



October 1,
2025

Focus on Canadian housing

RBC Economics

**Easing homeownership costs could soon
slow in Canada**



Affordability improved for six consecutive quarters. Lower interest rates, flat prices and sustained household income gains contributed to lowering RBC's aggregate affordability measure for Canada to 53.6% in Q2 2025 from an all-time high of 63.5% at the end of 2023.



Ownership costs fell in all but one market. Vancouver, Toronto and Victoria recorded the largest decreases, but they remain Canada's least affordable markets. Regina saw costs rise slightly.



Affordability measures are back to historical norms in the Prairies. However, they're still a long way from more attainable pre-pandemic levels in the rest of the country with some exceptions.



The speed of improvement is likely to slow. We expect further easing in ownership costs, but see the effect of earlier interest rate cuts fading. Decelerating income growth will also dampen buyers' purchasing power.

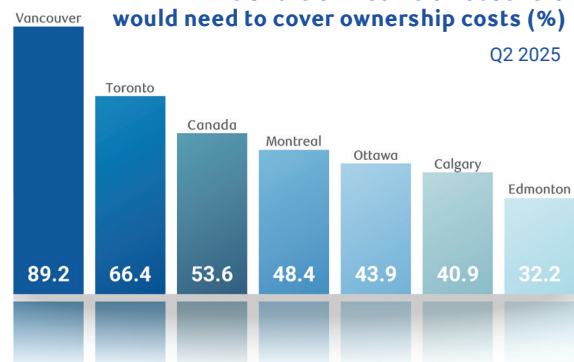
RBC Housing Affordability Measures - Canada

Ownership costs as % of median household income



The share of income a household would need to cover ownership costs (%)

Q2 2025



Capacity to own is facing headwinds

Slowing income growth holds back affordability improvement

Contribution of household income to quarterly changes in RBC's aggregate affordability measure for Canada, in percentage points



Source: RPS, Royal LePage, Statistics Canada, Bank of Canada, RBC Economics

Increasing slack in the labour market is now weighing on wage growth, creating fresh challenges for prospective homebuyers. This shift threatens to negatively impact buyers' purchasing power just as housing markets show signs of stabilization across several regions.

Robust household income growth has contributed to more than a third of the decline in RBC's national aggregate affordability measure over the past year and a half. (A decline in the measure represents a gain in affordability).

This income component has been crucial in offsetting elevated borrowing costs and stubborn prices in many markets. However, the tailwind is beginning to weaken as employment conditions deteriorate.

Ontario markets could be especially affected by this emerging trend. The unemployment rate in the province has risen significantly above pre-pandemic levels, and is now among the highest in the country.

The ongoing trade war is taking a toll on the province's manufacturing sector with ripple effects spreading through related industries and supporting services.

Scope for further affordability improvement is limited nationwide

Ownership costs as % of household income, Canada, composite of all housing categories



Source: RPS, Statistics Canada, Bank of Canada, RBC Economics

Bulk of affordability gains now in rearview mirror

We anticipate interest rate reductions, more price corrections in select markets, and continuing (albeit slowing) income growth will offset roughly half of the pandemic-era increase in RBC's composite affordability measure for Canada by year-end. About one third has been achieved so far.

Further advancement becomes more challenging once interest rates reach a stable plateau as it depends exclusively on home price movements and household income trends. Substantial price declines or robust increasing income would be necessary to drive more meaningful gains. However, we anticipate broadly stable pricing across Canada over the next two years with some regional variations and moderate wage increases.

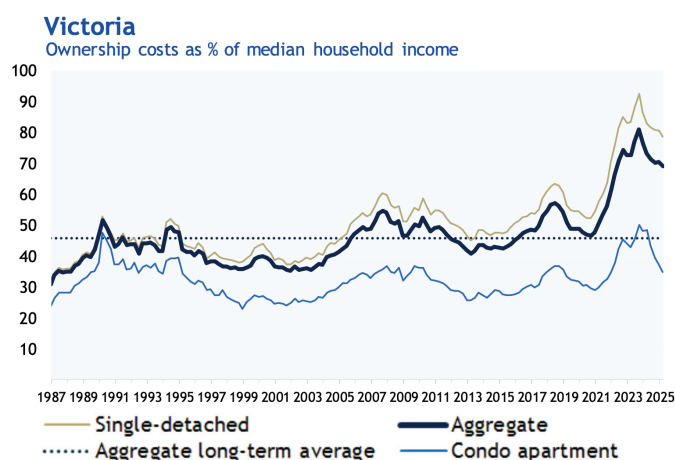
Housing costs resurface as central concern

Trade tensions disrupted Canada's housing market momentum this spring as concerns over potential economic consequences led many prospective buyers to the sidelines. However, the easing of tariff pressures since spring has helped restore some market confidence.

Home resales have shown signs of recovery through the summer months—though property values continued to face downward pressure across Ontario and British Columbia. This price softening supports affordability improvements, but simultaneously signals persistent market fragility and cautious buyer sentiment.

Growing confidence represents a constructive development for housing markets, but it's insufficient to spark a widespread activity rebound. Housing cost burdens are set to become the primary concern in part of the nation despite improving notably since the end of 2023—representing a significant barrier to market revival. Markets where affordability has returned to historical norms, however, are on a more solid track.

Victoria: Buyers gain market leverage



RBC's aggregate measure rose 1.6 percentage points to 69% in Q2 for Victoria—the third worst among the markets we track.

