



Focus on Canadian housing

December 22,
2025

RBC Economics

**Owning a home became more affordable
in Canada but gains are slimmer**



Ownership costs eased for the seventh straight quarter. RBC's national aggregate affordability measure improved to 53.2% in Q3 2025 from an all-time high of 63.5% in 2023.



The latest gain, however, is the slimmest this cycle. Steady mortgage rates held the decline in the RBC measure to just 0.4 percentage points, or less than a quarter of the average 1.7 ppt drop in the prior six quarters. A dip in the measure represents an increase in affordability.



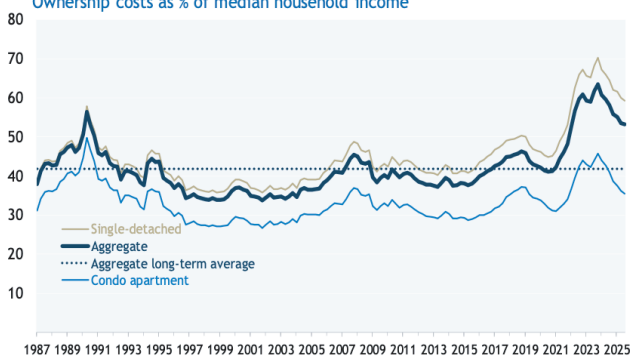
Improvement is concentrated in a few markets. Vancouver and Toronto—where prices have been falling this year—account for most of the national measure's decline. Victoria, Halifax and Saint John also recorded better conditions in Q3. All other markets we track saw little or slightly unfavourable changes.



Further gains are poised to be incremental. We see improvement slowing with the Bank of Canada likely on hold through 2026. This would leave only easing prices in certain markets, and sustained household income growth to lighten the ownership cost load.

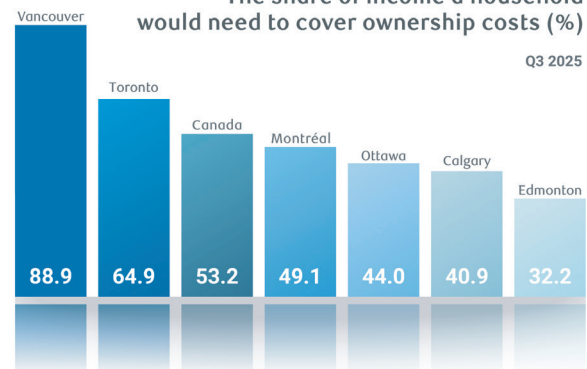
RBC Housing Affordability Measures - Canada

Ownership costs as % of median household income

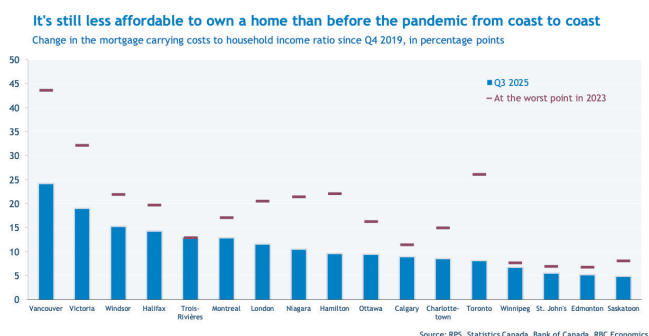


The share of income a household would need to cover ownership costs (%)

Q3 2025



Progress so far is material but still comes short



Series of interest rate cuts since mid-2024 and falling prices in parts of the country have significantly lowered ownership costs in the past seven quarters.

But, they've only partly reversed the historic spike from soaring prices during the pandemic, and the central bank's aggressive rate hike campaign to fight inflation.

This is true coast to coast. Buyers in every corner of the country still find it less affordable to own a home today than before the pandemic.

Vancouver and Victoria have deteriorated most. Respective mortgage carrying costs continue to be 24 percentage points and 19 percentage points higher than Q4 2019 as a share of household income despite declining significantly from peak levels in 2023.

Windsor, Halifax, Trois-Rivières and Montreal follow with shares still up 13 to 15 percentage points.

Toronto has seen a two-thirds reversal of its pandemic surge—biggest turnaround of any market—though the current ratio continues to stand some 8 percentage points above (hefty) Q4 2019 levels.

Saskatoon, Edmonton and St. Johns are closest to where they were before the pandemic, up about 5 percentage points.

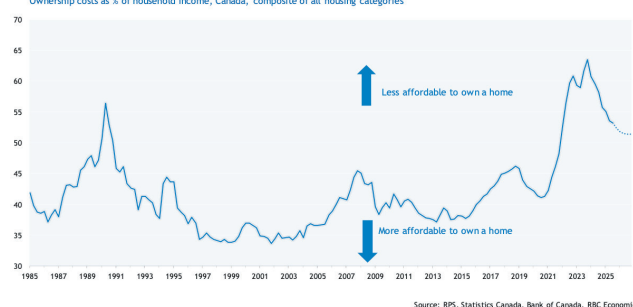
It's no surprise many prospective buyers remain hesitant. They have yet to see a full reversal of the earlier massive loss of purchasing power.

End of recuperation phase is near

Good news is we anticipate more progress ahead. Ongoing price corrections in select markets, and sustained (albeit slowing) income growth will continue to restore purchasing power.

