# SPOTLIGHT ON HOUSING

# Quebec's Housing Market Is Beginning to Rebalance

By Maëlle Boulais-Préseault, Senior Economist

## HIGHLIGHTS

- Residential construction activity remains high, though the pace of growth in housing starts is gradually moderating after two years of strong gains.
- The rental market is beginning to rebalance, and vacancy rates in several regions are beginning to climb. But while rents for new units may be easing, rents for existing units continue to rise.
- The resale market is cooling, particularly in Montreal, Laval and Gatineau. Although sales are down, tight inventory continues to sustain prices in most markets across Quebec.
- Affordability remains the primary challenge for the residential sector. Borrowing costs, high property prices, and ever-increasing rents continue to strain household budgets and limit access to home ownership.

Following an exceptionally robust 2025, Quebec's housing market has given off mixed signals in the first half of 2026. Residential construction remains strong and is helping to increase the housing supply, but the rising vacancy rates for recently delivered units suggest that activity is gradually slowing. Lingering economic uncertainty has finally had an impact on household decisions, and existing home sales have slowed in several regions of Quebec. Even so, property prices have generally continued to rise. Low inventory levels in several markets are limiting buyer choice and maintaining upward pressure on real estate values. This means that buyers and tenants alike are facing considerable affordability issues.

The months ahead will be influenced by the ongoing economic uncertainty. Geopolitical risks and trade tensions with the United States will continue to undermine household and business confidence. That said, after several years of unusually strong activity, the current slowdown could simply reflect a gradual return to more normal market conditions, not a genuine downturn in Quebec's real estate market.

**Table 1**
**Housing Market, January-June, 2025–2026**

| | Housing starts (urban centres with a population of 10,000 or more) | | | Resale market (number of sales) | | | Average sale price ($) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2025 | 2026 | y/y % change | 2025 | 2026 | y/y % change | 2025 | 2026 | y/y % change |
| Quebec | 58,721 | 58,260 | -0.8 | 48,375 | 46,329 | -4.2 | 532,567 | 559,990 | 5.1 |
| Ontario | 59,894 | 66,866 | 11.6 | 77,306 | 76,016 | -1.7 | 834,517 | 803,862 | -3.7 |

Canada Mortgage and Housing Corporation, Canadian Real Estate Association and Desjardins Economic Studies

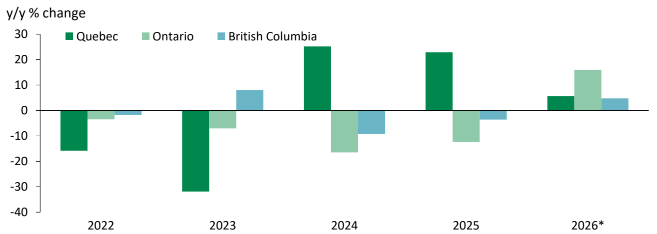


**NOTE TO READERS:** The letters k, M and B are used in texts and tables to refer to thousands, millions and billions respectively. **IMPORTANT:** This document is based on public information and may under no circumstances be used or construed as a commitment by Desjardins Group. While the information provided has been determined on the basis of data obtained from sources that are deemed to be reliable, Desjardins Group in no way warrants that the information is accurate or complete. The document is provided solely for information purposes and does not constitute an offer or solicitation for purchase or sale. Desjardins Group takes no responsibility for the consequences of any decision whatsoever made on the basis of the data contained herein and does not hereby undertake to provide any advice, notably in the area of investment services. Data on prices and margins is provided for information purposes and may be modified at any time based on such factors as market conditions. The past performances and projections expressed herein are no guarantee of future performance. Unless otherwise indicated, the opinions and forecasts contained herein are those of the document's authors and do not represent the opinions of any other person or the official position of Desjardins Group. Copyright © 2026, Desjardins Group. All rights reserved.