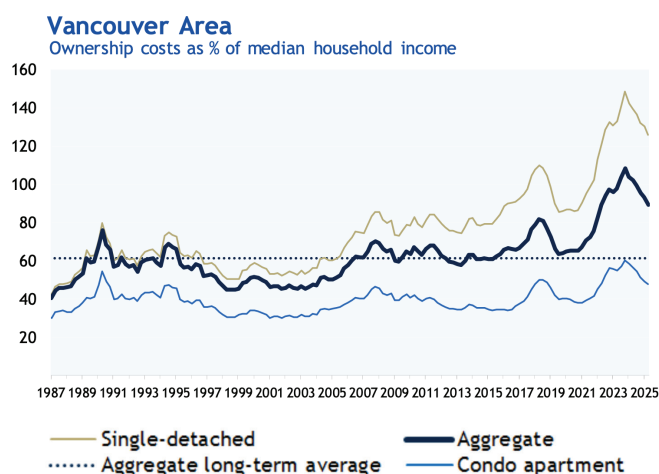
More inventory has given buyers increased leverage in negotiating prices, creating a more balanced dynamic than in recent years. Yet, they remain hesitant to pull the trigger on purchases. Home resales have stumbled after rebounding earlier in the summer, suggesting buyer caution persists despite improved conditions. We expect prices to drift lower amid intense affordability pressures, and the continued reluctance of buyers to commit to current prices.

Vancouver area: Gradual rebalancing amid persistent pressure

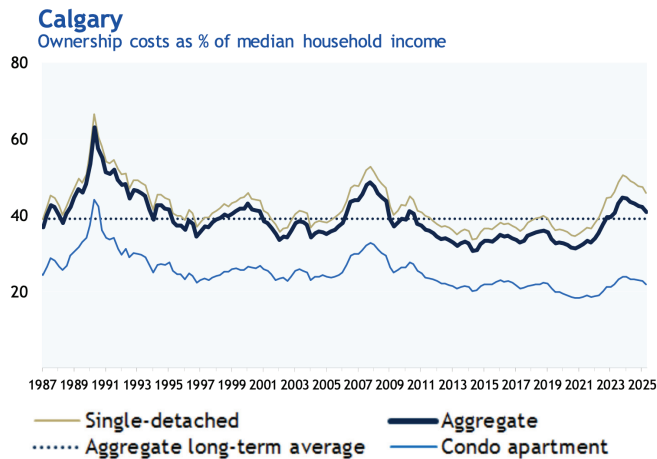
Market fundamentals continue their slow rebalancing process as pandemic-era ownership cost spikes gradually reverse in the Vancouver area.

Declining home values and reduced mortgage rates propelled RBC's aggregate affordability measure lower for six straight quarters to Q2, marking the longest period of improvement recently.

Nevertheless, at 89.2%, this is still the nation's most challenging (worst) level, creating substantial obstacles for local buyers. Property transactions remain suppressed despite modest summer gains, underscoring persistent affordability burdens. More declines in value are expected with elevated inventory and supply and demand conditions favouring buyers.



Calgary: Nearing normalized affordability conditions



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

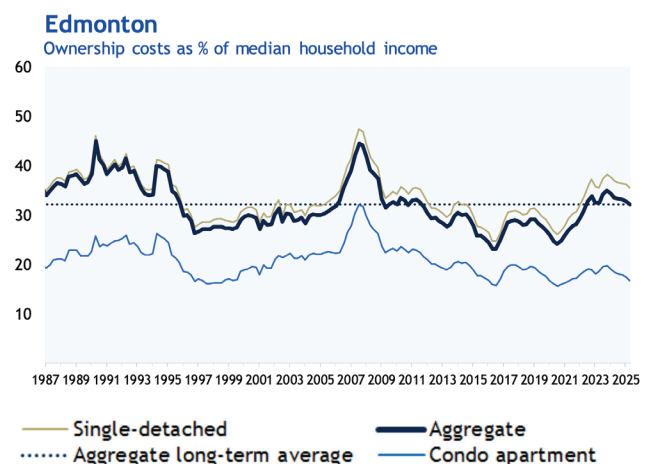
Steady ownership cost declines since the start of 2024 have delivered meaningful relief for prospective owners in Calgary.

RBC's aggregate affordability measure eased once more by 1.3 percentage points in Q2 to 40.9%, moving significantly closer to the 39.1% historical average. More normalized affordability conditions helped stabilize transactions after two years of decline—albeit from record-high pandemic levels. Robust construction has increased market supply, giving more options and decision time to buyers.

Edmonton: On solid foundations

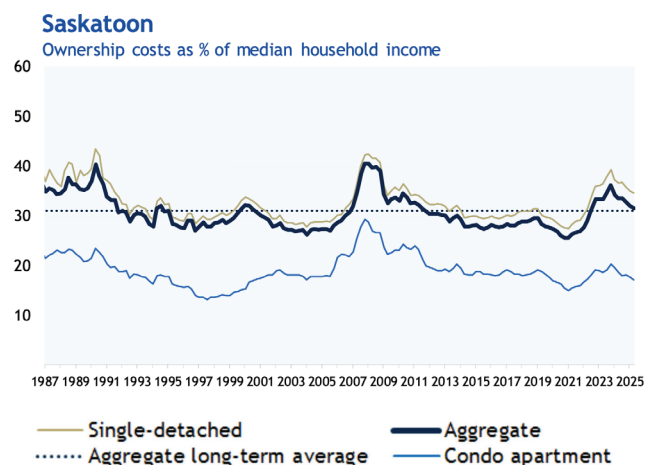
Transactions remain vigorous in Edmonton as purchasers enjoy comparatively attractive affordability.

