

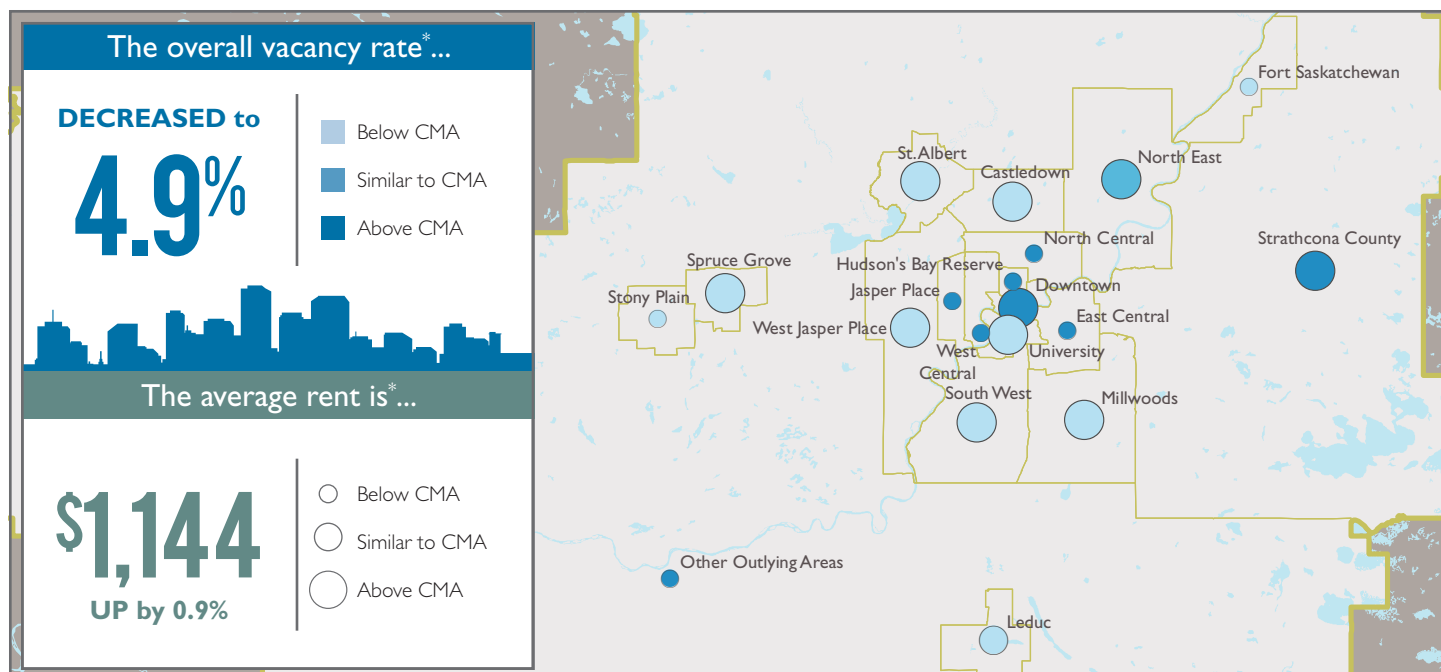
RENTAL MARKET REPORT

Edmonton CMA



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: 2020



PRIMARY RENTAL MARKET (by bedroom type)			
Bachelor	One bedroom	Two bedroom	Three or more bedrooms
5.1%	4.9%	5.0%	3.9%
Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
\$878 Avg. Rent	\$1,028 Avg. Rent	\$1,257 Avg. Rent	\$1,394 Avg. Rent

“The vacancy rate moved lower with a slight increase in rents and growing rental supply.”

Pershing Sun
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

- Both primary (apartments) and secondary (condominium) rental markets tightened as demand outpaced supply.
- Apartment rent growth slowed down, and condominium rent decreased.
- Growth in migration and reduced turnover supported continued demand growth.

Apartment vacancy rate declined despite greater rental supply

The overall vacancy rate¹ of purpose-built apartment units in the Edmonton Census Metropolitan Area (CMA) decreased to 4.9% in 2019 from 5.3% in 2018. Vacancy rates in various rent ranges² are mostly stable or lower in 2019 compared to last year, with the most demanded apartments, those with the lowest vacancy rates, continuing to be in the mid-priced range of \$1150 to \$1300. Of all apartment types, the lowest vacancy rate is in apartments with 3 or more bedrooms in denser buildings with more than 100 units.