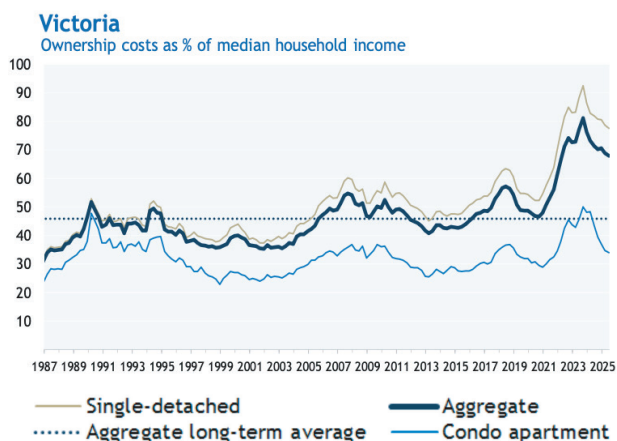
That said, we're likely approaching the end of the recuperation phase. In fact, it may have already been reached in parts of the country. Steady expected interest rates will mute a significant source of ownership cost reduction.

Affordability improvement poised to taper off nationwide
Ownership costs as % of household income, Canada, composite of all housing categories



Further meaningful advancement would require steeper price declines or more robust income increases—neither of which seem likely under our base case forecasts, and housing scenarios for 2026 and 2027.

Victoria – Prices ease but affordability still third worst



Cost of owning a home continues to ease in Victoria, but remains very steep for an average buyer.

RBC's aggregate affordability measure fell 1.1 percentage points to 67.9% in Q3—still third worst among the markets we track.

More inventory has given buyers increased leverage in negotiating prices. And, home values have softened as a result.

However, it has yet to boost activity in a significant way. Home resales increased only 1.6% so far this year with little momentum since summer.

We expect prices will continue drifting lower amid intense affordability pressures.

Vancouver – Most improved among tracked markets

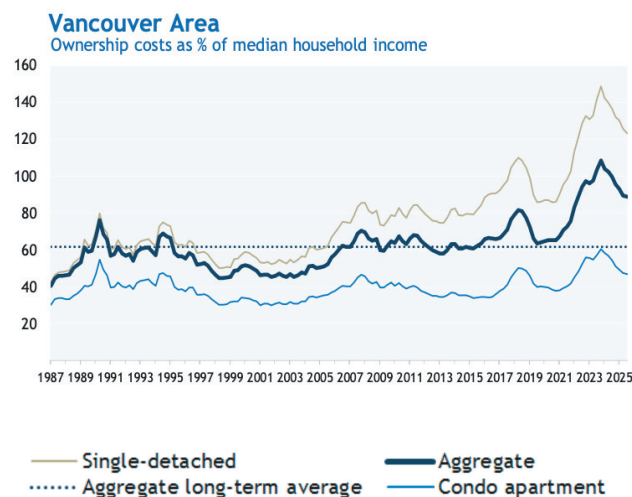
Falling prices are helping to turn around Vancouver's strained affordability picture. They've contributed to it achieving the biggest improvement in the past year among tracked markets.

Still, ownership costs represent nearly 68% of an average household's income, remaining extremely challenging for buyers.

Trade war-related uncertainty has added further complications. End result has been a bumpy recovery in transactions this year.

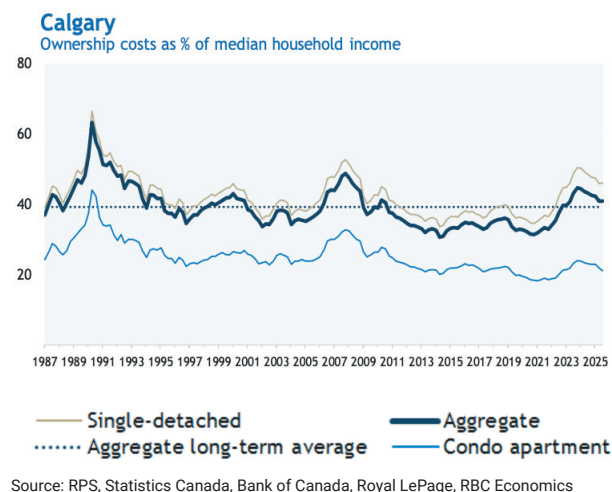
We see little that would spur buyers into brisker action. More abundant inventory is giving them more choice, and a longer time to make decisions.

Sellers will be compelled to lower prices further to get deals done.



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

Calgary – Affordability close to long-run average



Calgary has been in a holding pattern by some key measures. Resales have barely budged since spring, and RBC's gauge of affordability remained unchanged between Q2 and Q3.

But, other signs point to growing supply as homebuilders complete new units, and there's weakening home values.

Earlier declines have largely normalized affordability. The share of a household's income needed to cover the cost of owning a home at today's price, at 40.9%, is just a touch higher than the long-run average (39.2%).

Further improvement could arise, while robust construction continues to boost supply and drive prices lower.

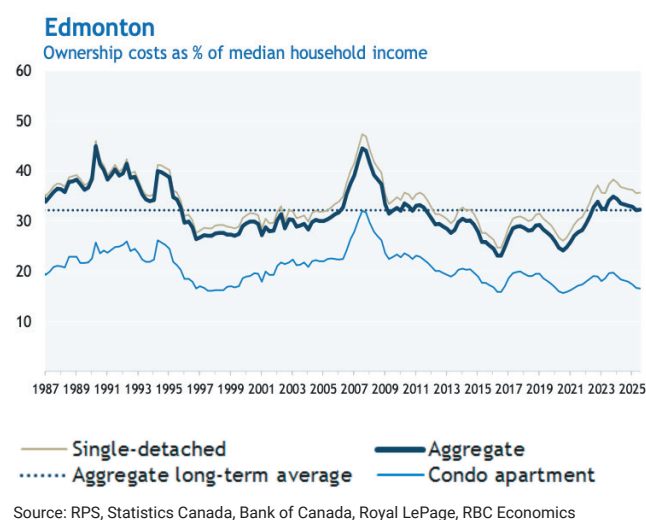
Edmonton – Ownership costs declining since spring 2024

Edmonton has lost the solid momentum it had last year. Resales are down 5.4% so far this year with the monthly trajectory remaining largely flat since spring.

