

Calgary Herald – December 17, 2024

Rent price increases slow in Calgary as vacancy rate climbs

Close to 10,000 rental units were added between April and November, allowing the market to cool off

Hiren Mansukhani || December 17, 2024



Multi-unit housing under construction on 24th Avenue N.W. in Calgary on Dec. 11, 2024. Brent Calver/Postmedia

The pace of rent price increases is slowing in Calgary, amid higher availability of rental accommodations.

The city's rental vacancy rate jumped to 4.8 per cent in October, according to a new report by the Canadian Mortgage and Housing Corp. (CMHC). In 2023, that rate was just 1.4 per cent.

“We saw a much larger influx of new rental supply hit the market sort of all at once in a short period before our survey,” said Taylor Pardy, lead economist at the CMHC.

Close to 10,000 rental units were added between April and November — more than three times the number of units introduced in 2019 — according to the CMHC, allowing the market to cool off from a year of record-level spikes in rent.

Rents have continued to rise, according to the latest report, but the growth has slowed to 8.4 per cent for all rentals from more than 14 per cent in 2023.

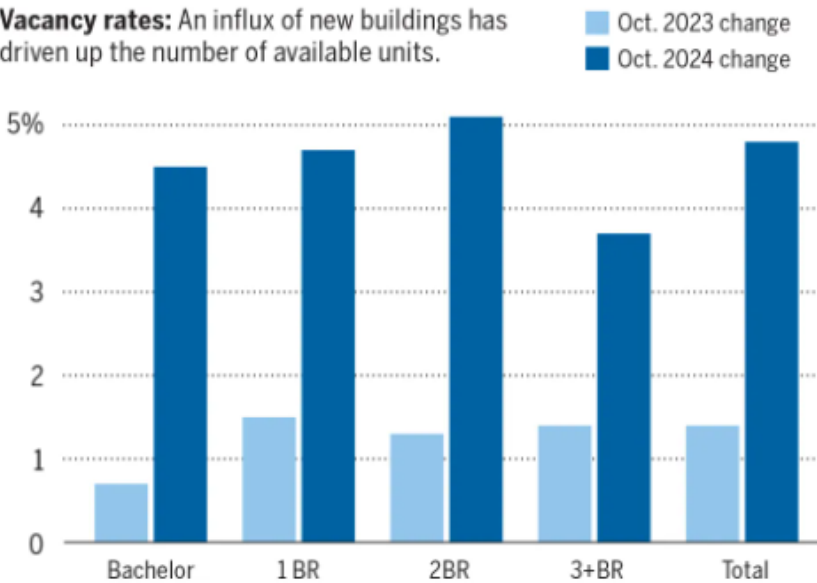
However, a recent report by Rentals.ca, which calculates the average rate from its listings, found rent for a one-bedroom in the city dropped by 5.9 per cent in November from last year, while the amount for a two-bedroom declined nearly seven per cent. (CMHC calculates its average using both available and occupied rents, surveying renters about their starting and exit rate. The sample size used in the CMHC report is more than 56,000 units in Calgary.)

Calgary's vacancy rate was the highest at 7.1 per cent in newly built units, mainly because of lower rents in older buildings. The percentage of vacant units built before 1960 was 2.1 per cent, rising to 2.5 per cent for those built between 1975 and 1989, and buildings constructed between 1990 and 2004. Vacancies climbed to 3.8 per cent in units built between 2000 and 2014.

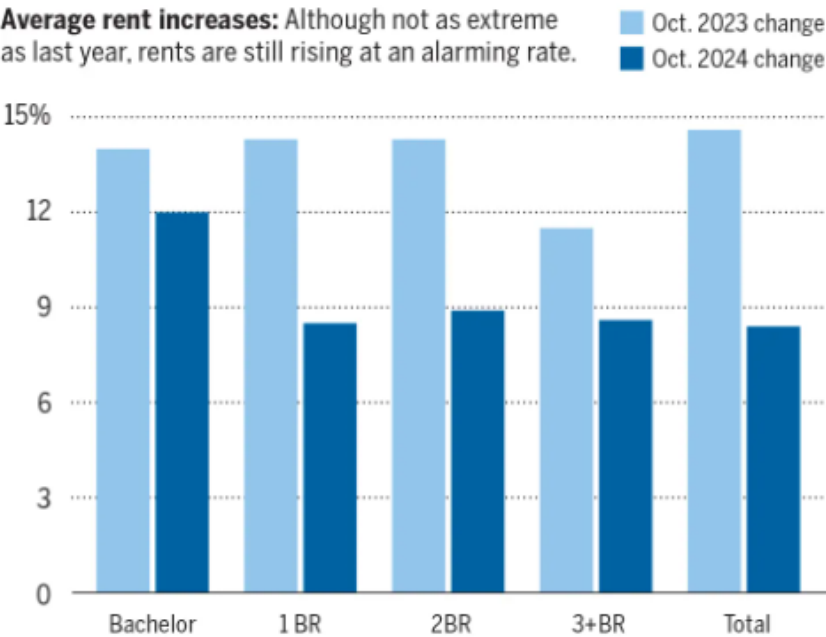
APARTMENT RENTALS IN CALGARY

The city's overheated rental market has cooled slightly, with more units available and a reduction in rent increases.

Vacancy rates: An influx of new buildings has driven up the number of available units.



Average rent increases: Although not as extreme as last year, rents are still rising at an alarming rate.



Figures are for Calgary CMA, which includes Airdrie and Chestermere

SOURCE: CMHC

DARREN FRANCEY / POSTMEDIA

Most of the newer builds were concentrated in the northwest and southwest quadrants of the city, while the downtown also saw increases in construction.

The CMHC reported that rental affordability is still a persistent problem, as international and interprovincial migration drives demand.

CMHC ascribes most of the hikes in rent to renter turnover. Rents across Calgary increased by an average of 23.6 per cent when units were occupied by a new tenant — the same as 2023 rates.

Rent hikes on turnover units accounted for more than 40 per cent of the overall rent increase in 2024 across Canada, the report said.

“The fact that older units at lower rental rates came available as all the supply hit the market is sort of a positive for those searching for rental housing within specific price points,” Pardy said.

Rent increases in Calgary ballooned from an average of 0 per cent in 2020 to more than 14 per cent in 2023, a rate not seen since the early 2000s.

Meanwhile, rents in Toronto and Vancouver grew more slowly, according to the CMHC report — although Rentals.ca reported a decline in rates among their listings.

“Typically, when stuff happens there, the other major cities follow,” said Giacomo Ladas, spokesperson for Rentals.ca. Rents in Edmonton rose by more than six per cent in November from last year, according to Rentals.ca.

Calgary has benefited from several initiatives aimed at increasing housing availability, including the city’s office-to-housing conversion program, which, with 13 projects, has turned 1.7 million square feet of downtown office space into 1,500 new homes.