



Greater Calgary multifamily overview

Fall 2024

**AVISON
YOUNG**

Multi-residential trends to watch



Population and rent growth

The Calgary rental market is experiencing a period of incredible growth, fueled by a massive influx of new residents. The search for affordability, flexibility, and lifestyle has driven many Canadians to relocate to Alberta, evidenced by domestic migration numbers that leads the country. Also, with the country welcoming half a million new immigrants per year through 2026, it is expected that new watermarks for growth will be reached in the near future.



Property values debt and equity

As demand for all types of housing continues to rise, the debt market remains under pressure to serve a growing population. Calgary's property values have increased, but remain significantly lower than many of its peers in both eastern and western Canada. Rental rate growth is expected to contribute to both supply and demand in the multifamily market.



Market insights and transactions

With a limited supply of new purpose-built rental products, investors of all shapes and sizes are looking to capitalize on an underserved market. Meanwhile, construction is moving at a torrid pace to make up for the supply gap. Calgary has entered the spotlight among the investment community as a promising market for both development and capital allocation.

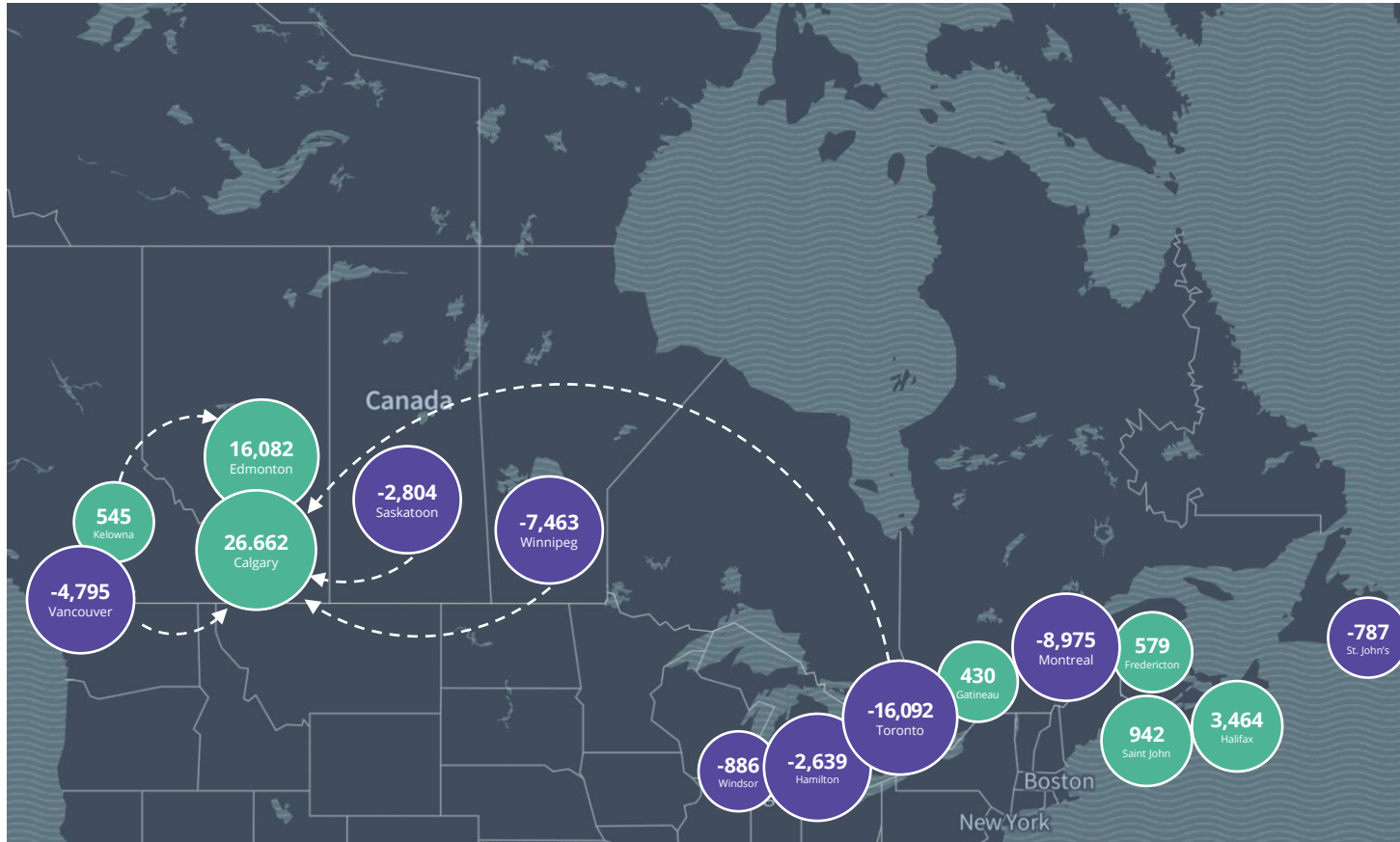
Greater Calgary trends

Population and rent growth

The search for affordability, flexibility, and a better lifestyle has driven many Canadians to relocate to Alberta.



