

2026 REALTOR® Recommendations



The Canadian Real Estate Association (CREA) is one of Canada's largest single-industry associations. We proudly own Canada's No. 1 real estate platform, REALTOR.ca, and set high standards of professional conduct for REALTORS®, helping to champion Canadians' rights and interests through the REALTOR® Code.

Our membership includes more than 155,000 real estate brokers, agents, and salespeople working through 60 real estate boards and associations across the country.

REALTORS® have consistently advocated for policies that encourage access to housing for all Canadians across the housing continuum, from ending homelessness to helping Canadians own their own home. From the introduction of the Home Buyers' Plan to the development of the Homebuyers' Roadmap in partnership with the Financial Consumer Agency of Canada (FCAC) and advocacy on radon with Health Canada, REALTORS® have consistently advocated for policies to support the home buyers, sellers, and renters they represent from coast-to-coast-to-coast.

REALTORS® meet regularly with Parliamentarians—in Ottawa and in their constituencies—to discuss their local housing markets and policies that promote an affordable and accessible housing system. REALTORS® are experts on market conditions and consumer interests and are well positioned to contribute to discussions around housing policy. Above all, REALTORS® advocate for innovative solutions and policies to increase housing supply in Canada, address current housing challenges, and allow Canadians to have access to safe, stable, and attainable housing options.

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Economic Overview and Housing Market Landscape

Fall 2026

Canadian housing market activity started 2026 weaker than expected. As in 2025, when uncertainty created by U.S. tariff threats sent buyers back to the sidelines, 2026 inflation fears from the spike in global oil prices likewise weighed on the spring market.

Another reason for weaker than expected activity in late 2025 and early 2026 is paradoxically related to a good news story.

In recent years, tepid national sales and balanced national housing market conditions have been the result of historic weakness in Ontario, and to a lesser extent British Columbia. Meanwhile, most other provinces and territories had strong markets that began gaining momentum during the pandemic and persisted through the inflation crisis right up until this year.

The Canadian Real Estate Association's (CREA) quarterly housing market forecasts have anticipated that hot markets would begin cooling off, while markets in B.C.'s Lower Mainland and Ontario's Greater Golden Horseshoe would begin to stabilize. The overall national weakness at the beginning of 2026 was the result of the former taking hold roughly six months before the latter. By May 2026, these trends had become more apparent across most of the country, contributing to a jump in sales and more stable prices.





By fall 2026, the number of months of inventory in most provincial housing markets was back within balanced territory, and year-over-year price changes were almost all in the low single-digit range.

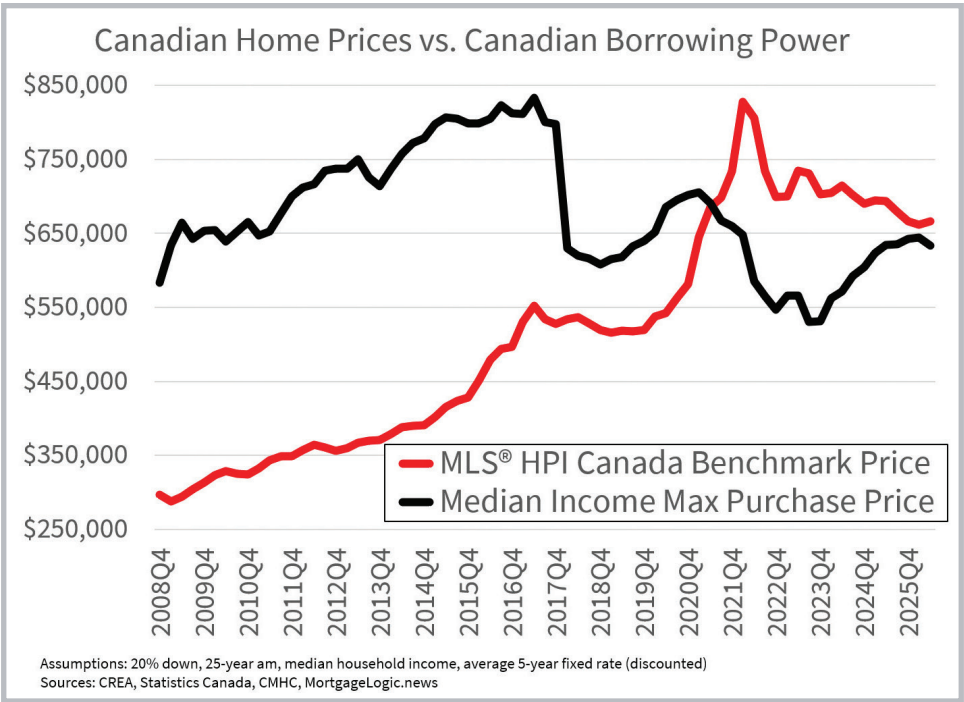
Under the surface of still mostly unchanged national numbers, it's a story of moderating housing conditions across Canada after years of extremes. That's the good news.

