

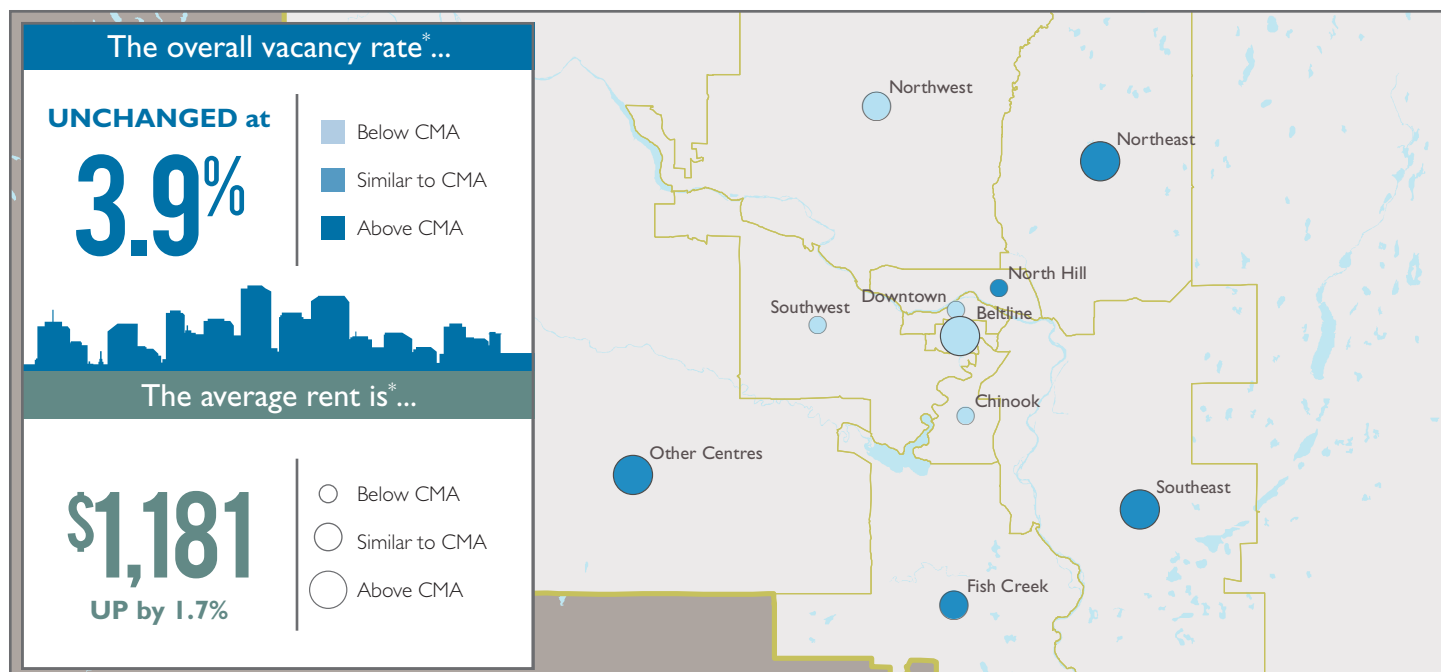
RENTAL MARKET REPORT

Calgary CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
2.5%	3.5%	4.3%	4.8%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$899 Avg. Rent	\$1,080 Avg. Rent	\$1,305 Avg. Rent	\$1,255 Avg. Rent

“The vacancy rate was unchanged in Calgary as additions to the rental universe were offset by strong rental demand.”

Heather Bowyer
Senior Analyst

*CMHC collects data on the primary and secondary rental market annually, in the fall. These data refer to the primary rental market, which only includes rental units in privately-initiated apartment structures containing at least three rental units. The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market, including rental condominiums. The primary vacancy rate and rent level is based on all surveyed structures, while the rent increase is based only on structures common to the survey sample in both the current and previous year.

Highlights

- The apartment vacancy rate in the Calgary CMA was 3.9%, unchanged from October 2018.
- The average apartment rent was \$1,181 in October 2019 compared to \$1,149 last year.
- In rental structures common to both the October 2018 and 2019 surveys, apartment rents increased by 1.7% this October compared to the previous year.
- The share of rental apartment condominiums increased to 37.6% of the condominium universe, contributing to overall rental supply.