Population growth due to interprovincial migrations

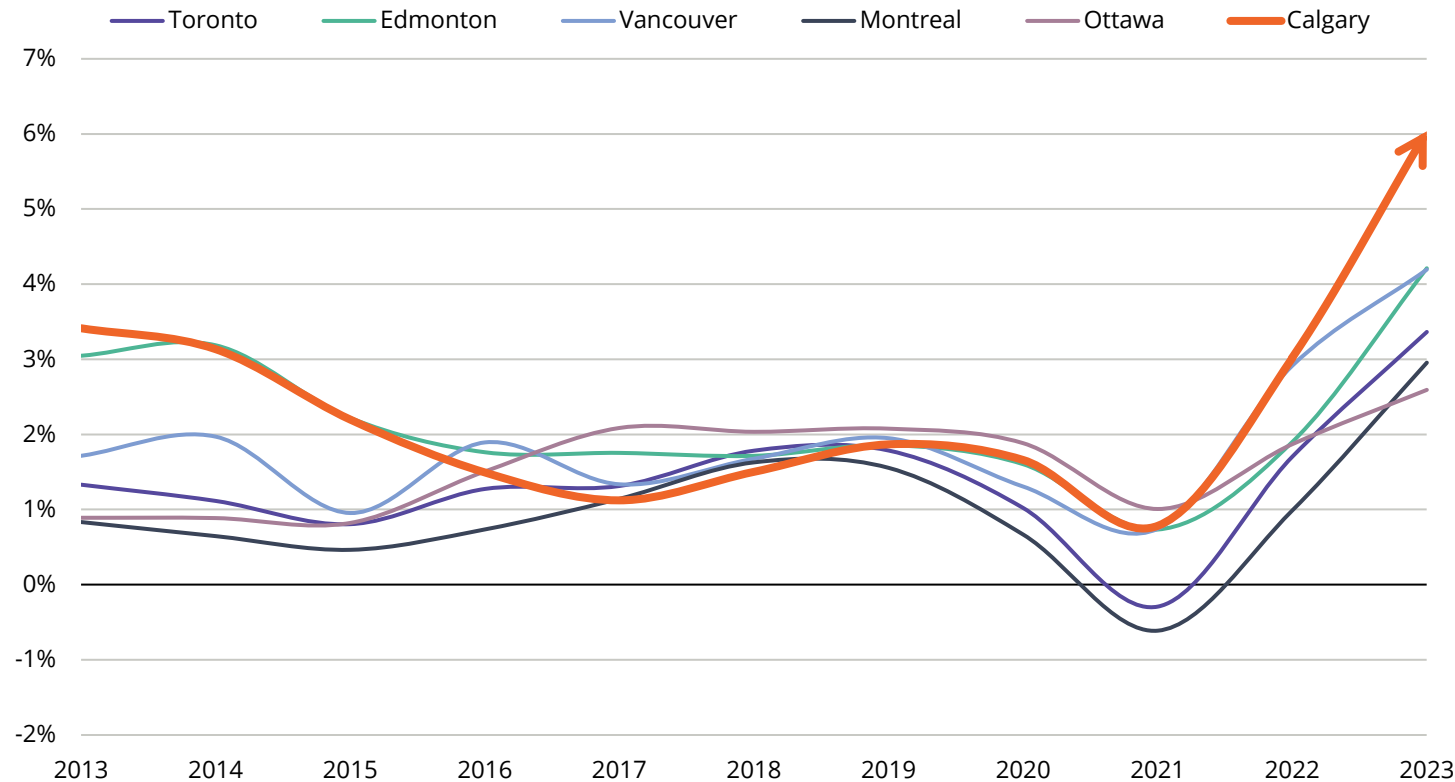


- **1.68 million total population** as of 2023 (Calgary)
- **+16,186 increase of natural population** in 2023 (Alberta)
- **+131,510 increase of net international migration** (Alberta)
- **+9% of projected growth** in the next three years (Alberta)
- **\$607,000 average home price** as of July 2024 (Calgary)
- **38.1 median age** in 2023 (Alberta)
- **+42,744 total interprovincial migration** (Alberta)

Population and rent growth

Population growth across Canada's major markets

Percentage growth compared to Canada's largest markets



“Calgary has been one of the main benefactors of Alberta's population boom, with annual growth rates projected to lead all major cities. While the current spike in growth is unprecedented, it's important to remember that Calgary has long been a national leader in this category.”

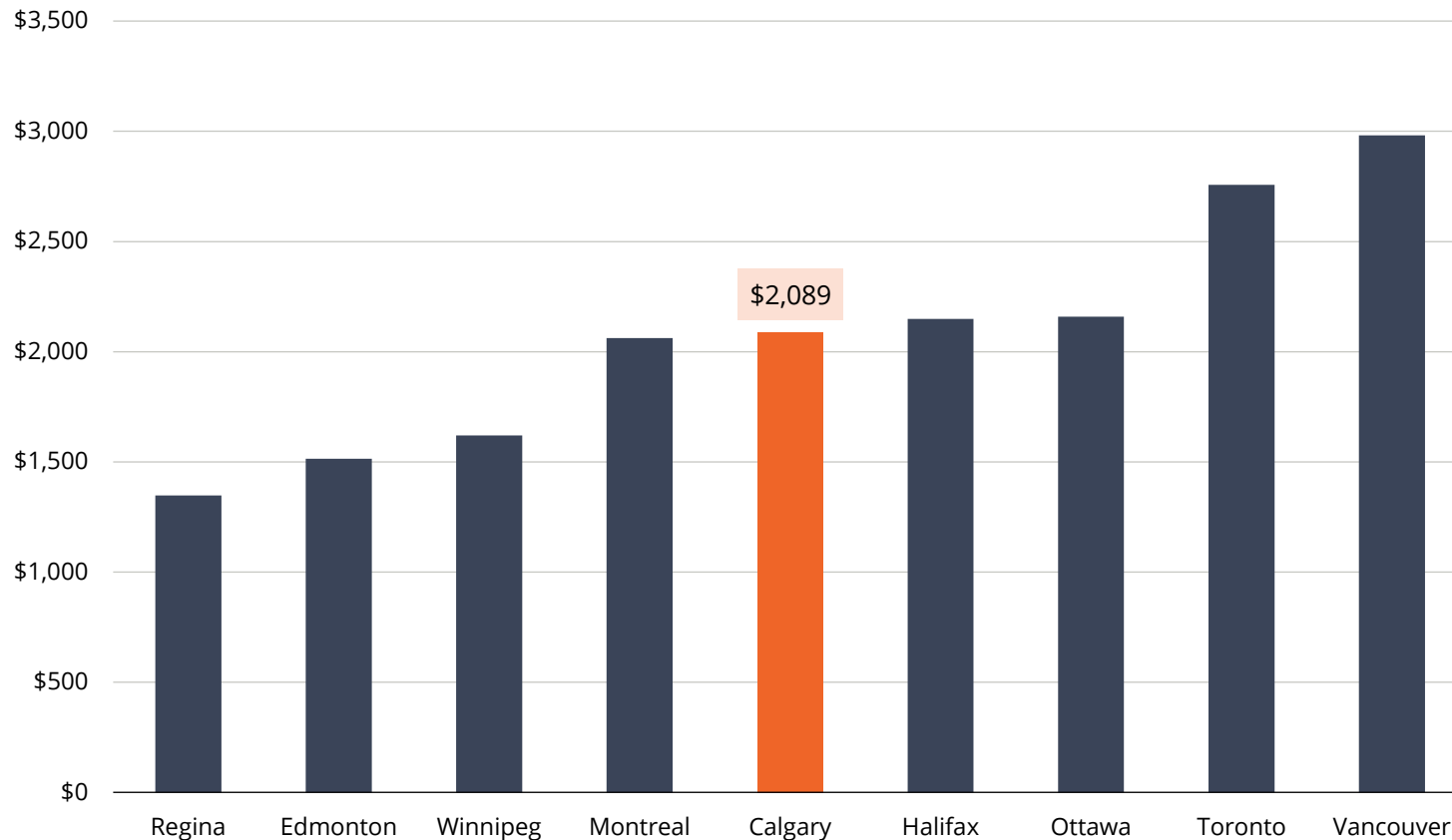


Ben Tatterton
Research Manager
Market Intelligence
Calgary, AB

Population and rent growth

Average rental costs in Canada's largest markets

Average apartment rents across multiple-bedroom types



Averaging apartment rents across multiple-bedroom types, Calgary is placed roughly in the middle of the pack for affordability.

