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Calgary rental market cools slightly amid rising supply, job growth

Rents in Calgary have seen a slight dip this year, but affordability remains an issue

Brett Nicholls || July 8, 2025

A sign advertises units for rent on the side of an Avenue Living property in southeast Calgary on Friday, Jan. 31, 2025. Brent Calver/Postmedia

The rental market in Calgary is cooling slightly this year, with more units available and advertised rents falling, according to the Canada Mortgage and Housing Corp.'s mid-year update.

In the first quarter of 2025, rents in Calgary dropped 3.5 per cent for two-bedroom purpose-built rentals, following a 17 per cent increase the year before. Asking rents for two-bedroom condominium rentals dropped 3.6 per cent, compared with last year's 10.7 per cent increase.

Purpose-built rentals refer to apartments constructed specifically for renting, distinct from secondary markets such as basements, rental suites and condominium rentals.

The declines follow a recent surge in rental supply, with Calgary ranking third nationally for new purpose-built units, and first when adjusted for population size.

"We've seen a lot of developments go up in the past few years, and those are finally coming online," said Michael Mak, CMHC's leading economist for the prairies.

"With the amount that's coming online right now, it's definitely taking longer to absorb those units, and with more supply, I think it's alleviating rental demand and rental pressures that we saw in the past two years."

The increase in purpose-built rental units is lengthening vacancy periods, as landlords are facing increased competition from secondary rental markets, which are becoming more competitively priced.

"On the demand side, we are also seeing reduced population inflows. We've seen changes to federal policy on immigration, slower inflows of non-permanent residents, and all those things that basically have resulted in slower migration into Alberta," Mak said.

While asking rates have cooled off in Calgary, they are heating up in Edmonton, where Mak said better affordability is pushing higher migration rates.

'Rental affordability is getting worse over time': report

Despite the slight stabilization of the market, renters are increasingly on the move.

After falling to historic lows in late 2024, tenant turnover is rising again. The CMHC said stakeholders have reported more renters moving and a growing supply of available units.

Calgary's rent-to-income ratio fell to 13.7 per cent in 2025 from 14.1 per cent the previous year, though it remains above pre-pandemic levels.

"This shows that rental affordability is getting worse over time," the report said.

The data indicate that lower rent prices don't equate to affordability. Even so, national trends are showing that tenants staying in place are still getting better deals, while new tenants face steeper increases.

This seems to be true whether the units are new or old, as data from the CMHC's rental market survey indicate that rents in older buildings are catching up to those of newer properties, narrowing the usual price gap.

"That gap is slowly closing, but we do expect that gap to exist. If that gap is closing, especially in a non-controlled market like Calgary, that indicates that there is a lot of demand for any sort of rental units," Mak said.

As affordability pressures persist, the report said, more tenants are expected to seek shared living arrangements, increasing demand for apartments with three or more bedrooms.

Rental market balancing, says Mak

Calgary's decline in prices follows a broader trend nationally, with the average asking rent for residential properties declining by 2.7 per cent year-over-year in June, according to the latest national rent report from Rentals.ca and Urbanation.

According to the national rent report, Alberta and B.C. experienced the largest annual declines in apartment rents, at 3.1 per cent.

And while rents have eased, long-term inflation remains a challenge countrywide. Despite the drop, the national average for asking rents remained 11.9 per cent above levels from three years ago.

Mak said that while the market is no longer red hot, it isn't quite cool.

"Cool, I would say, would be back in 2019, 2018. Even 10 years ago, right after the oil market collapsed and jobs kind of dried up in Calgary, there wasn't a lot of demand and vacancy rates were high, and rent growth was zero. That would be a cool market," he said.

"We don't think the market in Calgary is anywhere close to what happened back then . . . The increases in vacancies or the cooling down is basically the market reflecting the tight rental market that we've seen, and a lot of development and supply is coming online to reflect that demand that we saw in the past two years.

"So it's coming into a more balanced area, especially for Calgary."