

THE EDGE REPORT

Week of June 8, 2026

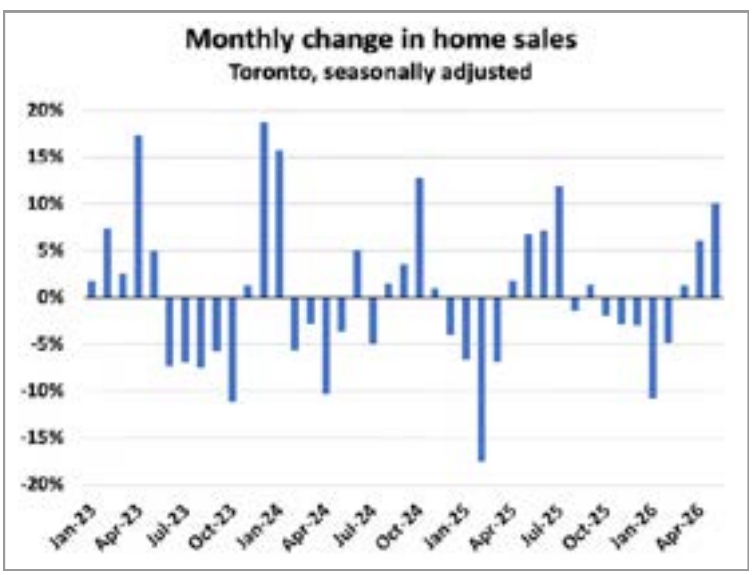
CASHIN™
MORTGAGES
FSRA # 12543

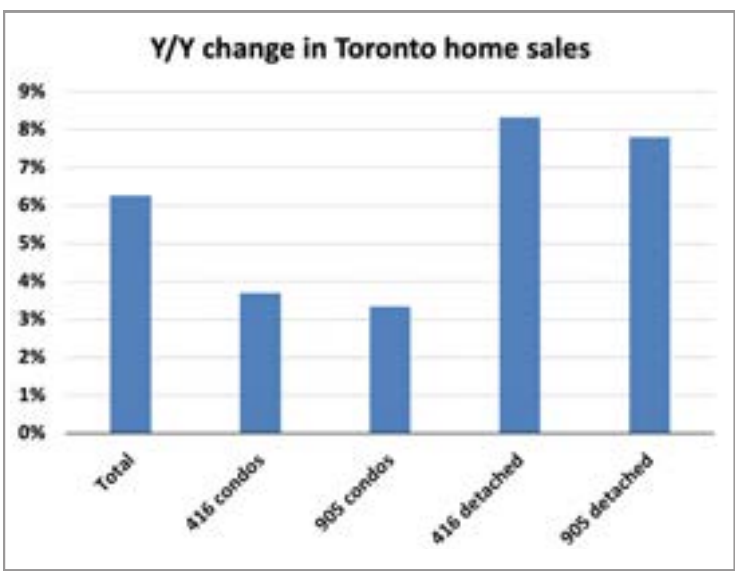
1) Housing demand perks up in May, but prices grind lower

We begin this week's note with a rundown of the preliminary May home sales data in some key metros.

Toronto home sales jump

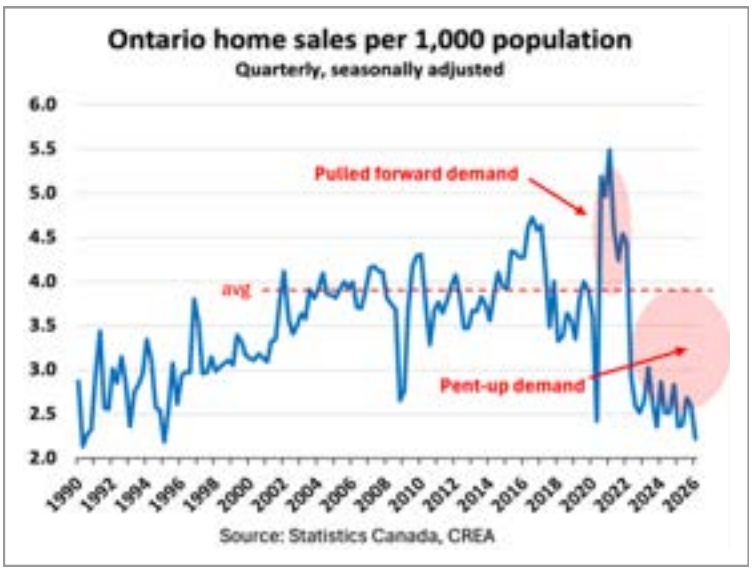
Seasonally adjusted home sales across the GTA jumped 10.0% m/m in May and were up 6.3% relative to last year. Leading the gains was the single-family segment:





Still, that leaves sales running at the third lowest level of any May going back to the 1990s with only 2020 and 2025 coming in lower.

Demand is still exceptionally weak, but with such a low bar last year and with per capita sales still at 1990s levels, I expect we'll see positive y/y comps right through the remainder of the year even with a challenging macro backdrop.