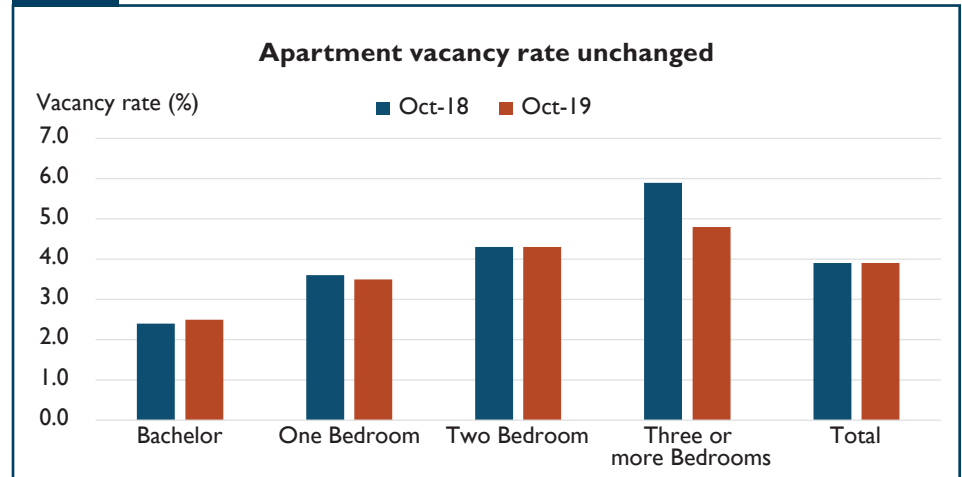
Vacancy rate unchanged despite expansion to rental universe

According to the results of CMHC's Rental Market Survey, the Calgary Census Metropolitan Area (CMA) apartment vacancy rate¹ was 3.9% in October 2019, unchanged from October 2018. Between the third quarter of 2018 and the second quarter of 2019, there were 1,464 newly completed apartment rental units, an increase of roughly 75% compared to the same time period last year. This helped to expand the apartment rental universe which added 1,122 units, an increase of 2.8% from last year. However, demand remained strong as the amount of occupied units also increased.

Improving labour market conditions continue to drive rental demand

A strengthening labour market helped to support rental demand in the Calgary CMA. Throughout the

Figure 1



Source: CMHC Rental Market Survey

first ten months of 2019, there were 34,170 jobs added compared to the same period last year, an increase of 4.1%. As well, the majority of new jobs added, over 80%, were in full-time positions. Over the same time period, employment levels among the population aged 15 to 24 increased 8.2%, which helped to lift rental demand as this cohort is typically associated with renter households. According to the 2016 Census, households where the age of the primary maintainer was between 15 and 24 had the highest proportion of renter households at 78%².

A recovering labour market in Calgary has contributed to increases in interprovincial migration, which has supported rental demand. Following two consecutive years of declines, net interprovincial migration was positive in 2018 as more individuals moved to the area than left to another province. As well, quarterly migration flows for Alberta show that this trend continued in the second quarter of 2019, with the level of in-migrants increasing compared to the same quarter in 2018.

Tenant mobility highest in outlying areas

The tenant turnover³ rate, a measure of tenant mobility, was 33.3% in October 2019 a decrease compared to October 2018. Turnover rates range from a high of 44.1% in centres outside the city of Calgary to 24.2% in the North Hill survey zone. Centres outside the city of Calgary had higher vacancy rates, resulting in more rental choices, which can partially explain the increasing mobility of tenants in those areas and higher than average turnover rates.

Same-sample rents post moderate growth

The same-sample two-bedroom apartment rent⁴ increased by 2.2% in the October 2019 survey, compared to 1.5% in October 2018. Increasing demand for rental units from strengthening employment growth and improving interprovincial migration, together with a low vacancy rate, have been contributing to the rise in rents in Calgary.

¹ Based on privately-initiated rental apartment structures of three or more units.

² 2016 Census, Statistics Canada.

³ A unit is counted as being turned over if it was occupied by a new tenant in the past 12 months. A unit can be counted as being turned over more than once in a 12-month period. This includes tenants who move into a different unit in the same building during this time period.

⁴ When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2018 and 2019 October Rental Market Surveys, we can get a better indication of actual rent increases paid by most tenants.

Apartment rents increased at a slower pace in the City of Calgary at 1.7% compared to other external centres in the CMA at 2.8%. The majority of the rental universe in other centres of the CMA are newer builds, built in 2000 or later, which tend to command higher rents.

