



INSTITUTE OF
URBAN STUDIES

WINNIPEG DOWNTOWN PROFILE

A Special Report on Demographic and
Housing Market Factors in Winnipeg's Downtown





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The Institute of Urban Studies is an independent research arm of the University of Winnipeg. Since 1969, the IUS has been both an academic and an applied research centre, committed to examining urban development issues in a broad, non-partisan manner. The Institute examines inner city, environmental, Aboriginal and community development issues. In addition to its ongoing involvement in research, IUS brings in visiting scholars, hosts workshops, seminars and conferences, and acts in partnership with other organizations in the community to effect positive change.

Introduction

This study undertakes an analysis of demographic and housing market factors that may influence the need for incentives in the downtown Winnipeg housing market. This report informs CentreVenture's proposed "*10 Year Housing Evaluation*" and helps to address the proposed question, "What price do new downtown housing projects need to achieve to encourage more people to move downtown?"

To accomplish this, the following have been undertaken:

1. A Demographic Analysis of current downtown Winnipeg residents with a comparison to Winnipeg medians,
2. A Rental Market Analysis comparing downtown rates to Winnipeg averages, as well as changing rental rates in the downtown from Census data,
3. An Analysis of the differential buying power of downtown residents vs. city-average residents, including an analysis that will attempt to show the price-pointed needed for persons to enter the market; and,
4. Broader information that shows the changes in the downtown for which TIF incentives are partially responsible.

By all accounts Winnipeg's downtown has undergone a dramatic transformation over the last fifteen years, perhaps the most extensive in a century. Higher rates of growth have attracted people and corresponding investment back to downtown. The key to understanding this robust period of development is rooted in the sustained commitment of all levels of government who remained partners for change in developing both policies and programs that helped attract investment while also seeding large publicly led catalyst projects over the past 35 plus years that have served as key anchors.

Despite this strong period of growth, the downtown remains distinct from the rest of the city for many important but often conflicting factors that will be highlighted in this report. For example, while billions of dollars of investment flowed into the downtown, the area remains characterized by higher levels of poverty compared to the rest of the city. But as we intend to show, the downtown is becoming much more diversified, with a range of housing choices (both rental and ownership) and a growing variety of amenities. For some, the city is at an important crossroads in which we can choose to retract strong public support and investment. However, we'd temper this action given the complexity of the area and the need to both monitor and partner for ongoing success, especially in the highly fragile downtown housing market.

Data, Boundaries, and Limits

For the purposes of this report, two definitions of Winnipeg's downtown were used. Wherever possible we defer to, the legally defined Winnipeg Downtown Zoning By-law boundary. This boundary is a civic administrative boundary for which Census Canada data has been specially ordered, and as such, the data is highly accurate. However, other organizations use different definitions to define Winnipeg's downtown. Particularly important is CMHC data on housing rental and vacancy rates. The CMHC boundary most equivalent to the Winnipeg Downtown Zoning boundary is an area called *Downtown* and defined as the Central Business District (CBD) by Census Canada. This area is an amalgamation of five census tracts that are larger than the Downtown Zoning Bylaw boundary, and includes small areas of the neighbourhoods of Centennial, Logan/CPR, and South Point Douglas, while excluding the neighbourhood of Colony and the Legislative grounds (see maps on page 3). This means that CMHC data includes a greater land area and larger population than the Winnipeg Downtown Zoning area. The effects of this differing boundary are discussed in the market analysis below. Data for the entire city of Winnipeg is defined by the legal city limit, and is referred to as the *city*.

Throughout this report, both average and median figures will be presented. When comparisons are done between the downtown and citywide; median figures will be used as they are less impacted by outlying instances, and the median provides a better indication of central tendency.

Part 1: A Profile of Downtown Residents

The following analysis was conducted using data from Census Canada years 1996, 2001, 2006, 2011, as well as the 2011 National Household Survey. This information was augmented by data from the City of Winnipeg and the Community Data Program of the Canadian Council on Social Development.

Population

Winnipeg's downtown is in the midst of a decade plus growth trend with the 2011 Census showing a population of 15,075 or a 2.8% yearly increase from 2006. This trend follows more than two decades (1980s and 90s) of more variable growth where after a period of significant decline, several large-scale projects and government funding helped establish a stronger residential demand (see figures 1-2, p 4).

2016 population is projected based on a 2.2% cumulative yearly growth scenario rather than the 2.8% rate of the previous five years. We believe a 2.2% yearly growth scenario is a conservative and realistic projection for growth in the downtown. In total, we find that the downtown now has a likely population of 16,800 people; a remarkable turnaround from its low point under similar boundaries¹. 2016 Census population numbers for the Winnipeg Downtown Zoning By-law boundary should be available in 2018.

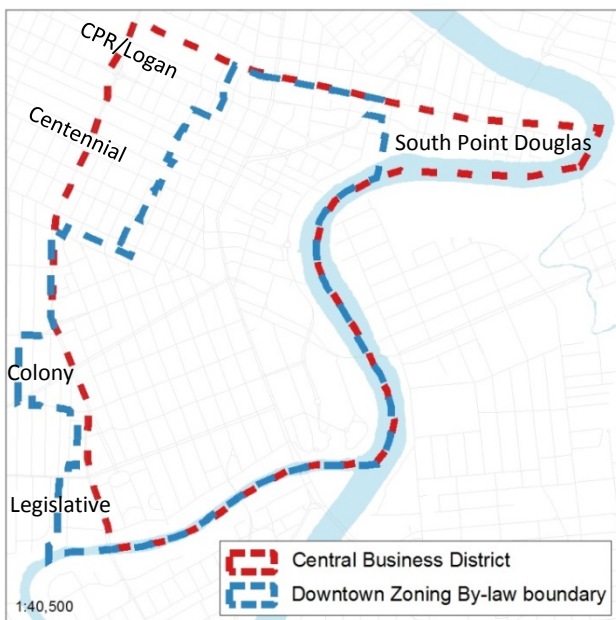
¹ 1986 is the earliest year for which census data is available for this definition of the downtown. Previously, the downtown was defined as a much smaller area, and had fewer residents.



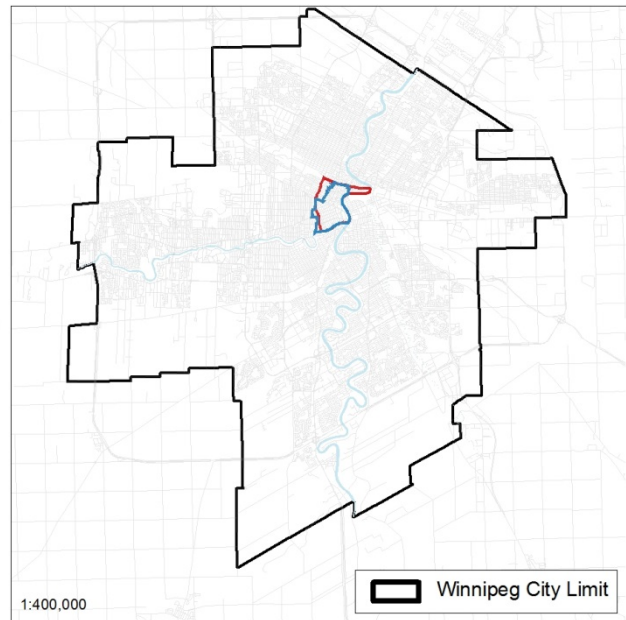
Map 1: City of Winnipeg Official Downtown Zoning By-Law Boundary



Map 2: Central Business District, as used by CMHC and Statistics Canada



Map 3: Maps 1 & 2 Superimposed to show excluded and additional areas



Map 4: City of Winnipeg Legal Limit, with Official Downtown and CBD Boundaries

Year	Population
1986	11,060
1991	13,320
1996	13,215
2001	12,815
2006	13,470
2011	15,075
2016	16,800 projected

Fig 1: Downtown Population by Census Year

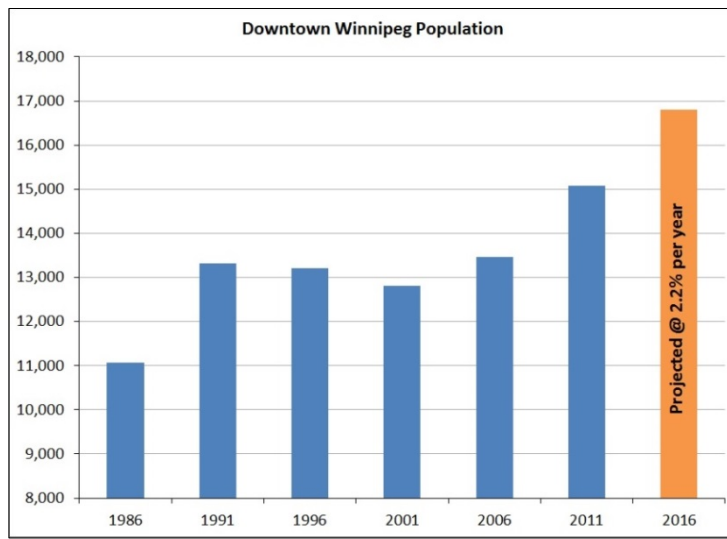


Fig 2: Downtown Population by Census Year, Winnipeg Downtown Zoning By-law boundary

Several points in Figure 2 are worth further analysis. The jump in population from 1986-1991 can be partially explained by the effects of the *Core Area Initiative (CAI)* ² which launched in 1981 and targeted the inner-city and the downtown. The CAI was a tripartite agreement that invested close to \$200 million during two phases. Many significant developments occurred during this period that contributed to an increased population and growing economy in the downtown. This includes the North Portage Developments (Portage Place Mall and the adjacent five apartment towers), the indoor walkway system, the Forks, and new residential buildings including the three towers of Fort Garry Place and others in the nearby area. While estimates vary, the CAI's \$200 million was thought to have leveraged close to \$600 million in private sector funding. With this in mind, Winnipeg was investing perhaps as much as \$75 million per year into the downtown and inner city during this decade of investment. Also during this time, the City released *Plan Winnipeg* which was a comprehensive planning document with a focus on redevelopment of the downtown. Attention to planning in the downtown was critical to support this period of investment, which is considered to be the most significant ever undertaken in a Canadian city at the time. These investments show that the downtown is most successful when all three levels of government are involved in its ongoing development; but success seems to stall when the downtown is ignored.