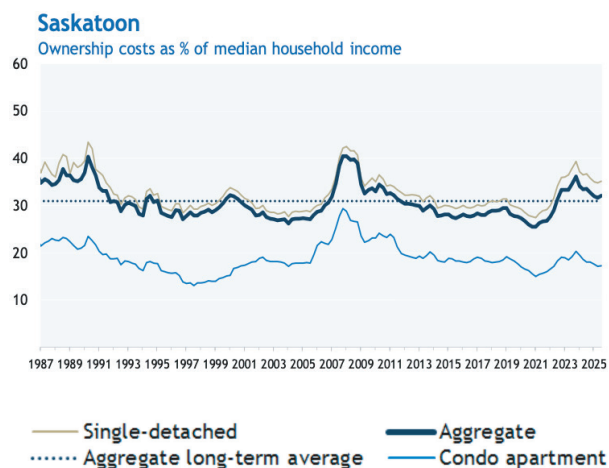
This isn't to say activity is soft, though. Transactions this fall were still running close to 60% above pre-pandemic levels.

A favourable affordability picture keeps buyers engaged. RBC's aggregate affordability measure stood at 32.3% in Q3, aligning with historical norms after consistent declines since spring 2024.

Prospects for buyers appear more positive as earlier supply-demand tightness has eased materially, and price appreciation moderates.



Saskatoon – Strong migration flows sustain market



Saskatoon buyers and sellers have taken trade war uncertainty in stride, and forged ahead with making deals this year. The number of homes changing hands has grown 2% to date, standing out for its vigour in Western Canada.

Still-strong migration flows and manageable ownership expenses sustain steady buyer interest.

RBC's aggregate affordability measure inched slightly higher to 32.1% in Q3, though it remains very close to the long-term average.

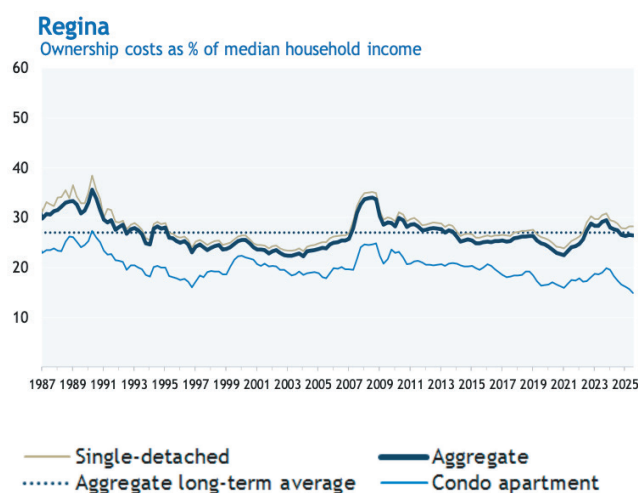
Ongoing supply-demand tightness, however, is poised to keep home values appreciating firmly in the near term.

Regina – Best affordability among all markets

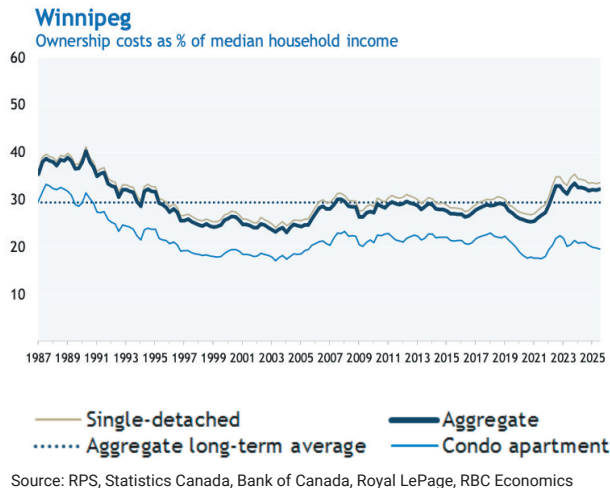
Regina isn't letting up and remains among the hotter ones in the country. Resales hover near record levels and home values are on a solid upward trajectory.

Buyers benefit from the best affordability among the markets we track with RBC's aggregate measure at 26.4%. Conditions even improved marginally in Q3 with a 0.2 percentage point decrease.

Supply is short, given strong demand, likely supporting further price gains, while potentially eroding affordability.



Winnipeg – Stable demand and steady momentum



Activity in Winnipeg maintains steady momentum amid strong in-migration (until recently), and affordability that compares well to most other major markets.

Resales this year are on pace to be the strongest since 2021.

Home values continue to appreciate rapidly, reflecting constrained supply and stable demand fundamentals.

RBC's aggregate affordability measure (32.1%) is significantly better than the national average (53.2%), and only slightly worse than the long-term average (29.4%).

However, it may not improve much ahead as we see limited buyer options driving up prices.

