

Canada Housing Market Outlook 2026

What CMHC Is Projecting — And What It Means For You

The latest Housing Market Outlook from CMHC outlines how Canada's housing market is expected to evolve through 2026 and 2027. After a period of correction and slower activity, the market is entering a transition phase defined by moderate recovery, slower construction, and improving rental conditions.

Below is a structured breakdown of the key insights.

1. Resale Market: Gradual Recovery Ahead

CMHC expects:

Home sales to increase modestly through 2026

Activity to remain below long-term historical averages

Recovery to be supported by improving economic conditions and lower borrowing costs relative to recent peaks

What this means:

Demand has not disappeared. It has been delayed. As rate pressures ease and confidence improves, buyers are expected to re-enter the market gradually — not aggressively.

2. Home Prices: Stabilization, Not Surge

Price growth is projected to be:

Moderate

Supported by underlying demand

Constrained by affordability challenges

CMHC does not forecast a rapid return to peak pricing. Instead, price growth is expected to be steady and measured.

Implication:

Markets are moving toward balance rather than overheating. Strategic pricing and strong presentation will matter more than timing alone.

3. Housing Starts: Construction Slowdown Continues

One of the most important insights from the report:

Housing starts are expected to decline further in 2026

Condominium construction remains particularly weak

High construction costs and weaker presale activity are limiting new supply

This slowdown follows already reduced momentum in 2025.

Why this matters long-term:

Lower construction today means tighter supply conditions later — especially in major urban centres. This could place upward pressure on prices once demand strengthens.

4. Rental Market: Conditions Improving

CMHC projects:

Higher vacancy rates compared to recent years
Slower rent growth
More balanced rental conditions in several major cities
After multiple years of intense rent inflation, some easing is underway.

For investors:

Cash flow projections must be realistic. Rent growth is moderating.

For renters:

There may be more negotiating power in select markets.

5. Economic Context Driving the Forecast

CMHC's outlook is based on several macro factors:

Gradual economic improvement

Stabilizing interest rates compared to 2022–2023 peaks

Population growth continuing, though moderating

Affordability remaining a structural constraint

The report suggests that while borrowing costs are not returning to ultra-low levels, the most severe tightening cycle is behind us.

National Summary Snapshot

Segment	2026 Direction
Home Sales	Modest recovery
Home Prices	Moderate growth
Housing Starts	Continued decline
Condo Construction	Weak
Rental Vacancy	Increasing
Rent Growth	Slowing

Strategic Takeaways

For Buyers

The window is becoming more stable. Competition remains manageable compared to peak years, and borrowing conditions are improving gradually.

For Sellers

Quality homes will sell, but pricing discipline is critical. The market is less emotional and more analytical.

For Investors

Construction slowdowns today may create supply pressure in future years. Short-term rental growth may soften, but long-term demand fundamentals remain intact.

The Bigger Picture

The CMHC outlook does not describe a crash.
It does not describe a boom.

It describes normalization.

A market transitioning from volatility toward structural balance — with long-term supply still lagging population growth.

For those making decisions in 2026, clarity and strategy will matter more than speculation.