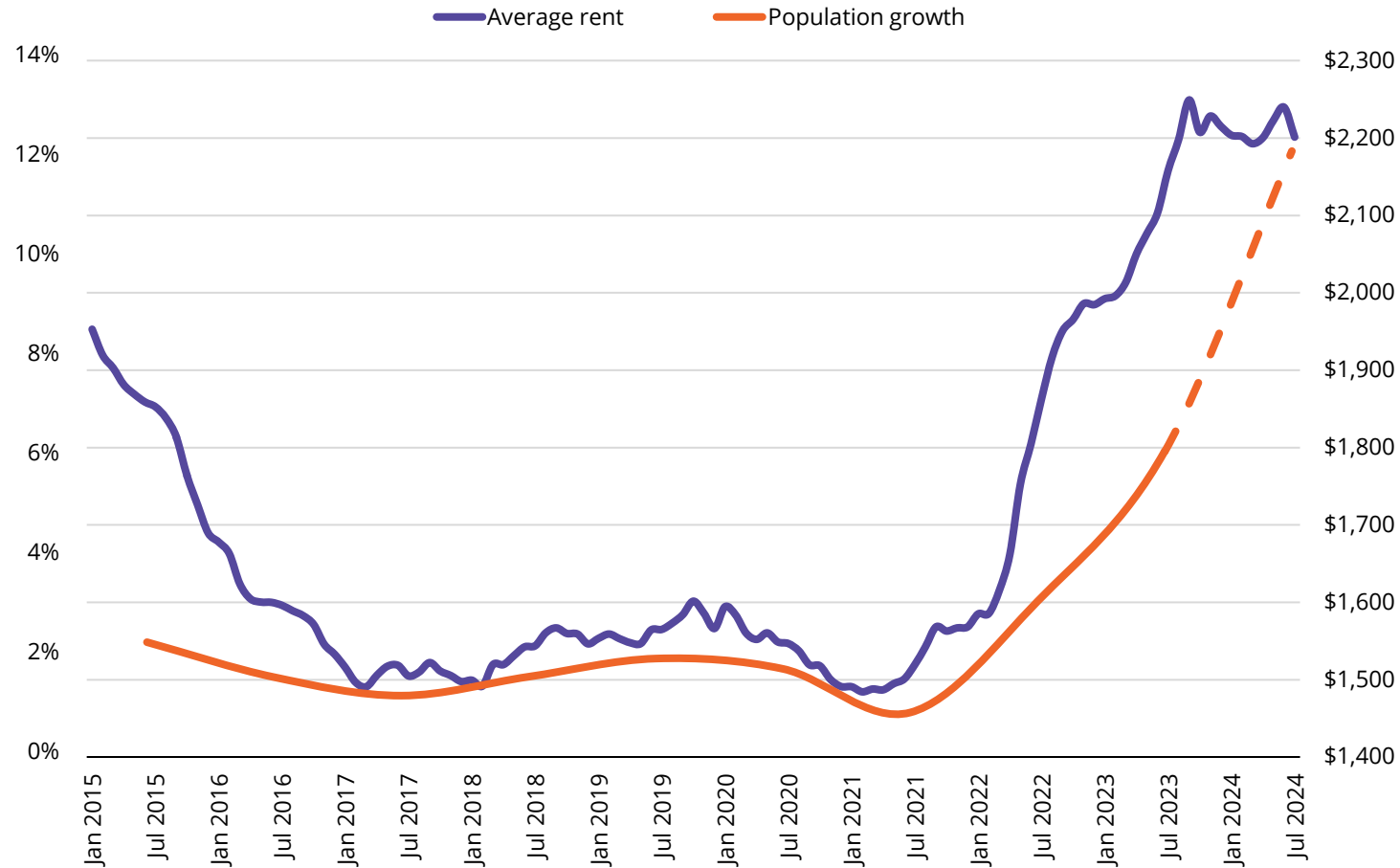
Combined with economic opportunities and other desirable attributes, it's clear to see why more people are choosing to move to Calgary.

- **+\$526 per month rent increase** since 2021
- **+8.6% total rent growth** in Calgary from June 2023 to June 2024
- **+16.4% growth** in Alberta (highest in the country) from 2023 to 2024

Population and rent growth

Greater Calgary rental market

Average overall rent and population growth



“Rental rates collapsed after the 2014 oil crash and bumped along the bottom until mid 2021. Population growth kicked into high gear post-pandemic and Calgary witnessed massive rental rate escalation. We forecast moderate growth of between 3% to 5% over the near term which is still above the historical mean.”

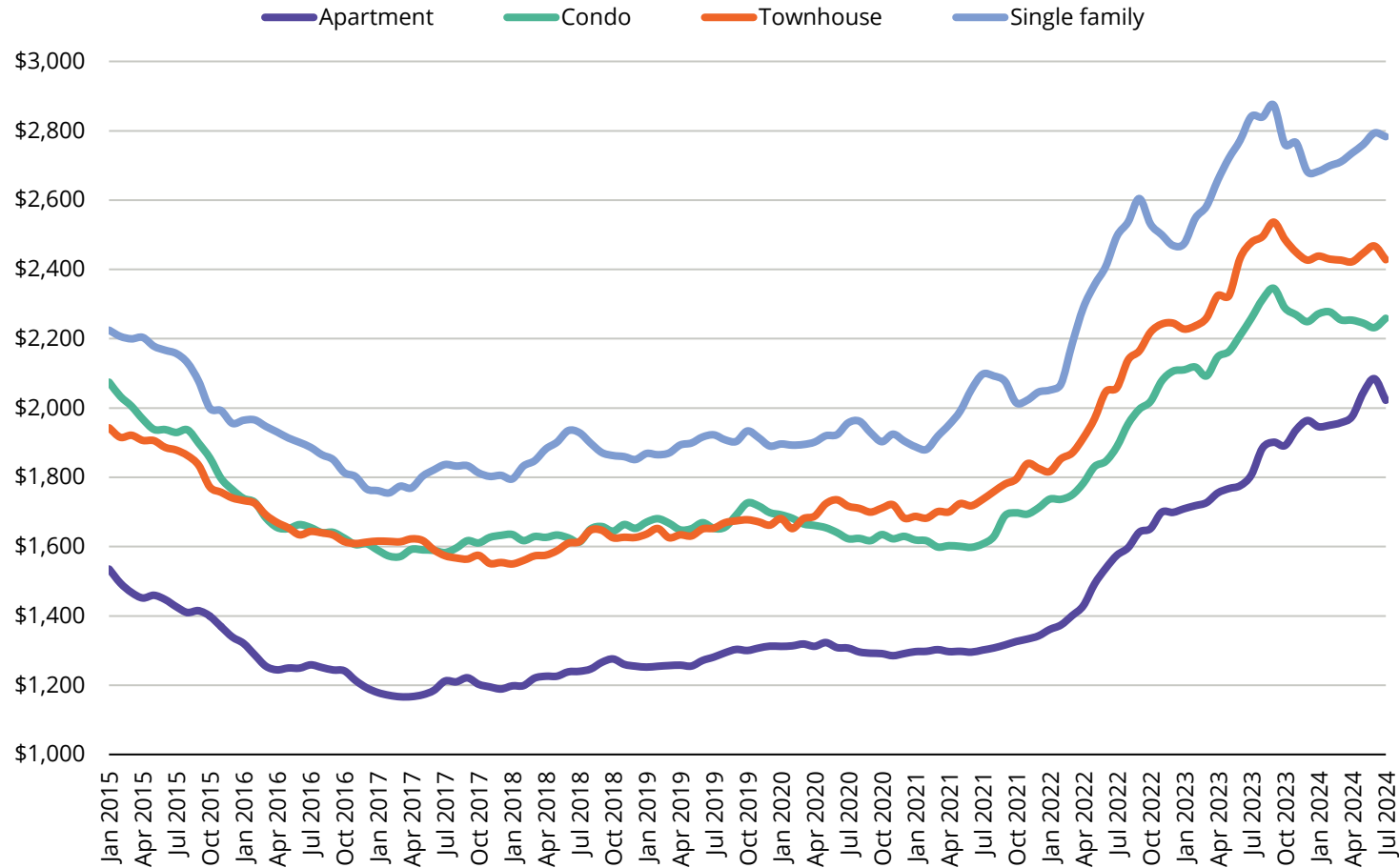


Chris Chorinhos
Director, Valuations and
Advisory Services
Calgary, AB

Population and rent growth

Greater Calgary rental market

Average rent by property type



The shadow market represented by condo rents (private investors) historically surpasses asking apartment rents (sophisticated professional and institutional landlords).

