



October 16,
2025

Focus on Canadian housing

RBC Economics

Canada's housing market sailed on choppy waters in September

Canada's housing market hit turbulence in September with resales falling for the first time in five months after a period of gradual improvement.

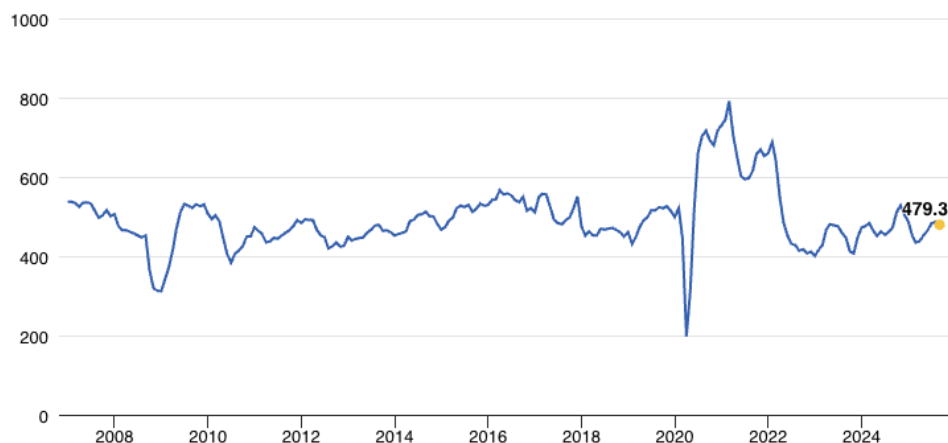
Home sales declined 1.7% from August—marking the first monthly decline since April.

Mixed regional results highlight the fragile and uneven nature of the recovery underway.

Transactions fell in several major centres including Vancouver, Calgary, Edmonton, Kitchener-Waterloo, London, Ottawa, Gatineau, Montreal, St. John and Halifax. Still, activity increased in Victoria, Regina, Saskatoon, Winnipeg, Toronto, Quebec City and Sherbrooke.

Home resales in Canada

Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

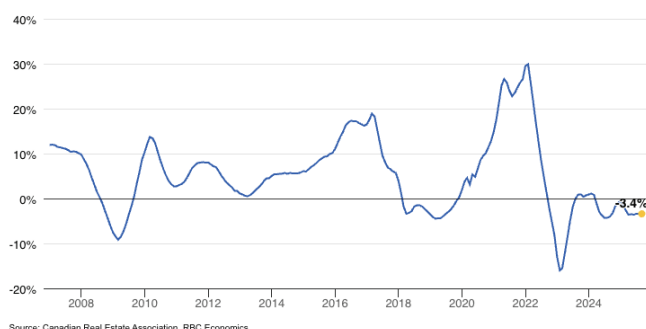
Softening momentum

The decline in September follows a string of gains that began in spring. External factors, including renewed economic uncertainty, may have contributed to the slight pullback. A new round of targeted U.S. tariffs could have undermined confidence in the market again after months of de-escalation soothing some of the worst economic fears over the summer.

Contributing to weaker activity was a 0.8% drop in new listings in September from August, which may have constrained buyer choice.

The inventory of homes for sale appears to be stabilizing in Canada. Active listings have not increased in Ontario and British Columbia in the past three months—though they remain well above pre-pandemic levels. If sustained, this stabilization will temper competition between sellers, and eventually, steady home values.

MLS Home Price Index - Canada
Year-over-year % change in the composite index



Sales-to-new listings ratio: Canada
Seasonally adjusted



Structural differences across regions

Home prices continued to fall in parts of the country where inventory is more abundant, and affordability is stretched like Lower Mainland B.C. and Ontario.

These markets continue to grapple with pandemic-era price gains and elevated borrowing costs—pushing ownership beyond the reach of many potential buyers.

However, prices remained on an upward trajectory in other regions including much of the Prairies, Quebec and Atlantic Canada. Supply-demand conditions are generally balanced or even tight in these markets, suggesting upward price pressure is likely to persist near term.

The contrast between regions reflects deeper structural differences in housing supply, population growth patterns, and economic conditions. Markets with more abundant inventory continue to favour buyers, while those with constrained supply remain seller-friendly.

Subdued recovery ahead

We expect resales to continue to recover gradually in the year ahead as lower interest rates, and in some markets, lower prices, stimulate buyer demand.

The Bank of Canada's policy easing cycle should support affordability-constrained buyers, particularly first-time purchasers sidelined by elevated borrowing costs.

However, the process is unlikely to be smooth with persisting economic uncertainty, labour market softness and affordability issues poised to create waves. September's setback serves as a reminder that the housing market recovery remains vulnerable to external shocks and shifts in sentiment.

For now, supply-demand continue to favour buyers in Vancouver and Toronto, pointing to further price declines near term. The abundance of choice provides buyers with negotiating power, and reduces urgency to act quickly on purchasing decisions.

Conditions are generally balanced or even tight in other markets, suggesting upward price pressure is likely to persist. These regions may continue to see modest price gains as limited inventory supports pricing power for sellers.

The path forward for Canada's housing market will likely be characterized by continued regional divergence and periodic volatility as economic conditions evolve and policy measures take effect.

September 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	-1.7	5.2	-0.8	8.0	-0.1	-3.4	0.51
Toronto	2.0	11.9	-3.3	6.5	-0.5	-5.5	0.38
Montreal	-1.5	10.8	0.2	17.7	1.2	6.5	0.63
Vancouver	-6.8	1.8	1.5	2.3	0.0	-3.2	0.38
Calgary	-3.7	-11.4	0.9	3.0	-0.1	-2.4	0.53
Edmonton	-3.8	-2.3	-3.6	14.8	0.1	4.4	0.62
Ottawa	-7.6	5.2	3.8	22.3	0.2	1.1	0.50

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/thought-leadership/economics



linkedin.com/company/rbc-economics

The material contained in this report is the property of Royal Bank of Canada and may not be reproduced in any way, in whole or in part, without express authorization of the copyright holder in writing. The statements and statistics contained herein have been prepared by RBC Economics Research based on information from sources considered to be reliable. We make no representation or warranty, express or implied, as to its accuracy or completeness. This publication is for the information of investors and business persons and does not constitute an offer to sell or a solicitation to buy securities.

®Registered trademark of Royal Bank of Canada.

©Royal Bank of Canada.
