

MARKET REPORT

Multifamily
Calgary Metro Area

IPA
INSTITUTIONAL
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ADVISORS
A DIVISION OF
MARCUS & MILlichAP, BROKERAGE

3Q/25

Record Development is Rebalancing Market, While Longer-Term Opportunities Remain

Supply driving reorientation. Calgary's population has grown by 15 per cent since 2020, causing rental rates to surge by 50 per cent. In turn, builders looked to capitalize – which was aided by favourable CMHC financing, land availability, lower development costs, streamlined approvals and government incentives – pushing the construction pipeline to its highest on record in 2023. With these projects now delivering, multifamily performance is recalibrating; however, the sector's long-term outlook is optimistic, despite some lingering economic risks. Given the metro's lower cost of living, population growth is expected outpace the national rate in 2025 as Canadians continue to relocate from more expensive cities. The construction pipeline is also peaking – and with tariffs likely to push costs up – these supply pressures could further abate. Over the longer term, this will help the market absorb the elevated levels of deliveries coming online.

Initiatives create optimism. Fast-tracking energy projects offer growth prospects for Calgary, as they will create jobs and apartment demand. Meanwhile, the metro is positioning itself as a clean energy hub, which is also aligned with the Federal Government's One Canadian Economy Act. This will attract highly educated workers in tech, renewables and environmental services, who often seek high-quality rentals near employment clusters. Infrastructure investment – such as the Green Line LRT and other proposed projects – is also spurring transit-oriented development. While deliveries will take time to be absorbed, these initiatives may drive demand over the long term.

Employment Trends



* Forecast

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

Multifamily 2025 Outlook



**25,000
JOBS**
will be created

EMPLOYMENT:

Calgary's economy has added 19,000 jobs in 2025 as of May, which has set the stage for the metro to see some of the strongest employment gains in Canada. Economic uncertainties present some downside risk, but the service sector appears resilient.



**6,500
UNITS**
will be completed

CONSTRUCTION:

Though down 30 per cent compared with last year's historic level, openings in 2025 will mark the second-highest reading on record. Northwest Calgary has welcomed the most new supply and holds the largest construction pipeline as of May.



**220
BASIS POINT**
increase in vacancy

VACANCY:

Demand is sound, but due to population gains outpacing the national level amid growing jobs and a lower cost of living, surging supply will push vacancy up to around 7.0 per cent. With the construction pipeline easing, stabilization may occur in 2026-2027.

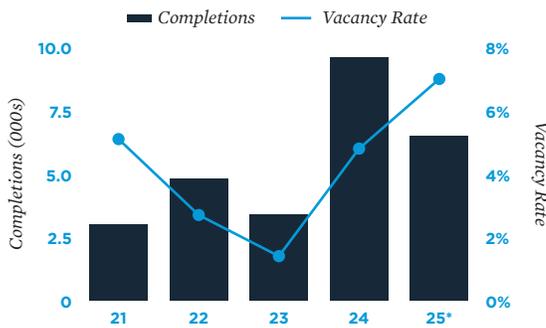


**1.0%
INCREASE**
in effective rent

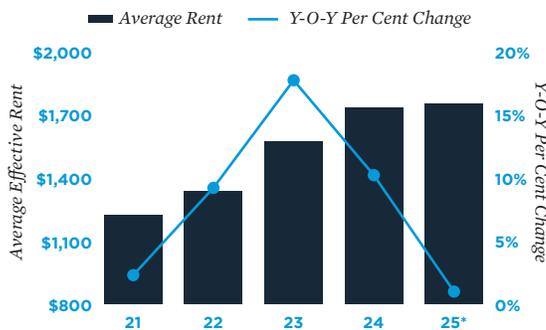
RENT:

Amid rising vacancy, rents are largely stabilizing; however, it is bifurcated across properties. Older assets that have yet to recalibrate to market levels will likely maintain some metro-wide growth. Top-end product is seeing some declines, though, due to renters having more options.

Supply and Demand



Rent Trends



Sales Trends



* Forecast; ** Through 1Q

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

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2024 Overview



CONSTRUCTION

9,585 units completed

- Deliveries reached an all-time high last year, doubling the previous peak seen in 2022.
- Southwest and Northwest Calgary welcomed the most new supply, due to favourable rental conditions like strong renter demand, good infrastructure and favourable development economics.



VACANCY

340 basis point increase in vacancy Y-O-Y

- Amid a record number of openings, vacancy saw its largest annual increase since the oil price crash back in 2015, ending 2024 at 4.8 per cent. Yet the rate was just 40 basis points higher than the trailing 10-year average.
- New builds held a higher vacancy rate at 7.1 per cent. Northwest Calgary, which saw strong supply growth, also witnessed the largest vacancy jump.



RENT

10.2% increase in the average effective rent Y-O-Y

- While easing from 17.7 per cent in 2023, rent growth last year was still the strongest among major Canadian metros for the second straight period.
- The combination of healthy renter demand and an influx of high-quality supply caused the Southwest and Northwest regions to lead annual rent gains at 22 per cent and 17 per cent, respectively.

Investment Highlights

- Over the past yearlong period ended March, multifamily dominated the investment market, with total dollar volume holding a 30 per cent share among major commercial property types. On an annual basis, the total number of sales increased by 15 per cent, with dollar volume up 7.0 per cent. Given Alberta sales data usually lags, these figures could actually be higher. Regardless, the increased sales reflected ongoing confidence in Calgary's multifamily sector, as well as more favourable financing from the CMHC amid the metro meeting affordability guidelines.
- While investor interest remains healthy, mainly from private parties, there has been a widening bid-ask gap. Even amid vacancy pressures and slowing rent growth, sellers are continuing to seek premium pricing. Consequently, future sales activity may be less predictable.
- The average sale price in Calgary has seen significant growth since 2022, despite rising interest rates. Yet with vacancy inching higher and rent growth slowing, price appreciation is beginning to moderate. At the same time, stabilizing bond yields and easing income growth are causing cap rates to hold firm at just below 5.0 per cent.