Toronto – Ownership costs fall the most

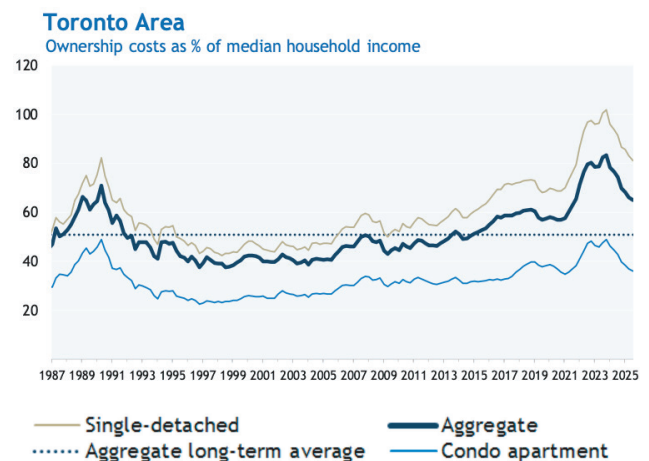
Toronto is struggling to get back in gear after the trade war derailed a budding recovery earlier this year.

Ownership costs continue to drop—falling the most in Q3 among tracked markets—though this has yet to energize buyers in a material way.

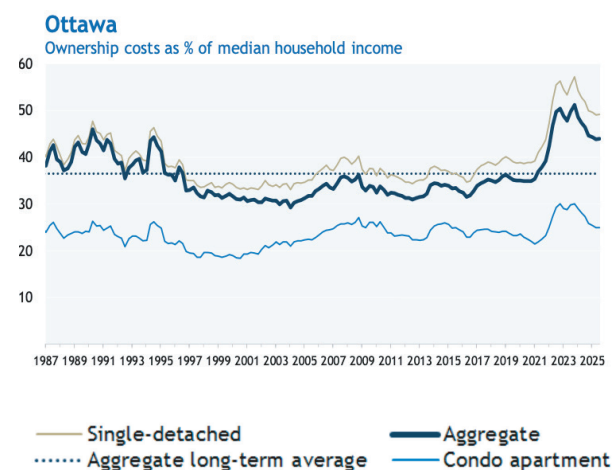
Affordability remains extremely strained despite significant improvement since early-2024. RBC's aggregate measure (64.9%) still suggests only a small minority of households could afford owning a home—far worse than before the pandemic.

The market's struggles also partly reflect dimmed job prospects with the region's unemployment rate reaching a four-year high of 9% this summer, and more abundant inventory gives buyers more time to decide.

We see these factors continuing to pressure home values lower in the near term.



Ottawa – Rising values slightly erode affordability



Ottawa is experiencing a market recovery. However, it's gradual and uneven with resales increasing in only five of the first 11 months of this year.

Supply and demand are generally balanced and support moderate price increases—in contrast with most other Ontario markets.

Rising home values contributed to a slight erosion of affordability in Q3. RBC's aggregate measure inched 0.2 percentage points higher to 44%. It indicates buyers are facing more strenuous conditions than historically, given it's markedly above the long-run average of 36.5%.

We expect growing inventory will dampen home value appreciation ahead.

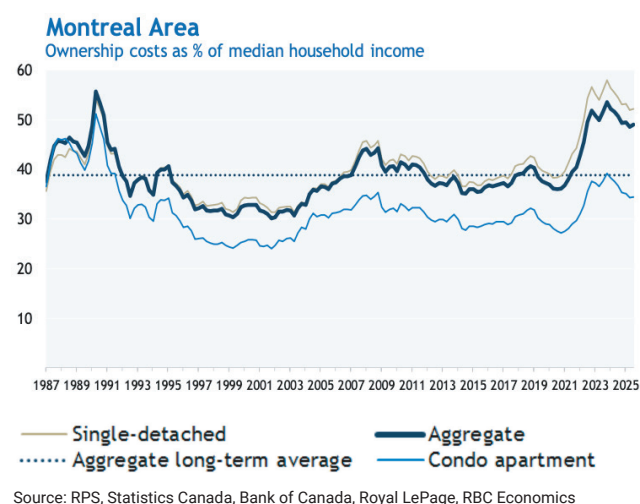
Montreal – Affordability may be stretching buyers' limits

Sustained tight supply and demand has kept property prices on a solid upward trajectory in Montreal this year.

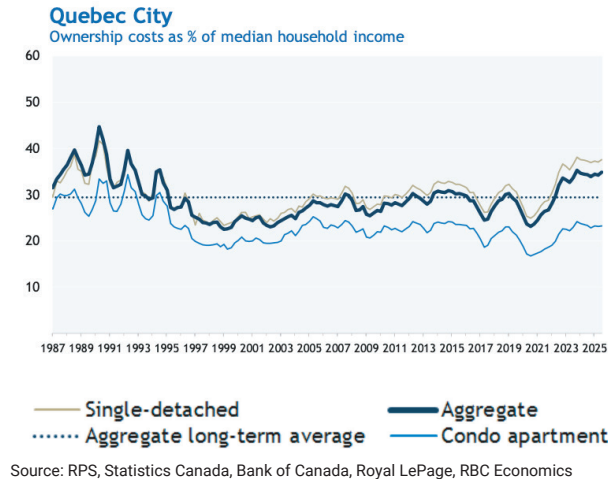
The downside is it's now making it harder to carry costs of owning a home. RBC's aggregate affordability measure rose 0.5 percentage point to 49.1% in Q3—second increase in the past year.

For now, buyers seem pressed to act quickly amid still low inventory. Missing out on an opportunity could leave them with fewer and more expensive options.

