THE BLIND DISCOUNT

THE DATA GAP BEHIND RENT AND CONCESSION DECISIONS

AUGUST 2026

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MLZ

Executive *Summary*

Alberta's multifamily market remains fundamentally healthy, but lease-up performance is becoming increasingly inconsistent across comparable assets. While some communities are stabilizing ahead of schedule, others are experiencing slower absorption despite operating within the same market conditions. As new multifamily inventory continues to enter Edmonton and Calgary, competition is intensifying, forcing asset managers to balance near-term occupancy objectives with long-term revenue preservation.

The most common response to slower lease-up is to reduce asking rents or introduce additional incentives. These strategies can be highly effective, but only when pricing is the true constraint. In many cases, however, leasing performance is being limited by operational execution, including slow response times, inconsistent follow-up, weak prospect qualification, or poor closing performance.

This report explores why pricing decisions should be grounded in data rather than assumptions and provides a practical framework for identifying the underlying constraint and determining which leasing lever should be addressed first.

The Default Instinct:
Two Levers, One Assumption

When absorption slows, ownership groups are often faced with a choice between reducing asking rents or increasing incentives.

Both approaches assume that price is the underlying problem. Without supporting operational data, however, that assumption often goes untested.

Reduce Rent

Increase Incentives

Assumption
Price is the problem

The Missing *Layer*

Most lease-up reporting focuses on outcomes such as occupancy and signed leases, alongside input metrics like traffic and lead volume. While these metrics show what happened and how much demand was generated, they do not necessarily explain why performance is trending the way it is.

Funnel and leading indicators, such as response time, lead to showing conversion, showing to lease conversion, follow up activity, and performance by ad source, provide greater insight into where prospects are falling out of the leasing funnel. More importantly, they help identify where corrective action can have the greatest impact.

What you typically see

- Occupancy %
- Signed leases
- Total traffic

Tells you what happened

What you actually need

- Response time
- Lead-to-showing
- Showing-to-lease
- Source cost per lease

Tells you why, and what to fix

The following case studies show what this looks like in practice. Three lease-ups, three different root causes, and three different right answers.

**Case studies are based on selected MLZ client engagements. Property names and certain identifying details have been generalized to preserve confidentiality.*

CASE STUDIES

Case Study 1 *Pricing Misalignment*

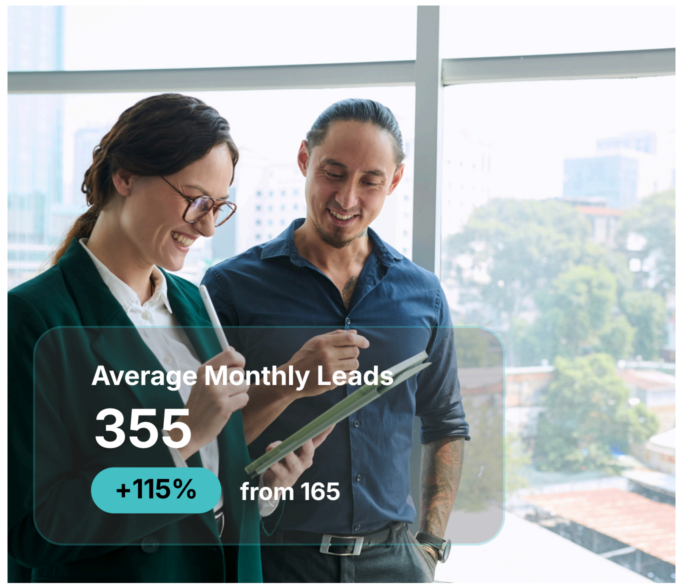
An Edmonton lease-up had plateaued, with monthly lead volume consistently averaging 165 and occupancy hovering around 85%. While that may not immediately raise alarm bells, a lease-up rarely stalls at 85% without underlying factors contributing to the slowdown. Left unaddressed, these plateaus can quietly add months of carrying costs and delay stabilization.