Further to that point, in spite of headlines of a technical recession, consumer perception of real estate has improved sharply over the past month with the Bloomberg Nanos outlook index rising to levels last seen in early 2025:



The bigger story is on the supply side. New listings were down 2.1% m/m and down a whopping 18.9% compared to last year. That helped push the sales-to-new listings ratio up to 39%. That's still terrible- and it remains at a level that points to further price declines ahead- but it is nonetheless the best showing since late 2024:



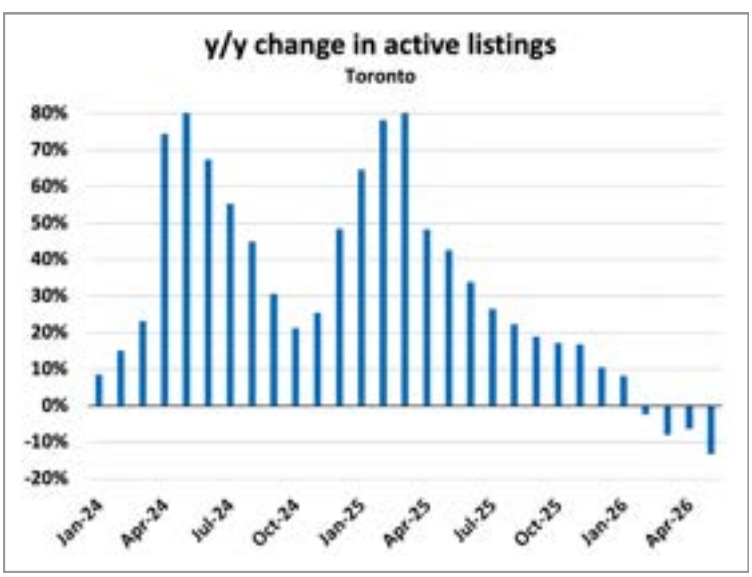


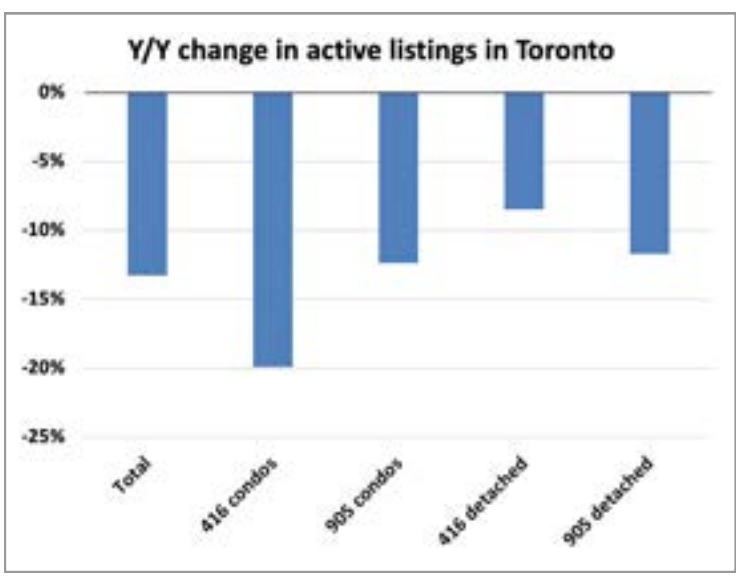
I believe that the dramatic slowdown in "homeowner" construction activity is weighing on completions and leading to fewer new listings coming to market. At the same time, the lack of equity appreciation is leading to fewer repeat buyers, shelving a key source of market liquidity and constraining both supply and demand.