When accounting for both new and existing structures, the average two-bedroom rent was \$1,295 in October 2019 compared to \$1,262 in October 2018. The Downtown and Beltline survey zones posted the highest two-bedroom apartment rents at \$1,381 and \$1,431, respectively, due to their desirable locations in the city centre.

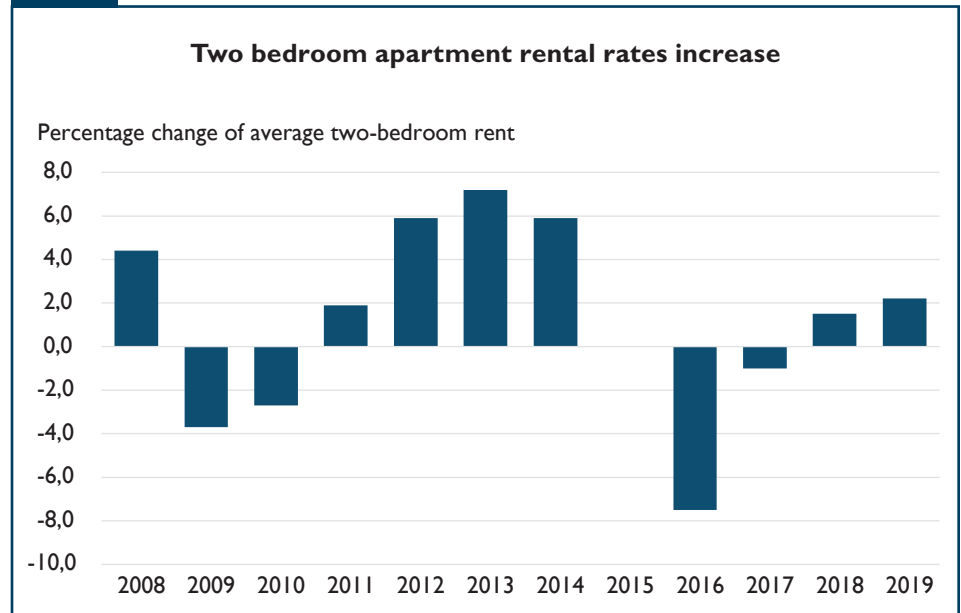
Growth remains strong in the secondary rental market

Investor owned condominium apartments provide an additional source of rental units as well as competition to the purpose-built rental market. According to the October 2019 survey, there were 25,896 condominium apartment units in the secondary rental market, representing 37.6% of the total condominium apartment universe, an increase from 35.3% last year.

The secondary rental market has seen both supply and demand grow faster than in the purpose-built rental market. The condominium apartment rental universe increased 11.5% in October 2019 compared to October 2018, roughly four times faster than the purpose-built apartment universe. Despite the increase in the universe, the condominium apartment vacancy rate decreased in the October 2019 to 0.9% from 2.7% last year as the number of occupied units increased by an estimated 13.6%.

The average rent for a two-bedroom condominium apartment was \$1,572, which is \$267 higher than rents for

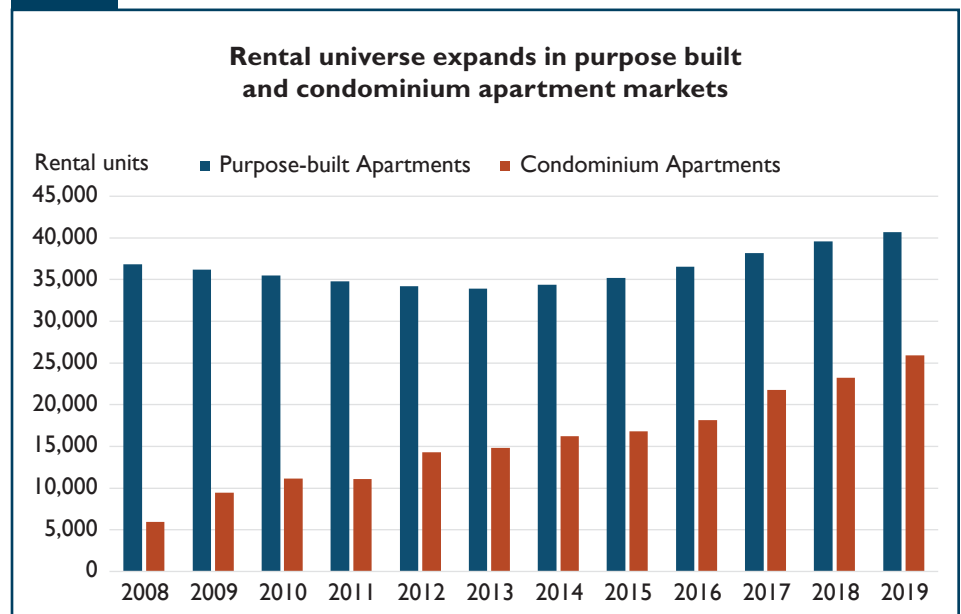
Figure 2



Source: CMHC Rental Market Survey

Note: The percentage change of average two-bedroom rent is based on structures that were common to the survey sample in both October 2018 and October 2019.