The second significant jump in population begins before, and becomes more substantial after 2006. This timeframe marks the beginning of a new strategy for investing in the downtown. Beginning in 2003, residential development has been incentivized by leveraging private investment specifically in the downtown through a number of City of Winnipeg and joint City/Provincial programs; directed with the

² The CAI was followed-up by the smaller Winnipeg Development Agreement, The Winnipeg Partnership Agreement and the Winnipeg Housing and Homeless Initiative. All combined, Winnipeg's downtown and inner city saw nearly three decades of sustained tri-level investment.

assistance of CenureVenture. Programs include the *Downtown Residential Development Grant*, *Live Downtown*, and SHED TIFF investments. Although a few projects came online in 2003-2004, real uptake began in 2005 and by 2016 has resulted in the creation of more than 2500 residential units. Here we see that leveraged investment in the downtown has been successful when coordinated through government incentive programs.

Age

Below are population pyramids for the downtown and for the city of Winnipeg, based on 2011 Census data which present the population by age cohorts and gender. Note the striking differences between the two population pyramids.

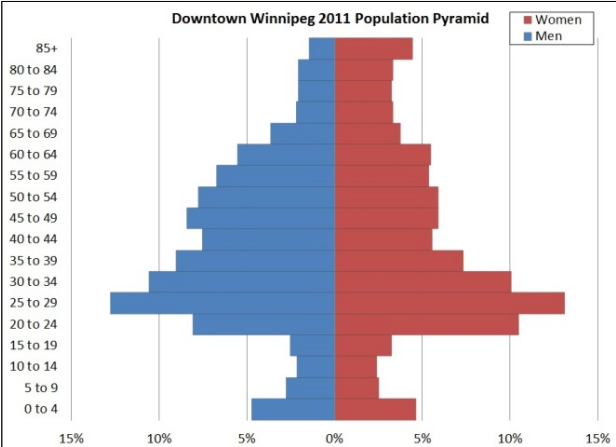


Fig 3: Downtown Population Pyramid, 2011 Census Data

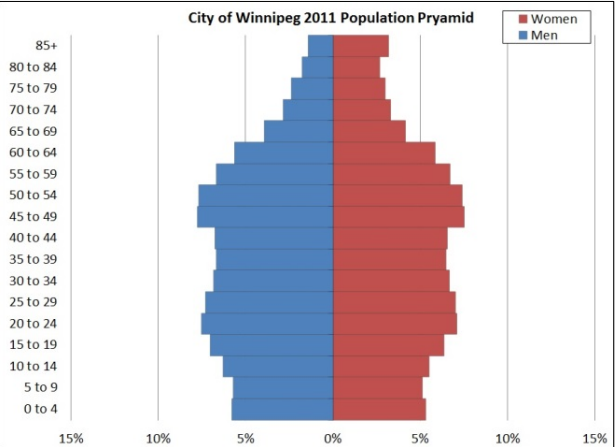


Fig 4: Winnipeg Population Pyramid, 2011 Census Data

Figure 3 presents the population pyramid for the downtown. Comparing the downtown to the city as a whole, there is a lower number of people falling into the age 0 to 19 cohorts, with less than 5% per cohort. From the age 20 to 39 cohorts, the pyramid widens substantially showing a higher percentages of population falling within those cohorts, and concentrations of 8% or higher per cohort. The pyramid peaks at the age 25 to 29, with a concentration of 12.8% for males and 13.1% females. The 35 to 39 year old cohort tapers-down but still indicates a higher percentage of people compared to the city as a whole. At the top of the period, the downtown also has a higher percentage of women aged 70+ living than the city as a whole. These trends are supported by the broader literature on downtown development where a key strategy has been to attract these age cohorts: “Millennials” (for lack of a better term), and older adults wishing to downsize from a suburban single family home to smaller, lower maintenance, higher amenity downtown living.

Comparing women and men within the downtown, the population pyramids show there are more young women than men aged 20-24; and there are more men than women in the age cohorts 40-59. A minor detail in Figure 3 is that there is robust age 0-4 cohort, nearly equaling the city percentage, which indicates some new young families in the downtown.

The population pyramid for the city, Figure 4, shows clear differences from the downtown. Age cohorts are relatively equal from age 0 all the way to age 64, with slight emphasis in the boomer generation aged 45-59 (in 2011), and the echo generation aged 20-29 years. Compared to the downtown, there is also much higher percentage of children up to age 19.

These population pyramids give clear indication about who is living in the downtown. Compared to the city as a whole, the downtown has a higher percentage of younger adults aged 20-39, and more of these youth are women. The downtown has a lower percentage of children than the city, and a slightly higher percentage of older adults, especially women aged 70+. This age-cohort analysis indicates that young adults (likely students and young people starting their careers), and a slightly higher percentage older adults, choose to live in the downtown. These groups have particular needs and constraints on housing.

New Immigrants, Aboriginal, and Visible Minorities

Newcomers have been a critical driver of the City's (and Province's) growth, and many choose to live in the downtown. Since 2000, Manitoba has welcomed more than 150,000 newcomers. Of those, about 120,000 have settled in Winnipeg³. This wave of demographic change is the largest since perhaps the early 1900s. This has also created a much more diverse city with many newcomers residing in the downtown or in shoulder inner-city neighbourhoods. The 2011 Census records total recent immigrant population to be 16.6% of the downtown population. Citywide, 6.75% of the population are recent immigrants. The percentage of people who are new immigrants in the downtown is two and a half times that of the city.

In the 2011 Census, 13.5% of the downtown population self-identified as an Aboriginal person (1,900 people). This percentage was higher than the city average of 11% (72,320 people). Of the Aboriginal population in the downtown, 52.9% identified as First Nations (1,005 people), again higher than the city average of 40.77%. The remaining 47.1% Aboriginal population in the downtown identified as Metis (895 people), which was lower than the city average of 57%.

Of the downtown population, 41.8% self-identified as belonging to a visible minority group (5,675 people), a significant portion of the downtown and nearly twice that of the city where 21.4% of the population identify as a visible minority. The Filipino population is the largest proportion to identify as a visible minority group at 12.1% (1,645 people) of the downtown population. The next largest is the Black [sic] population, at 10.2% (1,380 people). The third largest visible minority group in the downtown is Chinese at 7%, and the remaining nine visible minority groups entail 12.6% of the downtown population. These groups are somewhat concentrated, with the Central Park area of the downtown home to an increasingly diverse African population and Chinatown with a historically concentrated population.

The downtown is a diverse community, with a higher proportion of Aboriginal residents than citywide, and self-identified visible minorities nearly double that of the city. New immigrant population is also nearly two and a half times as concentrated as the city. This large proportion of new immigrants in the

³ Manitoba Immigration Facts: 2014 Statistical Report. <http://www.gov.mb.ca/labour/immigration/publications.html>

downtown and their often lower levels of income, discussed below, will impact the housing market analysis. We expect these trends to have been reinforced since the 2011 Census as strong immigration numbers continue in Manitoba.

Education

Education levels of the people downtown are high, with 55.2% of the population (6,745 people) obtained a postsecondary education. Another 25% of the downtown (3,060 people) has a high school diploma or equivalent, and 19.8% of people downtown (2,425 people) have no certificate, diploma, or degree. Of the 55.2% of downtown population that have a postsecondary education, 15.4% have an apprenticeship or trades certificate, 26% obtained college or non-university education, and 51.4% have a University education. Of those with a university education, 71.6% have a Bachelor degree, and 28.4% have university education higher than a Bachelor education.

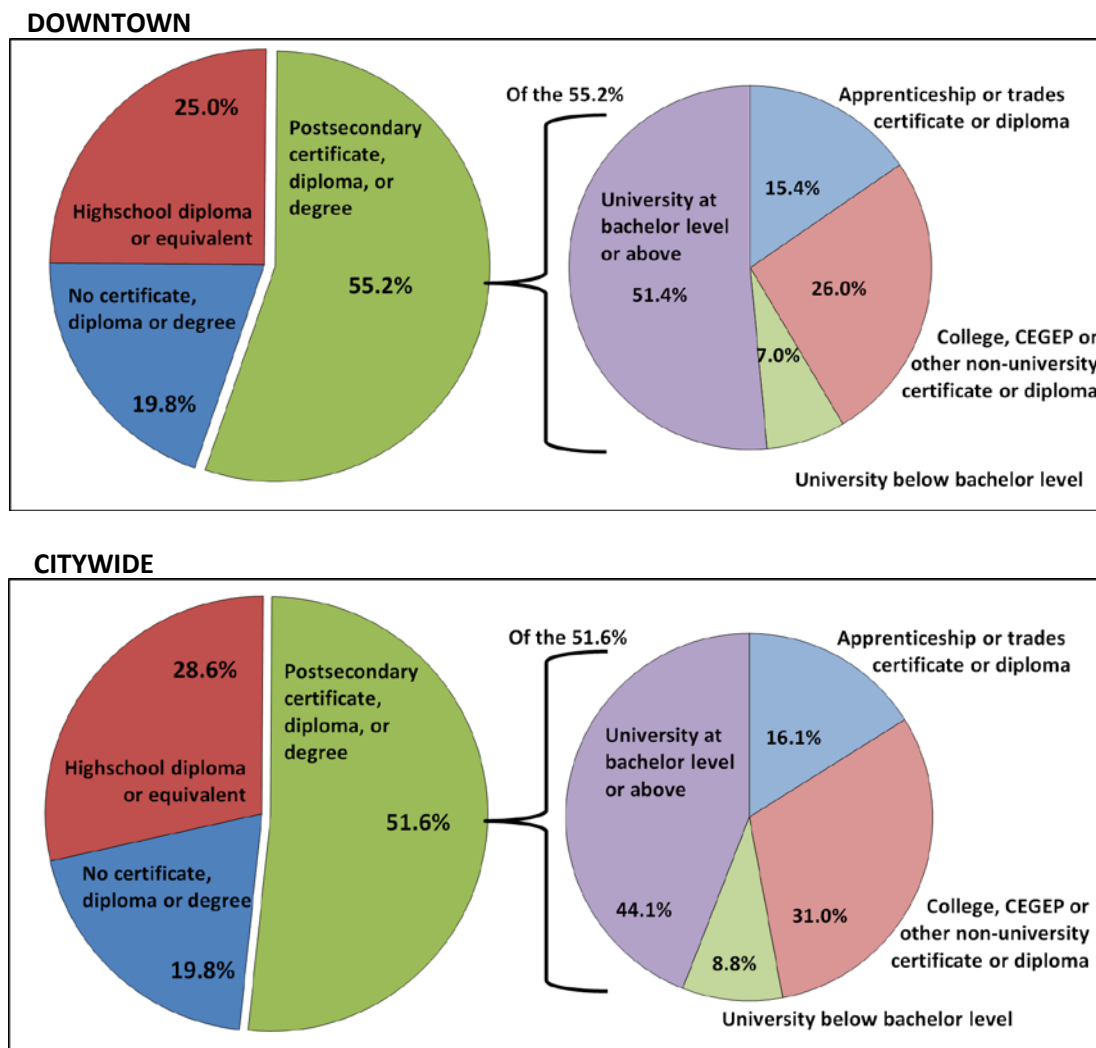


Fig 5: Education Levels: Downtown vs. Citywide; 2011 Census

For the city as a whole, 51.6% of the population had obtained a postsecondary education, 3.6% lower than the downtown, a significant difference. While 28.6% of the population has a high school diploma or equivalent, slightly higher than the downtown; and 19.8% of the population citywide have no certificate, diploma, or degree, exactly the same as the downtown. Of the 51.6% of the population that have a postsecondary education across the city, 16.1% have an apprenticeship or trades certificate, 31% obtained college or non-university education, and 44.1% have a university education. Of those with a university education, 65.9% have a Bachelor degree, and 34.1% have a University education higher than a Bachelor level education.