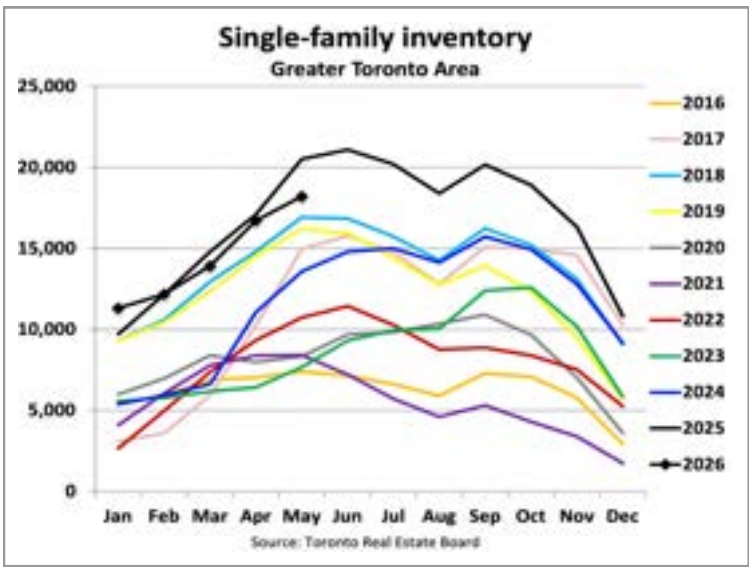


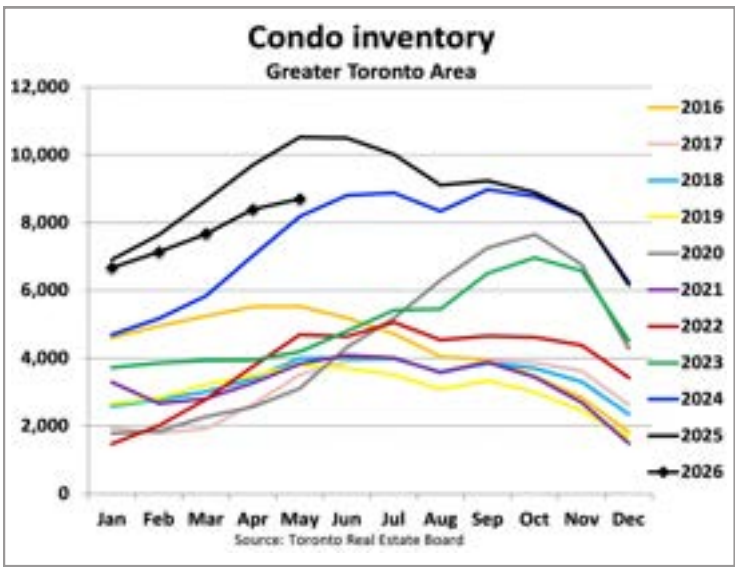


Active inventory continues to tighten with total listings down 13% y/y. We're seeing declines across segments, including condos in the hard-hit 416 region.









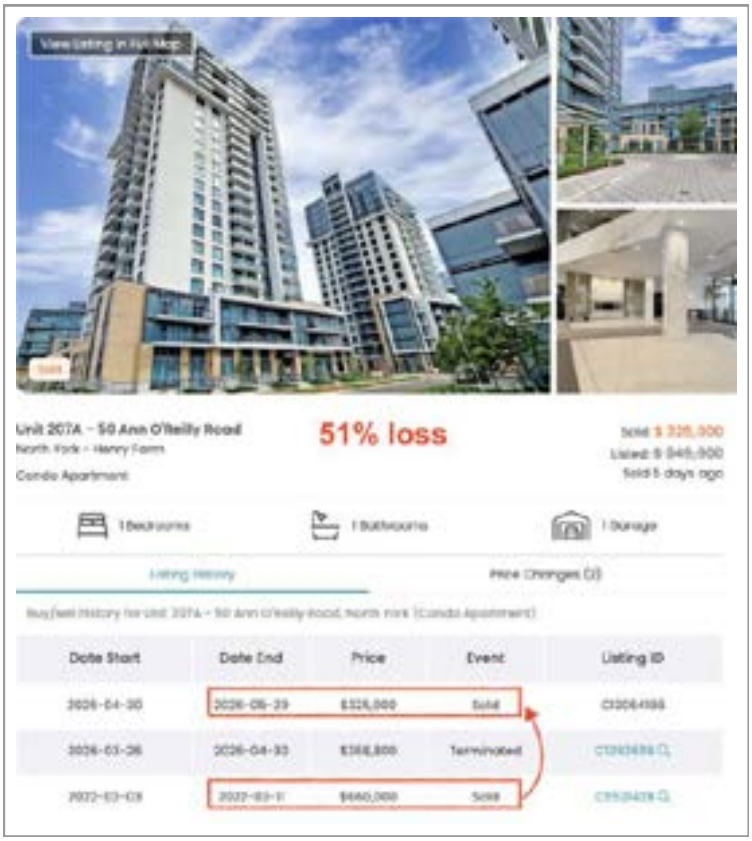
On the pricing front, the seasonally adjusted HPI fell 0.2% m/m, 3.5% y/y and is now down 26.3% from peak.

