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Calgary's new rental market seeing rise in demand

Vacancy for stabilized projects — which are only a few years old — dropped to 3.1 per cent in the second quarter

Joel Schlesinger • for the Calgary Herald
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Despite more supply to the market, demand was strong enough to lead to an increase in the average rent per square foot rising to \$2.08 in the second quarter. PHOTO BY BRENDAN MILLER /Postmedia

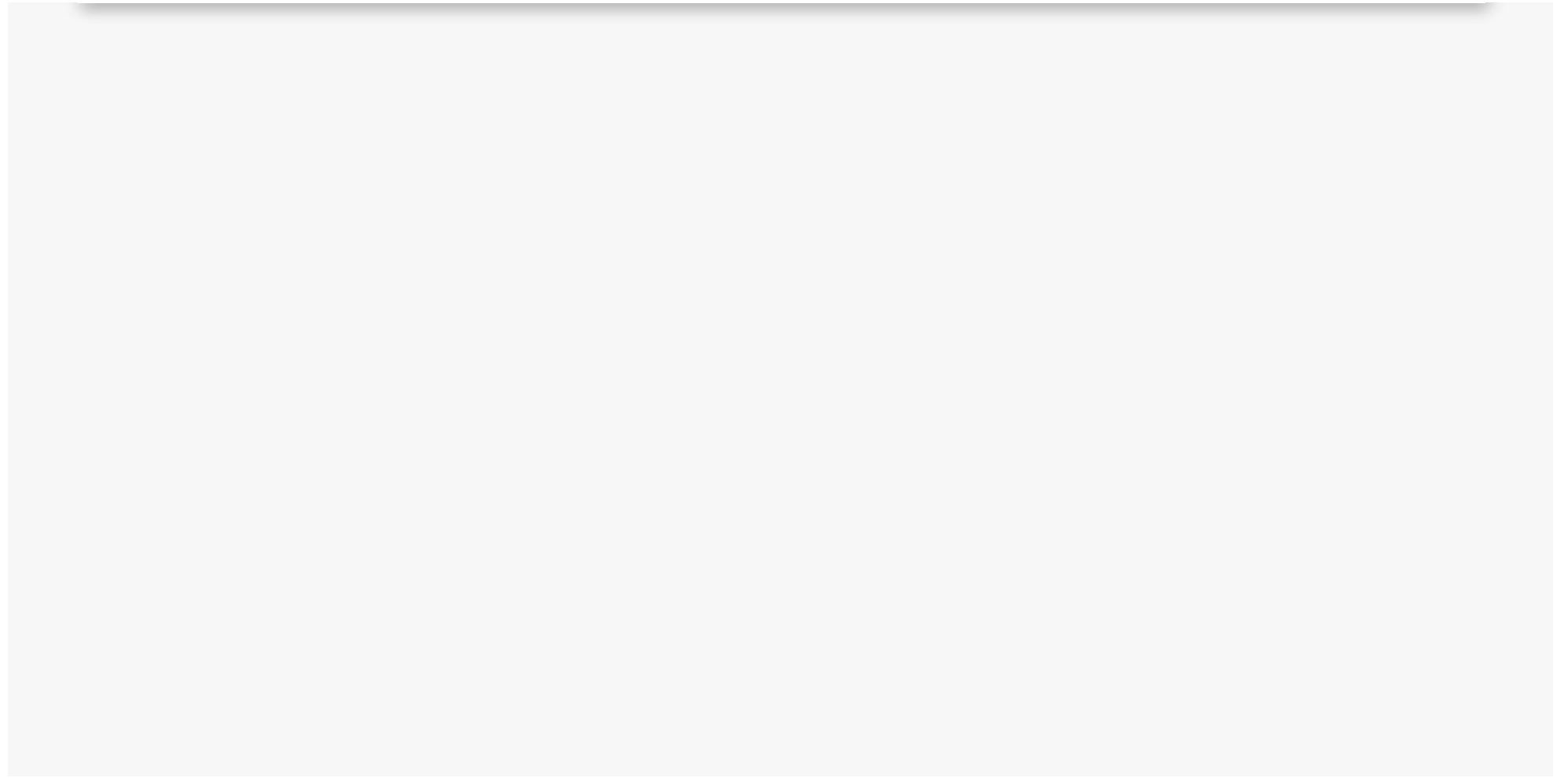
Calgary's new rental market is experiencing a renaissance after weathering the storm of the pandemic, a new report has found.