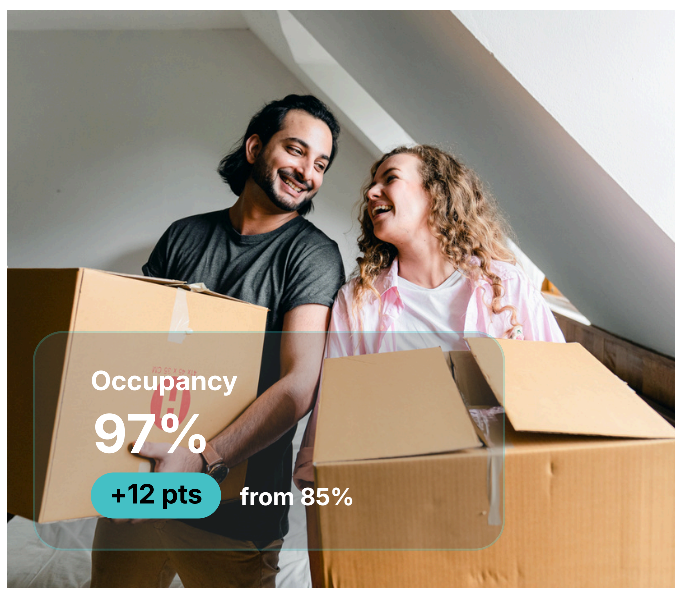
A pricing review showed the building was out of step with the competitive set, while internal rent allocation didn't reflect the relative value of individual units. Rather than a blanket rent cut, the response combined a pricing restructure with a redesigned incentive program, giving prospects a reason to act without permanently resetting advertised rents. The result: monthly lead volume roughly doubled to 350+, while occupancy climbed from 85% to more than 95%.

What strengthened the case for a pricing issue was where the lift occurred: traffic itself nearly doubled once the price point was corrected. That's a different signature than a conversion problem, where traffic stays flat and only downstream metrics improve.

The other half of the turnaround was a parallel focus on renewal strategy and resident events. A lease-up can find the right pricing position and still struggle to gain ground if it's losing residents as quickly as it's signing new ones. Strengthening retention alongside the pricing changes helped ensure the occupancy gains stuck.

Takeaway: When a pricing change drives increases in both traffic and occupancy, while retention improves alongside it, that's a strong signal that price and value perception, not simply leasing execution, were the primary constraints.





CASE STUDIES

Case Study 2 *Operational Breakdown*

A residential development in Calgary was experiencing persistently high vacancy and virtually no signed leases, despite steady lead flow.

MLZ's diagnosis started with the marketing data. With a healthy marketing budget, cost per lead was ranging from $6–9, confirming lead generation wasn't the problem. The breakdown was further downstream: lead-to-showing conversion hovered around 20–25%, while showing-to-lease conversion had been 0% for several consecutive weeks. Showings were happening, but none were converting.

That's a conversion signature, not a pricing one. The response focused on strengthening leasing execution, including changes to on-site leasing coverage, tour delivery, and follow-up. The results were immediate: 11 leases signed on day one and 21 within five days, during October, one of the slower leasing months of the year.

Takeaway: When lead generation is efficient but showing-to-lease conversion stalls, the problem is likely execution, not pricing. Discounting into this kind of gap burns money without fixing what's actually broken.

21 Leases in *5 days*

CASE STUDIES

Case Study 3 *Combined Strategy*

Another high-rise in Edmonton illustrates a more nuanced reality: sometimes both pricing and execution are contributing to the problem, and the sequencing of the response matters as much as the solution itself.