Looking ahead, the prospect of a more normal year is once again facing external headwinds.

Rising trade tensions with the U.S. will test the durability of recent economic growth, while rising inflation risks from higher oil prices and Canadian counter tariffs have pushed borrowing costs higher.

The situation is still in flux; but market expectations at the time of writing, suggest a discounted five-year fixed mortgage rate that could have been had in the high-3% range at the end of 2025, could reach the low-5% range by spring 2027.

With expectations for four rate hikes by the Bank of Canada by summer 2027, variable rates won't be too far behind. A rise in borrowing costs will present a major challenge, especially for first-time home buyers, at a time where so much of the housing stock has become not just less affordable but completely unattainable.

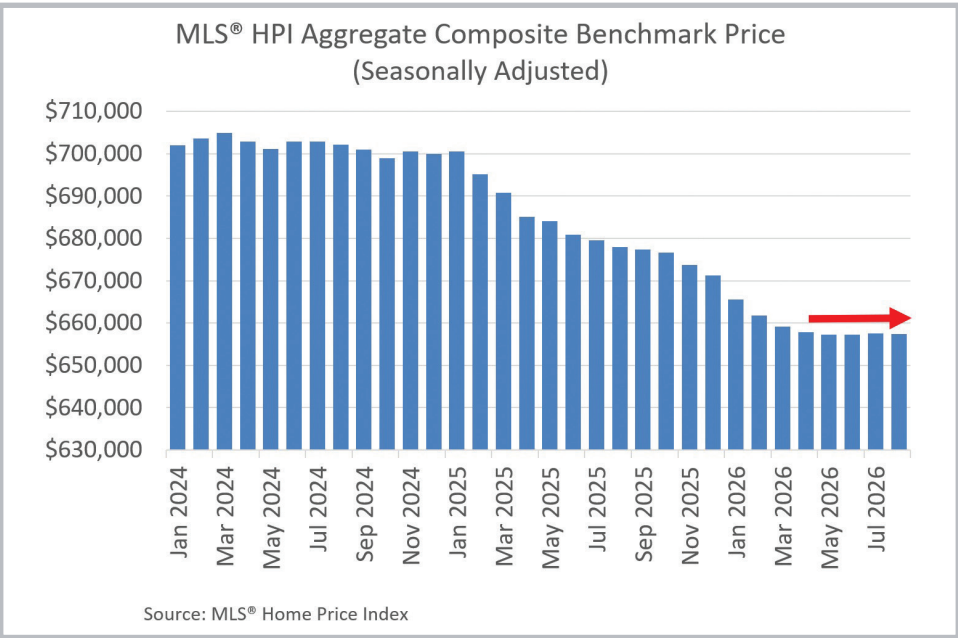


The overall picture is therefore shifting from a more stable external environment with housing markets swinging between extremes, to one of a moderating housing picture amid increasing external churn.

For the near-term outlook, that means 2027 is unlikely to be the long-awaited recovery year for home sales in Canada.

Shifting focus to the medium term, this year has brought more clarity about how a residential construction boom could play out.

