

**Q3 2021**

MULTI-FAMILY HOME TAKE: EDMONTON

# **DIMINISHED SUPPLY SLOWS SALES**



# THE MULTI-FAMILY TAKE: Diminished Supply Slows Sales

---

After recording five consecutive quarters of sales volume increases, Edmonton's new multi-family home market cooled somewhat in the third quarter of 2021. The 257 recorded sales mark a quarterly decrease of 42 percent but is within nine percent of 2020's third quarter sales total. A significant decrease in the number of actively selling projects this quarter contributed to the lower sales volume. The number of actively selling new multi-family projects dropped by 16 percent this quarter to a total of just 70 projects across the entire market. This is the largest recorded percent change since Zonda Urban began tracking this metric. The total actively selling projects this quarter is just over half of the 136 projects actively selling projects in the third quarter of 2018. Despite the decrease in overall sales, actively selling projects averaged 3.7 sales per month this quarter. This average sales rate is the best among third quarters in the past three years and the fourth best performing quarter overall in the same timespan. The relative success of active projects indicates sustained demand for new multi-family home product in Edmonton. These factors, coupled with decreasing levels of released and unsold inventory, both under construction and completed, justify an increase in new multi-family home supply in Edmonton.

The Southwest and Southeast accounted for 71 percent of total new multi-family home sales in Q3-2021. Lower sales volume occurred in all sub-markets except Downtown and St. Albert, which recorded quarterly increases of thirteen and nine sales, respectively. Total concrete condominium sales exceeded 50 units in the quarter for just the second time since the beginning of 2020. The Edmonton market continues to see demand from key demographics such as first-time buyers and downsizers, as well as from out-of-province investors; mainly from Ontario and British Columbia.

Some key statistics and observations from Zonda Urban's Q3-2021 review of the new multi-family home sector of the Edmonton residential market include:

- The 257 third quarter sales this quarter pushed the 2021 year-to-date sales to 1,092; 337 sales higher than the year-to-date sales in 2020, and higher than the 1,048 total unit sales recorded in all of 2020.
- Total townhome sales decreased by 58 percent from the previous quarter. The number of actively selling townhome projects dropped by nearly 20 percent.
- The total number of actively selling projects in the market (70) decreased for the ninth consecutive quarter.
- Released and unsold inventory reached its lowest total (1,050 units) since Zonda Urban started recording this statistic. This is a 67 percent decrease from inventory levels two years ago.
- The average unit price across all product types in Edmonton increased by 4.3 percent. This increase was led by a 6.5% jump in wood frame condominium unit prices compared to the previous quarter.

# SALES & INVENTORY ANALYSIS

A total of 257 units were sold in Edmonton during the third quarter of 2021; just 25 fewer (nine percent) than last year's third quarter sales figure. Historically, new multi-family home sales during the third quarter are 17 percent lower than the second quarter.

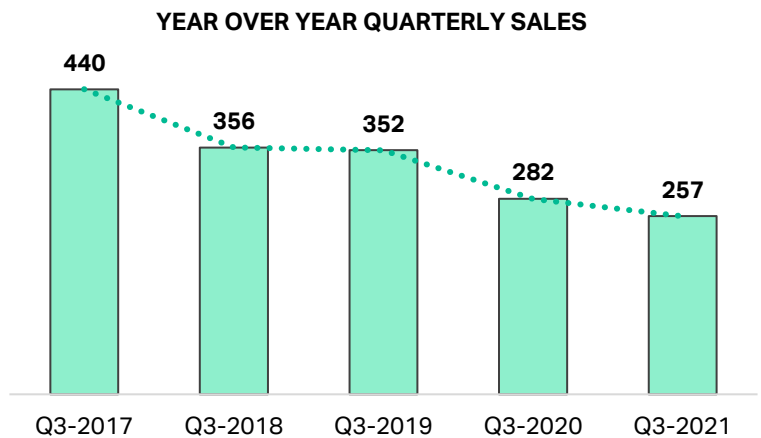


Chart 1

Edmonton has seen sustained demand from first-time buyers and downsizers, who are currently the most active demographics in the new multi-family home market. As a result, actively selling new multi-family projects achieved an average of 3.7 sales this quarter. By this metric, the third quarter of 2021 is the best performing third quarter since 2017. The quarterly decrease in sales can be largely attributed to a decrease in actively selling multi-family home projects. There are 70 active projects this quarter – the lowest mark since Zonda Urban started monitoring this market. The total number of actively selling projects is 16 percent lower than at the end of the previous quarter.

