

June 9, 2025

Early signs of renewed housing market confidence emerge in Canada

The weight of the trade war on Canada's housing markets could be lifting as reports from local real estate boards indicate home re-sale activity picked up in May in some of the markets that had pulled back.

This was notably the case for Toronto, Ottawa, Calgary, Edmonton, Fraser Valley, Saskatoon and Regina where the number of transactions partially rebounded from significant declines earlier this year.

The [de-escalation of tariffs](#) has taken centre stage since May, alleviating some of the worst fears about the potential economic fallout even though recent doubling of steel and aluminum tariffs increases risks in some communities. We expect to get a clearer view in the coming months.

Still, markets in southern Ontario and parts of British Columbia—the country's least affordable areas—remain especially soft. Activity in many of them is close to cyclical lows and will take time to rebound to more robust levels.

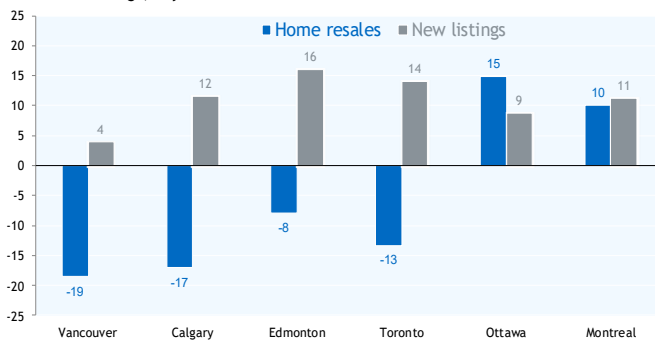
These markets are also where prices are under the most downward pressure. The MLS Home Price Index fell again in several markets in May from April including the Toronto region, Hamilton, Kitchener-Waterloo, Cambridge, Vancouver and Fraser Valley.

Trends in other parts of the country are relatively sturdier, however. Prairie markets such as Edmonton, Saskatoon, Regina, and some in Quebec including Quebec City and the Atlantic region like St. John's have held up so far—albeit not entirely unscathed from trade-induced anxiety.

Major market highlights: May 2025

Market activity

Annual % change, May 2025



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

Demand-supply conditions

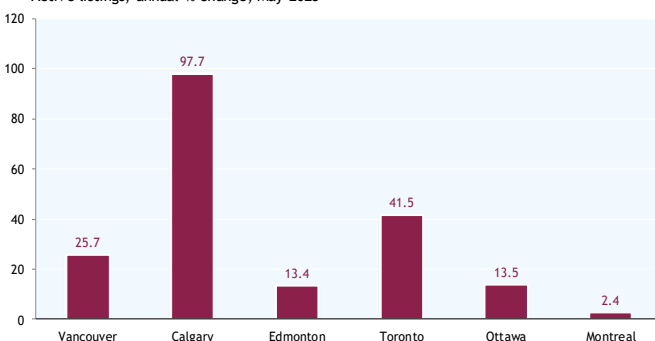
Estimated sales-to-new listings ratio, seasonally-adjusted, May 2025



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

Inventories

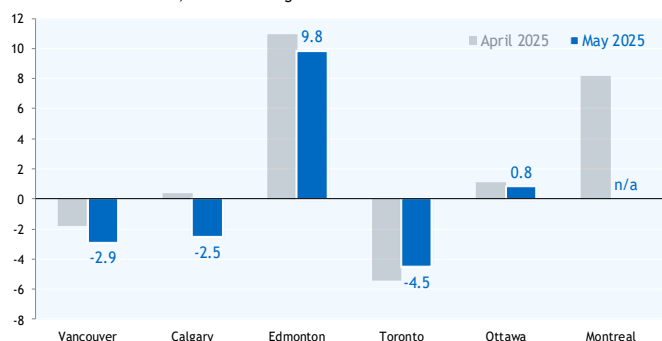
Active listings, annual % change, May 2025



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: Turning a corner?

