

The Voice of the Residential Rental Industry

Alberta's Rental Market Dynamics and Policy Landscape

June 12, 2024

Presented by:





Methodology



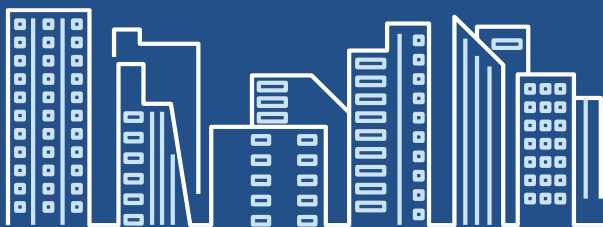
Internal Stakeholder Engagement



Desk Research



Data Analysis and Message Development



Key Findings



The supply of rental units in Edmonton and Calgary is experiencing higher growth rates compared to other major cities.



Alberta rental rates show general stability while responding to free market dynamics.



Increased migration and demographic trends in Alberta are driving up rent prices due to supply constraints.



Rising expenses for mortgages, utilities, property taxes and maintenance are impacting housing providers' profitability.



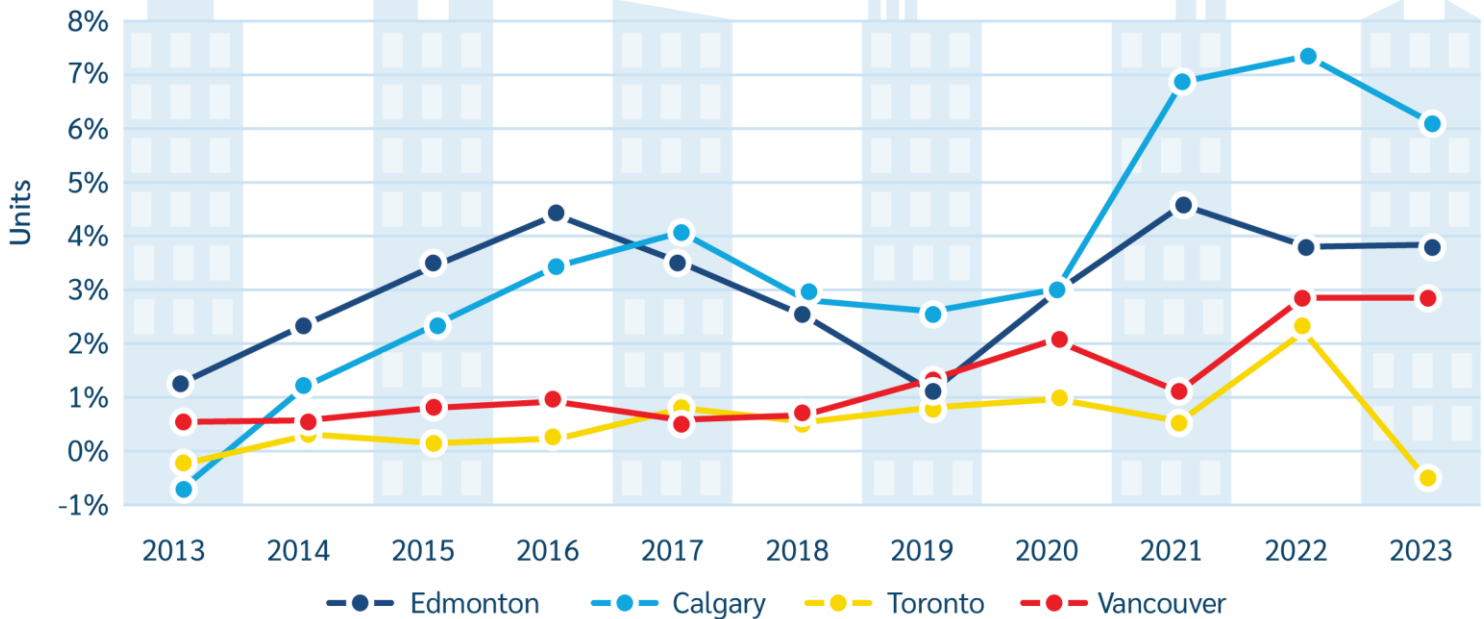
Edmonton leads in affordability with some of the lowest rent prices and smallest increases over the past decade.