## ACTIVELY SELLING PROJECTS BY PRODUCT TYPE

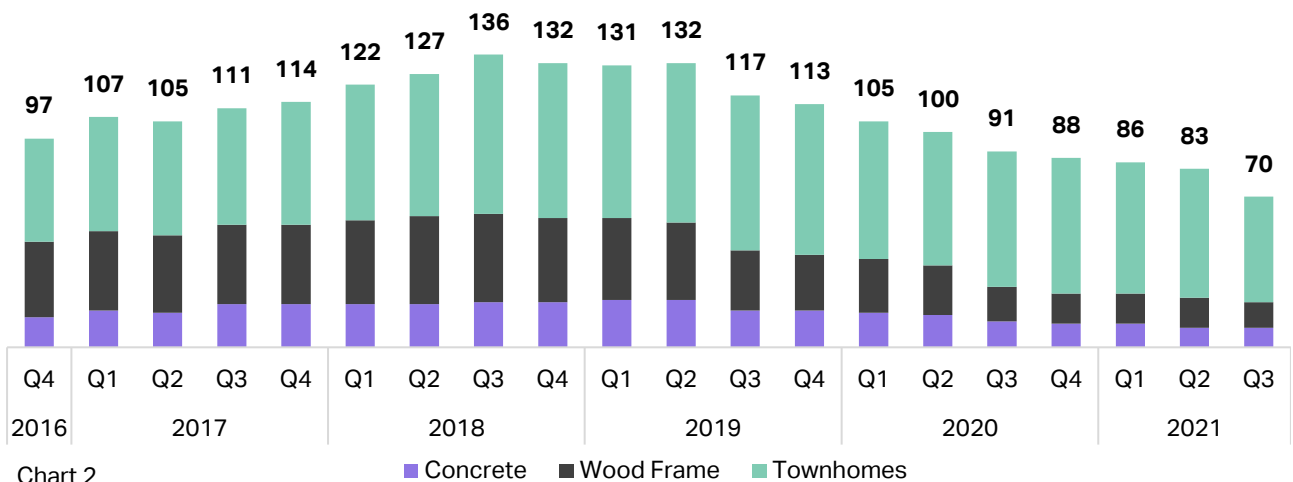


Chart 2

## SUB-MARKET SALES ACTIVITY

The Southwest sub-market was the biggest contributor to third quarter sales. The 126 sales represented nearly half of total sales in the market. This is in line with the historical average and is 10 percent higher than the previous quarter's share. The Southwest continues to drive Edmonton's new multi-family market with actively selling projects in this market recording 4.8 sales per active project on average. 37 percent of all actively selling projects in Edmonton are in this sub-market.

The townhome sector continues to account for the majority of sales in the Southwest due to affordable price points that allow first time buyers, new immigrants, and young families to qualify for home ownership. Investors from Calgary, Ontario, and British Columbia, attracted by the affordable pricing, have been noted in this sub-market as well. Sales declined in most other sub-markets except for Downtown and St. Albert, which each increased by nearly a factor of three. Both the Downtown and St. Albert sub-markets recorded their highest quarterly sales totals of the year and accounted for a combined 13 percent of total market sales. The Northwest and Northeast submarkets recorded 54 and 80 percent decreases in unit sales, respectively.

Quarterly Sales Comparison			
Sub-Market	Q2-2021	Q3-2021	% Δ
Downtown	7	20	186%
Northwest	54	25	-54%
Northeast	75	15	-80%
Southwest	174	126	-28%
Southeast	128	57	-55%
St. Albert	5	14	180%
Sherwood Park	7	0	-100%
<b>Total</b>	<b>450</b>	<b>257</b>	<b>-43%</b>