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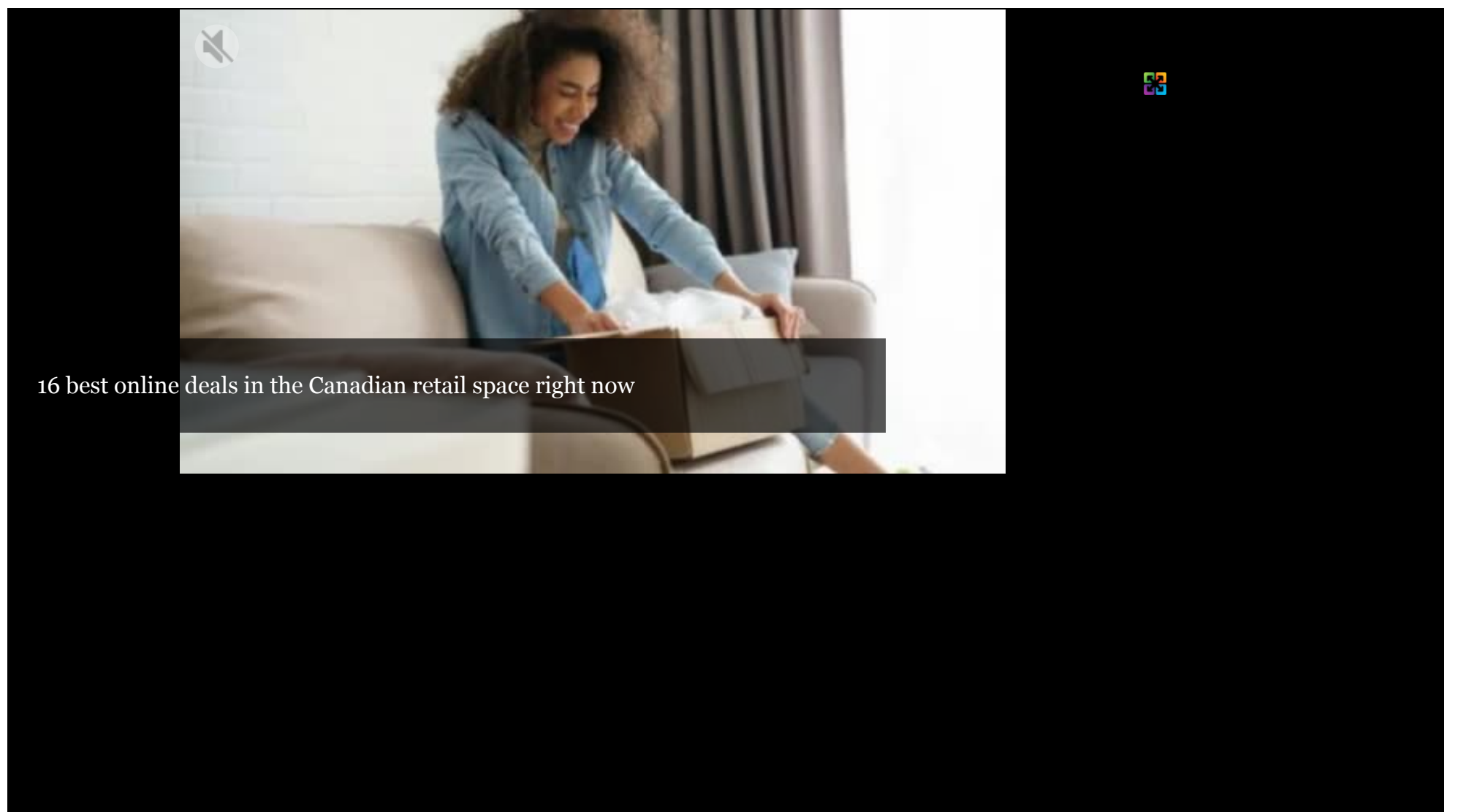
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Urban Analytics released its second quarter rental market study for the city, finding vacancy falling from its peak during the pandemic last year.



Vacancy fell during the quarter to 11.5 per cent from a peak last year of about 17 per cent for all projects, including recently launched. That’s still much higher than throughout 2018 and most of 2019, but vacancy for stabilized projects — which are only a few years old — dropped to 3.1 per cent in the second quarter.

That’s the lowest figure since early 2019.

Driving the surge in demand in the last quarter has been rising costs of ownership for homes, says Kendall Brown, rental market analyst for Alberta at Urban Analytics.

“The introduction of the mortgage stress test along with the growing population created a demand for more affordable housing resulting in a higher demand for rental,” she says about federal changes that started June 1 making mortgage qualification more difficult for homebuyers.

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In turn, launches of purpose-built rental projects — nine in all from April to the end of June — grew to their highest level since 2015.

Despite more supply to the market, demand was strong enough to lead to an increase in the average rent per square foot rising to \$2.08 in the second quarter. That's up from the same span in 2020 at \$1.98 per square foot and even surpassing 2019 at \$2.01.



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