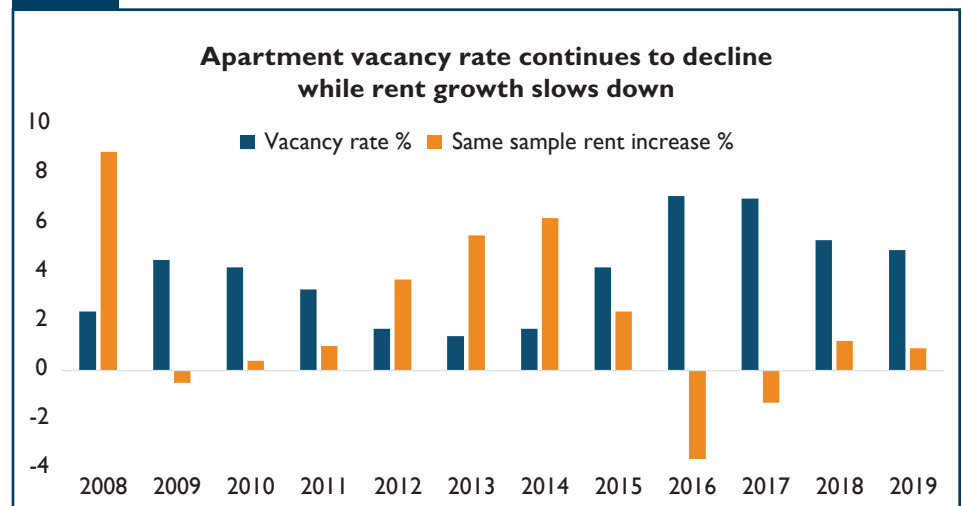
Despite of a tighter vacancy level, Edmonton saw greater rental supply in both purpose-built and condominium rental markets. An additional 2,009 units were added to the overall rental universe in Edmonton from these two rental markets, with more than half being condominium rental units. However, rental demand continued to outpace supply, partly attributable to the steady population growth in 2019, mostly driven by international and interprovincial migration.

Same-sample apartment rent growth slowed down in 2019

The same-sample average rent³ increase for apartments was 0.9% between 2018 and 2019, compared with 1.2% between 2017 and 2018. The highest rent growth occurred in 3-bedroom+ units, which saw a 1.6% increase in same-sample average rent. This, combined with the low vacancy rate for larger apartments

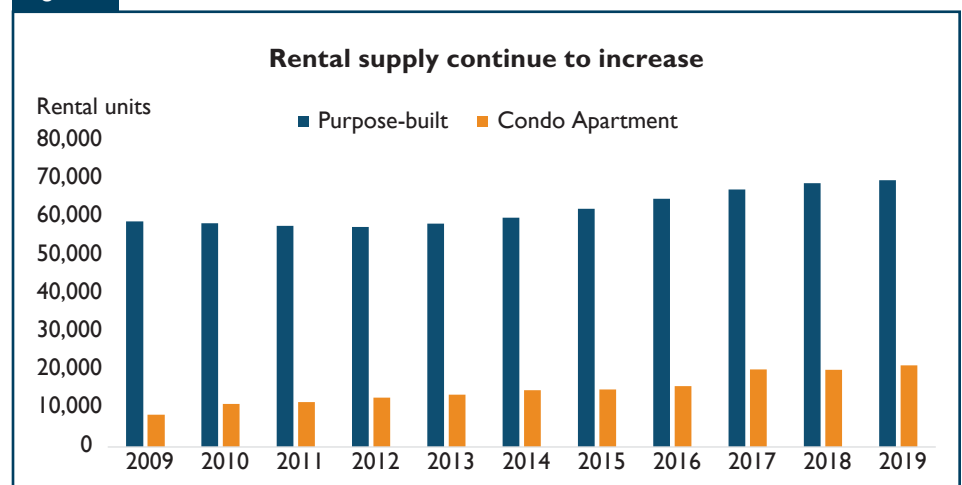
(3.9%) compared to other apartment types, are evidential of the greater demand towards homes that are suitable for larger households. In fact, the lowest turnover rate is also observed in 3-bedroom+ apartments, as strong rent increase may be causing some tenants to stay longer, further indicating a strong preference for family-size rental homes in Edmonton. It is worth noting that in the absence of rent control, rents of larger apartments could grow further under high demand.

Figure 1



Source: CMHC

Figure 2



Source: CMHC

¹ For purpose-built private rental apartment structures with 3 or more units.