But, the fervour could fade if affordability deteriorates further. RBC's measure sits more than 10 percentage points above its historical average, suggesting current conditions may already be stretching buyers' limit.



Quebec City – Ownership costs rise the most



Quebec City stands out this year, outpacing all other tracked markets in price appreciation and inventory reduction.

Demand has stayed strong despite increasing ownership costs. RBC's aggregate affordability measure rose the most among tracked markets in Q3—by 0.6 percentage points—and is one of only two that show a deterioration from a year ago.

Still, at 34.8%, it compares favourably to Montreal and other major Canadian centres. This position no doubt keeps buyers engaged.

We expect low supply to demand continuing to sustain solid home value gains ahead.

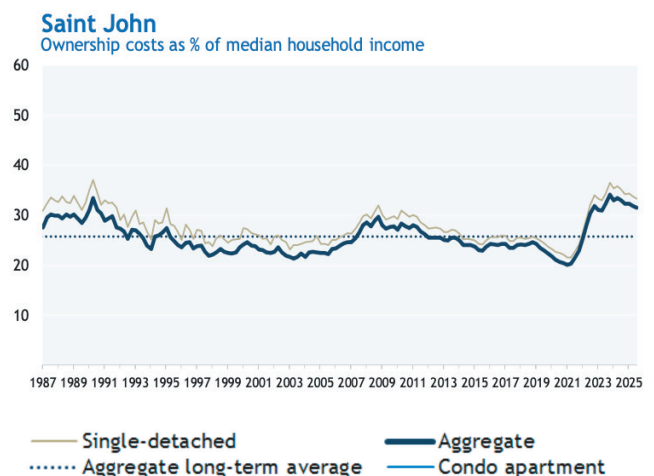
Saint John – Moderating price gains help lower ownership costs

Sales recovery in Saint John has demonstrated durability amid trade uncertainty this year, tracking roughly 9% ahead of last year.

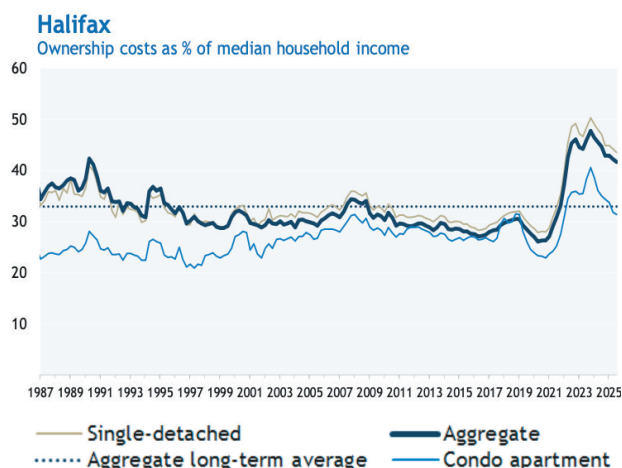
But, earlier rapid price increases have moderated. This has helped lower ownership costs in Q3.

RBC's aggregate affordability measure eased by 0.3 percentage points in the latest period to 31.5%—still among the best among the markets we monitor.

We see headwinds ahead as migration to the area slows, but tight supply to demand is poised to maintain support for prices near term.



Halifax – Affordability continues to be strained



Buyers in Halifax are staying cautious in uncertain economic times. Resales to date are effectively unchanged from a year ago.

Prudence could also reflect elevated prices butting against the limits prospective buyers can afford. Halifax's aggregate measure of affordability continues to be historically high at 41.7% despite easing in the past year, including in Q3.

We think strains are likely to persist. Low supply to demand raises odds of further price gains, while a soft economy is poised to contain household income growth.

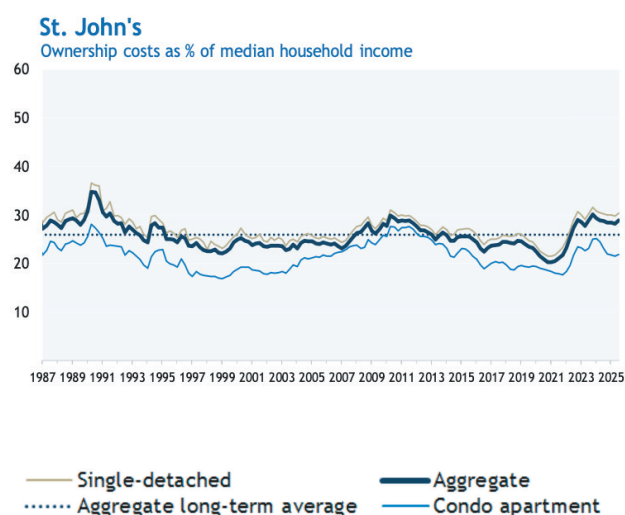
St. John's – Market momentum raises ownership costs

St. John's is very active supported by the lowest ownership costs east of Saskatchewan, solid—albeit easing—population growth, and a relatively robust labour market.

Rapid home value increases have yet to deter buyers. But, those gains made it slightly less affordable to own a home in Q3. RBC's aggregate measure rose 0.5 percentage point last quarter to 28.8%.

It would likely take a much more sizable deterioration to stall momentum. Existing residential sales are on track to increase more than 8% from last year.

However, we expect affordability to erode only modestly as price appreciation remains contained amid firm, but steady supply-demand conditions.



How the RBC Housing Affordability Measures work

The RBC Housing Affordability Measures show the proportion of median pre-tax household income that would be required to cover mortgage payments (principal and interest), property taxes, and utilities based on the benchmark market price for single-family detached homes and condo apartments, as well as for an overall aggregate of all housing types in a given market.

