RBC Economics

Focus on Canadian Housing

MONTHLY HOUSING MARKET UPDATE

August 15, 2025

Back to a slow recovery in Canada's housing market with regional disparities

Canada's housing market is showing growing signs of recovery following a challenging winter and spring amid high economic uncertainty from the global trade war.

Home resales picked up again in July and balanced market conditions have emerged in more areas including in parts of Southern Ontario and British Columbia.

Still, significant regional disparities persist, and increased inventory in major markets like Toronto and Vancouver continue to weigh on home prices.

National trends are improving

July marked the fourth consecutive month of rising home sales across Canada with transactions rising 3.8% from June.

Since the spring, sales have rebounded more than 11%, pointing to buyer confidence returning. The Greater Toronto Area has been a key driver of momentum with transactions climbing 36% from March lows.

However, sales volumes in many regions remain below historical averages, reflecting lingering effects of affordability challenges and uncertainty.

The supply side remained relatively stable last month with new listings nearly unchanged from June. This helped push the national sales-to-new listings ratio to 0.52, which is consistent with balanced conditions overall.

Inventory remains elevated compared to last year, but has tightened slightly with it now taking 4.4 months to clear at the current sales pace.

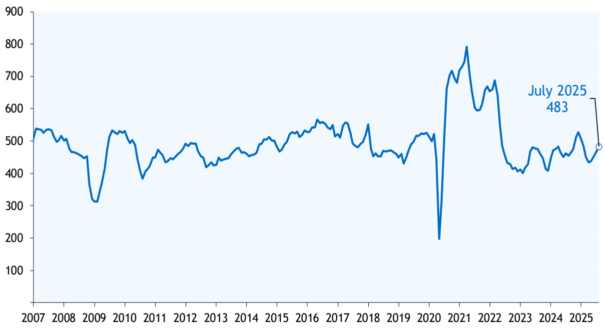
Regional variations highlight diverging trends

Regional disparities remain a defining feature of Canada's housing market. Ontario and B.C. continue to grapple with abundant inventories, putting downward pressure on prices.

Sales have picked up significantly in Toronto, but the high number of properties available—particularly condos—has contributed to ongoing price declines. Similarly, Vancouver is showing early signs of a rebound in sales, but affordability constraints and high inventory are keeping a lid on prices.

Home resales in Canada

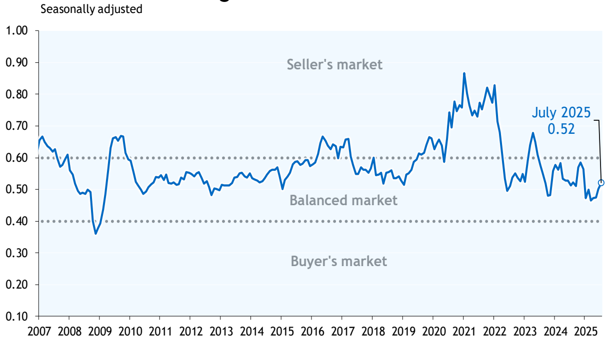
Thousand units, seasonally adjusted and annualized



Source: Canadian Real Estate Association, RBC Economics

Sales-to-new listings ratio in Canada

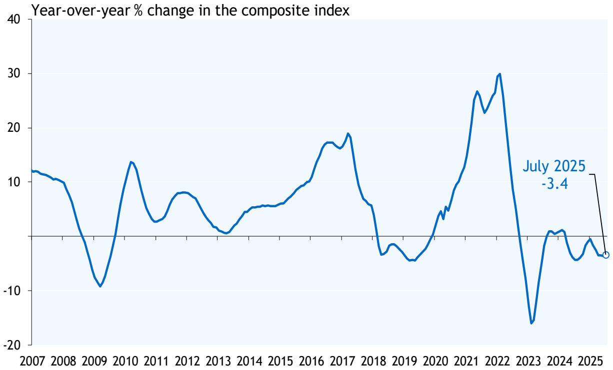
Seasonally adjusted



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Canada

Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

July 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	3.8	6.6	0.1	5.9	0.0	-3.4	0.52
Toronto	13.0	13.2	0.4	8.1	-0.2	-5.4	0.38
Montreal	-1.1	9.7	-0.7	9.5	0.8	8.4	0.64
Vancouver	8.6	-1.7	-2.6	-2.0	0.0	-2.7	0.40
Calgary	3.4	-9.1	1.1	8.3	-0.1	-1.8	0.55
Edmonton	1.7	-2.0	6.9	16.0	-1.3	5.3	0.60
Ottawa	-0.4	4.4	0.7	13.8	0.4	1.9	0.53

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Meanwhile, markets in Quebec, the Prairies, and Atlantic Canada are generally firmer. Quebec has seen a notable 14% rise in sales this year, sustaining tight supply-demand conditions and supporting modest price gains despite a small 0.4% slip in July from June.