### QUARTERLY SALES BY AGGREGATE SUB-MARKET

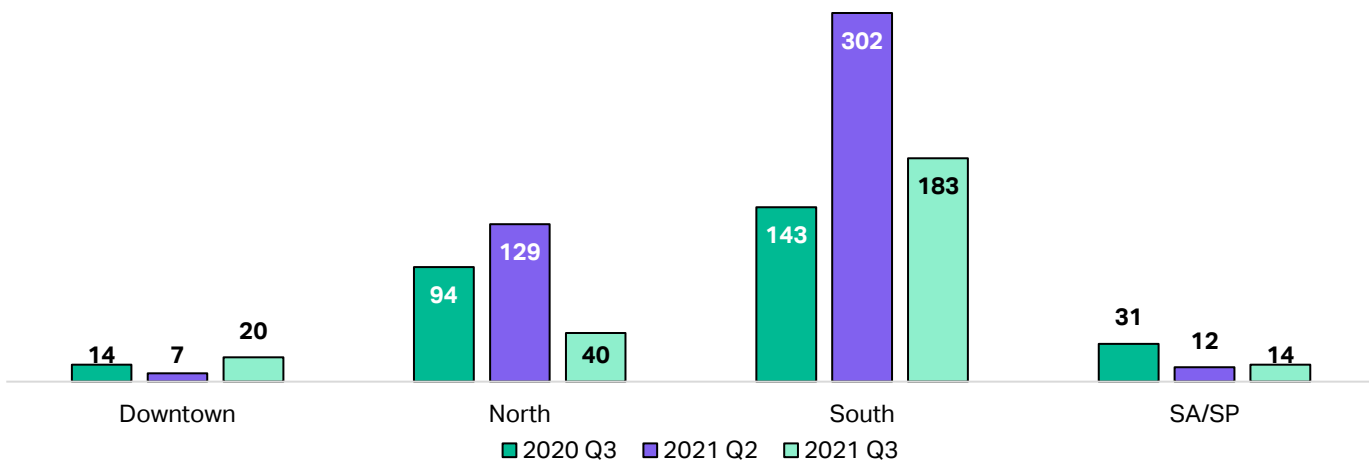


Chart 3

# QUARTERLY SALES BY SUB-MARKET

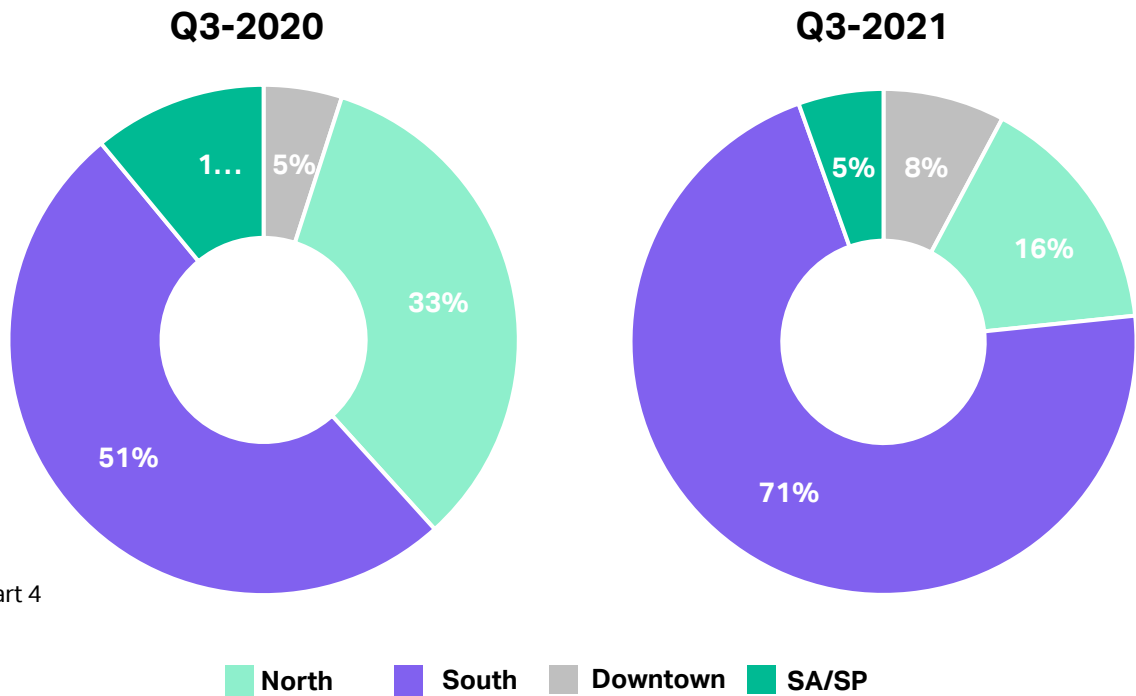


Chart 4

Chart 4 highlights the share of total quarterly sales in each sub-market. Edmonton’s most active submarkets, the Southwest and Southeast, increased the proportion of total market sales by 20 percent on a year-over-year basis. The proportion of sales in the northern sub-markets has dropped by half in the same timeframe. The largest decrease occurred in the Northeast, where sales decreased by 80 percent from the second quarter. The third quarter marks the first time the Northern sub-markets have recorded fewer than a 20 percent of the market’s total number of sales in nearly two years.