² Table I.4.

³ It is helpful to compare year-over-year average rent on private apartments against the same units that are common to 2017 and 2018 Fall Rental Market Surveys. Rents in newly built apartment buildings tend to be higher therefore skew the rents in the entire rental universe. By comparing existing apartment building units, we can obtain a better indication of actual year-over-year percentage change in rents.

Continued population growth offset softening labour market, supportive of high rental demand

Employment growth in 2019 has softened considerably compared to 2018 in Edmonton, with unemployment rate trending up in the first 10 months this year at levels over 7%, which was not present in 2018. Employment was down by approximately 16000 jobs⁴ in the first 10 months this year. Most of the job loss occurred in public administration, business, educational services, and construction sectors, while job gains occurred in retail, healthcare, transportation, and manufacturing sectors. On the contrary, population continued to grow, largely driven by strong migration flows into the Edmonton CMA. In particular, net interprovincial migration into Alberta shifted to net positive between 2018 and 2019, from net negative seen a year prior. This ends the 2-year exodus of individuals from Alberta during the oil price downturn. International migration continued to be a main driver of rental demand, as migrants tend to rent before purchasing a home.

The tenant turnover rate in Edmonton purpose-built rental market decreased to 29.4% in October 2019 from 32% in

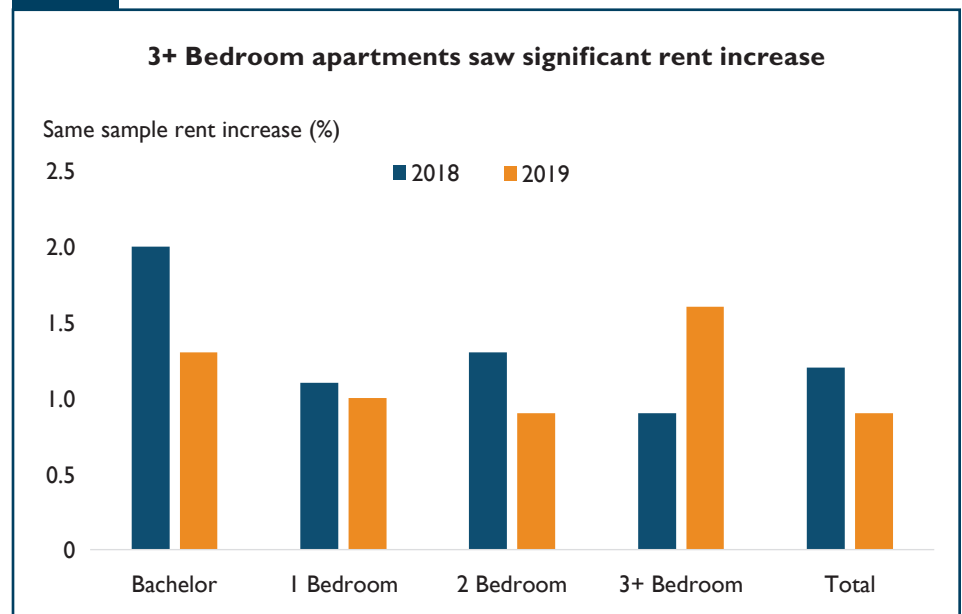
October 2018. A softened job market and a slow economic recovery has, in part, kept renters staying in rental homes longer and postponing the move from rental to homeownership.

Secondary rental market tightened as rent decreased

Growing rental demand is also present in the investor-owned condominium rental market. In Edmonton CMA, almost 40% of condominium apartments were identified as rental units. In 2019, the vacancy rate of this market decreased to 2.5% from 4.2%

a year ago. The new rental supply from the secondary rental market is higher than that from the purpose-built rental market, with 1196 compared to 813. The average condominium apartment rent, declined from \$1,321 in 2018 to \$1,262 in 2019, compared to a 0.9% increase of same-sample average rents in the purpose-built rental market. This partly contributes to the low vacancy in the secondary market, as the price gap between these two rental markets narrowed, renters with certain financial capacity are likely to opt for condo apartments that are likely to be newer structures equipped with more amenities.

