

LEXIAR HOMES

Calgary, Alberta

THE CALGARY MULTI-FAMILY & CMHC INVESTOR GUIDE

What serious investors need to know before building rental income in Calgary.

Calgary's purpose-built rental market is one of the strongest investment opportunities in Western Canada. Sustained population growth, a strong local economy, and historically low rental vacancy rates have created exceptional conditions for investors who want to build long-term wealth through real estate.

But multi-family development is an unforgiving business. The difference between a project that performs and one that doesn't often comes down to three things: the right land, the right design, and — most critically — the right builder.

This guide is built for investors who are serious about building rental income in Calgary. We'll walk you through what a multi-family project actually costs, how to access CMHC financing, what mistakes to avoid, and what a realistic timeline looks like from land purchase to first tenant.

01. Why Multi-Family? The Calgary Investment Case

Calgary's rental market fundamentals have rarely been stronger:

- Population growth — Calgary continues to be one of Canada's fastest-growing cities, driven by interprovincial and international migration that sustains strong rental demand.
- Evolving rental market — Calgary's rental market has shifted in recent years. Vacancy rates have risen from historic lows, which means the strategy for a successful multi-family project is more nuanced than it was. The fundamentals remain strong — but location, unit

design, rental price point, and pro forma discipline matter more than ever. Projects built in the right community, at the right price point, with the right unit mix still perform exceptionally well. Projects that don't account for current market realities don't.

- Inner-city demand — Established inner-city communities command significant rental premiums and attract tenants who stay longer and treat properties with greater care.
- Appreciation — Well-located, quality-built multi-family properties have demonstrated consistent value appreciation in Calgary's established communities.
- CMHC financing — Federal programs like MLI Select offer significant financing advantages for purpose-built rental, making the economics of development more compelling than ever.

Purpose-built rental isn't just about cash flow today. It's about building an asset that appreciates, generates income, and compounds in value over time. The investors building in Calgary's inner-city today are positioning themselves for exceptional returns over the next decade.

02. What Does a Multi-Family Project Cost in Calgary?

Construction costs for purpose-built rental vary depending on the project type, number of storeys, complexity, and finish level. Here is a realistic framework for budgeting a Calgary multi-family project:

Two-Storey vs. Three-Storey Units

Both two-storey and three-storey configurations can include a legal basement suite — the suite is a function of the lot and the design, not the number of storeys. The key difference between the two options is how the unit itself lives above grade:

- Two-storey units — A more compact footprint above grade. Efficient to build, typically faster to complete, and with a legal suite below, still delivers strong income density.
- Three-storey units — A larger above-grade footprint with more living space per unit. Typically commands higher rent and attracts a different tenant profile. Also includes basement suite potential.

There is no universal right answer between the two options. Every lot and every community is different. At Lexiar, we run the pro forma on both configurations for your specific site —

comparing projected rental income against construction cost for each option — to determine which structure makes the most financial sense for your investment.

Construction costs vary significantly based on project type, number of storeys, lot conditions, finish level, and market timing. Rather than publish a number that may not reflect your specific project, we prefer to have a real conversation and give you an accurate, itemized quote based on what you are actually building.

Full Budget Framework — What to Plan For

COST ITEM	NOTES / TYPICAL RANGE
Land	Varies by neighbourhood — see Section 3
Construction (per door)	Varies by storeys, complexity, and finish level
Legal suite development	Adds income density — significant return on investment
Garage / parking	\$30,000–\$80,000+ depending on configuration
Site preparation & grading	\$15,000–\$60,000+ depending on lot conditions
City permits (DP + BP)	Typically \$20,000–\$60,000+ depending on project scope
Architecture & engineering	Typically 8–12% of construction cost
Engineering optimization	Lexiar identifies cost savings — see Section 6
CMHC fees (if applicable)	Included in financing — see Section 4
GST (5%)	Applied to construction cost
Contingency (10%)	Always build in a contingency. Always.
Carrying costs	Interest on construction financing during build period

03. Land — Finding the Right Site for Your Project

Land selection for multi-family is fundamentally different from land selection for a custom home. The variables that matter are zoning, lot dimensions, community context, and — critically — what the city will allow you to build on it.

What Makes a Good Multi-Family Lot?