This data can inform policy to meet the needs of both tenants and housing providers.

Rental Supply

Year-over-Year Growth in the Rental Universe¹



Alberta is Outperforming

Calgary and Edmonton have seen significant expansion in their rental markets (properties with 3 or more units), outperforming other major Canadian cities, such as Vancouver and Toronto.



Negative Growth in Toronto

In 2023, Edmonton's rental market grew by 4% and Calgary's by 6%. In contrast, Toronto experienced a 1% decline, while Vancouver saw a 3% increase.



Highest Growth in Calgary

Calgary's rental market witnessed a substantial 7% annual growth over 2021 and 2022, surpassing the growth rates seen in Edmonton, Toronto and Vancouver during the same period.

Social Housing Supply

Core Housing Need

Currently, 16% of Edmonton's population is in core housing need, and only 10% have access to social and affordable housing.² This highlights a disconnect between housing demand and the construction of new social housing, particularly with a significant drop post-2020. From 2018 to 2023, Calgary Housing Company, Calgary's largest affordable housing provider, saw their waitlist grow by 18%.³ The City of Edmonton has also reported increased waitlists for housing programs and affordable housing.⁴



of Edmonton residents are in core housing need.



Edmonton households are in social and affordable housing.



Social Housing in Alberta

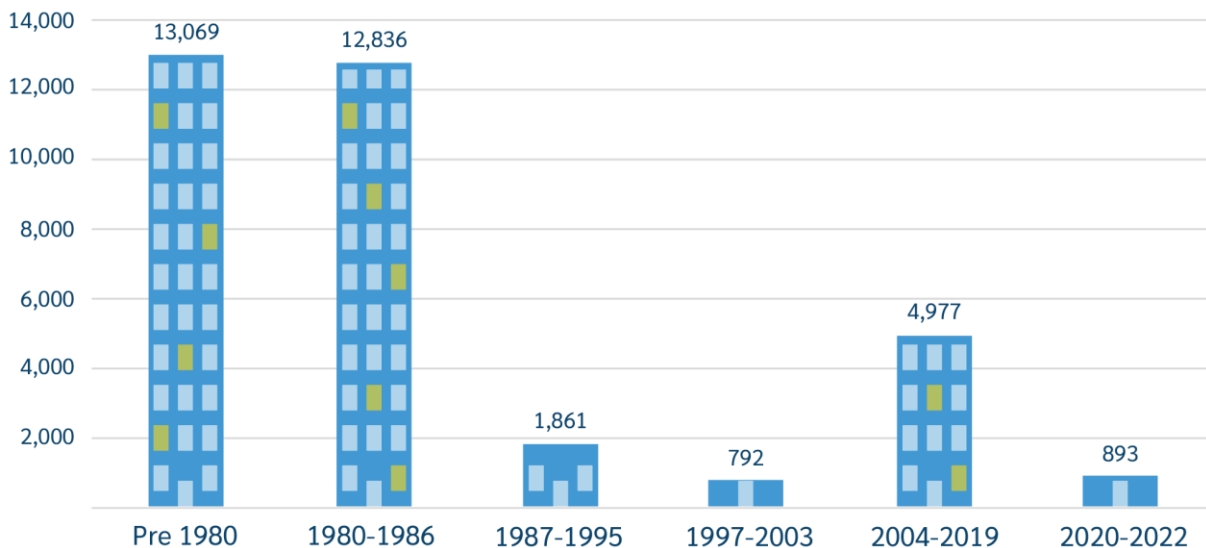
Over the past decades, federal support for social housing in Alberta has diminished, with 76% of existing social housing units constructed before 1987. The units built between 1987 and 2022 comprise only a small fraction of the province's total social housing inventory.



Need for Policy Intervention

The decline in social housing, coupled with acute housing demand, underscores an urgent need for policy measures that ensure sustained and consistent investment to align supply with market needs.