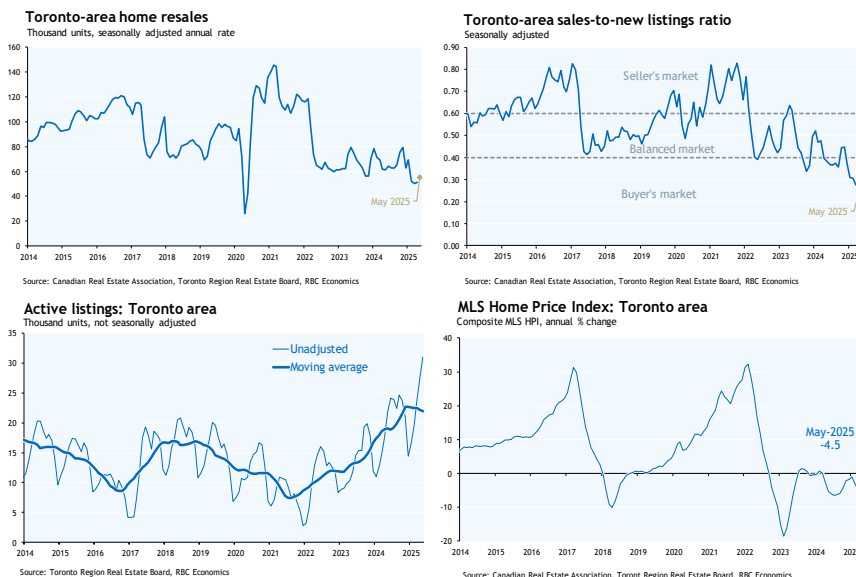
Anxiety from the trade war had paralyzed Toronto's housing market this spring with existing home sales transactions tumbling to decades lows, and further depressing a beat up pre-construction market. However, the situation may be stabilizing.

Home resales picked up 8.4% from April to May (seasonally adjusted)—marking the second consecutive monthly increase.

It could be a sign that as worst case economic scenarios fade, confidence in the market is gradually rebuilding and offering scope for a recovery in the second half of the year as earlier interest rate cuts stimulate activity.

Today's buyers have a wide selection of homes to choose from. In fact, there hasn't been so many homes for sale in several decades. This puts buyers in a strong negotiating position.

Home prices have come under heavy downward pressure this year as a result. Toronto's MLS HPI is down 4.5% from a year ago. Odds are property values will continue to erode near term given the current supply-demand imbalance despite the price index inching marginally higher in May from April.



Montreal area: Showing resilience amid turbulence

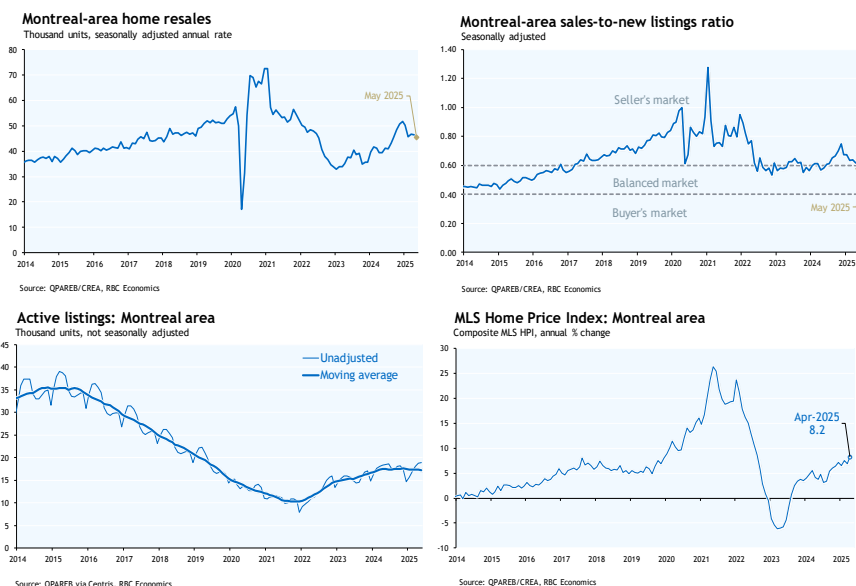
The trade turbulence may have stalled last fall's recovery, but it hasn't sunk the Montreal area either.