Professional developers brought on new supply in 2022 to 2023 and grabbed market share from the shadow market as tenants flocked to similarly priced, professionally managed and amenity-rich projects.

Greater Calgary trends

Property values, debt and equity

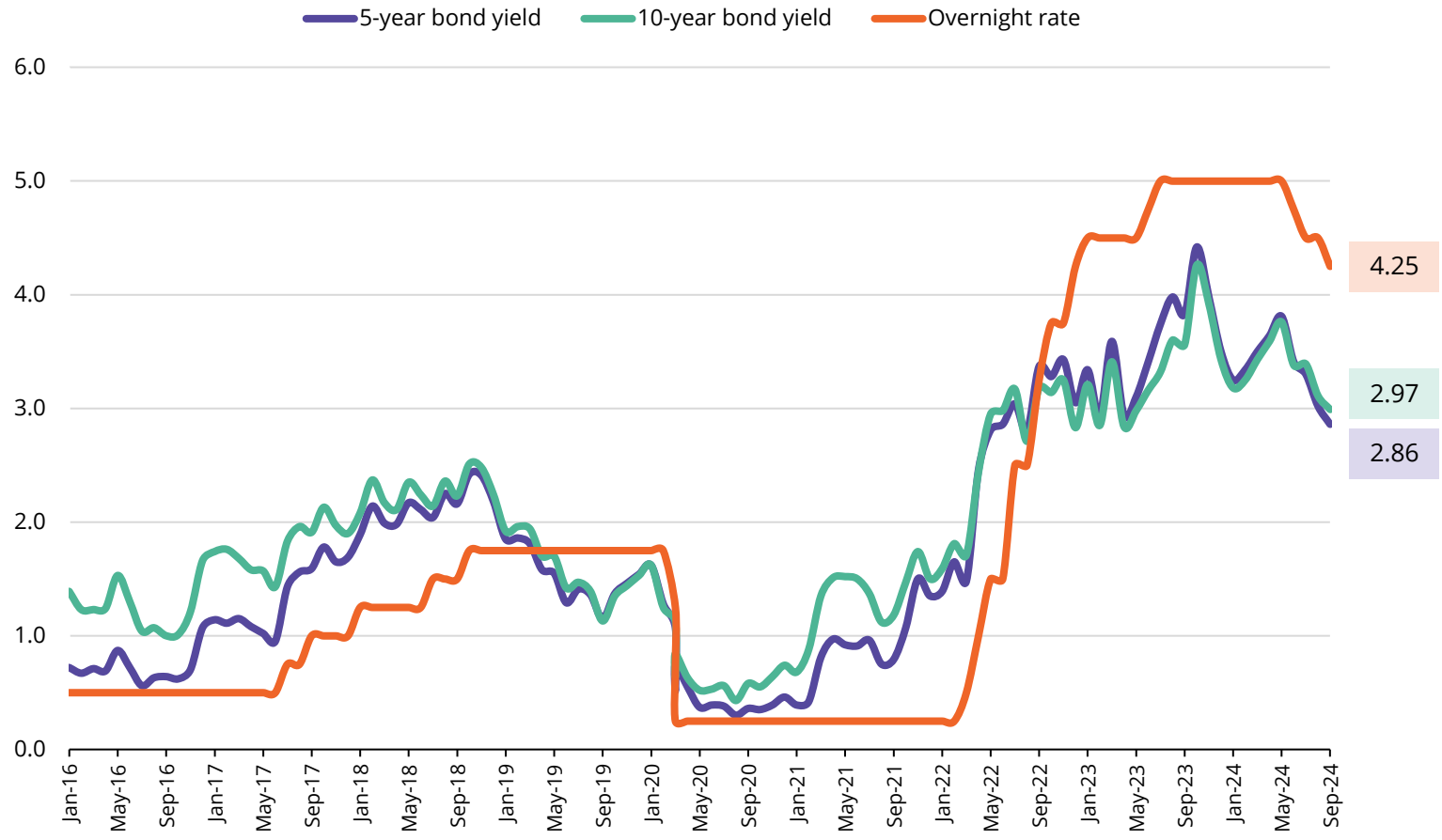
Property values in Calgary have been on the rise, however, remain significantly lower than many of its peers in both eastern and western Canada.



Property values, debt and equity

Debt markets

Bond yields and interest rates overtime



“Over the past 12 months, bond rates have been highly volatile due to persistent inflation in Canada and the U.S. Initially, five and 10-year bond rates are expected to fall below 3 by year-end, and current forecasts now predict they will float close to 3, depending on upcoming CPI and GDP data.”

