



September 8,
2025

Focus on Canadian housing

RBC Economics

**Canada's housing markets are slowly
but unevenly getting busier**

There was further evidence of a recovery is taking hold in many housing markets across Canada in August, but local price trends still varied considerably with declines continuing in affordability-challenged areas where inventory has piled up.

Early reports from local real estate boards indicate the number of homes changing hands continued to pick up from this year's lows in Vancouver, Calgary, Edmonton and Montreal. But, activity has yet to surpass levels from a year ago in Calgary and Edmonton. Toronto saw what we think will be a temporary pause in August from its gradual upturn.

These developments are in line with our view that rebuilding market confidence will support a slow recovery in the second half of 2025, and set the stage for stronger demand in 2026.

Diverging prices is also something we expect will persist in the near term amid varying regional supply-demand conditions. Balanced, if sometimes tight, conditions are driving property values higher in most of the Prairies, Quebec and parts of Atlantic Canada, while high inventory is depressing values in Ontario and British Columbia.

Local data shows the MLS Home Price Index fell again in Toronto, Hamilton, Calgary, Edmonton, Fraser Valley and Vancouver—all of which are under the weight of abundant inventory.

Strong construction has contributed most to the inventory build-up in Calgary and Edmonton.

Major market highlights: August 2025

Market activity

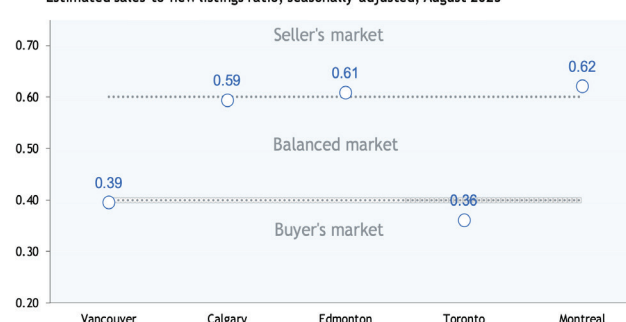
Annual % change, August 2025



Source: REBGV, CREB, RAE, TRREB, OREB, QPAREB, RBC Economics

Supply-demand conditions

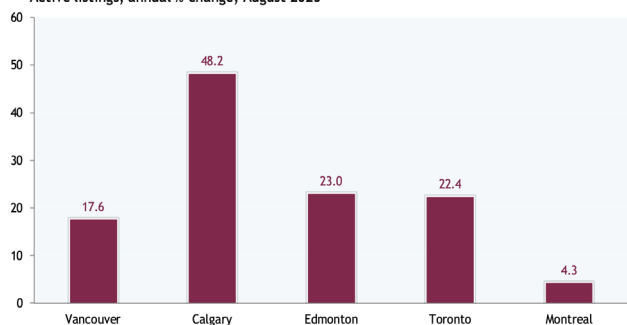
Estimated sales-to-new listings ratio, seasonally-adjusted, August 2025



Source: REBGV, CREB, RAE, TRREB, OREB, QPAREB, RBC Economics

Inventories

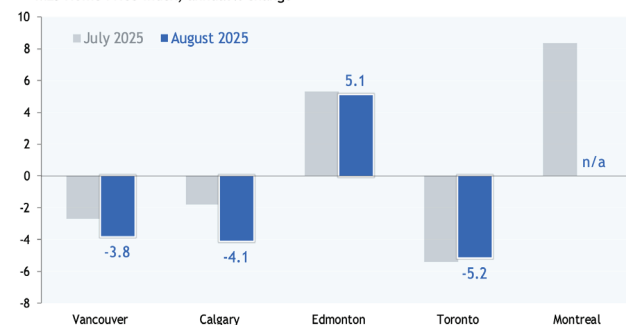
Active listings, annual % change, August 2025



Source: REBGV, CREB, RAE, TRREB, OREB, QPAREB, RBC Economics

Home prices

MLS Home Price Index, annual % change



Source: REBGV, CREB, RAE, TRREB, OREB, QPAREB, RBC Economics

Toronto area: Pause in recovery likely to be temporary

The Toronto area took a breather in August after four months of solid advances. Home resales dipped slightly by 1.8% from July seasonally adjusted with continued softness in condos weighing on activity. Resales were up 2.3% from a year ago, though.