## HOUSING STARTS

Residential construction remains strong in Quebec, although growth has cooled since the beginning of the year. After significantly outperforming Ontario in 2024 and 2025, Quebec's growth is now moderating (graph 1). Several regions have even seen a decline in housing starts during the first six months of 2026 (graph 2). Economic uncertainty, persistently high construction costs and less favourable financing conditions continue to weigh on developers' investment decisions. But municipalities that have taken steps to encourage residential development, such as fast-tracking approval processes, have generally continued to attract more projects.

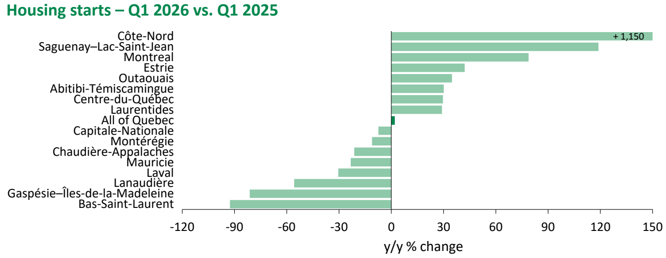
**Graph 1**
**Residential Construction Is Picking Up in Ontario and British Columbia, But Returning to Normal in Quebec**
Housing starts




*Between the months of January to June 2026, compared to the same months in 2025.
Canada Mortgage and Housing Corporation and Desjardins Economic Studies

**Graph 2**
**The Pace of Housing Starts Varies Widely from Region to Region**

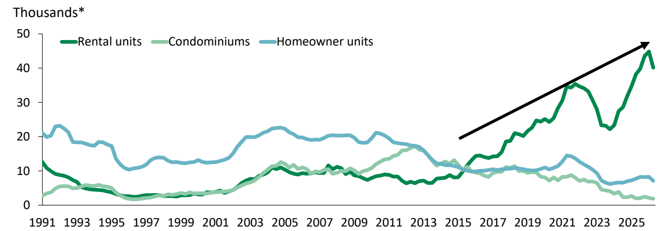
Housing starts – Q1 2026 vs. Q1 2025




Canada Mortgage and Housing Corporation and Desjardins Economic Studies

Rental housing remains the primary driver of residential construction, while condominium starts have dropped near their lowest levels of recent years (graph 3). The situation can be explained in part by the programs launched to support residential construction and by developers' growing interest in the rental segment, which currently offers better prospects than the condominium market. It's also worth pointing out that many of the rental housing projects underway right now were planned when vacancy rates were historically low and demand appeared particularly strong. In contrast, the condominium market has a number of obstacles to overcome. The deterioration in affordability, higher borrowing costs and the growing gap between the price of new units and existing condos are all limiting buyer interest. Many households now prefer the resale market, where options remain relatively more affordable.

**Graph 3**
**Purpose-Built Rental Construction Has Outpaced Single-Family and Condo Construction in Recent Years**
Quebec – Housing starts

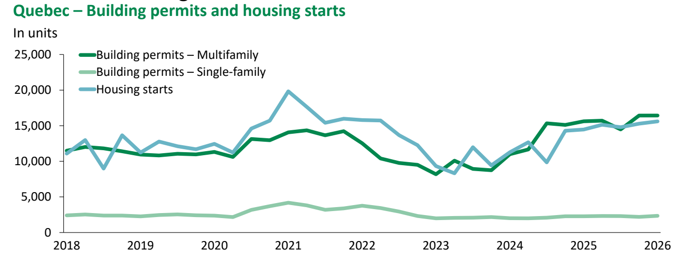



* Four-quarter moving sum.
Canada Mortgage and Housing Corporation and Desjardins Economic Studies

But while rental construction is holding strong for now, that momentum could flag in some markets. In several urban centres, vacancy rates for recently constructed housing units are rising rapidly. In Laval, for example, more than 7% of new units are reportedly still vacant. Moreover, asking rents for several of these units are going down as landlords struggle to find tenants. Outside of Greater Montreal and the Outaouais region, though, vacancy rates are well below their historical average, despite a recent uptick. This is lending further support to residential development.