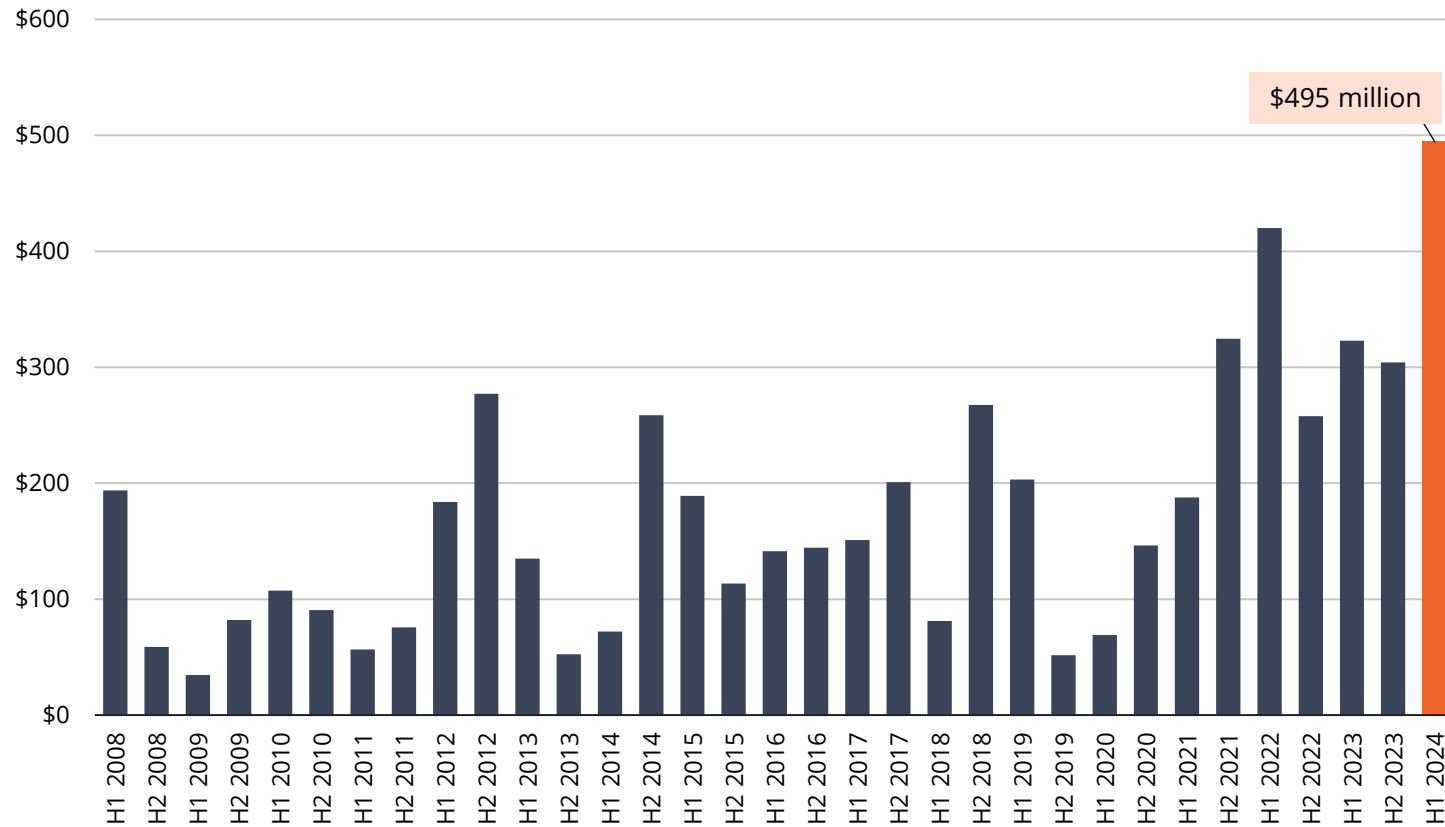
Despite this, we believe lenders will maintain an optimistic outlook on the Alberta market due to its strong economic trajectory and population growth.”



Brennan Yadlowski
Principal & Managing Director
Calgary, AB

Multifamily sales volume over the past ten years (semi-annual)

Sales volume in millions



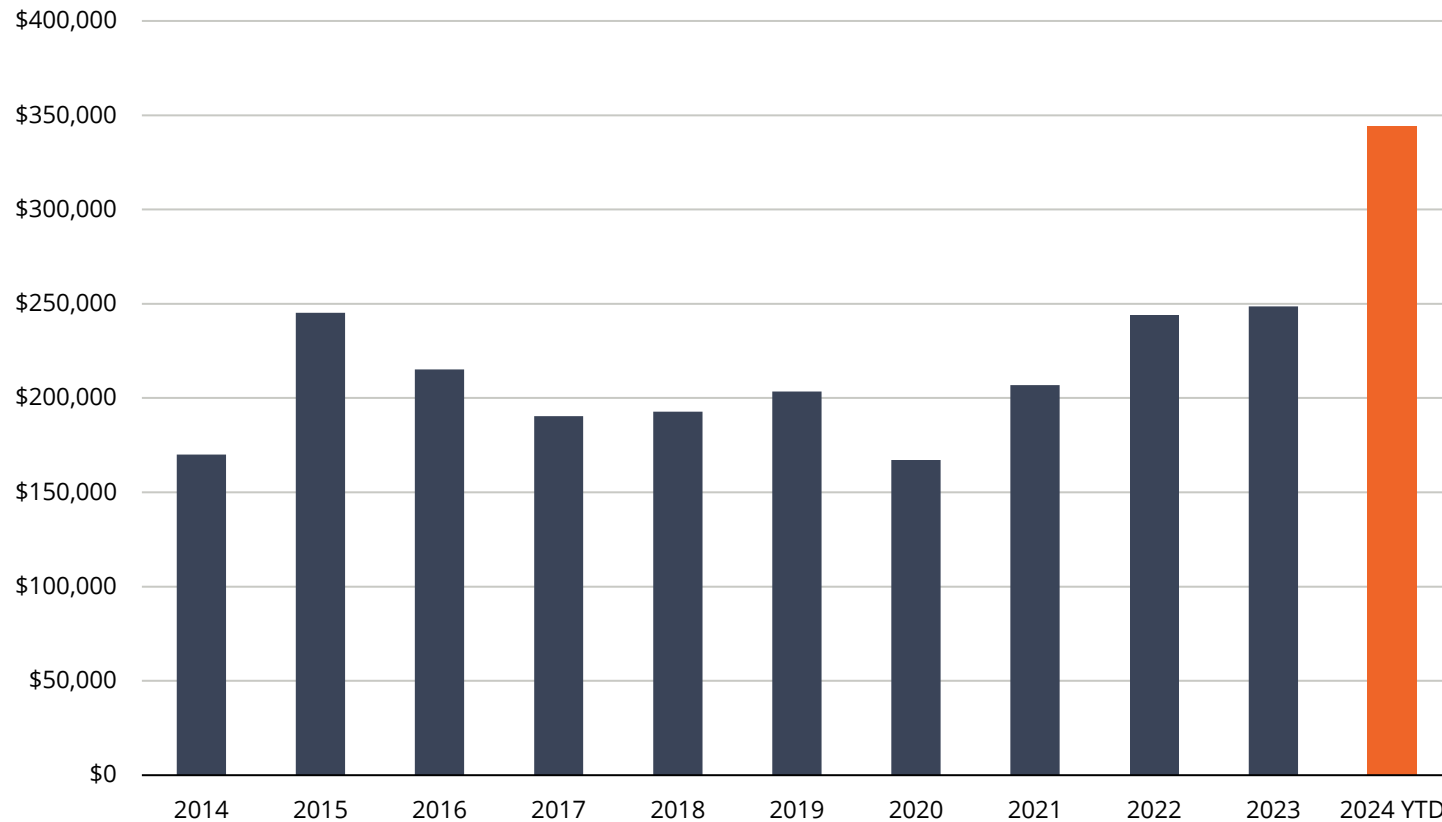
In the first half of 2024, sales volume reached \$495 million, marking the highest figure for this period in the last decade and representing a 63% increase compared to the second half of 2023.

This surge can be attributed to the recent reduction in interest rates, which remained at 5% for nearly a year, combined with the impending increase in capital gains tax. These factors prompted a short-term rush among vendors to finalize sales before the higher tax inclusion rates took effect.

Property values, debt and equity

Multifamily transactions

Historical total average price per unit



“With the surge of out-of-province interest and unprecedented rent growth, the pool of purchasers has increased. Naturally, this translates into a higher price per unit metric.

