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Edmonton new homes activity ramps up amid strong demand for housing

Continued lower borrowing costs likely to increase demand for single-family detached homes in Alberta's capital.

Joel Schlesinger || September 12, 2024



While single-family homes lead building starts in Edmonton, semis and townhomes are also seeing large increases. PHOTO BY DAVID BLOOM /Postmedia

Edmonton's new homes market is booming across all housing types.

The most recent statistics from Canada Mortgage and Housing Corp. show the city is building new homes at an unprecedented pace.

“Basically, if we continue at this pace for housing starts until the end of the year, we would be looking at setting a new record for the Edmonton area,” says Taylor Pardy, lead economist for the Prairies and Territories at CMHC.

“We’ve seen a strong increase across the board for all housing types.”

The Edmonton region saw more than 10,000 starts from Jan. 1 to July 31, CMHC data shows.

Single-family detached homes starts lead in terms of year-over-year gains for July, up 67 per cent with more than 3,500 starts. Yet semi-detached and townhomes have also seen large increases, particularly year to date.

“Given the building pressure on the market, especially in the existing home market, we’ve seen more people going back into, or considering, the new homes market for their purchase choice,” Pardy says.

Semi-detached home starts are up nearly 50 per cent, year to date. That’s compared with single-family home starts, up about 45 per cent. Row home starts are up about 35 per cent, while apartment starts grew about 71 per cent from the start of the year to the end of July.

Much of the activity on the apartment side, however, has been for purpose-built rentals.

As of July 31, the city had seen 3,822 rental starts, an increase of 75 per cent from 2023. In contrast, only 370 condominium apartments starts happened during that span.

That was still an increase of 42 per cent year over year, a reflection of the sleepy segment awakening as more cash-strapped buyers look at often the most affordable new housing type, Pardy says.

“The new condo segment of the market is slowly recovering after a number of years of high inventories.”

He further notes that supply of new condominium apartments has finally started to come down.

“Demand is starting to pick up again, so builders are kind of responding with a few more projects.”

More progressive zoning bylaws that were recently passed in the city have facilitated more development, says John Carter, broker/owner of Re/Max River City in Edmonton.

“This is helping alleviate the shortage of available listings, but also in many cases it’s gentrifying neighbourhoods with older homes no one would want to buy, builders are ripping them down to build new infill and, in most cases, increasing density.”

The new homes market also remains relatively affordable compared with other markets in Canada.

New single-family detached home prices only increased modestly from July 2023, up less than one per cent to \$635,938. By comparison, the average price in Calgary was up more than five per cent to \$849,994. And in Toronto, the average price of a new single-family detached home was more than \$1.6 million, a rise of more than 17 per cent.

Amid lower borrowing costs, which are expected to continue to decline over the next year, demand for single-family detached homes in Edmonton is likely to increase, Pardy says.

That will likely sop up inventory that had built up in recent years, he adds.

“We’re already seeing some of the single-detached inventory that had built up as interest rates were rising over the past few years start to come down.”