In spite of these signs of rebalancing, the outlook remains favourable for residential construction. A large number of projects should break ground in 2026 and 2027, judging by the many building permits already granted for multifamily properties (graph 4). We may also see an increase in single-family housing starts over the next year. The provincial government recently announced a new program to support the construction of prefabricated housing, with units to be sold for $350,000.

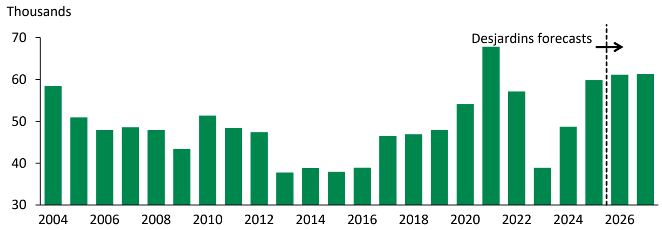
**Graph 4**
**Building Permits Are Holding Steady, Suggesting That Housing Starts Will Remain Strong in the Months Ahead**
Quebec – Building permits and housing starts




Statistics Canada and Desjardins Economic Studies

Prefabrication helps accelerate construction timelines, limit some labour costs and improve productivity. We expect housing starts to keep growing over the next few years, though at a more moderate pace than recently observed (graph 5).

**Graph 5**
**New Home Sales Will Remain Elevated in 2026 and 2027, but the Pace of Growth Will Moderate**
Quebec – Housing starts

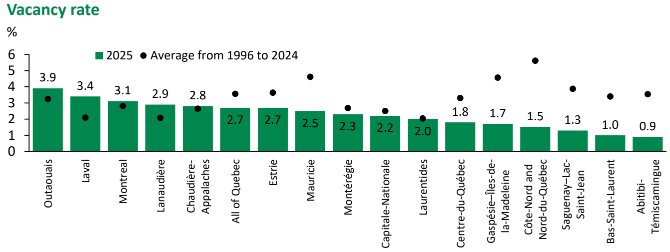



Canada Mortgage and Housing Corporation and Desjardins Economic Studies

## RENTAL MARKET

Rental market conditions are continuing to ease gradually throughout Quebec. Vacancy rates are up in most regions (graph 6), but many of these vacancies are concentrated in newer units (graph 7). These apartments often have much higher rents than those in existing buildings, making it harder to find tenants. This situation is putting downward pressure on asking rents for several recent projects, even though they generally still remain above the market average.

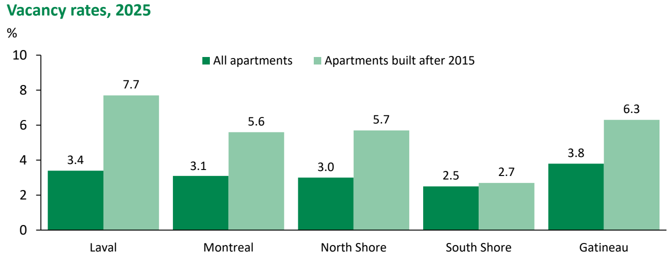
**Graph 6**
**Though Vacancy Rates Are Up, They Remain Below Their Historical Average in Many Regions**
Vacancy rate




Canada Mortgage and Housing Corporation and Desjardins Economic Studies

**Graph 7**
**New Apartments Have Higher Vacancy Rates**

Vacancy rates, 2025




Canada Mortgage and Housing Corporation and Desjardins Economic Studies

However, tenants in older apartment buildings are faced with an entirely different reality. While asking rents for newer units are stabilizing or decreasing in some sectors, tenants in existing units still have to deal with annual rent increases. Average rents are therefore expected to increase further in 2026, albeit at a slower pace than that seen in recent years. Population growth has slowed and the Tribunal administratif du logement has recommended more moderate rent increases this year, which should help keep prices from soaring.

Prices in some areas that had benefited significantly from the influx of foreign students and temporary workers in recent years are already showing signs of cooling. This is the case in certain downtown Montreal neighbourhoods, where the vacancy rate is now above average.