The increase in per door pricing is realized at a high degree among concrete, where we have seen more of a dramatic increase on a price per unit basis. This is due to a variety of factors, but the desirability of this product type among aggressive out-of-province and local operators has been apparent. Overall, the price per unit metric we will see in 2024 will be historically high compared to any other year in the Calgary market.”



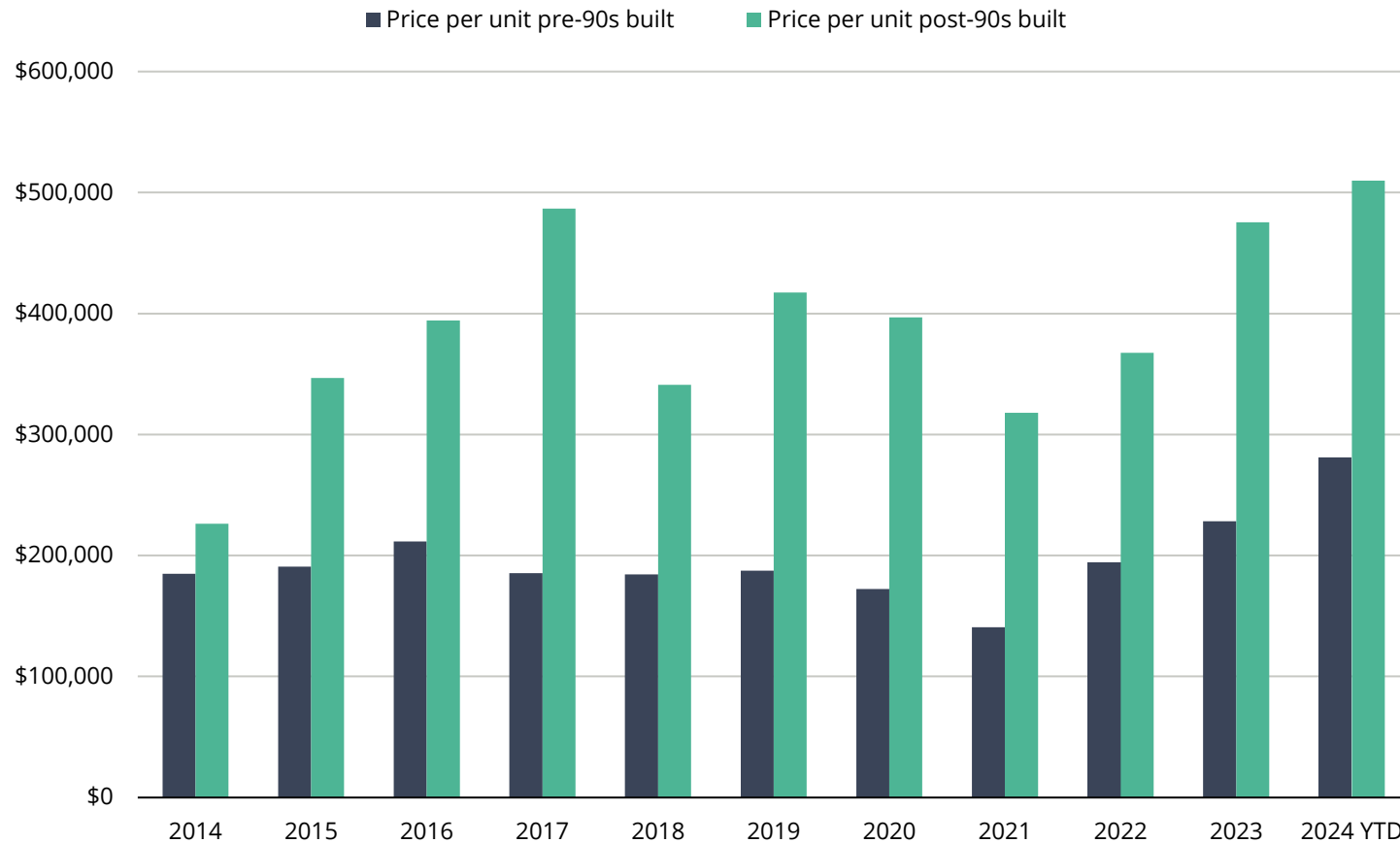
Haig Basmadjian

Senior Associate
Multifamily Investment Sales
Calgary, AB

Property values, debt and equity

Multifamily transactions

Historical total average price per unit



“Calgary's multifamily market is booming, driven by strong rent growth, stable expenses, and reduced vacancies. This has boosted renter demand, leading to higher NOIs and rising property values in 2023-2024.

Legacy apartment buildings, ideal for value-add strategies, are in high demand, with competitive bidding pushing prices up. Newly built assets are also sought after if priced right and offer strategic locations, quality amenities, and strong rent growth.

Calgary's market outperforms others, attracting significant investor interest and record transaction volumes.”



Mason Thompson
Senior Associate
Multifamily Investment Sales
Calgary, AB

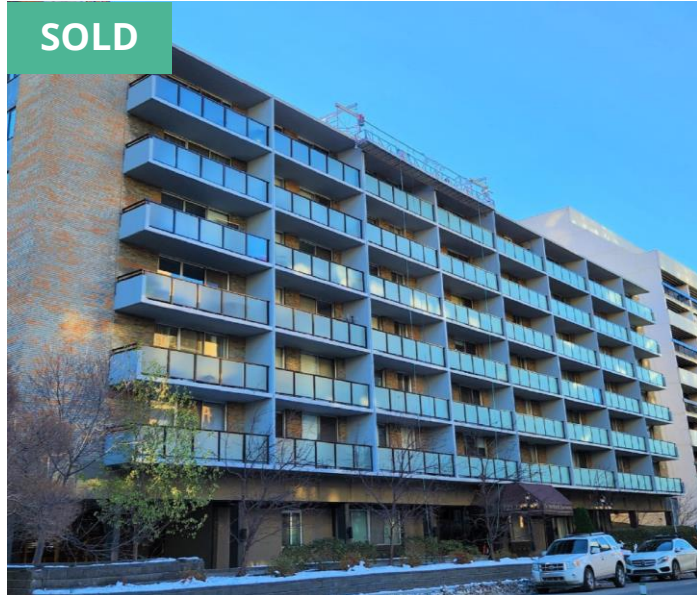
Greater Calgary trends

Market insights and transactions

Calgary has entered the spotlight among the investment community as a promising market for both development and capital allocation.