The aggregate of all categories includes information on semi-detached, row houses, townhouses and plexes—categories not covered in this report—in addition to single-family detached homes and condominium apartments. In general, single-family detached homes and condo apartments represent the bulk of the housing stock (excluding purpose-built rental buildings).

Mortgage payments are based on a 20% down payment, a 25-year mortgage loan and a five-year fixed mortgage rate. The latter is a weighted average of 5-year fixed rates charged by chartered banks on new insured and uninsured mortgages.

Benchmark prices are sourced from RPS Real Property Solutions.

RBC's affordability measures use household income rather than family income to account for unattached individuals. Pre-tax income doesn't show the effect of various provincial property-tax credits, which could alter relative levels of affordability. Quarterly income is obtained by interpolating annual data. We apply the growth in average weekly earnings to extend the income series to the latest period. The median income represents the value below and above which lays an equal number of observations.

The higher the measure, the less affordable owning a home is. For example, an affordability measure of 50% means that home ownership costs, including mortgage payments, utilities, and property taxes would take up 50% of a typical household's pre-tax income at current price and interest rate levels.

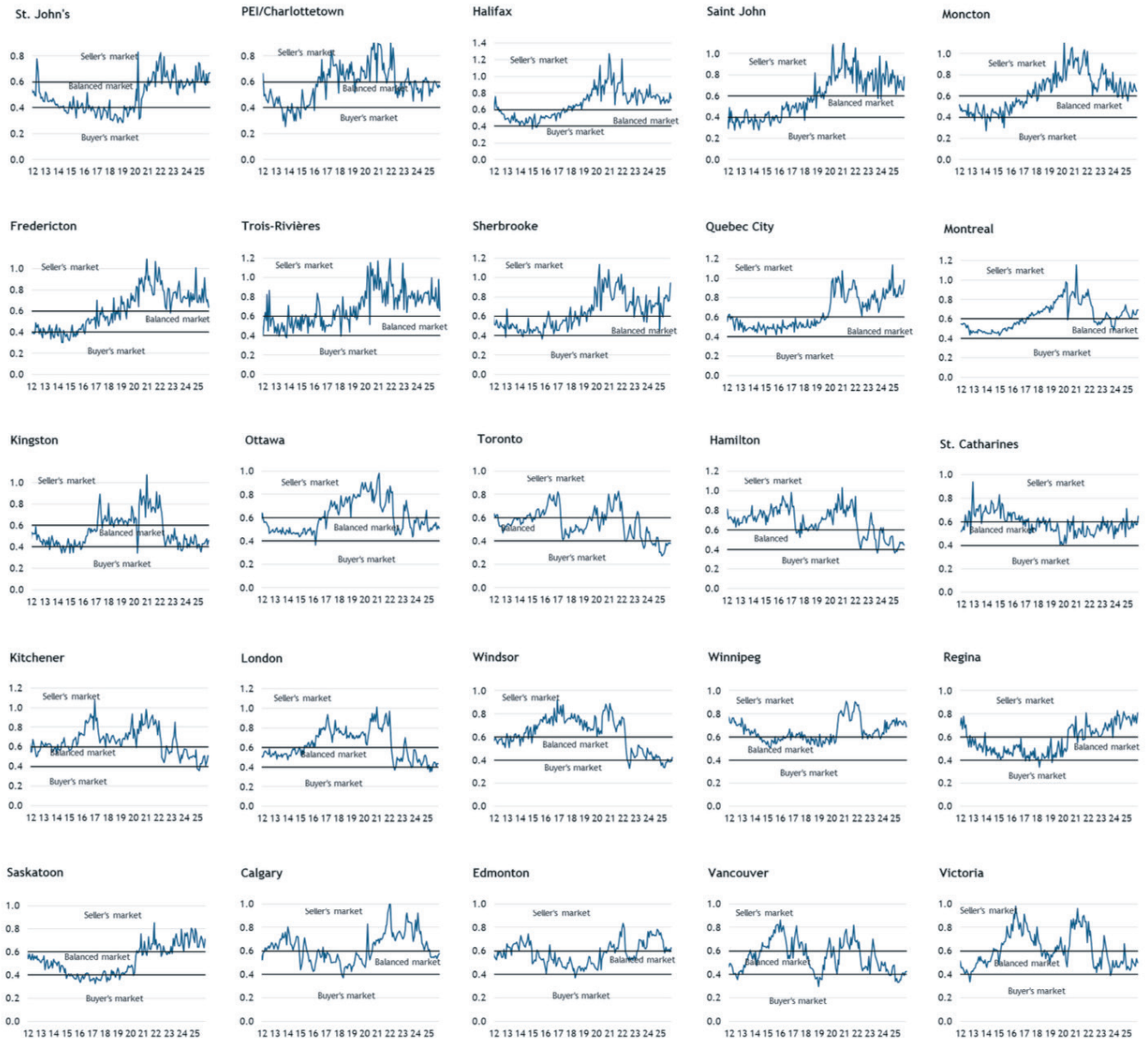
Summary tables

Aggregate of all categories							
Market	Price			RBC Housing Affordability Measure			
	Q3 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q3 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada	823,000	-0.1	0.2	53.2	-0.4	-5.0	41.8
Victoria	1,187,600	-1.9	3.3	67.9	-1.1	-3.5	45.9
Vancouver area	1,458,300	-0.8	-3.5	88.9	-0.4	-10.8	61.7
Calgary	717,600	0.4	3.3	40.9	0.0	-2.3	39.2
Edmonton	506,200	0.5	6.1	32.3	0.1	-1.0	32.2
Saskatoon	479,300	2.7	5.9	32.1	0.4	-1.5	31.0
Regina	375,800	0.0	6.4	26.4	-0.2	-1.0	27.0
Winnipeg	444,800	2.4	10.1	32.1	0.2	-0.2	29.4