Property sales persist well above pre-pandemic thresholds, demonstrating continued demand despite broader economic uncertainties. Affordability conditions appear relatively positive versus most major centres. RBC's aggregate affordability measure reached 32.2% in Q2, aligning with historical norms after consistent decline since spring 2024. Prospects for buyers appear more positive as earlier supply-demand tightness has eased materially, and price appreciation moderates.



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

Saskatoon: Migration and attainability sustain strong activity



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

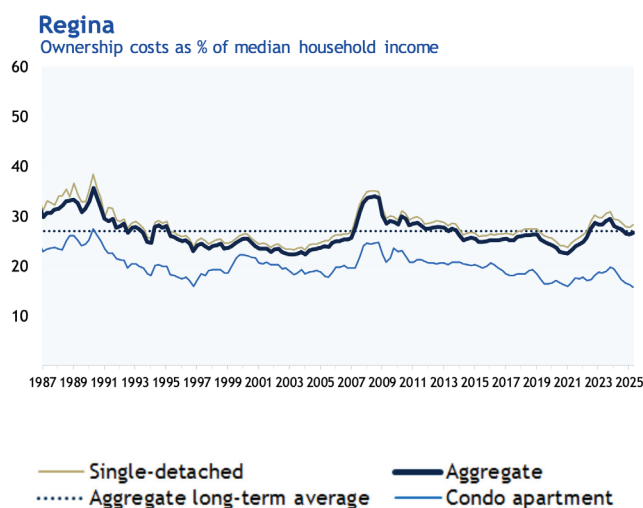
Market strength continues with migration flows and manageable ownership expenses attracting steady buyer interest in Saskatoon.

RBC's aggregate affordability measure reached 31.4%, effectively returning to long term averages following a third consecutive quarterly improvement in Q2. Sales have been sustained near pandemic-era levels other than a dip this spring. Activity, in fact, is tracking toward exceeding strong prior year totals. Ongoing supply-demand strains, however, are set to keep home values appreciating strongly in the near term.

Regina: Market heat has yet to weigh on buyers

Regina is among the hotter markets in the country with resales approaching record levels and solid home value growth.

The area boasts the best affordability among the markets we track with RBC's aggregate measure at 26.6%. But, conditions deteriorated slightly in Q2 with a 0.3 percentage point increase—the sole market posting deterioration. Supply is short given demand, which will likely perpetuate rapid price gains, and potentially erode affordability further.

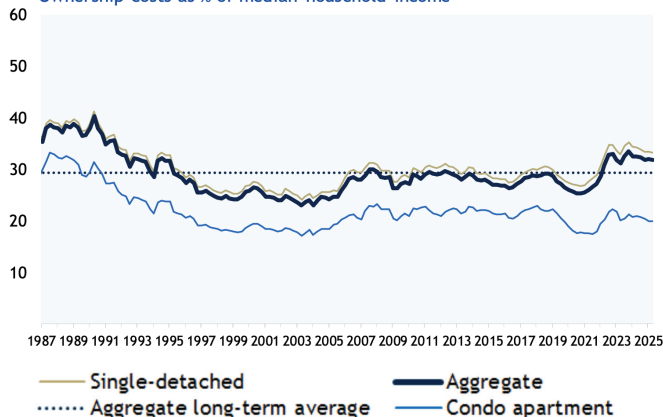


Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

Winnipeg: Constrained supply fuels price increases

Winnipeg

Ownership costs as % of median household income



Activity in Winnipeg maintained steady momentum throughout the year, cooling marginally this summer—possibly affected by extensive wildfires.

Home values continue to appreciate rapidly, reflecting constrained supply and stable demand fundamentals. This hasn't prevented a slight affordability improvement in Q2 with RBC's aggregate measure declining 0.3 percentage points to 31.8%—modestly exceeding the 29.3% long-term average. We see limited buyer options supporting more price appreciation.

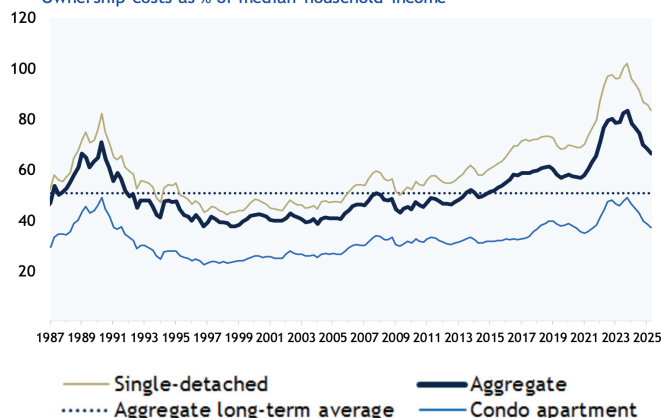
Toronto area: Ownership costs still a barrier despite easing

Buyer demand in the Toronto area has rebounded since summer as trade concerns subsided, but transactions remain historically subdued.