Recent Avison Young transactions



Building	Central on 12th	Lincoln Towers	Silvera in Bridgeland
Address	715 12 Avenue SW	703 14 Avenue SW	15 – 11A Street SE
Size	98 units	32 units	Site A & B – 1.42 acres; 1.54 acres
Details	1969 Concrete constructed building located in the Calgary Beltline	1960 re-enforced concrete constructed building located in the Calgary Beltline	Sizeable and scalable development position with a buildable sf of 515,376
Sold price	\$18,500,000	\$6,250,000	Unconditionally sold
Building	Central on 12th	Lincoln Towers	Silvera in Bridgeland

Market insights and transactions

Multifamily listings

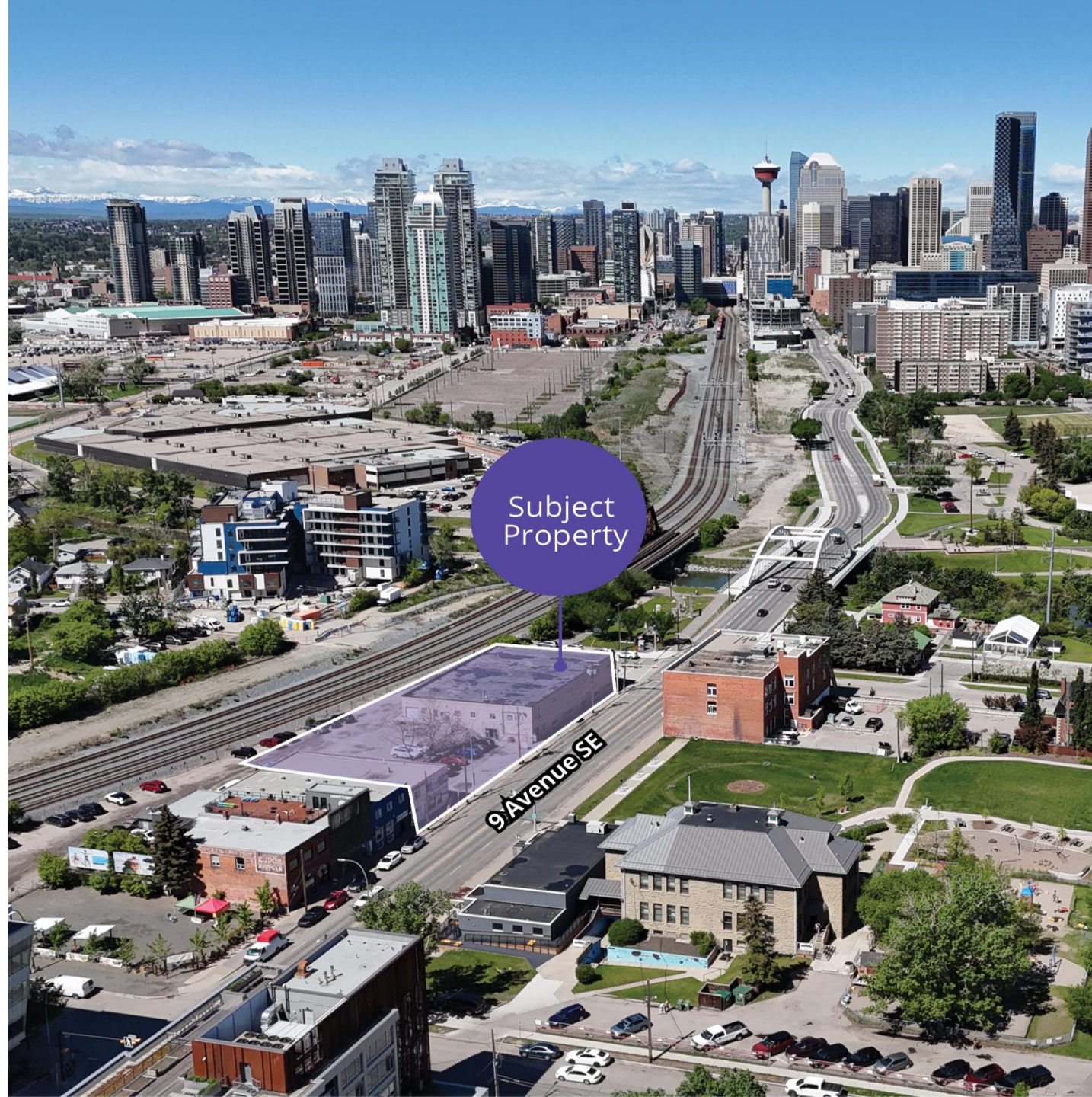
Gateway in Inglewood

Address: 907 – 915 9 Avenue SE

Size: 26,909 sf | 0.62 acres

Details: Opportunity for a developer to acquire a highly desirable development site in the historic neighbourhood of Inglewood. Located directly adjacent to major traffic corridors, retail amenities, and a future designated LRT station. This site offers excellent long-term investment potential.