Both concrete and wood frame condominium projects recorded over 50 sales, respectively in the same quarter for the first time in over a year. The 104 total condominium sales during the third quarter is the highest total since the fourth quarter of 2019. One of the most impactful changes in the Edmonton market this quarter was the substantial drop in total townhome sales. This quarter’s 153 townhome sales are 58 percent lower than the previous quarter’s mark of 366 despite townhomes making up a similar proportion of actively selling projects.

# QUARTERLY SALES BY PRODUCT TYPE

Townhome sales remain higher than total condo sales for the fourteenth consecutive quarter. Townhome sales continue to account for the majority of total sales in Edmonton’s new multi-family home market. Chart 6 highlights the Southern sub-markets in Edmonton, where 65 percent and 75 percent of all condominium and townhome sales occur.

Quarter	Concrete	Wood Frame	Townhome	Total
Q3-2021	54	50	153	257
Q2-2021	7	77	366	450
Q3-2020	15	56	211	282

## QUARTERLY SALES BY PRODUCT TYPE

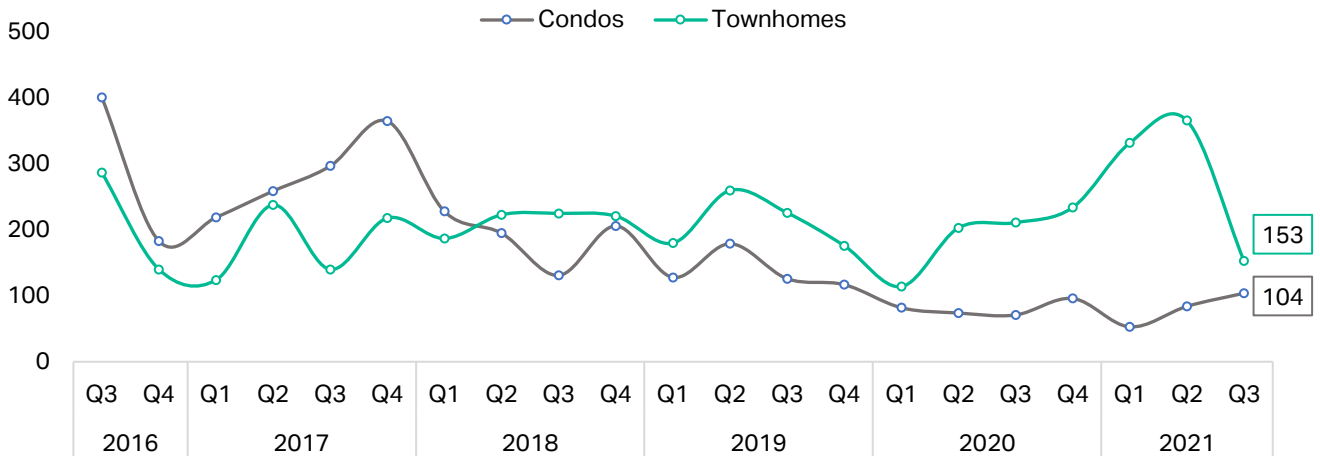
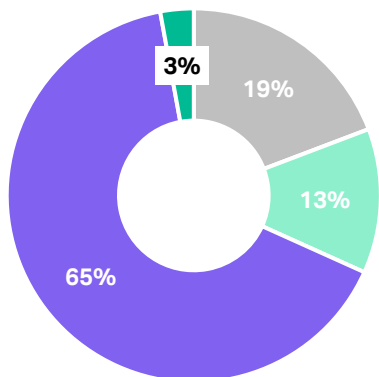