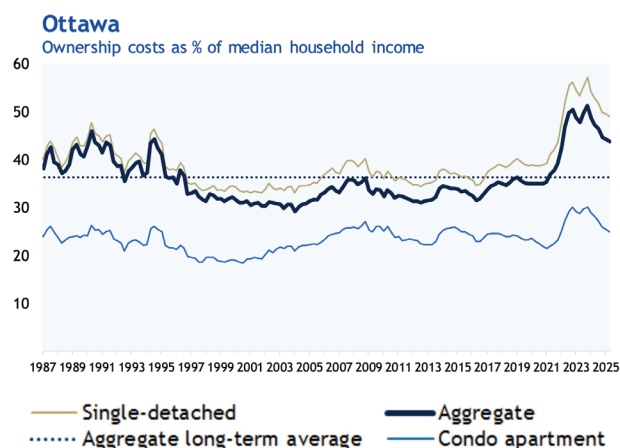
Poor affordability and weakening job prospects weigh heavily the market, challenging buyers and sellers. Ownership cost pressures have eased noticeably in the past year, particularly for condominiums, but the progress is not enough to fully unlock pent-up demand. RBC's aggregate affordability measure at 66.4% creates extremely high barriers for most purchasers. We see this continuing even as declining home values lower ownership costs further.

Toronto Area

Ownership costs as % of median household income



Ottawa: Moderate price gains aren't derailing better affordability



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

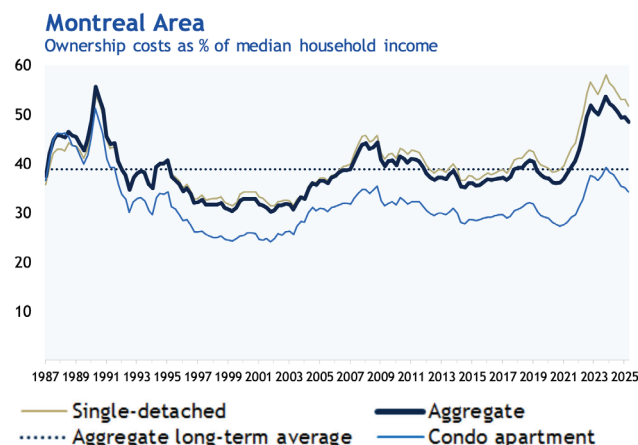
The market recovery is back on track in Ottawa with sales advancing through spring and summer.

The trade war had unsettled buyers earlier this year, causing activity to dip this winter. Generally balanced supply and demand are sustaining moderate price increases that are not interfering with the improvement in affordability since early 2024. Still, RBC's aggregate measure remains elevated at 43.9%—suggesting buyers continue to face more strenuous conditions than they have historically. We expect further improvement as rising inventory slowly dampens home value appreciation.

Montreal area: Supply limitations persist

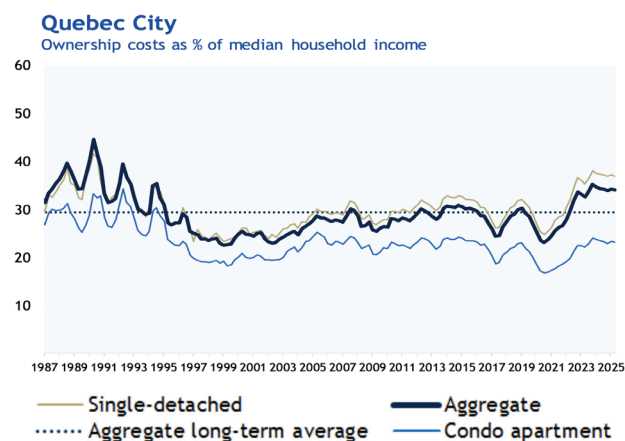
The affordability picture improved in the Montreal area in Q2.

RBC's aggregate measure fell 1 percentage point to 48.4%, restoring the favorable trajectory that was briefly interrupted in Q1. Buyers still grapple with challenging ownership costs, however. RBC's measure sits 10 percentage points above its historical average, indicating the improvement to date only restored a fraction of the affordability lost during the pandemic. Despite these headwinds, purchasers continue bidding aggressively amid persistently tight supply. We see little that will change this dynamic near term as the inventory of homes for sale is set to stay low.



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

Quebec City: Sellers in command



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

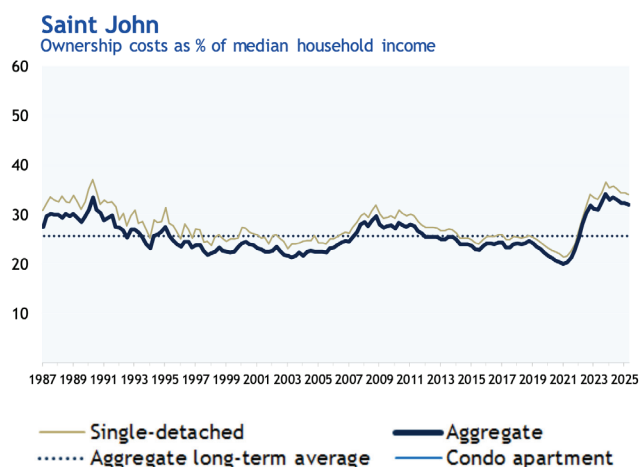
Quebec City saw the strongest annual price increases among markets we track.

Limited supply compared to demand gave sellers the advantage, enabling sustained price appreciation across housing categories. Contributing to robust demand are relatively modest ownership costs versus Montreal or major Canadian centres. RBC's aggregate affordability measure stood at 34% in Q2—nearly 20 percentage points below the national average. However, this favourable positioning has eroded with Quebec City's measure remaining essentially unchanged in the past year amid meaningful improvement in most other cities.

