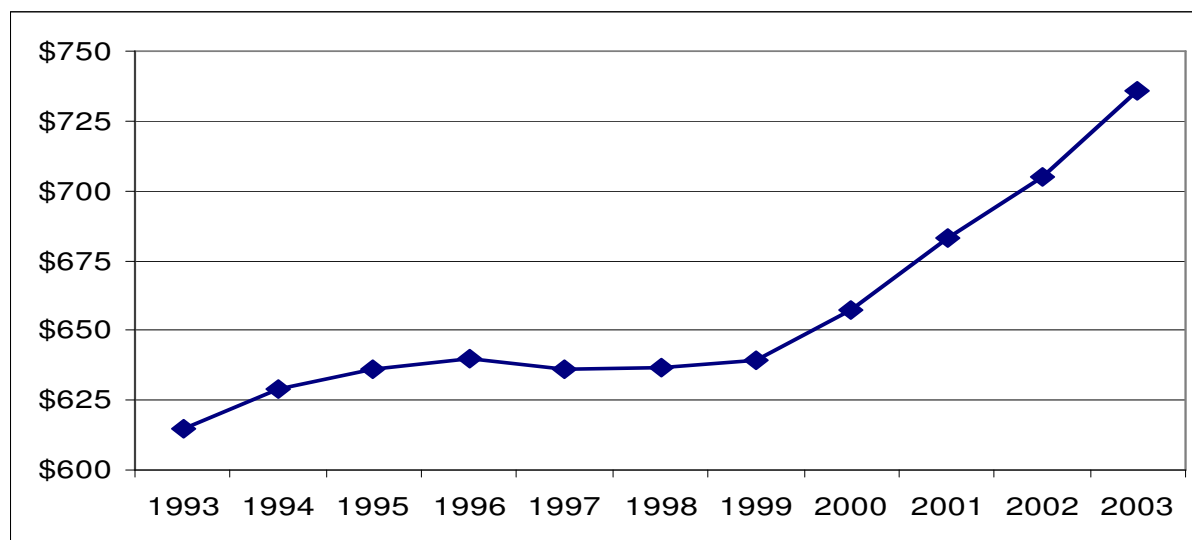
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$394	\$407	\$458	13%	13.2%	0.9
One-Bedroom	\$494	\$515	\$586	14%	13.2%	1.0
Two-Bedroom	\$615	\$637	\$736	16%	13.2%	1.2
Three-Bedroom	\$757	\$790	\$934	18%	13.2%	1.4

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$394	\$407	\$458	16%	21.1%	0.8
One-Bedroom	\$494	\$515	\$586	19%	21.1%	0.9
Two-Bedroom	\$615	\$637	\$736	20%	21.1%	0.9
Three-Bedroom	\$757	\$790	\$934	23%	21.1%	1.1

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

London CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Owner Incomes Are Twice The Level Of Tenants

In the City of London, the average owner household income in 2000 was 2.3 times the average tenant income. This ratio is higher than for Ontario as a whole, where the average owner household income was 2 times that of the average tenant household income—reflecting the lower incomes of tenants in London compared to the Ontario average.

Owners in London in 2000 had an average household income of \$74,876 while tenants had an average income of \$32,767. In the most recent census, the average owner income between 1996 and 2000 increased by 16%, compared to 11% for tenants. This contrasts to the previous census, when the average tenant household income declined 3% between 1990 and 1995, while the average owner household income rose 6%.

Close To One Quarter Of Tenants Have A Serious Housing Affordability Problem

The proportion of tenants with a housing affordability problem remains high. In 2000, 45% of tenants were paying 30% or more of their income on rent, compared to 47% in 1995. In 2000, over one fifth of tenants or 23% were paying 50% or more of their income on rent compared to 23% in 1995. In 2000, 12,695 households in the City of London had a severe affordability problem (i.e., were paying 50% or more of their income on rent).

Proportion of Income Spent on Housing City of London: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	26,155	47.2%	25,225	45.1%	12,750	23.0%	12,695	22.7%
Owners	12,265	16.6%	12,415	15.3%	4,125	5.6%	4,295	5.3%

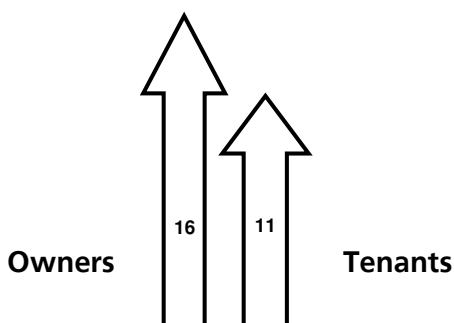
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of London: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$64,575	\$29,528	2.2	\$74,876	\$32,767	2.3	16.0%	11.0%
One Family Households	\$70,944	\$35,096	2.0	\$83,447	\$39,770	2.1	17.5%	13.3%
Non-Family Households	\$38,212	\$24,269	1.6	\$41,297	\$26,608	1.6	8.1%	9.6%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change From 1995-2000



Housing Production Oriented To Freehold Housing With Marginal Rental Production

Over the five-year period 1999 to 2003, 88% of all housing completions in the London CMA were freehold, 9% were condominium, and just 3% were rental units. In the previous five-year period (1994 to 1998), as the tail end of the non-profit housing programs were being developed, 19% of all completions were rental, 66% were freehold and 16% were condominium. According to CMHC's Rental Market Report, only 114 rental units have been completed since June 2002, all targeted to university students (this does not include the new student residences being built at Western and Fanshawe College). However, there are currently six high-rise developments under construction in the City of London that are mid- to high-end units that will come onto the market in mid-2004.

Residential Completions by Tenure London CMA: 1989-2003

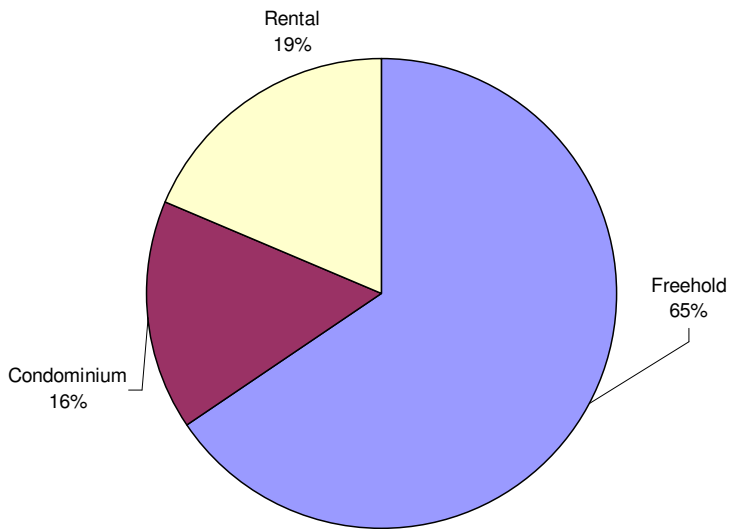
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	2515	54%	1290	28%	784	17%	33	1%	817	18%	4622	100%
1990	1584	38%	713	17%	1301	31%	589	14%	1890	45%	4187	100%
1991	694	38%	324	18%	544	30%	246	14%	790	44%	1808	100%
1992	1019	42%	289	12%	274	11%	850	35%	1124	46%	2432	100%
1993	1008	61%	331	20%	260	16%	60	4%	320	19%	1659	100%
1994	1210	45%	338	13%	615	23%	510	19%	1125	42%	2673	100%
1995	817	55%	303	20%	378	25%	0	0%	378	25%	1498	100%
1996	997	78%	198	15%	91	7%	0	0%	91	7%	1286	100%
1997	1414	83%	274	16%	20	1%	0	0%	20	1%	1708	100%
1998	1326	82%	278	17%	16	1%	0	0%	16	1%	1620	100%
1999	208	87%	23	10%	6	3%	0	0%	6	3%	237	100%
2000	306	100%	0	0%	0	0%	0	0%	0	0%	306	100%
2001	197	90%	23	10%	0	0%	0	0%	0	0%	220	100%
2002	271	90%	27	9%	4	1%	0	0%	4	1%	302	100%
2003	1860	86%	218	10%	n/a	n/a	n/a	n/a	94	4%	2172	100%

Average Annual Production												
1994-98	1153	66%	278	16%	224	13%	102	6%	326	19%	1757	100%
1999-03	568	88%	58	9%	n/a	n/a	n/a	n/a	21	3%	647	100%

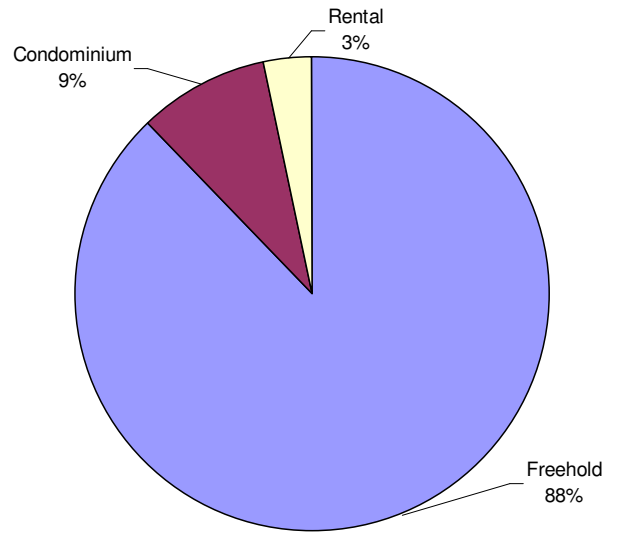
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



DISTRICT OF MUSKOKA

Vacancy Rate Lower In 2003

Overall the vacancy for Muskoka (which covers the Bracebridge, Gravenhurst and Huntsville CA's) fell marginally from 3.3% in 2002 to 3.1% in 2003. There were only 26 vacant units across the Muskoka area in 2003 out of a total apartment rental stock of 845 units.

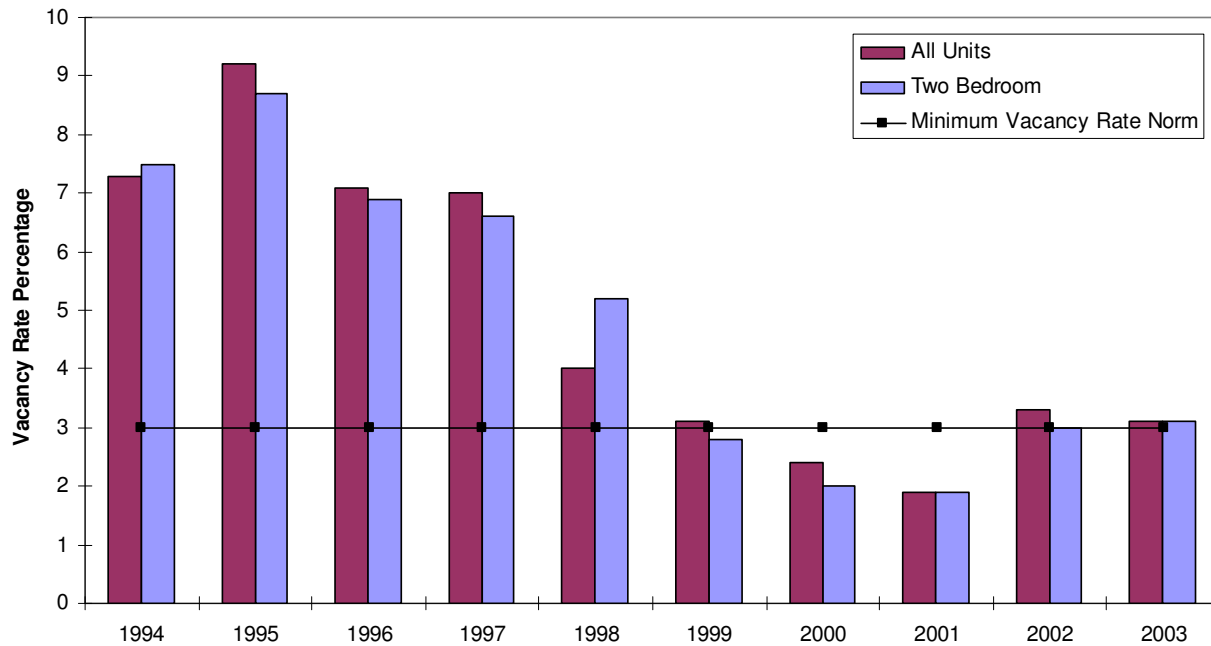
Two out of the three municipalities in the District had lower overall vacancy rates in 2003 compared to 2002. In Gravenhurst the vacancy rate fell from 3.2% in 2002 to 2.4% in 2003, while the vacancy rate in Huntsville decreased slightly from 4.7% in 2002 to 4.6% in 2003. Although the vacancy rate eased slightly in Bracebridge, this area continued to have the tightest rental market in Muskoka, with the rate rising from 1.8% in 2002 to 1.9% in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units District of Muskoka: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	7.3	9.2	7.1	7	4	3.1	2.4	1.9	3.3	3.1
Two Bedroom	7.5	8.7	6.9	6.6	5.2	2.8	2	1.9	3	3.1

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre



Rent Increases Keep Pace With Inflation

A rise in the vacancy rate for two-bedroom apartments helped to keep rents in check for this popular unit size. A two-bedroom apartment in Muskoka rented for \$740 in 2003, representing an increase of 2.8% between 2002 and 2003, close to the rate of inflation. A one-bedroom apartment rented for \$608 in 2003, while a bachelor rented for \$495. Over the past five-years, between 1999 and 2003, rents for one and two-bedroom units have followed a pattern of keeping pace with inflation. During the same period, rents for bachelor apartments exceeded the rate of inflation by 1.4 times.

Change in Average Rents Compared to Inflation

District of Muskoka: 1993-2003

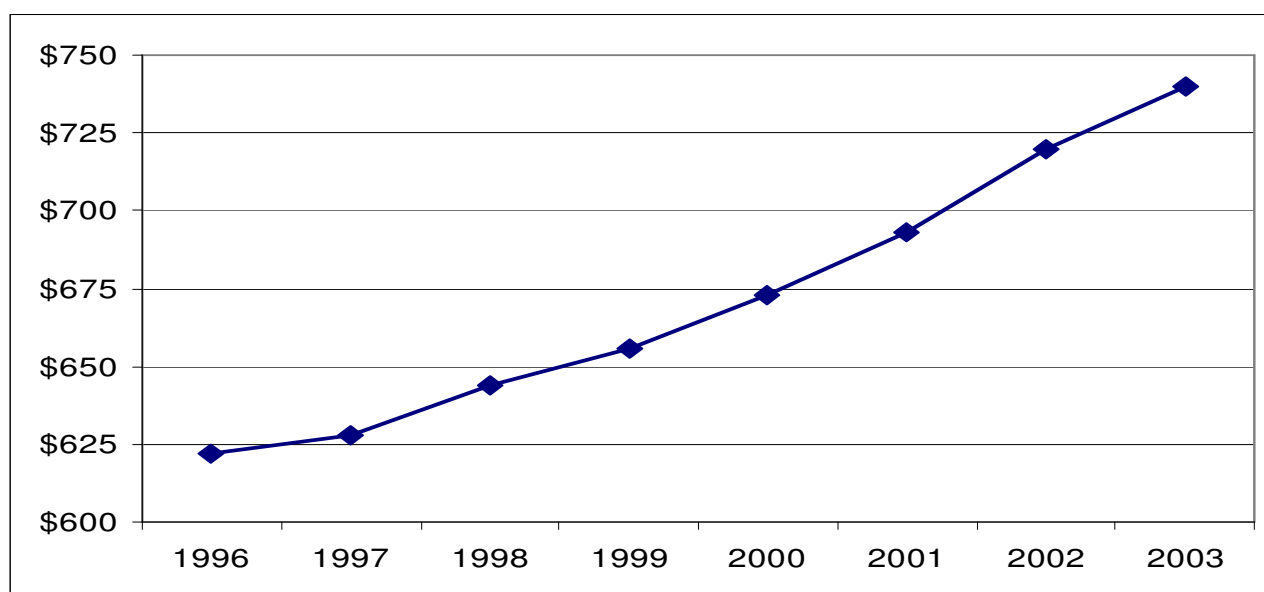
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	N/A	\$420	\$495	18%	13.2%	1.4
One-Bedroom	N/A	\$538	\$608	13%	13.2%	1.0
Two-Bedroom	N/A	\$644	\$740	15%	13.2%	1.1
Three-Bedroom	N/A	\$736	\$780	6%	13.2%	0.5

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	N/A	\$420	\$495	N/A	21.1%	N/A
One-Bedroom	N/A	\$538	\$608	N/A	21.1%	N/A
Two-Bedroom	N/A	\$644	\$740	N/A	21.1%	N/A
Three-Bedroom	N/A	\$736	\$780	N/A	21.1%	N/A

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

District of Muskoka: 1993-2003



Source: CMHC Ontario Market Analysis Centre

More Than 40% Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income for owner households in the District of Muskoka was \$57,104, which was 1.7 times the average income for tenant households of \$34,084. Between 1995 and 2000, the average tenant household income increased by 23%, exceeding the growth in the average owner household income, which grew 19% in the same period. This is a vast improvement for both owners and tenants (but especially for tenants) compared to the previous census, which showed that the average income of tenants fell by 6% (in the 1990-1995 period), while the average income of owners increased by 5%.

In 2000, 43% of tenants were paying 30% or more of their income on shelter—more than double the level among homeowners, 17% of whom had shelter costs exceeding 30%. In the year 2000, 17% (or nearly one fifth) of all tenant households were spending in excess of 50% of their income on shelter costs. Though affordability remained a serious problem in Muskoka in 2000, the situation represented an improvement over 1995, when 25% of all tenant households spent more than 50% of their income on shelter costs. This change reflects improvements in the local economy.

Proportion of Income Spent on Housing District of Muskoka, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	2,185	50.6%	1,740	42.8%	1,075	24.9%	700	17.2%
Owners	3,180	21.2%	2,830	17.2%	1,200	8.0%	1,060	6.4%

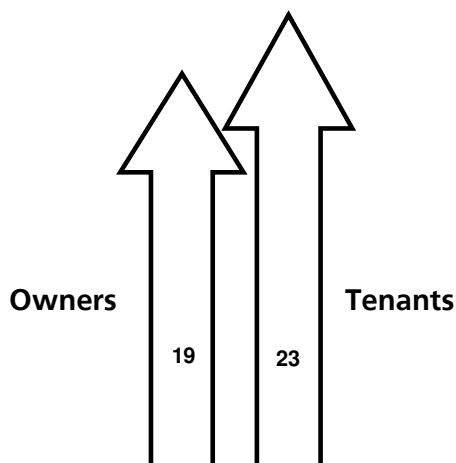
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants District of Muskoka, 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$48,066	\$27,694	1.7	\$57,104	\$34,084	1.7	18.8%	23.1%
One Family Households	\$52,840	\$31,560	1.7	\$63,228	\$41,447	1.5	19.7%	31.3%
Non-Family Households	\$27,703	\$22,525	1.2	\$31,218	\$24,644	1.3	12.7%	9.4%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented to Freehold Housing

The majority of housing being developed in Muskoka over the past five-year period is freehold—accounting for 91% of all units developed between 1999 and 2003. Eight percent (8%) of the units developed in the same period were condominium, while only 1% were rental.

Residential Completions by Tenure District of Muskoka: 1989-2003

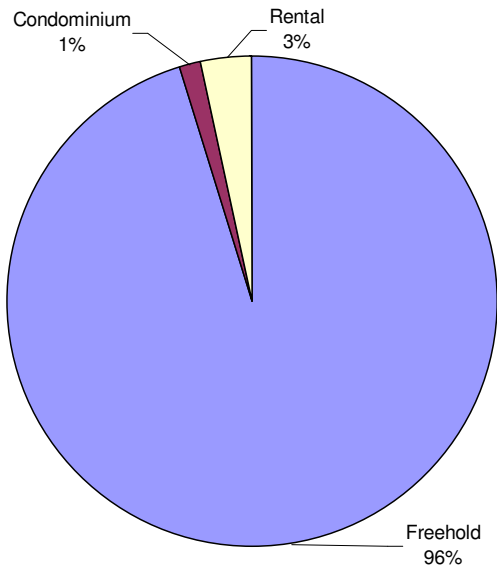
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	400	59%	180	27%	53	8%	40	6%	93	14%	673	100%
1990	659	70%	204	22%	73	8%	0	0%	73	8%	936	100%
1991	223	93%	16	7%	0	0%	0	0%	0	0%	239	100%
1992	292	78%	0	0%	0	0%	84	22%	84	22%	376	100%
1993	156	61%	68	27%	0	0%	31	12%	31	12%	255	100%
1994	162	100%	0	0%	0	0%	0	0%	0	0%	162	100%
1995	155	99%	0	0%	2	1%	0	0%	2	1%	157	100%
1996	111	91%	0	0%	11	9%	0	0%	11	9%	122	100%
1997	170	93%	12	7%	0	0%	0	0%	0	0%	182	100%
1998	178	93%	0	0%	14	7%	0	0%	14	7%	192	100%
1999	208	88%	23	10%	6	0%	0	0%	6	3%	237	100%
2000	306	100%	0	0%	0	0%	0	0%	0	0%	306	100%
2001	197	90%	23	10%	0	0%	0	0%	0	0%	220	100%
2002	271	90%	27	9%	4	1%	0	0%	4	1%	302	100%
2003	332	89%	42	11%	n/a	n/a	n/a	n/a	0	0%	374	100%

Average Annual Production												
1994-98	155	95%	2	1%	5	3%	0	0%	5	3%	163	100%
1999-03	263	91%	23	8%	n/a	n/a	n/a	n/a	2	1%	288	100%

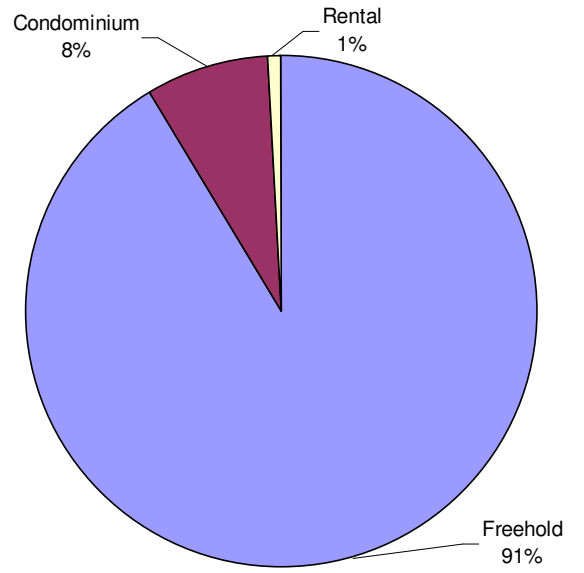
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



NORTH BAY

Vacancy Rate Lowest In Northern Ontario

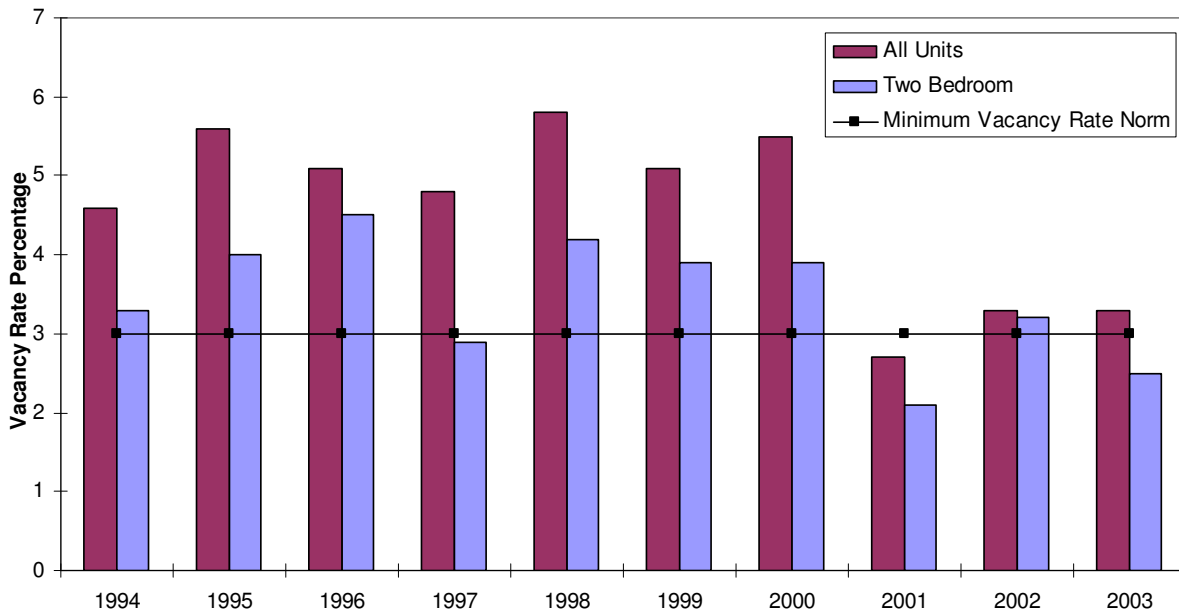
While vacancy rates were high throughout most of the 1990's, since 2001 they have been in the 3% range. In 2003 the overall vacancy rate was 3.3%—unchanged from 2002. North Bay, along with Thunder Bay, now has the lowest vacancy rates of all Northern Ontario centres.