Chart 5

### CONDO



### TOWNHOME

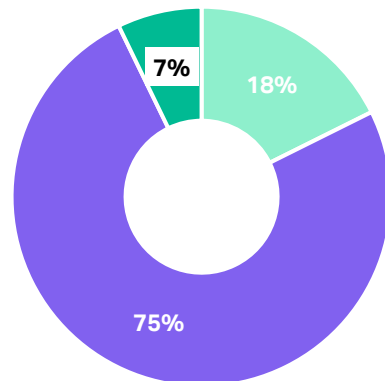


Chart 6

■ North   
 ■ South   
 ■ Downtown   
 ■ SA/SP

# DECREASE IN RELEASED & UNSOLD INVENTORY

The downward trend of released and unsold inventory in the Edmonton market continued in the third quarter of 2021. Released and unsold inventory decreased to a total of 1,050 units this quarter, which is less than a third of inventory levels in 2018. Inventory in the Downtown sub-market decreased to 198 units from previous highs of over 1,000 units in 2019.

Rlsd & Unslid Inventory Δ	
Sub-Market	Quarterly Δ
Downtown	-9%
Northwest	-8%
Northeast	-19%
Southwest	-17%
Southeast	5%
St. Albert	-29%
Sherwood Park	0%
<b>Total</b>	<b>-11%</b>

Inventory across all product types experienced a quarterly decrease. Concrete condominium inventory decreased by 20 percent to 220 units, wood frame condominium inventory dropped by 13 percent to 367 units, while townhome inventory was five percent lower at 463 units. Total inventory levels have declined by two thirds over the past three years. The sub-markets that experienced the biggest declines in released and unsold inventory were St. Albert (-29 percent), the Northeast (-19 percent), and the Southwest (-17 percent).

## RELEASED & UNSOLD INVENTORY BY PRODUCT TYPE

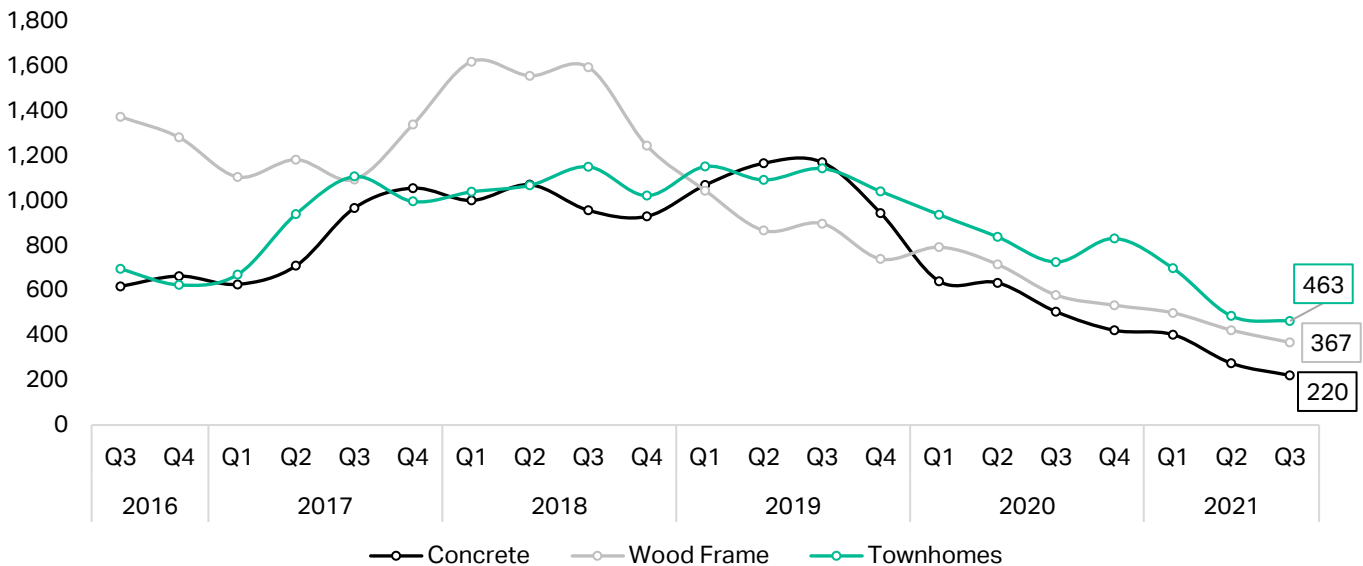


Chart 7

# QUARTERLY SALES VS. UNSOLD INVENTORY DIFFERENTIAL

The differential between total unsold inventory and total sales during the quarter was 793 units; an eight percent quarterly increase but a 48 percent year-over-year decrease. Third quarter sales decreased by nine percent year-over-year, while released and unsold inventory and the spread between the two variables declined by 42 and 48 percent, respectively. This metric provides further support for new supply to be added to the market.