Saint John: Resilience remains

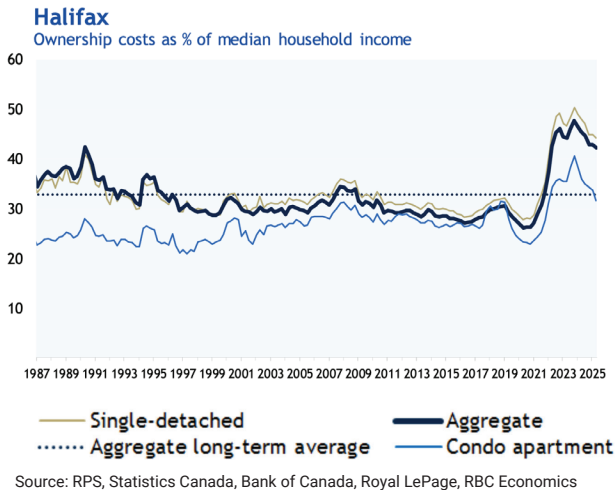
Rapid price increases over the past year have curtailed the benefit from lower borrowing costs in Saint John, restricting affordability gains witnessed in other regions.

Yet, the portion of typical household earnings needed to service homeownership expenses (32%) is still lower than in most markets we monitor—sustaining a positive environment for buyers. Predictably, sales have demonstrated durability amid trade uncertainty this year, tracking roughly 9% ahead of last year.



Source: RPS, Statistics Canada, Bank of Canada, Royal LePage, RBC Economics

Halifax: Pandemic impact endures



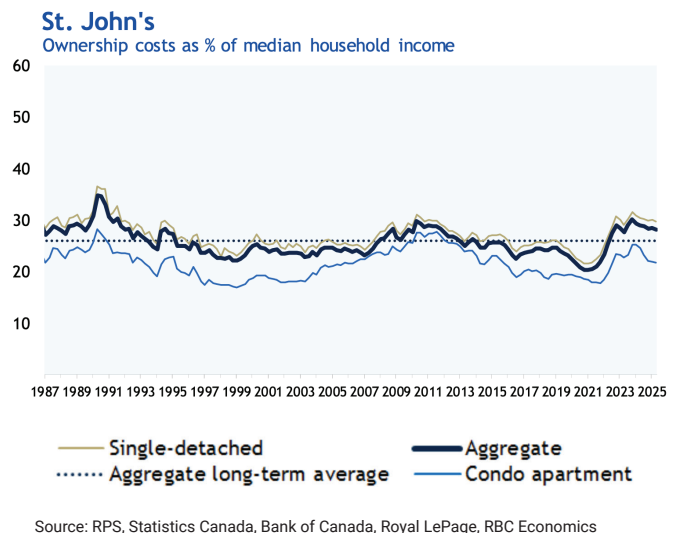
Market activity remained generally subdued but steady this year in Halifax, showing heightened prudence from participants.

Trade tensions may have undermined buyer sentiment, but we think enduring pandemic-related affordability deterioration is the primary constraining factor. RBC's Q2 aggregate measure (42.3%) still stands far above the historical average by almost 10 percentage points—signalling substantially more challenging conditions than normal. Property values maintain upward momentum driven by constrained supply and demand, though the rate of appreciation has decelerated. We think further moderation is ahead.

St. John's: Favourable affordability keeps buyers engaged

Regina is among the hotter markets in the country with resales approaching record levels and solid home value growth.

The area boasts the best affordability among the markets we track with RBC's aggregate measure at 26.6%. But, conditions deteriorated slightly in Q2 with a 0.3 percentage point increase—the sole market posting deterioration. Supply is short given demand, which will likely perpetuate rapid price gains, and potentially erode affordability further.



How the RBC Housing Affordability Measures work

The RBC Housing Affordability Measures show the proportion of median pre-tax household income that would be required to cover mortgage payments (principal and interest), property taxes, and utilities based on the benchmark market price for single-family detached homes and condo apartments, as well as for an overall aggregate of all housing types in a given market.

The aggregate of all categories includes information on semi-detached, row houses, townhouses and plexes—categories not covered in this report—in addition to single-family detached homes and condominium apartments. In general, single-family detached homes and condo apartments represent the bulk of the housing stock (excluding purpose-built rental buildings).

Mortgage payments are based on a 20% down payment, a 25-year mortgage loan and a five-year fixed mortgage rate. The latter is a weighted average of 5-year fixed rates charged by chartered banks on new insured and uninsured mortgages.

Benchmark prices are sourced from RPS Real Property Solutions.

RBC's affordability measures use household income rather than family income to account for unattached individuals. Pre-tax income doesn't show the effect of various provincial property-tax credits, which could alter relative levels of affordability. Quarterly income is obtained by interpolating annual data. We apply the growth in average weekly earnings to extend the income series to the latest period. The median income represents the value below and above which lays an equal number of observations.