Price: Contact for price



Market insights and transactions

Multifamily listings

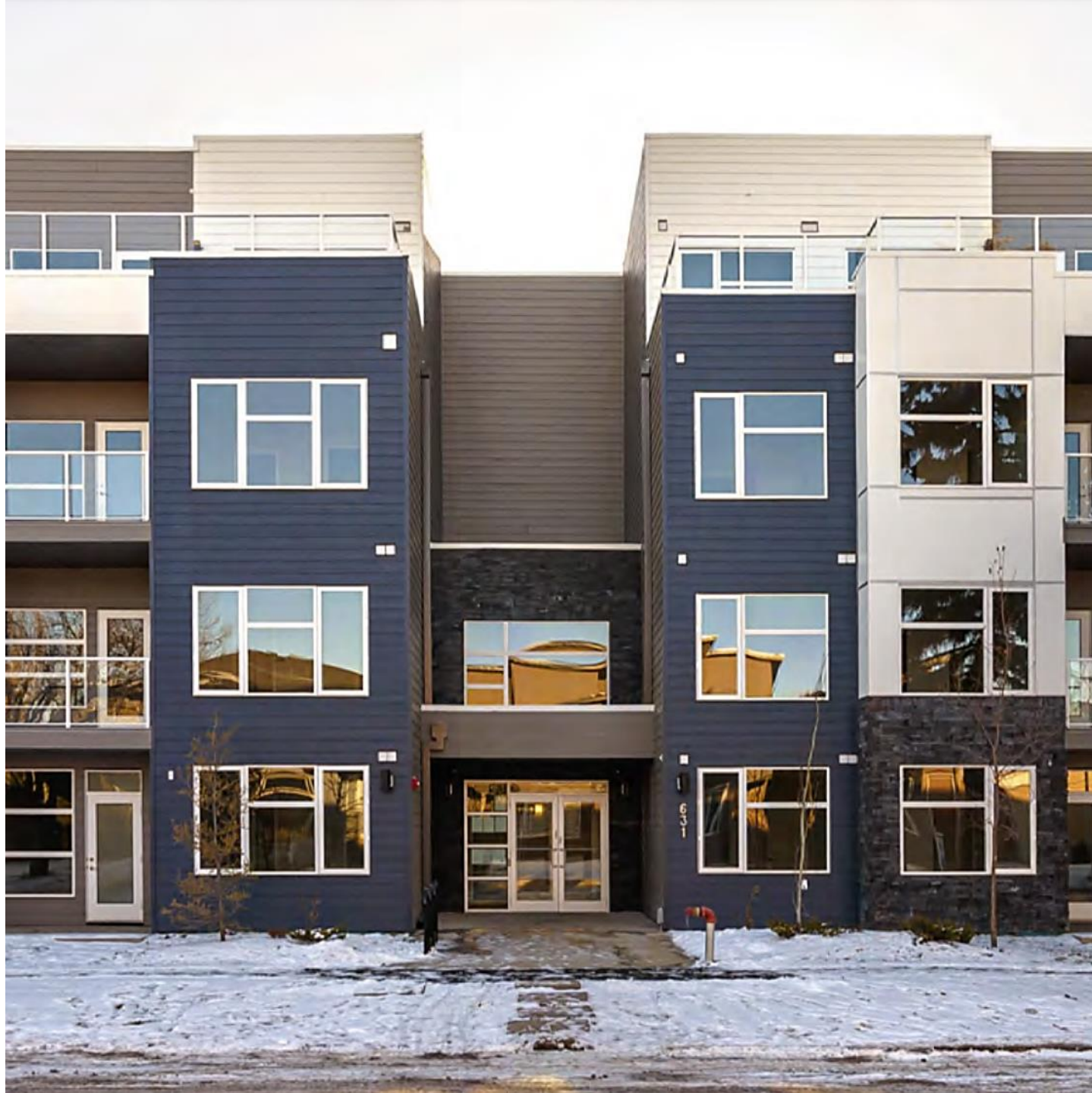
Mount Pleasant Place

Address: 631 17 Avenue NW

Size: 58 units

Details: Four-storey wood-frame construction. Strong occupancy rates and high demand, a stand-out as a top rental option in the area. Features new build finishes and efficient layouts, ensuring strong rental rates and tenant retention. Centrally located, offering excellent accessibility.

Price: **Contact for price**



Market insights and transactions

Broker insights

Investors benefitting from multiple factors

“Rental growth, immigration, inter-provincial migration, and the absence of rent control have been the saving grace for investors in the Calgary multifamily market.

With unprecedented growth and buoyancy in the rental market, Calgary has been able to stand resilient in the face of rising operating costs and a high interest rate environment. Though Calgary is not immune to the compelling and challenging headwinds the market has faced, it has shown to be the market of choice for investors and operators looking to capitalize on the Calgary advantage.

Despite the dramatic and unprecedented increase in per unit pricing, Calgary's asset performance still produces attractive yields that can also be effectively financed. As market experts and specialists completing many of these transactions, we have been on the forefront of facilitating this robust investment into our city, assisting clients in expanding their holdings in Calgary or entering the market for the first time.”



Haig Basmadjian
Senior Associate
Multifamily Investment Sales

A more complex development context

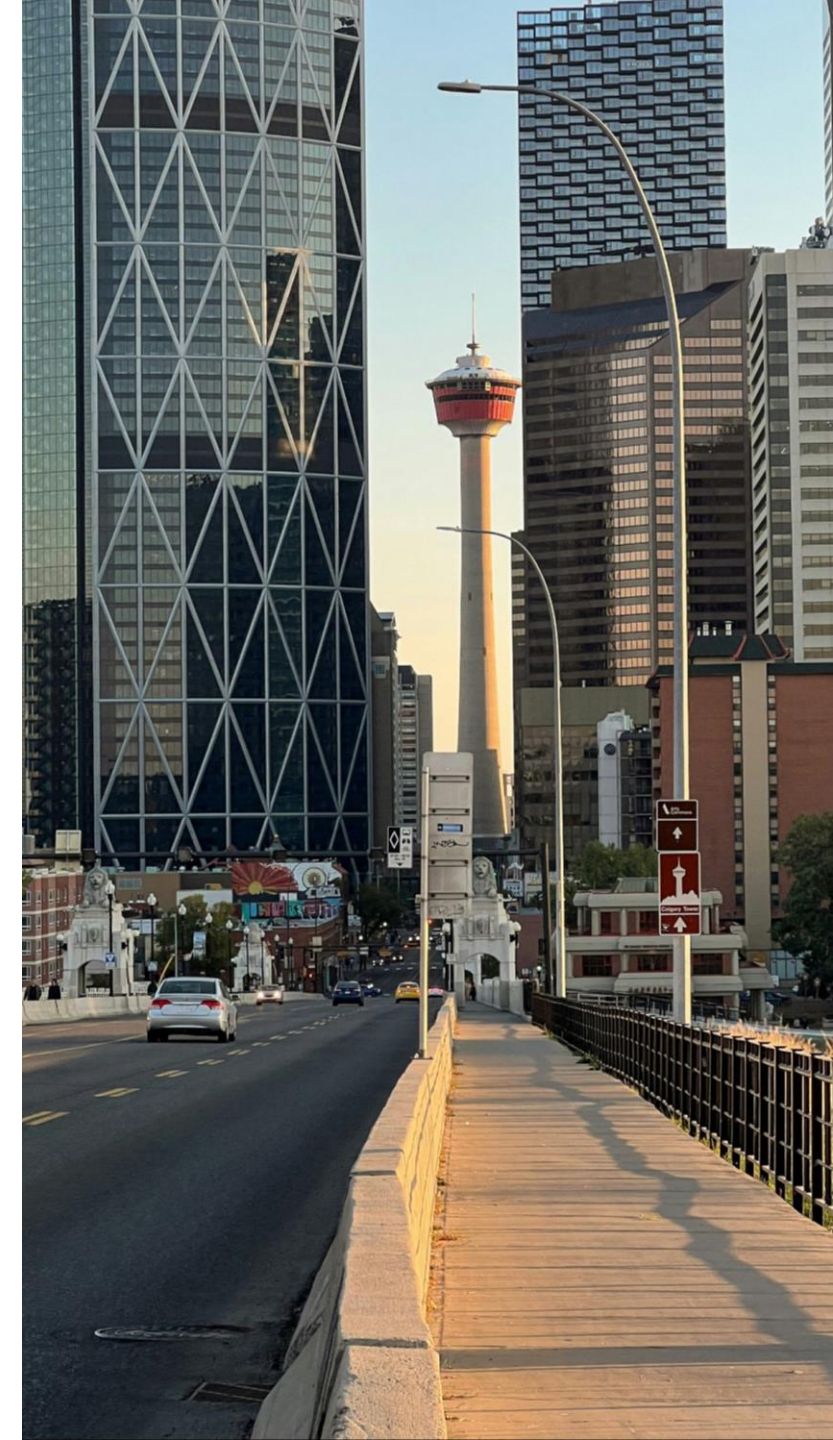
“Demand in Calgary is underpinned by rent growth, absorption rates, and high levels of migration. The limited inventory of rental apartments, particularly in Calgary's desirable inner-city, has strengthened the business case for developing new multifamily assets.

Calgary is at the front of innovation with initiatives such as office conversion projects and blanket rezoning efforts. Despite these, the current rate of new supply is still insufficient to meet demands for rental housing. However, unlike other major markets, we benefit from an abundant land supply and a zoning/permit process that is streamlined and less encumbered by planning delays. This makes the development of multifamily assets easier.

Wood-frame construction and favorable lending programs, like CMHC MLI Select, are fueling a development boom, primarily in 4-6 storey wood-frame apartments and stacked townhomes. Developers are prioritizing location, sub-market performance, and site configuration in project selection.”



Mason Thompson
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For more market insights and
information visit **avisonyoung.ca**

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