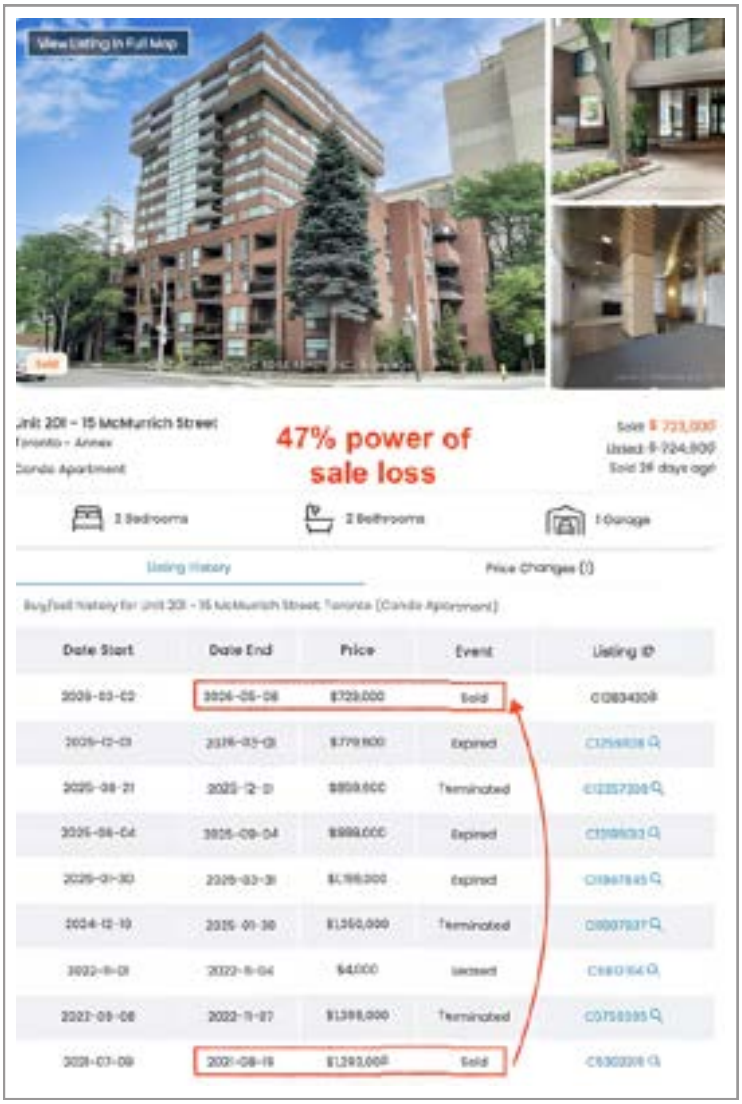




But the entirety of the decline is now coming from the condo segment where the seasonally adjusted HPI fell 0.9% last month and is down 9.1% y/y. The single-family detached index was actually up very slightly in May.

We're now seeing the odd condo unit selling for half of the prior sale price. Consider two examples that sold last month:





Vancouver prices continue to decline

Home sales across metro Vancouver were down 0.5% m/m and down 3.5% y/y in May and continue to hold near multi-decade lows:

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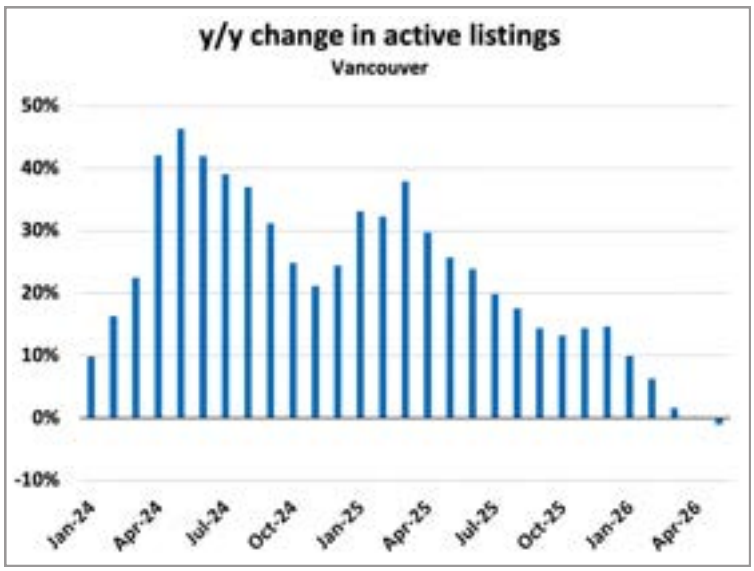
New listings were down 7.5% m/m and down 7.6% y/y last month which led to a tightening in the sales-to-new listings ratio. Still, it remains in the mid-30% range, a level that has always preceded future price declines in the past:

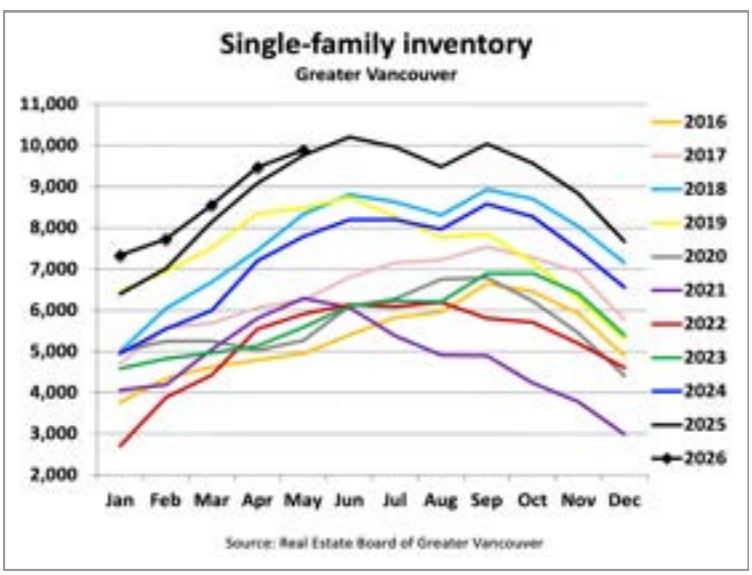


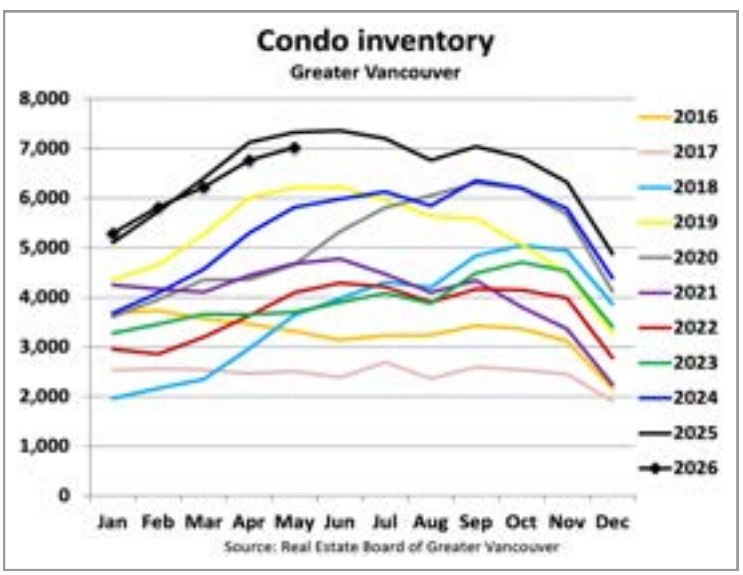


Inventory levels were down 1% y/y, the first annual decline since 2022:

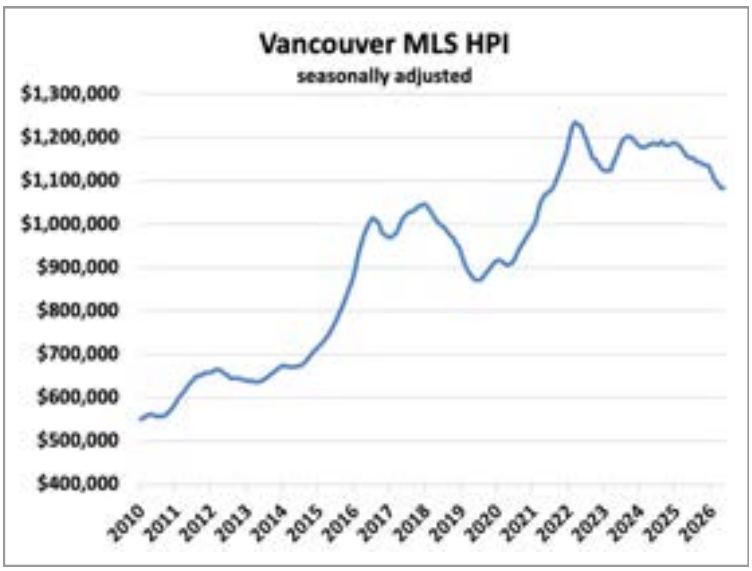








On the price side, the MLS HPI registered a modest 0.1% decline and it's now down 6.1% from last year, but here too the condo segment is leading the decline with prices down 7.9% y/y:



Calgary sales fall, prices soften

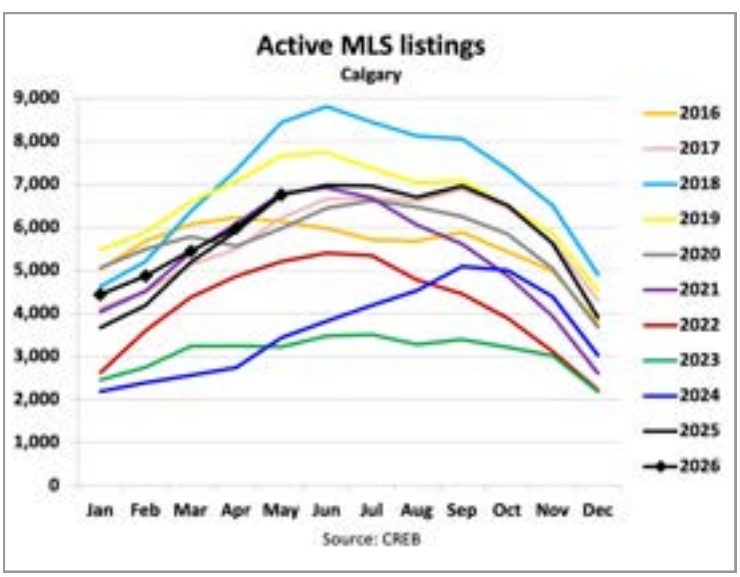
Home sales in Calgary were down 4.2% m/m in May and down 15.5% compared to last year.