Employment growth and the double cohort effect on first-year enrolment at Nipissing University and Canadore College accounted for an increased demand for rental units. However, as evidenced by a strong North Bay resale market, the increase was offset by a substantial number of renters who became homeowners due to low mortgage rates. As a result, there was no net change in the rental vacancy situation between 2002 and 2003. Nevertheless, vacancy rates for bachelors and two-bedroom units fell. The vacancy rate for two-bedroom units declined from 3.2% in 2002 to 2.5% in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units North Bay CA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	4.6	5.6	5.1	4.8	5.8	5.1	5.5	2.7	3.3	3.3
Two Bedroom	3.3	4	4.5	2.9	4.2	3.9	3.9	2.1	3.2	2.5

Note: Vacancy Rate in Buildings with 3+ rental units
Source: CMHC, Ontario Market Analysis Centre



Rent Increases Below Rate of Inflation

Although the increase in average rents for all units was 2.2%, the increase in rents for the much sought after two-bedroom units was 3.3%, above the 2003 rate of inflation of 2.7%. Rent

increases in both the five-year period (1998-2003) and the ten-year period (1993-2003) have been below the rate of inflation, reflecting slow economic growth and low rental demand throughout much of the 1990's.

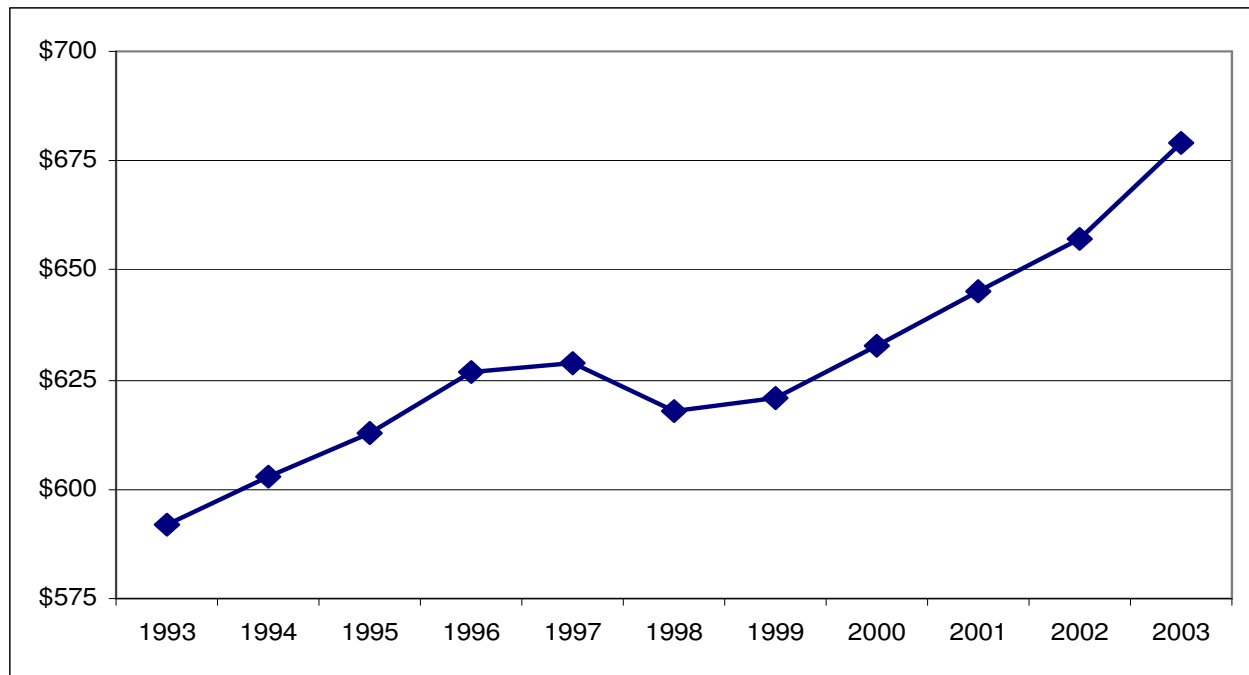
Change in Average Rents Compared to Inflation North Bay CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$391	\$420	\$410	-2%	13.2%	-0.2
One-Bedroom	\$463	\$481	\$513	7%	13.2%	0.5
Two-Bedroom	\$592	\$618	\$679	10%	13.2%	0.7
Three-Bedroom	\$632	\$669	\$727	9%	13.2%	0.7

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$391	\$420	\$410	5%	21.1%	0.2
One-Bedroom	\$463	\$481	\$513	11%	21.1%	0.5
Two-Bedroom	\$592	\$618	\$679	15%	21.1%	0.7
Three-Bedroom	\$632	\$669	\$727	15%	21.1%	0.7

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment North Bay CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in North Bay was \$65,230—more than twice the level of tenant households, whose average income was \$30,491. Between 1995 and 2000 tenant incomes fell further behind owner incomes, with the average tenant income growing by just 7%, compared to the increase in the average owner income of 11%.

Just under half of tenants in North Bay are spending more than 30% of their income on rent. In 2000, 48% of tenants were paying 30% or more of their income on shelter—almost three times the level among homeowners of whom just 16% had shelter costs exceeding 30%. In the year 2000, 23% (or nearly one quarter) of tenants were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem—basically the same proportion of tenants who were in this situation in 1995. By comparison, in 2000 just 6% of owner households were in this situation.

**Proportion of Income Spent on Housing
City of North Bay: 1995-2000**

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	4,365	58.0%	4,025	48.0%	2,150	23.0%	1,945	23.2%
Owners	2,085	17.0%	2,095	16.1%	810	7.0%	810	6.2%

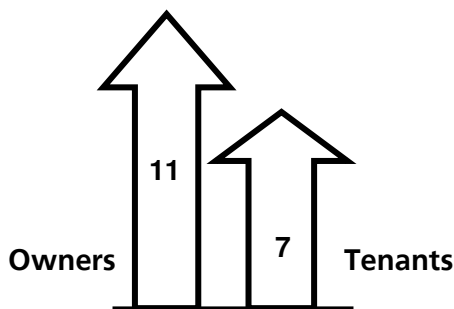
Source: Statistics Canada Custom Tabulation

**Average Household Incomes of Owners and Tenants
City of North Bay: 1995-2000**

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$58,928	\$28,525	2.1	\$65,230	\$30,491	2.1	10.7%	6.9%
One Family Households	\$64,347	\$34,420	1.9	\$72,716	\$37,162	2.0	13.0%	8.0%
Non-Family Households	\$32,834	\$21,396	1.5	\$33,377	\$22,522	1.5	1.7%	5.3%

Source: Statistics Canada Custom Tabulation

**Owner and Tenant Income
Percent Change from 1995 to 2000**



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in North Bay over the past five-year period is freehold—accounting for 95% of all units developed between 1999 and 2003. Four percent (4%) of the units developed in the same period were condominium, while a meager 1% (3 units in the past 5 years) was rental. In the near future—with virtually no rental housing under construction and rising demand—rental vacancy rates in North Bay are likely to decline further.

Residential Completions by Tenure North Bay CA: 1989-2003

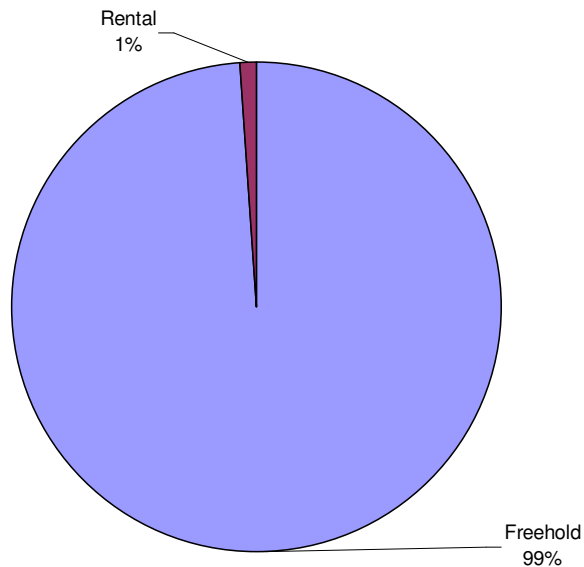
Year	OWNERSHIP				RENTAL				All Tenures			
	Freehold		Condominium		Private Rental		Assisted Rental				Total Rental	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	300	56%	181	34%	44	8%	6	1%	50	9%	531	100%
1990	303	70%	30	7%	30	7%	71	16%	101	23%	434	100%
1991	208	51%	0	0%	116	28%	85	21%	201	49%	409	100%
1992	223	48%	0	0%	113	24%	133	28%	246	52%	469	100%
1993	144	32%	0	0%	58	13%	247	55%	305	68%	449	100%
1994	108	98%	0	0%	2	2%	0	0%	2	2%	110	100%
1995	75	100%	0	0%	0	0%	0	0%	0	0%	75	100%
1996	48	100%	0	0%	0	0%	0	0%	0	0%	48	100%
1997	64	100%	0	0%	0	0%	0	0%	0	0%	64	100%
1998	87	98%	0	0%	2	2%	0	0%	2	2%	89	100%
1999	127	100%	0	0%	0	0%	0	0%	0	0%	127	100%
2000	86	87%	10	10%	3	3%	0	0%	3	0%	99	100%
2001	95	100%	0	0%	0	0%	0	0%	0	0%	95	100%
2002	103	100%	0	0%	0	0%	0	0%	0	0%	103	100%
2003	119	89%	15	11%	n/a	n/a	n/a	n/a	0	0%	134	100%

Average Annual Production												
1994-98	76	99%	0	0%	1	1%	0	0%	1	1%	77	100%
1999-03	106	95%	5	4%	n/a	n/a	n/a	n/a	1	1%	112	100%

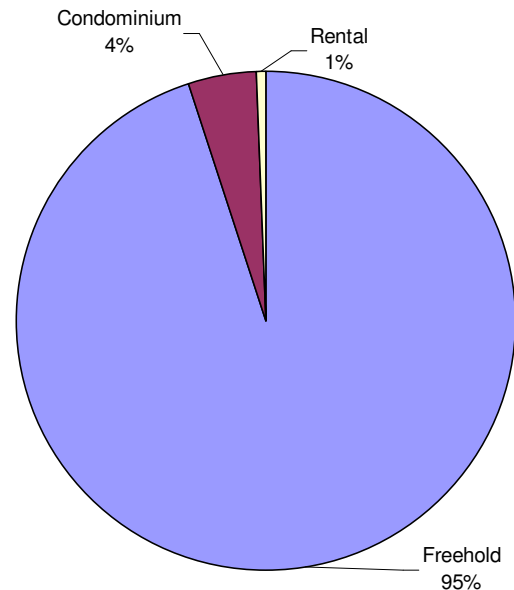
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



OTTAWA

Vacancy Rates Rose In 2003

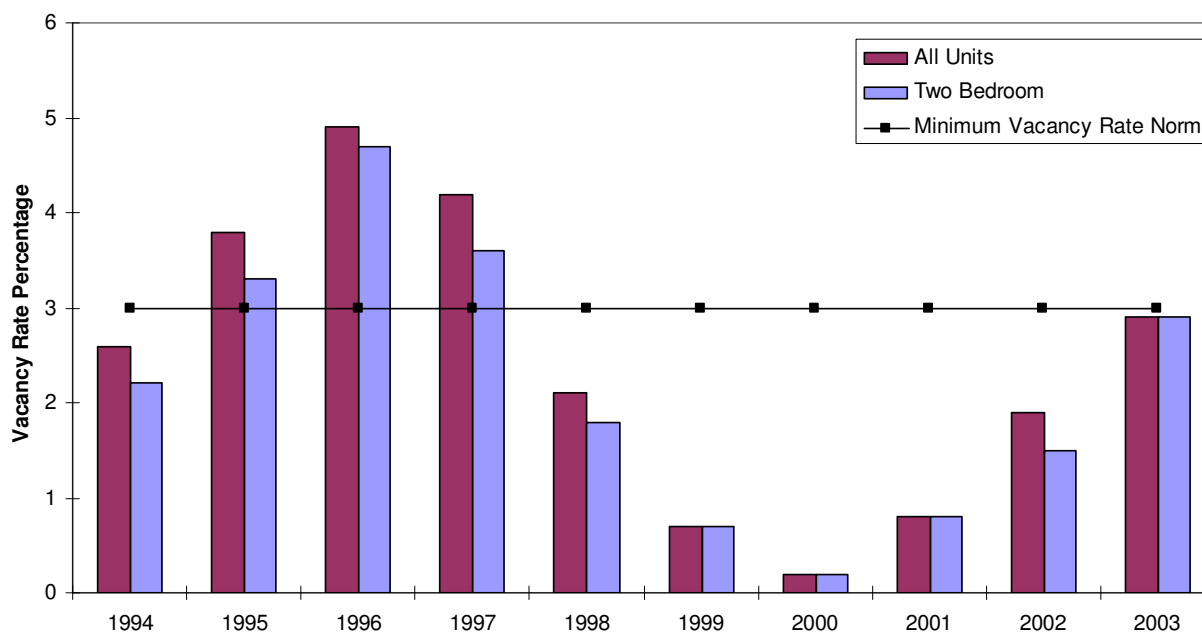
The vacancy rate has been easing in Ottawa since 2000, when it registered 0.2% for all rental apartments. The overall vacancy rate for private rental units rose from 1.9% in 2002 to 2.9% in 2003. The 2003 CMHC survey identified an increase of 50% in the number of vacant units over the previous year. Vacancy rates rose for all unit types, and this increase is largely attributed to low mortgage rates attracting tenants to the ownership market, thereby freeing up rental housing. Despite the creation of new rental housing, the actual size of the private rental apartment stock has declined because of conversions of rental units to condominiums.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Ottawa CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	2.6	3.8	4.9	4.2	2.1	0.7	0.2	0.8	1.9	2.9
Two Bedroom	2.2	3.3	4.7	3.6	1.8	0.7	0.2	0.8	1.5	2.9

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Above The Rate Of Inflation

Although rents did not increase in 2003, an examination of the five and ten-year increase in rents compared to inflation shows that rents have been increasing faster than inflation. For example, between 1998 and 2003, the average rent for bachelor units rose 2.1 times the rate of inflation, the average rent for one-bedroom apartments increased 1.9 times the rate of inflation and the average rent for two-bedroom units increased 1.8 times the rate of inflation. Over the

past decade the average rent for various sized units has increased more than the rate of inflation, although at a slower rate than in the past five-year period.

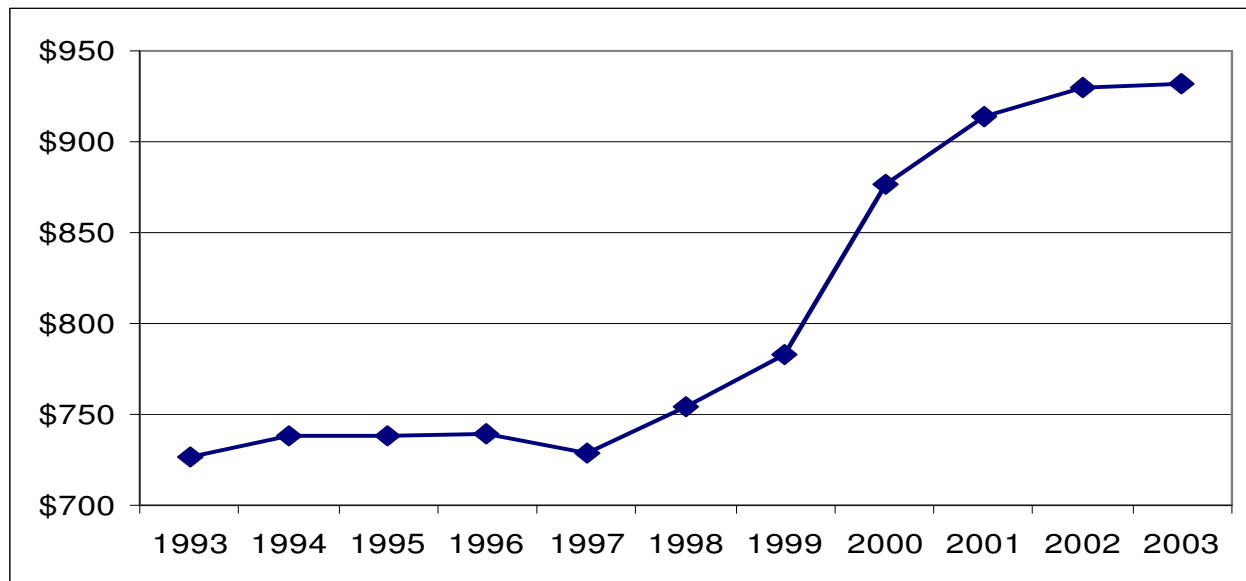
Change in Average Rents Compared to Inflation Ottawa CMA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$465	\$493	\$627	27%	13.2%	2.1
One-Bedroom	\$591	\$615	\$768	25%	13.2%	1.9
Two-Bedroom	\$727	\$754	\$932	24%	13.2%	1.8
Three-Bedroom	\$881	\$928	\$1,168	26%	13.2%	2.0

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$465	\$493	\$627	35%	21.1%	1.7
One-Bedroom	\$591	\$615	\$768	30%	21.1%	1.4
Two-Bedroom	\$727	\$754	\$932	28%	21.1%	1.3
Three-Bedroom	\$881	\$928	\$1,168	33%	21.1%	1.5

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Ottawa CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Despite Improvement In Tenants' Incomes, Many Tenants Have A Serious Housing Affordability Problem

The average household income of tenants in the City of Ottawa (the new amalgamated City) increased by 26% between 1995 and 2000, rising from \$35,405 to \$44,496. During the same period, the average owner household income rose 23%, from \$77,860 to \$95,635. Despite the improvement in the incomes of tenants, owners continue to have an income level that is twice that of tenants. The improvement in tenant incomes is a turnaround from the previous census,

in which the average tenant income declined by 4% while the average homeowner income grew by 5%.

The improvement in tenants' incomes observed in the 2001 census has resulted in some improvement in housing affordability for tenants. In 2000, 37% of tenants were paying 30% or more of their income on rent compared to 41% in 1995. Still, tenants in 2000 are more than three times as likely as owners to have an affordability problem. Among owners, the proportion paying 30% or more of their income on housing in 2000 was 12%.

In 2000, 17% of tenant households were paying 50% or more of their income on rent, which represents some improvement over the 20% level recorded in 1995. Nevertheless, the 2001 census showed that 20,475 households in Ottawa are estimated to have a serious housing affordability problem.

Proportion of Income Spent on Housing City of Ottawa: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	48,930	41.0%	43,930	37.2%	24,020	20.0%	20,475	17.3%
Owners	23,635	15.0%	21,690	11.9%	6,895	4.0%	7,105	3.9%

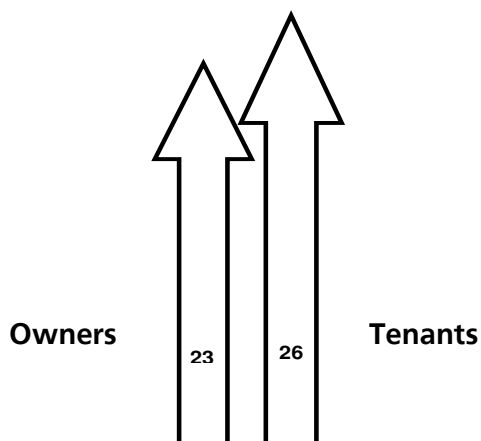
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Ottawa: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$77,860	\$35,405	2.2	\$95,635	\$44,496	2.1	22.8%	25.7%
One Family Households	\$83,925	\$40,740	2.1	\$103,865	\$51,763	2.0	23.8%	27.1%
Non-Family Households	\$50,262	\$29,984	1.7	\$58,151	\$37,210	1.6	15.7%	24.1%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Rental Housing Development Picking Up In The Ottawa Area

Ottawa is one of the few markets in Ontario where rental housing accounts for a respectable share of new housing development—to some extent reflecting initiatives by the City to support rental housing development. In the five-year period between 1999 and 2003, 89% of all units developed were freehold, 3% were condominium and 8% were apartments. In the five-year period 1999-2003, an average of 432 rental units were completed annually. Despite this production, the supply of rental housing has been diminishing due to conversions of existing stock.

