



August 7, 2025

Confidence is slowly improving in Canada's housing markets

Home sales momentum is rebuilding in several Canadian markets as earlier fears of economic doom fade. But, it hasn't stabilized falling prices in affordability-challenged areas where inventory has piled up.

Local real estate boards' early reports in July showed the MLS Home Price Index continued to decline in the Toronto and Vancouver areas along with other Southern Ontario and Lower Mainland markets. These are parts of the country where inventory has risen to historically high levels, and buyers face stretched affordability conditions.

Resales picking up—markedly so in Toronto—is helping supply and demand rebalance, which in time will ease downward pressure on prices.

Prices remain comparatively stronger in most markets in the Prairies, Quebec and the Atlantic region, still supported by tight (and, in some cases, very tight) supply-demand conditions.

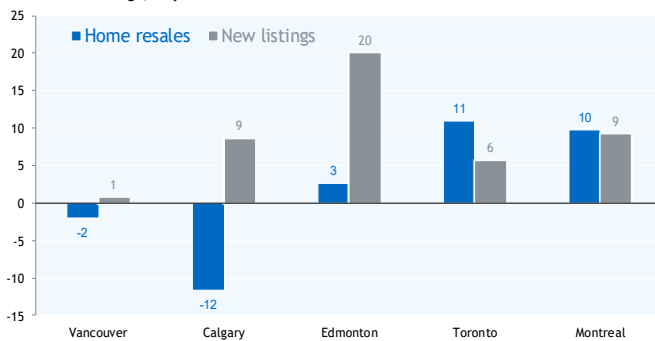
July's data indicates home resales increased in Calgary, Edmonton, Regina and Saskatoon—building on June's gains in many cases.

We expect a broad market recovery to get back on track across Canada as confidence builds further. Diverging price trends are likely to persist, but they could narrow later this year or next.

Major market highlights: July 2025

Market activity

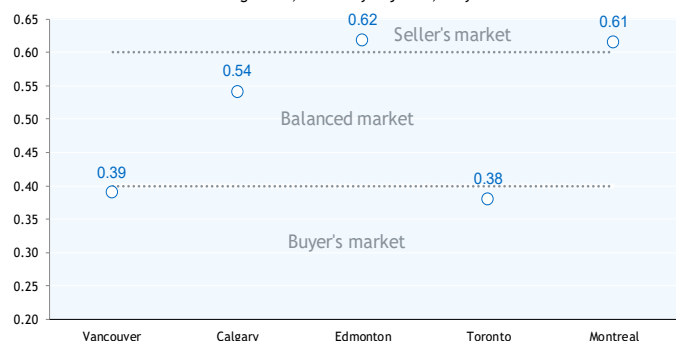
Annual % change, July 2025



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

Supply-demand conditions

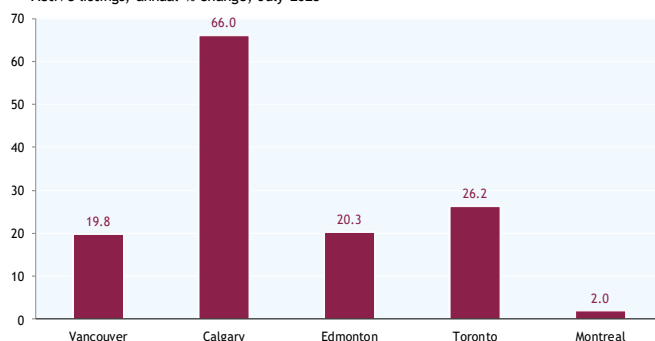
Estimated sales-to-new listings ratio, seasonally-adjusted, July 2025



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

Inventories

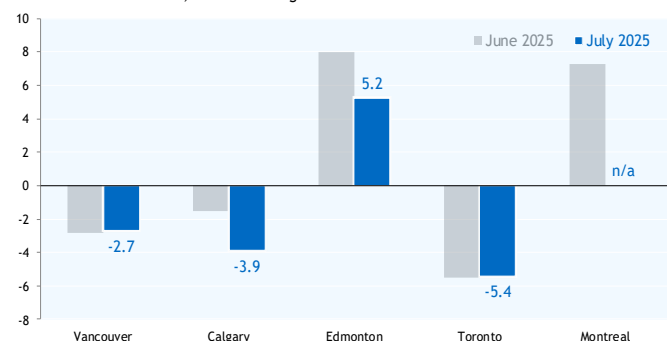
Active listings, annual % change, July 2025



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

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Toronto area: Summer heat warms the market

A jump in resales in Toronto confirmed the market is turning a corner after trade war worries weighed heavily in spring.

The Toronto Regional Real Estate Board reported 6,100 homes changed hands in July, up a strong 13% from June (seasonally adjusted) and 10.9% from a year ago. This also marked the fourth straight monthly increase.

This helped firm supply-demand conditions, but buyers still have the upper hand. Decades high inventory of homes for sale likely makes sellers more flexible to get deals done.

Home prices continue to decline as a result. The composite MLS HPI slipped a further 0.2% from June and is down 5.4% from a year ago.

Condo prices, down 8.1% from last year, are seeing the most pressure amid ample supply and cooling rents.