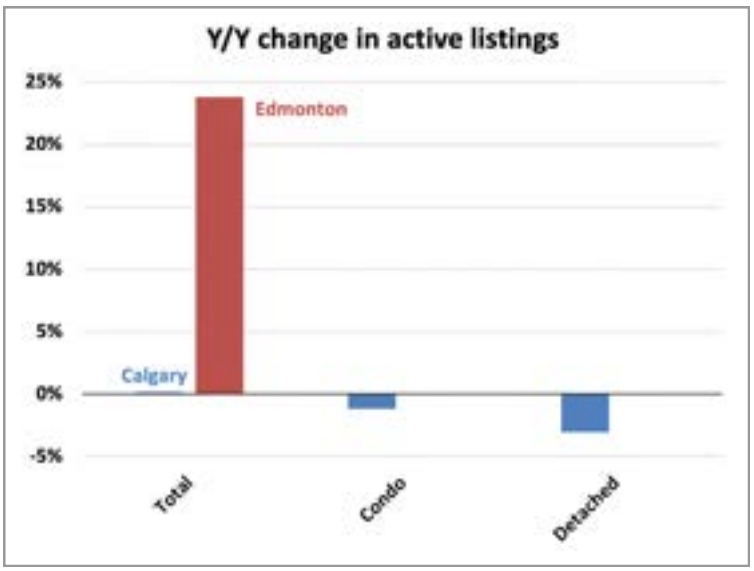


New listings fell 2.5% m/m (-12.7% y/y). With sales falling faster than supply, the sales-to-new listings ratio deteriorated to the lowest level in 6 years:



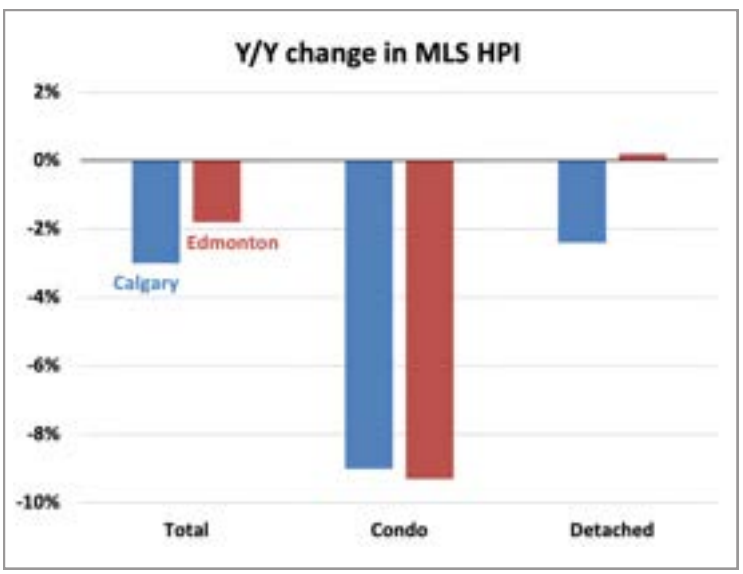
Active inventory remains elevated but was effectively flat relative to last year. It's a different story in Edmonton where inventory surged nearly 25% y/y:





The MLS HPI was down 0.3% m/m and down 3.0% y/y, led by the condo segment where prices fell 9.0%:





Quebec market continues to soften

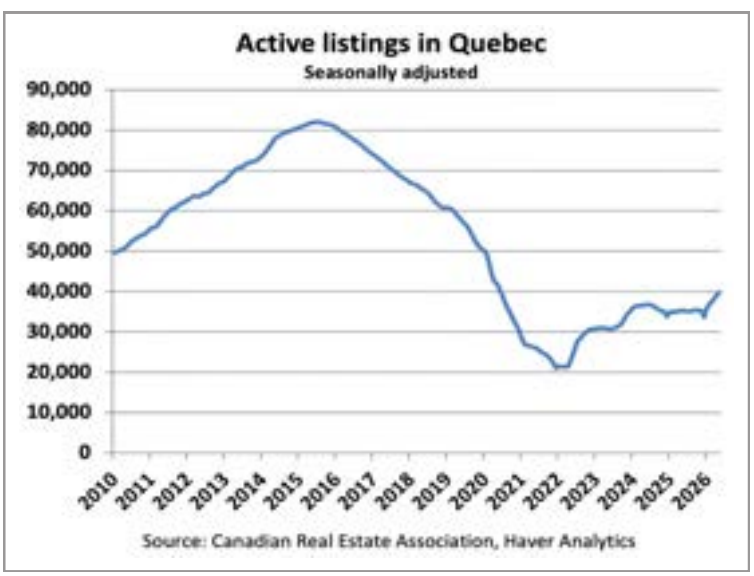
Home sales across the province of Quebec fell 1.5% m/m (-6.0% y/y) in May and are now back to 3-year lows by my estimates.

