Cooling Inflation, Calmer Migration: Has Alberta's Housing Pressure Peaked?

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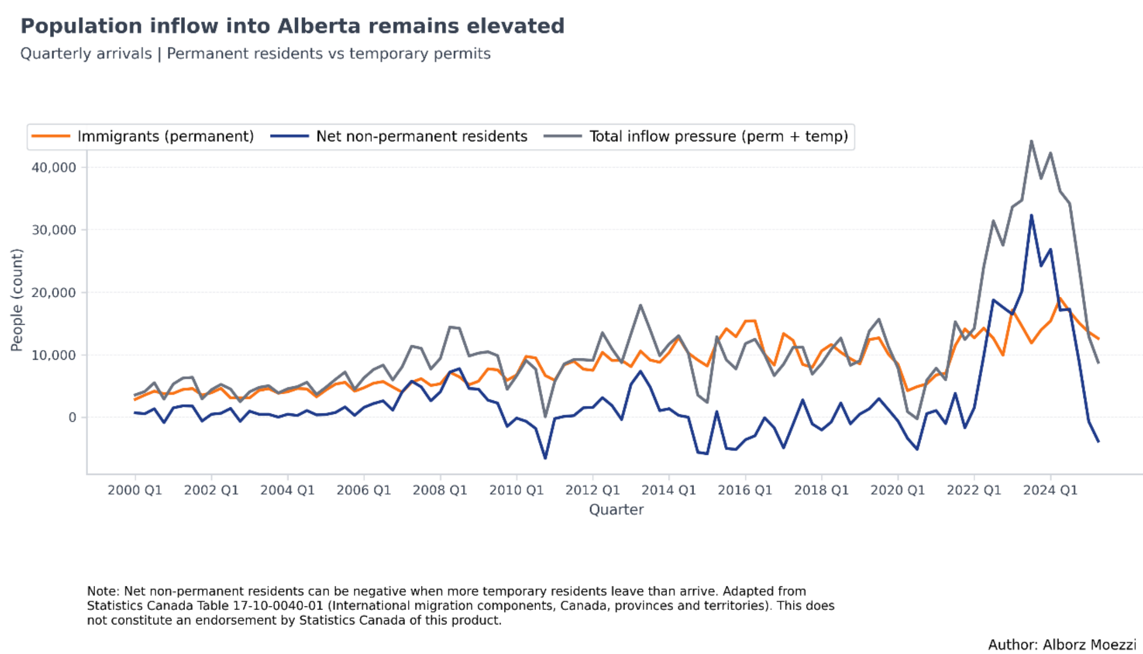
If someone asked Alberta's housing market, "How's your fever?" the honest answer might be, "A bit better." After two years of rapid expansion, new data suggest the province's housing pressure is easing—but not gone. On **October 29, 2025**, the **Bank of Canada** cut its policy rate by 25 basis points to 2.25%, citing "ongoing weakness in the economy" and an inflation rate expected to stay near 2%. The Bank emphasized that the rate cut was designed to guide the economy through a "period of structural adjustment," marking the clearest signal yet that the tightening cycle has ended (see also Reuters, 2025).

Demand Pressure Is Cooling, Not Collapsing

Alberta's housing story has been powered by population growth. The province has attracted both strong international migration and sustained inflows from other provinces. In 2024, Alberta gained over 36,000 net new residents from other provinces—the third consecutive year of net inflows. Roughly 44% came from Ontario and 28% from British Columbia, reflecting how relative affordability continues to pull Canadians west (ATB Financial, 2025).



