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Domus 1 Bedroom Demand Report

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Domus Student Housing Inc. is the market leader for student housing. Managing over 3000 beds in Waterloo alone, Domus also has branches in western Canada as well as contracts across southern Ontario. With a diverse portfolio of over 4000 beds, Domus rents a wide array of housing options anywhere from studio apartments, to 5 bedroom apartments, to 7 bedroom houses.

As of 2016, 75% of the Domus portfolio is made up of newer construction, purpose-built student housing and over 90% of this is made up of 5 bedroom suites. Based on the below statistics, the need for 1 bedroom units is clear: students want 1 bedroom units, are willing to pay more for the privacy they offer, and there isn't enough supply to satisfy the demand.

Current availability of 1 bedroom units:

- Of Domus' entire Waterloo portfolio, which includes houses, only 0.3% is made up of 1 bedroom units. Of strictly the newly constructed, purpose-built buildings, 0% is made up of 1 bedroom units.
- All 1 bedroom units are located in low rise buildings or in basements of older houses. Most of the finishes in these units are worn and original to the building such as vinyl flooring, laminate countertops, and older windows.

Features of existing 1 bedroom units:

- None of the existing units feature stainless steel appliances, high square footages, more than 1 bathroom, dens, in-suite laundry, or onsite amenities such as a cafe, shopping, or gym facilities.

Rental statistics of existing 1 bedroom units:

- 1 bedroom units are leased up to 10 months in advance and are some of the first units to rent out.
- Despite the huge availability of brand new, 3-5 bedroom units (some featuring granite countertops, oversized bedrooms, in-suite laundry, and en-suite bathrooms), renters will sacrifice luxury finishes and location for privacy.
- The few older buildings surrounding Laurier & University of Waterloo's campuses that feature majority 1 & 2 bedroom suites sell out of all 1 bedroom suites almost immediately and are priced around \$1000/month. These units come unfurnished and the age and dated interiors of these buildings do not turn off prospective renters.

Viability of adding more 1 bedroom suites to the market:

- No other housing provider in the area offers a large amount of 1 bedroom suites and yet of the over 1500 rooms available in newly constructed, 3-5 bedroom suites in the Domus portfolio, only an average of 20% of these units actually rent to full groups. The rest of these rooms are rented primarily to individuals or smaller groups who pay a premium to have a private bedroom and as few roommates as possible. This is as close as they can get to the privacy of a 1 bedroom suite
- Many prospective renters would gladly pay up to \$1100 for a private, luxurious 1 bedroom unit that allows them the lifestyle they want and can afford. There is also a large group of renters who would pay \$1200 and up for upgraded suite features.
- Units with fewer occupants have significantly less damages and turnover costs.
- Tenants that rent units as a whole are more likely to renew for additional years as opposed to tenants who rent an individual room in a larger unit, reducing wear and tear on the unit.

Based on our 10 years experience in the Waterloo market specifically, the demand for 1 bedroom suites in the heart of the student district is high.