Build Canada Homes (BCH) will leverage federal land, flexible financing, partnerships and technological innovation in the construction space to build more homes than ever before. That said, the agency has consistently said its focus will be on affordable housing; specifically acutely needed, non-market and community housing.



In time, productivity gains from building technologies like modular, panelized, 3-D printing and mass timber will, if scaled as intended, serve to add needed housing units on the ownership side.

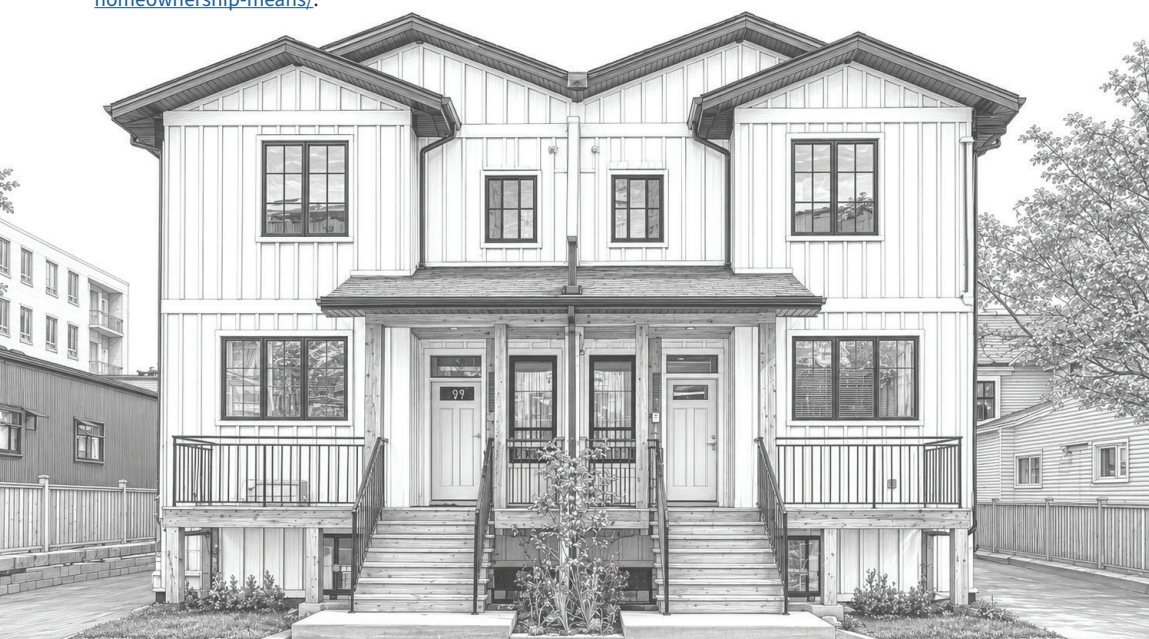
These efforts could help expand housing supply and improve attainability. However, in the near term, higher borrowing costs threaten to delay a recovery, even as housing markets across Canada return to more balanced conditions.