## SALES VS. RELEASED & UNSOLD INVENTORY

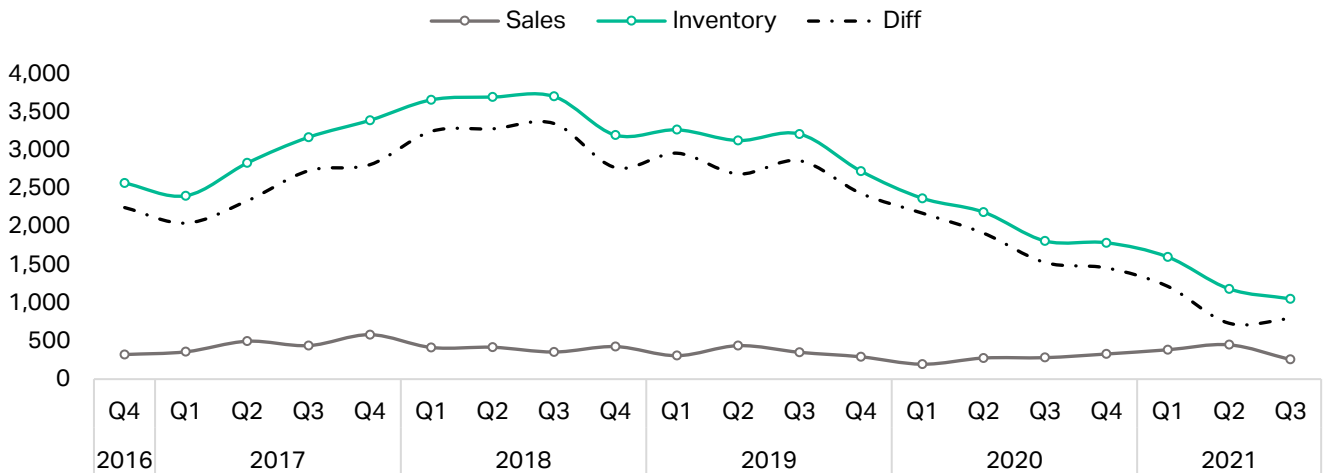


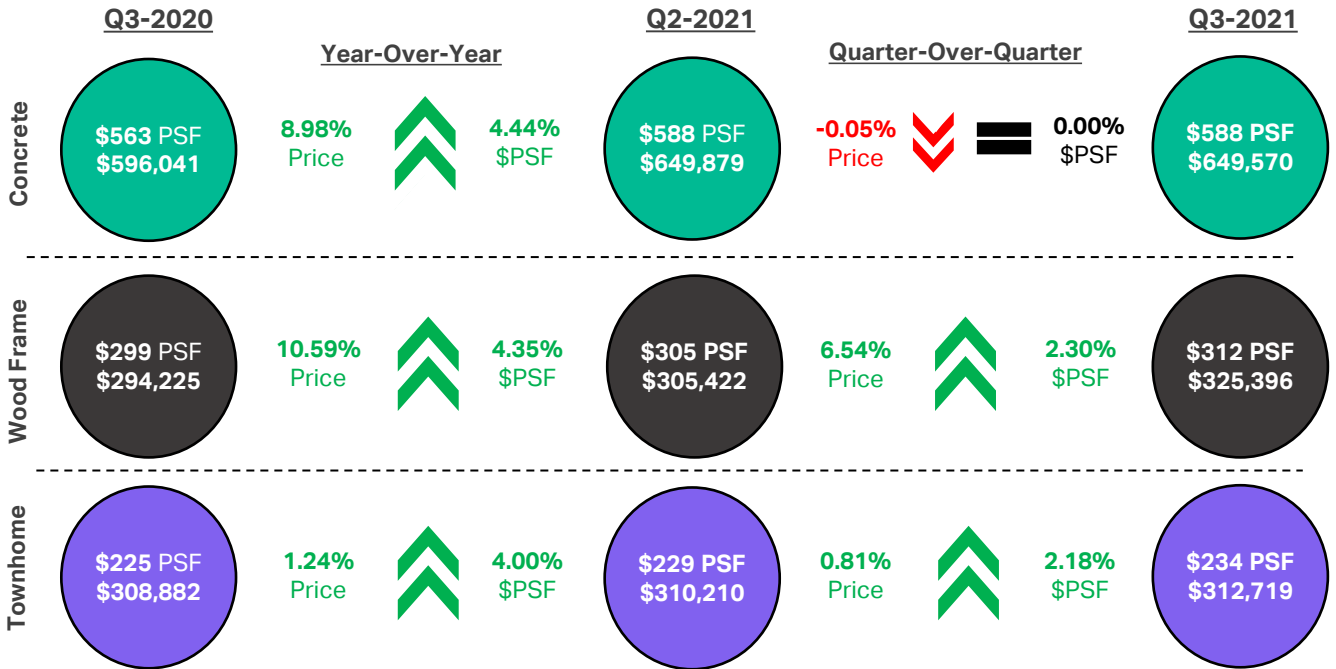
Chart 8

## PRICING TRENDS

- The average unit price across all product types increased by 4.3 to an average of \$413,994 over the previous quarter. The average price of wood frame condominiums and townhomes rose by 6.5 percent and 0.8 percent, respectively. Concrete condominium prices were relatively flat this quarter.
- The average unit price of wood frame condominiums in the Southwest increased by 11.7 percent to \$333,042. This is the largest price change in any submarket this quarter.
- The average price of townhomes is \$312,719, recording highs in St. Albert of \$360,627 and lows in the Northeast of \$291,283.
- The Southeast and Southwest sub-markets recorded average unit prices for all product types of \$266,846 and \$406,232, respectively.
- Average prices rose by 4.6 percent year-over-year across all unit types. Wood frame condominium prices have increased by 10.6 percent over that time. Quarterly prices increased by 4.3 percent.



# PRICING TRENDS



# BUYER TRENDS

Demand in Edmonton's new multi-family home market is being driven by a balanced mix of buyer demographics, with the most prevalent groups being first-time buyers and downsizers. Other active buyer groups in the Edmonton market include young families, young professionals, and new Canadians. Sales in the Southwest and Southeast were driven primarily by first-time buyers and downsizers due to the affordable price points and the more abundant supply offered in the area. A number of project sales representatives also noted a greater presence of investors from Calgary, Ontario, and British Columbia. As a result, some developers are focusing their marketing efforts on out-of-province buyers by highlighting the relative value and strong rental demand in the marketplace.