This trend should continue over the next two years. A large number of rental units are currently under construction and will be delivered to the market. At the same time, population growth will continue to slow, limiting the increase in demand. The combination of these factors should lead to a gradual increase in vacancy rates and maintain downward pressure on asking rents for new units. However, the improvement in affordability for all tenants will probably be gradual, as it will take time for these adjustments to trickle down to the existing rental stock.

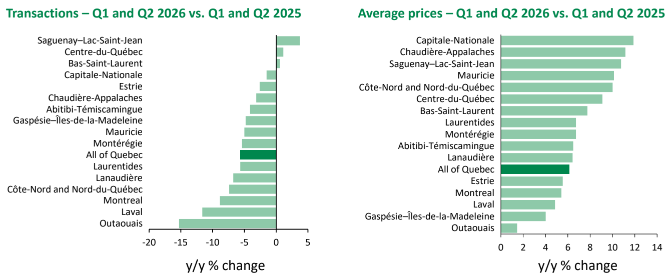
## RESALE MARKET

Resale market activity slowed in most regions of Quebec during the first half of the year. The economic uncertainty that has persisted for over a year continues to weigh on household confidence, leading some buyers to postpone their plans. At the same time, the housing stock is low, limiting the number of sales that can be made. In several markets, supply cannot keep up with demand, which simultaneously reins in sales while keeping prices high.

This scarcity largely explains why average property prices continue to increase despite the slowdown in sales. Turnkey properties requiring little or no renovation are still particularly attractive to buyers. But current economic conditions are very different from those observed in 2020 and 2021. While some corners of the market remain competitive, nothing suggests that we'll see a widespread return to pandemic-era bidding wars.

Sales fell the most in the Outaouais, Montreal and Laval regions. This is in part because affordability has deteriorated and market conditions are less favourable for buyers. Despite this, average prices continue to rise across all regions of Quebec, with particularly sharp increases in the Capitale-Nationale and Chaudière-Appalaches regions (graph 8). Prices in the Outaouais region grew the least, even though sales fell considerably.

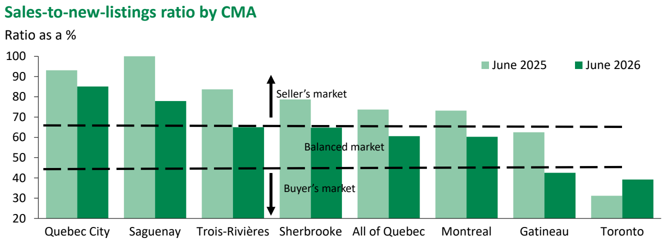
**Graph 8**
**Sales Prices Were Up in All Regions in the First Half of 2026, Though Sales Were Down**




JLR Land Title Solutions (an Equifax company) and Desjardins Economic Studies

The slump in activity has had a clear effect on the Gatineau metropolitan region. Conditions here are now moving closer to a buyer's market, unlike in the other urban centres in Quebec (graph 9). In some ways, this market trend more closely resembles what we've seen in the Greater Toronto Area. Conversely, prices in the Quebec City and Saguenay metropolitan areas continue to benefit from the relatively tight market. Supported by better affordability, they remain among the most seller-friendly markets in the province, though new listings are gradually increasing and sales have begun to edge down.

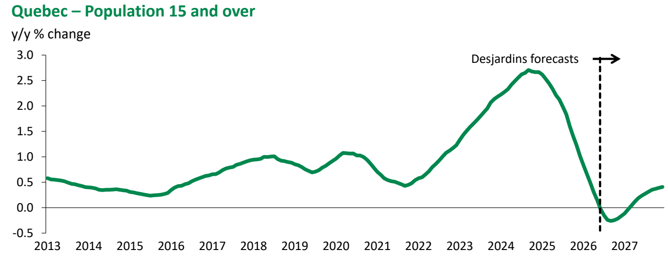
**Graph 9**
**Higher Listings and Lower Sales Are Bringing Quebec Markets into Balance**




CMA: Census metropolitan area
Canadian Real Estate Association and Desjardins Economic Studies

Sales should continue to be softer through the end of the year and in 2027. Affordability issues are still causing buyers to postpone their plans, especially for first homes. Borrowing costs could also increase, as interest rate hikes are not completely off the table. What's more, population growth will be much slower than in recent years, reducing one of the primary drivers of residential demand (graph 10).

