Focus on Canadian housing

November 17
2026

RBC Economics

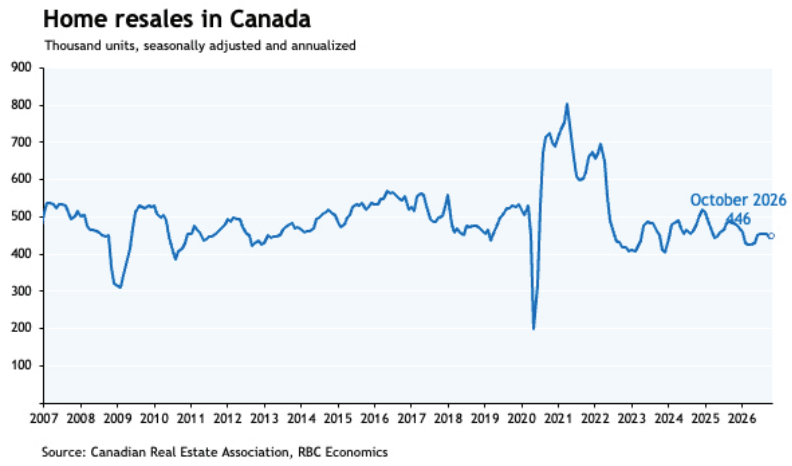
Canada's housing market stalls in October

Canada's housing market showed little momentum in October, with resales virtually unchanged (+0.3% m/m seasonally adjusted) following a soft September.

Lingering trade uncertainty and higher mortgage rates kept buyers cautious. New listings outpaced growth in sales for a third consecutive month—lifting national inventory to five months' supply, the highest since the GST rebate on new homes took effect in April.

Prices were virtually unchanged (+0.1% m/m seasonally adjusted) from September and remain 3.1% below a year ago.

A late-month Bank of Canada rate hike will be another hurdle heading into November, but an improving labour market and faster population growth next year should help underpin a modest recovery in housing demand.



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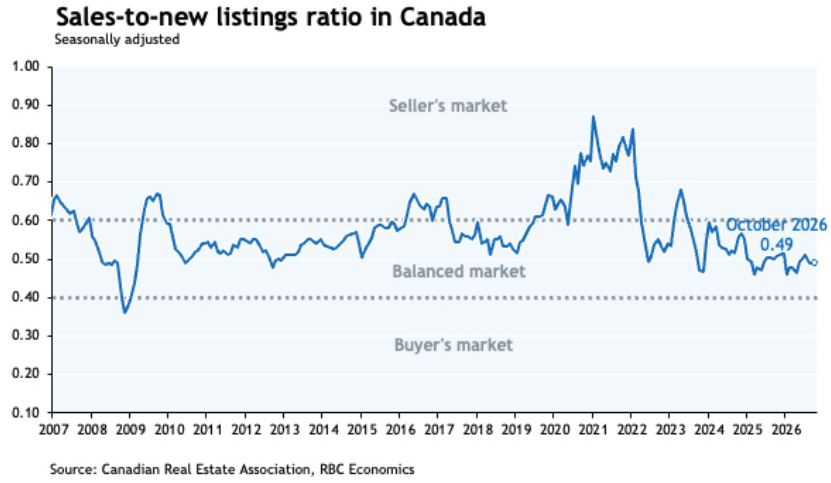
Variable-rate mortgages just got more expensive

The Bank of Canada's 25 basis point rate hike in late October raises the affordability hurdle for prospective buyers by increasing the cost of variable-rate mortgages.

Unlike fixed mortgage rates, which had already risen in anticipation of the Bank's move, variable rates are more directly tied to the policy rate. This is significant because variable-rate mortgages had become increasingly popular as the BoC cut rates through 2024 and 2025, offering borrowers a cheaper alternative to fixed-rate loans—which helped some qualify for a mortgage.

With that gap now narrowing, higher variable-rate payments are likely to discourage some prospective buyers or price others out of the market altogether—especially where affordability is already stretched.

October's resale figures won't fully reflect the impact given the timing of the announcement, leaving November to offer a clearer read on buyers' response.



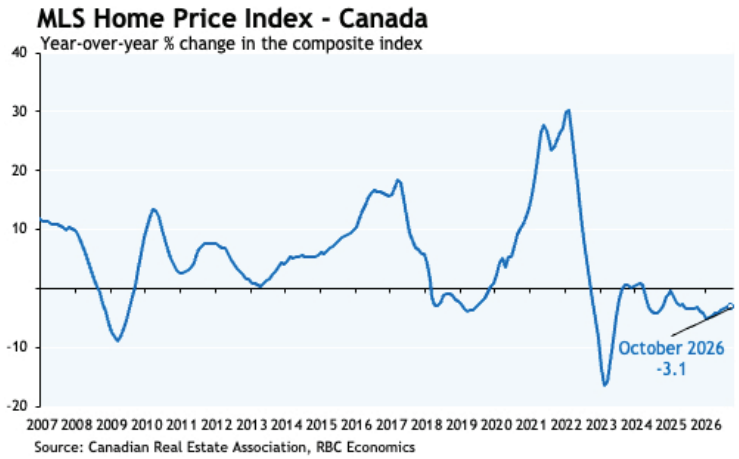
Quebec and Saskatchewan markets lose their edge

Resales rose across several markets—including Toronto (+1.2% m/m) where activity has been especially weak. Year-over-year resales are still down, but the drop is now shallower than in most other large markets.