Sales centers in Edmonton reported slower traffic during the third quarter of 2021. This can be partly attributed to most sales centers continuing to operate on an appointment-only basis despite the lifting of most COVID-19 measures at nearly all other businesses. The diminishing supply of existing new multi-family home product and the limited number of new projects added to the market is also likely contributing to the lower traffic counts as existing supply becomes stale in the eyes of prospective buyers. New projects and new supply would likely lead to a renewed interest in the market by buyers. Active multi-family projects in Edmonton stay on the market for an average of 15 months longer than those in Calgary.

# DECREASE IN STANDING INVENTORY

- Standing inventory reached its lowest level since the third quarter of 2018, with a total of 585 move-in ready, completed and unsold units.
- All sub-markets experienced a quarterly drop in standing inventory except St. Albert, where the recent completion of a project increased the number of completed and unsold units by 39 units to a total of 64.
- The Downtown and Northwest sub-markets recorded the highest levels of standing inventory this quarter with 198 and 161 units, respectively.
- Standing inventory in the Southwest decreased by 69 percent. This is the first time the Southwest has had fewer than 140 units of standing inventory since Zonda Urban began tracking this metric.
- Despite a quarterly nine percent decrease in standing inventory in Downtown, this sub-market continues to account for more than 20 percent of the market's total standing inventory.

Quarter	Downtown	Northwest	Northeast	Southwest	Southeast	St. Albert	Sherwood Park
<b>Q3-2021</b>	<b>198</b>	<b>161</b>	<b>20</b>	<b>45</b>	<b>36</b>	<b>64</b>	<b>61</b>
<b>Q2-2021</b>	<b>218</b>	<b>178</b>	<b>26</b>	<b>147</b>	<b>64</b>	<b>25</b>	<b>61</b>
<b>Q3-2020</b>	<b>171</b>	<b>193</b>	<b>79</b>	<b>148</b>	<b>67</b>	<b>37</b>	<b>12</b>