Residential Completions by Tenure Ottawa CMA: 1989-2003

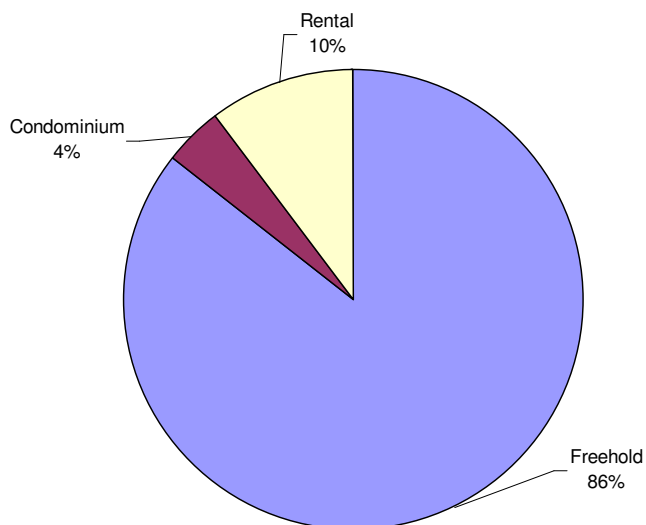
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	4478	64%	875	12%	986	14%	676	10%	1662	24%	7015	100%
1990	3814	69%	804	15%	693	13%	200	4%	893	16%	5511	100%
1991	2415	58%	865	21%	250	6%	649	16%	899	22%	4179	100%
1992	3704	58%	347	5%	310	5%	1975	31%	2285	36%	6336	100%
1993	3729	80%	145	3%	211	5%	579	12%	790	17%	4664	100%
1994	3626	78%	122	3%	412	9%	495	11%	907	19%	4655	100%
1995	1606	69%	207	9%	114	5%	389	17%	503	22%	2316	100%
1996	2363	89%	82	3%	137	5%	62	2%	199	8%	2644	100%
1997	3242	92%	196	6%	74	2%	0	0%	74	2%	3512	100%
1998	3376	98%	61	2%	23	1%	0	0%	23	1%	3460	100%
1999	3900	94%	96	2%	148	3%	0	0%	148	3%	4144	100%
2000	4351	98%	50	1%	47	1%	0	0%	47	1%	4448	100%
2001	5560	86%	159	2%	744	11%	0	0%	744	11%	6463	100%
2002	5376	85%	290	5%	655	10%	16	0%	671	10%	6337	100%
2003	5162	88%	161	3%	n/a	n/a	n/a	n/a	551	9%	5874	100%

Average Annual Production												
1994-98	2843	86%	134	4%	152	5%	189	6%	341	10%	3317	100%
1999-03	4870	89%	151	3%	n/a	n/a	n/a	n/a	432	8%	5453	100%

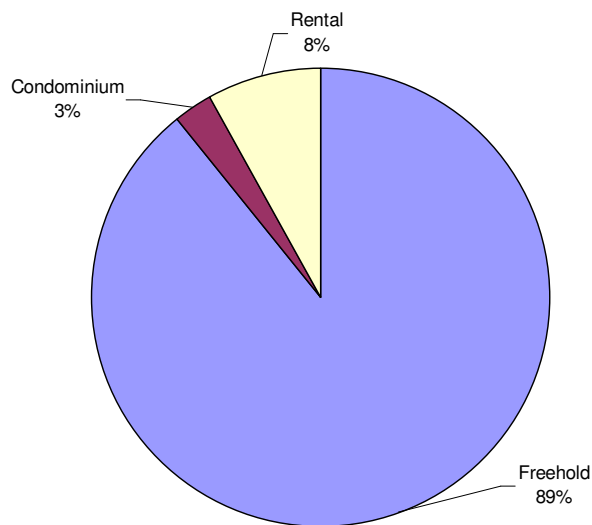
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



OWEN SOUND

Vacancy Rate One Of The Lowest In Ontario

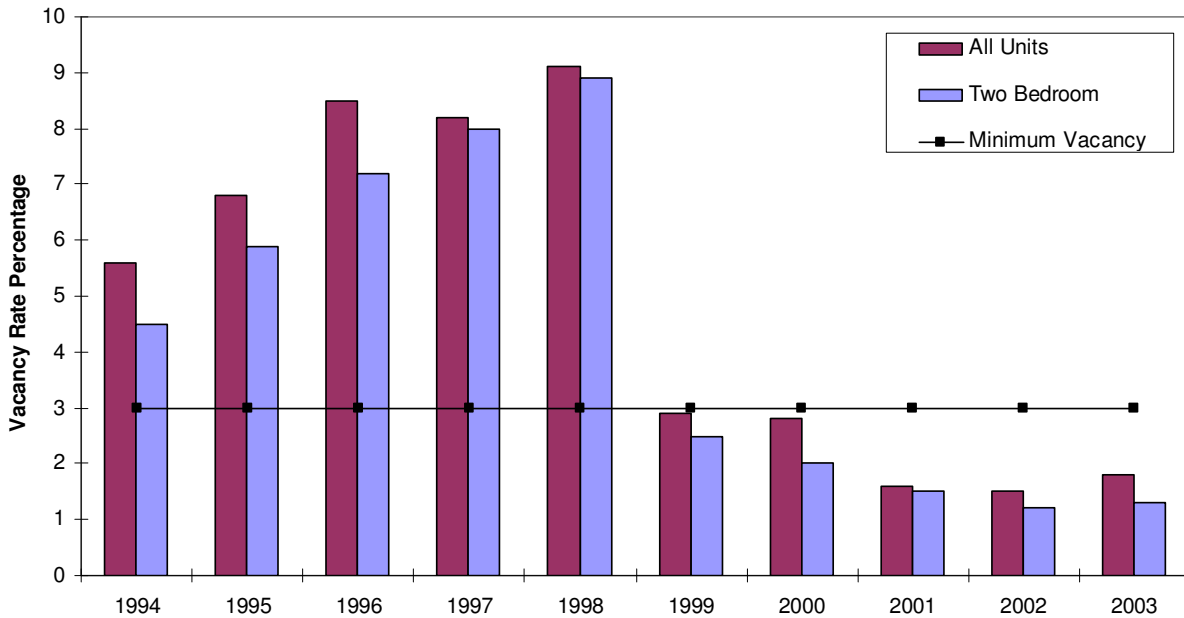
From high vacancy rates in the 1990's -- peaking at 9% in 1998 -- the apartment vacancy rate in Owen Sound has been on a downward trend since 1999. In 2003, the overall vacancy rate for rental apartments was 1.8%, up slightly from the vacancy rate of 1.5% in 2002. This rate makes it one of the lowest in Ontario. Vacancy rates rose for all unit types except for three-bedroom units; the vacancy rate for these fell from 0.9% in 2002 to 0% in 2003. The vacancy rate for bachelor units was 3.6% in 2003, up from 2.8% a year earlier, while the vacancy rate for one-bedroom units went from 1.9% in 2002 to 2.7% in 2003. The vacancy rate for two-bedroom units was still very tight at 1.3% in 2003—up slightly from the 1.2% rate in 2002.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Owen Sound CA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	5.6	6.8	8.5	8.2	9.1	2.9	2.8	1.6	1.5	1.8
Two Bedroom	4.5	5.9	7.2	8	8.9	2.5	2	1.5	1.2	1.3

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Exceed Rate Of Inflation

In 2003, a one-bedroom apartment in Owen Sound rented for \$568, while a two-bedroom unit rented for \$689. Reflecting the tight rental market, 2003 rent increases exceeded the rate of inflation. The average rent for one-bedroom units experienced the greatest increase, growing 5.2% over 2002, while the average rent for two-bedroom apartments increased 3.9% and the

average rent for three-bedroom plus units experienced an increase of 3.8%. Rents for bachelor apartments increased 4.2%. Over the past five-years (between 1999 and 2003), rents for all unit types except three plus bedroom units outpaced inflation by 20 to 40%.

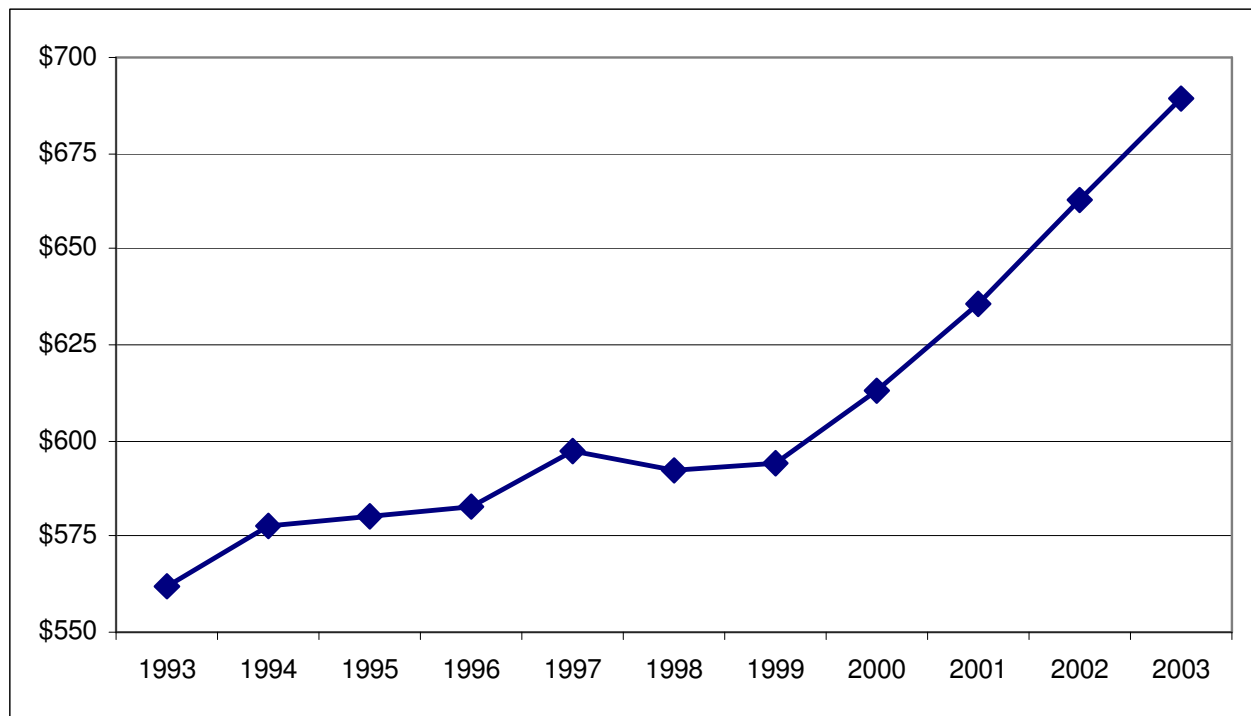
Change in Average Rents Compared to Inflation Owen Sound CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$367	\$372	\$443	19%	13.2%	1.4
One-Bedroom	\$468	\$485	\$568	17%	13.2%	1.3
Two-Bedroom	\$562	\$592	\$689	16%	13.2%	1.2
Three-Bedroom	\$591	\$621	\$703	13%	13.2%	1.0

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$367	\$372	\$443	21%	21.1%	1.0
One-Bedroom	\$468	\$485	\$568	21%	21.1%	1.0
Two-Bedroom	\$562	\$592	\$689	23%	21.1%	1.1
Three-Bedroom	\$591	\$621	\$703	19%	21.1%	0.9

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Owen Sound CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income for owner households in the City of Owen Sound was \$56,659, more than double the average income for tenant households of \$26,608. Between 1995 and 2000, average tenant incomes fell further behind average owner incomes, growing just 7%

compared to the 13% growth in average owner incomes. This is contrary to the province-wide trend where the average income of tenants and owners grew at roughly the same level between 1995 and 2000. In the previous census both tenants and owners registered little growth in average incomes between 1990 and 1995, when the average income of owner households increased by 4%, while the average tenant household income rose 3%.

In 2000, 48% of tenants were paying 30% or more of their income on shelter—almost four times the level among homeowners of whom 13% had shelter costs exceeding 30%. In the year 2000, just over one fifth (21%) of all tenant households were spending in excess of 50% of their income on shelter costs. Affordability in Owen Sound remains a serious problem, having improved only marginally compared to 1995 when 51% of tenant households spent more than 30% of their income on housing and 22% spent more than 50%.

Proportion of Income Spent on Housing City of Owen Sound: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	1,890	51.2%	1,830	48.1%	810	21.9%	815	21.4%
Owners	705	13.6%	710	13.2%	245	4.7%	245	4.6%

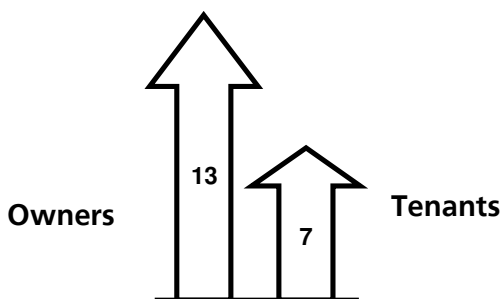
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Owen Sound: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$50,105	\$24,883	2.0	\$56,659	\$26,608	2.1	13.1%	6.9%
One Family Households	\$56,309	\$28,727	2.0	\$64,696	\$33,311	1.9	14.9%	16.0%
Non-Family Households	\$28,693	\$21,379	1.3	\$32,681	\$20,497	1.6	13.9%	-4.3%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



No New Rental Housing Since 1992

Freehold ownership housing is the only form of housing that has been developed in Owen Sound in the past ten years. The last rental units to come onto the market were 85 assisted units completed in 1992. Without the construction of new units—private or assisted—the rental market in Owen Sound is likely to stay tight.

Residential Completions by Tenure Owen Sound CA: 1989-2003

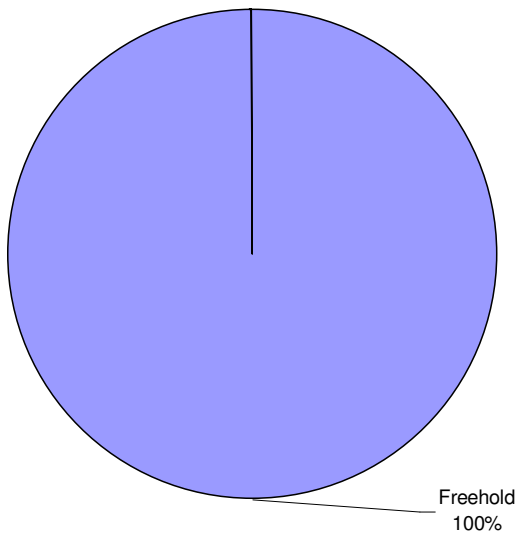
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	116	68%	54	32%	0	0%	0	0%	0	0%	170	100%
1990	142	52%	108	40%	23	8%	0	0%	23	8%	273	100%
1991	61	31%	45	23%	35	18%	53	27%	88	45%	194	100%
1992	67	42%	8	5%	0	0%	85	53%	85	53%	160	100%
1993	73	65%	36	32%	4	4%	0	0%	4	4%	113	100%
1994	74	100%	0	0%	0	0%	0	0%	0	0%	74	100%
1995	14	100%	0	0%	0	0%	0	0%	0	0%	14	100%
1996	21	100%	0	0%	0	0%	0	0%	0	0%	21	100%
1997	16	100%	0	0%	0	0%	0	0%	0	0%	16	100%
1998	13	100%	0	0%	0	0%	0	0%	0	0%	13	100%
1999	18	100%	0	0%	0	0%	0	0%	0	0%	18	100%
2000	3	100%	0	0%	0	0%	0	0%	0	0%	3	100%
2001	12	100%	0	0%	0	0%	0	0%	0	0%	12	100%
2002	25	100%	0	0%	0	0%	0	0%	0	0%	25	100%
2003	47	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	47	100%

Average Annual Production												
1994-98	28	100%	0	0%	0	0%	0	0%	0	0%	28	100%
1999-03	21	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	21	100%

Source: CMHC Ontario Markets Analysis Centre

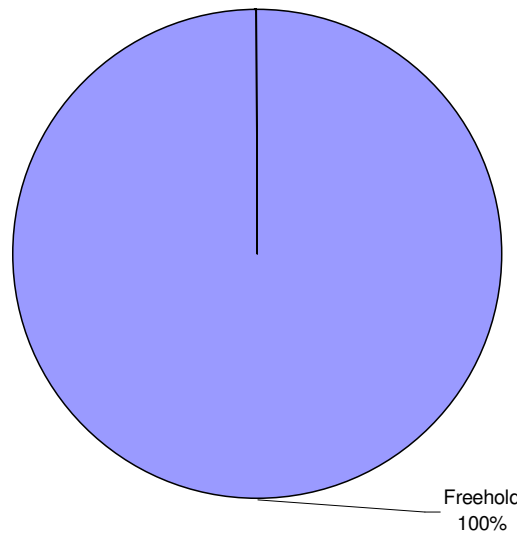
Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



Freehold
100%

1999-2003 Dwelling Unit Production



Freehold
100%

PEEL REGION

Vacancy Rates Rose In 2003

Over the last decade, vacancy rates in Peel Region have been tight in 8 out of the 10 years. In 2003 there was a small increase in the overall vacancy rates for private apartments from 3.3% in 2002 to 3.9% in 2003. Vacancy rates in 2003 were above 3% across the board for all apartment unit types.

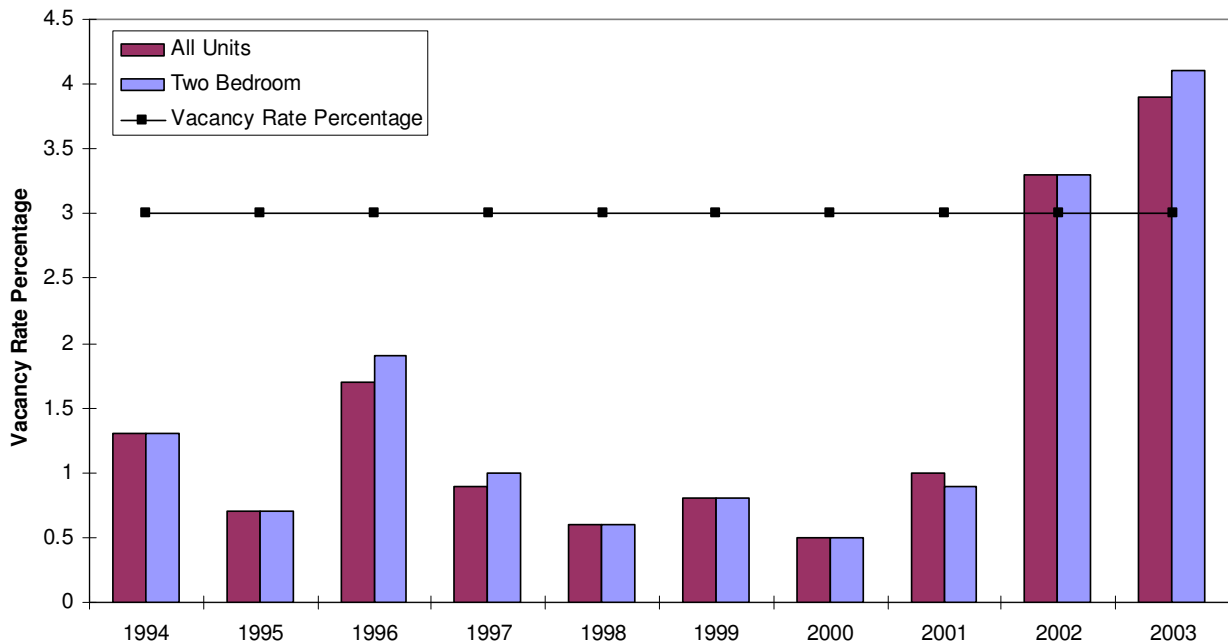
The increase in vacancy rates was due to the combined effects of historically low mortgage rates which are attracting tenants out of the rental market (as was already observed in 2002 in Peel Region) and lower than expected increase in rental demand resulting from lower immigration levels and weak job growth for younger people.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Peel Region 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	1.3	0.7	1.7	0.9	0.6	0.8	0.5	1	3.3	3.9
Two Bedroom	1.3	0.7	1.9	1.0	0.6	0.8	0.5	0.9	3.3	4.1

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre



Rent Increases Above The Rate Of Inflation

In 2003, the average rent for a two-bedroom unit reached \$1,033—down slightly from the rent level of \$1,040 in 2002. In 2003, a bachelor apartment in Peel Region rented for \$678 and a one-bedroom unit for \$894. Between 1998 and 2003, the average rent for one-bedroom apartments increased 1.4 times the rate of inflation and the average rent for two-bedrooms increased 1.2

times the rate of inflation. Over the longer period (1993-2003), rents have increased 30% above the rate of inflation for all units except one-bedroom units, which increased 70% above the rate of inflation.

The Region of Peel ranks with the City of Toronto as having the highest rents in the Province.

Change in Average Rents Compared to Inflation

Peel Region: 1993-2003

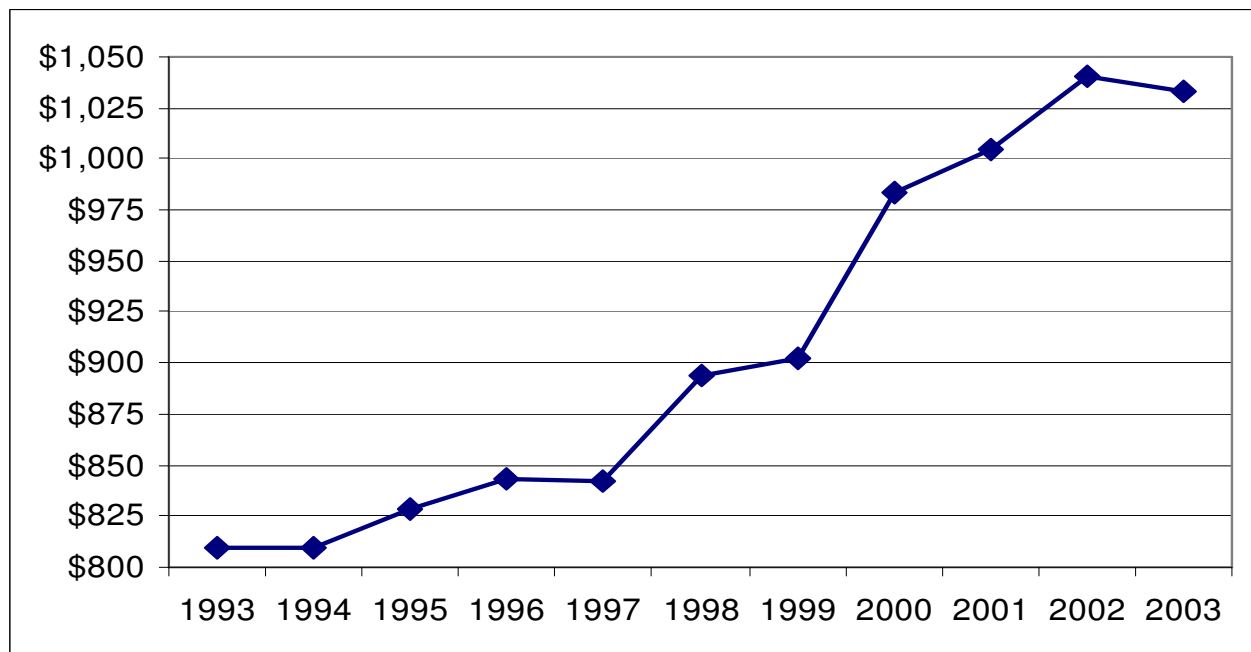
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$534	\$617	\$678	10%	13.2%	0.7
One-Bedroom	\$659	\$754	\$894	19%	13.2%	1.4
Two-Bedroom	\$810	\$894	\$1,033	16%	13.2%	1.2
Three-Bedroom	\$902	\$995	\$1,141	15%	13.2%	1.1

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$534	\$617	\$678	27%	21.1%	1.3
One-Bedroom	\$659	\$754	\$894	36%	21.1%	1.7
Two-Bedroom	\$810	\$894	\$1,033	28%	21.1%	1.3
Three-Bedroom	\$902	\$995	\$1,141	26%	21.1%	1.3

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

Peel Region: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Slight Improvement In Proportion Of Tenants With A Serious Affordability Problem

In the year 2000, owners had an average household income that was almost twice that of tenants. The average tenant household income was \$49,486 in 2000 compared to an average owner household income of \$91,561. Tenants and owners experienced roughly the same

improvement in their incomes between 1995 and 2000—20% for owners and 19% for tenants. This is in marked contrast to the 1996 census which showed the average income for tenants in Peel decreasing by 5% between 1990 and 1995, while the average owner income increased by 4%.

The proportion of tenants paying 30% or more of their income on rent fell from 40% in 1995 to 38% in 2000, while the proportion paying 50% or more of their income on rent fell from 19% in 1995 to 17% in 2000. While the economic situation of tenants showed some improvement between 1995 and 2000, the number of tenants paying more than 50% of their income on rent continues to be large at 13,555 households. By comparison, 7% of owner households were in this situation.

Proportion of Income Spent on Housing Peel Region, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	32,555	40.0%	29,835	38.1%	15,455	19.0%	13,555	17.3%
Owners	46,800	26.0%	49,495	21.6%	15,155	8.0%	16,365	7.1%

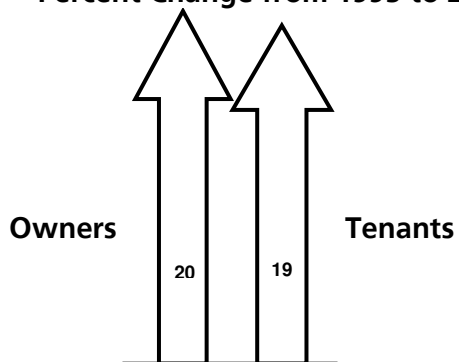
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants Peel Region, 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$76,236	\$41,589	1.8	\$91,561	\$49,486	1.9	20.1%	19.0%
One Family Households	\$78,733	\$44,458	1.8	\$94,766	\$53,157	1.8	20.4%	19.6%
Non-Family Households	\$46,874	\$33,406	1.4	\$52,530	\$39,381	1.3	12.1%	17.9%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Almost No Rental Housing Being Developed In Peel Region

Over the five-year period 1999-2003, 86% of housing completions in Peel Region were freehold units, 12% were condominium units and a mere 1% were rentals. After several years of virtually no rental development between 1997 and 2000, over 600 units were developed

between 2001 and 2003. While most of the units that were developed since 1997 were higher-end rentals, the Region of Peel was also responsible for the provision of 163 units for seniors and singles in 2003, and it has at least two other projects underway.

Nevertheless, over the past five-year period, the level of rental housing production achieved was 124 units annually, a level that is still insufficient to meet future demand. In the future there will be a need for more rental housing to meet the inevitable increase in demand.