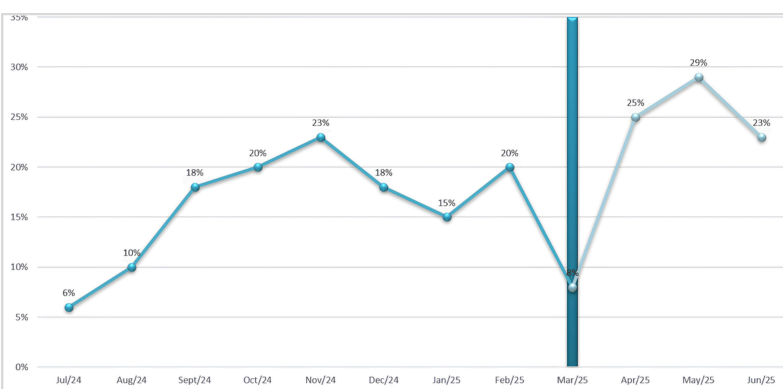
Nine months into lease-up, the asset was approximately 50% leased, averaging 10–11 leases per month, with a tight stabilization timeline making every month of slow absorption costly. The building was also still under active construction.

Rather than relying on a single lever, the engagement combined proactive leasing oversight with a deliberate incentive adjustment. On the execution side: mystery shops, call audits, coaching, custom dashboards tracking lead and conversion performance, and weekly strategy meetings. On the pricing side: incentives were restructured to reflect real-time market conditions, but deliberately layered in rather than used as the first move.

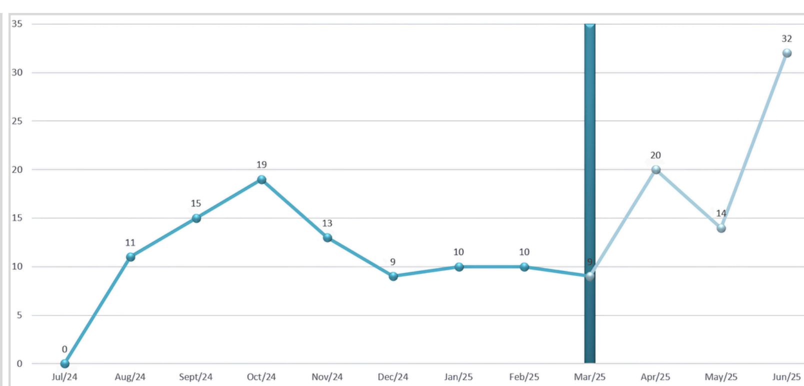
The results were immediate. Within four weeks, leasing volume had doubled its historical monthly average. Lead-to-showing conversion, which had been as low as 8%, climbed to 29% by month three. Monthly leases signed reached a peak of 32, and by month three, occupancy had increased 34%, averaging 22 leases per month, all while construction was still underway.

Takeaway: This wasn't a choice between fixing execution or adjusting price. It required both, but in the right sequence. Execution improvements came first, creating the visibility and consistency needed to determine where and how much pricing and incentive changes were actually required.

Lead-to-Showing by Month



Total Signed Leases by Month



The Cost of Choosing the *Wrong Lever*

Rent reductions and incentives are not interchangeable, and the difference matters more than it first appears.

Rent reductions have a lasting impact on revenue, financing, and future renewals. Once posted, a lower asking rent becomes the new market reference point and can be difficult to walk back without signaling weakness. It is also highly visible. Tenants talk to each other, and a widely known rent cut can create expectations among existing residents. If a competitor responds by matching the reduction, both properties can end up in a race to the bottom without either gaining meaningful ground.

Incentives offer greater flexibility but still carry meaningful costs, particularly when used to solve an operational issue rather than a genuine pricing problem. Common structures include one to two months free on a 13–14 month term, look-and-lease bonuses, reduced security deposits, or waived parking, pet, or storage fees. These can be scaled back or discontinued without resetting the advertised rent, but overuse can still train prospects to wait for the next offer rather than act.

Improvements in response time, follow-up, qualification, and leasing execution can often increase absorption without reducing long-term asset value. They require operational change rather than a pricing decision, which is exactly why they are so often overlooked in favor of the faster-feeling lever.