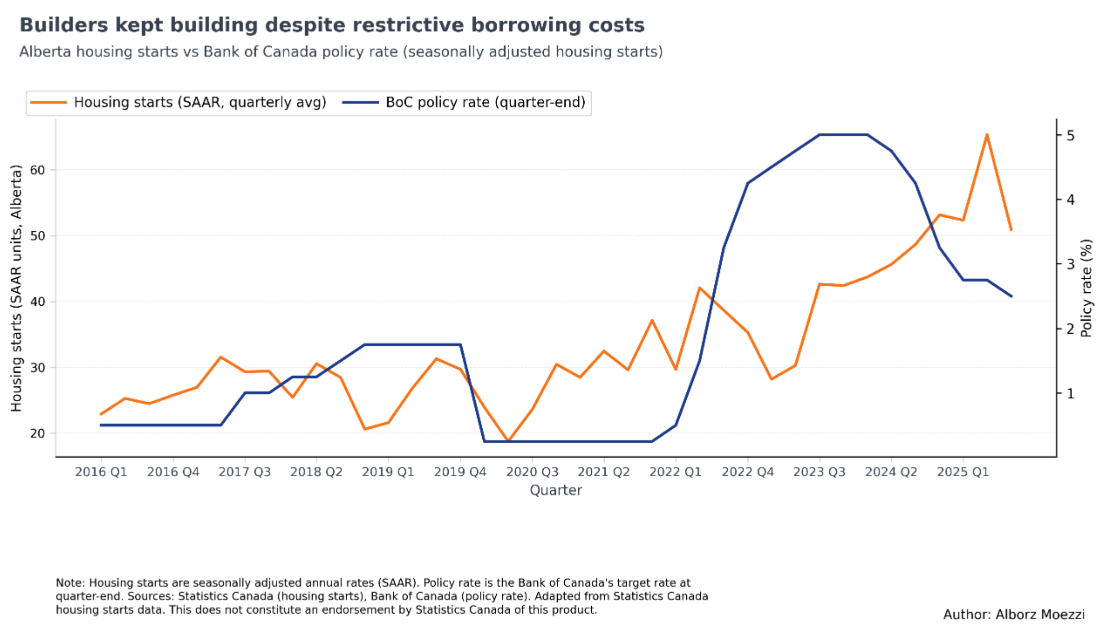
Interprovincial inflows matter not only for housing demand but also for labour supply and consumption. These arrivals are typically working-age households who rent or buy quickly, boosting local spending and expanding Alberta's economic base. Even with migration moderating, the province continues to attract Canadians seeking relief from the higher costs of living in Vancouver and Toronto.

Federal Policy Is Intentionally Slowing the Inflow

The federal government has pivoted its immigration framework to link population growth directly to housing capacity. Under the 2025–2027 Immigration Levels Plan, Ottawa has introduced two major levers: tighter controls on temporary residents and reduced permanent resident targets.

Temporary residents—including international students and certain foreign workers—will now be capped at roughly 5% of Canada's population by 2026 ([IRCC, 2024a]). This measure aims to relieve rental market pressures by curbing the fastest-growing demand segment ([AP News, 2024]). Canada has tightened study-permit issuance and spousal-work eligibility while scaling back low-wage worker streams—all explicitly framed as efforts to "stabilize growth" ([IRCC, 2025b]).

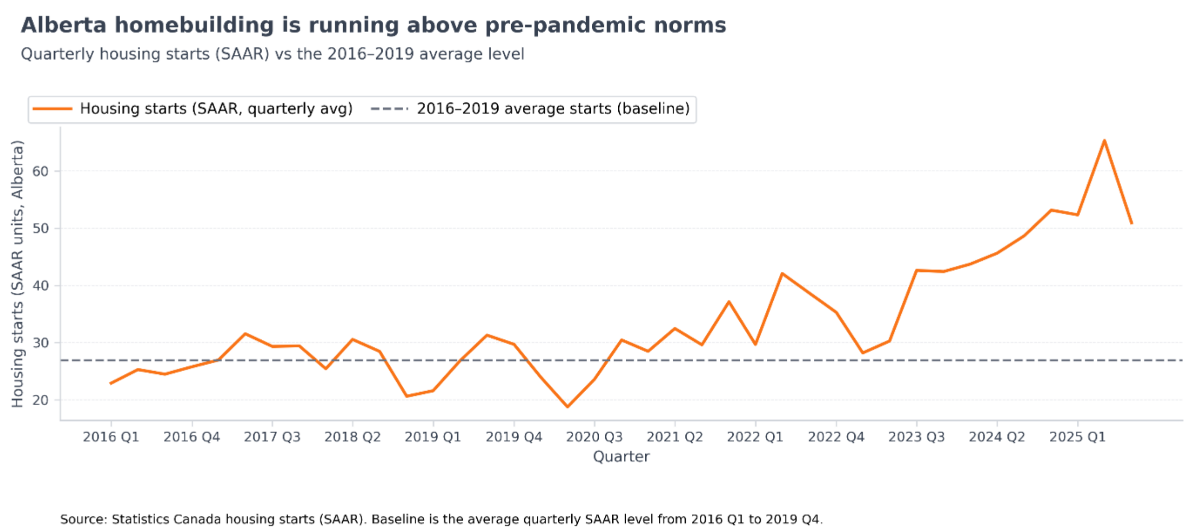
Second, permanent resident admissions are being stepped down: from 395,000 in 2025 to 380,000 in 2026, and 365,000 in 2027—roughly 100,000 fewer than previously planned. Federal communications explicitly link this moderation to the goal of matching population growth with available housing ([IRCC, 2025c]).