Residential Completions by Tenure Peel Region: 1989-2003

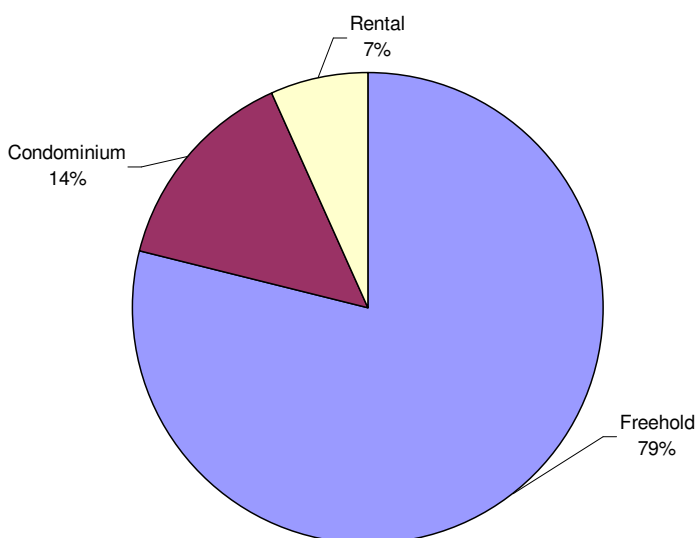
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	6040	54%	3418	30%	1434	13%	325	3%	1759	16%	11217	100%
1990	3162	42%	2955	40%	500	7%	824	11%	1324	18%	7441	100%
1991	4268	58%	1359	18%	743	10%	1049	14%	1792	24%	7419	100%
1992	4613	65%	572	8%	0	0%	1890	27%	1890	27%	7075	100%
1993	3805	67%	537	9%	341	6%	1020	18%	1361	24%	5703	100%
1994	4306	71%	650	11%	111	2%	977	16%	1088	18%	6044	100%
1995	3862	80%	517	11%	0	0%	471	10%	471	10%	4850	100%
1996	4546	83%	401	7%	1	0%	509	9%	510	9%	5457	100%
1997	5773	79%	1518	21%	18	0%	0	0%	18	0%	7309	100%
1998	5831	82%	1290	18%	0	0%	0	0%	0	0%	7121	100%
1999	5626	87%	846	13%	19	0%	0	0%	19	0%	6491	100%
2000	7232	85%	1252	15%	0	0%	0	0%	0	0%	8484	100%
2001	13127	89%	1459	10%	177	1%	0	0%	177	1%	14763	100%
2002	11096	83%	2074	15%	267	2%	0	0%	267	2%	13437	100%
2003	8101	88%	898	10%	n/a	n/a	n/a	n/a	157	2%	9156	100%

Average Annual Production												
1994-98	4864	79%	875	14%	26	0%	391	6%	417	7%	6156	100%
1999-03	9036	86%	1306	12%	n/a	n/a	n/a	n/a	124	1%	10466	100%

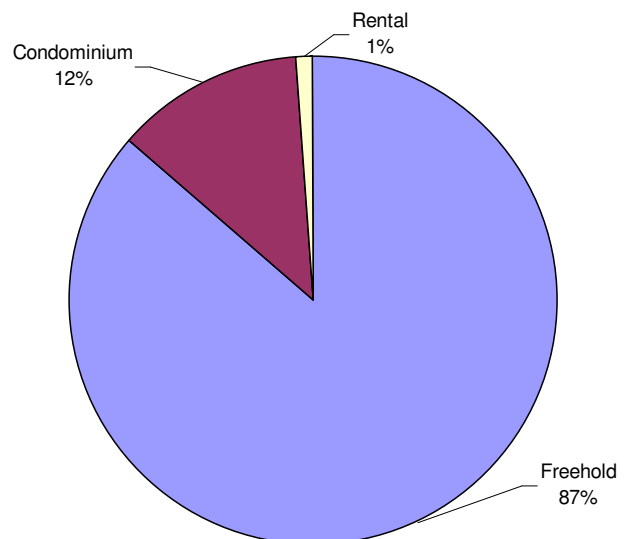
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



PETERBOROUGH

Peterborough Has One Of The Tightest Rental Markets In Ontario

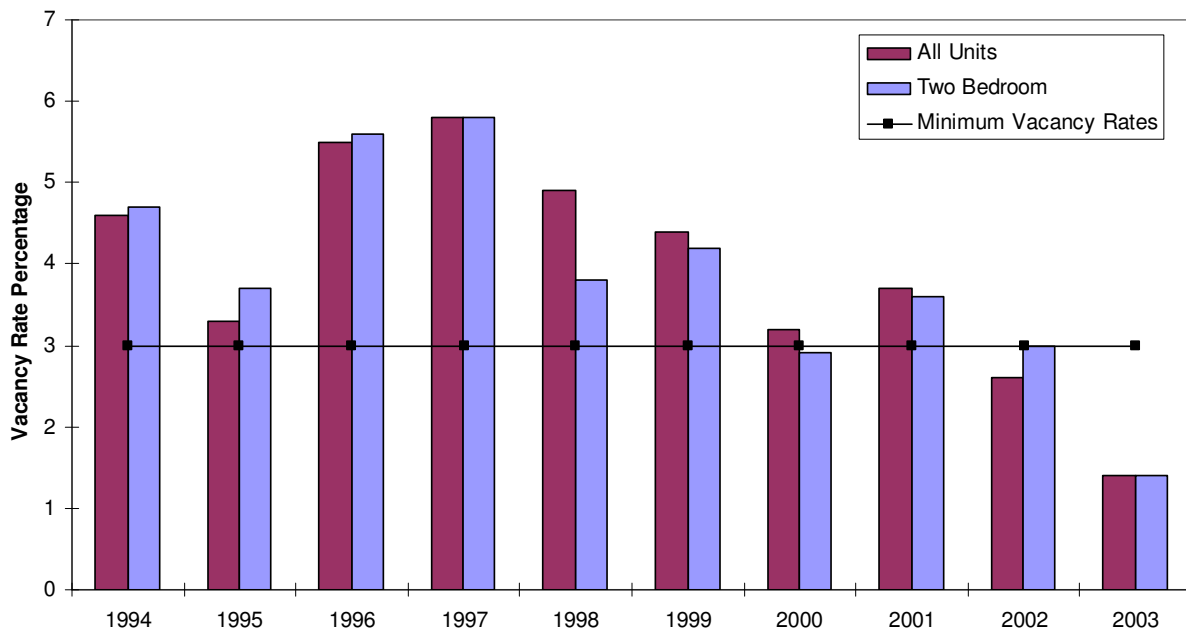
While apartment vacancy rates were high in Peterborough throughout the latter half of the 1990's—reflecting local plant closures—they have been declining since 1999 as the area's economy improves. The overall rental vacancy rate fell from 2.6% in 2002 to 1.4% in 2003—making Peterborough one of the tightest rental markets in Ontario. The vacancy rate was low for all rental unit types except bachelor units in 2003. The vacancy rate for one-bedroom units was 1.2%, for two-bedrooms - 1.4% and for bachelors - 3%.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Peterborough CA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	4.6	3.3	5.5	5.8	4.9	4.4	3.2	3.7	2.6	1.4
Two Bedroom	4.7	3.7	5.6	5.8	3.8	4.2	2.9	3.6	3	1.4

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rents Increasing Below The Rate Of Inflation

Despite the lower vacancy rates, rents are increasing at a relatively slow pace. For example, between 2002 and 2003, the overall rent in Peterborough increased by 1.8%. For both the past five and ten-year periods, rents in Peterborough have been increasing at a level that is below the rate of inflation. The average rent for a two-bedroom apartment stayed relatively flat between 1993 and 1997, but has been increasing since then. In 2003, the average rent for a bachelor

apartment was \$454, the average rent for a one-bedroom apartment was \$614, and the average for a two-bedroom apartment was \$728.

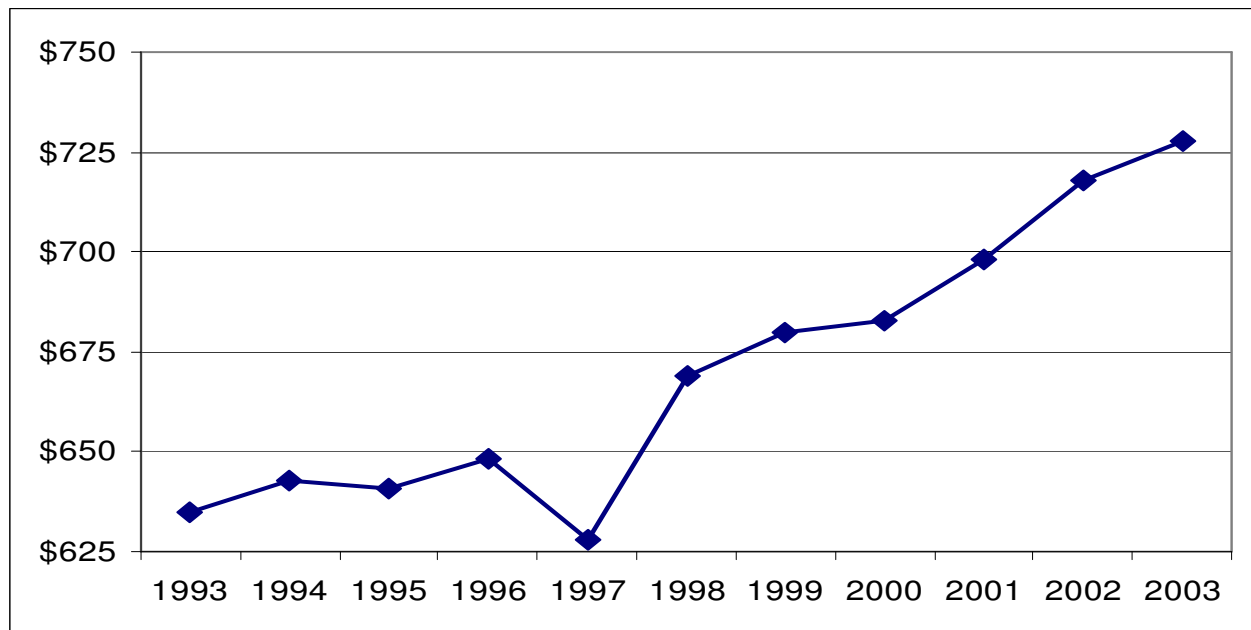
Change in Average Rents Compared to Inflation Peterborough CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$398	\$424	\$454	7%	13.2%	0.5
One-Bedroom	\$543	\$571	\$614	8%	13.2%	0.6
Two-Bedroom	\$635	\$669	\$728	9%	13.2%	0.7
Three-Bedroom	\$727	\$784	\$845	8%	13.2%	0.6

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$398	\$424	\$454	14%	21.1%	0.7
One-Bedroom	\$543	\$571	\$614	13%	21.1%	0.6
Two-Bedroom	\$635	\$669	\$728	15%	21.1%	0.7
Three-Bedroom	\$727	\$784	\$845	16%	21.1%	0.8

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Peterborough CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in Peterborough was \$63,042—more than twice the level for tenant households, whose average income was \$29,630. Although tenant incomes remain behind that of owners, they improved more than homeowners' incomes between 1995 and 2000. During this period, the average tenant household income grew by 16% while the average owner income grew by 12%. This is a reverse of the pattern observed in the

1996 census, when the average tenant household income declined by 4% (between 1990 and 1995) while the average income of homeowners increased by 7%.

Over half of tenants in Peterborough are spending more than 30% of their income on rent. In 2000, 52% of tenants were paying 30% or more of their income on shelter—more than three times the level among homeowners (just 16% of whom had shelter costs exceeding 30%).

Peterborough is one of the few municipalities where the proportion of tenants paying more than 50% of their income increased between the 1996 and 2001 census. In the year 2000, 25% (or one quarter) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. This represents an increase over 1996, when 22% of tenants were in this situation. The actual number of tenants with a severe affordability problem, however, dropped from 2,995 households in 1995 to 2,585 households in 2000. By comparison, in 2000 only 6% of owner households were in this situation.

**Proportion of Income Spent on Housing
City of Peterborough: 1995-2000**

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	5,830	55.0%	5,330	51.7%	2,995	22.0%	2,585	25.1%
Owners	2,965	17.0%	3,105	16.4%	965	6.0%	1,030	5.5%

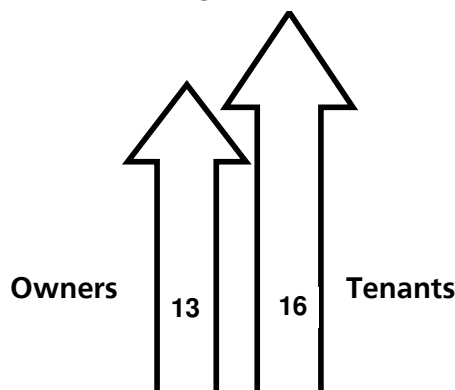
Source: Statistics Canada Custom Tabulation

**Average Household Incomes of Owners and Tenants
City of Peterborough: 1995-2000**

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$56,244	\$25,550	2.2	\$63,042	\$29,630	2.1	12.1%	16.0%
One Family Households	\$62,564	\$30,694	2.0	\$70,521	\$35,379	2.0	12.7%	15.3%
Non-Family Households	\$32,708	\$20,148	1.6	\$36,299	\$23,937	1.5	11.0%	18.8%

Source: Statistics Canada Custom Tabulation

**Owner and Tenant Income
Percent Change from 1995 to 2000**



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in Peterborough over the past five-year period is freehold—accounting for 91% of all units that were developed between 1999 and 2003. Eight percent (8%) of units are being developed as condominium units and a mere 1% as rental housing. As Peterborough’s economy continues to improve, the demand for rental housing will continue to grow and there appears to be no new production to meet this demand.

Residential Completions by Tenure Peterborough CA: 1989-2003

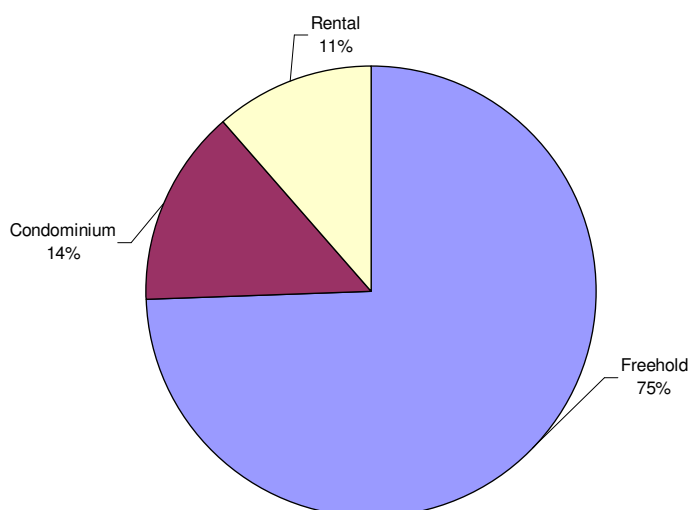
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	940	79%	78	7%	49	4%	126	11%	175	15%	1193	100%
1990	645	75%	145	17%	65	8%	0	0%	65	8%	855	100%
1991	318	54%	102	17%	85	15%	80	14%	165	28%	585	100%
1992	210	74%	8	3%	6	2%	60	21%	66	23%	284	100%
1993	279	78%	0	0%	6	2%	71	20%	77	22%	356	100%
1994	264	73%	11	3%	0	0%	89	24%	89	24%	364	100%
1995	187	93%	15	7%	0	0%	0	0%	0	0%	202	100%
1996	240	58%	66	16%	105	26%	0	0%	105	26%	411	100%
1997	314	76%	97	24%	0	0%	0	0%	0	0%	411	100%
1998	262	83%	53	17%	0	0%	0	0%	0	0%	315	100%
1999	305	94%	21	6%	0	0%	0	0%	0	0%	326	100%
2000	288	83%	58	17%	0	0%	0	0%	0	0%	346	100%
2001	250	95%	12	5%	0	0%	0	0%	0	0%	262	100%
2002	336	92%	26	7%	4	1%	0	0%	4	1%	366	100%
2003	413	92%	18	4%	n/a	n/a	n/a	n/a	17	4%	448	100%

Average Annual Production												
1994-98	253	74%	48	14%	21	6%	18	5%	39	11%	341	100%
1999-03	318	91%	27	8%	n/a	n/a	n/a	n/a	4	1%	350	100%

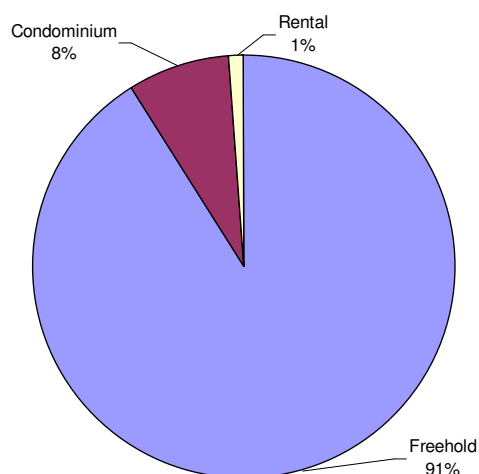
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



ST. CATHARINES

Vacancy Rate Increased Slightly In 2003

In 2003, there was a marginal increase in the vacancy rate for apartments from 2.4% in 2002 to 2.7% in the St. Catharines-Niagara CMA. Most of this increase was due to an increase in the vacancy rate for one-bedroom apartments, which rose from 2.6% in 2002 to 3.7% in 2003, while the vacancy rate for other unit types declined. The market remains relatively tight for two-bedroom units at 2% in 2003. Vacancy rates are well below the levels in the period 1994-1998, when they were around 5%.

The vacancy rate in the City of St. Catharines is 2.1%—below vacancy rates in most other areas of the CMA, except for Welland where the vacancy rate was 1.2%.

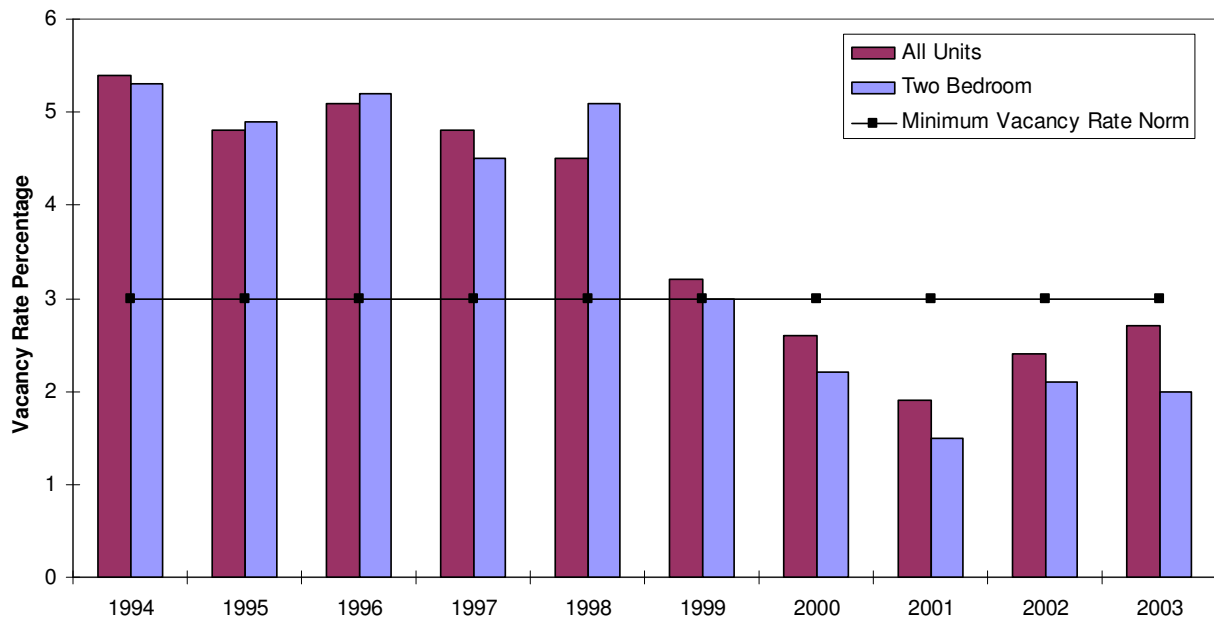
The supply of rental units in the CMA declined between 2002 and 2003 as more units were taken out of the rental market.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units St. Catharines CMA: 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	5.4	4.8	5.1	4.8	4.5	3.2	2.6	1.9	2.4	2.7
Two Bedroom	5.3	4.9	5.2	4.5	5.1	3	2.2	1.5	2.1	2

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre



Rent Increases Keep Pace With Inflation

In 2003, the average rent for all units was \$668 in the St. Catharines-Niagara CMA. The average rent for a one-bedroom apartment was \$600 and for a two-bedroom apartment, \$704. Rents for all private apartments in the St. Catharines-Niagara CMA rose 2.8% between 2002 and 2003. In the past five-year period (1998 to 2003), rents increased at or somewhat above the rate of inflation depending upon the unit type. The average rent for a bachelor apartment increased 1.5 times the rate of inflation, while the average rent for one-bedroom apartments increased 1.2 times the rate of inflation and rents for two-bedroom apartments increased by 1.1 times the rate of inflation. Over the longer ten-year period, rents have increased at the same level as inflation.

Change in Average Rents Compared to Inflation

St. Catharines CMA: 1993-2003

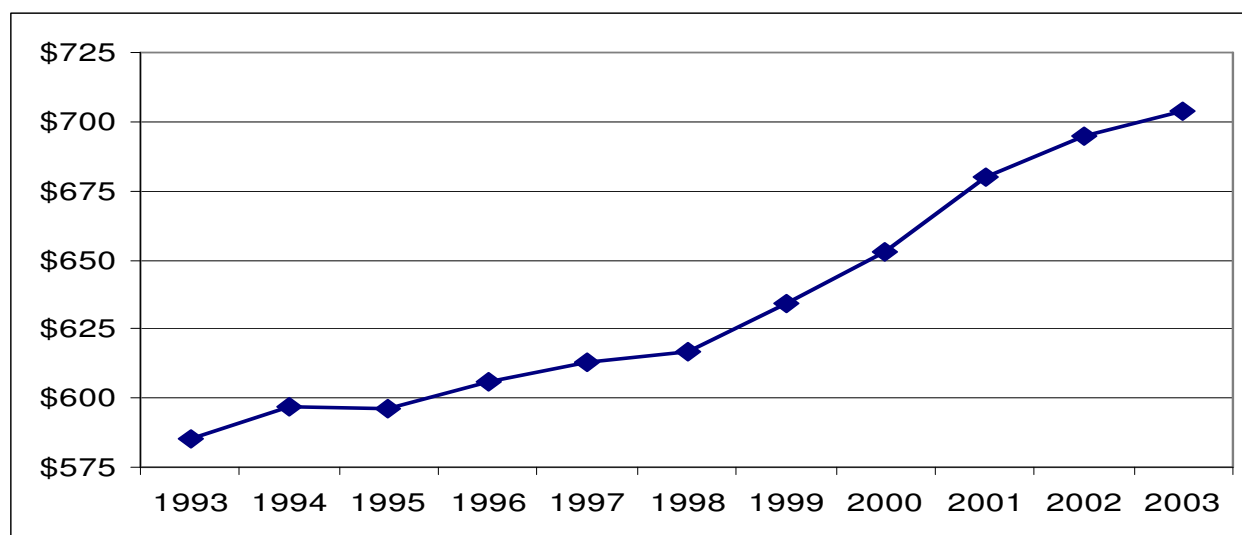
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$360	\$364	\$434	19%	13.2%	1.5
One-Bedroom	\$490	\$517	\$600	16%	13.2%	1.2
Two-Bedroom	\$585	\$617	\$704	14%	13.2%	1.1
Three-Bedroom	\$647	\$694	\$813	17%	13.2%	1.3

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$360	\$364	\$434	21%	21.1%	1.0
One-Bedroom	\$490	\$517	\$600	22%	21.1%	1.1
Two-Bedroom	\$585	\$617	\$704	20%	21.1%	1.0
Three-Bedroom	\$647	\$694	\$813	26%	21.1%	1.2

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

St. Catharines CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Close To One Quarter Of Tenants Have A Serious Affordability Problem

In the year 2000, the average income for all owner households in the City of St. Catharines was \$64,220—more than twice the average income for tenant households of \$31,636. Between 1995 and 2000, the average income of owner households rose by 13%, while the average income of tenant households rose by a slightly lower amount at 12%. This contrasts with the change in the 1990-1995 period when average tenant household incomes registered no increase at all and the average homeowner household income grew by 4%.

In 2000, the proportion of tenants paying 30% or more of their income on rent remained at the high level recorded in 1995 – 47%. This is approximately three times the level among owners, 16% of whom were paying 30% or more of their income on housing.

Just under one quarter (23%) of tenants in 2000 were paying 50% or more of their income on rent, or four times the proportion of owners in this situation (6%). In 2000, close to 4,000 tenant households had a serious affordability problem in the City of St. Catharines.

