

# Calgary Multi-Family Investment Insights

Market Analysis Q3 2024

Calgary's multi-family market has demonstrated strong long-term investment stability. This asset type has a ten-year average of more than \$295 million in annual investment from 2013 through 2023 and 2024 is on-track to increase that metric.

Since we began tracking multi-family sales in 2008, there have been several new high-water marks set for total investment – most notably in 2012 (\$406.4 million) and 2018 (\$345.7 million) – but the three-year period of 2022-2024 is poised to contain several new – and consecutive – records.

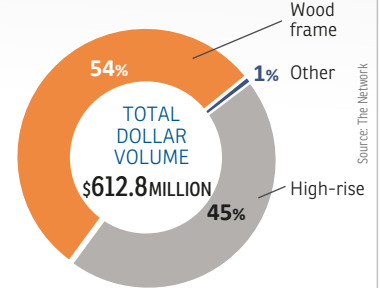
Investment in this asset type has exploded since 2021 and this has largely coincided with Canada welcoming record numbers of newcomers – many

	Jan-Sep 2023	Jan-Sep 2024	Y-O-Y Change
High-Rise Apt. Dollar Volume	\$184,825,000	\$275,740,000	\$90,915,000
Wood Frame Apt. Dollar Volume	\$204,829,960	\$330,635,500	\$125,805,540
Other Formats Dollar Volume	\$66,135,000	\$6,405,000	(\$59,730,000)
<b>Total Dollar Volume</b>	<b>\$445,789,960</b>	<b>\$612,780,500</b>	<b>\$166,990,540</b>

of whom chose Alberta as their destination. Calgary has become a new home of choice for record numbers of those newcomers, as well as Canadians from elsewhere in the country. According to Calgary Economic Development, Calgary's population grew by nearly 100,000 people through 2023 and a similar population increase is expected to be realized through 2024. In tandem with the above, the Canada Housing and Mortgage Corporation (CMHC) tracked a decrease in Calgary's rental apartment vacancy to 1.4% at the end of 2023. That rate is forecast to drop to just 1.1% at the end of 2024.

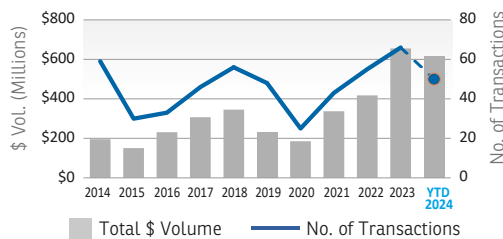
Calgary's variety of multi-family formats has drawn investors' interest and capital to the extent

JAN-SEP 2024 MULTI-FAMILY INVESTMENT ACTIVITY DISTRIBUTION



Source: The Network

TOTAL \$ VOL. & NO. OF TRANSACTIONS



that 2023 investment more than doubled the aforementioned ten-year average with over \$657 million in transactions, and year-to-date 2024 totalled just under \$613 million.

At this rate, 2024 multi-family investment is set to eclipse 2023 levels and in doing so, set another all-time record for this asset group.

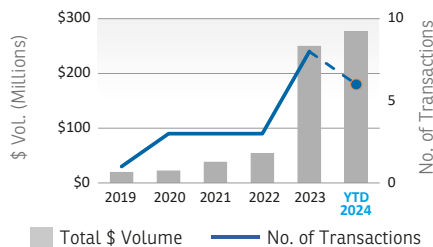
## High-rise multi-family investment

Calgary's high-rise multi-family format offers investors considerably more consistency in terms of age, location and parking than the wood frame category. Additionally, with many including main floor commercial retail units, investors tend to be drawn to the longer-term cash flow to be derived from multi-year commercial leases.

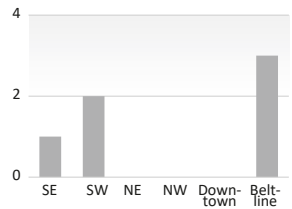
Investors have indeed been drawn to this format of multi-family property through 2024. To the end of September, we tracked a year-over-year increase of just under \$91 million. This was largely due to a couple of multi-property portfolio purchases, one of which was the \$176 million purchase of Glenmore Gardens & Elata & Glenmore Heights by Boulevard Real Estate Equities Ltd.

Based on historical trends, high-rise properties typically represent a small percentage of overall multi-family property transactions, but that percentage has grown remarkably steadily over the previous six years. Since 2019, this format has increased from just 3% of total sales to 6% in 2021,

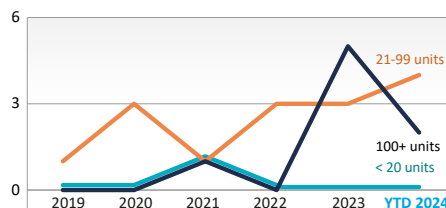
\$ VOLUME & NO. OF TRANSACTIONS



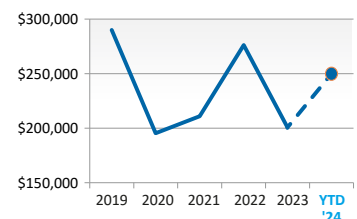
NO. OF TRANSACTIONS BY LOCATION



NO. OF TRANSACTIONS BY NO. OF UNITS



AVERAGE PRICE PER UNIT



Source: The Network

to 13% in 2023 and at Sept. 30th 2024, high-rise sales represented 12% of total transactions. There is clearly a strong – and growing – appetite for this multi-family format in the Calgary market.