For Alberta, these shifts carry immediate implications. Temporary residents, particularly international students, tend to enter as renters rather than buyers. Slower inflows in this category will directly cool the tightest segment of the market—urban rentals—while lower permanent resident targets temper the pace at which new long-term households form. The government's broader message is clear: population growth is now being managed against physical capacity, not treated as an unqualified good.

Supply Is Catching Up

Even before the latest rate cuts, Alberta's builders were showing confidence. Housing starts remained well above pre-pandemic averages through 2024 and into 2025, despite borrowing costs that stayed elevated for much of the year (Statistics Canada, housing starts, 2025).



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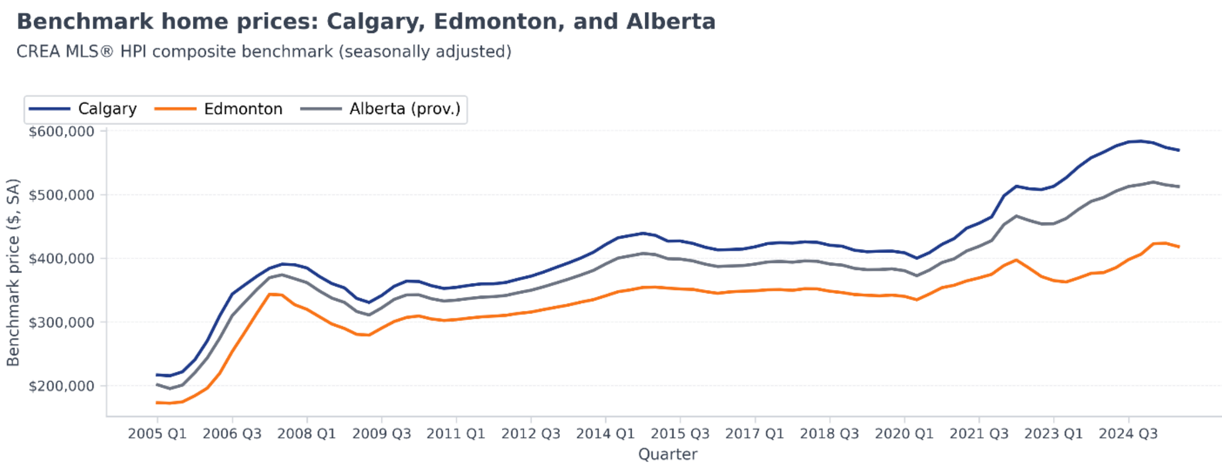
This resilience reflects both structural demand and builder anticipation that monetary easing would arrive. The result is a rare moment in Canada where new supply is rising while demand growth is easing. It may take time for completions to materialize, but Alberta's construction pipeline is positioned to absorb some of the population pressure built up during 2022–24.