Proportion of Income Spent on Housing City of St. Catharines: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	8,495	47.0%	8,020	47.4%	4,245	23.5%	3,960	23.4%
Owners	5,380	15.8%	5,990	16.3%	1,930	5.7%	2,200	6.0%

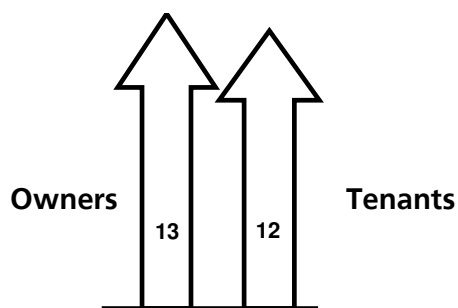
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of St. Catharines: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$56,707	\$28,324	2.0	\$64,220	\$31,636	2.0	13.2%	11.7%
One Family Households	\$63,198	\$33,441	1.9	\$73,112	\$38,540	1.9	15.7%	15.2%
Non-Family Households	\$32,449	\$22,763	1.4	\$35,516	\$25,752	1.4	9.5%	13.1%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented to Freehold Housing

As in many markets in Ontario, the majority of housing being developed in the St. Catharines CMA over the past five-year period is freehold – accounting for 91% of all units developed between 1999 and 2003. Seven percent (7%) of units developed in the same period were condominium units and just 2% were rental units. Rental housing production will need to be stepped up to meet current and future needs in the area.

Residential Completions by Tenure St. Catharines CMA: 1989-2003

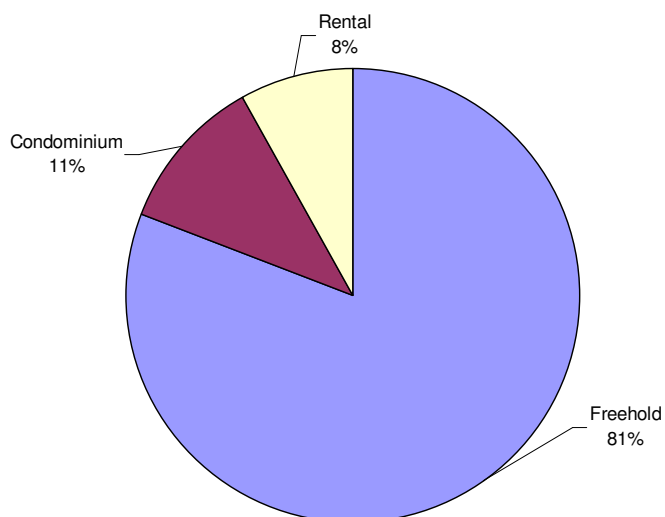
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	2054	59%	594	17%	655	19%	194	6%	849	24%	3497	100%
1990	1806	66%	339	12%	405	15%	179	7%	584	21%	2729	100%
1991	802	45%	435	25%	436	25%	90	5%	526	30%	1763	100%
1992	954	48%	52	3%	91	5%	903	45%	994	50%	2000	100%
1993	780	63%	98	8%	16	1%	338	27%	354	29%	1232	100%
1994	1054	75%	216	15%	0	0%	141	10%	141	10%	1411	100%
1995	838	70%	93	8%	62	5%	199	17%	261	22%	1192	100%
1996	814	84%	127	13%	18	2%	11	1%	29	3%	970	100%
1997	1122	95%	49	4%	7	1%	0	0%	7	1%	1178	100%
1998	1210	81%	220	15%	58	4%	0	0%	58	4%	1488	100%
1999	1167	95%	67	5%	0	0%	0	0%	0	0%	1234	100%
2000	1164	81%	195	14%	75	5%	0	0%	75	5%	1434	100%
2001	1041	91%	96	8%	4	0%	0	0%	4	0%	1141	100%
2002	1177	93%	55	4%	30	2%	0	0%	30	2%	1262	100%
2003	1286	97%	33	2%	n/a	n/a	n/a	n/a	4	0%	1323	100%

Average Annual Production												
1994-98	1008	81%	141	11%	29	2%	70	6%	99	8%	1248	100%
1999-03	1167	91%	89	7%	n/a	n/a	n/a	n/a	23	2%	1279	100%

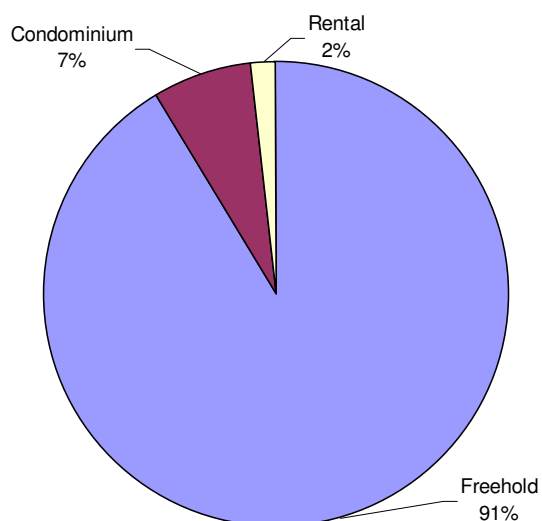
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



SARNIA

Vacancy Rates Rise After Four Years Of Decline

After four years of declining vacancy rates the trend in Sarnia reversed direction. In 2003, the vacancy rate rose two percentage points to 6.1% from 4.4% in 2002.

Vacancies were highest among bachelor apartments, where the vacancy rate increased from 2.4% in 2002 to 16.2% in 2003. Between 2002 and 2003 the vacancy rate for one-bedroom apartments climbed from 5.4% to 6.4%, while the vacancy rate for two-bedroom apartments rose from 3.5% in 2002 to 5.3% in 2003. Only three-bedroom plus units had a decline in vacancy rates, falling to 2.5% in 2003 from 4.3% in 2002.

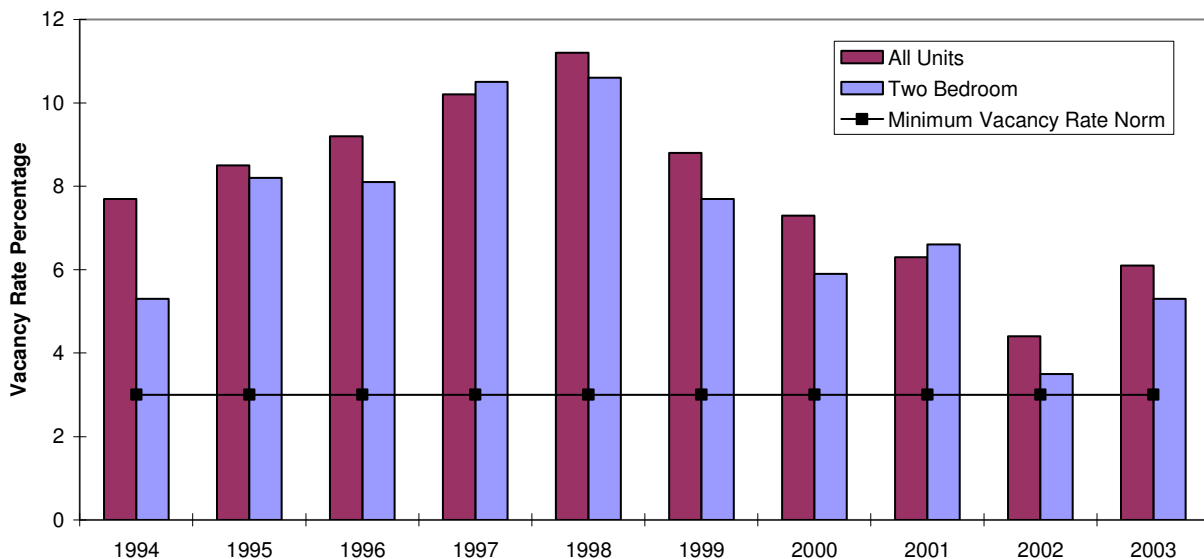
Strong job growth in the Sarnia area and low mortgage rates helped to move consumers away from the rental market in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Sarnia CA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	7.7	8.5	9.2	10.2	11.2	8.8	7.3	6.3	4.4	6.1
Two Bedroom	5.3	8.2	8.1	10.5	10.6	7.7	5.9	6.6	3.5	5.3

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre



Rent Increases At Or Above Inflation

The average rent for one-bedroom units rose 3.9% between 2002 and 2003, while the average rent for two-bedroom units rose 3.8%. Over the past five years the average rents for one and two-bedroom apartments have matched the rate of inflation, while the average rent for a

bachelor unit has increased at almost twice the rate of inflation. Over the longer 10-year period between 1993 and 2003, the average rent increases for most unit sizes have been below the rate of inflation.

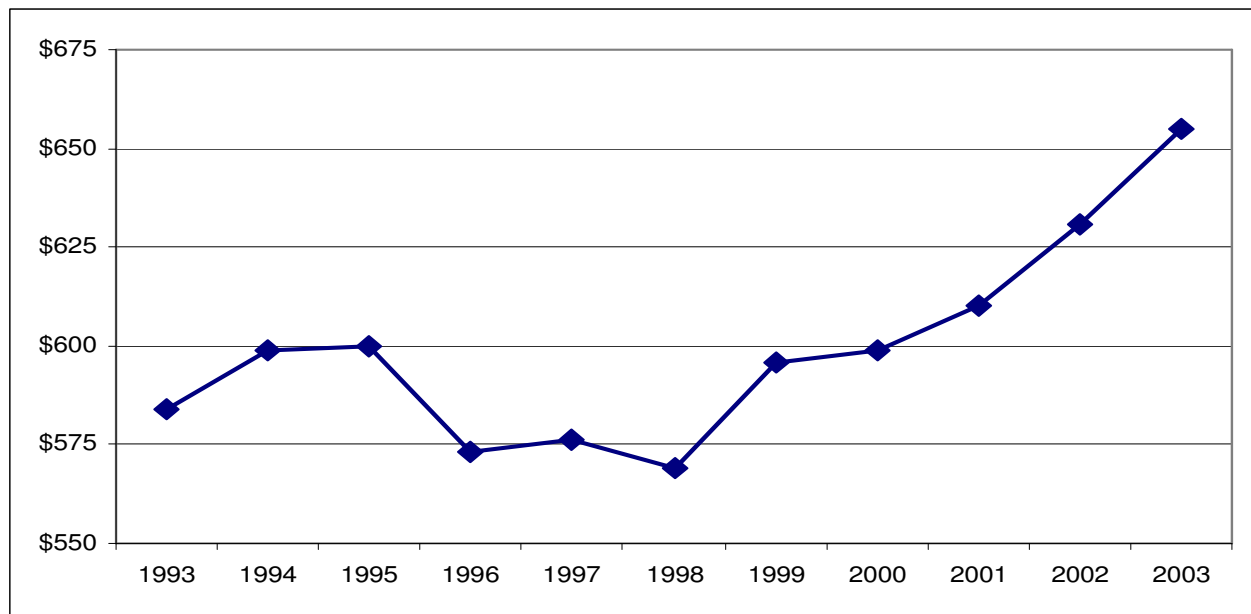
Change in Average Rents Compared to Inflation Sarnia CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$346	\$368	\$462	26%	13.2%	1.9
One-Bedroom	\$492	\$495	\$558	13%	13.2%	1.0
Two-Bedroom	\$584	\$569	\$655	15%	13.2%	1.1
Three-Bedroom	\$842	\$838	\$885	6%	13.2%	0.4

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$346	\$368	\$462	34%	21.1%	1.6
One-Bedroom	\$492	\$495	\$558	13%	21.1%	0.6
Two-Bedroom	\$584	\$569	\$655	12%	21.1%	0.6
Three-Bedroom	\$842	\$838	\$885	5%	21.1%	0.2

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Sarnia CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Almost Half Of Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in the City of Sarnia was \$68,044 -- more than twice the level of tenant households, who had an average household income of \$31,091. Between 1995 and 2000 tenant incomes increased by 12%, while owner incomes increased by 9%. The more recent income data shows an improvement in tenants' incomes

compared to the five-year period between 1990 and 1995, when the average tenant household income decreased by 7% while the average owner household income increased by 5%.

In spite of the relative improvement in tenant household incomes, a significant proportion of tenants in Sarnia are spending more than 30% of their income on rent. In the year 2000, 46% of tenants were paying 30% or more of their income on shelter— almost four times the level recorded among homeowners (just 12% of whom had shelter costs exceeding 30%). In the year 2000, 22% (or nearly one quarter) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a serious affordability problem. In 2000, less than 5% of owner households were in this situation.

**Proportion of Income Spent on Housing
City of Sarnia: 1995-2000**

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	4,315	48.8%	4,025	45.6%	2,145	24.3%	1,980	22.4%
Owners	2,295	11.7%	2,430	12.0%	755	3.8%	980	4.8%

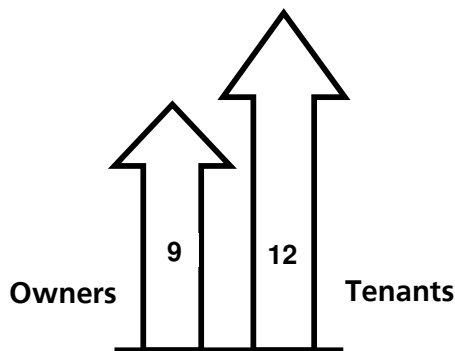
Source: Statistics Canada Custom Tabulation

**Average Household Incomes of Owners and Tenants
City of Sarnia: 1995-2000**

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$62,602	\$27,757	2.3	\$68,044	\$31,091	2.2	8.7%	12.0%
One Family Households	\$68,920	\$32,686	2.1	\$76,384	\$38,889	2.0	10.8%	19.0%
Non-Family Households	\$34,980	\$23,219	1.5	\$35,895	\$23,962	1.5	2.6%	3.2%

Source: Statistics Canada Custom Tabulation

**Owner and Tenant Income
Percent Change from 1995 to 2000**



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in Sarnia over the past five-year period is freehold— accounting for 85% of all units that were developed between 1999 and 2003. As a result of 164 new rental units added to the market in 2003, 15% of the housing units developed in the 1999-2003 period were rental. However, there was virtually no other rental housing developed

between 1993 and 2002, so that between 1999 and 2003 an average of 33 rental units were added annually.

At current levels of rental production—in spite of the current short-term improvement in vacancy rates—rental demand can be expected to exceed supply in the near future.

**Residential Completions by Tenure
Sarnia CA: 1989-2003**

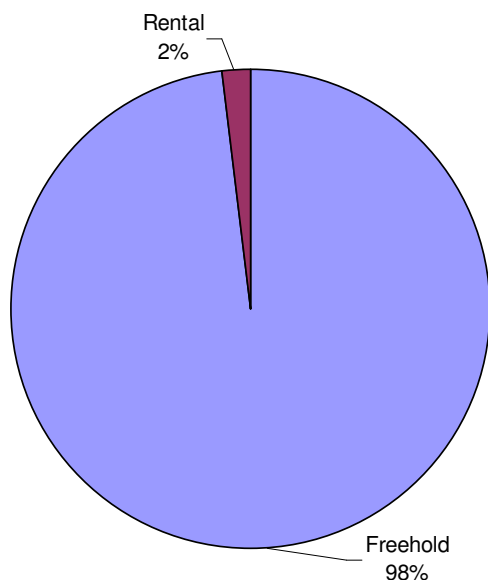
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	424	96%	16	4%	0	0%	0	0%	0	0%	440	100%
1990	245	75%	79	24%	4	1%	0	0%	4	1%	328	100%
1991	161	64%	44	17%	42	17%	6	2%	48	19%	253	100%
1992	178	61%	0	0%	42	14%	71	24%	113	39%	291	100%
1993	201	47%	0	0%	157	37%	66	16%	223	53%	424	100%
1994	198	99%	0	0%	2	1%	0	0%	2	1%	200	100%
1995	87	100%	0	0%	0	0%	0	0%	0	0%	87	100%
1996	119	97%	0	0%	4	3%	0	0%	4	3%	123	100%
1997	135	100%	0	0%	0	0%	0	0%	0	0%	135	100%
1998	158	95%	0	0%	8	5%	0	0%	8	5%	166	100%
1999	210	100%	0	0%	0	0%	0	0%	0	0%	210	100%
2000	167	100%	0	0%	0	0%	0	0%	0	0%	167	100%
2001	154	100%	0	0%	0	0%	0	0%	0	0%	154	100%
2002	196	100%	0	0%	0	0%	0	0%	0	0%	196	100%
2003	208	56%	0	0%	n/a	n/a	n/a	n/a	164	44%	372	100%

Average Annual Production												
1994-98	139	98%	0	0%	3	2%	0	0%	3	2%	142	100%
1999-03	187	85%	0	0%	n/a	n/a	n/a	n/a	33	15%	220	100%

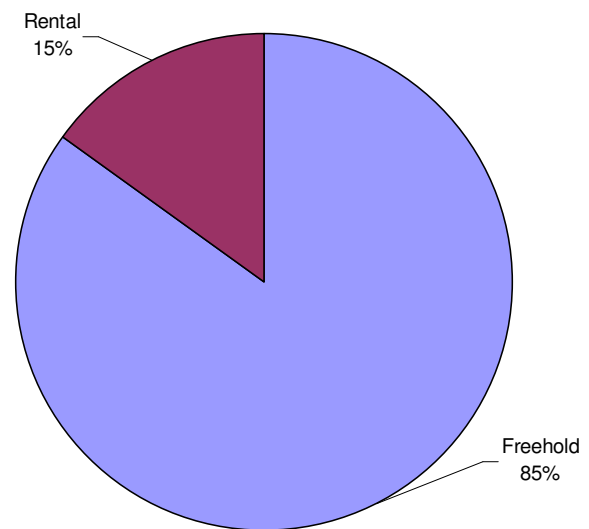
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



SUDBURY

Vacancy Rates Continue Fourth Straight Year Of Decline

After peaking at 11.1% in 1999, the vacancy rate in the Sudbury CMA fell for the fourth year in a row, declining to 3.6% in 2003 from 5.1% in 2002. Employment growth in call centre and retail sector jobs, combined with the double cohort effect on first-year enrolment at Laurentian University and the presence of College Boreal and Cambrian College, have all contributed to the demand for rental housing.

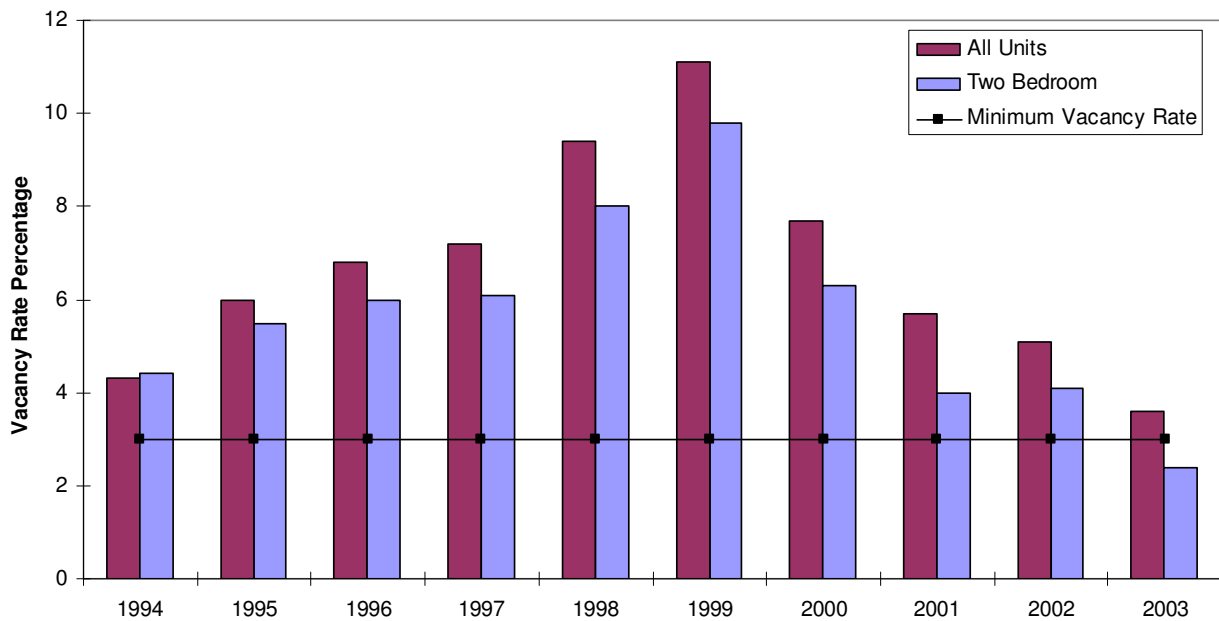
Vacancy rates fell in 2003 across all bedroom types compared to 2002. The vacancy rate for two-bedroom units, which make up 56% of the total rental stock, fell from 4.1% in 2002 to 2.4% in 2003. The vacancy rate for bachelor apartments fell from 12.5% in 2002 to 9.6% in 2003, while the vacancy rate for one-bedroom apartments fell from 5.9% in 2002 to 4.6% in 2003, and, the vacancy rate for three-bedroom plus units fell from 2.5% in 2002 to 2.1% in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Sudbury CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	4.3	6	6.8	7.2	9.4	11.1	7.7	5.7	5.1	3.6
Two Bedroom	4.4	5.5	6	6.1	8	9.8	6.3	4	4.1	2.4

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Moderating

Rents moved up slightly in 2003, but were below the increase of the previous year. The greatest rent increases occurred among one-bedroom apartments, where the average rent increased by 2.1%. Over the past ten years, rent increases in the Greater Sudbury area have been occurring at less than half the rate of inflation for all apartment types. For example, between 1993 and 2003, the average rent for one-bedroom apartments increased at 40% of the rate of inflation, while the average rent for two-bedroom apartments increased at 30% of the rate of inflation. The decline in rents reflects the loss of jobs in Sudbury and subsequent increased levels of out-migration particularly of younger households. However, CMHC's Northern Ontario Rental Market for 2003 notes that the level of out-migration appears to have dropped considerably as new employment opportunities are created in the area.

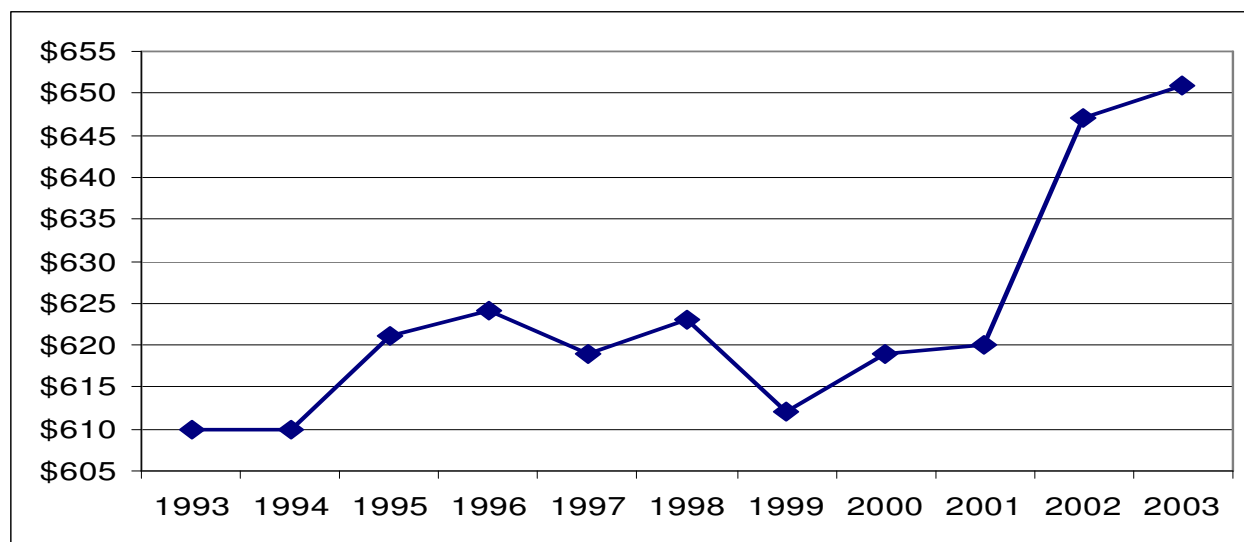
Change in Average Rents Compared to Inflation Sudbury CMA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$402	\$387	\$388	0%	13.2%	0.0
One-Bedroom	\$485	\$500	\$524	5%	13.2%	0.4
Two-Bedroom	\$610	\$623	\$651	4%	13.2%	0.3
Three-Bedroom	\$658	\$686	\$728	6%	13.2%	0.5

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$402	\$387	\$388	-3%	21.1%	-0.2
One-Bedroom	\$485	\$500	\$524	8%	21.1%	0.4
Two-Bedroom	\$610	\$623	\$651	7%	21.1%	0.3
Three-Bedroom	\$658	\$686	\$728	11%	21.1%	0.5

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Sudbury CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Almost Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in Sudbury was \$67,205—more than twice the level of tenant households, whose average income was \$30,517. Though tenant incomes remain behind that of owners, they improved more than homeowners' incomes between 1995 and 2000, when the average tenant household income grew by 12% compared to the 8% growth in the average owner household income. This is in contrast to the pattern observed in the last census when the average income for tenants decreased by 8% and the average income for owners increased by 6%.