Figure 3

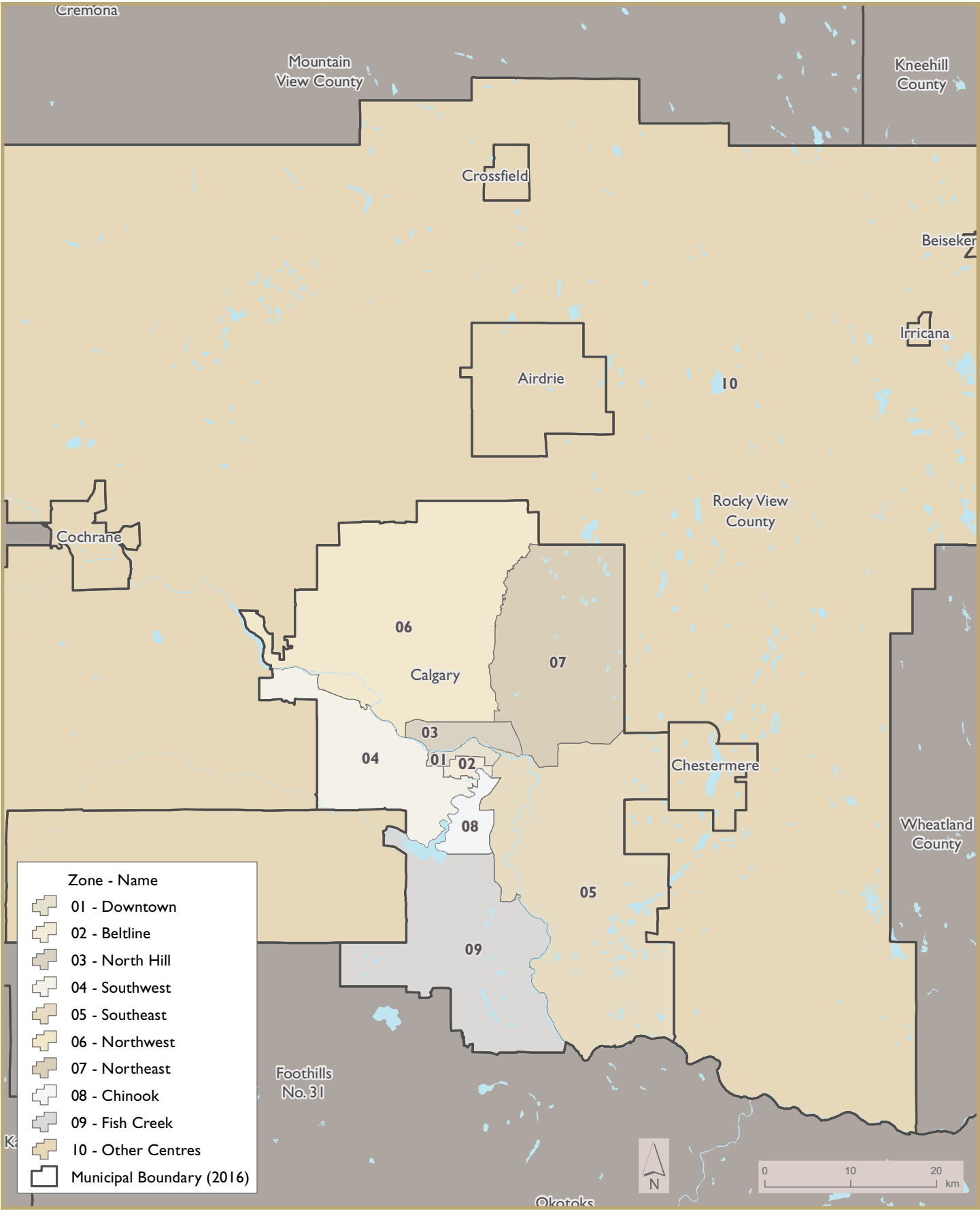


Source: CMHC Rental Market Survey

two-bedroom units in the purpose-built rental market. However, rental condominiums tend to have higher rents due to the additional amenities offered.

