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Market study on affordable student housing

Executive Summary

Presented to :



By :



Zins Beaudesne et associés

MARKETING ■ DÉVELOPPEMENT ■ INNOVATION

In partnership with :

Secrétariat
à la région
métropolitaine

Québec



UQÀM

1. Executive Summary

UTILE has commissioned Zins Beuchesne and associates to conduct a market survey with the objective of quantifying and qualifying the present demand for affordable housing built specifically for the university student population. The main objective of this study was, on the one hand, to evaluate the number of new units that could be absorbed on the Island of Montreal, and on the other hand, to divide the evaluated demand as a means to understand the different submarkets.

To reach our objectives, an analysis of the currently available housing for Montreal university students was first conducted. This provided a testament to the difficulty this group currently faces while seeking housing. This can be attributed in part to the significantly low number of on-campus residence units totaling only 5 209 beds. In contrast, the total size of the Montreal student population is 191 450. It is equally attributable to the low vacancy rate in the primary rental market of Montreal, especially in the boroughs and specific apartment sizes where the majority of the student population reside, a situation further exasperated by the severely limited number of new rental units constructed in recent years. Needless to say, there currently exists a great deal of competition for reasonably priced apartments, in particular for large apartments. This in turn limits housing accessibility for the student population and by consequence increases rental prices. As a response to this particular demographic housing gap, several large private residence hall projects targeting a niche market (e.g., Varsity 515) have been built or are currently under development. Problematically, these projects meet only a small percentage of the market, notably the more affluent segment of the student population. The examples of the Coopérative d'habitation L'Estudiantine in Sherbrooke or Keetwonen in the Netherlands have successfully demonstrated that it is possible to develop affordable housing units for individuals pursuing their studies.

As a means to better understand the needs of university students in terms of housing and to better identify their needs within the parameters of this project, a survey was conducted, answered by 6 414 students from McGill University, Concordia University and Université du Québec à Montréal (UQAM). At the same time, a second and parallel survey was conducted among 4 992 respondents from Université Laval. The Montreal survey was able to demonstrate that 79.8% of the university student population resides on the Island of Montreal throughout the school year and 71.2% live outside of the family residence. Half of the Montreal student population rents either an apartment or a studio (49.2%). In total, we can account for more than 85 000 university students that are tenants either living outside of the family residence in an apartment or in a residence on the Island of Montreal. Their dwellings are mainly located the following boroughs: Plateau-Mont-Royal (20.9%), Ville-Marie (15.1%) and Côte-des-Neiges-Notre-Dame-de-Grâce (9.1%), all of which are within relative proximity to Montreal university institutions. It is worth noting that 20.6% of respondents living outside of the family residence during the school year live in four other boroughs (Rosemont - La Petite-Patrie, Mercier - Hochelaga-Maisonneuve, Villeray - Saint-Michel - Parc-Extension and the South-West). This considered, 65.7% of the student population residing outside of their family residence on the Island of Montreal live within these seven neighbourhoods.

On average, university students living in rental housing (with the exception of student residences) live in a 3 ½ (21.9%), a 4 ½ (31.2 %) or in a 5 ½ or larger (29.5%). In order to lower their housing costs, they will often share their apartments with other people: 42.0% live with one other person, 21.4% with two other people, 10.6% with three other people and 4.4% with four people or more. Only 21.5% of respondents live alone.

Ultimately, based on the survey conducted through this study, the average monthly rent per room paid by the Montreal student population has increased to \$629, all types of rental housing considered. This average rent often includes hot water (59.9%), heating (53.9%), electricity (39.1%) and occasionally internet (16.0%). On average, a student will pay \$106 per month for one or several of these utilities if they are not included in the rent.

In conclusion, this study confirms that an affordable housing project for university students such as the one envisioned by UTILE could possibly address a significant demand. The main reasons for this are:

- **The precarious state of the Montreal rental housing market**, particularly in the seven boroughs with the highest concentration of student residents and where the vacancy rates are greatly inferior to the market equilibrium point of 3%;
- **Notable characteristics of UTILE's project**, further constituting as the key success factors of the project:
 - **An affordable rent** of \$450 (compared to the current Montreal student population average of \$629 per month);
 - **The placement of the building within proximity to a major university;**
 - **The incorporation of utilities into the total rental cost;**
 - Based on the survey conducted through this study, the elements considered the most important in the housing selection process for a person pursuing their studies are the cost of rent (86.4%), proximity to services (88.3%) and proximity to their university (77.7%).
- **Optimistic forecasts for the completion of the pilot project and subsequent projects;**
 - If we consider that the project will attract 1% of university students living in an apartment, a studio or in an on-campus residence in the boroughs of Plateau Mont-Royal, Ville-Marie, and Côte-des-Neiges-Notre-Dame-de-Grâce (48 437 people), this represents 484 interested people, considerably more than the 150 units proposed for the pilot project. If we further consider the penetration rates of 5% and 10%, this figure will reach 2 422 and 4 844 people respectively.
 - If we are to consider the entirety of university students living in apartments, studios or on-campus residences throughout the different boroughs of Montreal, with a rate of 1% the pilot project would interest 858 people. If we further consider the penetration rates of 5% and 10%, this figure will reach 4 289 and 8 577 people respectively.
 - The demand will thus be important for the pilot project and for many subsequent initiatives.