The downtown, with its younger population follows the education levels of the city, with more than half achieving a postsecondary education, a quarter having a high school education, and just under a fifth having no certificate, diploma or degree. However, in the downtown there is a lower percentage of people with apprenticeships, college, or diploma level education compared to the city; and significantly higher percentage of people with bachelor-degree-or-above university education. These findings tie into related information on the downtown. An estimated 24,000 students a year⁴ study in the downtown; and about 20% of the city’s creative industries are located in the downtown⁵.

Labour

The National Household Survey measures labour by both the employment rate and the unemployment rate. The employment rate is defined as the percentage of the total population, aged 15 years or older, who were employed from May 1st to May 7th, 2011. For the downtown, 61.6% (7,535 people) of the population was employed, which was lower than the city’s employment rate of 64.2% (345,805 people). The unemployment rate has a similar definition, being the total population, aged 15 years or older, who were unemployed from May 1st to May 7th, 2011⁶. For the downtown 7.8% (635 people) were unemployed, which was significantly higher than city average of 5.9% (170,880 people).

	City	Downtown
Not in the labour force	32%	33%
In the labour force	68%	67%
Employed	94.1%	92.2%
Unemployed	5.9%	7.8%

Fig 6: Employment Levels: Downtown vs. Citywide; 2011 NHS

⁴ Institute of Urban Studies / Downtown BIZ (2013) *Downtown Trends*.
⁵ IUS mapped data from the Canadian Business Patterns by business type against census tracts.
⁶ Stats Canada: Unemployment is a percentage of the labour force, not the population. People who “were without paid work, or without self-employment work and were available to work and either A) had actively looked for work in the past 4 weeks , or B) Temporary lay-off and expected to return to their job, or C) Had definite arrangements to start a new job in four weeks or less.”

	Individual Income		Recent Immigrants Individual Income	
	Average Income	Median Income	Average Income	Median Income
City	\$38,159	\$30,344	\$23,191	\$19,424
Downtown	\$28,560	\$21,857	\$18,932	\$14,325

Fig 7: Individual Income, Recent Immigrants' Income: Downtown vs. Citywide; 2011

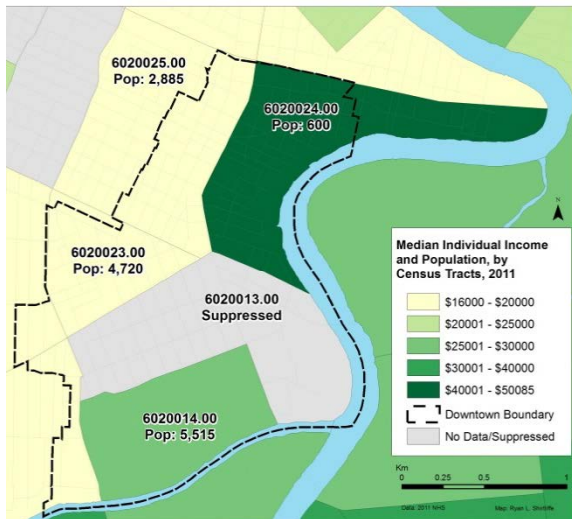


Fig 8: Median Income and Population by Census Tract

	Downtown
Under \$5,000	640
\$5,000 to \$9,999	670
\$10,000 to \$14,999	605
\$15,000 to \$19,999	815
\$20,000 to \$29,999	1355
\$30,000 to \$39,999	1345
\$40,000 to \$49,999	1030
\$50,000 to \$59,999	555
\$60,000 to \$79,999	655
\$80,000 to \$99,999	285
\$100,000 to \$124,999	190
\$125,000 to \$149,999	155
\$150,000 and over	165

Fig 9: Income Cohorts by Population Count, Winnipeg Downtown, 2011 NHS

Individual Income

Average total income of individuals is defined as the total income of individuals in 2010, divided by the number of individuals with income (NHS, 2011). For the downtown, the average income for individuals was \$28,560 (\$21,857 median). The average income citywide is significantly higher than that of the downtown at \$38,159 (\$30,344 median). Citywide, individuals have a median income 39% higher than individuals in the downtown, and as shown, the downtown also has a higher unemployment rate. For recent immigrants, incomes are even lower, both when compared to the downtown averages and the citywide averages. Newcomers living in the downtown have a median income of just \$14,325 – 65% of the median income of the downtown and less than half of the citywide median income (Figure 7 upper left).

This finding is supported by other academic research on the housing needs of new immigrants which shows that newcomers typically earn \$11,000 less per year and new immigrants require modestly priced rental housing for one to two years upon arrival in Manitoba⁷.

Why is this downtown individual income so low? Two factors from the age demographics information may be contributing to these lower individual incomes. The large percentage of young adults in the downtown indicates people at the beginning of their working career, and likely earning less. As well, the slightly higher percentages of older adults indicate individuals who are retired and may have lower income, though these individuals may also have higher wealth (e.g., retirees living in expensive condos).

⁷ Tom Carter (2010). Housing Strategies for Immigrants in Rural Southern Manitoba. A Report prepared for the Rural Development Institute, Brandon University (September 2010), p.6.

An additional factor is the downtown is made up of Census Tracts with highly mixed incomes, and borders on Census Tracts with very low incomes (see figures 8 &9). For example, there are a small number of very high income individuals (over \$150,000 / year) mostly living along Waterfront Drive, in census tract 6020024.00 which also includes areas with very low incomes. Additionally, a far larger number of lower income individuals live in the Central Park, Chinatown, and Colony areas, as well as the parts of Centennial, Logan/CPR that are in the downtown. It is these larger numbers of lower incomes that affect the Average Total Income of individuals in the downtown. Nevertheless, the mixed income nature of the downtown further reinforces its characterisation as a diverse neighbourhood.

Households

The National Household Survey defines private households, as a person or group of persons who occupy the same private dwellings, regardless of whether they are owned or rented (NHS, 2011). Households will be described in three ways: the number, cost, and size of households. 'Households' differ from 'Rental units' used by the Canadian Mortgage and Housing Corporation (CMHC), which describe the properties of the units. Rental units are discussed in a following section of this report.

Number of Households

Within the downtown, the 2011 NHS found a total of 8,475 households. This number of households is substantially less than the known number of residential units in the downtown for that year (approximately 9500). The difference may be attributed to the *Global non-response rate (GNR)* to the National Household Survey. Across Canada, significant numbers of people failed to complete the NHS, in whole or part resulting in areas undercounted, or where data has been suppressed due to the poor quality such as insufficient response. The *non-response rate* varies, as follows:

- Canada-wide the GNR is 26.1%
- Manitoba 26.2% GNR
- Winnipeg CMA 21.9% GNR
- Winnipeg City Limits 21.3% GNR
- Winnipeg Inner City 27.7% GNR
- Winnipeg Downtown Zone 28.7% GNR
- Downtown CBD: 34.46% Average GNR
 - CT 0013.00: 53.4% GNR*
 - CT 0014.00: 26.7% GNR
 - CT 0023.00: 26.6% GNR
 - CT 0024.00: 30.2% GNR
 - CT 0025.00: 35.4% GNR

*All data Suppressed due to high GNR

A significant percentage of downtown households were not counted in the NHA because they did not respond, especially in Census Tracts 0013, and 0025. Therefore, the following discussion of *Households* should be understood as referring to the 8,475 households that responded to the NHS, but can be taken as a representative sample of the entire number of households in the downtown.

The 8,475 households (with a total Census population of 15,075) are 3.2% of the 268,790 total households in the city, in an area less than 1% of the total area of the city. Of the 8,475 households in the downtown, 90.7% or 7,685 of households are rented, a huge proportion of downtown units. Only 9.3% or 730 households in the downtown are owned-units. Citywide, of the 268,790 households, 33.9% or 91,175 households are rented; and 66.1% or 177,610 households are owned. This is a stark contrast between the downtown and the city. More than ninety percent of households in the downtown rent, where only a third of households citywide rent, and two thirds are owned.

Household Size

The size of households along with the number of bedrooms per household describes the housing in the downtown. Household size is shown in three ways, the number of people, number of bedrooms, and the number of rooms per household. This information indicates how people are living, and the living space available. Within the downtown, the NHS⁸ indicates an average of 1.6 people per household⁹, which is smaller than the city's average of 2.4 people per households. More importantly for our analysis, within the downtown 62% (or 5,245) households have only one person, 25.5% (2,160 households) had two people, and only a minority of 12.5% or 1,060 households contained three or more people.

Compared to the downtown, households citywide are larger. One person households comprise 31.1% of all households citywide, half the rate of the downtown; while 31.8% (85,500) are two-person households, and 37.1% (99,740) are three-or-more person households. The downtown is composed of smaller households with fewer people; while the city has many more people per household.

For both the downtown and city wide, the number households have grown between 1996 and 2011. Within the downtown there was 8,045 households in 1996, which increased by 5.3% or 430 households by 2011. The city had 246,175 households in 1996, which increased by 9.2%, or 22,615 households by 2011. For both the downtown and citywide, the percentage increase of households is far higher than the increase in population. This indicates that over time, more households have formed than the population has increased, and therefore household size is dropping. This is an important finding, as smaller household size may require a shift in the market to smaller shelter sizes.

The number of bedrooms per household in the downtown reinforces the household-size information. Within the downtown 71.6%, (6,070) of households are bachelor-to-one bedroom households which is a very large proportion of the total; 25% (2,115) of households in the downtown had two bedrooms; and only 3.4% (295) households had three or more bedrooms.

In contrast, households across the city are larger, with only 19.1% (51,245) households having one bedroom, and 25.9% (69,580) of households having two bedrooms. A majority of households in the city have three bedrooms or more – 55.1% or 147,965 of households.

⁸ The average household size refers to the number of individuals per household (Statistics Canada, 2016). It is calculated by multiplying household size by the number of households of that size, for each household size; then dividing the sum total by the total number of households. This produces a household size different than dividing the total downtown population by number of households.