Figure 3

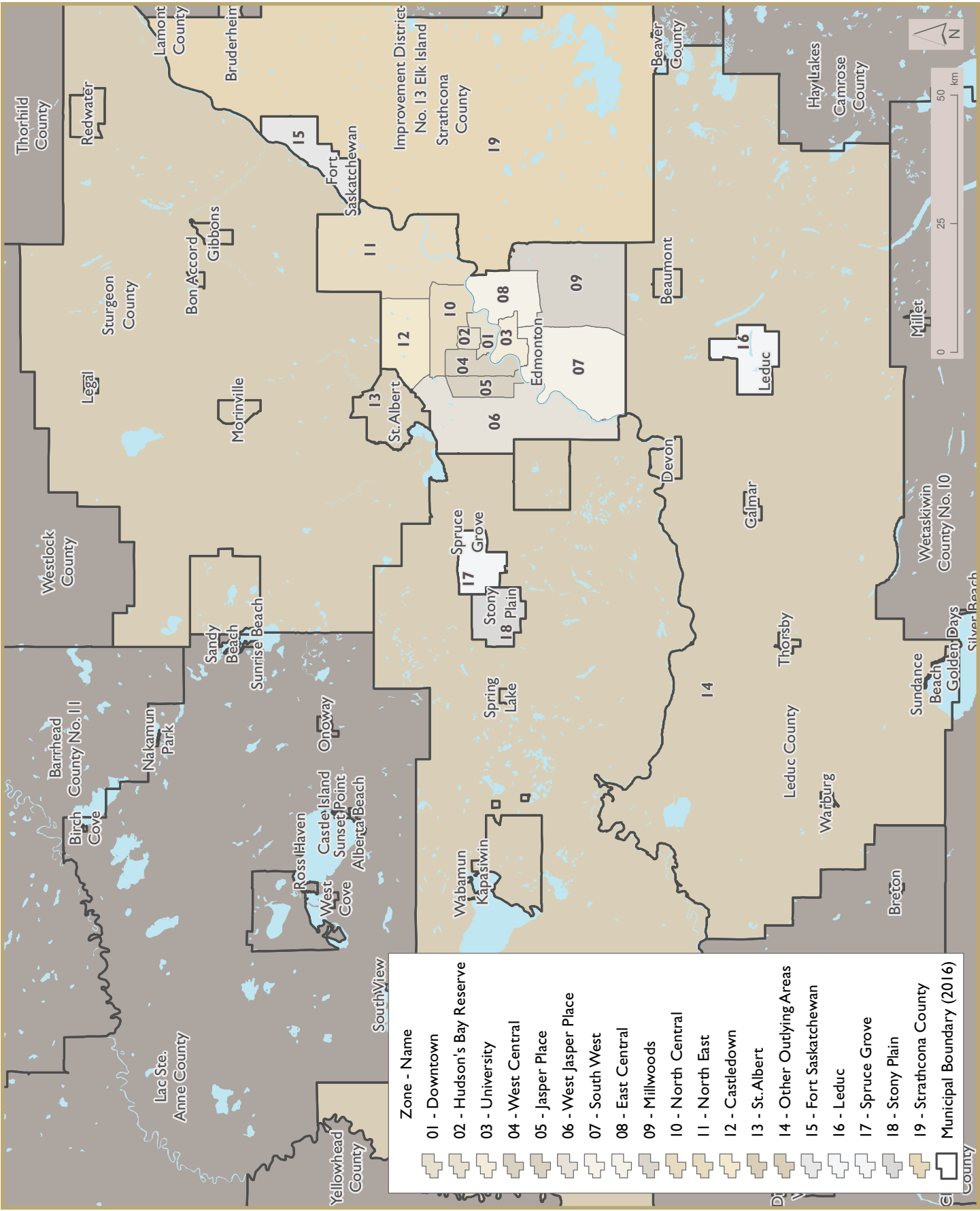


Source: CMHC

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.

⁴ Statistics Canada. Table 14-10-0294-01 Labour force characteristics by census metropolitan area, three-month moving average, seasonally adjusted, last 5 months.