Almost half of tenants in Sudbury are spending more than 30% of their income on rent. In 2000, 45% of tenants were paying 30% or more of their income on shelter—about three times the level among homeowners (just 15% of whom had shelter costs exceeding 30%).

In the year 2000, 22% (or more than one fifth) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. By comparison, in 2000 only 6% of owner households were in this situation. Although the situation for tenants improved from 1995 when 24% of tenant households paid more than 50% of their income on housing, 4,785 tenant households still had a serious affordability problem in 2000.

Proportion of Income Spent on Housing City of Greater Sudbury: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	11,355	48.3%	9,610	44.55%	5,665	24.1%	4,785	22.18%
Owners	5,510	13.9%	6,035	14.61%	1,900	4.8%	2,375	5.75%

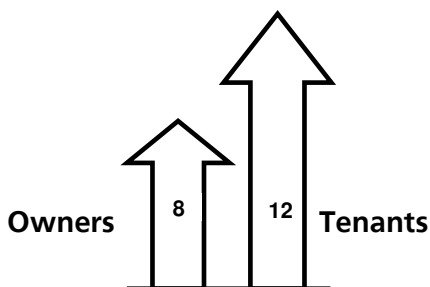
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Greater Sudbury: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$62,511	\$27,161	2.3	\$67,205	\$30,517	2.2	7.5%	12.4%
One Family Households	\$67,152	\$32,800	2.0	\$73,712	\$38,648	1.9	9.8%	17.8%
Non-Family Households	\$34,919	\$21,172	1.6	\$34,348	\$22,761	1.5	-1.7%	7.5%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented to Freehold Housing

The majority of housing being developed in Sudbury over the past five-year period is freehold – accounting for 93% of all units developed between 1999 and 2003. Seven (7%) of new residential development in the last five years has been rental housing.

Residential Completions by Tenure Sudbury CMA: 1989-2003

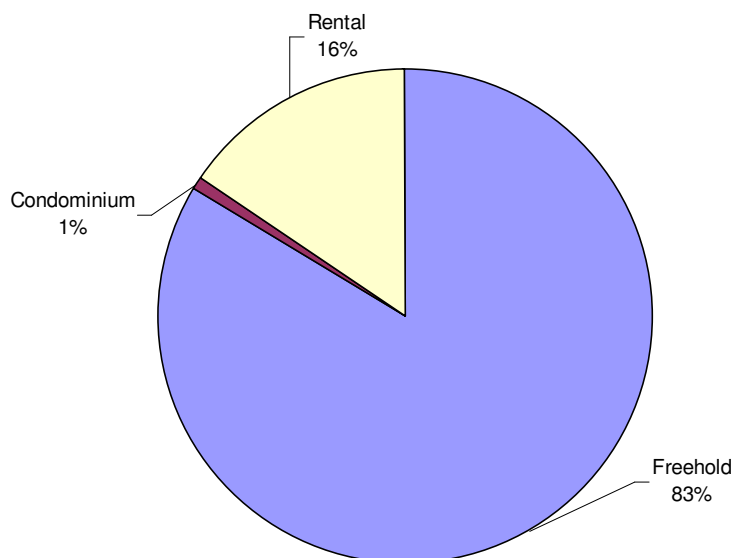
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	928	67%	101	7%	280	20%	76	5%	356	26%	1385	100%
1990	1171	70%	16	1%	379	23%	118	7%	497	30%	1684	100%
1991	551	50%	0	0%	498	45%	59	5%	557	50%	1108	100%
1992	713	39%	30	2%	561	31%	515	28%	1076	59%	1819	100%
1993	589	60%	32	3%	169	17%	191	19%	360	37%	981	100%
1994	585	69%	0	0%	78	9%	190	22%	268	31%	853	100%
1995	345	90%	16	4%	23	6%	0	0%	23	6%	384	100%
1996	268	99%	0	0%	2	1%	0	0%	2	1%	270	100%
1997	316	98%	0	0%	7	2%	0	0%	7	2%	323	100%
1998	197	91%	0	0%	20	9%	0	0%	20	9%	217	100%
1999	135	100%	0	0%	0	0%	0	0%	0	0%	135	100%
2000	152	68%	0	0%	72	32%	0	0%	72	0%	224	100%
2001	180	100%	0	0%	0	0%	0	0%	0	0%	180	100%
2002	260	98%	0	0%	4	2%	0	0%	4	0%	264	100%
2003	305	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	305	100%

Average Annual Production												
1994-98	342	84%	3	1%	26	6%	38	9%	64	16%	409	100%
1999-03	206	93%	0	0%	n/a	n/a	n/a	n/a	15	7%	222	100%

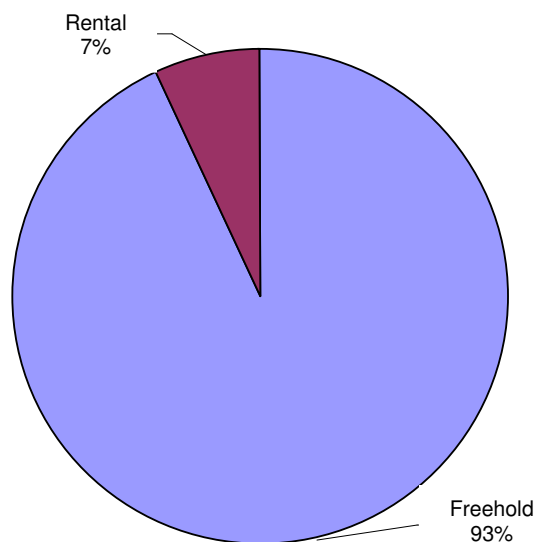
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



THUNDER BAY

Vacancy Rate Falls Sharply

The vacancy rate in the Thunder Bay CMA continued its downward trend, declining to 3.3% in 2003 from 4.7% in 2002. This is well below the high vacancy rates recorded between 1995 and 1999. Vacancy rates peaked at 9% in 1998 and have been declining since then. Employment growth in call centre and retail sector jobs has reduced the out-migration, especially among younger households who tend to be renters. In addition, the double cohort effect on first-year enrolment at Lakehead University and Confederation College increased rental demand in Thunder Bay.

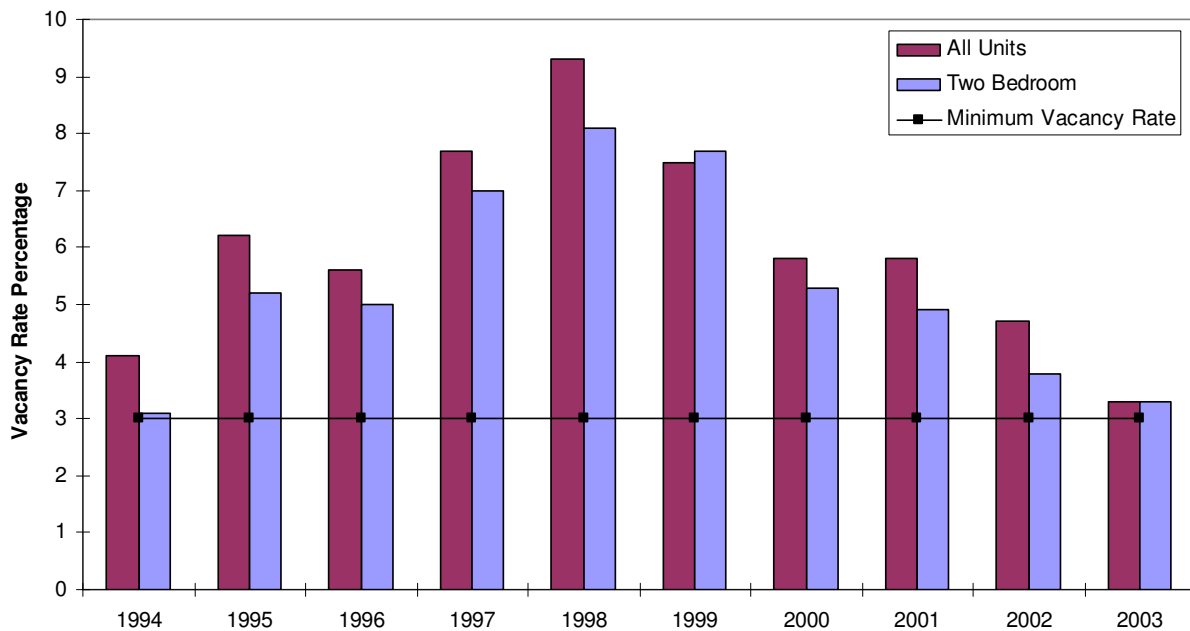
Compared to 2002, vacancies in 2003 fell consistently across all bedroom types. The vacancy rate for bachelor apartments fell from 14.1% in 2002 to 5.5% in 2003; one-bedroom vacancies fell from 5.3% in 2002 to 3.3% in 2003; two-bedroom vacancy rates declined from 3.8% in 2002 to 3.3% in 2003; and, three-bedroom plus vacancy rates fell from 6.8% in 2002 to 2.1% in 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Thunder Bay CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	4.1	6.2	5.6	7.7	9.3	7.5	5.8	5.8	4.7	3.3
Two Bedroom	3.1	5.2	5	7	8.1	7.7	5.3	4.9	3.8	3.3

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Accelerating

The decline in vacancy rates pushed rents up in 2003. Two-bedroom rents increased 2.3% over 2002, while one-bedroom rents rose 3.8%. Though the latest increases were closer to the 2003 rate of inflation of 2.7%, rent increases in both the past five-year period (1998 to 2003) and over the longer ten-year period (1993-2003) have been below the rate of inflation, reflecting soft market conditions.

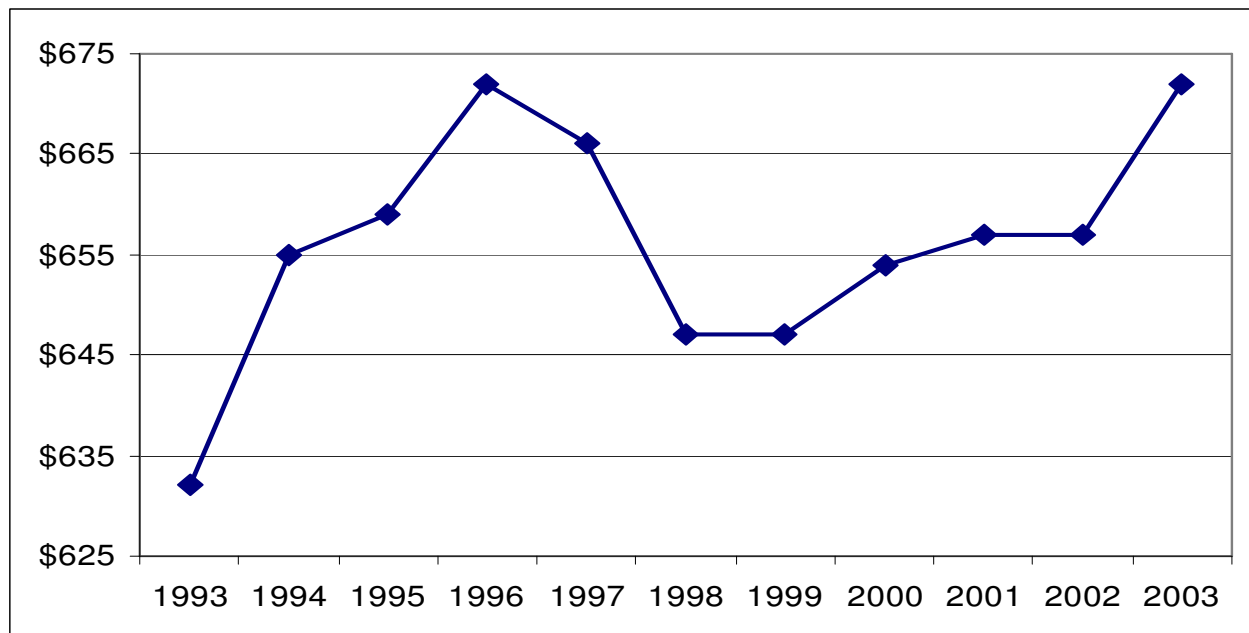
Change in Average Rents Compared to Inflation Thunder Bay CMA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$348	\$362	\$421	16%	13.2%	1.2
One-Bedroom	\$514	\$520	\$552	6%	13.2%	0.5
Two-Bedroom	\$632	\$647	\$672	4%	13.2%	0.3
Three-Bedroom	\$724	\$809	\$834	3%	13.2%	0.2

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$348	\$362	\$421	21%	21.1%	1.0
One-Bedroom	\$514	\$520	\$552	7%	21.1%	0.4
Two-Bedroom	\$632	\$647	\$672	6%	21.1%	0.3
Three-Bedroom	\$724	\$809	\$834	15%	21.1%	0.7

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Thunder Bay CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Almost Half Of All Tenants Have A Housing Affordability Problem

In the year 2000 the average income of all owner households in Thunder Bay was \$66,173—more than twice the level of all tenant households, whose average income was \$29,296. Between 1995 and 2000 tenant incomes fell further behind owner incomes, with the average tenant income growing by just 1% compared to the average owner income increase of 10%. This current pattern is similar to that observed in the 1996 census, which showed that in the period 1990 to 1995 the average income of tenants decreased by 1%, while the average income of owners increased by 6%.

Almost half of tenants in Thunder Bay are spending more than 30% of their income on rent. In 2000, 46% of tenants were paying 30% or more of their income on shelter—more than three times the level among homeowners, just 13% of whom had shelter costs exceeding 30%. In the year 2000, 21% (or one fifth) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. By comparison, in 2000 only 5% of owner households were in this situation.

Proportion of Income Spent on Housing City of Thunder Bay: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	6,190	42.9%	6,270	46.3%	2,905	20.1%	2,890	21.3%
Owners	3,875	12.8%	4,225	13.4%	1,455	4.8%	1,520	4.8%

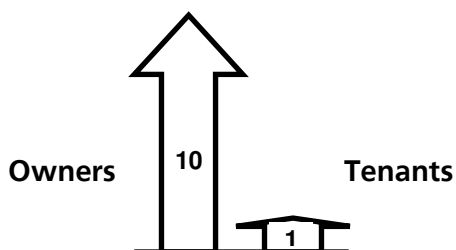
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Thunder Bay: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income	Tenant Income	Owner: Tenant	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$60,037	\$28,949	2.1	\$66,173	\$29,296	2.3	10.2%	1.2%
One Family Households	\$66,926	\$34,719	1.9	\$75,079	\$37,303	2.0	12.2%	7.4%
Non-Family Households	\$33,355	\$23,411	1.4	\$35,734	\$22,790	1.6	7.1%	-2.7%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented To Freehold Housing

The majority of housing being developed in Thunder Bay over the past five-year period was freehold—accounting for 85% of all units that were developed between 1999 and 2003. Fourteen percent (14%) of the units developed in the same period were condominium, while a meager 1% was rental. CMHC notes that out-migration appears to have “troughed,” meaning that rental demand should increase in Thunder Bay in the future.

Residential Completions by Tenure Thunder Bay CMA: 1989-2003

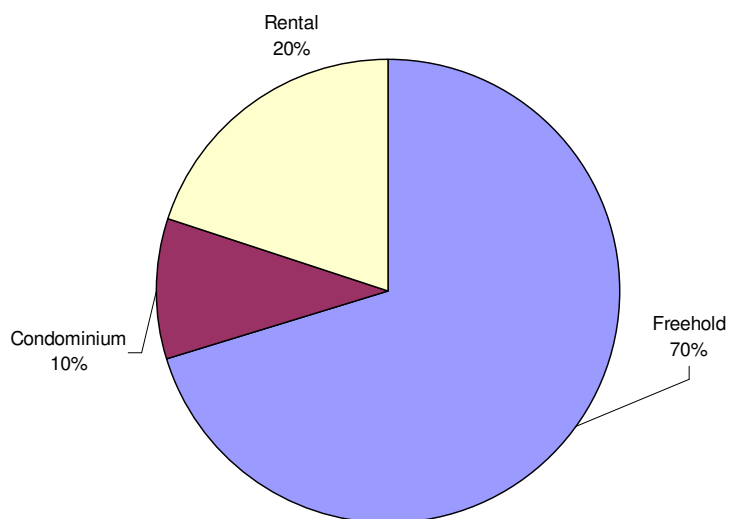
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
1989	481	69%	148	21%	36	5%	30	4%	66	9%	695	100%
1990	523	91%	0	0%	25	4%	24	4%	49	9%	572	100%
1991	379	72%	0	0%	87	16%	62	12%	149	28%	528	100%
1992	394	45%	121	14%	191	22%	169	19%	360	41%	875	100%
1993	351	89%	0	0%	4	1%	38	10%	42	11%	393	100%
1994	305	51%	67	11%	119	20%	108	18%	227	38%	599	100%
1995	280	92%	0	0%	24	8%	0	0%	24	8%	304	100%
1996	202	75%	31	11%	37	14%	0	0%	37	14%	270	100%
1997	216	65%	64	19%	52	16%	0	0%	52	16%	332	100%
1998	203	96%	4	2%	4	2%	0	0%	4	2%	211	100%
1999	198	70%	84	30%	0	0%	0	0%	0	0%	282	100%
2000	177	86%	30	14%	0	0%	0	0%	0	0%	207	100%
2001	137	100%	0	0%	0	0%	0	0%	0	0%	137	100%
2002	171	100%	0	0%	0	0%	0	0%	0	0%	171	100%
2003	221	83%	38	14%	n/a	n/a	n/a	n/a	6	2%	265	100%

Average Annual Production												
1994-98	241	70%	33	10%	47	14%	22	6%	69	20%	343	100%
1999-03	181	85%	30	14%	n/a	n/a	n/a	n/a	1	1%	212	100%

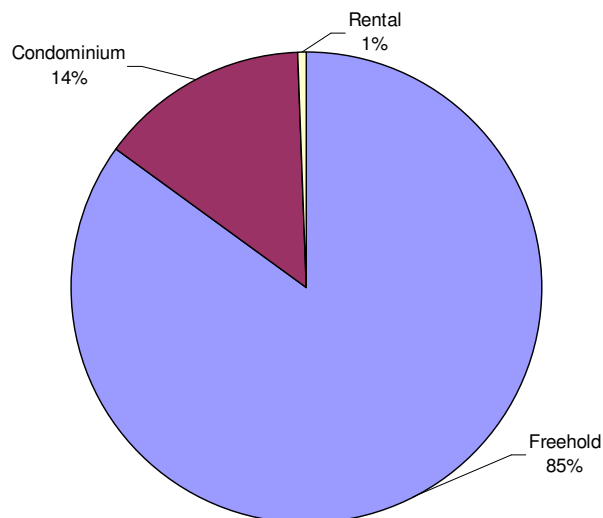
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



TIMMINS

Vacancy Rate Remains High After Falling In 2003

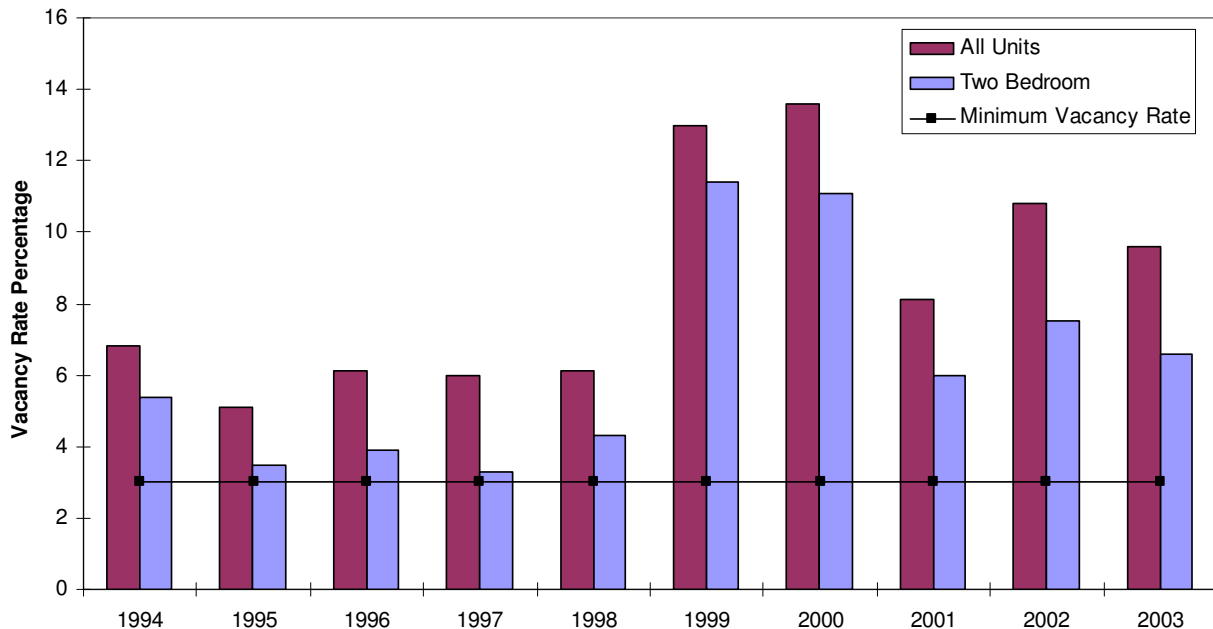
After a small decline in 2003, the rental vacancy rate for Timmins remains at a high level compared to other Ontario centres. In 2003 the vacancy rate was 9.6% compared to 10.8% a year earlier. The vacancy rate for two-bedroom apartments (which peaked at 11.4% in 1999) fell to 6.6% in 2003 from 7.5% in 2002. The vacancy rate for a one-bedroom unit in Timmins was still high at 11.4% in 2003—down slightly from 13.6% in 2002.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Timmins CA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	6.8	5.1	6.1	6	6.1	13	13.6	8.1	10.8	9.6
Two Bedroom	5.4	3.5	3.9	3.3	4.3	11.4	11.1	6	7.5	6.6

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Remain Moderate

With such high vacancy rates, it is not surprising that rent increases have been below the rate of inflation. The average rent for a one-bedroom apartment in Timmins was \$482 in 2003, while a two-bedroom apartment rented for \$589. While inflation rose 13% between 1998 and 2003, the average rent for a one-bedroom apartment increased just 3%, and the average rent for a two-bedroom apartment experienced no increase at all. The exception was rents for three-bedroom plus apartments, which increased by 24% in the same period. Over a ten-year period, rents in

Timmins have increased at a rate that is far below the rate of inflation, except for bachelor apartments whose rent grew at three times the rate of inflation.

