Focus on Canadian housing

September 15
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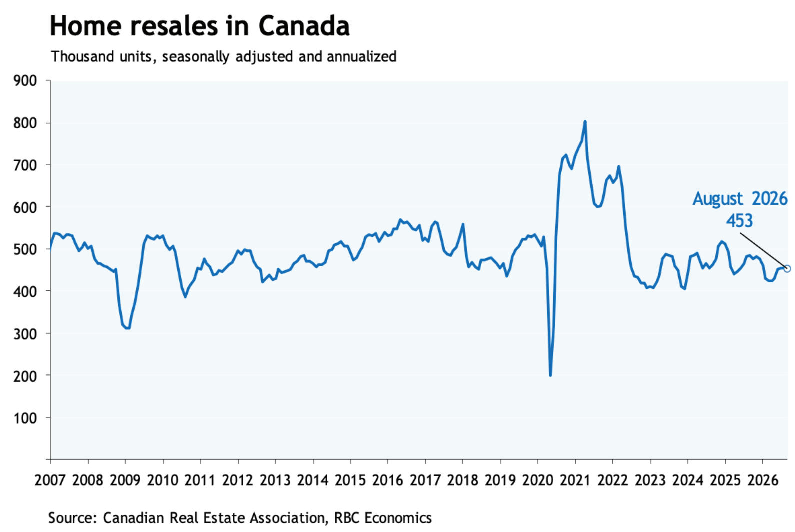
RBC Economics

Road to recovery for Canada's housing market hits a bump in August

Canada's housing market hit pause in August after five consecutive months of gains with resales declining 0.7% month-over-month seasonally adjusted—retreating to levels in May. The pullback coincided with an escalation in trade tensions, which appears to have rattled buyer confidence while prompting more sellers to list.

New listings grew 3.3% m/m, pushing the sales-to-new-listings ratio lower to 49%—technically still balanced territory which should cushion prices against sharper declines.

CREA's composite price measure was little changed from July, and year-over-year price declines slowed to -3%, continuing the deceleration defining the market since January.



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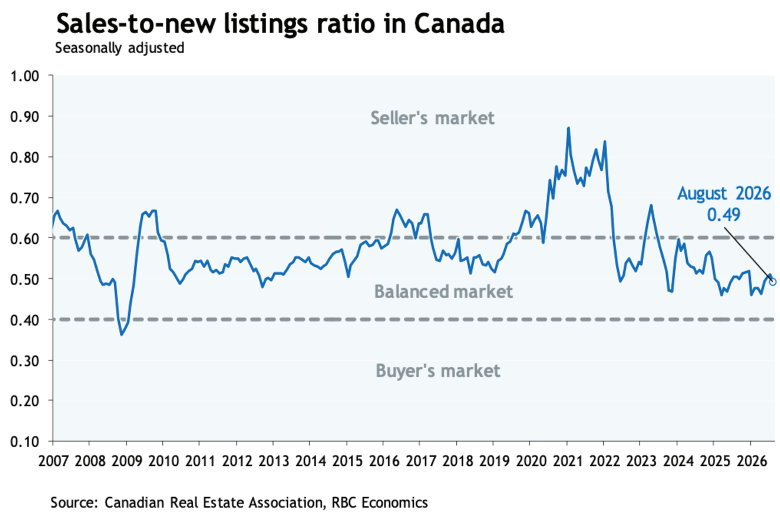
A temporary detour, not a derailment

We're reading the August resale slowdown as more of a pause than inflection point. Trade tensions escalated last month, making economic uncertainty tangible again after months of adaptation.

As households navigate tariff headwinds and sentiment rebuilds, we expect stabilization to take hold over the back half of 2026 and into 2027—though the regional picture will be decidedly mixed.



Early signs of regional rebalancing

Vancouver—one of the nation's softest market—saw resales edge up in August, crossing the 2,000 mark for the first time in nine months. Prices in Vancouver continued to edge lower, but the pace of declines has been decelerating.

That broadly mirrors signs of stabilization in Canada's other hardest hit housing market, Toronto, where home prices edged slightly lower in August from July, following small increases in June and July after declining for most of the prior year.

Ottawa, likewise, saw improvement with annual growth in the MLS Home Price Index cresting into positive territory for the first time in 2026. This marks an important milestone, but we could see more volatility before annual price changes firmly establish positive ground.

Prices remained underwater from a year ago across most of Ontario and British Columbia as well. Atlantic Canada, Quebec, and parts of the Prairies in contrast saw prices stay firmly positive—though appreciation continues to slow from earlier in the year.

The balanced sales-to-new-listings ratio seen at the national level now characterizes most regions, though pockets of seller advantage persist in Saskatoon, Regina, Winnipeg, Sherbrooke, Saint John and Halifax—albeit with weakening intensity.

