

Canadian housing market 2026

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Summary

The Canadian housing market in 2026 is characterized by a period of stabilization and muted activity following a period of decline, with significant regional variations and economic crosscurrents influencing the outlook. National price and sales trends are soft, with TD Economics revising its forecast to predict slight year-over-year declines in both sales (-1.8%) and average prices (-0.3%) for the year, a sharp downgrade from previous expectations of strong growth [Source 2]. Early 2026 data shows tentative signs of price stabilization, with the national average price rebounding month-over-month in February, though sales activity remains below 2025 levels [Source 3].

The market is constrained by a subdued economy, cost-of-living pressures, and heightened uncertainty, which are slowing the return of pent-up demand [Source 2]. Regionally, British Columbia expects an improving labour market in 2026 to support demand in major urban centres, particularly from the technology and professional services sectors, though demographic factors and a historically high unemployment rate present headwinds [Source 1]. Overall, 2026 appears to be a transitional year, with most sources pointing toward a potential recovery gaining more solid footing in 2027.

Key Findings

- National Forecast Revised Downward:** TD Economics has sharply revised its 2026 national forecast, now expecting a 1.8% year-over-year decline in home sales and a 0.3% dip in average prices. This marks a significant shift from their December forecast, which projected gains of 9.3% and 4.1%, respectively [Source 2].
- Early 2026 Shows Stabilizing Prices but Weak Sales:** February 2026 data indicates a modest month-over-month rebound in national average (+1.7%) and benchmark (+0.5%) home prices, suggesting a potential easing of the price reset that occurred in late 2025. However, sales activity remained soft, down 7.8% year-over-year [Source 3].
- Economic and Affordability Constraints Persist:** The subdued housing activity is attributed to a "subdued economy, heightened uncertainty and ongoing cost-of-living pressures," which are prolonging the return of demand [Source 2]. Affordability constraints continue to weigh on the market nationally [Source 3].
- British Columbia's Divergent Regional Drivers:** B.C.'s economy is expected to improve in 2026 with a tightening labour market and wage growth, driven significantly by the technology and professional services sectors, which will support housing demand in major urban centres. Northern and Interior markets may face headwinds from U.S. lumber tariffs and weaker U.S. homebuilding activity [Source 1].
- Inventory Conditions are Loosening:** Nationally, the supply of homes for sale is increasing, with active listings up 3.7% year-over-year in February 2026. Concurrently, new listings saw a month-over-month decline (-3.9%), indicating a potential shift in seller sentiment [Source 3].
- Recovery Timeline Pushed to 2027:** Both TD Economics and CMHC's outlook imply that a more robust recovery in housing market activity is not expected until 2027. TD explicitly states pent-up demand is taking longer to return and projects a rebound in 2027, while CMHC notes B.C.'s labour market recovery will be limited, keeping unemployment historically high in 2026 [Source 2][Source 1].
- Significant Provincial Variation Exists:** While most provinces saw year-over-year sales declines in February 2026,

Prince Edward Island was an exception with a 3.2% sales increase. Furthermore, Ontario, British Columbia, and Quebec posted notable month-over-month sales rebounds from January to February 2026, indicating uneven recovery patterns across the country [Source 3].

Sources

1. Housing Market Outlook 2026 | CMHC

[https://w](#)

2. TD revises 2026 housing market forecast, expects sales and prices to ...

[https://w](#)

3. Canadian Housing Market Report Mar. 20th, 2026 - WOWA.ca

[https://w](#)