## STANDING INVENTORY TREND

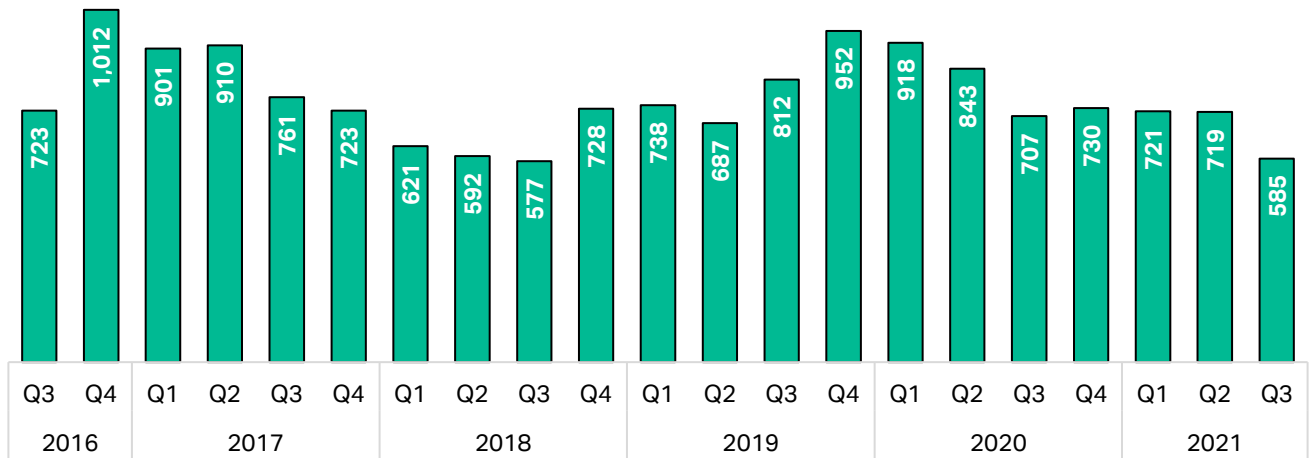


Chart 9

## INCENTIVES TREND

---

The number and value of incentives being offered by developers in Edmonton's new multi-family home market has continued to drop through 2021 compared to 2020 as demand remains steady and inventories drop. The most commonly offered incentives during the quarter were design credits and discounted purchase prices. Other incentives being offered include:

- *Guaranteed rental income (concrete condominium)*
- *\$5,000 customization credit on all penthouse units*
- *\$10,000 – \$20,000 off purchase price*
- *One year of no condo fees*
- *\$5,000 towards appliances, design options, or off purchase price*
- *Front and rear landscaping included*
- *\$7,500 in upgrades or \$5,000 off purchase price*
- *Up to 5% off purchase price*
- *\$5,000 pre-sale promotion*
- *Available upgrade packages*

## SUMMATION

---

Though third quarter sales volume in Edmonton's new multi-family home market was lower than the previous quarter, the projects that are actively selling achieved a quarterly sales average of 3.7 which ranks as the fourth best mark in the past three years. The number of actively selling projects declined by the largest quarterly percentage since Zonda Urban began tracking this metric. Demand from buyers has remained consistent and inventory is low, leaving room for new housing stock to inject some renewed interest and energy in the market. With current active projects having been on the market for an average of 58 months, this product has likely become stale among prospective new home buyers. Key demographics such as first-time homebuyers and downsizers continue to drive the market along with investors, including a growing number from out-of-province. With average prices rising by a slight margin of 4.3 percent, recent demand levels are expected to be sustained in the final quarter of 2021.

## ALBERTA STATE OF THE MARKET

---

Zonda Urban is preparing for the release of the Q3-2021 edition of the **ALBERTA STATE OF THE MARKET** report, which provides an aggregate summary of the status of new home markets in Edmonton and Calgary along with economic metrics relevant to the housing industry.

[CLICK HERE](#) to download the Q2-2021 ALBERTA STATE OF THE MARKET report.



---

We appreciate your feedback. Please contact us with any questions regarding this Edmonton multi-family report or any of our other periodic publications. In addition to maintaining the most current new multi-family home and rental apartment project data on NHSLive.ca, Zonda Urban provides advisory services that can be tailored to meet your firm's specific needs. Please contact us to discuss how we can assist you in the design or positioning of your new multi-family home or rental apartment community.

**ZONDA URBAN**  
**1-587-885-3535**  
**info-alberta@urbananalytics.ca**