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.

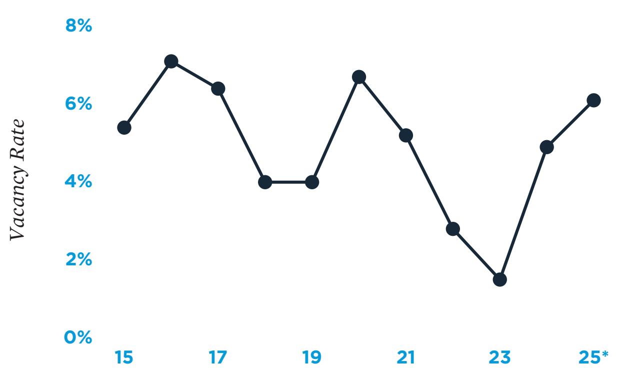
120
BASIS POINT
increase in vacancy

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.

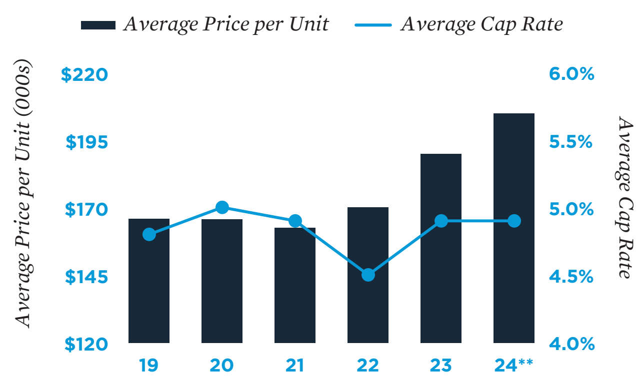
3.0%
INCREASE
in effective rent

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



Price and Cap Rate Trends



** Forecast; ** Trailing 12 months through 3Q*

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

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