⁹ Previous work by the IUS indicates that average number of people per household in the downtown may be under-reported, as some new-immigrant households do not report accurately. See: Ervick-knote, H., Garang, R., Distasio, J. (2015) Housing and Affordability: A Snapshot of the challenges and successes for Winnipeg's African Community.

The small size of households in the downtown is further shown by the average number of rooms per household. The NHS definition of rooms includes bedrooms, kitchens, and finished rooms, but excludes hallways, bathrooms, vestibules, and rooms used for business (NHS, 2011). Within the downtown, the average number of rooms per households was 3.2. Households citywide had an average size of 5.9 rooms per household, nearly twice that of the downtown.

Households in the downtown are small, with a majority of households having zero-to-one bedroom, compared to citywide where a majority of households have three or more bedrooms. Downtown households are often single occupant, occasionally two people, but rarely three or more, resulting in an average downtown household size of 1.6 persons. This is also an important finding. The preponderance of single occupant households indicates a high number of single income households in the downtown, whereas citywide a far larger percentage of households have three or more persons, likely indicating households with multiple incomes (and likely children). Therefore household costs citywide are more often shared between multiple incomes whereas downtown they are usually assumed by the single occupant income household.

Household Shelter Costs and Income

The shelter costs and incomes of households further define those who live in the downtown. Household costs are defined in two ways: the percentage of households spending 30% or more of total income on shelter, and the average shelter costs by household. Shelter costs are defined by the NHS as “monthly rent, and the cost of electricity, heat, municipal services, etc.” (2011). Shelter costs are determined for all households and are broken down for rental and owned. Lastly, the average total income for households is defined as the total income from all households divided by the number of households (this differs from individual income discussed above).

For the downtown, 37.7% of all households spend 30% or more of income on shelter costs (3,196 of the 8,465 downtown households), compared to 22% of all households citywide. Figure 10 below also breaks down these figures for rented and owned households.

	Total Households Spending 30% or more on Shelter Costs	Owned			Rented		
		Median Shelter Cost	Average Shelter Cost	Spending 30% or more on Shelter Costs	Median Shelter Cost	Average Shelter Cost	Spending 30% or more on Shelter Costs
City	22.0%	\$882	\$976	14.0%	\$723	\$749	37.5%
Downtown	37.7%	\$906	\$1,063	26.9%	\$664	\$664	38.8%

Fig 10: Households Spending 30% or more: City vs. Downtown; 2011 NHS

In comparison, a far larger proportion of households in the downtown were spending 30% or more of income on shelter than the city. More renting-households were spending 30% or more on shelter, and the proportion of owned households paying 30% or more on shelter costs for the downtown was twice that of the city.

The Statistics Canada measure, *average monthly shelter costs* is determined for *all households* and is again broken down for *rented households* and *owned households*. (These *shelter costs* differ from CMHC shelter costs which are the unadjusted payments by tenants for rent that may or may not include utilities). For rented households in the downtown, the average monthly shelter cost was \$664, which was 12.8% or \$85 less than the city average of \$749. Owned households in the downtown had an average monthly shelter cost of \$1,063, which was \$87 or 9% more expensive than the city’s average of \$976. Rented households in the downtown have a lower average shelter cost than the city. Yet, there are a higher proportion of households in the downtown that spend 30% or more on shelter costs than the city. This is due to the lower household incomes in the downtown. Additionally, households in the downtown are smaller, with 71.6% of households having none-to-one bedroom, and 62% of households in the downtown are only one person. Households citywide are larger, with more people and rooms per household; and higher probability of multiple incomes. Because households in the downtown are smaller, they may have a lower total monthly household income and fewer shared costs (eg: single person households).

Lastly, the *average total income for households* describes the income households have in the downtown for 2010. This measurement takes the total income from all households and divides it by the number of households (NHS, 2011). For the downtown, the average total household income for 2010 was \$39,431, with a median of \$30,474; whereas the city had an average total household income of \$72,612 and a median of \$57,925. The city has a median total household income 90% higher than the downtown (or \$27,451 more) than downtown households. This is a huge difference in household incomes between the downtown and the city.

	City	Downtown
Average persons per household	2.4	1.6
Median household income	\$57,925	\$30,474
Average household income	\$72,612	\$39,431

Fig 11: Household Income: Downtown vs. Citywide; 2011 NHS

	Mode of Transportation	
	City	Downtown
Vehicle - Driver	69.1%	29.4%
Vehicle - Passenger	7.3%	5.5%
Public Transit	14.6%	29.4%
Walked	5.5%	30.7%
Bicycle	2.1%	3.6%
Other Methods	1.4%	1.4%

Fig 12: Primary Mode of Transportation: Downtown vs. Citywide; 2011 NHS

One factor may ameliorate these apparent low downtown household incomes. The *primary mode of transportation by household* for city by vehicle is more than double that of the downtown; where downtowners primarily commute far more by transit and walking. According to the CAA and TravelSmart, the average costs of driving a car in Canada is now about \$10,000/year^{10,11}; and these costs may be saved by many downtown households.

¹⁰ http://www.caa.ca/docs/eng/CAA_Driving_Costs_English.pdf

¹¹ <http://www.travelsmart.ca/en/GVRD/Driving/Cost-of-Owning-a-Car.aspx>

Summary: The Downtown and the City

The average total household income in the downtown is 54% of the city household average. This is caused by the size of the households, and the incomes within those households. Within the downtown, households are smaller, with fewer rooms, bedrooms, and people. The average number of people per household in the downtown was 1.6, and 62% of all households were only one person, double the number of single-person households citywide. Citywide, households had an average of 2.4 people per household, with only 31.1% of households having one person. Because the average household in the downtown has fewer people contributing to the total income of the household, it drives the huge difference in household incomes. As well, individual income in the downtown is lower than that of the city. For the downtown, the average individual income is \$28,560 with a \$21,857 median. Citywide, individual incomes are \$38,159 average with a median of \$30,344. Individuals in the downtown earn approximately 72% (median) of what individuals earn citywide. Across the city, larger household sizes also mean a far larger number of double income households. For recent immigrants—17% of the downtown population—incomes are even lower at \$18,932 average and \$14,325 median. These lower individual incomes then contribute to the gap in the average total household income.

Households in the downtown are smaller. There are fewer people in those households, who make less money. Citywide, there are more people per households, who make more money. Both are contributing factors to the huge difference in the average total household income. But average total household income is not the only indicator affected by household size and individual income. The percentage of households who spend 30% or more on shelter costs is also affected. Within the downtown, 37.3% of households spend 30% or more on shelter costs; far higher than the 22% of households citywide that were spending 30% or more on shelter costs.

Trends in Demand: Population & Age Structure

Population growth is the primary driver of demand for housing across the city and in the downtown. Between the Censuses of 2006 and 2011, Winnipeg grew at an average annual rate of 1.5% per year. The downtown grew by an average annual rate of 2.8% -- nearly double the city rate. Above, we have projected population growth to 2016 at 2.2% (see figures 1 & 2). Future growth beyond 2016 specific to the downtown has not been done; partially because the small population size of the downtown makes it sensitive to small changes in policy or economic conditions. However, projections for the City of Winnipeg can offer some indication of future growth for the downtown. The City of Winnipeg and the Conference Board of Canada have forecast Winnipeg to have steady growth over the medium and long-term. The city is expected to grow by almost 100,000 people over the next ten years, at an annual average rate of 1.2%^{12,13}. Perhaps more important for the downtown than the growth rate, is who makes up that growth.

¹² 2016 Population, Housing and Economic Forecast, City Of Winnipeg. Presentation. Based on Conference Board of Canada forecast.

¹³ The Conference Board of Canada (2015) Long-Term Population, Housing and Economic Forecast for Winnipeg: FINAL REPORT. Prepared by Bougas, Constantinos. <http://winnipeg.ca/interhom/Business/EconoDemo.stm>

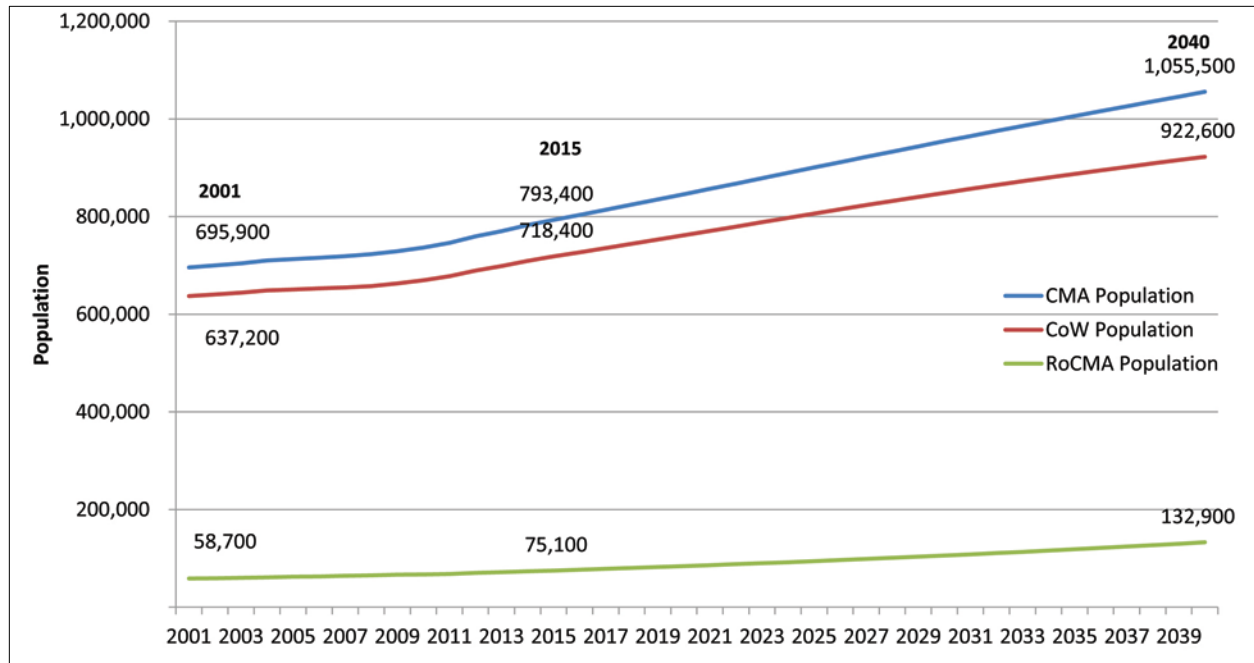


Fig 13: 2016 Population Forecast, City of Winnipeg (from: 2016 Population, Housing and Economic Forecast)

Population growth occurs because of fertility, mortality, and migratory movements. The City of Winnipeg and the Conference Board of Canada indicate that across the city fertility is declining (peaking in 2020 then falling quickly); and people are living longer. The largest component of population growth for the forecast period out to 2040 is immigration. International immigration peaked in 2012-2014 at about 13,000 newcomers a year; but is predicted to continue adding to the city's population at a rate of over 8,000 people per year. As immigration is critical not only for citywide growth, but particularly for the downtown, this ongoing inflow will form one key component of downtown growth and demand for housing.