Toronto area	1,152,700	-1.3	-4.5	64.9	-1.2	-9.3	50.8
Ottawa	728,000	1.2	3.8	44.0	0.2	-2.4	36.5
Montreal area	735,600	2.2	7.6	49.1	0.5	-1.7	38.9
Quebec City	502,900	3.1	13.7	34.8	0.6	0.5	29.4
Saint John	392,300	0.1	7.0	31.5	-0.3	-1.4	25.8
Halifax	632,000	0.5	3.8	41.7	-0.6	-3.0	32.9
St. John's	417,300	2.5	9.9	28.8	0.5	0.1	26.0

Single-family detached							
Market	Price			RBC Housing Affordability Measure			
	Q3 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q3 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada	916,600	-0.5	0.9	59.3	-0.6	-5.1	44.6
Victoria	1,360,000	-2.0	2.9	77.5	-1.3	-4.4	50.0
Vancouver area	2,058,800	-2.3	-2.0	123.3	-2.3	-13.3	75.2
Calgary	811,000	0.7	3.7	46.1	0.2	-2.4	42.3
Edmonton	558,900	0.7	6.8	35.7	0.1	-0.9	34.1
Saskatoon	521,700	2.4	6.2	35.2	0.4	-1.5	33.0
Regina	393,700	0.7	8.6	28.2	0.0	-0.6	28.2
Winnipeg	455,400	2.3	9.1	33.5	0.2	-0.5	30.6
Toronto area	1,460,600	-1.7	-2.4	81.2	-1.9	-10.1	59.5
Ottawa	809,100	1.2	4.0	49.2	0.1	-2.7	39.6
Montreal area	777,800	1.7	6.7	52.3	0.3	-2.2	39.9
Quebec City	536,400	2.9	13.0	37.6	0.6	0.4	30.3
Saint John	406,300	-0.8	5.3	33.3	-0.5	-1.9	28.0
Halifax	650,600	0.4	2.7	43.5	-0.7	-3.6	33.6
St. John's	430,900	2.5	9.9	30.4	0.6	0.1	27.4

Condominium apartment							
Market	Price			RBC Housing Affordability Measure			
	Q3 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q3 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada	541,000	-1.2	-5.9	35.5	-0.6	-5.5	33.2
Victoria	561,600	-2.9	-17.3	34.1	-0.8	-9.3	31.9
Vancouver area	732,200	-1.8	-7.8	46.9	-0.6	-7.4	39.2
Calgary	328,900	-3.3	-1.9	21.2	-0.6	-1.9	25.2
Edmonton	217,500	-0.7	-2.7	16.6	-0.1	-1.5	20.8
Saskatoon	231,100	1.2	5.3	17.2	0.0	-0.8	19.2
Regina	188,300	-6.4	-10.5	14.9	-0.8	-2.5	20.3
Winnipeg	255,500	0.0	1.9	19.5	-0.2	-1.3	22.3
Toronto area	612,700	-2.0	-9.1	35.9	-0.9	-6.8	32.2
Ottawa	396,100	0.6	-0.7	25.0	0.0	-2.3	23.6
Montreal area	513,100	1.6	-4.0	34.5	0.2	-2.2	32.0
Quebec City	334,500	1.5	10.8	23.2	0.1	-0.1	23.4
Saint John	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Halifax	477,800	0.9	-0.6	31.4	-0.4	-3.6	26.9
St. John's	317,800	2.0	1.7	21.9	0.4	-1.3	21.8

