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## **Apartment rents are so high in Calgary, they're approaching Toronto numbers: CMHC**

*A two-bedroom in Calgary in 2023 went for an average \$1,695 — a number expected to increase to \$1,922 by 2025*

Matt Scace || April 4, 2024



PHOTO BY GAVIN YOUNG /Postmedia

Renting a home in Calgary will likely become less available and more expensive over the next two years, Canada's housing agency predicts.

The projections come amid precipitous rent increases over the past two years that could see Calgary's average rates approach Toronto's current average rent by 2025, according to the Canada Mortgage and Housing Corp. (CMHC).

“We expect that it will get tighter,” said Adebola Omosala, analyst at CMHC for Calgary and Edmonton.

The CMHC’s 2024 outlook, released Thursday, expects Calgary’s rental vacancy rate — which ended 2023 at 1.4 per cent — to hit 1.1 per cent in 2024 and one per cent in 2025.

That’s expected to be matched with substantial increases to average rent.

A two-bedroom in Calgary went for an average \$1,695 in 2023, a number projected to hit about \$1,859 in 2024 and \$1,922 in 2025.

This comes “despite a growing rental universe,” CMHC writes in the report, largely due to major population growth and “less mobility into home ownership.” The Crown corporation notes purpose-built rental construction made up more than half of all apartment construction in 2023 — a trend it expects to continue over the next two years.

But continued record population growth and high interest rates are nudging more people into the rental market, Omosala said.

“Population growth isn’t slowing down, and as long as the stringent financing conditions keep more potential homeowners in the rental market . . . most of these people will still target the rental market first,” Omosala said. Alberta grew by 202,324 residents in 2023, roughly twice the population of Red Deer.

“We think that the level of supply that could come into the market may still not be enough to accommodate the amount of demand that will come for rentals.”

The federal government’s cap on student visas, largely targeted at major university hubs such as Ontario, isn’t expected to have an effect on Calgary’s rental market, CMHC added.

A rent increase to \$1,922 by 2025 for a two-bedroom unit in Calgary would be just short of Toronto’s current average two-bedroom rent of \$1,961.

Even so, Toronto and Vancouver aren’t expected to see rent decreases over the next two years. While Toronto’s 1.4 per cent vacancy rate is projected to reach two per cent by 2026, the average two-bedroom apartment is expected to cost an average \$2,340 per month.

Vancouver, meanwhile, may see its vacancy rate rise marginally to one per cent from its current 0.8 per cent. In that time, the average two-bedroom unit is projected to go from \$2,181 to \$2,800 in 2026.

However, several factors will be in play by that time, Omosala said. Should interest rates begin to decline by mid-year, as many economists have predicted, entering the housing market will be a more widely available option — particularly if the current supply being built is available to buyers.

But in the short-term, Calgary’s relative affordability advantage over many Canadian cities means further population growth shouldn’t come as a surprise, Omosala said.

“As long as Alberta markets are much more affordable, we still expect interprovincial migration and international migration will still drive population growth.”