- Zoning — RC-2, M-C1, M-C2, and similar designations allow multi-family development. Not all lots do. Zoning verification is the first step before any land purchase.
- Lot dimensions — Width and depth determine unit count and configuration. Wider lots allow more doors; deeper lots allow for larger unit footprints.
- Neighbourhood rental demand — Location drives rent, and rent drives your pro forma. Inner-city communities, transit-connected neighbourhoods, and areas with strong employment access command the highest rents.
- Services and infrastructure — Confirm water, sewer, gas, and power capacity before purchase. Upgrading or extending services adds cost.
- Existing structures — Demolition of an existing structure adds cost. If the structure contains asbestos, remediation is required before demolition and must be budgeted.

At Lexiar, we can help you evaluate a specific lot before you buy — assessing what's achievable, what the approval process looks like, and whether the site supports the project you have in mind. This is a service most builders don't offer, and it has saved our investors from expensive mistakes.

Don't fall in love with a lot before you understand what you can build on it. A thorough pre-purchase evaluation is one of the most valuable things we do for our multi-family clients.

04. CMHC Financing — MLI Select and What It Means For Your Project

The federal government's Canada Mortgage and Housing Corporation (CMHC) offers a suite of financing programs specifically designed for purpose-built rental construction. The most relevant for Calgary investors is MLI Select.

What is MLI Select?

MLI Select (Multi-Unit Mortgage Loan Insurance Select) is a CMHC mortgage insurance program that offers significant advantages for purpose-built rental projects, including:

- Higher loan-to-value ratios — Up to 95% LTV in some cases, dramatically reducing the equity required to build.
- Lower mortgage rates — CMHC-insured loans typically access lower interest rates than conventional construction financing, reducing your carrying costs.
- Longer amortization periods — Up to 50 years in some cases, reducing monthly debt service and improving cash flow.
- More flexible qualification criteria — Particularly beneficial for investors building their portfolio.

How to Qualify for MLI Select

MLI Select scores projects based on affordability, accessibility, and energy efficiency. The higher your score, the better the financing terms available to you. At Lexiar, we understand these requirements and build projects that are structured to maximize your MLI Select eligibility.

We work directly with some of Calgary's top CMHC mortgage brokers — specialists who know the MLI Select program inside out and can help structure your financing to access the best available terms. We make these introductions as part of our full-service approach, so you're not navigating the financing landscape alone.

A fixed-price contract from a qualified builder significantly strengthens your CMHC application. Lenders and CMHC want to see a defined, committed cost from a builder with a track record. This is one of the most concrete advantages Lexiar brings to your financing process.

05. Timeline — From Land Purchase to First Tenant

One of the most important — and most underestimated — variables in multi-family development is time. Every month between land purchase and first tenant is a month of carrying costs with no income. Understanding the realistic timeline and how to compress it is one of the most valuable things a builder can do for an investor.

Realistic Timeline: 4-Plex in Calgary

COST ITEM	NOTES / TYPICAL RANGE
Pre-purchase evaluation	1–2 weeks — Lexiar assesses the lot before you buy
Architecture & drawings	8–12 weeks — design development and permit drawings
DP application & approval	8–16 weeks — Development Permit from the city
BP application & approval	4–8 weeks — Building Permit after DP approval
Construction	10–12 months — depending on complexity and season
Total: land to possession	Approximately 16 months

How Lexiar Compresses Your Timeline

The single most impactful thing we do for our investors' timelines is start the drawing and permit process before you close on the land.

- Begin architectural drawings immediately after conditional acceptance of the land purchase
- Apply for the Development Permit during your due diligence period
- In ideal cases, have permits approved and ready to go the day you take possession of the land
- Start construction immediately at possession — not weeks or months later

This approach can compress the total project timeline by 3–6 months, representing significant savings in carrying costs and months of rental income that would otherwise be lost.

Speed is money in multi-family development. Every week we save on your timeline is a week of carrying costs you don't pay — and a week of rental income you start collecting sooner. This is one of the most concrete ways Lexiar protects your investment returns.

06. The Most Common Mistakes — And How We Help You Avoid Them

Mistake #1: Not Understanding the Engineering

Engineering is one of the most overlooked cost variables in multi-family construction — and one of the biggest opportunities to save money without compromising quality. Many investors simply accept the engineering solution their architect specifies without understanding the alternatives.