Resale transactions are holding up at what would have been considered solid levels before the pandemic. Our monitoring of a small 2% decline (seasonally adjusted) between April and May doesn't alter the broader picture of resilience.

Supply side developments have largely matched demand this year, keeping the inventory of homes for sale little changed overall at historically low levels, and price pressure tilted to the upside.

Still, steady growth in the number of sellers entering the market is gradually easing earlier supply-demand tightness. If sustained, this should temper price gains ahead.

For now, property values remain on a rising trajectory. Median prices for single-family homes and condo apartments were up 8.6% and 4.3%, respectively, in May from a year ago—a touch slower than in April.



Vancouver area: Time on buyers' side

There remains little urgency for potential buyers to make a move in this still-fraught economic environment. Time is on their side with buying options increasing by the day and prices drifting lower.

We estimate home resales fell for the sixth consecutive month between April and May—returning the market to its 2023 cyclical low point when the Bank of Canada was ramping up its fight against inflation.

Meanwhile, the inventory of homes for sale reached a 12-year high in May. Many sellers have listed their property this year despite the slowdown in activity. This in part reflects an increase in the completion of still-unsold new condo units.

Growing competition between sellers presses them to accept lower offer bids to get deals done—driving down home prices in the process. Vancouver's MLS HPI in May was 2.9% below its level a year ago. We expect this trend to continue as long as buyers remain in the driver's seat.

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



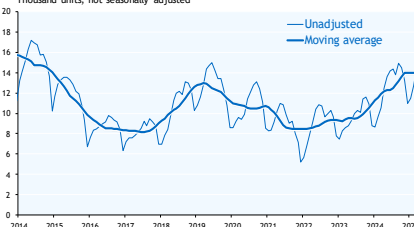
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

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



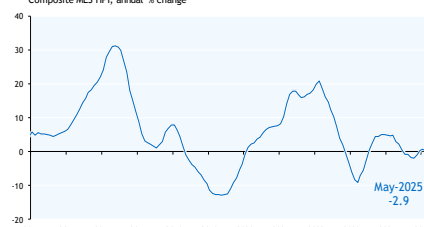
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

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: Powerful drivers propel demand

The trade war likely caused some buyers to pause in recent months, but its cooling impact on demand in Calgary may have been limited—even short-lived.

We estimate home resales rebounded more than 8% in May from April following three consecutive monthly declines. Sentiment in Calgary remains generally upbeat with activity still significantly above pre-pandemic levels.

Sustained population growth and a vigorous regional economy—employment in Calgary is growing at nearly three times the national rate—continue to be powerful drivers.

Moderating prices could also be drawing potential buyers. Strong housing construction has boosted supply in the past year, helping rebalance the market and take upward pressure off property values. The composite MLS HPI dropped below year-ago levels for the first time since 2020 in May (-2.5%).

We see further moderation ahead as more new supply comes and extends re-balancing in the market.

Calgary home resales
Thousand units, seasonally adjusted annual rate



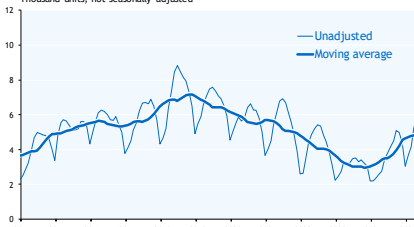
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Calgary sales-to-new listings ratio
Seasonally adjusted



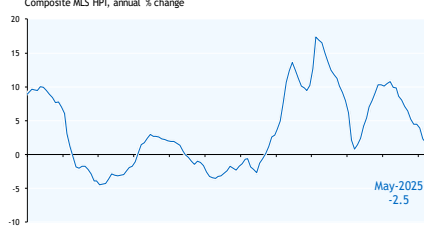
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

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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