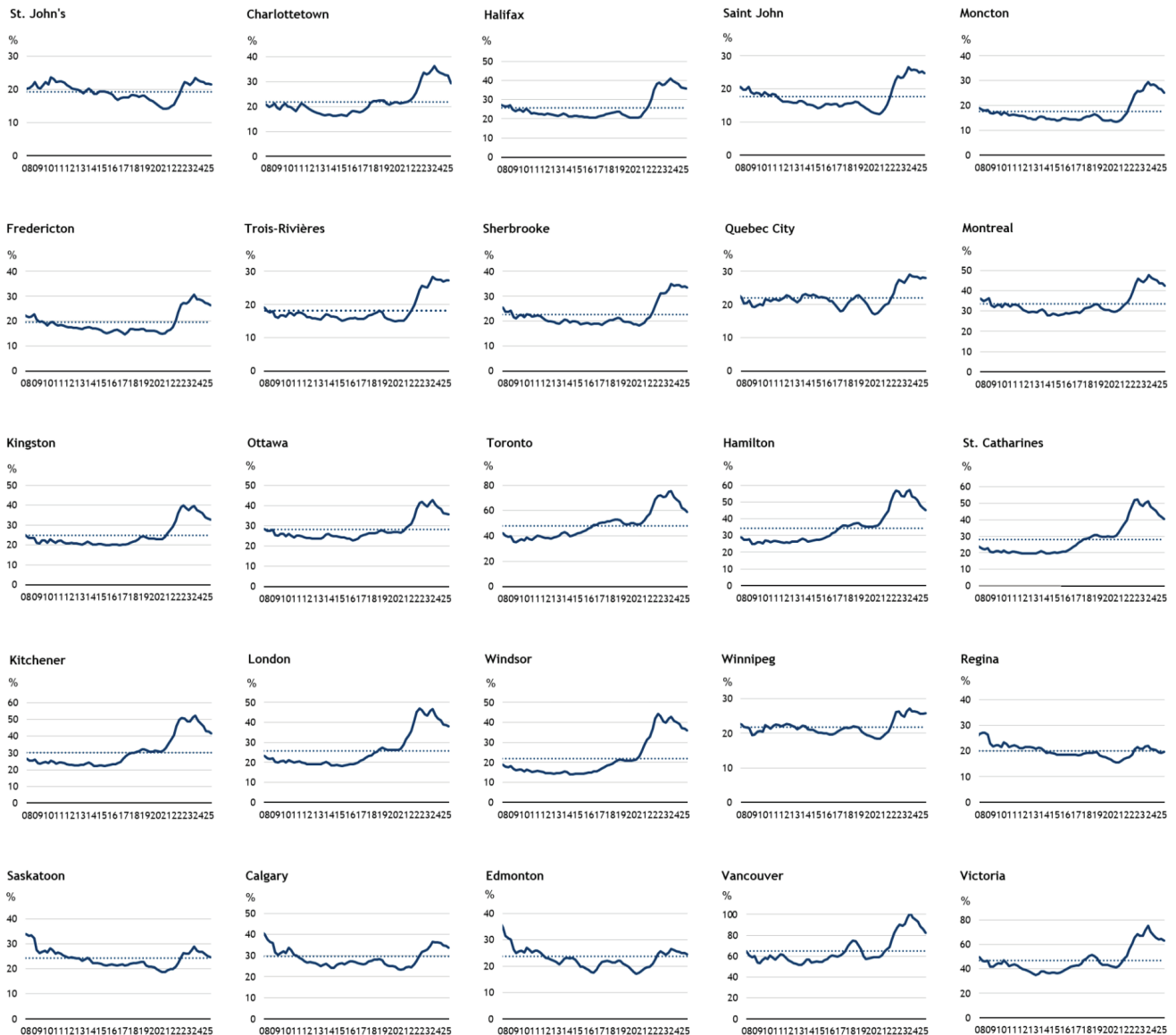
The higher the measure, the less affordable owning a home is. For example, an affordability measure of 50% means that home ownership costs, including mortgage payments, utilities, and property taxes would take up 50% of a typical household's pre-tax income at current price and interest rate levels.