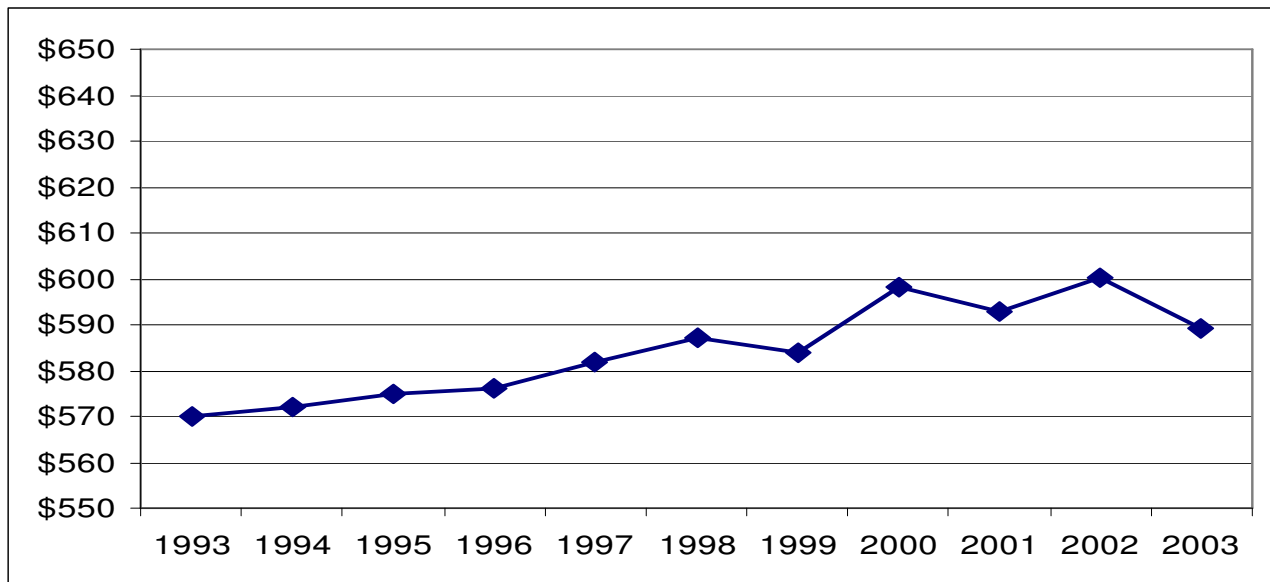
Change in Average Rents Compared to Inflation Timmins CA: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$379	\$364	\$639	76%	13.2%	5.7
One-Bedroom	\$446	\$469	\$482	3%	13.2%	0.2
Two-Bedroom	\$570	\$587	\$589	0%	13.2%	0.0
Three-Bedroom	\$619	\$524	\$651	24%	13.2%	1.8

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$379	\$364	\$639	69%	21.1%	3.3
One-Bedroom	\$446	\$469	\$482	8%	21.1%	0.4
Two-Bedroom	\$570	\$587	\$589	3%	21.1%	0.2
Three-Bedroom	\$619	\$524	\$651	5%	21.1%	0.2

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment Timmins CA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Almost Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of owner households in Timmins was \$64,647—more than twice the level of all tenant households, whose average income was \$29,039. Between 1995 and 2000 tenant incomes fell further behind owner incomes, experiencing 0% growth compared to owner income increases of 6%. In the previous census the average income of owners increased by 12% between 1990 and 1995, while the average income of tenants increased by 2%.

Almost half of tenants in Timmins are spending more than 30% of their income on rent. In 2000, 48% of tenants were paying 30% or more of their income on shelter—more than three times the level among homeowners, just 14% of whom had shelter costs exceeding 30%. In the year 2000, almost one quarter (24%) of all tenant households were spending in excess of 50% of their income on shelter costs, indicating a very serious affordability problem. By comparison, in 2000 only 6% of owner households were in this situation.

**Proportion of Income Spent on Housing
City of Timmins: 1995-2000**

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	2,895	46.1%	2,640	47.9%	1,420	22.6%	1,345	24.4%
Owners	1,655	14.6%	1,655	14.3%	665	5.9%	660	5.7%

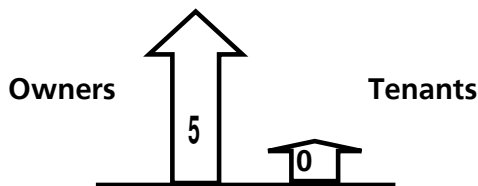
Source: Statistics Canada Custom Tabulation

**Average Household Incomes of Owners and Tenants
City of Timmins: 1995-2000**

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$61,026	\$28,942	2.1	\$64,647	\$29,039	2.2	5.9%	0.0%
One Family Households	\$66,295	\$34,251	1.9	\$70,339	\$36,446	1.9	6.1%	6.4%
Non-Family Households	\$30,444	\$21,779	1.4	\$34,697	\$21,409	1.6	14.0%	-1.7%

Source: Statistics Canada Custom Tabulation

**Owner and Tenant Income
Percent Change from 1995 to 2000**



No Rental Housing Developed In Last 10 Years

All of the housing (100%) developed in Timmins over the past five years has been freehold. Excluding 1994, when 42 rental units were constructed, over the past 10 years no rental housing at all has been developed in the Timmins area.

**Residential completions by Tenure
Timmins CA: 1989-2003**

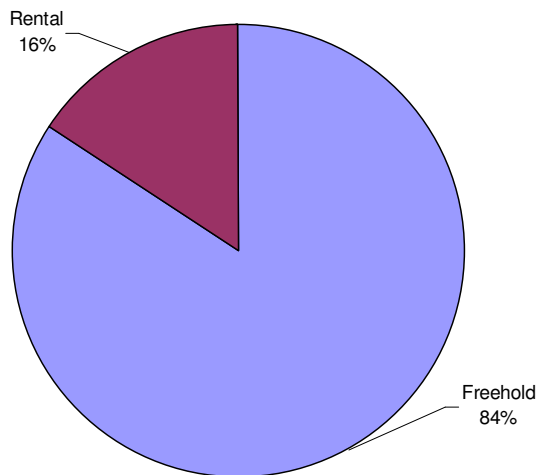
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1991	118	53%	35	16%	10	4%	61	27%	71	32%	224	100%
1992	71	55%	5	4%	12	9%	40	31%	52	41%	128	100%
1993	56	23%	0	0%	0	0%	184	77%	184	77%	240	100%
1994	58	58%	0	0%	2	2%	40	40%	42	42%	100	100%
1995	55	96%	0	0%	2	4%	0	0%	2	4%	57	100%
1996	59	100%	0	0%	0	0%	0	0%	0	0%	59	100%
1997	99	89%	0	0%	12	11%	0	0%	12	11%	111	100%
1998	61	91%	0	0%	6	9%	0	0%	6	9%	67	100%
1999	38	100%	0	0%	0	0%	0	0%	0	0%	38	100%
2000	20	100%	0	0%	0	0%	0	0%	0	0%	20	100%
2001	11	100%	0	0%	0	0%	0	0%	0	0%	11	100%
2002	16	100%	0	0%	0	0%	0	0%	0	0%	16	100%
2003	34	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	34	100%

Average Annual Production												
1994-98	66	84%	0	0%	4	6%	8	10%	12	16%	79	100%
1999-03	24	100%	0	0%	n/a	n/a	n/a	n/a	0	0%	24	100%

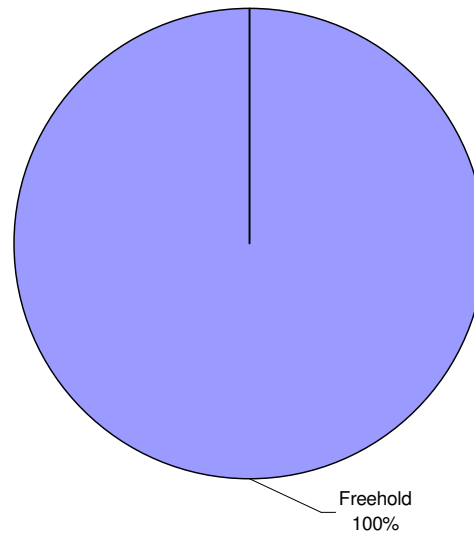
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



TORONTO

Vacancy Rates Rose In 2003

Over the last decade the rental market in the City of Toronto has been generally quite tight, with the lowest vacancy rate recorded in 2000 when it dropped to 0.6%. Vacancy rates for all apartment rental units rose from 2.4% in 2002 to 3.9% in 2003. Vacancy rates improved across the board, with the vacancy rate for bachelor apartments at 4.2%, one-bedroom apartments at 4.0%, two-bedroom apartments at 3.7% and three plus bedrooms also reaching 3.7%.

The increase in vacancy rates is due to the combined effects of a number of factors:

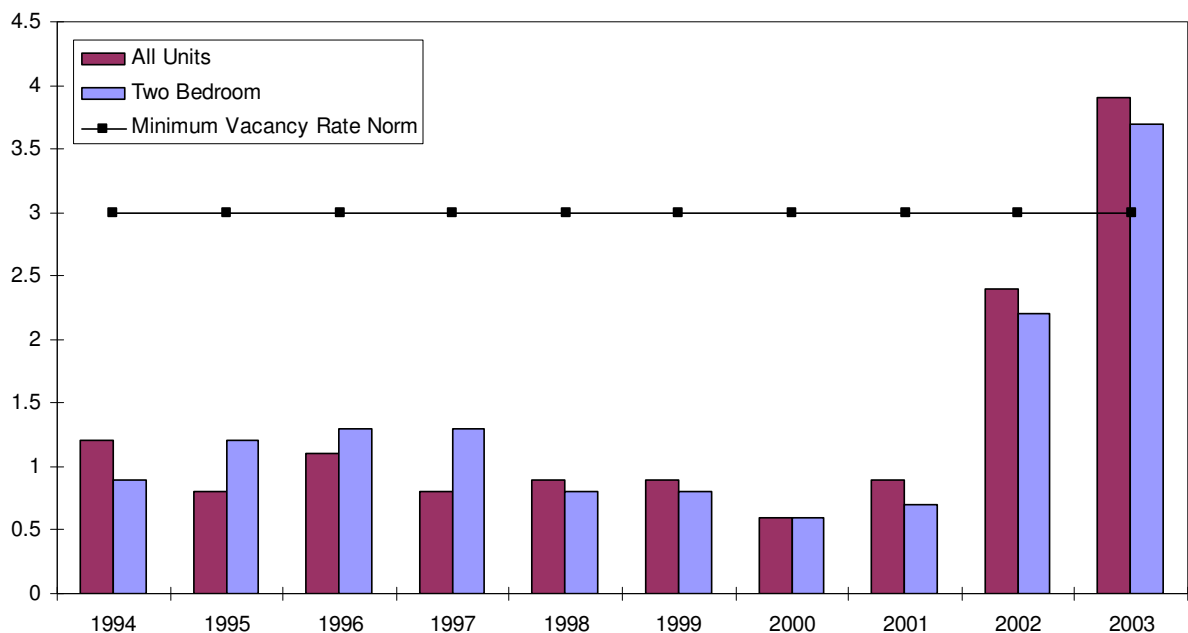
- historically low mortgage rates, combined with high rents, which are encouraging tenants to leave the rental market;
- lower than expected increase in rental demand resulting from lower immigration levels and slower economic growth (since 2000) accompanied by weak growth in youth employment;
- an increase in the supply of investor-owned condominium units available for rent.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units City of Toronto 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	1.2	0.8	1.1	0.8	0.9	0.9	0.6	0.9	2.4	3.9
Two Bedroom	0.9	1.2	1.3	1.3	0.8	0.8	0.6	0.7	2.2	3.7

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rents Have Been Increasing At Twice The Rate Of Inflation In Toronto

For the first time in many years, rents did not increase in the City of Toronto. In fact, rents actually decreased for some unit types. For example, the average rent for a bachelor unit stayed

virtually the same at \$734 in 2003 (from \$733 in 2002); the average rent for a one-bedroom unit declined 1% from \$894 to \$884; and, the average rent for a two-bedroom unit decreased 1% from \$1,055 to \$1,045. The overall rent decreased from \$976 to \$961 (a decrease of 1.5%).

Despite the most recent trends in rents, when looking at longer-term changes, rents in the City of Toronto have been increasing at almost double the rate of inflation. For example, between 1993 and 2003, the average rent for bachelor units and one-bedroom units increased at twice the rate of inflation, while the average rent for a two-bedroom unit increased at 1.7 times the rate of inflation.

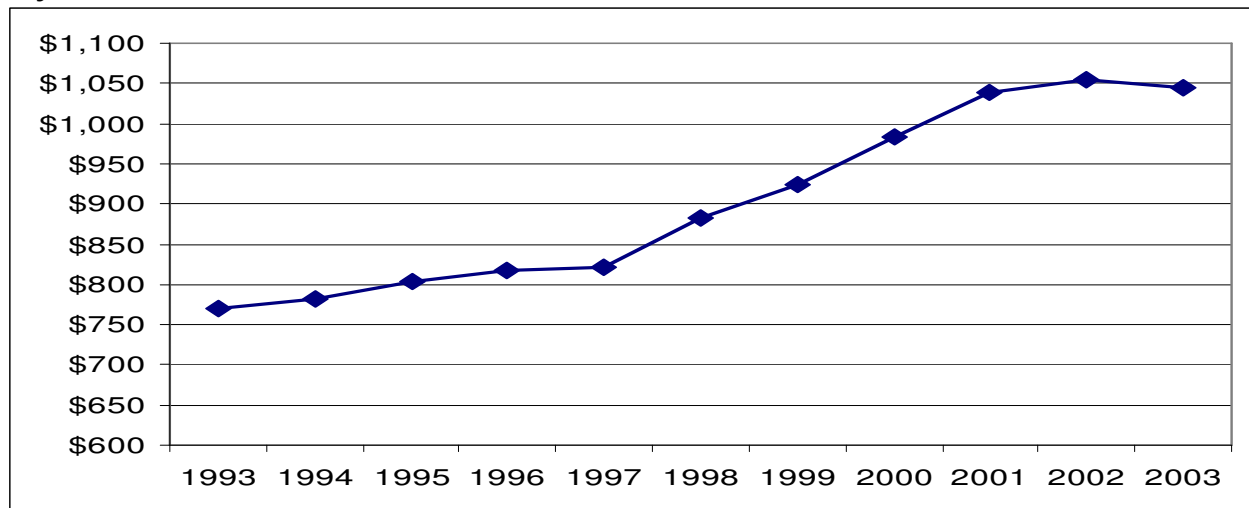
Change in Average Rents Compared to Inflation City of Toronto: 1993-2003

	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$509	\$588	\$734	25%	13.2%	1.9
One-Bedroom	\$624	\$727	\$884	22%	13.2%	1.6
Two-Bedroom	\$769	\$882	\$1,045	18%	13.2%	1.4
Three-Bedroom	\$947	\$1,069	\$1,225	15%	13.2%	1.1

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$509	\$588	\$734	44%	21.1%	2.1
One-Bedroom	\$624	\$727	\$884	42%	21.1%	2.0
Two-Bedroom	\$769	\$882	\$1,045	36%	21.1%	1.7
Three-Bedroom	\$947	\$1,069	\$1,225	29%	21.1%	1.4

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment City of Toronto: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Over One Fifth Of Tenants Have A Serious Affordability Problem

In the year 2000, owners in the City of Toronto had an average household income that was almost twice that of tenants. The average tenant household income in Toronto was \$44,368 in 2000 compared to an average owner household income of \$93,740. Owners experienced a

slightly higher increase in their incomes between 1995 and 2000, with the average owner household income increasing by 26% and the average tenant household income increasing by 23%. This improvement in incomes is in sharp contrast to what was observed in the 1996 census, which showed the average income of tenant households declining by 6% and the average income of owner households increasing by only 1% between 1990 and 1995.

In 2000, the proportion of tenants paying 30% or more of their income on rent fell from 45% in 1995 to 43% in 2000, while the proportion paying 50% or more of their income on rent fell from 23% to 21%. While the economic situation of tenants showed some improvement, the number of tenants paying 50% or more of their income on rent was still very high at 95,760 tenant households.

Proportion of Income Spent on Housing City of Toronto, 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	212,710	45.0%	198,475	43.2%	106,295	23.0%	95,760	20.8%
Owners	100,595	23.0%	106,225	22.2%	39,235	9.0%	41,015	8.6%

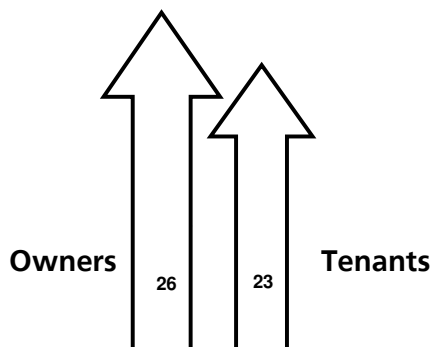
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Toronto, 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$74,139	\$36,064	2.1	\$93,740	\$44,368	2.1	26.4%	23.0%
One Family Households	\$81,445	\$40,232	2.0	\$104,394	\$49,975	2.1	28.2%	24.2%
Non-Family Households	\$45,465	\$30,771	1.5	\$54,427	\$36,827	1.5	19.7%	19.7%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Production Of Rental Units Way Down From The Early Part Of The 1990's

The mix of tenures completed in Toronto is rather unique across Ontario. In the five-year period 1999 to 2003, 25% of all completions were freehold, 70% were condominiums and 5%

were rental units. In this time period, an average of just under 500 rental units were completed annually—way below the number of units developed during the first part of the 1990’s when the non-profit housing program was active.

What is interesting is that over the past 10-year period between (1994 and 2003) a total of 9,226 rental apartments were completed—a figure that almost matches the growth in the rental market universe in the City of Toronto in buildings with 3 or more units. Thus, whereas in other markets new construction has often been offset by decreases in the rental stock due to conversions to condominiums, in Toronto the proactive stance of the City in curbing such conversions is paying off. However, a recent decision by the OMB to permit conversion of 500 rental units suggests that this trend is likely to change. (See Section 4.3, page 24, in this report.)

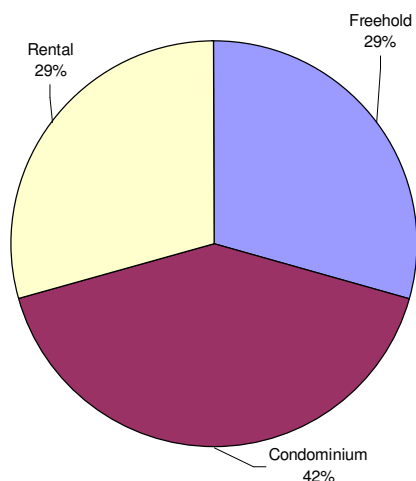
Residential Completions by Tenure City of Toronto: 1989-2003

Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	2330	17%	8153	60%	1010	7%	2193	16%	3203	23%	13686	100%
1990	1740	18%	5485	55%	1532	15%	1182	12%	2714	27%	9939	100%
1991	1098	13%	5333	61%	743	8%	1605	18%	2348	27%	8779	100%
1992	818	13%	2871	45%	278	4%	2403	38%	2681	42%	6370	100%
1993	943	13%	369	5%	22	0%	5834	81%	5856	82%	7168	100%
1994	952	23%	579	14%	132	3%	2443	59%	2575	63%	4106	100%
1995	900	29%	705	23%	162	5%	1308	43%	1470	48%	3075	100%
1996	1187	21%	2962	51%	98	2%	1543	27%	1641	28%	5790	100%
1997	1750	31%	2865	51%	94	2%	861	15%	955	17%	5570	100%
1998	1970	45%	2298	52%	114	3%	0	0%	114	3%	4382	100%
1999	2517	33%	4672	62%	387	5%	0	0%	387	5%	7576	100%
2000	2303	25%	6775	74%	121	1%	0	0%	121	1%	9199	100%
2001	2629	41%	3561	56%	159	3%	0	0%	159	3%	6349	100%
2002	2035	15%	10901	79%	785	6%	0	0%	785	6%	13721	100%
2003	3153	24%	8947	68%	n/a	n/a	n/a	n/a	1019	8%	13119	100%
Average Annual Production												
1994-98	1352	29%	1882	41%	120	3%	1231	27%	1351	29%	4585	100%
1999-03	2527	25%	6971	70%	n/a	n/a	n/a	n/a	494	5%	9993	100%

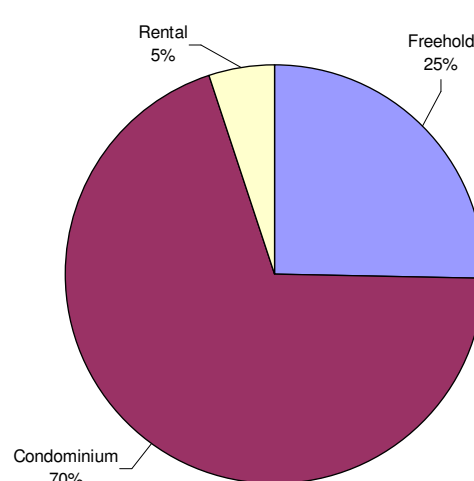
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



THE REGION OF WATERLOO

Vacancy Rate Improves For All Unit Types

For the first time in a decade, the vacancy rate among private rental units rose above 3%. Vacancy rates for private rental apartments in the Kitchener CMA—which includes most of the Region—rose from 2.3% in 2002 to 3.2 % in 2003 and improved for apartments of all sizes. In 2003, the vacancy rate for one-bedroom apartments was 3%; for two-bedroom apartments it was 3.4%, and for three plus bedroom apartments it was 3.7%. Among bachelor units the vacancy rate was 2.5%.

As in most markets in Ontario, low mortgage rates were the major factor behind increasing vacancy rates. CMHC’s Rental Market Report estimated that the carrying cost for the average - priced home offered for sale in the Kitchener-Waterloo Real Estate Board was \$882 in the period when CMHC’s survey was undertaken.

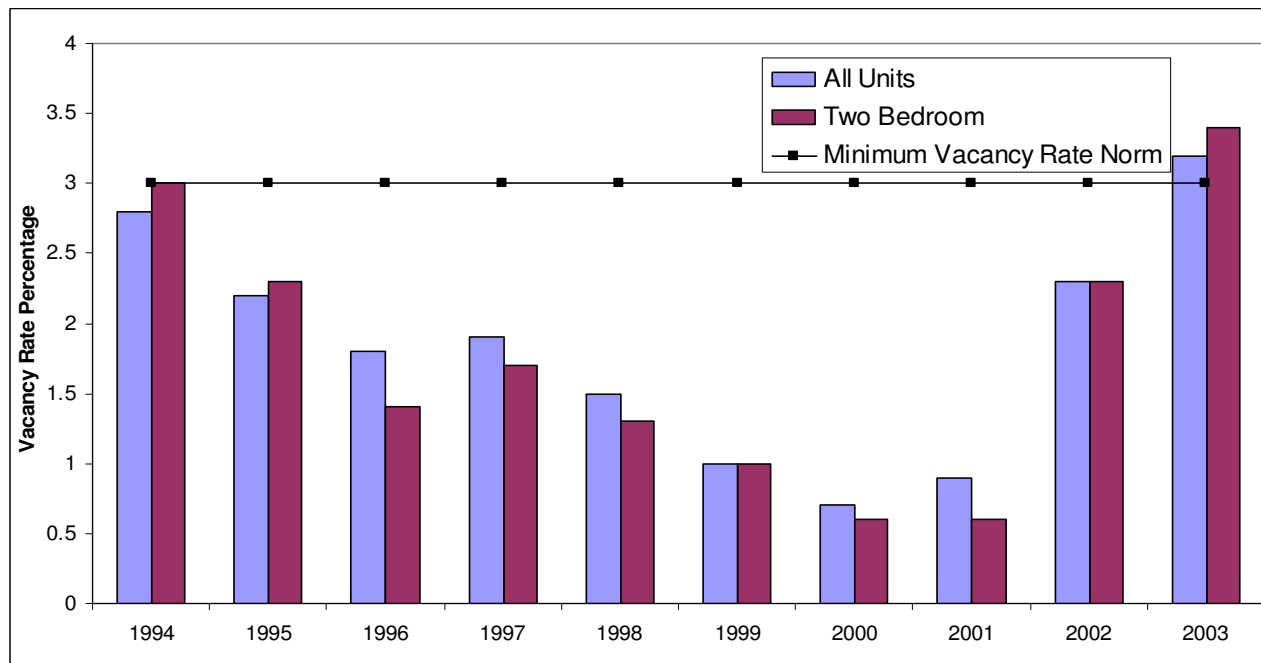
CMHC’s report notes that while the double cohort was expected to increase rental demand in 2003, its impact was lessened as many students returned to school to improve their grades; also full-time employment remained weak in the 15 to 24 year age group.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Kitchener CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	2.8	2.2	1.8	1.9	1.5	1	0.7	0.9	2.3	3.2
Two Bedroom	3	2.3	1.4	1.7	1.3	1	0.6	0.6	2.3	3.4

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre



Rent Increases Abating But Exceed Rate Of Inflation Over Longer-Term

The increase in vacancy rates resulted in lower rent increases in 2003. The average rent for all units rose from \$714 in 2002 to \$719 in 2003, representing an increase of less than 1%. The average rent for two-bedroom units rose 0.5%; for one-bedrooms the average rent increased 1.3% and there was no change in the average rent for bachelor units. While most unit sizes had no or negligible rent increases, rents for units with three or more bedrooms rose by 5% between 2002 and 2003. Though rents stabilized in 2003, over the past five-year period (1998-2003) rent increases exceeded the rate of inflation by 1.8 times for bachelor units, 1.4 times the rate of inflation for one-bedroom units, 1.3 times the rate of inflation for two-bedroom units, and 1.7 times the rate of inflation for 3+ bedroom units.