Number of Social Housing Units by Year of Completion in Alberta⁵

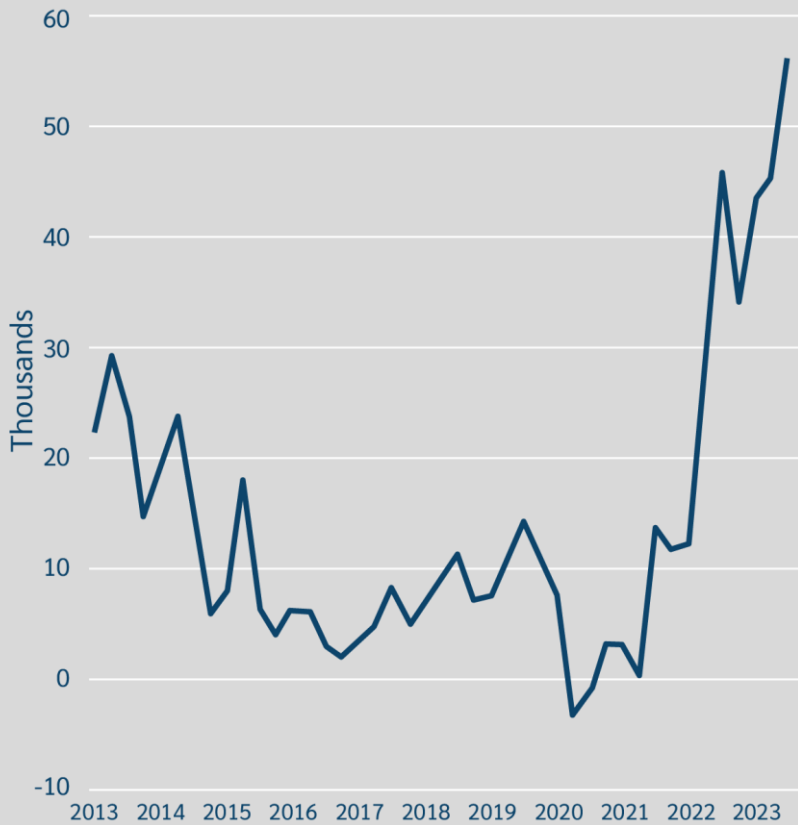


*Time periods displayed as stats Canada

Net Migration

In 2023, net migration increased by 185,977 individuals, with 30% moving from other provinces and 70% being international migrants. Comparatively, inter-provincial migration increased by 68% since 2022, outpacing the growth in international migration, which increased by 54%.

Albertan Net Migration Per Quarter⁶



Demographic Shifts

There has been a noticeable influx of young adults to Alberta, drawn by job opportunities and living conditions, evidenced by a sharp rise in migration since 2022.⁷

This demographic change has contributed to increased housing demand, driving up rent prices in the face of existing supply constraints related to regulatory and land-use policies.



Average Rent across Albertan Municipalities

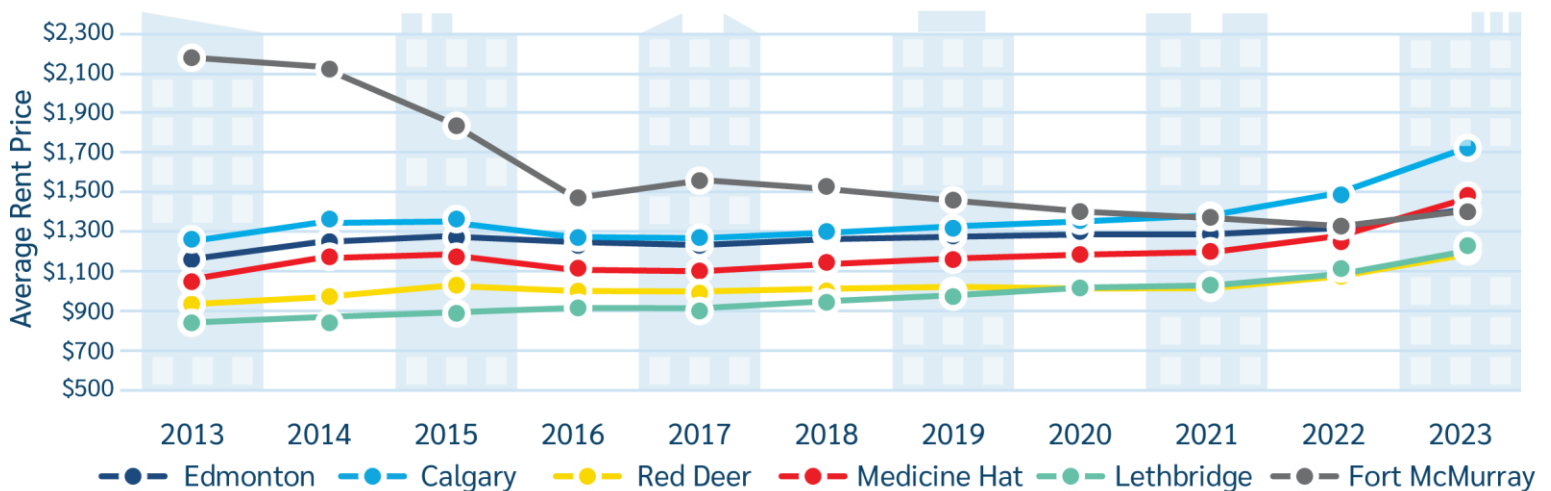
From 2016 to 2021, rents in Alberta were relatively stable, despite minor fluctuations, including small decreases from 2015 to 2017 in many municipalities.