Summary tables

Aggregate of all categories								Single-family detached								Condominium apartment							
Market	Price			RBC Housing Affordability Measure				Market	Price			RBC Housing Affordability Measure				Market	Price			RBC Housing Affordability Measure			
	Q2 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q2 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)		Q2 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q2 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)		Q2 2025 (\$)	Q/Q % ch.	Y/Y % ch.	Q2 2025 (%)	Q/Q Ppt. ch.	Y/Y Ppt. ch.	Avg. since '85 (%)
Canada	824,900	0.5	1.8	53.6	-1.5	-6.0	41.7	Canada	922,400	0.6	3.1	60.0	-1.6	-5.9	44.5	Canada	549,300	-0.6	-4.9	36.2	-1.4	-6.5	33.2
Victoria	1,211,700	0.6	6.2	69.0	-1.6	-4.3	45.8	Victoria	1,387,500	0.5	7.3	78.7	-1.9	-4.2	49.8	Victoria	579,200	-3.6	-21.6	34.9	-2.1	-13.5	31.9
Vancouver area	1,467,900	-1.5	-2.2	89.2	-3.9	-13.2	61.5	Vancouver area	2,113,300	-0.5	1.6	125.9	-4.4	-13.9	74.9	Vancouver area	748,300	-0.8	-6.9	47.6	-1.8	-9.1	39.1
Calgary	716,400	1.4	5.7	40.9	-1.3	-2.7	39.1	Calgary	806,000	1.4	5.2	45.9	-1.4	-3.2	42.3	Calgary	343,400	0.1	5.6	21.9	-1.0	-1.4	25.2
Edmonton	504,100	2.1	8.8	32.2	-0.7	-1.4	32.2	Edmonton	555,000	2.1	9.3	35.5	-0.7	-1.4	34.0	Edmonton	220,000	-0.6	0.5	16.7	-0.7	-1.7	20.8
Saskatoon	462,400	1.4	6.1	31.4	-0.5	-2.1	31.0	Saskatoon	507,200	2.2	7.5	34.6	-0.4	-1.9	33.0	Saskatoon	228,300	0.1	3.1	17.2	-0.4	-1.4	19.2
Regina	377,700	5.3	9.2	26.6	0.3	-1.1	27.0	Regina	393,000	6.0	10.1	28.3	0.5	-1.0	28.2	Regina	203,700	-0.4	-6.7	15.8	-0.4	-2.5	20.4
Winnipeg	432,500	4.1	9.9	31.8	-0.3	-0.7	29.3	Winnipeg	442,800	4.0	8.6	33.2	-0.3	-1.0	30.5	Winnipeg	259,500	5.1	6.5	20.0	0.0	-0.9	22.3
Toronto area	1,173,500	-0.1	-2.2	66.4	-1.8	-10.1	50.8	Toronto area	1,493,500	0.0	0.7	83.4	-2.3	-10.4	59.4	Toronto area	628,100	-1.3	-7.6	37.0	-1.4	-7.5	32.2
Ottawa	720,300	1.9	4.5	43.9	-0.4	-3.5	36.4	Ottawa	800,400	1.9	5.0	49.1	-0.5	-3.6	39.5	Ottawa	392,800	1.2	-1.0	24.9	-0.5	-3.2	23.6
Montreal area	716,600	1.6	7.6	48.4	-1.0	-3.2	38.8	Montreal area	760,100	0.9	6.8	51.7	-1.4	-3.8	39.8	Montreal area	505,100	1.1	4.2	34.3	-0.9	-3.4	32.0
Quebec City	483,900	3.1	14.2	34.0	-0.3	-0.4	29.3	Quebec City	518,200	2.9	13.8	36.8	-0.4	-0.6	30.3	Quebec City	331,800	3.8	14.2	23.2	-0.1	-0.3	23.4
Saint John	394,700	2.9	11.4	32.0	-0.4	-1.4	25.8	Saint John	414,200	3.1	10.9	34.1	-0.4	-1.7	28.0	Saint John	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Halifax	629,000	2.4	4.3	42.3	-0.6	-3.2	32.8	Halifax	648,700	2.4	3.3	44.2	-0.7	-3.8	33.5	Halifax	471,100	-3.3	-2.2	31.7	-2.0	-4.3	26.9
St. John's	405,200	2.3	9.2	28.2	-0.3	-0.7	26.0	St. John's	418,200	2.4	9.2	29.7	-0.3	-0.7	27.3	St. John's	315,500	2.3	-3.6	21.7	-0.2	-2.9	21.8

Mortgage carrying costs by city

Our standard RBC Housing Affordability Measure captures the proportion of median pre-tax household income required to service the cost of a mortgage on an existing housing unit at market prices, including principal and interest, property taxes and utilities; the modified measure used here includes the cost of servicing a mortgage, but excludes property taxes and utilities due to data constraint in the smaller CMAs. This measure is based on a 20% down payment, a 25-year mortgage loan at a five-year fixed rate, and is estimated on a quarterly basis. The higher the measure, the more difficult it is to afford a home.



The dashed line represents the long-term average for the market.