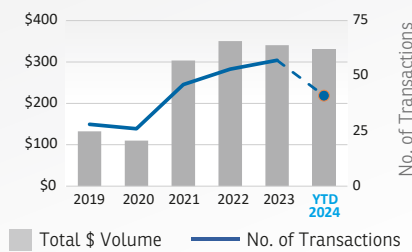
## Wood frame multi-family investment

This format – known for decades as ‘walk-up’ – has the greatest variability in terms of age, location, parking and general size in terms of total units. Examples of this format include duplexes with four total units (two main-floor plus two basement units) and ‘typical’ apartment building of up to four above-ground floors with basement units. A newer allowance introduced to Calgary in 2015 permitted construction of properties of up to six floors high using wood frame construction with underground parking and elevators. These can be found as stand-alone properties and as multi-building complexes containing several hundred units.

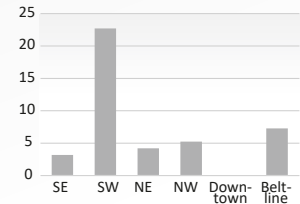
Included in this category are properties with main floor retail – a feature shared with many high-rise properties. We use the wood frame construction metric for our definition, rather than whether or not an average person can ‘walk up’ the stairwell to their top floor unit.

Calgary saw a significant growth in investment volume from 2020 to 2022, reaching peak dollar volume of \$350,616,150 in 2022. Year-to-date 2024 investment has proven especially strong with sales totalling \$330,635,500 at September 30th – nearly matching this asset type’s all-time high in just nine

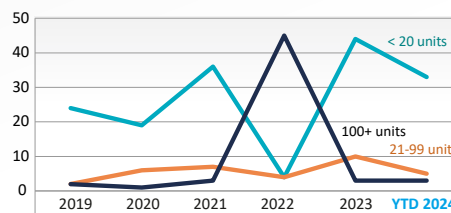
\$ VOLUME & NO. OF TRANSACTIONS



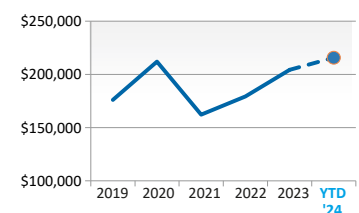
NO. OF TRANSACTIONS BY LOCATION



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AVERAGE PRICE PER UNIT



months. This indicates strong potential for another record year. The SW quadrant led sales with 22 transactions, which comprised just over half of total sales transactions to date. We noted that the SW quadrant properties sold to date in 2024 were primarily 1960s-era construction and as such, represent opportunities to upgrade to derive higher rental rates or to redevelop the properties altogether to increase density. In either case, opportunity exists for investors to gain added value through renovations and modernization while addressing the demand for updated living spaces.

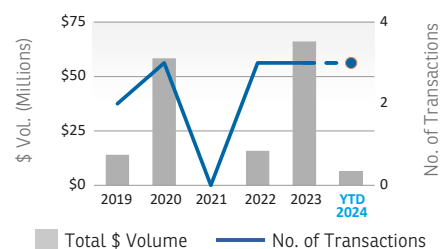
## Other multi-family format investment

Within this miscellaneous category, we count row houses, 4-plexes and assisted-living facilities. The years 2020 and 2023 were record years for investment in this subset of multi-family properties; 2020 due to two, large (150+ unit) row house properties changing hands for \$27 million and \$30 million each, and 2023 when the Sage Hill Retirement Residence transacted for \$55.9 million or approximately \$310,000/unit.

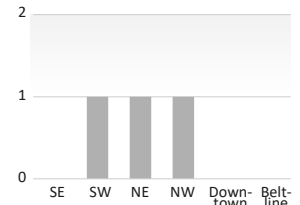
This particular multi-family asset type is generally sought after by small, private investors seeking to gain entry into a relatively easy-to-self-manage rental property ownership scenario. On occasion, as seen in the accompanying charts, larger players enter this market segment as with the above-noted 2023 transaction. By and large, there is no middle ground and one might suspect that this dichotomy contributed to the spike in price/unit tracked in 2022 and 2023.

Interestingly, this is not the case; the sudden increase in this metric seen in 2022 was the 20-unit Peaks+Plains row house property, which sold

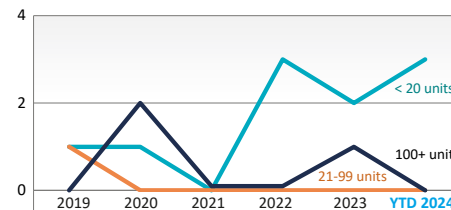
\$ VOLUME & NO. OF TRANSACTIONS



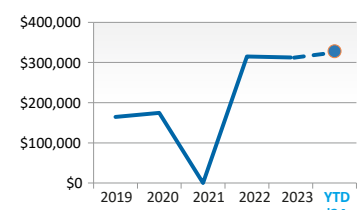
NO. OF TRANSACTIONS BY LOCATION



NO. OF TRANSACTIONS BY NO. OF UNITS



AVERAGE PRICE PER UNIT



\$635,000 per unit – a major pricing outlier for this multi-family format which has a long-term average price per unit of approximately \$250,000. Similarly, the higher-than-average price per unit calculated for 2023 stems from the court ordered sale of The Winston – a 19-unit row house that transacted for more than \$490,000/unit.

Additional source: CMHC Rental Market Survey: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.38&GeographyId=0140&GeographyTypeId=3&DisplayAs=Table&GeographyName=Calgary>

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