Softening the overall growth projections, the age structure of the city is expected to shift significantly over the next ten years. The 18-27 year old demographic will decline slightly as a percentage of the population, but because the population will be growing, we expect the overall numbers in these cohorts to remain stable. The 28-58 year old demographic will increase as Millennials age. As they age and start families they will likely wish to move into larger residences outside of the downtown, as the small size of most downtown dwellings make them challenging for use by young families. This will soften downtown demand from this cohort – falling into line with typical, historical demographic use of the downtown. Lastly, as the Boomers age, we expect increased demand for smaller unit multi-family housing, and

some of this demand will flow to the downtown. CMHC have already noted that the Winnipeg market has begun the long transformation to providing for this demographic¹⁴.

We expect these forces on demand – overall growth rate and changing age structure – to result in increasing demand for housing across the city and the downtown. For the downtown, we see increased demand for housing primarily from an aging Boomer generation looking for downtown condos, ongoing demand from new immigrants to the city, and ongoing stable demand from young adults. This is a very distinct population and demand profile for the downtown.

Part II: The Market

Description of the Data

Data for the following section was collected from the Canada Mortgage and Housing Corporation's Housing Market Information Portal. The CMHC collects data for the first two weeks of October every year, last collected in October 2016. The CMHC survey targets "only privately initiated structures with at least three rental units, which have been on the market for at least three months" (CMHC, 2016). This definition of the rental market is important as it excludes many housing types which feature prominently in the downtown. The CMHC surveys only units that are open to market rent—having no income qualifiers. Excluded housing includes all rental units that are owned or maintained by government organizations, non-profit organizations, or charity organizations (examples would include units operated by Manitoba Housing, the Winnipeg Housing Rehabilitation Corporation, or Non-Profit Housing Corporations). Additionally, rental units which support student living or assisted/supported senior living are not included in the CMHC survey, nor are any units that are not self-contained or that share facilities—such as some student housing, seniors housing or rooming houses. Therefore, the CMHC market data only covers market housing, and in Winnipeg's downtown there is a significant amount of non-market housing.

The CMHC collects data on the rental market, vacancy rates, and the average rent for both new and existing structures (CMHC, 2016). Data boundaries for the CMHC's definition of 'downtown' follow Census Canada's 'Central Business District' boundaries (see page 1). This CBD does not have the same boundaries as the Winnipeg Downtown Zoning By-law boundary. It includes small areas of the neighbourhoods of Centennial, Logan/CPR, and South Point Douglas, while excluding the neighbourhood of Colony and the Legislative grounds (map 3 on page 3). This means that CMHC data for the CBD includes a greater land area and greater population than the Winnipeg Downtown Zoning area (see Figure 14, below). A point of interest is that as the official downtown population is growing faster than the larger CBD, resulting in the difference in population between them decreasing from more than 3000 people in 1986, to 1000 in 2016. More importantly, the additional areas included in the CBD have lower

¹⁴ The Conference Board of Canada (2015) Long-Term Population, Housing and Economic Forecast for Winnipeg: FINAL REPORT. Prepared by Bougas, Constantinos. <http://winnipeg.ca/interhom/Business/EconoDemo.stm>

incomes and rental rates than the Official Downtown; resulting in CMHC’s Central Business District figures being slightly lower than Official Downtown figures. CMHC data exists on vacancy rates citywide since 1990 and for the CBD since 2010.

	Downtown Official		CBD**		City Winnipeg	
	Pop.	% Change	Pop.	% Change	Pop.	% Change
1986	11,060	N/A	14,187	9.7%	594,555	5.3%
1991	13,320	20.4%	16,054	13.2%	615,215	3.5%
1996	13,215	-0.8%	15,521	-3.3%	618,477	0.5%
2001	12,815	-3.0%	15,954	2.8%	619,544	0.2%
2006	13,470	5.1%	15,960	0.0%	633,451	2.2%
2011	15,075	11.9%	16,673	4.5%	663,617	4.8%
2016	16,800*	11.5%*	17,826	6.9%	705,244	6.3%

*Projected at 2.2% per year from 2011, cumulative, rounded.

** Central Business District as used by Census Canada and CMHC

Note: No data is available for the Official Downtown Zoning Boundary before 1986

Fig 14: Population for the Official Downtown, CBD, and City of Winnipeg. NHS 2011.

Rental Universe

For the CBD in 2016, the CMHC identified a total of 5,888 market rental units. As discussed above, this number is market units only excluding any units with income qualifiers, subsidies, or not-self-contained of which there are a large number in the CBD. The 2016 Census identifies 10,621 dwellings in the CBD, meaning the CMHC Housing Market Survey covers approximately 55% of all dwellings in the CBD.

The CBD had 10% of the 56,801 rental units in the city. Of the 5,888 CBD rental units, 17.4% were bachelor units (1024 units). Over half of the CBD rental units were single bedroom with 54.6% (3213). A quarter of rental units in the downtown area were two bedrooms rental units at 26.4% (1553). Rental units with three bedrooms or more were only a minor 1.7% of the downtown rental universe (98). Rental units in the downtown area continue to focus on smaller sizes, with 72% or all units being bachelor or one-bedroom units.

	Rental Universe	
	City	CBD
Bachelor	6.6%	17.4%
Single Bedroom	47.7%	54.6%
Two Bedroom	41.7%	26.4%
Three Bedroom	3.9%	1.7%

Fig 15: Rental Universe: City vs. CBD; CMHC 2016

As noted, CMHC identified 56,801 private market rental units. Bachelor units were a minor amount, at 6.6%. Nearly half of rental units were single bedroom, at 47.7%, and 41.7% of rental units were two bedrooms. Rental units of three bedrooms or larger were 3.9% of the city rental universe. The rental universe for the city differs from the downtown. The city is primarily single and two bedroom units;

while the CBC is primarily bachelor and single bedroom units. This supports the demographic profile of the area.

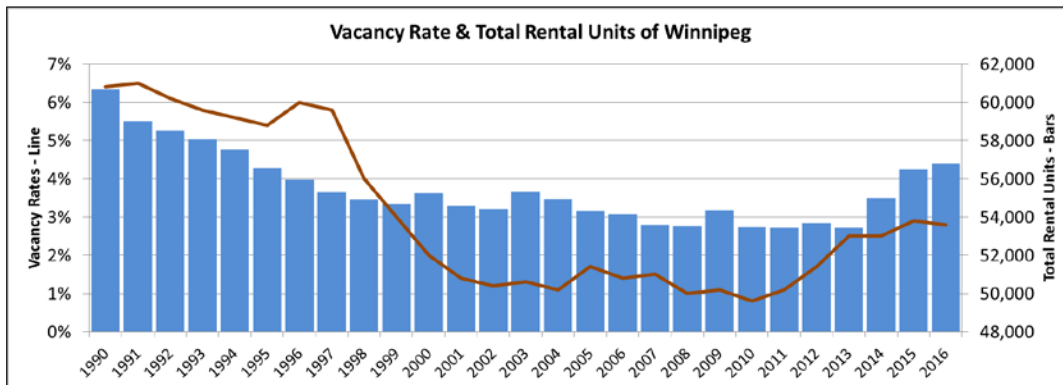


Fig 16: Vacancy Rate vs. Rental Units, City Winnipeg 1990-2016; CMHC

The above graph (Figure 16) depicts the changing vacancy rate with the total rental universe for the city of Winnipeg. Note that the vacancy rate affects the total rental universe, and that the total number of units in 2016 is less than in 1990. We can see that in 1990 with 60,703 rental units¹⁵ in the city, there was more supply than demand. This is seen in the vacancy rate of over 6%. In response, over the next decade, the number of units of rental housing declined significantly to 54,687 in 1999; an 11% drop in 10 years. Rental units were likely converted to condos (owned units), units demolished with age, or rental houses sold. With fewer rental units on the market, the vacancy rate began to fall, and by 2001 was approaching 1%. The number of housing units continued to decline to 53,417 in 2013 resulting in a decade of extremely low vacancy rates in the city. The market reacted with new housing starts in 2005-2007, but this increase was stymied by the housing bubble crash of 2008 (see Figure 17 below). It was not until the increased multi-housing starts from 2010-2015 that the rental universe expanded to 56,801 units and the vacancy rate increased to 3% - considered balanced market conditions.

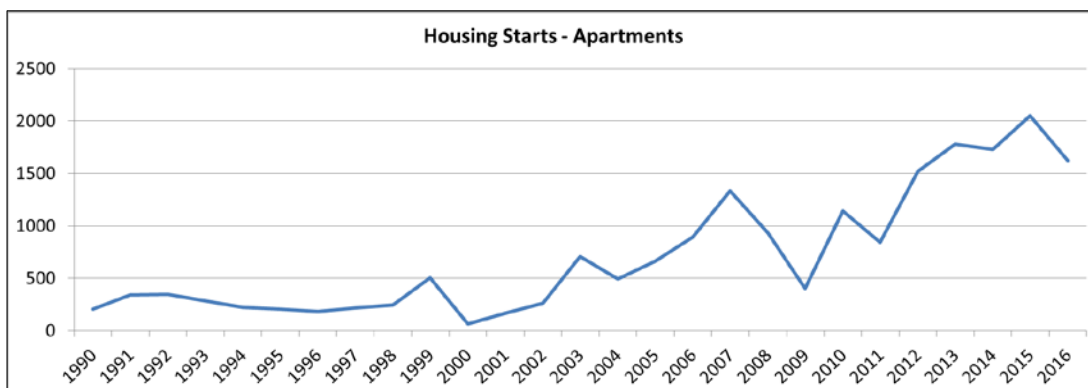


Fig 17: Housing Starts: City Winnipeg 1990-2016; CMHC 2016

¹⁵ 60,703 rental units were captured in the CMHC survey

Less data is available for the Downtown CBD, but a similar pattern emerges to the citywide picture. Too few rental units caused a low vacancy rate. With new developments in the downtown, especially since 2011, the vacancy rate has risen and now surpasses 4%. The downtown vacancy rate is more responsive to changes in the number of rental units because the rental universe is small. (E.g. -building 500 units in the downtown creates a 10% change; whereas citywide, building 500 units would create 0.8% change.) With a current vacancy rate of 4.1% in the Downtown CBD, the market appears slightly out of balance. While it is possible that the downtown market is over-supplied, it is equally likely that the lower incomes of downtown residents are limiting entry to market, or the vacancy rate is not providing a complete picture (see below).

