Market Report

IPA INSTITUTIONAL PROPERTY ADVISORS

MULTIFAMILY 3Q/26

Calgary Metro Area

2026 FORECAST

EMPLOYMENT
55,000 — Jobs will be created
5.5% — Increase Y-O-Y

CONSTRUCTION
8,500 — Units will be created
2.8% — Less than last year

VACANCY
6.5% — Vacancy rate
150 — BPS increase Y-O-Y

RENT
$1,765 — Average effective rent by year-end
0.2% — Increase Y-O-Y

Apartment Rental Market Normalizing After Years of Historic Growth

Record construction reshaping market conditions. Calgary's apartment market is entering a more balanced phase after one of the strongest periods of rental demand in the city's history. Record population growth, limited supply, and rapidly rising rents between 2022 and 2024 encouraged an unprecedented wave of development, fundamentally reshaping the metro's construction pipeline. As thousands of new units are delivered and population growth gradually normalizes, vacancy has risen from historic lows and rent growth has moderated. While these shifts represent a notable change from the past several years, they also point to a healthier long-term equilibrium after a period of exceptionally tight market conditions.

Tenant mobility increasing. A growing supply of newly completed apartments is reshaping tenant demand. Greater availability is allowing renters to upgrade into newer properties, increasing vacancy across legacy apartments and helping to cap upward vacancy pressures for recently delivered buildings, where premium rents have become more difficult to sustain. Over the longer term, this shift could create redevelopment opportunities for older properties in established urban neighbourhoods as owners may seek to modernize aging assets.

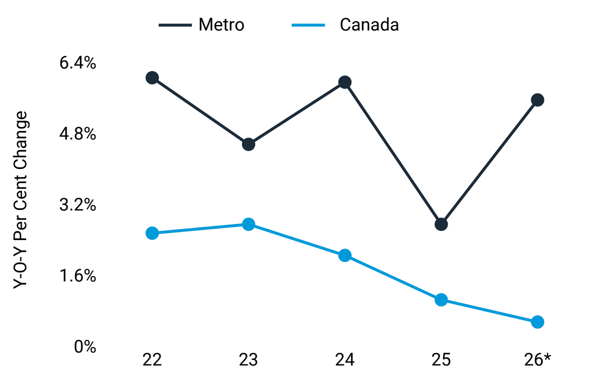
EMPLOYMENT

Employment growth continues to outperform major Canadian markets. Nation-leading population inflows are bolstering Calgary's labour market, expanding food services and energy production, driving ongoing infrastructure investment, and supporting a growing healthcare industry. Together, these factors are expected to drive a 5.5 per cent increase in employment this year, with year-over-year job creation through June already up nearly 6 per cent.

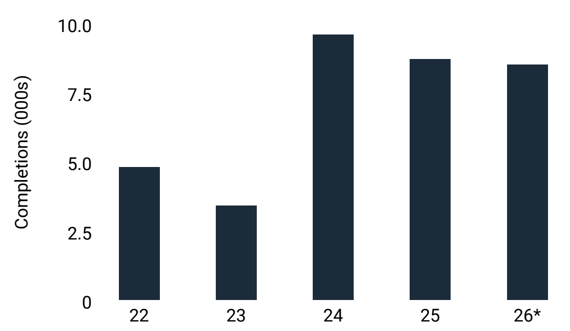
CONSTRUCTION

Multifamily construction has been exceptionally active in Calgary, with deliveries averaging nearly 9,000 units annually over the past three years — roughly 125 per cent above the metro's trailing 10-year average. Builders responded to record population growth and historic rent gains in 2023 and 2024 by significantly expanding the construction pipeline. Now, as population growth normalizes and vacancy rises, construction starts have begun to ease, which will help stabilize the market over the medium term.