RESOURCES

You can find this data – and data for all provinces and census metropolitan areas (CMAs) in Canada – at cmhc.ca/rental-market-report-data.



RMS ZONE DESCRIPTIONS - CALGARY CMA	
Zone 1	Downtown - North: the Bow River; West: 24 Street SW; East: the Elbow River; South: 17 Avenue SW (from 24A Street SW to 14 Street SW), 12 Avenue SW (from 14 Street SW to 11 Street SW), 10 Avenue SW (from 11 Street SW to 2nd Street SE), and 17 Avenue SE (from 2nd Street SE to the Elbow River).
Zone 2	Beltline/Lower Mount Royal - North: 17 Avenue SW (from 17 Street SW to 14 Street SW), 12 Avenue SW (from 14 Street SW to 11 Street SW), 10 Avenue SW (from 11 Street SW to 2nd Street SE), and 17th Avenue SE (from 2nd Street SE to the Elbow River); West: 17 Street SW; East: 2nd Street SE (from 10 Avenue SW to 17 Avenue SE), otherwise Elbow River; South: 26 Avenue SW (from 17 Street SW to 14 Street SW), Frontenac Avenue (from 14 Street SW to 8 Street SW), Hillcrest Avenue (from 8 Street SW to 4 Street SW), otherwise Elbow River.
Zone 3	North Hill - North: 16 Avenue NW; West: 37 Street NW; East: Deerfoot Trail; South: Bow River.
Zone 4	Southwest - North: Bow River; West: West City Limits; East: 24 Street SW (from Bow River to 17 Avenue SW), 17 Street SW (from 17 Avenue SW to 26 Avenue SW), otherwise Elbow River; South: Tsuu T'ina Nation 145 (from West City Limits to Sarcee Trail SW), Glenmore Trail (from Sarcee Trail SW), otherwise Glenmore Reservoir.
Zone 5	Southeast - North: Bow River (from Elbow River to Barlow Trail SE), 17 Avenue SE (from Barlow Trail SE to 36 Street SE), Memorial Drive SE (from 36 Street SE to Eastern City Limits); West: Elbow River (from Bow River to 25 Avenue SW), Blackfoot Trail (from 26 Avenue SW to Anderson Road SE), otherwise Bow River; East: Eastern City Limits; South: Southern City Limits.
Zone 6	Northwest - North: Northern City Limits; West: Western City Limits; East: Nose Creek; South: Bow River (from Western City Limits to 37 Street NW), otherwise 16th Avenue NW.
Zone 7	Northeast - North: Northern City Limits; West: Nose Creek; East: Eastern City Limits; South: Bow River (from Nose Creek to Barlow Trail SE), 17 Avenue SE (from Barlow Trail SE to 36 Street SE), Memorial Drive SE (from 36 Street SE to Eastern City Limits).
Zone 8	Chinook - North: Elbow River; West: Elbow River; East: Blackfoot Trail; South: Heritage Drive SW.
Zone 9	Fish Creek - North: Glenmore Reservoir (from Western City Limits to 14 Street SW), otherwise Heritage Drive SW and SE; West: Western City Limits; East: Blackfoot Trail (from Heritage Drive SE Avenue SW to Anderson Road SE), otherwise Bow River; South: Southern City Limits.
Zones 1-9	Calgary City
Zone 10	Other Centres
Zones 1-10	Calgary CMA

CONDOMINIUM SUB AREA DESCRIPTIONS - CALGARY CMA	
Sub Area 1	Core includes RMS Zone 1 (Downtown); Zone 2 (Beltline/Lower Mount Royal); and Zone 3 (North Hill).
Sub Area 2	West includes RMS Zone 4 (Southwest); Zone 6 (Northwest); Zone 8 (Chinook); and Zone 9 (Fish Creek).
Sub Area 3	East includes RMS Zone 5 (Southeast); Zone 7 (Northeast); and Zone 10 (Other Centres).
Sub Areas 1-3	Calgary CMA

NOTE: Refer to RMS Zone Descriptions page for detailed zone descriptions.