Source: RPS, Statistics Canada, Bank of Canada, RBC Economics

Aggregate home price

St. John's

% change, year-over-year



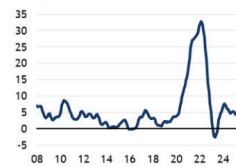
Charlottetown

% change, year-over-year



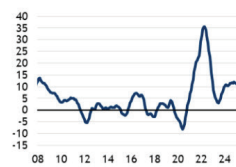
Halifax

% change, year-over-year



Saint John

% change, year-over-year



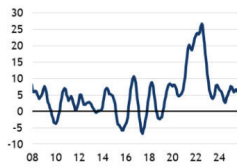
Moncton

% change, year-over-year



Fredericton

% change, year-over-year



Trois-Rivières

% change, year-over-year



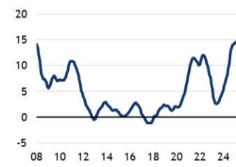
Sherbrooke

% change, year-over-year



Quebec City

% change, year-over-year



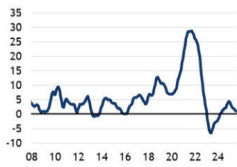
Montreal

% change, year-over-year



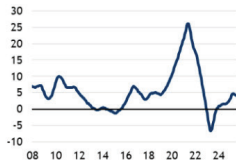
Kingston

% change, year-over-year



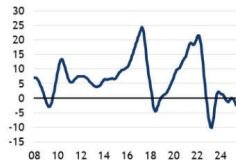
Ottawa

% change, year-over-year



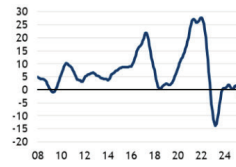
Toronto

% change, year-over-year



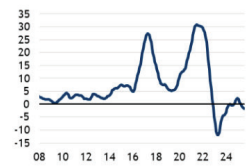
Hamilton

% change, year-over-year



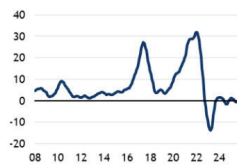
St. Catharines

% change, year-over-year



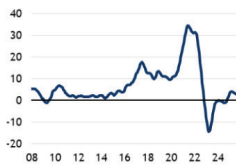
Kitchener

% change, year-over-year



London

% change, year-over-year



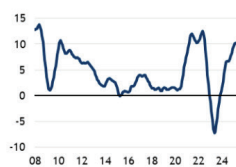
Windsor

% change, year-over-year



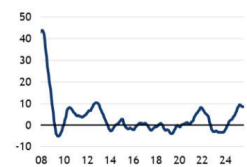
Winnipeg

% change, year-over-year



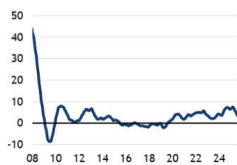
Regina

% change, year-over-year



Saskatoon

% change, year-over-year



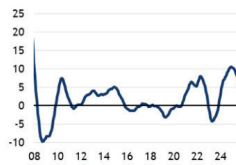
Calgary

% change, year-over-year



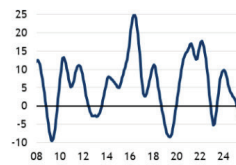
Edmonton

% change, year-over-year



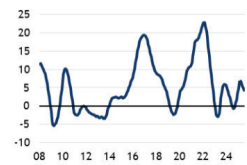
Vancouver

% change, year-over-year



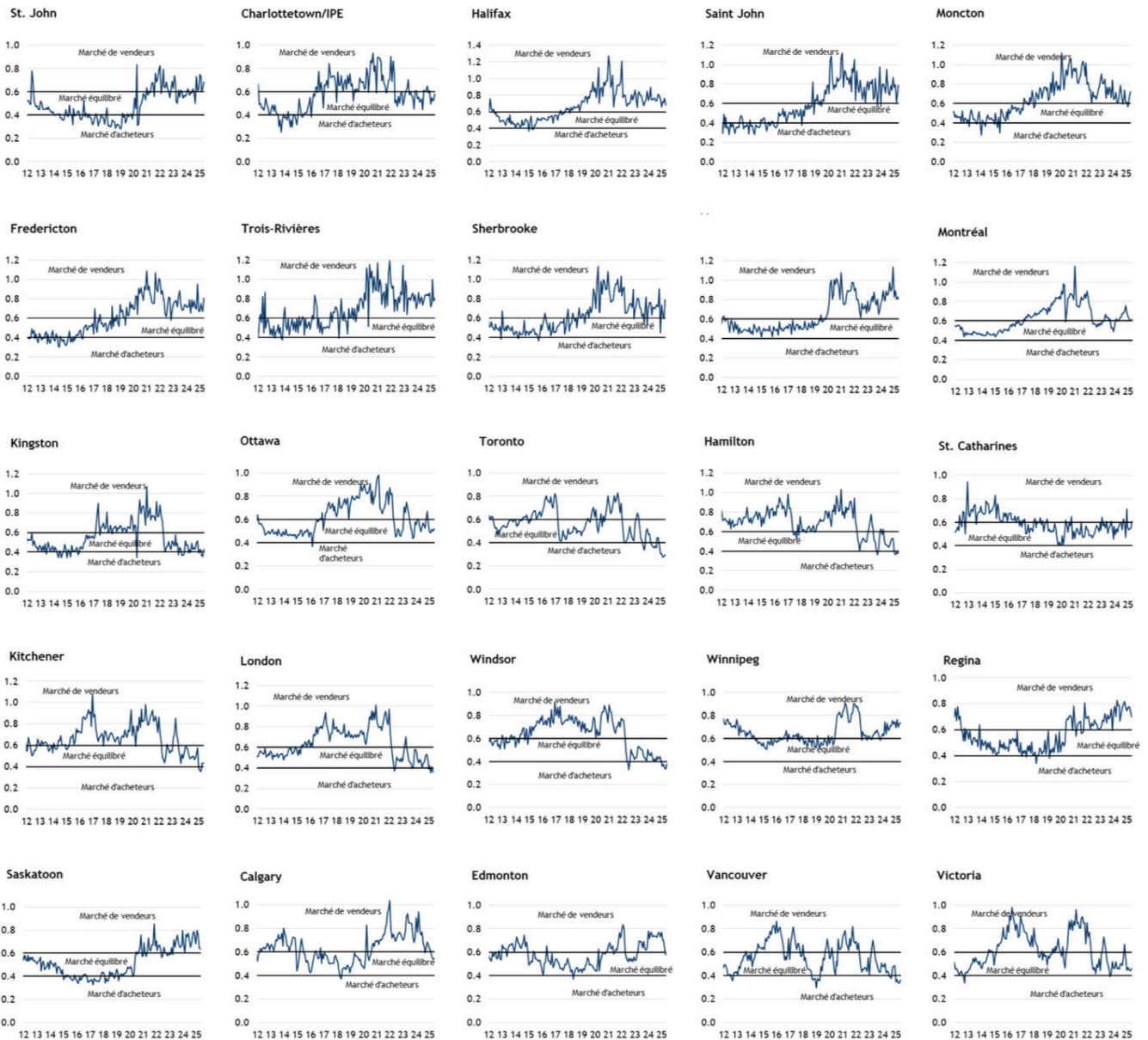
Victoria

% change, year-over-year



Source: RPS, RBC Economics

Home sales-to-new listings ratio



Source: Canadian Real Estate Association, RBC Economics



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