EMPLOYMENT TRENDS



CONSTRUCTION TRENDS



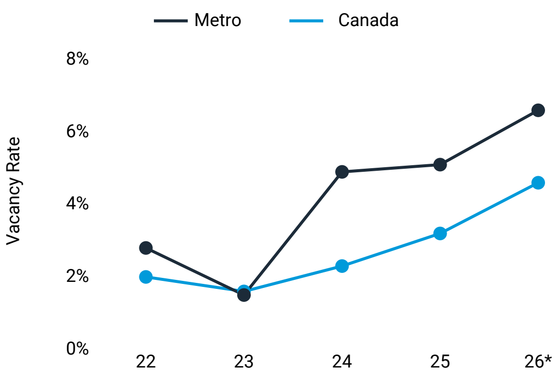
* Forecast

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

VACANCY

Calgary's apartment vacancy rate will approach 7 per cent this year, a sharp reversal from the record-low 1.4 per cent in 2023. This exceptionally tight market triggered a wave of development. Now, the surge in completions is outpacing demand and pushing vacancy higher. Despite Alberta continuing to lead the country in population growth, supported by its relatively lower cost of living, tighter federal immigration policies are slowing in-migration and creating some headwinds for apartment demand.

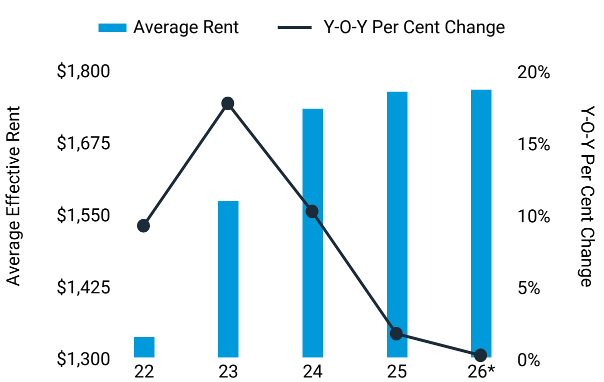
VACANCY TRENDS



RENT

The average apartment rent in Calgary is forecast to plateau in 2026 after years of outsized gains, as the recent wave of construction creates greater competition among more recently delivered inventory. Some rent contraction is expected, primarily driven by newly completed properties, where competition for leases has prompted greater use of tenant concessions. Renters are increasingly prioritizing value in a more balanced market.

RENT TRENDS



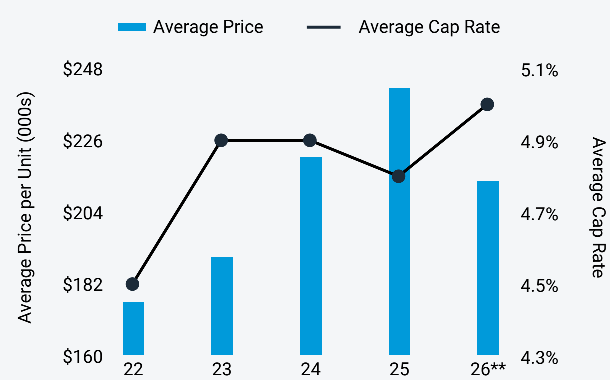
INVESTMENT HIGHLIGHTS

- Rising vacancy and moderating rent growth tempered investor demand, with multifamily sales down sharply over the past year ended March. Total trades fell by over 50 per cent, contributing to a nearly 50 per cent drop in dollar volume. While sales data in Alberta does take longer to register, investment activity was also well below historical norms. The annual transaction count was nearly 20 per cent below the metro's trailing-10-year average. That said, dollar volume was up 15 per cent compared with historic levels.

- Softening market fundamentals and more measured investor demand have pushed Calgary's average apartment sale price down by roughly 12 per cent over the past year to approximately $210,000 per door. Despite this moderation, pricing remains nearly 25 per cent above pre-pandemic levels, reflecting the metro's strong population growth and increasingly diversified economy over that period. Meanwhile, multifamily cap rates have remained relatively stable at around 5 per cent over the past four years, despite recent periods of volatile borrowing costs.

- Private investors continue to dominate the apartment transaction market, accounting for 57 per cent of dollar volume over the past year, up from 53 per cent in 2024. Meanwhile, institutional activity has slowed as supply-side pressures and softening fundamentals have shifted focus to other Canadian markets. Institutional buyers accounted for virtually none of the metro's multifamily investment volume over the past year, down from an already low 10 per cent in 2024.

SALES TRENDS



* Forecast ** Through 1Q

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

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