New listings, which had set decade highs in April, pulled back by 5.1% m/m but remain at very elevated levels:



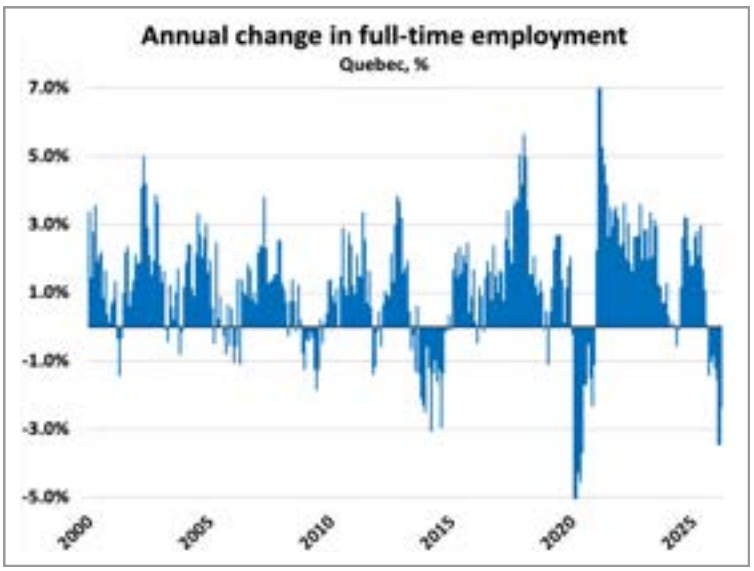


Seasonally adjusted active inventory was up 2.3% m/m and is now up 18% so far this year! It's still low relative to long-term norms but the rate of increase is quite notable.



The seasonally adjusted HPI was down 2 consecutive months in April and looks set to have recorded a third in May.

Quebec's economy is shifting rapidly into a lower gear. They did see headline job growth of 13k m/m in Friday's jobs report (more below), but that comes on the heels of a cumulative 91k loss in the prior 3 months. And full-time employment, which rebounded sharply last month, is still 2.4% below where it was last year at this time:



2) *Power of sales continue to drive price declinesPower of sales continue to drive price declines*

The number of power of sales hitting the market in Toronto hit new cycle highs in May, and they constituted nearly 3% of all new listings last month…the highest in at least a decade:





Here we turn to the Globe and Mail[1]:

More Ontario homes selling at a loss, property title data show

Real estate sales data from Ontario show a growing share of homes sold for a loss in 2025, and the number of homes sold by lenders through power of sale continues to grow.

In its annual overview of Ontario's housing market, Teranet Inc., the private company that manages all registration of property titles in the province, found that few players in the real estate market have seen their fortunes improve since the Bank of Canada began raising interest rates in 2022, and that a growing share of homebuyers are falling behind.

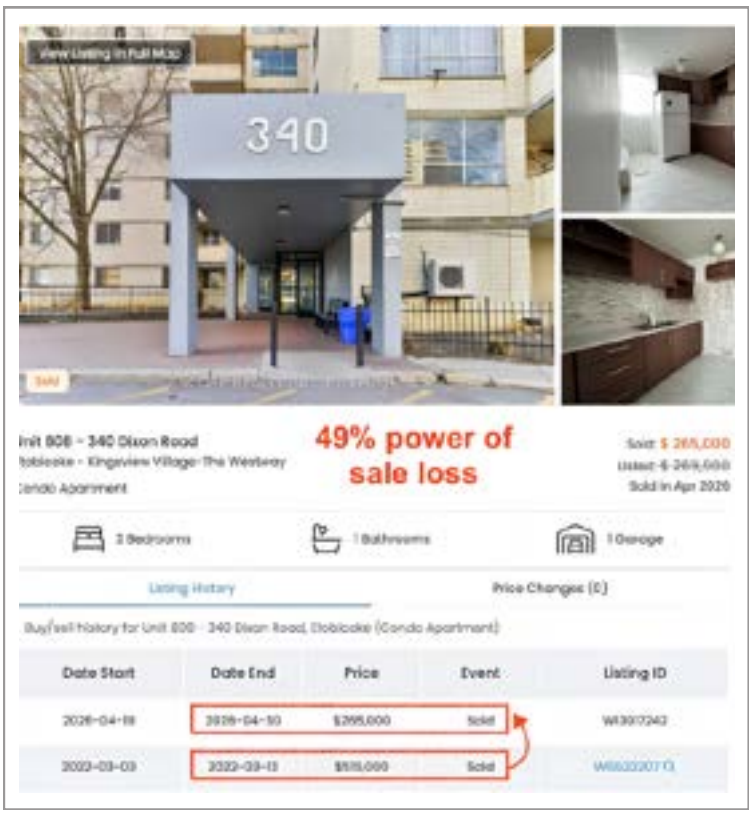
[…] "The factors are not dying down; I think it's more doubling up now"…

[…] The most dramatic finding in the report was the exponential growth in power of sale, or POS, transactions since 2022, which reached 2,979 in 2025. That's the highest number since 2016, but Mr. Malhotra notes that between 2011 and 2022, POS sales – where a lender takes control of a sales process in order to recoup unpaid debts – had been on a steady decline.