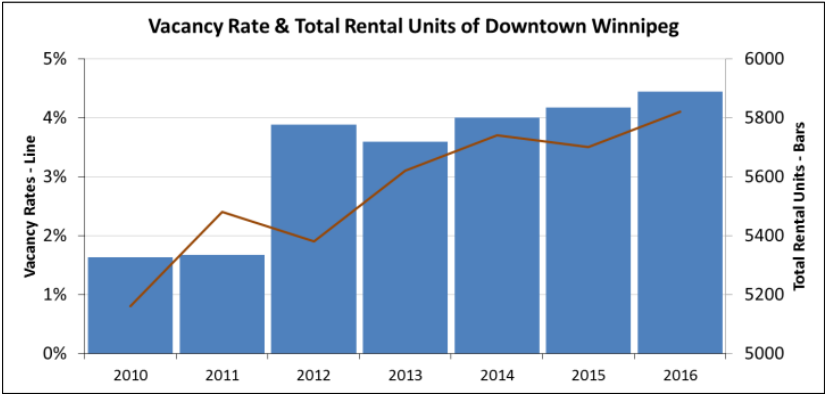


Fig 18: Vacancy Rate vs. Housing Starts: Downtown, 1990-2016;

Vacancy Rate

The CMHC defines the vacancy rate as rental units that are physically unoccupied, and are available for rental (CMHC, Methodology, 2016). For the CBD, the average vacancy rate was 4.1% in 2016, significantly higher than the city average of 2.8%. Bachelor rental units in the CBD in 2016 had a vacancy rate of 2.2%, and single bedroom rental units had a vacancy rate of 4.8%. Rental units with two bedrooms had a vacancy rate of 4.4%. Vacancy rates for three bedroom rental units in the downtown area were suppressed due to data quality issues (likely low sample size). Vacancy rates for the downtown area show that single bedrooms and bachelor rental units; are in higher demand. Larger rental units, with two bedrooms were more available than smaller rental units (see fig. 19).

	Winnipeg	CBD
Bachelor	2.1%	2.2%
1 Bedroom	3.0%	4.8%
2 Bedroom	2.8%	4.4%
3 Bedroom	3.1%	**suppressed
Total	2.8%	4.1%

Fig 19: 2016 Vacancy Rates: Downtown vs. Citywide. CMHC

Vacancy Rate by Year of Construction					
Rent (\$)	Before 1960	1960 - 1979	1980 - 1999	2000 or Later	Total
2013	4.4	2.5	0.5	**	3.1
2014	4.6	5.5	1.5	**	3.7
2015	4.2	3.9	2.6	**	3.5
2016	5.4	3.3	3.9	**	4.1

Fig 20: 2016 Vacancy Rates by Year of Construction for the Winnipeg CBD. CMHC 2016.

This general rate however, does not take into account the age of buildings. Figure 20 shows the current CMHC data on vacancy rates by year of construction. Note that older apartments have generally higher vacancy rates and new builds much lower. For units built since 2000, the chart shows a double-asterisk, meaning the data was suppressed for poor data-quality. This is likely because there are relatively few new-built apartment buildings in the downtown. Because the sample size is so small, findings are suppressed due to quality concerns. To address this problem of missing data, in January to May 2017, CentureVenture undertook a vacancy survey of all rental buildings constructed in the CBD since 1999. For private market buildings, this follow-up survey was able to sample 7 of 9 buildings and indicates that for buildings that opened between 2000 and 2015 the vacancy rate is highly variable, but averages less than 3%. Though the sample-size and response rate indicate poor data quality, the findings of this follow-up survey indicate Winnipeg's downtown rental vacancy market to be typical—with older buildings experiencing higher vacancy rates, and new-builds a low vacancy rate. However, for brand-new buildings opening in the last two years, the story is different with some buildings experiencing high vacancy rates. This is normal, as newly opened buildings take time to *lease-up*. Typical lease-up periods for real estate is generally one-year. In the Winnipeg downtown, we are seeing two years and occasionally more for lease-up for some buildings.

The vacancy rate for new buildings may also be impacted from left-over inventory from overbuilding that occurred in 2010-2014 as described by the CMHC, "The inventory of completed and unsold units still remains slightly above the problematic threshold, but levels have decreased significantly since reaching a historic peak in the fourth quarter of 2015. In the rental market, the vacancy rate is well below its threshold for overbuilding, and favorable demographic growth will continue to support demand." (Housing Market Assessment, First Quarter 2017).

Overall, we see the downtown housing market and vacancy rate as operating normally, with very high demand for brand-new developments and lower demand for older buildings which show higher vacancy rates. It is also these older buildings where lower rents are found, and the oldest stock typically sees some decommissioning or conversion from purpose built rental to condominium ownership.

Citywide the story is different. After nearly a decade of near 1% vacancy rates, the 2016 vacancy rate of 2.8% is approaching a more balanced market rate of 3%—which provides balanced supply and choice (see fig. 19). Bachelor rental units in the city had the highest vacancy rate of 2.1%. Rental units in the city with a single bedroom had a vacancy rate of 3.0%. The two bedroom vacancy rates for the city were significantly lower than that of the downtown area, at 2.8%. Lastly, three bedroom rental units had a vacancy rate of 3.1% citywide, with no direct comparison for the downtown due to suppressed data.

Figure 21, shows how vacancy rates for the city as a whole have changed over time. Note that from 1990 to 1997, the vacancy rate hovered around 6%, peaking at 6.5% in 1991. From 1997 to 2001, vacancy rates steadily declined to 1% in 2001. It fluctuated around 1% from 2001 to 2012, hitting its

lowest point in 2010 with 0.8%¹⁶. Vacancy rates began climbing in 2011 and by 2015 had climbed to 3%, which is balanced.

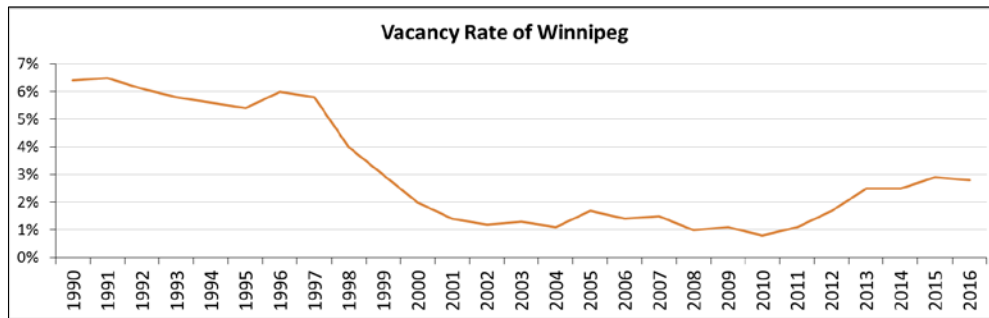


Fig 21: Vacancy Rates City Winnipeg 1990-2016; CMHC

In comparison, the CBD’s vacancy rate has increased more than the city’s. Figure 22, shows the CBD vs. citywide vacancy rates. In 2010, the downtown and city had a rate of 0.8%. By 2016, the city had reached a balanced 2.8%. For the CBD in 2016, it had risen to 4.1%, which is higher than the 3% balance. The vacancy rate of the downtown is important, as it impacts development pressure. As the vacancy rate passes a balanced market of 3%, there is a reduced demand for developers to continue to create new housing. The increasing vacancy rate for both the City and the Downtown also shows the impact of increased construction as developers responded to the market.

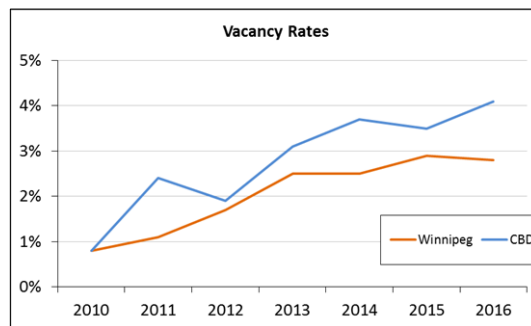


Fig 22: Vacancy Rates City Winnipeg 1990-2016; CMHC

Average and Median Rent

Rent, as described by the CMHC, is the actual monthly amount that a renter pays for their unit, with no adjustments made for the inclusion/exclusion of amenities, services, and utilities (CMHC, 2016). This differs from the average shelter costs used by Statistics Canada, which do include the cost of amenities, services, and utilities.

CMHC estimates the 2016 average rent for the CBD at \$851, with a median of \$809. Bachelor rental units in the CBD had an average rent of \$628 with a median of \$678, or 35% less than the CBD average.

¹⁶ Note that the overall vacancy rate is for all units of rental housing across the market spectrum. Affordable unit had an even lower vacancy rate over this period, at times approaching 0%.

Single bedroom rental units had an average rent of \$831 and a median of \$800. Larger rental units with two bedrooms had an average rent of \$1048 with a median of \$1017, or 23% higher than the average CBD rent. Average rent for three bedroom rental units in the CBD was \$1089 with a median of \$993. The average cost of rent increases according to the size of the rental unit. The smallest rental units are 35% cheaper than the CBD average, while the largest available are 23% more expensive than the CBD average.

Average rents citywide were slightly higher than that of the CBD. In 2016, the average rent citywide was \$932, with a \$917 median, or 10% more expensive than the CBD. But this changes when we look at the details (see Figure 23). Bachelor rental units citywide average \$634, with a median of \$650; very similar to the Downtown CBD with \$628 and \$678. Single Bedroom rental units within the city had an average of \$836, and \$852 median, slightly higher than the CBD. Rental units with two bedrooms citywide had an average rent of \$1065, and a \$1045 median, again slightly higher than the CBD. But it is the rental units with three bedrooms or more that show the real difference. Citywide these had an average rent of \$1,284, and median of \$1275; much higher than the \$1089 average, and \$993 median for the Downtown CBD.

NHS, 2016	City		Downtown	
	Average	Median	Average	Median
Bachelor	\$634	\$650	\$628	\$678
Single Bedroom	\$836	\$852	\$831	\$800
Two Bedroom	\$1,065	\$1,045	\$1,048	\$1,017
Three Bedroom	\$1,284	\$1,275	\$1,089	\$993
Average	\$932	\$917	\$851	\$809

Fig 23: Rental Rates: Downtown vs. Citywide

This tells us that for bachelor, one-bedroom, and two-bedroom units; the average market rates are nearly identical when comparing the CBD and citywide; and the median rates are slightly higher for Bachelor units downtown, and higher for 1-2 bedroom units citywide. It is the three-bedroom (and larger) units that shows the largest rent difference. As there are very few of these units in the CBD, but many citywide, these units skew the overall rental averages when comparing the CBD to the city. Essentially, the CBD is made up primarily of bachelor and one-bedroom units (72% of all units) and the average market rental rates are similar to the citywide average rates. This means that the overall finding that citywide average rents are more expensive than the CBD is somewhat misleading. In the majority of cases, bachelor and one-bedroom units downtown will have similar rents to such units citywide.