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated rental structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent levels, turnover and vacancy unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the month of October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and turnover rates and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of percent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports. The rent levels in new and existing structures are also published. While the percent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR CONDOMINIUM APARTMENT SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the Condominium Apartment Survey (CAS) in September to estimate the relative strengths in the condo apartment rental market. The CAS collects the number of units being rented out and the vacancy and rent levels of these units in the following CMAs: Calgary, Edmonton, Gatineau, Halifax, Hamilton, Kelowna, Kitchener, London, Montréal, Ottawa, Québec, Regina, Saskatoon, Toronto, Vancouver, Victoria and Winnipeg. The CAS is a census of all apartment condos with 3 units and over, with the exception of Montréal, where a sample of structures is surveyed. The CAS is conducted by telephone interviews and information is obtained from the property management company, condominium (strata) board, or building superintendent. If necessary, this data can be supplemented by site visits if no telephone contact is made.

RENTAL MARKET SURVEY (RMS) AND CONDOMINIUM APARTMENT SURVEY (CAS) DATA RELIABILITY

CMHC does not publish an estimate (e.g. Vacancy Rates and Average Rents) if the reliability of the estimate is too low or the confidentiality rules are violated. The ability to publish an estimate is generally determined by its statistical reliability, which is measured using the coefficient of variation (CV). CV of an estimate is defined as the ratio of the standard deviation to the estimate and CV is generally expressed a percentage. For example, let the average rent for one bedroom apartments in a given CMA be \bar{x} and its standard deviation be $\sigma_{\bar{x}}$. Then the Coefficient of Variation is given by $CV = \frac{\sigma_{\bar{x}}}{\bar{x}}$.

Reliability Codes for Proportions

CMHC uses CV, sampling fraction and universe size to determine the ability to publish proportions such as vacancy rates, availability rates and turnover rates. The following letter codes are used to indicate the level of reliability of proportions:

a — Excellent

b — Very good

c — Good

d — Fair (Use with Caution)

** — Poor — Suppressed

++ — Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

— — No units exist in the universe for this category

n/a — Not applicable

The following two tables indicate the level of reliability of proportions:

If the proportion is Zero (0) and sampling fraction is less than 100% then the following levels are assigned:

Sampling Fraction (%) range

Structures in Universe (0,20]* (20,40] (40,60] (60,80] (80,100)

3 – 10	Poor	Poor	Poor	Poor	Poor
11 – 20	Poor	Fair	Fair	Fair	Good
21 – 40	Poor	Fair	Fair	Good	Very Good
41 – 80	Poor	Fair	Good	Good	Very Good
81+	Poor	Good	Good	Very Good	Very Good

*(0, 20] means sampling fraction is greater than 0% but less than or equal to 20%; others are similar.

Otherwise, the following table is used to determine the reliability level of proportions:

Coefficient of Variation (CV) %

Vacancy Rate 0	(0,5]	(5,10]	(10,16.5]	(16.5,33.3]	(33.3,50]	50+
(0,0.75]	Excellent	Excellent	Excellent	Excellent	Excellent	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	Poor	Poor	Poor

Reliability Codes for Averages and Totals

CMHC uses the CV to determine the reliability level of the estimates of average rents and a CV cut-off of 10% for publication of totals and averages. It is felt that this level of reliability best balances the need for high quality data and not publishing unreliable data. CMHC assigns a level of reliability as follows (CV's are given in percentages):

- a — If the CV is greater than 0 and less than or equal to 2.5 then the level of reliability is **Excellent**.
- b — If the CV is greater than 2.5 and less than or equal to 5 then the level of reliability is **Very Good**.
- c — If the CV is greater than 5 and less than or equal to 7.5 then the level of reliability is **Good**.
- d — If the CV is greater than 7.5 and less than or equal to 10 then the level of reliability is **Fair**.
- ** — If the CV is greater than 10 then the level of reliability is **Poor**. (Do Not Publish)

Arrows indicate Statistically Significant Changes

Use caution when comparing statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. When applicable, tables in this report include indicators to help interpret changes:

- ↑ indicates the year-over-year change is a statistically significant increase.
- ↓ indicates the year-over-year change is a statistically significant decrease.
- indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.
- △ indicates that the change is statistically significant

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Turnover: A unit is counted as being turned over if it was occupied by a new tenant moved in during the past 12 months. A unit can be counted as being turned over more than once in a 12 month period.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 50,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2017 and October 2018 data is based on Statistics Canada's 2016 Census area definitions.

Acknowledgement

The Rental Market Survey and the Condominium Apartment Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution CMHC is able to provide information that benefits the entire housing industry.

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