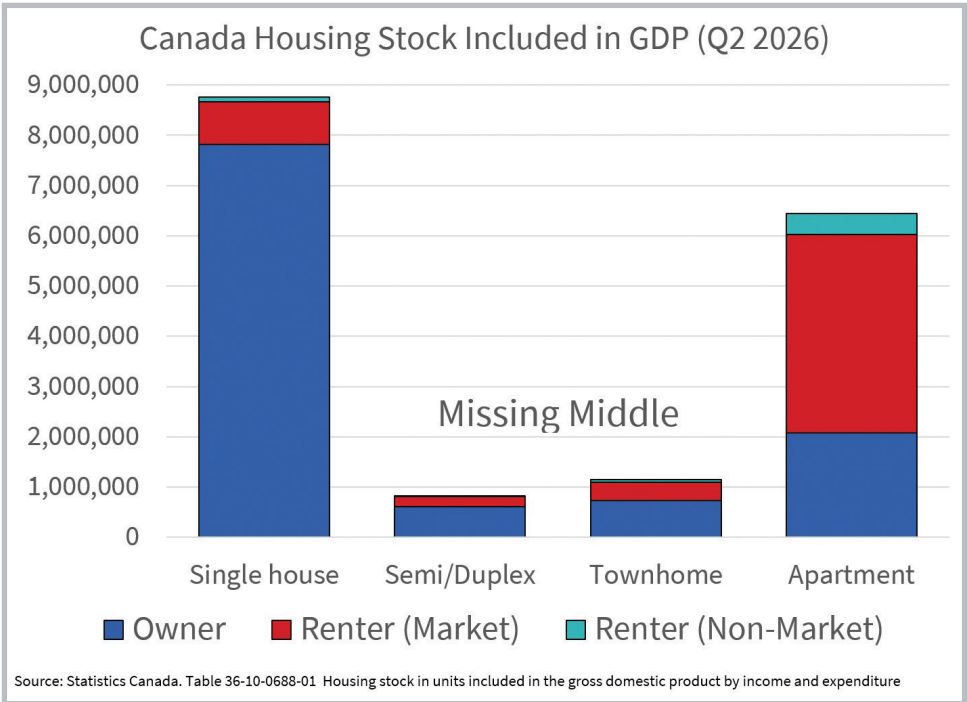
Introduction: Narrowing the Gap Between What Can be Built and What Can be Financed

The mortgage and insurance system used in Canada today was designed and implemented almost 60 years ago. Our existing housing stock reflects what the regulatory and insurance framework has permitted lenders to finance for the past several decades, not what Canadians want, need, and can afford to live in today.

Since the turn of the century, Canada has treated housing as though only two typologies exist: the detached freehold house and the mid-to-high-rise condominium unit. Despite eight in 10 Canadians under the age of 44 saying they still want to become homeowners¹, this financing disconnect continues to limit missing middle housing at the exact moment the federal government is seeking to expand attainable and affordable options. As a result, the path to homeownership is narrowing for middle-class Canadians, including young professionals, growing families and downsizers.¹

¹ *How Canadians Are Resizing Expectations and Redefining What Homeownership Means*, October 2025.
<https://abacusdata.ca/housing-the-goal-how-canadians-are-resizing-expectations-and-redefining-what-homeownership-means/>.





While many jurisdictions across Canada are doing their part by reforming local planning and zoning laws to allow duplexes, triplexes, fourplexes and other forms of gentle density housing (in many cases, thanks to the federal government’s own Housing Accelerator Fund), these typologies remain difficult to finance. Canada’s insurance and underwriting rules have not kept pace. At the end of the day, allowing a typology is not the same thing as making it financeable or affordable to purchase.

REALTORS® see the consequences of this gap directly; in every community, and with every buyer who can’t find a property that suits their needs at a price they can afford. Solving the affordability crisis isn’t a task for the federal government alone, it requires a collaborative, all-parties-at-the-table approach. Alongside the broader need for systems change, though, there are outdated financing rules at play—and financing sits squarely within federal jurisdiction. **Addressing the disconnect between what can be built and what can be financed is how Canada can make missing middle housing not just permissible to build, but attainable to own.**

The recommendations that follow address two specific, but meaningful, pressure points in an outdated system, with each one narrowing the gap between what's allowed to be built and what's attainable and possible to own. Neither requires the government to create new mechanisms, but would extend existing tools to missing middle housing builders and middle-class buyers who are currently locked out.

REALTOR® Recommendation No. 1

Expand Mortgage Loan Insurance to Address Middle Housing Supply and Ownership Options. Add a fourth scoring category to MLI Select for missing middle rental supply, and establish a new sibling program, MLI Select–Ownership, applying the same proven points-based model to ownership-tenured housing, with a mandatory pillar for missing middle supply.