RMS ZONE DESCRIPTIONS - EDMONTON CMA	
Zone 1	Downtown - North: 112 Ave NW, 104 Ave NW, 107 Ave NW; East: North Saskatchewan River; West: Connaught Dr NW; South: North Saskatchewan River.
Zone 2	Hudson Bay Reserve - North: 118 Ave NW; East: 101 St NW, 97 St NW; West: 120 St NW; South: 105 Ave NW.
Zone 3	University - North: North Saskatchewan River; East: 91 St NW, 95a St NW, 97 St NW; West: North Saskatchewan River; South: 61 Ave NW, 72 Ave NW
Zone 4	West Central - North: Yellowhead Trail NW; East: 121 St NW, Connaught Dr NW; West: 149 St NW; South: North Saskatchewan River.
Zones 1-4	Edmonton Core
Zone 5	Jasper Place - North: Yellowhead Trail NW; East: 149 St NW; West: 170 St NW; South: Whitemud Dr NW, North Saskatchewan River.
Zone 6	West Jasper Place - North: 137 Ave NW, Big Lake; East: 149 St NW, 170 St NW; West: 231 St NW, Winterburn Rd; South: North Saskatchewan River.
Zones 5-6	West
Zone 7	South West - North: 72 Ave NW, 60 Ave NW; East: Gateway Blvd NW; West: North Saskatchewan River; South: 41 Ave SW.
Zone 8	East Central - North: North Saskatchewan River; East: 34 St NW; West: Gateway Blvd NW, 91 St NW, 95a St NW, 97 St NW; South: Whitemud Dr NW, 51 Ave NW.
Zone 9	Millwoods - North: Sherwood Park Fwy, Whitemud Dr NW, 51 Ave NW; East: Meridian St NW; West: Gateway Blvd NW; South: 41 Ave SW.
Zone 7-9	South
Zone 10	North Central - North: 137 Ave NW; East: 50 St NW; West: 149 St NW, 121 St NW; South: 112 Ave NW, North Saskatchewan River.
Zone 11	North East - North: 259 Ave NW; East: 33 St NE, North Saskatchewan River; West: 66 St NW, 50 St NW; South: North Saskatchewan River
Zone 12	Castledown - North: Township Road 542; East: 66 St NW; West: Vaness Rd, Arbor Cres, Mark Messier Trail; South: 137 Ave NW.
Zones 10-12	North
Zones 1-12	City of Edmonton
Zone 13	St. Albert - North: Township Road 544; East: Range Road 253, Bellrose Dr, Poundmaker Rd, Vaness Rd; West: Range Road 260, Range Road 260A; South: Big Lake, 137 Ave NW.
Zone 14	Outlying Areas
Zone 15	Fort Saskatchewan - North: Township Road 554; East: Range Road 220, Range Road 223, Range Road 224; West: North Saskatchewan River; South: Range Road 225.
Zone 16	Leduc - North: Airport Rd; East: Range Road 225; West: Range Road 254; South: Township Road 492.
Zone 17	Spruce Grove - North: Hwy 16; East: Range Road 271; West: Range Road 275; South: Hwy 628.
Zone 18	Stony Plain - North: Between Township Road 532 and Hwy 16a; East: Range Road 275; West: Allan Beach Rd; South: Between Hwy 628 and Township Road 522.
Zone 19	Strathcona County - North: North Saskatchewan River; East: Range Road 205, 204, 203, 210, 202; West: Range Road 220, North Saskatchewan River, 34 St NE, Meridian St NW; South: Township Rd 510.
Zone 14-19	All Outlying Areas
Zones 1-19	Edmonton CMA

CONDOMINIUM SUB AREA DESCRIPTIONS - EDMONTON CMA	
Sub Area 1	Central includes RMS Zone 1 (Downtown); Zone 2 (Hudson Bay Reserve); Zone 3 (University); Zone 4 (West Central); Zone 5 (Jasper Place); and Zone 10 (North Central).
Sub Area 2	Suburban includes RMS Zone 6 (West Jasper Place); Zone 7 (South West); Zone 8 (East Central); Zone 9 (Millwoods); Zone 11 (North East); and Zone 12 (Castledowns).
Sub Area 3	Other Metro includes RMS Zone 13 (St. Albert); Zone 14 (Outlying Areas); Zone 15 (Fort Saskatchewan); Zone 16 (Leduc); Zone 17 (Spruce Grove); Zone 18 (Stony Plain); and Zone 19 (Strathcona County).
Sub Areas 1-3	Edmonton 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	V. Good
(0.75,1.5]	Excellent	Excellent	Excellent	Excellent	Excellent	Fair	Poor
(1.5,3]	Excellent	Excellent	Excellent	V. Good	Good	Poor	Poor
(3,6]	Excellent	Excellent	V. Good	Good	Fair	Poor	Poor
(6,10]	Excellent	Excellent	V. Good	Good	Poor	Poor	Poor
(10,15]	Excellent	Excellent	Good	Fair	Poor	Poor	Poor
(15,30]	Excellent	Excellent	Fair	Poor	Poor	Poor	Poor
(30,100]	Excellent	Excellent	Poor	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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