Change in Average Rents Compared to Inflation

Kitchener CMA: 1993-2003

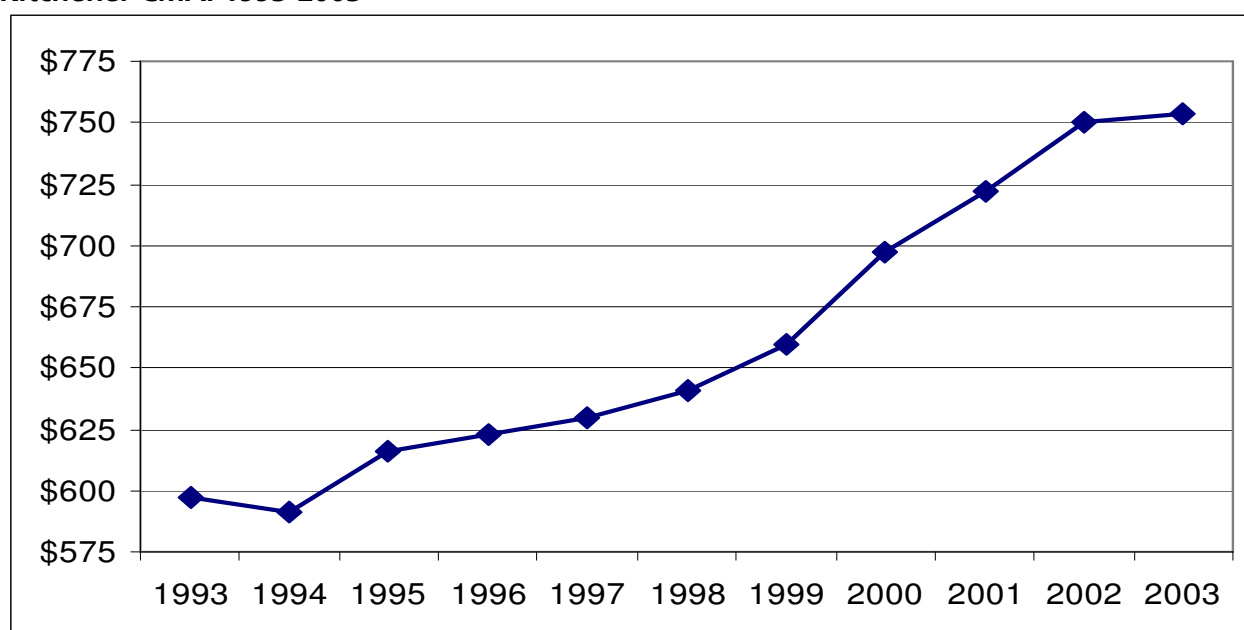
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$372	\$419	\$517	23%	13.2%	1.8
One-Bedroom	\$495	\$545	\$646	19%	13.2%	1.4
Two-Bedroom	\$597	\$641	\$754	18%	13.2%	1.3
Three-Bedroom	\$694	\$771	\$943	22%	13.2%	1.7

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$372	\$419	\$517	39%	21.1%	1.8
One-Bedroom	\$495	\$545	\$646	31%	21.1%	1.4
Two-Bedroom	\$597	\$641	\$754	26%	21.1%	1.2
Three-Bedroom	\$694	\$771	\$943	36%	21.1%	1.7

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

Kitchener CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Half Of All Tenants Have A Housing Affordability Problem

In the year 2000, the average income of all owner households in the Regional Municipality of Waterloo was \$79,156—twice the level for tenant households, whose average income was \$39,221. Between 1995 and 2000 the average tenant household income increased by 21%, while the average homeowner income increased by 19%. This contrasts with the findings of the 1996 census, which showed that the average income of owners rose 8% between 1990 and 1995 while the average tenant income did not increase at all.

The housing affordability situation among tenants showed considerable improvement between the two censuses in 1996 and 2001 although not for those with the most severe housing affordability problems. Whereas in 1995, 47% of tenants were spending 30% or more of their income on rent, by 2000 this figure had dropped to 36%. Among owners, 14% were paying 30% or more of their income on housing costs in 2000. Nevertheless, the proportion of renters who were paying more than 50% of their income on rent increased—from 16% in 1995, to 17% in 2000, although the absolute number of tenants in this situation fell. Only 5% of owners were in the same situation.

CMHC provided a profile of tenants in their rental market report. The report noted that although the median income of tenant households in the Kitchener CMA was \$33,541 in 2000, over one quarter of tenant households had incomes of less than \$20,000.

Proportion of Income Spent on Housing Waterloo Region: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	30,935	47.0%	18,870	36.2%	10,065	16.0%	8,840	16.9%
Owners	19,585	18.0%	15,380	14.3%	5,940	6.0%	5,055	4.7%

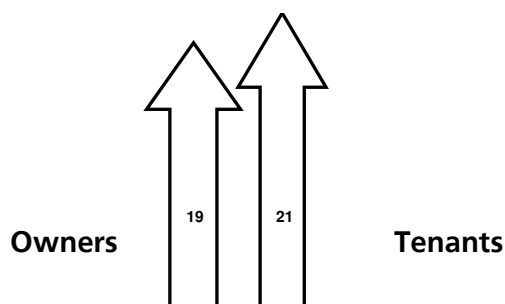
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants Waterloo Region: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$66,361	\$32,361	2.1	\$79,156	\$39,221	2.0	19.3%	21.1%
One Family Households	\$71,334	\$37,381	1.9	\$85,704	\$45,613	1.8	20.1%	22.0%
Non-Family Households	\$37,451	\$25,610	1.5	\$42,653	\$31,052	1.4	13.9%	21.2%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Housing Market Primarily Oriented To Freehold Housing

The Kitchener CMA is one of the few places registering a relatively high level of rental completions due to support for rental development by the Region of Waterloo's Housing Division, as well as some high-end private rental developments. Between 1999 and 2003, rental housing accounted for 10% of all residential completions, with an average of 322 rental units completed annually. Despite this level of production, the CMHC Rental Market Report notes that the supply of rental apartments fell between 2002 and 2003 (from 26,234 units in 2002 to 25,995 units in 2003). The CMHC Rental Market Report notes that at the time of their vacancy survey, there were 1,185 rental apartments under construction (of which 318 were expected to be completed by the end of 2003). These increases in purpose-built rental housing should help to increase the rental supply and offset previous losses.

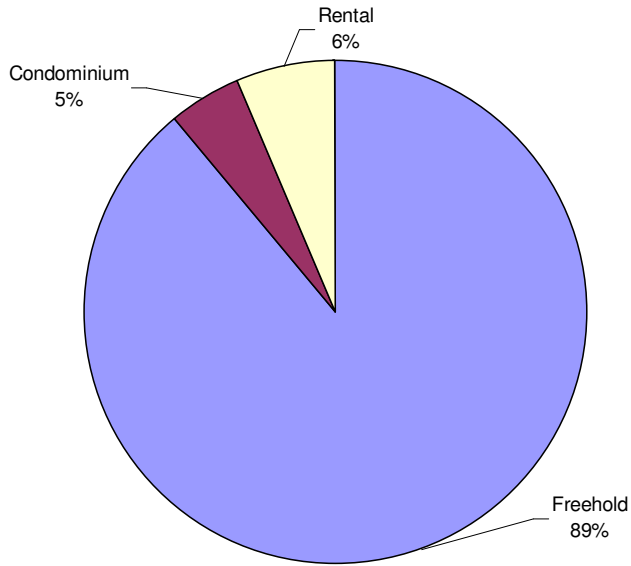
Residential Completions by Tenure Kitchener CMA: 1989-2003

Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental		Total	%
	Total	%	Total	%	Total	%	Total	%	Total	%		
1989	2515	54%	1290	28%	784	17%	33	1%	817	18%	4622	100%
1990	1584	38%	713	17%	1301	31%	589	14%	1890	45%	4187	100%
1991	1205	49%	459	19%	464	19%	313	13%	777	32%	2441	100%
1992	1557	52%	157	5%	479	16%	821	27%	1300	43%	3014	100%
1993	1439	66%	171	8%	35	2%	537	25%	572	26%	2182	100%
1994	1545	83%	108	6%	3	0%	216	12%	219	12%	1872	100%
1995	1122	92%	29	2%	0	0%	68	6%	68	6%	1219	100%
1996	1543	88%	76	4%	126	7%	6	0%	132	8%	1751	100%
1997	2064	89%	82	4%	182	8%	0	0%	182	8%	2328	100%
1998	2179	93%	168	7%	2	0%	0	0%	2	0%	2349	100%
1999	2348	87%	83	3%	259	10%	0	0%	259	10%	2690	100%
2000	2608	96%	61	2%	41	2%	0	0%	41	2%	2710	100%
2001	2694	83%	78	2%	491	15%	0	0%	491	15%	3263	100%
2002	3218	92%	120	3%	148	4%	0	0%	148	4%	3486	100%
2003	3421	83%	38	1%	n/a	n/a	n/a	n/a	671	16%	4130	100%
Average Annual Production												
1994-98	1691	89%	93	5%	63	3%	58	3%	121	6%	1904	100%
1999-03	2858	88%	76	2%	n/a	n/a	n/a	n/a	322	10%	3256	100%

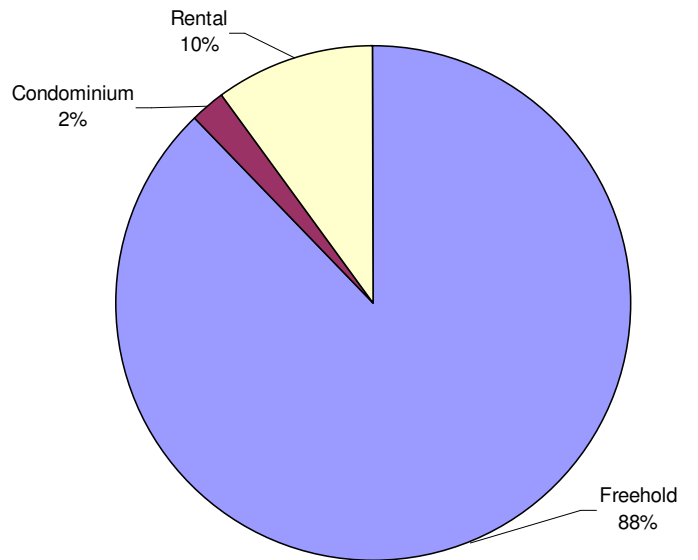
Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production



WINDSOR

Vacancy Rates Rose In 2003

The overall vacancy rate in the Windsor CMA rose from 3.9% in 2002 to 4.3% in 2003. The vacancy rate for both bachelor units and two-bedroom units was 4.9%, while the vacancy rate for one-bedroom units was 3.5%. Despite strong employment growth in the Windsor CMA, which has brought new migrants to the area, historic low mortgage rates have attracted tenants into the homeownership market.

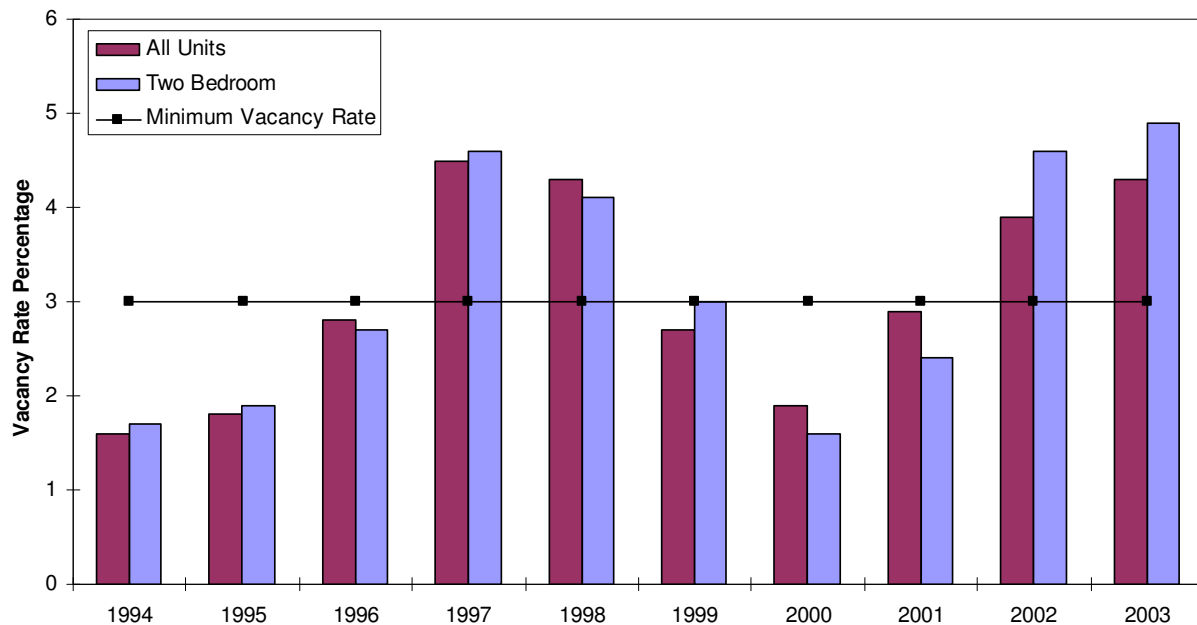
Over the past decade, vacancies in the Windsor CMA have fluctuated between high and low vacancy rates. For example, the vacancy rate was below 2% in 1994 and 1995, and then rose to 4% in 1997 and 1998. Vacancy rates dropped in 1999 and 2000 and then moved back up in 2002 and 2003.

Vacancy Rate, Private Rental Apartments, All Units and Two Bedroom Units Windsor CMA 1994-2003

	October 1994	October 1995	October 1996	October 1997	October 1998	October 1999	October 2000	October 2001	October 2002	October 2003
All Units	1.6	1.8	2.8	4.5	4.3	2.7	1.9	2.9	3.9	4.3
Two Bedroom	1.7	1.9	2.7	4.6	4.1	3	1.6	2.4	4.6	4.9

Note: Vacancy Rate in Buildings with 3+ rental units

Source: CMHC, Ontario Market Analysis Centre.



Rent Increases Above Rate Of Inflation Over The Past Ten Years

In 2003, the average rent for a one-bedroom apartment was \$650, while the average rent for a two-bedroom apartment was \$776. Over the past five-year period (1998 to 2003) rents have been increasing at about the pace of inflation, except for three plus bedroom units which experienced rent increases that were three times the rate of inflation. Over the past 10 years, rents for most

apartment unit types have been increasing above the rate of inflation. For example, rents for bachelor apartments have grown at a rate that is 80% above the rate of inflation, while the average rent for one-bedroom apartments grew at a rate that was 30% above inflation. The average rent for two-bedroom apartments grew at about the rate of inflation.

Change in Average Rents Compared to Inflation

Windsor CMA: 1993-2003

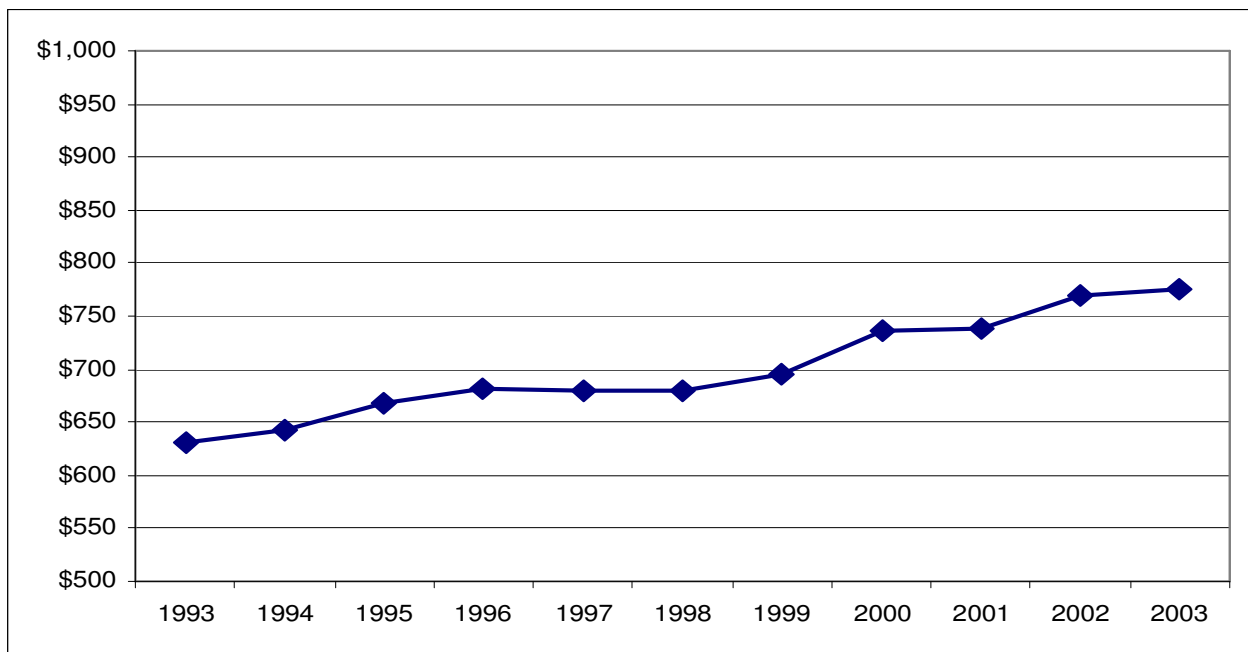
	1993	1998	2003	Rent Increase 1998-2003	Inflation Increase (CPI) 1998-2003	Ratio of Rent to Inflation Increase (1998-2003)
Bachelor	\$359	\$427	\$494	16%	13.2%	1.2
One-Bedroom	\$510	\$568	\$650	14%	13.2%	1.1
Two-Bedroom	\$631	\$680	\$776	14%	13.2%	1.1
Three-Bedroom	\$695	\$686	\$963	40%	13.2%	3.1

	1993	1998	2003	Rent Increase 1993-2003	Inflation Increase (CPI) 1993-2003	Ratio of Rent to Inflation Increase (1993-2003)
Bachelor	\$359	\$427	\$494	38%	21.1%	1.8
One-Bedroom	\$510	\$568	\$650	27%	21.1%	1.3
Two-Bedroom	\$631	\$680	\$776	23%	21.1%	1.1
Three-Bedroom	\$695	\$686	\$963	39%	21.1%	1.8

Source: CMHC and Statistics Canada

Rent Increases for a 2-Bedroom Apartment

Windsor CMA: 1993-2003



Source: CMHC Ontario Market Analysis Centre

Despite Improvements In Tenants' Incomes, Many Tenants Have A Serious Housing Affordability Problem

The average tenant household income increased by 21% between 1995 and 2000, while the average income of homeowners rose 17%. Despite the impressive improvement in tenants' incomes over the past five-year period, owners still have income levels that are twice that of

tenants. In 2000, the average tenant household income was \$34,834, while the average owner income reached \$70,654. Tenants also fared better in the previous census compared to many other municipalities in Ontario. For example, in the 1996 census, the average income of tenant households rose 7% between 1990 and 1995, while the average homeowner income rose 15%.

The improvement in tenants' incomes, observed in the 2001 census, has resulted in some improvement in housing affordability for tenants. In 2000, 44% of tenants were paying 30% or more of their income on rent, compared to 48% in 1995. Nevertheless, tenants in 2000 are more than three times as likely as owners to have an affordability problem. Among owners the proportion paying 30% or more of their income on housing was 15% in 2000.

In 2000, 22% of tenant households were paying 50% or more of their income on rent. While this is an improvement over the 24% level recorded in 1995, still the 2001 census showed that 6,560 tenant households are estimated to have a serious housing affordability problem.

Proportion of Income Spent on Housing City of Windsor: 1995-2000

	Greater than or equal to 30%				Greater than or equal to 50%			
	1995		2000		1995		2000	
Tenants	14,285	47.5%	12,910	44.1%	7,310	24.3%	6,560	22.4%
Owners	7,015	14.4%	8,035	14.7%	2,575	5.3%	2,940	5.4%

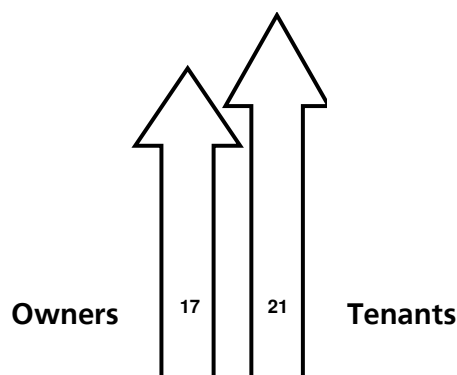
Source: Statistics Canada Custom Tabulation

Average Household Incomes of Owners and Tenants City of Windsor: 1995-2000

	Owner Income 1995	Tenant Income 1995	Owner: Tenant Ratio	Owner Income 2000	Tenant Income 2000	Owner: Tenant Ratio	% Change in Owner Income 1995-2000	% Change in Tenant Income 1995-2000
Total	\$60,272	\$28,809	2.1	\$70,654	\$34,834	2.0	17.2%	20.9%
One Family Households	\$67,493	\$33,619	2.0	\$78,592	\$41,388	1.9	16.4%	23.1%
Non-Family Households	\$35,839	\$24,340	1.5	\$43,424	\$28,164	1.5	21.2%	15.7%

Source: Statistics Canada Custom Tabulation

Owner and Tenant Income Percent Change from 1995 to 2000



Rental Housing Production At Low Levels

In the period 1999 to 2003, freehold housing accounted for 91% of all completions, while condominiums accounted for 8%. Only 1% of all units completed during this time period were rentals. There has been a very low level of rental production in the Windsor CMA for some time, with an average of only 24 rental units being completed annually in the past five-year period.

The University of Windsor completed a 300-bed residence, which will help to meet some of the demand for rental housing from students. In the private rental universe there has been a gain of only 543 rental units over the past 10 years.

Residential Completions by Tenure Windsor CMA: 1989-2003

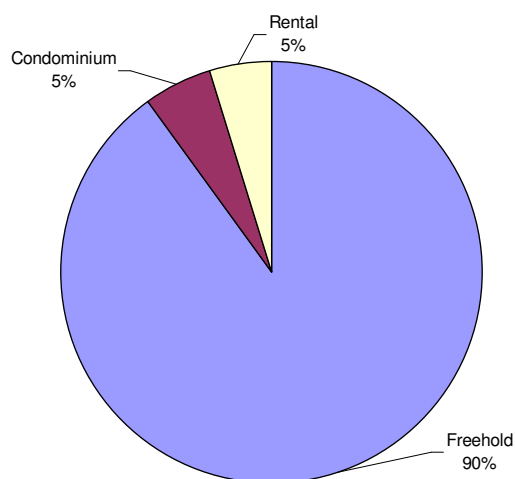
Year	OWNERSHIP				RENTAL						All Tenures	
	Freehold		Condominium		Private Rental		Assisted Rental		Total Rental			
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
1989	1246	64%	359	18%	76	4%	264	14%	340	17%	1945	100%
1990	966	67%	97	7%	161	11%	209	15%	370	26%	1433	100%
1991	861	62%	39	3%	368	26%	129	9%	497	36%	1397	100%
1992	1122	70%	90	6%	82	5%	318	20%	400	25%	1612	100%
1993	1209	91%	38	3%	84	6%	0	0%	84	6%	1331	100%
1994	1448	96%	38	3%	18	1%	0	0%	18	1%	1504	100%
1995	1275	85%	112	7%	54	4%	56	4%	110	7%	1497	100%
1996	1811	90%	109	5%	87	4%	0	0%	87	4%	2007	100%
1997	1873	84%	171	8%	197	9%	0	0%	197	9%	2241	100%
1998	1740	96%	51	3%	19	1%	0	0%	19	1%	1810	100%
1999	2102	96%	88	4%	2	0%	0	0%	2	0%	2192	100%
2000	2219	83%	406	15%	42	2%	0	0%	42	2%	2667	100%
2001	1945	96%	55	3%	22	1%	0	0%	22	1%	2022	100%
2002	2163	88%	228	9%	54	3%	0	0%	54	3%	2445	100%
2003	2153	93%	163	7%	n/a	n/a	n/a	n/a	0	0%	2316	100%

Average Annual Production												
1994-98	1629	90%	96	5%	75	4%	11	1%	86	5%	1812	100%
1999-03	2116	91%	188	8%	n/a	n/a	n/a	n/a	24	1%	2328	100%

Source: CMHC Ontario Markets Analysis Centre

Note: CMHC no longer tracks the breakdown between private and assisted rental housing.

1994-1998 Dwelling Unit Production



1999-2003 Dwelling Unit Production

