Focus on Canadian housing

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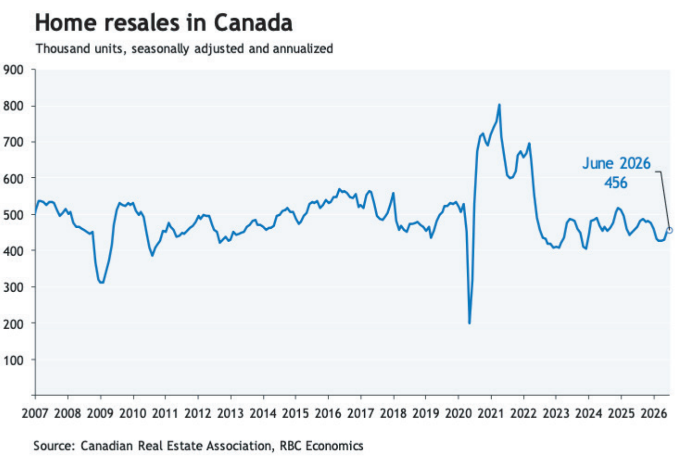
RBC Economics

Canada's housing takes another small step towards recovery

The emerging market recovery in Canada appears to be holding—albeit just barely. A 0.5% rise in home resales in June from May extended the winning streak to three months, but marks a sharp deceleration from the robust 5.5% advance the previous month.

Many prospective homebuyers remain hesitant to enter the market still facing many challenges including bruised confidence, uncertain job prospects, and strained affordability in parts of the country.

At 456,200 units (seasonally adjusted and annualized), June's transactions were 12% below the 10-year average. There's a long road ahead in the recovery.



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Tentative turnaround signs in Ontario and B.C.

Regionally, there are signs Ontario and British Columbia are finally coming out of their slumber.

Transactions have picked up in both provinces this spring after disappointing pullbacks in the winter. Activity is now up from a year ago in Toronto and Vancouver.

Stabilizing inventory paves the way for ending price correction

A noteworthy development this year has been stabilizing inventory, especially in Ontario and B.C. where active listings reached decades highs in 2025. That continued in June.

Seller competition is beginning to ease as result in some softer markets. There are signs that rebalancing negotiating power could be steadying home values in parts of Southern Ontario, including the Greater Toronto Area.

Indeed, the MLS Home Price Index in June rose month-over-month for the first time in more than a year in the GTA. Hamilton, Kitchener-Waterloo and Windsor also recorded small monthly gains. However, prices continue to be well below what they were a year ago in almost all Ontario markets.

The situation is similar in B.C. with the MLS HPI steadying in the last two months in Vancouver, and rising slightly in the Okanagan Valley. But, the correction in the Fraser Valley is ongoing.

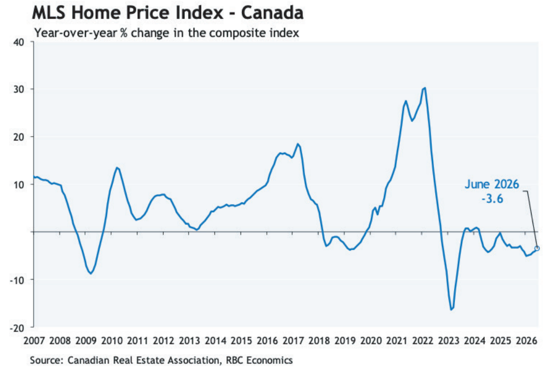
Prices still broadly rise outside Ontario and B.C.

Trends in other regions are little changed for the most part.

Home values continue to appreciate in Saskatchewan, Manitoba, Quebec and some Atlantic Canada markets, reflecting balanced or tight supply and demand. The rate of increase, however, is generally moderating due to either slower resales (Manitoba, Quebec, New Brunswick, Nova Scotia), an influx of sellers (Saskatchewan, Manitoba, Quebec) or rising inventory (Quebec, New Brunswick, Nova Scotia).

Calgary prices could be turning a corner. Its MLS HPI rose m/m for the second time in three months in June on slightly stronger demand.

Edmonton home values aren't there yet, though. The local index continues to decline modestly.



National price index stops declining

Steadying prices in Toronto and Vancouver, and offsetting movements in the rest of the country have stemmed the decline in the Canada-wide MLS HPI.

The index was unchanged June from May for the first time in 17 months.

Unlocking pent-up demand will be key to sustaining recovery

We expect a gradual, but uneven path forward for Canada's housing market. We see lower prices in some areas, improving affordability and better job prospects slowly unlocking pent-up demand, bringing more buyers to market and draining some inventory. Early signs of stabilization in Ontario and B.C. are encouraging.

But, there continues to be a risk that gloom arising from geopolitical events, another energy price spike, or renewed job market deterioration prolongs the slump.