We think August's results mark a temporary pause on the path to recovery. Earlier interest rate cuts, recent price drops, higher inventory and easing trade war concerns will gradually drive up transactions.

The mild and broad price correction was still ongoing last month. The area's composite MLS HPI edged 0.1% lower from July seasonally adjusted to \$978,100—extending a year-long downtrend.

The condo price index fell the most, -7% from a year ago, but all categories saw a correction, including single-detached family homes (-5.6%).

We expect property values will keep falling while the market gets back on a stronger footing. But, affordability—while improving—will remain a big issue.

Toronto-area home resales

Thousand units, seasonally adjusted annual rate



Source: Canadian Real Estate Association, Toronto Region Real Estate Board, RBC Economics

Toronto-area sales-to-new listings ratio

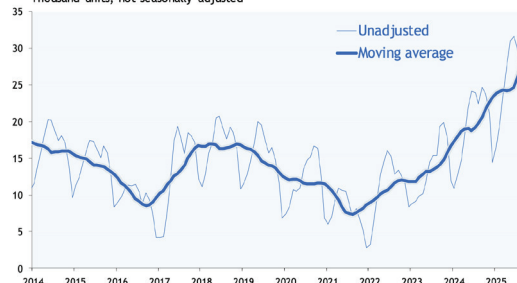
Seasonally adjusted



Source: Canadian Real Estate Association, Toronto Region Real Estate Board, RBC Economics

Active listings: Toronto area

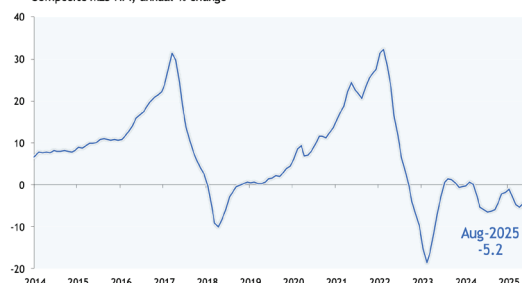
Thousand units, not seasonally adjusted



Source: Toronto Region Real Estate Board, RBC Economics

MLS Home Price Index: Toronto area

Composite MLS HPI, annual % change



Source: Canadian Real Estate Association, Toronto Region Real Estate Board, RBC Economics

Montreal area: Transactions pick up after months long lull

More sellers came to market in Montreal, triggering a flurry of transactions. We estimate new listings and home resales jumped more than 8% and 5% seasonally adjusted from July, respectively. It is the first sign that activity has finally broken from the year's lull.

Buyers remain eager to get deals done, but steady price increases, tight supply-demand and limited inventory have made things challenging.

That's why we think the path ahead will be bumpy. Further sales growth will highly depend on the flow and mix of properties up for sale. Budget-constrained buyers will spring into action only when suitable options are on offer.

We see this environment sustaining further price appreciation, but affordability strains could moderate its pace. Median prices rose 7.3% and 3.7% for single-family homes and condos, respectively, from a year ago.

Montreal-area home resales

Thousand units, seasonally adjusted annual rate



Source: QPAREB/CREA, RBC Economics

Montreal-area sales-to-new listings ratio

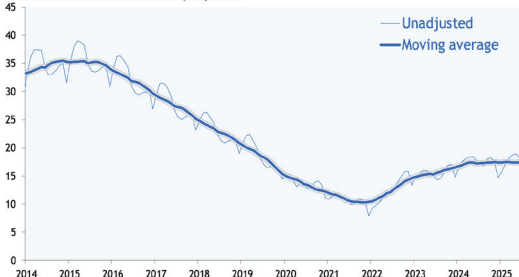
Seasonally adjusted



Source: QPAREB/CREA, RBC Economics

Active listings: Montreal area

Thousand units, not seasonally adjusted



Source: QPAREB via Centris, RBC Economics

MLS Home Price Index: Montreal area

Composite MLS HPI, annual % change



Source: QPAREB/CREA, RBC Economics

Vancouver area: Recovery sees momentum

The Vancouver area's recovery gained more traction in August while still in its early stages. We estimate home resales rose close to 6% from July—representing the third straight monthly increase.