Responsiveness to the Free Market

Historically, the rental market in Alberta has adapted to free market dynamics. The downturn in global oil prices from 2015 to 2017 notably impacted Alberta's economy, leading to decreased housing demand and reduced rental prices.

Various municipalities, including significant decreases in Fort McMurray between 2013 and 2016, reflect the market's ability to adjust prices in response to economic fluctuations.

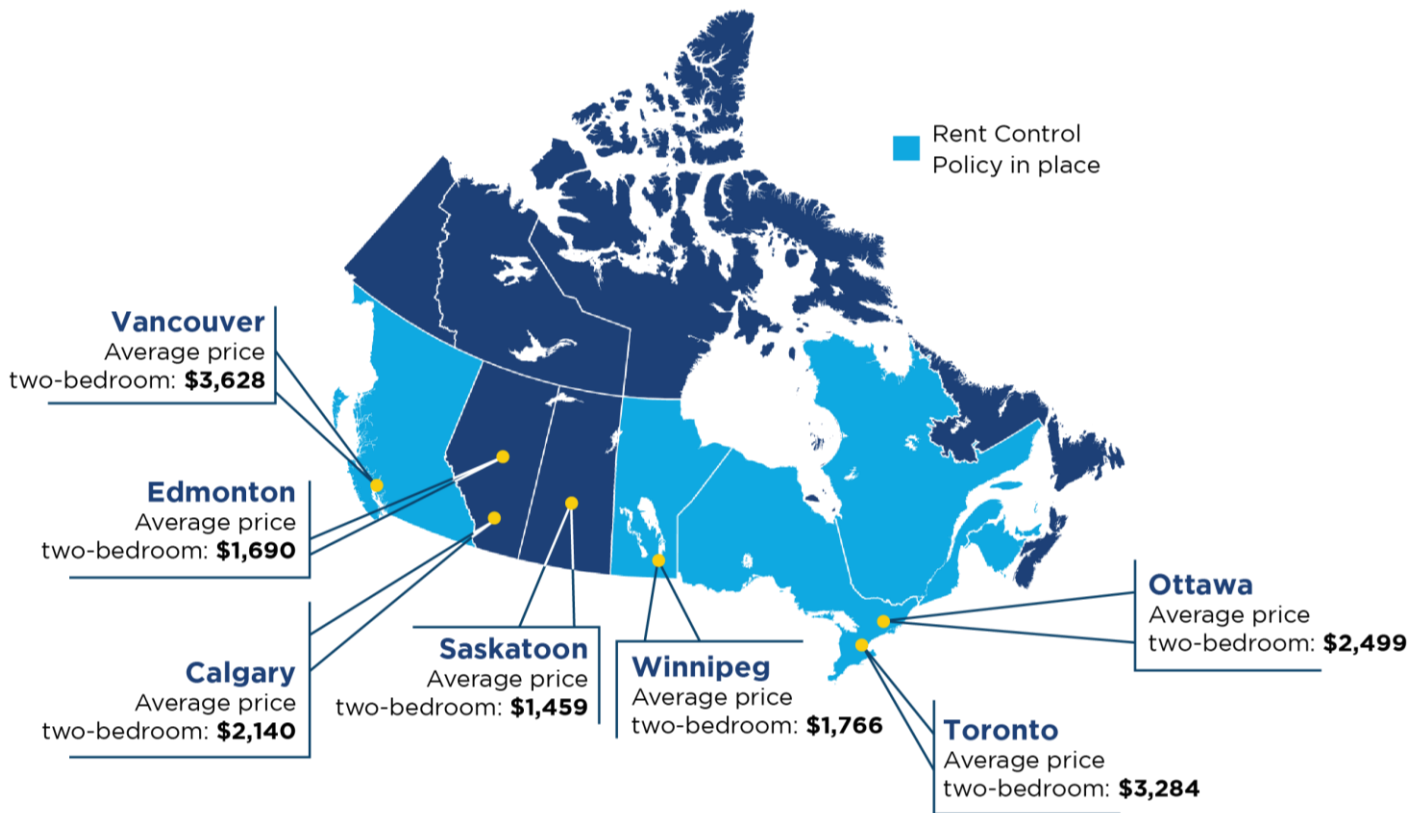
Average Rent for Select Municipalities in Alberta⁸