Rent Change

Below, Figure 24 shows the increasing rents in the CBD and Citywide for the period 2010 to 2016. Over this period the median rent in the CBD has increased \$131 or 19%. Citywide, rent has increased \$216 or 31%. Rents citywide are increasing significantly faster than the CBD.

		CBD Average and Median Rent						
		2010	2011	2012	2013	2014	2015	2016
CBD	Median	\$678	\$675	\$711	\$753	\$788	\$800	\$809
	Average	\$691	\$702	\$753	\$797	\$847	\$863	\$851
City	Median	\$701	\$740	\$768	\$816	\$859	\$887	\$917
	Average	\$722	\$756	\$788	\$840	\$878	\$910	\$932

Fig 24: Rental Rates 2010-2016: CBD and Citywide

Summary: the Downtown Market

Winnipeg's downtown market differs significantly from the citywide market. Rental units in the downtown area focus on smaller sizes, with 72% or all units being bachelor or one-bedroom units. This has a high impact on the type of households that the downtown can accommodate and the potential for growth. For families that wish for housing with 3 or more bedrooms, options are extremely limited. Vacancy rates for the downtown area show that smaller rental units, single bedrooms and bachelor units are in higher demand. Larger rental units, with two bedrooms were more available than smaller rental units. With a current vacancy rate of 4.1% in the Downtown CBD, the market appears slightly out of balance. While it is possible that the downtown market is over-supplied, it is equally likely that the lower incomes of persons who choose to live downtown are limiting entry to market, or housing is not affordable enough for greater uptake.

With a growing but distinct population base, the downtown housing market has shown the greatest level of change in decades. With nearly 17,000 residents, the area is reaching a critical mass that will continue to drive demand for an increasing range of amenities. However, as was discussed, there is a higher percentage of younger households with less economic spending power than the rest of Winnipeg. When coupled with a corresponding rise in seniors living downtown, this presents both opportunities and challenges for the market. Certainly one of the most important trends in the area and perhaps the province has been the dramatic rise in international migration into Manitoba and Winnipeg. Overall, the population of the downtown still remains distinct with respect to smaller overall size, lower incomes and even main mode of transportation.

It is worth noting that demographics drive the housing market and this holds for the downtown. Overall, it was shown that units have tended to be smaller (bachelor and one-bedrooms) and certainly more likely to be in higher density settings. While having smaller units may seem to provide the evidence to diversity, it is more likely the result of the smaller household composition. Simply put the market responded to the fact that downtown households have tended to be comprised of younger singles and seniors who have driven much of the demand over the last number of years. In fact, Winnipeg's demographic structure is not distinct from other North American downtowns that have equally struggled to attract families into higher density settings.

Apart from demographics, the reality remains that the higher vacancy rate needs to be monitored over the coming year to ensure that it is simply the outcome of a high rate of development and slower market absorption rate rather than a sign of weakening conditions. However, with lower overall incomes, affordability issues may be presenting as more acute than expected. This factor remains central to the need to better understand the downtown rental market to ensure options exist for a range of price points, and policies to encourage ongoing downtown growth are pursued.

Finally, it is appropriate to note that the longer term trends in the downtown are very positive. The population is growing at rates not seen in decades, we are seeing new construction as well as high rates of renovation and conversion as well as an overall vacancy rate that is recovering from historic lows of sub 1% to a more balanced market. Additionally, rents are increasing at a healthy pace. While rents are generally similar to the city averages, it is important to recognize the smaller overall size of units offered downtown and the fact that the market remains focused on the two sides of the spectrum that may require more affordable rents: younger first time entrants, and seniors.

Part III: What a Person Can Spend on Rent or Mortgage

Differential Buying Power

To attract people to the downtown, attractive and affordable rents are required as well as affordable mortgages for those who wish to buy.

For the downtown, the average total household income for 2010 was \$39,431, with a median of \$30,474; whereas the city had an average total household income of \$72,612 and a median of \$57,925. The city has a median total household income \$27,451 more than the downtown or 90% higher. This is an important difference in household incomes between the downtown and the city and crucially what each can afford to spend on shelter costs.

We can also compare the downtown to the city on the number of households paying more than 30% of their income on shelter. The 2011 Census shows that 37.7% of all downtown households spend 30% or more of income on shelter; compared to 22% citywide. This implies that either downtown shelter costs are higher than citywide, or downtown incomes are lower, or both. We have already shown that individual and household incomes are lower in the downtown; and that rents are similar between the downtown and citywide for bachelor, and one bedroom units. We can also look more closely at who pays more. The burden of paying more than 30% on shelter falls more to youth in the downtown than citywide. For persons aged 29 and younger, 30.5% pay 30% or more on shelter in the downtown compared to 17.8% citywide (see Figure 26 on page 26).

For comparison purposes we combined 2016 CMHC and Census 2011 data. We compare household incomes to household rent and show what median income would be required such that households spent exactly 30% on rent. Figure 25 below shows the average and median monthly rent for owned and rented units in the downtown. Note that downtown rented unit costs are slightly less expensive than citywide. Extrapolating from these costs, we can calculate the average income a household would need to earn for the household to be spending exactly 30% of income on rent. We can see that the median income needed by a household where they would spend exactly 30% on housing is \$32,000; and the actual median household income is \$30,474, about \$1500 short. As actual income is slightly less than required income for rent, it accounts for some but not all of the high percentages of households spending 30% or more on shelter (37.7% of downtown households).

Rented Households	2016 average monthly rent for one bedroom	2016 median monthly rent for one bedroom	2016 average yearly rent	2016 median yearly rent	Calculated 2016 average income where a household would spend 30% on rent	Calculated 2016 median income where a household would spend 30% on rent	2011 Average household income	2011 Median household income
Winnipeg	836	852	\$10,032	\$10,224	\$33,440	\$34,080	\$72,612	\$57,925
CBD	831	800	\$9,972	\$9,600	\$33,240	\$32,000	\$39,431	\$30,474

Fig 25: Shelter Costs vs. Income: Downtown vs. Citywide; CMHC & Statistics Canada

	All Households			
	City		Downtown	
	% who are household maintainers	30% or more on shelter	% who are household maintainers	30% or more on shelter
Under 25 years	3.89%	8.43%	11.27%	18.33%
25 to 29 years	7.33%	9.40%	13.51%	12.16%
30 to 34 years	8.43%	9.12%	10.97%	8.69%
35 to 39 years	8.60%	8.31%	10.03%	9.48%
40 to 44 years	9.09%	8.60%	7.85%	4.90%
45 to 49 years	10.92%	9.35%	8.50%	8.21%
50 to 54 years	11.01%	9.32%	8.38%	9.16%
55 to 59 years	10.03%	7.88%	8.14%	9.00%
60 to 64 years	8.70%	7.14%	6.14%	6.16%
65 to 69 years	6.03%	4.60%	3.66%	2.53%
70 to 74 years	4.80%	3.96%	3.24%	2.05%
75 years and over	11.17%	13.89%	8.26%	9.64%
	Owned Households			
	City		Downtown	
	% who are household maintainers	30% or more on shelter	% who are household maintainers	30% or more on shelter
Under 25 years	1.29%	3.20%	0.00%	0.00%
25 to 29 years	4.94%	7.68%	6.96%	0.00%
30 to 34 years	7.61%	10.35%	11.39%	9.52%
35 to 39 years	8.70%	9.95%	8.86%	16.67%
40 to 44 years	9.66%	10.91%	9.49%	0.00%
45 to 49 years	12.03%	11.41%	10.13%	11.90%
50 to 54 years	12.42%	10.89%	8.23%	0.00%
55 to 59 years	11.58%	9.67%	13.29%	0.00%
60 to 64 years	9.96%	8.56%	7.59%	9.52%
65 to 69 years	6.67%	4.82%	6.96%	0.00%
70 to 74 years	5.02%	3.52%	6.33%	0.00%
75 years and over	10.13%	9.04%	8.23%	26.19%
	Rented Households			
	City		Downtown	
	% who are household maintainers	30% or more on shelter	% who are household maintainers	30% or more on shelter
Under 25 years	8.96%	12.27%	12.37%	19.29%
25 to 29 years	11.99%	10.65%	14.13%	12.52%
30 to 34 years	10.04%	8.20%	10.94%	8.80%
35 to 39 years	8.42%	7.11%	10.16%	8.97%
40 to 44 years	7.98%	6.92%	7.62%	4.91%
45 to 49 years	8.75%	7.85%	8.27%	7.95%
50 to 54 years	8.26%	8.16%	8.46%	9.64%
55 to 59 years	7.02%	6.58%	7.62%	9.14%
60 to 64 years	6.23%	6.10%	5.99%	5.75%
65 to 69 years	4.78%	4.44%	3.39%	2.20%
70 to 74 years	4.38%	4.29%	2.93%	2.03%
75 years and over	13.19%	17.43%	8.20%	8.29%

Fig 26: Spending 30% or more on Shelter, by Age Cohort: Downtown vs. Citywide

The problem arises because the analysis combines all households together regardless of size, but the size of households is related to its total income. The majority of households in the downtown—62%—are only one person, while households with two or more persons in the downtown were 38% of households. The median income for one person households in the downtown was \$23,069. Households with two or more persons in the downtown had a median income of \$42,132 median. One-person households (62% of the downtown) have an income almost \$9000 less than they would need in order to spend less than 30% on their shelter costs. For single-person households, either household incomes need to rise by that amount, or total shelter costs need to fall, assuming we wish households to be able to afford shelter without spending more than 30% of income. Either way, there is greater need for more affordable housing in the downtown than citywide.

		City	Downtown
Total Households	Median household income	\$57,925	\$30,474
	Average household income	\$72,612	\$39,431
One person households	Median household income	\$31,260	\$23,069
	Average household income	\$37,781	\$30,044
Two or more persons households	Median household income	\$74,887	\$42,132
	Average household income	\$88,228	\$53,779

Fig 27: Income by Household Size: Downtown vs. Citywide; CMHC & Statistics Canada

For persons wishing to purchase a home rather than rent, mortgage affordability is a similar challenge. A household with the income of the downtown median of \$30,474 could qualify for a mortgage of approximately \$100,000. A household with an income of the citywide median of \$57,925 could qualify for a mortgage of approximately \$215,000; and a two-person household with a (likely double) income of the citywide median of \$74,877 could qualify for a mortgage of approximately \$280,000¹⁷. At each of these levels, there are huge differences in what is available. The downtown market has entry level units available in a small supply but the bulk of the market is above \$200,000. The NHS indicates that the average value of a downtown dwelling is \$226,348; while citywide the value is \$257,574. Recall though, that most households in the downtown are much smaller zero-to-one bedroom units.