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

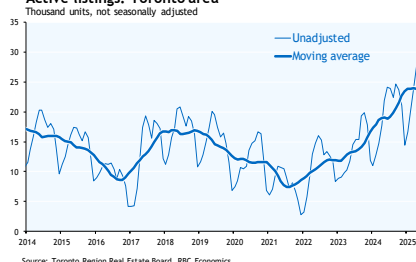
Toronto-area home resales



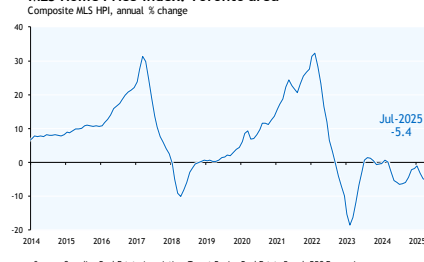
Toronto-area sales-to-new listings ratio



Active listings: Toronto area



MLS Home Price Index: Toronto area



Montreal area: Properties fetch higher prices despite stalled activity

Montreal's overall picture hasn't changed much this year. The market's recovery remains stagnant, but modestly tight supply supports small price gains.

We estimate July home resales stayed within close range of where it's been since February on a seasonally adjusted basis. It's down from late 2024 levels, but still sustaining a pace that would have been considered solid before the pandemic.

Meanwhile, the number of homes for sale remains historically low, and there's no signs of it rising in a material way with new listings falling in two of the last three months.

This keeps sellers in a favourable negotiating position, which they continue to leverage.

Median prices are up 6.8% and 3.4% for single-family homes and condos, respectively, from a year ago. We see further appreciation, though the pace could moderate if affordability ceases to improve.

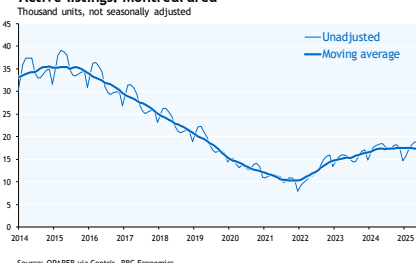
Montreal-area home resales



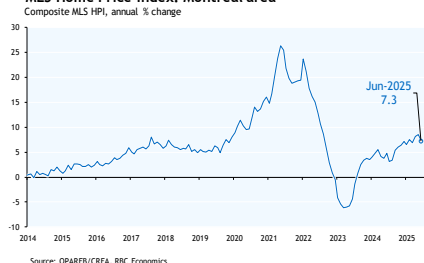
Montreal-area sales-to-new listings ratio



Active listings: Montreal area



MLS Home Price Index: Montreal area



Vancouver area: Early stages of a turnaround

Early signs of a rebound have emerged in the Vancouver area. We estimate home resales have risen 10% in July from June (seasonally adjusted). This represents the second consecutive monthly increase.

Importantly, the upswing has brought supply and demand closer to balance. We think the sales-to-new listings ratio is now just below the threshold consistent with balanced conditions.

For now, though, the dominant factor affecting property values is high inventory. Active listings are at their highest in more than a decade—and that sustains fierce competition between sellers.

The composite MLS HPI has sunk below year-ago levels since March. It was down 2.7% in July with all housing types contributing to the decline.

Downward price pressure could ease if supply and demand continue to rebalance. But, we think this isn't likely to occur quickly nor set the stage for a rise. Severe affordability challenges will continue to be a major constraint hampering buyers' ability to bid higher.

Vancouver-area home resales

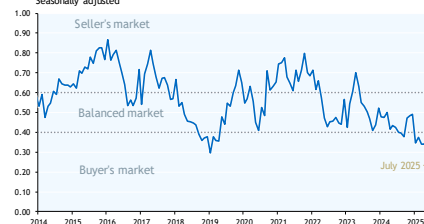
Thousand units, seasonally adjusted annual rate



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

Vancouver-area sales-to-new listings ratio

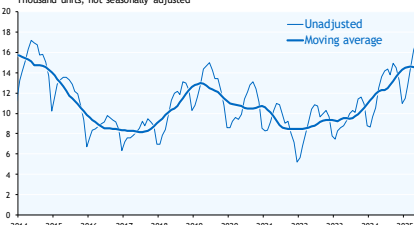
Seasonally adjusted



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

Active listings: Metro Vancouver

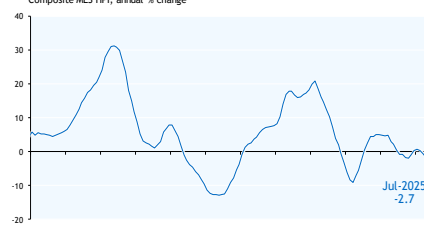
Thousand units, not seasonally adjusted



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: Newly built homes help boost supply

Supply has been the bigger story in Calgary this year. Strong construction has delivered a marked increase in newly completed homes.

This new supply contributed to a material build-up in inventory from low levels, and came at a time when demand cooled in the face of economic uncertainty. Price pressure swung downward in the process. By July, Calgary's composite MLS HPI fell 3.9% from a year ago—a sharp contrast to the 4.5% annual gain at the end of 2024.

Still, we expect this price adjustment to be short-lived. Supply and demand are largely in balance, and active listings are far from excessive—even if it builds up further.

We estimate home resales picked up by 2% in July from June. We see it continuing to rise gradually as economic uncertainty eases.

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

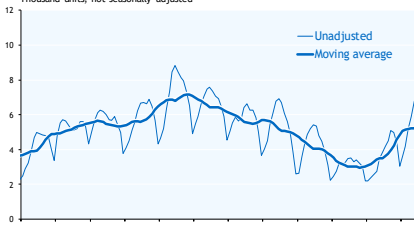
Seasonally adjusted



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

Active listings: Calgary

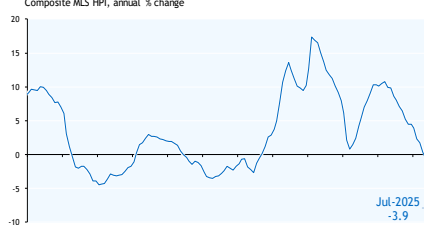
Thousand units, not seasonally adjusted



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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