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## Edmonton's new housing construction dipped in 2023 as Alberta's population booms

New housing starts down 10 per cent in Edmonton, according to CMHC



Madeline Smith || March 28, 2024



A new CMHC report shows new housing starts in Edmonton declined 10 per cent in 2023, compared to the year before. (Jason Franson/The Canadian Press)

The pace of new housing construction declined in Edmonton last year even as a record number of new residents moved to Alberta.

The latest numbers from the Canada Mortgage and Housing Corp. (CMHC) show housing starts in Edmonton declined 10 per cent compared to 2022, as work began on 13,184 new units.

Calgary, on the other hand, hit an all-time high for new housing starts last year, with nearly 20,000 new units — a 13 per cent increase from 2022.

CMHC data shows housing starts in Edmonton are still above the average, with population-adjusted numbers, across Canada's six largest cities.

But with Alberta's population increase exceeding 200,000 people last year — including more than 55,000 people moving from other parts of Canada — the blistering pace of growth is also fuelling housing demand.

Kalen Anderson, CEO of the Edmonton Metro chapter of the Urban Development Institute, said city and industry leaders need to be strategic about how to accommodate all the new arrivals.

"The last thing that we want to have happen is that we attract people to Alberta, in large part due to our affordability, and then fail to deliver on that promise," she said.

## **Edmonton's unsold housing inventory still high**

CMHC housing economics specialist Adebola Omosola said housing inventory is part of the reason why new residential construction looks different in Alberta's major cities.

Calgary ended 2023 with low levels of available housing inventory, while Edmonton saw an increase to completed but unsold units, especially single-detached homes.

Omosola said that level of unsold supply can make developers and home builders hesitant to start new projects.

"We do believe that's one of the reasons why it seems like the housing market in Edmonton seems more affordable compared to other [major cities] as well."

Calgary's new apartment rental starts jumped to an all-time high at 9,034 units. That accounts for close to half the city's total new starts as developers responded to shortages in the rental market, the CMHC report stated.

Edmonton has yet to follow suit, with 4,106 new purpose-built rental unit starts in 2023 — a 14 per cent decrease from 2022. But with rental vacancy rates dropping below three per cent last year, the city is now feeling the same supply squeeze that started slightly earlier for Calgary.

"It is very possible that more purpose-built rentals might come on the market this year, but that's also still subject to all the various financing conditions, and then being able to get the materials needed for starts as well," Omosola said.

Anderson is advocating for incentives to spur residential construction in downtown Edmonton as one measure to boost the city's housing supply.

"The growth is here. The leading indicator is the rental supply," she said.

"We need to ensure that we have adequate [housing] supply to bring online when it's needed, and no later, because that's what will keep the housing prices low for consumers."