**Graph 10**
**The Working-Age Population Has Started to Decline**

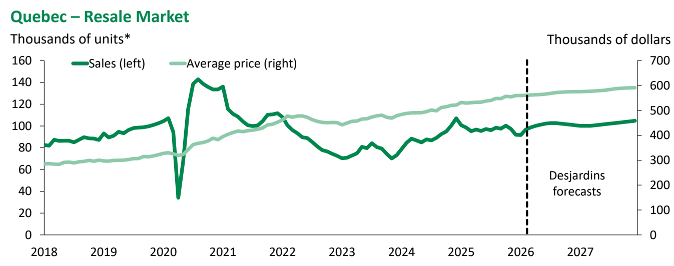



Statistics Canada and Desjardins Economic Studies

Added to these factors is the ongoing economic uncertainty. The renegotiation of the Canada–United States–Mexico Agreement (CUSMA) could drag on for another year, prolonging trade-related risks and weighing on certain investment decisions. Should this happen, the labour market could slow and further weaken demand for residential properties.

Overall, the combination of slower population growth, higher borrowing costs and a more uncertain economic climate should keep resale market activity at a more moderate level over the coming year. This moderation in demand could contribute to a slowdown in price growth and, in some markets, cause property values to gradually stabilize (graph 11).

**Graph 11**
**Home Sales Are Expected to Stabilize in the Coming Months**




* Annualized.
Canadian Real Estate Association and Desjardins Economic Studies

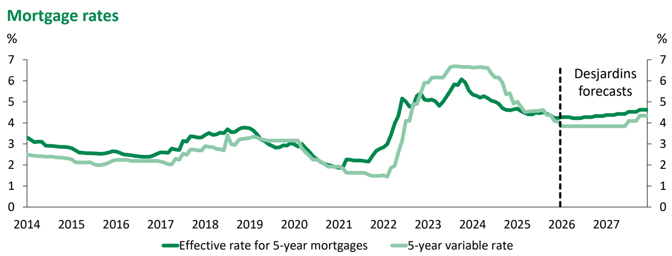
## INTEREST RATES

The Bank of Canada is expected to hold its policy rate steady through early 2027 before gradually raising it by 50 basis points in the second half of the year. This would bring the policy rate into the middle of the neutral rate range, estimated at 2.25%– 3.25%, a level generally viewed as compatible with sustainable growth while keeping inflation in check.

However, there are risks to this scenario. Persistent tensions in the Middle East and rising oil prices could reignite inflationary pressures and lead to monetary tightening as early as 2026. But a marked deterioration in North American trade relations, particularly within the framework of the CUSMA review, could slow the Canadian economy enough to justify a decrease in interest rates.

The impact of these movements varies depending on the type of mortgage chosen (graph 12). Variable rates typically follow financial institutions' prime rates, which in turn closely track the Bank of Canada's policy rate. Changes in monetary policy are therefore quickly passed on to variable-rate loan holders. Fixed rates, on the other hand, are more influenced by Government of Canada bond yields. These yields reflect Bank of Canada decisions, but also take into account market expectations, inflation outlooks, the state of public finances and global financial conditions. After gaining popularity as interest rates declined in recent years, variable-rate mortgages could lose some of their appeal if the outlook for higher rates materializes.

**Graph 12**
**Mortgage Rates Are Expected to Remain Above Pre-Pandemic Levels**




Bank of Canada and Desjardins Economic Studies

## CONCLUSION

The Quebec real estate market is gradually entering a rebalancing phase after several years of exceptionally robust activity. Housing supply continues to grow, thanks to sustained residential building construction. This is beginning to ease some tensions in certain market segments, particularly for newly built rental housing. However, the benefits of this increase in supply have been slow to trickle down to the rest of the market, and affordability issues continue to plague a large portion of households.

Resale market activity has slowed since the beginning of the year amid a more uncertain economic outlook and continuing affordability challenges. Despite this, low inventory levels continue to support prices in most regions, offering buyers little relief.