Rent reduction

Reversibility	**Low**
Comp impact	**Resets asking rent**
Tenant talk risk	**High**
Competitor response	**Can trigger a race to the bottom**

Incentives

Reversibility	**High, can be scaled back**
Comp impact	**Advertised rent stays intact**
Tenant talk risk	**Lower, less visible unit to unit**
Common forms	**Free rent, LL bonus, reduced deposit, waived fees**

Conversion

Reversibility	**N/A, operational issue**
Comp impact	**None**
Tenant talk risk	**None**
Competitor response	**None**

Diagnostic *Framework*

Before adjusting pricing, ask three questions:

1. **Has demand actually declined?**

This question determines everything downstream. A genuine drop in demand typically shows up as fewer inbound leads across multiple sources, not simply fewer signed leases. If lead volume is steady but later stages of the funnel are slipping, the problem is not demand. It is what happens to those leads once they arrive. Skipping this check is how a conversion problem gets misread as a market problem, leading to a pricing decision that cannot fix the underlying issue.

2. **Where is the leasing funnel breaking down?**

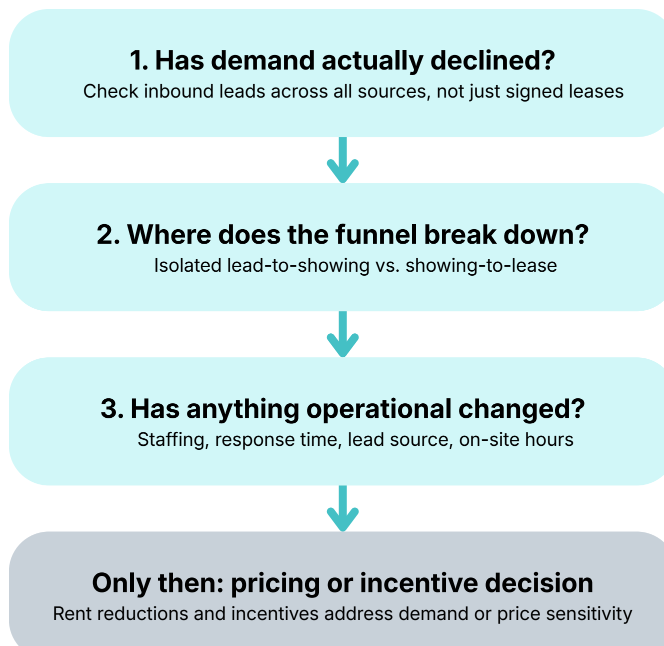
Once demand is confirmed as stable, isolate where prospects are being lost: inquiry to showing or showing to lease. These stages have different root causes and different solutions. A weak lead-to-showing rate can point to response time, lead quality, or initial engagement, while a weak showing-to-lease rate can point to the tour experience, follow-up, or objection handling. Treating these as one broad "conversion problem" makes it easier to apply the wrong fix to the wrong stage.

3. **Has anything operational changed recently?**

This helps explain why the breakdown occurred. A staffing change, new lead source, slower response times, or changes to on-site staffing hours can all affect conversion without being immediately recognized as the cause. Identifying the change turns the diagnosis into something actionable.

Knowing that showing-to-lease conversion has declined is useful, but knowing what changed to cause it is what allows you to fix it.

Only after these three questions have been answered should pricing or incentive decisions be considered. Rent reductions and incentives can address demand or price sensitivity. They cannot fix a response-time, follow-up, or training problem. Applying them to the wrong diagnosis means paying twice: first through reduced revenue, and again through the continued lease-up delay caused by the underlying issue.



Applying pricing or incentives before answering all three questions risks paying twice: once in the discount, again in the delay while the real issue goes unaddressed.

Summary

For assets moving toward stabilization, the diagnosis matters as much as the response. Pulling a pricing lever to solve an execution problem carries a cost that the right diagnosis can avoid entirely.

The highest-performing lease-ups are not always those with the lowest rents. They are the assets that understand where performance is breaking down and use data to guide decisions. The goal is not to avoid incentives or rent reductions, but to apply them intentionally, at the right time and for the right reason. The right diagnosis protects long-term asset value and prevents pricing decisions from being used to mask problems they were never designed to solve.

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