

INVESTMENT FORECAST

Multifamily
Calgary

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Ongoing Demand Drivers Likely to Absorb Influx of New Supply Over the Long Run

Apartment sector seeing some balance return to the market. Calgary multifamily properties have benefitted from historic population growth, as the metro's lower cost of living drove both international and interprovincial migration. Compared with the start of 2019, Calgary's population jumped by roughly 240,000 residents as of the fourth quarter of 2024. At the same time, while lower land costs, less red tape and quicker development timelines caused purpose-built rental completions to reach all-time highs – pushing vacancy up – total apartment inventory has only expanded by 15,000 units. Looking ahead, while vacancy is expected to climb further, new supply is likely to be absorbed over the longer-term. Population growth is expected to remain above the national average in 2025, largely because of affordability advantages. A stable oil sector outlook, along with economic diversification into renewable energy as well as technology, finance, health care and film, is also likely to support above-average employment gains, further aiding the metro's long-term multifamily outlook. Additionally, the under construction pipeline began to level off in 2024, which is set to mitigate supply-side pressures over the coming years.

Investment Trends

- Amid healthy rent growth and ongoing demand drivers, investor sentiment remained positive. Over the past year ended September 2024, the total number of trades jumped nearly 50 per cent.
- With the city of Calgary recently resuming its Downtown Office Conversion Program, investor interest in office repositioning plays could gain momentum.

2025 Multifamily Trends



6,000
UNITS

will be completed

CONSTRUCTION:

While down from last year, deliveries will remain elevated in 2025. Suburban communities in the northwest and southwest, along with the Beltline in downtown, are seeing the strongest supply growth.



120
BASIS POINT

increase in vacancy

VACANCY:

Vacancy will continue to inch up, given historic supply growth taking time to be fully absorbed. The rate will largely return to the metro's pre-pandemic level and end the year in the 6.0 per cent range.



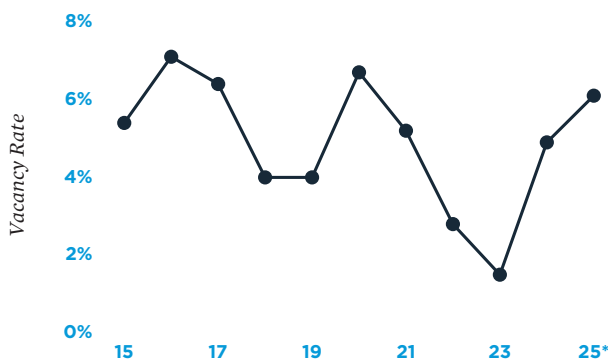
3.0%
INCREASE

in effective rent

RENT:

Above-average population growth, the absence of rent control and new, high-quality supply coming to market will all put further upwards pressure on effective rents. As vacancy rises, however, growth will be muted compared with recent years.

Vacancy Trend

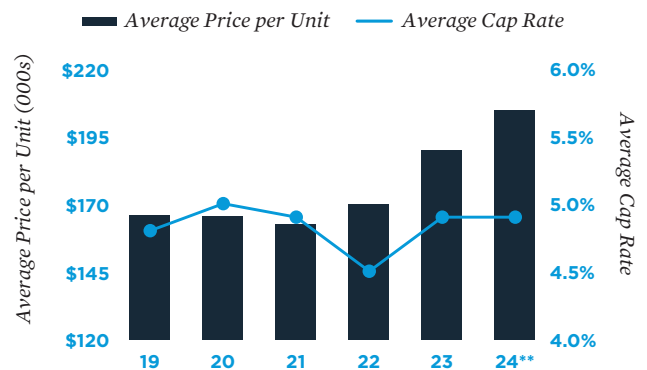


* Forecast; ** Trailing 12 months through 3Q

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

Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of February 2025. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and retail data are made during the first quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. 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.

Price and Cap Rate Trends



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