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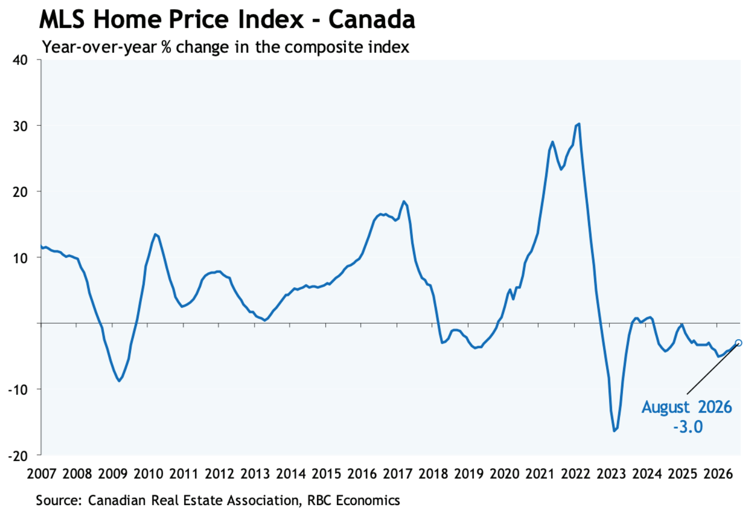

Improving market mechanics still intact

Despite the August pause, the mechanics underpinning the market's modest tightening earlier in the summer are likely to re-emerge. New listings are still below a year ago, which has helped stabilize inventory and rebalance supply and demand.

That said, resales still have a distance to cover before returning to the 10-year average. This fragility was evident in August, and we expect it to persist in the face of trade tensions and economic headwinds. While conditions are expected to improve gradually, any pickup is poised to be incremental rather than dramatic.

August 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	-0.7	-6.9	3.3	-3.2	0.0	-3.0	0.49
Toronto	-1.3	-2.1	5.2	-14.1	-0.1	-4.5	0.41
Montreal	-0.8	-13.1	3.6	7.7	-0.3	2.2	0.53
Vancouver	9.7	-3.5	8.4	-4.7	-0.1	-5.6	0.41
Calgary	-3.4	-11.0	2.1	-7.0	0.3	-0.3	0.55
Edmonton	0.5	-10.8	-1.3	-1.9	0.3	-0.4	0.57
Ottawa	-11.2	-19.3	2.2	-0.3	1.0	1.0	0.45

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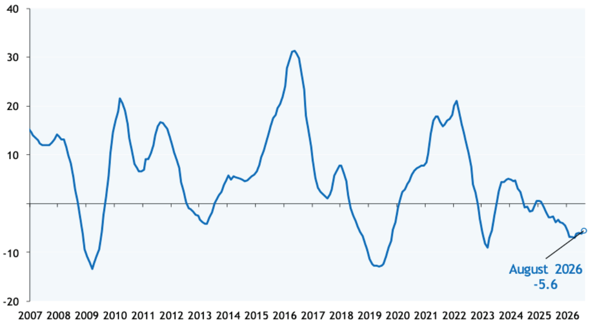
MLS Home Price Index - Vancouver

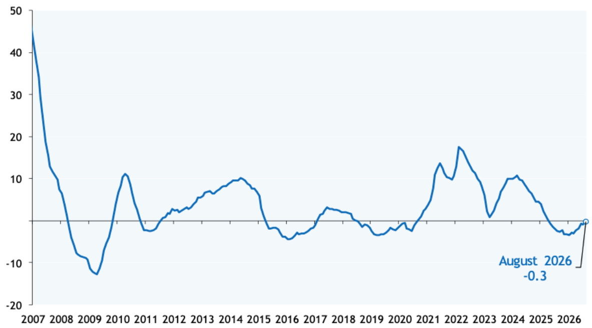
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary

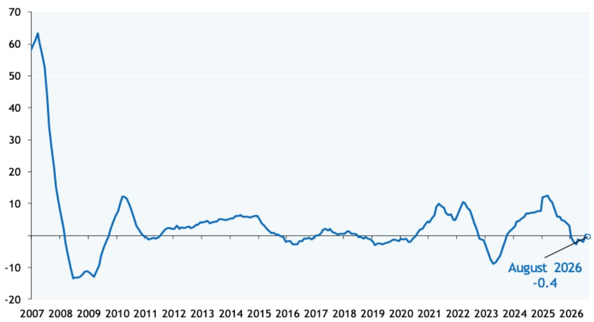
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton

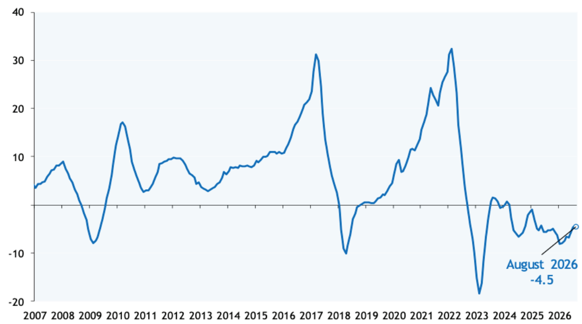
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto

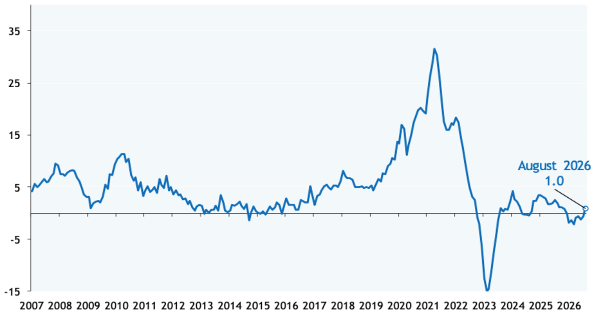
Year-over-year % change in the composite index



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

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