Rental Rates by Jurisdiction

Edmonton's rental rates align closely with those in Saskatchewan, indicating similar affordability across the broader Western Canadian region, despite the absence of rent control measures. In contrast, rent-controlled regions, like Toronto, Ottawa, and Vancouver exhibit higher rental costs. Notably, Edmonton has experienced the smallest increase in rental prices over the past decade.

Average Market Rent for a 2 Bedroom Apartment across Major Cities in Canada in 2023⁹



Overall Rental Rate increases over the past decade¹⁰

Edmonton
22.2%

Edmonton has experienced the smallest increases in rent prices over the past decade.

Vancouver
69.5%

Vancouver has experienced the highest increase in rent prices over the past decade.

Toronto
61.7%

Toronto has experienced a high increase in rent prices over the past decade.

Cost difference between turnover and non-turnover units

2.3% **Edmonton**

Lowest Difference

Edmonton has the smallest disparity in rental costs between new tenants and those with existing leases.

24.9% **Vancouver**

High Difference

In Vancouver, tenants seeking new accommodations encounter rental costs that are 25% higher compared to those with existing leases.

28.7% **Toronto**

Highest Difference

Toronto has the largest discrepancy in rental costs between tenants seeking new accommodations and those with existing leases.

Increasing Operating Costs

In 2023, average Canadian monthly mortgage payments grew by



Increased Mortgage Costs

From 2022 to 2023, average mortgage payments saw a substantial increase of 13%.¹¹ Typically, the annual growth rate for rental prices is lower compared to the growth rate of mortgage payments.



↑5.7% **increase in property tax rate in Edmonton in 2024**

Other Costs

In addition to rising mortgage costs, property taxes and utilities in Alberta have also seen significant increases. The cost of electricity surged by 127.8% year-over-year in July 2023.¹² To accommodate inflation, various municipalities throughout Alberta have raised property taxes. In Edmonton, property taxes for properties with four or more dwellings will rise by 5.7% in 2024.¹³

Policy Interventions

Rent control policies can have unintended consequences for housing providers and the housing market, impacting affordability, property values, and neighborhood dynamics.

Careful consideration and tailored policies are necessary to mitigate negative effects, while achieving desired affordability goals.

Sustainable solutions, like affordable housing construction, inclusionary zoning, and tax incentives offer viable pathways to enhance both affordability and housing supply. These strategies can be adapted to Alberta's unique housing market, ensuring mutual benefits for housing providers and tenants alike.



Increase Housing Supply

Address past under-investment in affordable housing to meet current demand without distorting the market.



Streamline Development

Simplify the development process in dynamic markets, like Edmonton and Calgary to encourage affordable housing. Flexible zoning can lower barriers by allowing diverse housing types and densities, promoting both affordable and diverse living options.



Support Housing Providers Financially

Provide financial aid or tax incentives to housing providers to offset rising costs and encourage investment in property quality and availability.



Enhance Rental Supplements

Increase the reach and amount of rental supplements to directly support low-income families. In Alberta, social assistance benefits often do not align with rental market prices, resulting in delayed support for those in need.



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