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Rental vacancy at lowest levels since 2014, affordability gap grows: CMHC

The CMHC also points to concern over the gap continuing to grow for affordability for those in the lowest income brackets.

Josh Aldrich Published Jan 26, 2023



Rental housing in Calgary on Tuesday, August 23, 2022. Darren Makowichuk/Postmedia

The rental market in Calgary is as tight as it has been since the last big oil boom.

According to the Canada Mortgage and Housing Corp.'s Rental Market Report for January, vacancies in the purpose-built rental market have dropped to 2.7 per cent, with the average rent for a two-bedroom unit up six per cent to \$1,466. In the condo apartment market the vacancy rate is 1.8 per cent, with the average two-bedroom unit going for \$1,648.

Michael Mak, senior analyst for CMHC, said this is due in large part to record interprovincial and international migration to the city. Despite large amounts of inventory coming online, vacancies are still dropping.

“It is the hope that these units coming online will help to ease the market,” he said. “The good news is there is a record amount of units under construction in Calgary and a complete flip toward building purpose-built rental homes.”

The report showed an eight per cent increase in the number of units in 2022, but the number of occupied units grew by 10.7 per cent.

Twelve months ago the vacancy rate across all purpose-built properties was 5.1 per cent. The last time it was this low was in 2014, when vacancies were at 1.4 per cent.

Vacancies falling, rents rising

The Beltline is the only Calgary zone that saw vacancies increase, to 5.1 per cent, but it is also the zone with the highest concentration of units and the CMHC expects the rate to drop again.

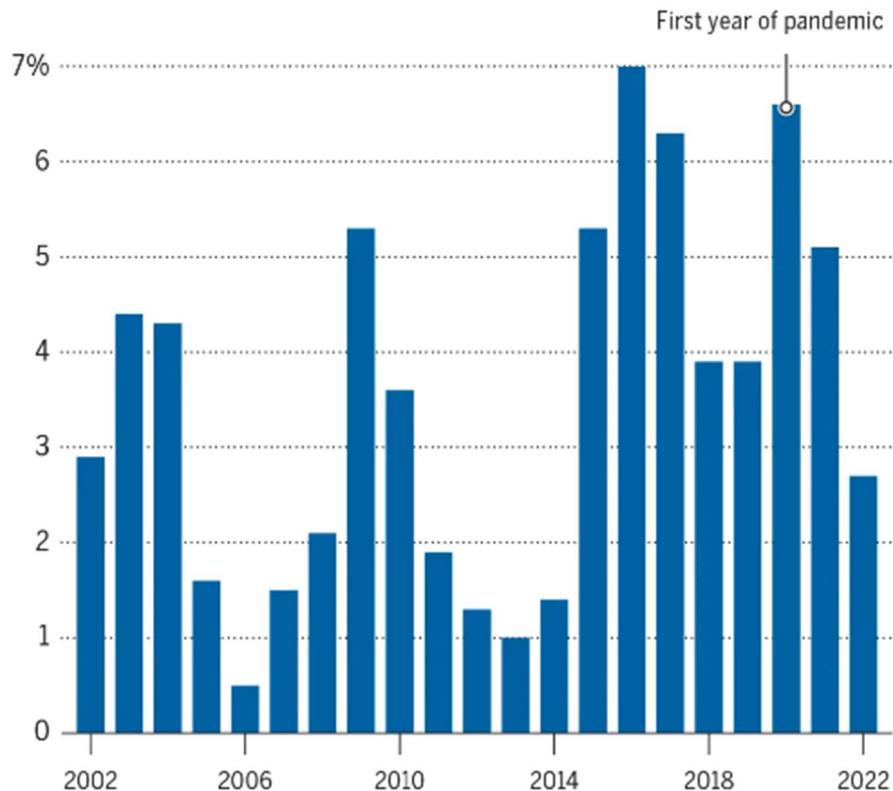
The downtown rate in buildings with between 100 and 199 units fell from 11 per cent in 2021 to 0.4 per cent, partly due to a return to offices after the pandemic sent many workers to the suburbs under work-from-home orders.

For families looking for a rental property, the market got even tighter over the past year. Townhouses fell from 2.9 per cent vacancy in 2021 to one per cent in 2022.



CALGARY'S RENTAL VACANCY RATE

Overall vacancy rate dropped to 2.7% in 2022, the lowest since 2014. Record migration into Alberta largely supported rental demand.



SOURCE: CMHC MARKET REPORT

DARREN FRANCEY / POSTMEDIA

The report does not take into consideration the secondary rental market — basement suites, detached homes and other investment properties — which play an important part in the rental market.

According to Rentals.ca, year-over-year, average rent in December for a one-bedroom in Calgary was up 20.2 per cent (\$1,497), and 17.8 per cent (\$1,854) for a two-bedroom. Still, Calgary was ranked 25th out of 35 cities for average monthly rent. It also had average rents in purpose-built and condo apartments at \$1,816 per month, an increase of 22.6 per cent. Toronto had the highest average increase at 22.7 per cent.

Edmonton was 30th on the list with one bedrooms at \$1,114 and 29th for two bedrooms at \$1,423.

An ‘affordability crisis’

The CMHC also points to affordability concerns for those in the lowest income brackets. For households earning \$36,000 a year or less, only five per cent of the purpose-built stock in Calgary is deemed affordable, and the vast majority of those units are bachelor or one-bedroom.

And the CMHC said the bulk of the new units coming online do not address this need.

Meanwhile, 76 per cent of the inventory in Calgary is deemed affordable for those earning between \$36,000 and \$64,000 a year, but this segment has the lowest vacancy rate at 1.5 per cent.

Meaghon Reid, executive director for Vibrant Communities Calgary, called it an “affordability crisis.”

She said the wait list in Calgary for affordable housing has grown from 4,600 in 2019 to 4,800 in December. She said for the province to meet its own goals on affordable housing, it would need to spend at least \$90 million a year.

Higher rents are putting even more pressure on Calgarians across the financial spectrum, with increasing debt loads, rising interest, and the rising cost of food and other essentials such as utilities and transportation.

“It speaks very strongly to the fact that Calgarians and Canadians generally are getting squeezed on every possible level,” Reid said. “Maybe somebody could afford increased rent if they weren’t also trying to accommodate increased food prices, increased gasoline prices, increased insurance prices, but we put all those together and of course what happens is that people’s lives have become rapidly unaffordable.”

She encouraged people to call 211 if they are in search of affordable housing and other supports, even to get on the wait list.