Affordability Pressure Is Now Province-Wide

For much of the past decade, Calgary's market dominated Alberta's housing narrative. But that has changed. According to the Canadian Real Estate Association's MLS® Home Price Index, Calgary's benchmark price has flattened, while Edmonton's has risen by 5.1% year-over-year, compared to a near-zero provincial average (CREA, 2025).



Source: The Canadian Real Estate Association (CREA), MLS® Home Price Index, composite benchmark prices (seasonally adjusted). Series shown for Calgary, Edmonton, and Alberta.

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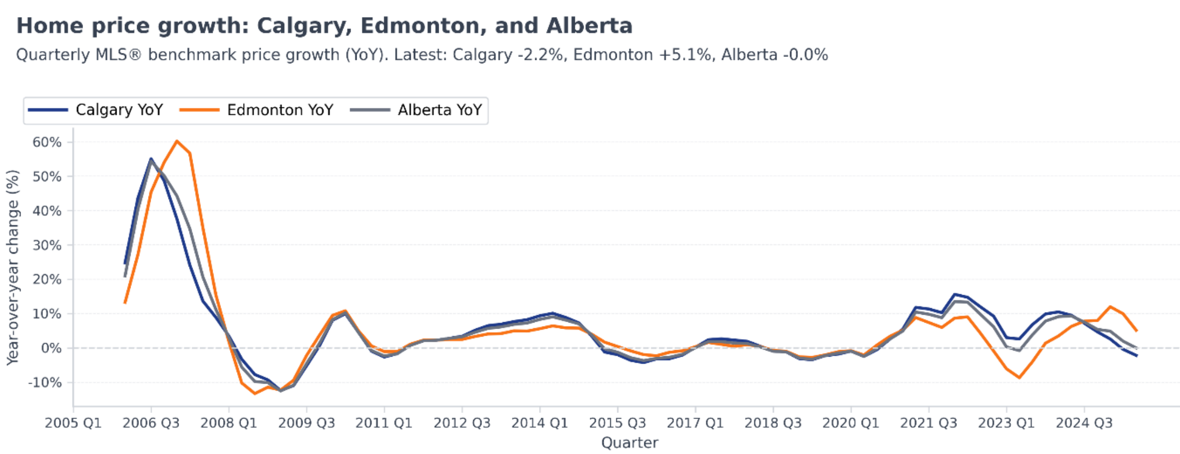

Source: CREA MLS® Home Price Index, composite benchmark prices (seasonally adjusted). YoY = % change vs the same quarter a year earlier.

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The shift signals that affordability pressures are now province-wide, not confined to one city. Edmonton's relative affordability is narrowing, while Calgary—though still pricier in level terms—has lost its steep upward momentum. In both cities, sustained rent and price growth underscores that cost-of-living strain remains persistent even as population pressures ease.

Where This Leaves Alberta Going Into 2025–2026

Demand is cooling, not collapsing.
Net inflows have come off their peaks and are expected to moderate further as Ottawa tightens temporary resident caps and steps down permanent immigration targets. Interprovincial migration remains positive—particularly from Ontario and B.C.—but the pace has slowed from 2023 highs (ATB Financial, 2025).

Supply is building ahead of the rate cuts.
Builders increased activity before monetary policy meaningfully eased, signaling confidence in long-term fundamentals. This forward-looking behaviour may help rebalance the market sooner, especially as completions catch up in 2025–26.

Policy risk is execution risk.
The current strategy—slowing population inflow while accelerating housing starts—is conceptually aligned with affordability goals. Whether it works depends on how fast new construction reaches completion and whether lower migration translates into looser rental markets.

Bottom Line

Alberta is still growing faster than most of the country. Population-driven housing demand is moderating but remains elevated, and builders are responding aggressively. But both Calgary and Edmonton are posting meaningful year-over-year price gains, which means affordability pressure has become provincial, not regional.

The next 12–24 months will test whether supply can arrive fast enough—and whether a deliberate cooling of migration will finally bring balance between housing demand and capacity. For now, Alberta's housing story looks less like a boom or a bust—and more like a long-awaited exhale.