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2025

Focus on Canadian housing

RBC Economics

**Stand-off between buyers and sellers
leaves Canada's housing market stuck**

Canadian homebuyers are playing the waiting game in a showdown with sellers, whose ranks have swelled in the past couple of years in parts of the country. The fall market has largely been a non-event as a result.

Home resales have neither grown nor shrunk across the country since July. They fell slightly by 0.6% in November from October, nearly offsetting a small increase the previous month.

Whether buyers' measured approach is tactical or out of caution amid economic uncertainty, the implication is the same: Strong-arming sellers into reducing prices in many markets. And, it's working to a degree. Canada's composite MLS Home Price Index edged 0.7% lower in the past four months, and is now down 3.7% from a year ago.

The softness remains concentrated in Ontario and British Columbia, though prices have also dropped in Alberta. Buyers in these markets have a lot more choice than a year ago, and are able to shop around.

Strong competition among sellers could also be causing prospective sellers to hold off from listing properties. New listings have fallen 4% in the past three months nationwide, including a 1.6% decline in November from October.

If sustained, it would help drain some of the inventory built in Ontario and B.C., rebalance supply and demand, and stabilize prices.

In the meantime, buyers will no doubt continue flexing their bargaining muscle to extract further price concessions.

Home resales in Canada

Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

Conditions vary across regions

Less than half of local markets saw resales drop in November from October including Toronto (-0.6%), Ottawa (-6.7%), Montreal (-2.8%), Halifax (-12.8%), Victoria (-6.6%) and Winnipeg (-2.1%).

The small majority that notched an increase include Vancouver (4.6%), Edmonton (3.6%), Calgary (0.3%), Regina (6%) and Saskatoon (6.2%).

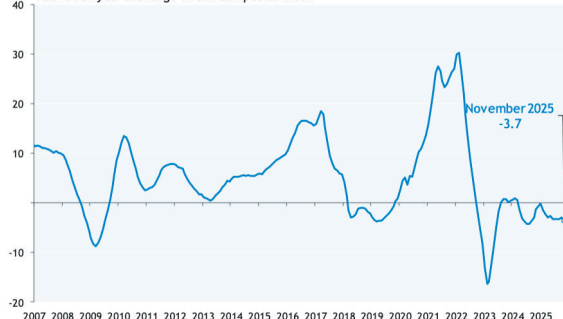
Regions outside Ontario, B.C., and to a lesser extent Alberta are still generally running relatively hot with tight supply sustaining upward pressure on home values.

In November, prices continued trending higher in Saskatchewan, Winnipeg, Quebec, New Brunswick, Nova Scotia and Newfoundland and Labrador. Saskatoon (6.4%), Regina (6%), Winnipeg (5.3%), Montreal (5.7%), Quebec City (12.5%), Moncton (6.8%), Halifax (5%) and St. John's (10%) recorded some of the strongest annual increases in MLS HPis.

We expect these trajectories to be sustained in the coming months.

MLS Home Price Index - Canada

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

Sales-to-new listings ratio in Canada

Seasonally adjusted



Source: Canadian Real Estate Association, RBC Economics

Could the end of the rate cutting cycle get buyers moving?

Stalled sales momentum this fall occurred despite further interest rate cuts by the Bank of Canada in September and October, which further improved affordability for buyers. The lack of response, perhaps, in part reflected an anticipation that rates might be cut even lower.

But, with the central bank signalling it's done this cycle, it could be the hint some buyers were waiting for to make a move.

We expect past rate reductions and price drops in certain markets to draw more buyers from the sidelines in the year ahead, unlocking some pent-up demand accumulated during the period of elevated borrowing costs.

Improving job prospects, and rebuilding confidence would also support a gradual market turnaround.

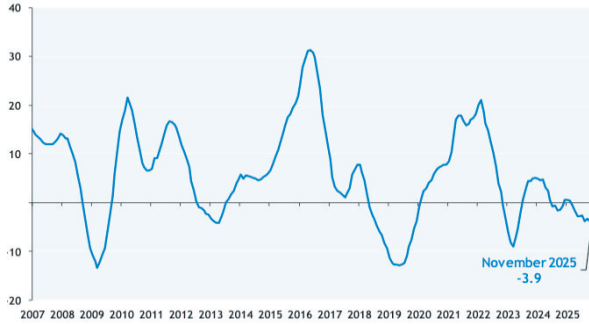
Still, the road ahead is poised to be bumpy with affordability challenges persisting in several major markets, and sharply lower immigration creating headwinds.

November market snapshot

	Home resales (% change)		New listings (% change)		MLS Home Price Index (% change)		Sales-to-new listings ratio
	m/m	y/y	m/m	y/y	m/m	y/y	
Canada	-0.6	-10.7	-1.6	-2.0	-0.4	-3.7	0.53
Toronto	-0.6	-14.7	-1.1	-4.0	-0.4	-5.8	0.38
Montreal	-2.8	-8.5	-2.2	-0.5	-0.2	5.8	0.66
Vancouver	4.6	-15.1	3.6	-2.6	0.2	-3.9	0.42
Calgary	0.3	-14.3	-2.2	-1.5	-0.8	-3.3	0.58
Edmonton	3.6	-13.1	-2.3	9.8	-0.2	3.8	0.63
Ottawa	-6.7	-15.1	-3.1	8.9	0.0	0.9	0.51

MLS Home Price Index - Vancouver

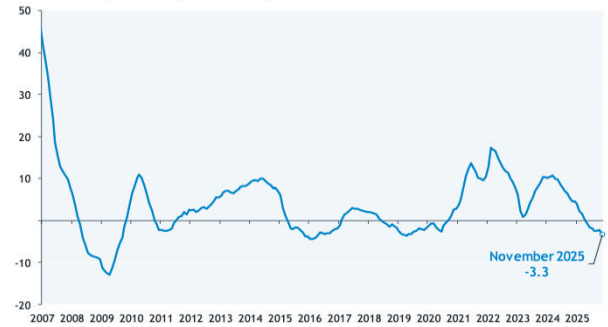
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Ottawa

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Montreal

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics



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