

MARKET REPORT

Multifamily
Edmonton Metro Area

IPA
INSTITUTIONAL
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1Q/25

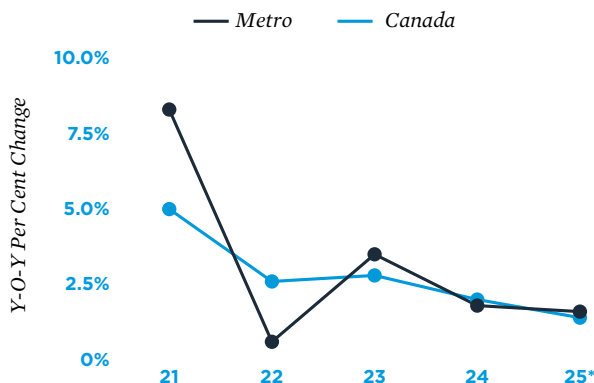
Change to Artificial Intelligence Boom to Further Strengthen Economic and Demographic Tailwinds

Innovation and technology drive long-term growth prospects.

Edmonton has gained recognition as an artificial intelligence hub due to a combination of academic excellence, strong research institutions, industry collaborations and government support. As such, Alberta's Ministry of Technology and Innovation, along with private investors, are looking to leverage the region's cooler climate to undertake a proposed development in northern Alberta, which is poised to become the world's largest AI data center industrial park. While still undergoing approval and planning, the development could create substantial employment opportunities, providing an estimated 2,000 to 5,000 jobs during the construction phase and 3,000 to 5,000 long-term positions upon completion. With Edmonton being the nearest major urban center, the project has the potential to significantly benefit the metro's economy and multifamily sector.

Economic landscape aids rental demand. Edmonton's AI boom compliments ongoing trends acting as tailwinds for multifamily performance. Government programs such as Alberta Innovates, the Innovation Employment Grant, and the Technology Innovation and Emissions Reduction Program are creating a favourable environment for startups, as well as advancements in green energy investment. Edmonton's lower cost of living also facilitates higher real disposable incomes, which is a key factor driving record population growth and an outperforming economy. Lastly, the metro is home to some of Canada's top universities, supporting a growing student population. Together, these factors support an optimistic multifamily outlook.

Employment Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

Multifamily 2025 Outlook



**13,000
JOBS**
will be created

EMPLOYMENT:

Despite lower interest rates aiding economic growth and driving an up-tick in hiring to end last year, potential risks stemming from new immigration policies and U.S. tariffs create some uncertainties. Job creation could ease compared with last year as a result.



**4,500
UNITS**
will be completed

CONSTRUCTION:

Deliveries will fall compared with last year, as apartment starts edged slightly lower in 2023. However, groundbreakings ramped up again last year due to an optimistic multifamily demand outlook, suggesting completions will remain elevated in the years ahead.



**50
BASIS POINT**
increase in vacancy

VACANCY:

The metro's multifamily demand outlook remains favourable amid an outperforming economy, a more stable labour market and a lower local cost of living, but ongoing supply growth will likely push vacancy higher, ending the year slightly above 3.5 per cent.

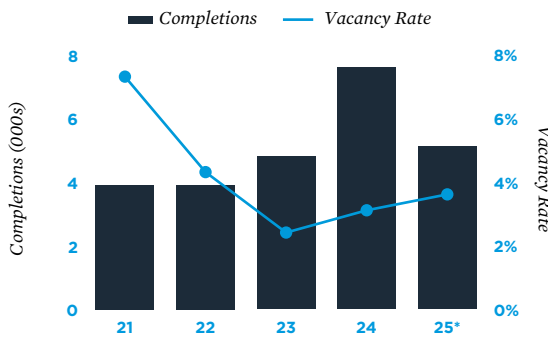


**5.0%
INCREASE**
in effective rent

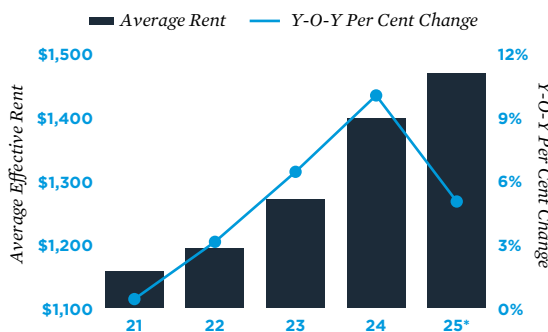
RENT:

Annual rent growth is forecast to be one of the strongest in North America. Although rising vacancy amid supply-side pressures will cause growth to moderate, the metro will continue to hold well-below equilibrium. Combined with new supply being offered at a premium, along with no rent control, strong gains are likely to hold.

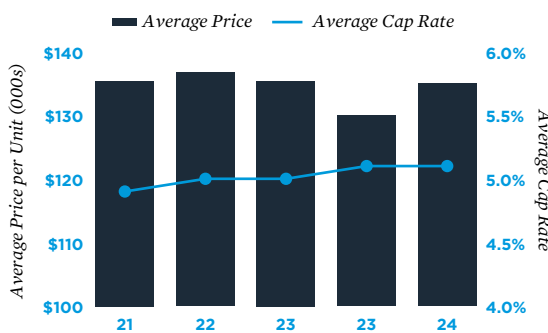
Supply and Demand



Rent Trends



Sales Trends



* Forecast

Sources: Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

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The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Altus Data Solutions; CoStar Group, Inc.; CMHC; Statistics Canada

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2024 Overview



CONSTRUCTION

7,600 units completed

- As starts hit new highs over the past three years, deliveries surged by nearly 60 per cent year over year in 2024 and reached a record level.
- Given Edmonton's diversifying economy and growing student population, deliveries were mainly concentrated in the downtown and university area. These submarkets accounted for 32 per cent of all new supply.



VACANCY

70 basis point increase in vacancy Y-O-Y

- Vacancy rose the most in areas outside the city limits, such as Fort Saskatchewan, Leduc and Strathcona. Two- and three-bedroom units also saw a larger rise in vacancy, indicating more stable demand for smaller units.
- Softening labour market conditions may have also contributed to rising vacancy; however, strong demand from migrants helped limit this effect.



RENT

10% increase in the average effective rent Y-O-Y

- While Canada and some other major metros saw annual rent growth slow in 2024, Edmonton's pace of increase accelerated. By year-end, the city only trailed Calgary in terms of annual rent appreciation.
- Rent growth for turned-over units was 5.2 per cent higher. Lower increases for units that did not turn over reflect a shift towards tenant retention.

Investment Highlights

- Apartment rental properties dominated Edmonton's investment market over 2024 as historic population gains fuelled near record-setting annual rent growth. Edmonton's multifamily sector noted the largest dollar volume reading on record and composed the greatest share among major commercial property types at 55 per cent – well above the metro's historic average. On an annual basis, preliminary estimates suggest the total number of sales rose 25 per cent, while total dollar volume jumped 17 per cent.
- Edmonton's average sale price has held relatively stable over the past five years. Following a slight drop in 2023, prices rebounded by roughly 5.0 per cent in 2024. Given this stability, cap rates have also held firm at just above 5.0 per cent, which is the highest among major Canadian metros. This stability indicates that rent growth has counterbalanced upwards pressure on cap rates from elevated interest rates.
- Similar to the nationwide trend, private buyers dominated Edmonton's multifamily investment market. In 2024, roughly 62 per cent of total dollar volume purchased was from this purchaser profile. These private entities have more flexibility in the current environment and are also taking advantage of less institutional competition.