

Downtown Residential - Current Market and Targets

Currently there are 1,138 residential units under construction Downtown. Two of these projects have future phases with Development Permits already in place, which could provide 797 more units. This volume of construction is higher than the average rate of the past 10 years (approximately 275 units completed per year). All of these projects are receiving the 2021 Edmonton Economic Recovery Construction Grant. There are no residential projects under construction Downtown that are not receiving that grant.

While the number of units under construction is relatively high, the volume of projects in the development permit or rezoning application stage is low. There has only been one Development Permit application for residential development in the Downtown neighbourhood between August 2021 and July 2023, for 208 units (replacing the former “Dwayne’s Home” building). Administration received one application for rezoning in the Downtown neighbourhood in April 2023. While a significant number of units will be delivered to the market from 2023 to 2025 based on current application volume, it appears there will be a sharp decline following that period.

Historically, Downtown residential development has been cyclical, with periods of more intense development activity followed by periods when less is built.

Net migration and solid labour market conditions are two factors supporting housing demand in Edmonton, including for residential rental units in Edmonton’s Downtown. According to the Canada Mortgage and Housing Corporation (CMHC), vacancy rates for purpose-built rental apartments in the Edmonton Census Metropolitan Area (CMA) was 4.3 per cent in October 2022, down from 7.3 per cent in October 2021. The vacancy rate in the Downtown zone was 5.1 per cent in October 2022, down from 9.5 per cent in October 2021. This was despite an increase in the purpose-built rental apartment stock, which increased 6.5 per cent between 2021 and 2022, outpacing growth across the city overall.

Average monthly rent across all bedroom types was estimated to have increased by 0.6 per cent between October 2021 and 2022, and was \$1,236 per month in the Downtown zone.

CMHC projects that the CMA rental apartment vacancy rate will fall to 1.4 per cent in 2024 and 1.3 per cent in 2025. It also projects that rental costs for

two-bedroom apartment units will increase from an average of \$1,304 monthly in October 2022 to \$1,610 monthly in 2025.¹

Rental demand is expected to remain solid, supported by net migration and expansions in Downtown post-secondary institutions. As well, people looking to buy may decide on renting for longer periods due to high borrowing costs for ownership.

Residential Growth Targets

There are two separate targets and projections for residential growth included in the 2010 Capital City Downtown Plan:

- Population target of 24,000 by 2030
 - 2021 population was 12,000 (2021 Federal Census).
 - 1,333 new residents per year 2022-2030 to meet this target.
- Projection of 12,200 net new units between 2009 and 2044
 - 2019 count was 10,365, an increase of 3,205 from 2009. (2019 Municipal Census)
 - 359 new units per year from 2019 to 2044 to meet this target.

¹ CMHC Housing Market Outlook, Spring 2023
<https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/housing-market-outlook/2023/housing-market-outlook-spring-2023-en.pdf?rev=5c29bc91-2310-435f-b2c9-b801866d0ede>