Sales remain brisk in smaller provinces like Prince Edward Island and Newfoundland and Labrador—up double digits in the first seven months of 2025 compared to a year ago. But, the pace has moderated lately.

It's a similar story in Saskatchewan and Manitoba where home resales continue far above pre-pandemic levels and inventories trend lower, applying intense upward pressure on prices.

Calgary and Edmonton remain relatively balanced with strong new construction helping to meet demand. But, this has also resulted in mild temporary price declines.

Affordability and inventory shape market dynamics

Affordability continues to be a critical factor influencing market trends. Declining ownership costs have improved affordability to its best level in three years, but high-priced markets like Ontario and B.C. remain constrained. Buyers in these regions are limited in their ability to bid higher.

Inventory is another key determinant of market conditions. Increased supply has created a buyer's market in Ontario and B.C., intensifying competition among sellers and limiting price growth.

In contrast, tighter inventory in most of the Prairies, Quebec and Atlantic Canada gives sellers more leverage, supporting modest price gains .

Gradual recovery with regional disparities ahead

We see Canada's housing market continuing its recovery, albeit unevenly across regions.

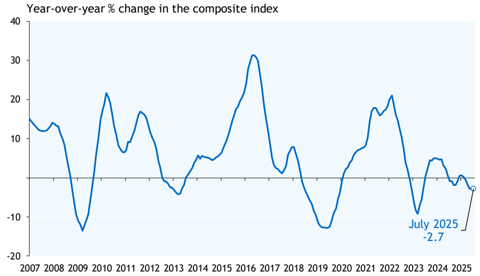
Brighter economic prospects, stabilizing interest rates, and easing unemployment next year will support stronger demand. However, affordability challenges and trade uncertainty will remain key hurdles.

As outlined in our latest housing market forecast, we project home resales will rise 7.9% in 2026, more than offsetting a 3.5% drop this year.

That said, structural challenges including affordability, increased inventory and demographic shifts will temper growth, and delay the price recovery in the most expensive regions.

MLS Home Price Index - Vancouver

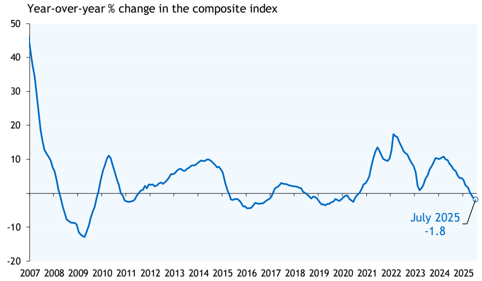
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Calgary

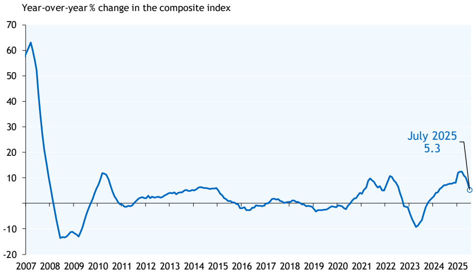
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Edmonton

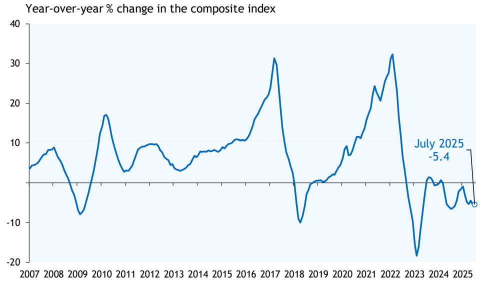
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Toronto

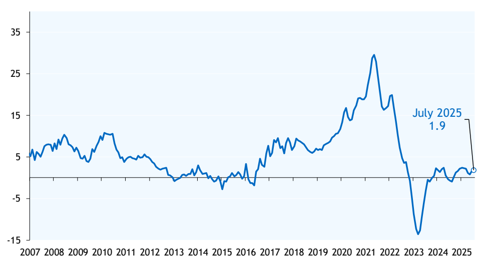
Year-over-year % change in the composite index



Source: Canadian Real Estate Association, RBC Economics

MLS Home Price Index - Ottawa

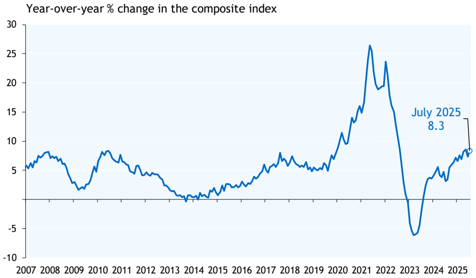
Year-over-year % change in the composite index



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