MLI Select has been in place for four years as Canada Mortgage and Housing Corporation's (CMHC) mortgage loan insurance program, offering eligible multi-unit residential (rental) projects access to lower premiums and longer amortization. It has become a proven federal financing tool to drive developers toward better affordability, energy efficiency and accessibility outcomes. Insured rental units grew from 11,373 in 2022 to 66,307 in 2024, and the program continues to see strong uptake. As successful as it may be, for a tool cited as central to unlocking missing middle housing, there are two glaring structural gaps that the federal government must address.

1. MLI Select is currently structured as a rental-only program.

A project that would otherwise qualify on affordability, energy efficiency or accessibility grounds is ineligible if it's intended as ownership housing, regardless of how attainable it is.

2. MLI Select lacks incentives rewarding family-sized, ground-oriented unit composition. This is the exact missing middle housing the federal government committed to supplying during the 2026 Spring Economic Update.

This is why CREA is calling on the federal government to add a fourth scoring category to MLI Select rewarding middle supply and establish a new sibling program, **MLI Select-Ownership**, applying the same proven points-based model to ownership-tenured housing, but with an additional mandatory missing middle scoring requirement. This would:

- ❖ Create a new ownership-targeted financing pathway for builders, without impacting what's already working on the rental side.
- ❖ Make missing middle housing a key part of the solution.
- ❖ Ensure projects are meaningfully rewarded for delivering family-sized, ground-oriented housing Canadians are asking for.
- ❖ Ensure MLI Select-Ownership is consistently directed toward creating attainable, family-sized homes, not large-lot, single-family builds, which are already well-financed within the market.
- ❖ Directly target the missing middle gap the federal government has committed to addressing across the full continuum.

We've unlocked development of Canada's missing middle, but now we must work to ensure it remains financially viable for builders and attainable for Canadians.

REALTOR® Recommendation No. 2

Reform Income Verification Rules to Reflect how Canadians Actually Earn Money. The Office of the Superintendent of Financial Institutions (OSFI) should set clear rules so lenders can verify and count real income, however it's earned, so self-employed, contract and multi-source borrowers aren't forced into a paycheck-shaped box.

When it comes to attainable homeownership for Canadians, financing access is not only shaped by what someone is buying, but also by how income and risk is assessed. Over time a growing share of prospective borrowers, including contractors, small business owners, and platform workers, earn income from multiple, variable sources. In 2023, 2.7 million Canadians (13.2% of the employed population) were self-employed, and more than one in four reported gig work as their main source of income².

² Statistics Canada, "Experiences of self-employed workers in Canada, 2023", June 2024. <https://www150.statcan.gc.ca/n1/daily-quotidien/240603/dq240603b-eng.htm>.

Given those changes, Canada's underwriting standards remain outdated and are built around a single-employer, salaried model of income that no longer reflects how many Canadians, particularly younger generations, work today. Non-salaried borrowers are still routinely treated as inherently higher risk, regardless of the stability or total value of their income, simply because that income does not live inside Box 14 of a single T4 slip. This is a fixable gap that has little to do with creditworthiness, and everything to do with an outdated system operating in an evolving labour market.

CREA recommends the federal government, through OSFI, close this gap by implementing clearer, modernized rules that:

- **Provide explicit, flexible standards for verifying and blending income.** The consolidated Credit Risk Management (CRM) Guideline should set clear principles for assessing creditworthiness. This should include income earned through personal or professional corporations when that income is recurring, independently verifiable and demonstrably available to the borrower, rather than leaving its treatment to inconsistent, institution-by-institution interpretation.
- **Protect well-governed underwriting exceptions.** An exception does not necessarily mean a loan is risky. It could reflect a borrower who is financially sound but doesn't fit a standardized documentation model, such as a contractor or small business owner. Transparent, well-documented, risk-based exceptions should be supported, rather than relying on antiquated rules that treat non-standard income as inherently unreliable.

When qualified borrowers cannot buy a home because of rules that haven't kept pace with changes in the workforce, the pressure does not disappear—it shifts into the country's already tight rental market. Modernizing these rules costs government nothing to implement but could open attainable ownership to thousands of otherwise qualified Canadians.

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