Buyers who paused their search for a home when the trade war erupted this winter are heading back into the fray. Easing trade tensions amid more homes for sale, and price drops are likely big draws.

Active listings are near the highest point in more than a decade, sparking fierce competition between sellers.

This has led to a gradual decline in the Vancouver area's MLS HPI this year—with the index falling 3.8% from a year ago in August.

However, the resales recovery has brought supply and demand closer to balance. Any further firming of conditions would likely temper downward price pressure.

That said, severe affordability challenges will continue to be a major constraint hampering buyers' ability to bid higher.

Vancouver-area home resales
Thousand units, seasonally adjusted annual rate



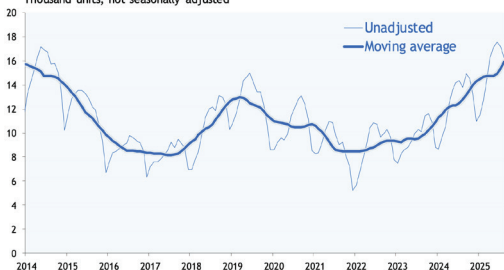
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Vancouver-area sales-to-new listings ratio
Seasonally adjusted



Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Active listings: Metro Vancouver
Thousand units, not seasonally adjusted



Source: Real Estate Board of Greater Vancouver, RBC Economics

MLS Home Price Index: Vancouver area
Composite MLS HPI, annual % change



Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Calgary: A turning point for sales but not for prices yet

Transactions have picked up in the past couple of months in Calgary, marking a turning point after drifting lower for nearly two years. The gain in August was solid—an estimated 8% from July—but, it still left activity below where it was a year ago.

The upturn has yet to impact prices, still influenced by increased supply. A wave of new home completions since early 2024 has given buyers more options and bargaining power, weighing on the MLS HPI this year. The index was down 4.1% in August from a year ago.

That could change if renewed demand is sustained. We expect growing confidence in the market amid easing economic fears will help stabilize prices.

But, with housing construction still near a record high and likely to continue boosting supply, we think any upside potential for prices are limited in the short term.

Calgary home resales

Thousand units, seasonally adjusted annual rate



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Calgary sales-to-new listings ratio

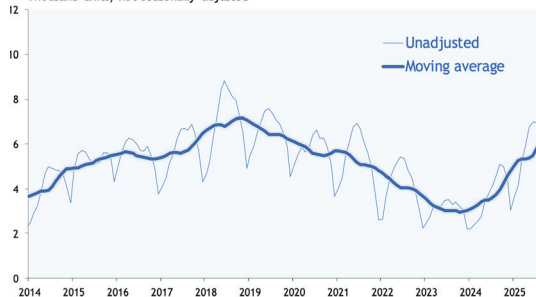
Seasonally adjusted



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Active listings: Calgary

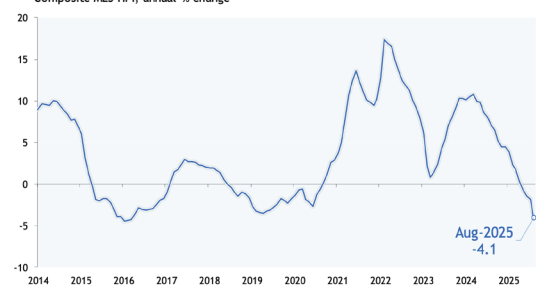
Thousand units, not seasonally adjusted



Source: Calgary Real Estate Board, RBC Economics

MLS Home Price Index: Calgary

Composite MLS HPI, annual % change



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics



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