At Lexiar, we have deep experience with multi-family engineering requirements and know where cost savings exist without affecting structural integrity or code compliance. We work with experienced structural engineers who understand value engineering for multi-family construction — and we bring that knowledge to every project.

Mistake #2: Blowing the Budget

Budget overruns are the single biggest threat to a multi-family project's viability. A project that was profitable on paper becomes a problem the moment costs exceed the pro forma — and most cost overruns are preventable with proper upfront planning and the right builder.

Lexiar operates on a fixed-price contract model for multi-family projects. You get a detailed, line-itemed quote before construction begins — and we build to that number. No surprises, no scope creep, no 'we'll figure it out as we go.' Your pro forma is protected from the first conversation.

Mistake #3: Delays in Construction

Construction delays in multi-family are costly in two directions — carrying costs continue accumulating while rental income remains zero. Delays happen for many reasons: trades not coordinated properly, materials not ordered in time, decisions not made when needed.

Lexiar builds fast. We coordinate trades proactively, order materials early, and keep the project moving at every stage. Our investors consistently receive their buildings ahead of the timelines competitors quote — which means their rental income starts sooner.

Mistake #4: Building in the Wrong Location

The most beautifully constructed multi-family building in the wrong location will underperform. Rental demand, rent levels, tenant quality, and long-term appreciation are all primarily driven by location. A project that pencils in one neighbourhood may not pencil in another.

Before you commit to land, understand the rental market in that specific area — what tenants are willing to pay, vacancy trends, and what comparable properties are achieving. Lexiar can help you stress-test your pro forma against realistic rental assumptions before you buy.

Mistake #5: Building Poor Quality That Generates Service Calls

Cheap construction always costs more in the long run. Low-quality finishes, undersized mechanical systems, and shortcuts in materials generate ongoing maintenance costs, service calls, and tenant dissatisfaction that erodes your returns and your building's value.

At Lexiar, we build rental properties with the same standard we apply to custom homes — materials and methods chosen for longevity and low maintenance. The result is a building that attracts quality tenants, retains them longer, and doesn't generate the service calls that eat into returns month after month.

07. The Lexiar Full-Service Advantage

Most builders show up when the drawings are done. Lexiar shows up at the beginning — and stays until the last key is handed over.

What Full-Service Means For Multi-Family Investors

- Land evaluation — We assess sites before you buy, so you know what you're getting into before you're committed.
- Land sourcing — Don't have a site yet? We can help you find land that works for your project vision and budget.
- Architecture — We connect you with highly experienced architects who specialize in multi-family design — people who know how to maximize unit count, optimize layouts, and design buildings that hold their value.
- Engineering optimization — We work with structural engineers who understand multi-family construction and actively look for cost savings without compromising quality or code compliance.
- Permit navigation — We manage the full DP and BP process on your behalf, keeping approvals on track and your timeline protected.

- CMHC financing connections — We introduce you to Calgary's top CMHC mortgage brokers who specialize in MLI Select and can structure your financing to access the best available terms.
- Fixed-price construction — Detailed quote before you commit. Build to that number. No surprises.
- Fast, quality construction — We build with speed and discipline, coordinating every trade to keep your project moving and your timeline protected.
- Possession and beyond — We hand over a finished building with warranties in place and a build quality that sets your investment up for long-term success.

From the first site evaluation to the day your first tenant moves in — Lexiar is with you every step of the way. This is what it means to have a true building partner, not just a contractor.

08. Is Multi-Family Development Right For You?

Multi-family development offers exceptional returns for investors who approach it with the right preparation, the right team, and the right expectations. It is not a passive investment — it requires active decision-making, capital commitment, and patience through the development process.

The investors who succeed are those who:

- Understand that the pro forma is everything — every decision should be evaluated against its impact on your returns
- Choose their builder based on track record and discipline, not the lowest quote
- Plan their financing before they need it — not after they've already committed to land
- Build in established, high-demand locations where rental income supports the numbers
- Take a long-term view — the real wealth in purpose-built rental is built over years, not months

If that sounds like you, we'd like to have a conversation.

Ready to build your multi-family portfolio?

Talk to Josh Tumber directly. No sales team, no runaround.

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