Median Household Income	Down Payment (5% of the purchase price)	Interest Rate	Mortgage Term	Approximate Maximum Purchase Price
\$30,474	\$10,000	4%	25 Years	\$100,000
\$57,925	\$10,750	4%	25 Years	\$213,183
\$74,887	\$14,250	4%	25 Years	\$283,554

Fig 28: Calculated Maximum Mortgages by Median Household Income

¹⁷ RBC mortgage calculator assuming 5% down payment (minimum \$10,000), and 4% interest rate, for a 25 year term; for all scenarios.

Households who actually have the median downtown income of \$30,474 would have extremely limited choice if they wished to purchase a unit in the downtown. Currently, only a handful of condos fit these requirements, all located near Central Park, and all extremely small bachelor units of 300-400 square feet and in older buildings. More likely, households with this income would be forced into the rental market and likely be paying more than 30% of income on their shelter—exactly what the data shows.

Lastly, we can show the approximate number of households that can afford to rent or own in the downtown, affordability being paying less than 30% of household income on shelter. Figure 29 shows the number of households in income cohorts of ten-thousand dollars – as well as what they can afford. For the 2730 households earning less than \$20,000, the CBD is not affordable; as well as some of the households earning less than \$30,000. Recall that for the downtown, 37.7% of *all households* spend 30% or more of income on shelter costs (3,196 of the 8,465 downtown households).

Household Total Income (NHS 2011)	Monthly Affordability Range (30% Shelter Costs)	Actual Median Rent in the CBD (2016)					Total	CBD Population	
		Bachelor	1 Bedroom	2 Bedroom	3+ Bedroom	Total			
Less than \$10,000	< \$250	\$678 Not Affordable	\$800 Not Affordable	\$1,017 Not Affordable	\$993 Not Affordable	\$809 Not Affordable	1,310	(15.5%)	
\$10,000 to \$19,999	\$250 - \$500	\$678 Not Affordable	\$800 Not Affordable	\$1,017 Not Affordable	\$993 Not Affordable	\$809 Not Affordable	1,420	(16.8%)	
\$20,000 to \$29,999	\$500 - \$750	\$678 Not Affordable if < \$27,120	\$800 Not Affordable	\$1,017 Not Affordable	\$993 Not Affordable	\$809 Not Affordable	1,355	(16.6%)	
\$30,000 to \$39,999	\$750 - \$1,000	\$678 Not Affordable	\$800 Not Affordable if < \$32,000	\$1,017 Not Affordable	\$993 Not Affordable	\$809 Not Affordable if < \$32,360	1,345	(15.9%)	
\$40,000 to \$59,999	\$1,000 - \$1,250	\$678 Not Affordable	\$800 Not Affordable	\$1,017 Not Affordable if < \$40,680	\$993 Not Affordable if < \$39,720	\$809 Not Affordable	1,585	(18.7%)	
\$60,000 and over	\$1,250 - \$1,500	\$678 Not Affordable	\$800 Not Affordable	\$1,017 Not Affordable	\$993 Not Affordable	\$809 Not Affordable	1,450	(17.1%)	

Fig 29: Households and What they can Afford: Central Business District Winnipeg, 2011 NHS & CMHC 2016

Conclusion

There is little doubt that Winnipeg's housing market experienced significant growth over the last decade. This includes a rise in the value of housing for both new and resale markets as well as a tightening of vacancy rates that are only now moving up from historic sub-1% levels. This changing market has generally made renting or purchasing a home more expensive with shelter costs escalating at a pace faster than income growth. For downtown, the result has been a larger percentage of people spending 30% or more on shelter costs as high prices and low incomes among downtown residents continue to erode affordability. A sudden shift or change in the legacy of policies supporting the downtown housing market could have the detrimental effect of raising costs further and suppressing market growth—making homeownership or rents even more unaffordable. It must also be noted that more affordable options are available in other parts of the city—such as nearby Osborne Village or many of the surrounding inner city neighbourhoods. Downtown also faces significant challenges that have hampered revitalization efforts for over 30 years including the decentralization of retail (especially high-end retail) with the rise of suburban malls and power-centres; the torrid pace of suburban expansion that outstrips downtown population growth; and the shift of professional occupations following that population out of the downtown. While Winnipeg's pattern of downtown restructuring has been significant, one area that has managed to stay somewhat stable has been the employment base but this too is increasingly under threat by the growth of suburban office parks that will continue to challenge the downtown for clients.

The broad government led efforts to rejuvenate Winnipeg's downtown that began over thirty-five years ago with the *Core Area Initiative (CAI)* and continuing with today's incentive based programs such as the *Downtown Residential Development Grant*, *Live Downtown*, and *SHED TIFs*, have borne fruit with more than \$3.5 billion in large scale investment. This has occurred throughout the area and in various sectors (residential, retail, office and entertainment). Despite the tremendous growth that has been experienced, our view is this success is fragile and has come through hard work and collaborative efforts among various levels of government and increasingly the private sector. While Winnipeg is poised for ongoing and stable growth, downtown development continues to be viewed as high risk with lower profit scenarios for developers. Without the incentive based programs we feel that investment in downtown residential construction – the backbone of the current rejuvenation strategy – are likely to stall, resulting in the loss of hard-won gains. This is a scenario we saw in the 1991-2001 period that was marked with significant depopulation and disinvestment throughout the downtown.

Rather than risk the loss of gains, there exists a far greater opportunity to build on the successes of three decades of concerted effort. Our view is that demographic trends over the coming decades will drive demand for smaller multi-family housing as the Boomer generation retires. This cohort will be looking for the amenities, lifestyle, and convenience that Winnipeg's downtown has begun to develop. The opportunity for Winnipeg is to focus on the market it can serve well, a market that is emerging in

greater numbers –downsizing older adults while maintaining the stable youth market while seeking to broaden other housing options. This will help balance demand and offer opportunities—but only if the price is right for all groups.

The downtown market has changed. In the coming years more work will be needed to both sustain current actions but also to monitor and push for additional areas of growth such as consideration for strategies to accommodate families and larger household sizes. As well, our work examined the downtown as a whole, perhaps more could be gleaned from taking a more detailed look at the various sub-areas of the downtown that are very distinct including the Waterfront, the early renovations and conversions within the Exchange as well the within the Broadway/Assiniboine neighbourhoods to the unique market structure of Central Park and North Portage. Interestingly, each of these clusters of housing have contributed to a vastly diversified set of neighbourhoods.

In closing, Winnipeg’s downtown emerged from a long period of stagnant and highly subsidized growth to the current era marked by increased balance between private and public investment. This has resulted in a growing and more diverse downtown. Older adults, Millennials, new immigrants, and Aboriginal peoples are the demographics to watch for growth. Combined, these demographic groups will continue to reshape our city and downtown for decades to come. Above all else, the key to Winnipeg’s success has been a steady hand and supporting policies and programs that have provided the key ingredient for seeding this positive change.

Appendix: Downtown Context & Revitalization Strategy

After a period of population loss in the 1990s, the downtown is again growing strongly. Growth in the downtown between 2006 and 2011 Census was 2.8% per year... nearly double the City of Winnipeg average of 1.5% per year. The current population of the downtown is about 16,800 people, based on growth of 2.2% per year from the 2011 Census. In addition, strong provincial migration (topping an estimated 125,000 during the 2005-2015 period) has also contributed to a stronger housing market in the city, with many newcomers locating in the downtown and the city feeling the effects of a tighter rental market.

Two strategies, relatively new to Winnipeg, have contributed to this success: an emphasis on residential development, and creating the amenities and convenience that make the downtown an attractive living option. Winnipeg has re-focused efforts to increase residential development downtown which has significantly contributed to the downtown population turnaround. This was enabled in late 2004 by changes to the Downtown Zoning Bylaw by the City of Winnipeg. These changes made redevelopment of heritage buildings easier and faster and initiated a flurry of building conversions to condominiums and rental units. Additionally, residential development has been supported by Tax Increment Financing (TIF). TIF funded initiative costs are split between the City and the Provincial government with more than \$100 million invested in three major initiatives. TIF supported housing initiatives have helped support the development of 1100 residential units in the downtown through the Downtown Residential Development Grant Program, the Live Downtown Program, and the University of Winnipeg Commons Housing Project.

A focus on improving downtown amenities, rather than the “big retail” mall strategies of the 1970s and 80s is helping support and sustain growth. New and redeveloped entertainment/cultural/sporting facilities are helping to bring Winnipeggers back into the downtown, especially during the critical evening period when office workers leave. This has focused on:

- The MTS Centre—completed in November 2004 and with changes to the Downtown Zoning, Bylaw kick-starts downtown revitalization
- The Sports, Hospitality and Entertainment District (SHED) – begun in 2010
- Canadian Museum for Human Rights
- Waterfront Drive – begun in 2004. Parks, hotel, restaurants, and some commercial.
- The Metropolitan Entertainment Centre – 2011
- Convention Centre Expansion – 2016
- Parks including the Central Park redevelopment, Old Market Square redevelopment, and the Upper Fort Garry Heritage Park
- Sports related investments such as the Centre for Youth Excellence, the Sports for Life Centre, and the University of Winnipeg United Health and RecPlex
- Two TIF funded neighbourhood development programs, the Exchange Waterfront Neighbourhood Development Program, and the Sports, Hospitality and Entertainment District Initiative have invested a total of \$33 million in downtown street improvements.

Results:

Investments in the Downtown 2005-2016 (Updated January 2017):

- 162 Significant Developments / Investments in the Downtown (Residential, Commercial, and Civic)
- 28 New Projects currently proposed (Residential, Commercial, and Civic)
- Over \$3.5 Billion Invested in downtown buildings and key infrastructure (many investments are unreported. We believe this number is higher in actuality).
- Over \$1.3 Billion proposed new development (many investments are unreported. We believe this number is higher in actuality).
- More than 2500 new residential units built or under construction (Includes some student Housing, and older adult housing.)
- Over 1000 residential units in the planning/proposed stage
- Population growth in Census Tract 0024 = 52% (the East Exchange and surrounding area, 2006-2011)
- Commercial / Office / Retail Developed: 2.5 million sq.ft. (includes new Winnipeg Police Service Headquarters)
- Educational space developed: 500,000 sq.ft
- Museum space developed: 260,000 sq.ft.
- New Hotels Rooms: 487 built or under construction
- Hotels converted to rental apartments: 2 (more than 500 units)
- 6 New Parkades built; 1 Proposed
- 7 surface parking lots developed
- 3 surface parking lots proposed to be developed (Raiside, Parcel Four, 225 Carlton –True North).



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