The outlook for 2027 suggests that activity will remain positive, albeit at a more moderate pace. Slower population growth, uncertainty surrounding the economic and business environment, and relatively high financing costs should temper demand for housing. At the same time, supply will get a boost from the wave of projects that have already been authorized and the ongoing efforts to increase productivity in the construction sector.

The years ahead are expected to bring a gradual normalization of Quebec's housing market rather than a correction, with more measured growth in prices, sales activity and housing starts.

## Table 2

**Quebec Housing Market Outlook, 2026–2027**

| | 2022 | 2023 | 2024 | 2025 | 2026f | 2027f |
|---|---|---|---|---|---|---|
| **New Home Market** | | | | | | |
| **Housing starts** | **57,107** | **38,912** | **48,713** | **59,864** | **61,127** | **61,313** |
| Year-over-year change (%) | -15.8 | -31.9 | 25.2 | 22.9 | 2.1 | 0.3 |
| **Houses** | **16,825** | **10,943** | **11,399** | **12,193** | **11,550** | **11,750** |
| Year-over-year change (%) | -20.2 | -35.0 | 4.2 | 7.0 | -5.3 | 1.7 |
| *Single-detached* | *12,441* | *8,601* | *8,558* | *8,477* | --- | --- |
| *Year-over-year change (%)* | *-16.1* | *-30.9* | *-0.5* | *-0.9* | --- | --- |
| *Semi-detached* | *3,152* | *1,720* | *2,000* | *2,181* | --- | --- |
| *Year-over-year change (%)* | *-24.5* | *-45.4* | *16.3* | *9.1* | --- | --- |
| *Row housing units* | *1,232* | *622* | *841* | *1,535* | --- | --- |
| *Year-over-year change (%)* | *-41.1* | *-49.5* | *35.2* | *82.5* | --- | --- |
| **Apartments** | **40,282** | **27,969** | **37,314** | **47,671** | **49,577** | **49,563** |
| Year-over-year change (%) | -13.8 | -30.6 | 33.4 | 27.8 | 4.0 | 0.0 |
| *Condos* [1] | *6,937* | *4,072* | *2,356* | *2,467* | *2,475* | *2,300* |
| *Year-over-year change (%)* | *-13.6* | *-41.3* | *-42.1* | *4.7* | *0.3* | *-7.1* |
| *Rentals* [1] | *30,622* | *22,159* | *31,871* | *43,506* | *46,500* | *46,750* |
| *Year-over-year change (%)* | *-13.5* | *-27.6* | *43.8* | *36.5* | *6.9* | *0.5* |
| **Resale Market** | | | | | | |
| **Unit sales** | **87,063** | **75,905** | **90,153** | **97,070** | **95,900** | **102,035** |
| Year-over-year change (%) | -20.5 | -12.8 | 18.8 | 7.7 | -1.2 | 6.4 |
| **Weighted average price ($k)** | **488** | **487** | **501** | **542** | **563** | **565** |
| Year-over-year change (%) | 11.3 | -0.2 | 2.8 | 8.1 | 3.9 | 0.3 |
| **Sales volume ($B)** | **40.4** | **35.3** | **45.1** | **52.6** | **54.0** | **57.6** |
| Year-over-year change (%) | -12.8 | -12.7 | 27.8 | 16.7 | 2.7 | 6.7 |
| **Other Indicators** | | | | | | |
| **Vacancy rate for rental units [2] (%)** | **1.7** | **1.3** | **1.8** | **2.7** | **3.4** | **3.9** |
| **Average rent [2] ($)** | **952** | **1,022** | **1,119** | **1,232** | **1,275** | **1,310** |
| Year-over-year change (%) | 8.9 | 7.4 | 9.5 | 10.1 | 3.5 | 2.7 |

f: forecast; [1] Urban centres with populations of 10,000 or more. Consequently, the total is slightly below the total for provincial apartments shown above;
[2] Three units or more, annual survey.
Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Statistics Canada and Desjardins Economic Studies