Quebec and Saskatchewan were the main laggards as affordability pressures increasingly weighed on areas where prices have held up. Montreal resales are now down 18% from a year ago—the second largest drop of Canada's major markets next to Halifax. Though prices still rose 1.8% m/m, rising inventory should temper future increases.

Other regions remain a mixed bag. British Columbia is largely stagnant, with market conditions still favouring buyers for the most part. That's kept prices on a downtrend, though at a less steep rate.

Other Prairie markets remain relatively balanced, with Winnipeg among the last to join as it moves further away from seller-favouring territory. Most of the Atlantic region, on the other hand, remains relatively tight—though they too are starting to loosen.



Latest immigration plan, improving labour market to support recovery going forward

We continue to expect a gradual and uneven housing recovery over the coming year.

The BoC is likely to keep nudging rate up—with 75 basis points of additional increases by the end of Q2 2027. That's a headwind for buyers, but a stronger job market could help unlock pent-up demand as employment picks up and layoffs ease.

The latest immigration levels plan also points to modestly faster population growth next year, adding to housing demand—particularly in Ontario and B.C., where most newcomers settle. While the impact will be felt more immediately in rental markets it should also provide some support to resale activity.

Abundant inventory in these markets should help accommodate additional demand without adding significant upward pressure to prices near-term. However, the increased demand will eventually add to affordability challenges down the road as the market improves. Sustaining the recovery while improving affordability will ultimately require more housing supply.

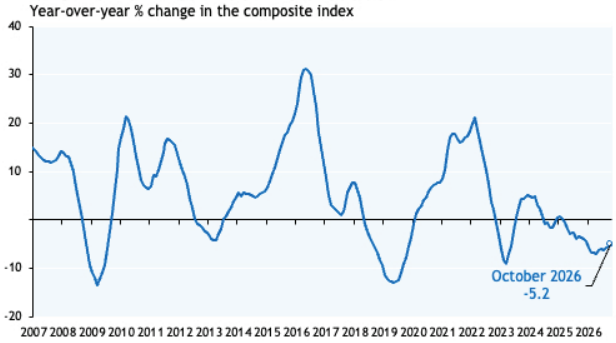
October market snapshot

	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	0.3	-10.6	0.8	-5.5	0.1	-3.1	0.49
Toronto	1.2	-7.9	3.8	-11.9	0.1	-4.3	0.39
Montreal	-2.7	-17.6	-1.7	3.4	1.8	1.5	0.53
Vancouver	-1.2	-10.7	-0.6	-13.3	-0.2	-5.2	0.41
Calgary	-3.6	-12.8	0.2	-6.4	0.1	0.1	0.55
Edmonton	2.5	-8.3	-4.1	-1.3	-0.3	-0.7	0.57
Ottawa	1.5	-10.8	-0.9	-3.7	-0.5	-1.3	0.47

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MLS Home Price Index - Vancouver

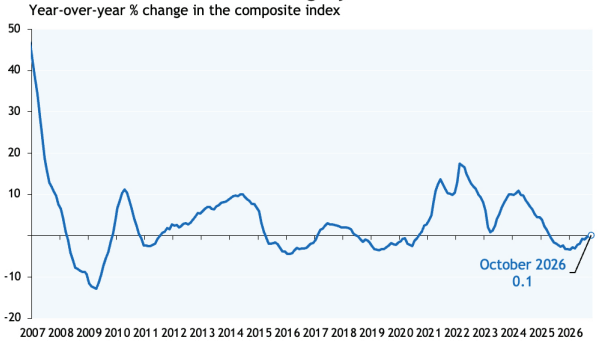
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary

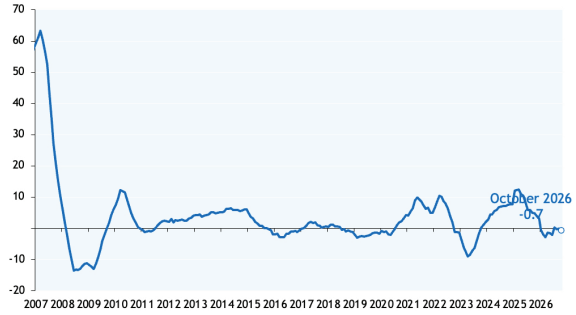
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton

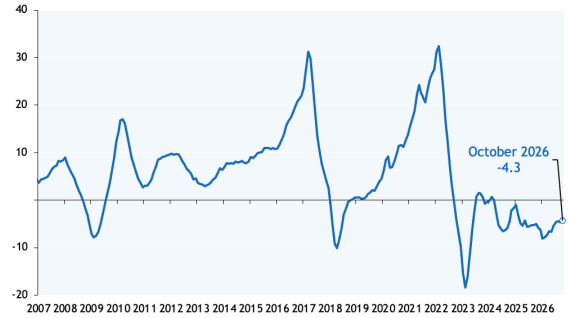
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto

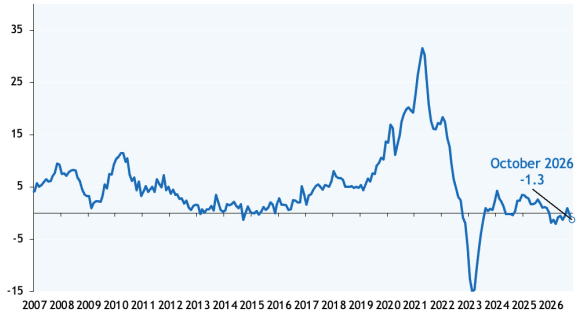
Year-over-year % change in the composite index



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

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