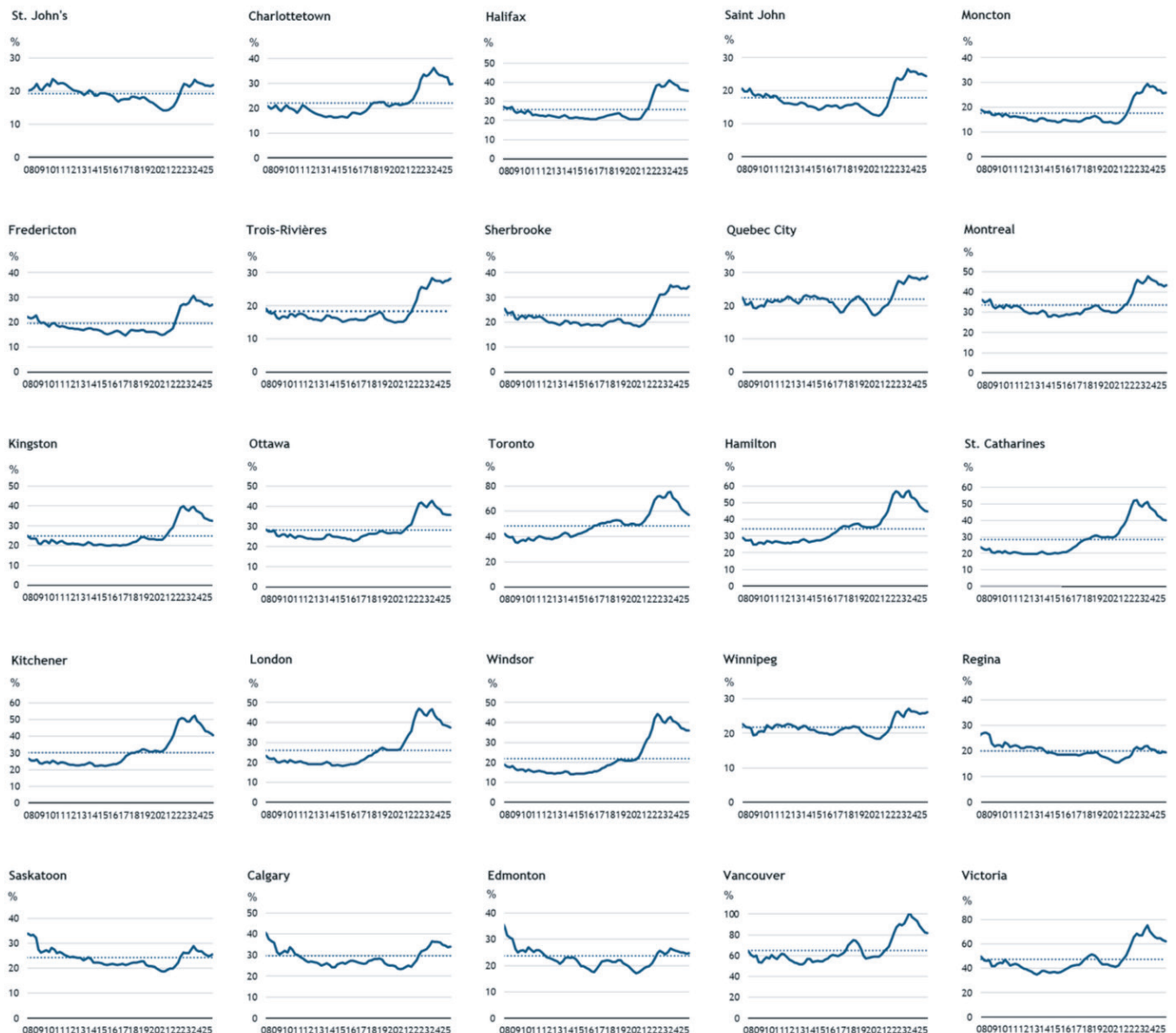
Home sales-to-new listings ratio



Source: Canadian Real Estate Association, RBC Economics

Mortgage carrying costs by city

Our standard RBC Housing Affordability Measure captures the proportion of median pre-tax household income required to service the cost of a mortgage on an existing housing unit at market prices, including principal and interest, property taxes and utilities; the modified measure used here includes the cost of servicing a mortgage, but excludes property taxes and utilities due to data constraint in the smaller CMAs. This measure is based on a 20% down payment, a 25-year mortgage loan at a five-year fixed rate, and is estimated on a quarterly basis. The higher the measure, the more difficult it is to afford a home.

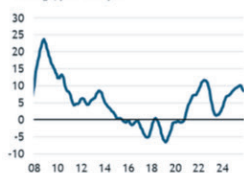


The dashed line represents the long-term average for the market.

Source: RPS, Statistics Canada, Bank of Canada, RBC Economics

Aggregate home price

St. John's
% change, year-over-year



Charlottetown
% change, year-over-year



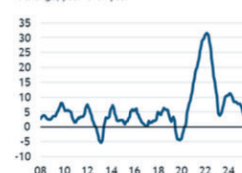
Halifax
% change, year-over-year



Saint John
% change, year-over-year



Moncton
% change, year-over-year



Fredericton
% change, year-over-year



Trois-Rivières
% change, year-over-year



Sherbrooke
% change, year-over-year



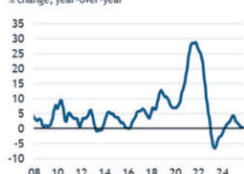
Quebec City
% change, year-over-year



Montreal
% change, year-over-year



Kingston
% change, year-over-year



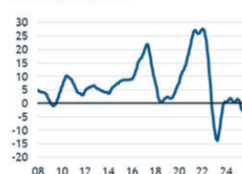
Ottawa
% change, year-over-year



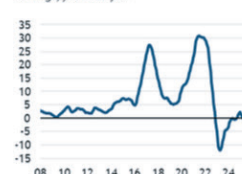
Toronto
% change, year-over-year



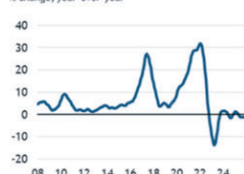
Hamilton
% change, year-over-year



St. Catharines
% change, year-over-year



Kitchener
% change, year-over-year



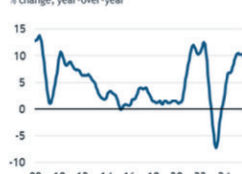
London
% change, year-over-year



Windsor
% change, year-over-year



Winnipeg
% change, year-over-year



Regina
% change, year-over-year



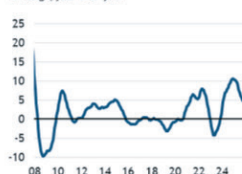
Saskatoon
% change, year-over-year



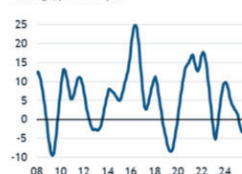
Calgary
% change, year-over-year



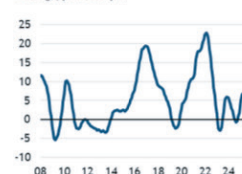
Edmonton
% change, year-over-year



Vancouver
% change, year-over-year



Victoria
% change, year-over-year



Source: RPS, RBC Economics



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