With interest rates unlikely to fall further and immigration cuts cooling housing demand, a sustained rebound in activity could be delayed.

June 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	0.5	0.9	-1.3	-1.4	0.0	-3.6	0.50
Toronto	1.4	9.4	-3.8	-12.9	0.3	-5.4	0.42
Montreal	-3.9	-8.2	2.9	11.4	1.0	3.6	0.54
Vancouver	4.1	9.4	0.0	-7.7	-0.1	-6.0	0.40
Calgary	1.2	-4.0	-3.8	-6.0	0.6	-0.8	0.57
Edmonton	2.6	-3.9	-1.4	6.1	-0.6	-2.1	0.56
Ottawa	-0.1	-5.9	0.7	6.6	-0.2	-1.3	0.47

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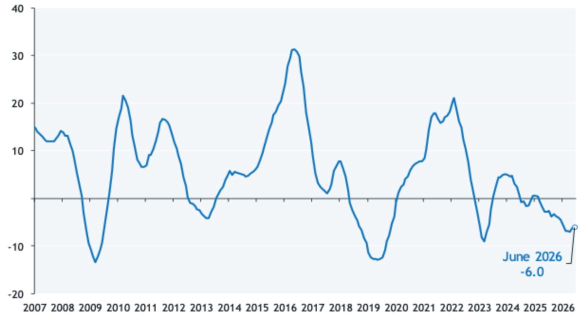
MLS Home Price Index - Vancouver

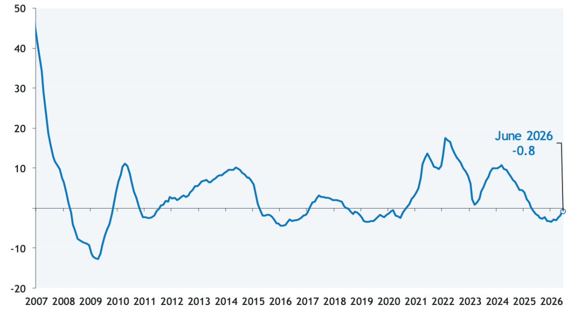
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary

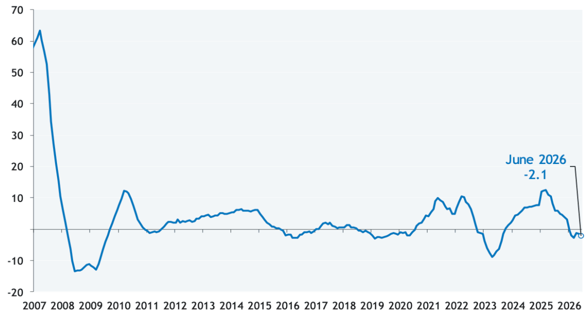
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton

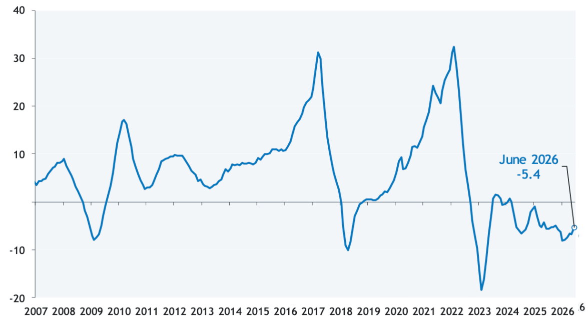
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto

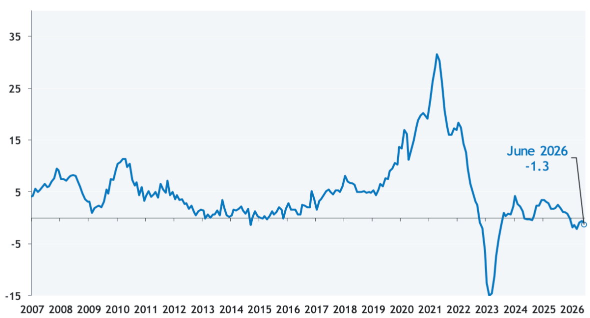
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Ottawa

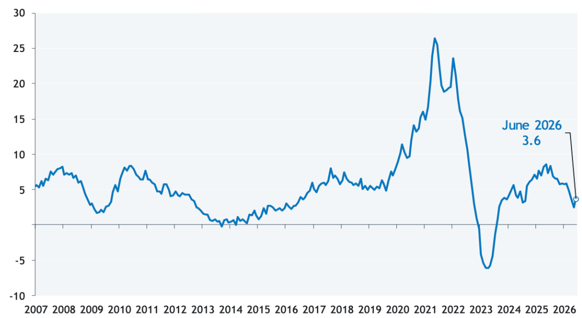
Year-over-year % change in the composite index



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 rbc.com/en/economics

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