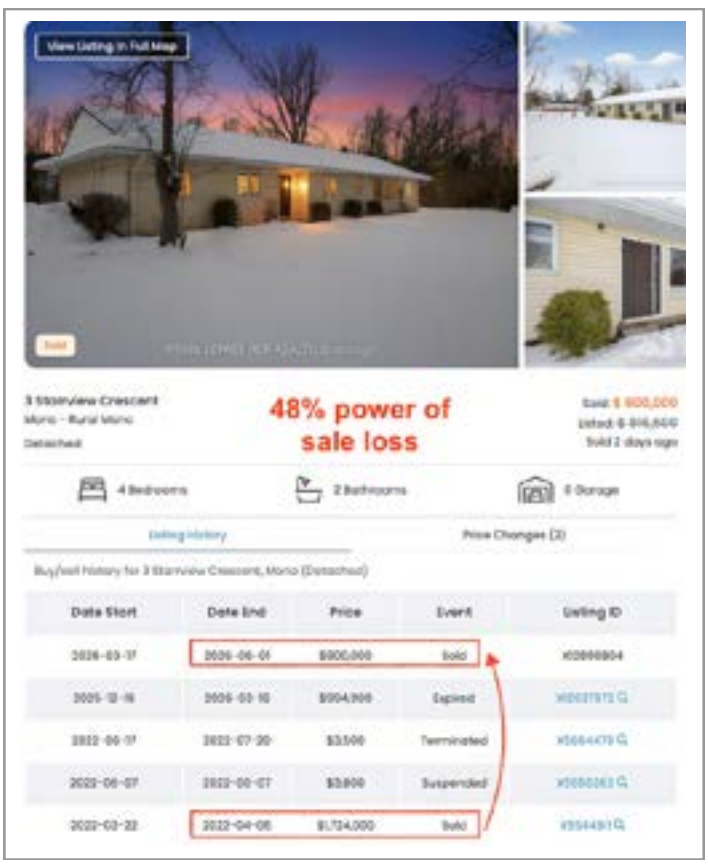
Higher mortgage rates for borrowers renewing this year coupled with a soft macro backdrop will push power of sales higher right through 2026 and well beyond. This may continue to pressure overall pricing even as sales perk up and market balance tightens this year.

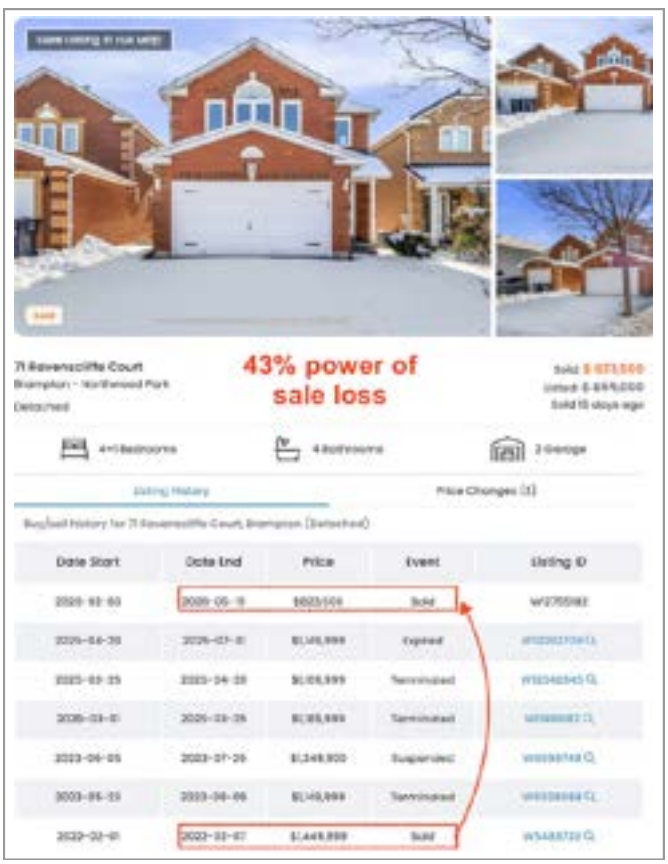
Consider the examples below, all from this month. It's not uncommon to see homes selling under court order for nearly half of the prior sale price at the 2022 peak:

[1] https://www.theglobeandmail.com/real-estate/article-ontario-housing-market-report-homes-selling-at-a-loss/


View Listing in Full Map
340
Unit 808 - 340 Dixon Road
49% power of sale loss
Sold: $ 265,000
Listed: $ 269,900
Sold in Apr 2026
2 Bedrooms
1 Bathrooms
1 Garage
Listing History
Price Changes (1)
Buy/sell history for Unit 808 - 340 Dixon Road, Etobicoke (Condo Apartment)
Date Start
Date End
Price
Event
Listing ID
2026-04-19
2026-04-10
$265,000
Sold
W13017242
2022-03-03
2022-03-13
$515,000
Sold


View Listing in Full Map
200 Kensington Avenue N
49% power of sale loss
Sold: $ 430,000
Listed: $ 424,000
Sold 3 days ago
3 Bedrooms
2 Bathrooms
0 Garage
Listing History
Price Changes (1)
Buy/sell history for 200 Kensington Avenue N, Hamilton (Detached)
Date Start
Date End
Price
Event
Listing ID
2026-04-01
2026-06-02
$430,000
Sold
2022-03-03
2022-03-05
$850,000
Sold

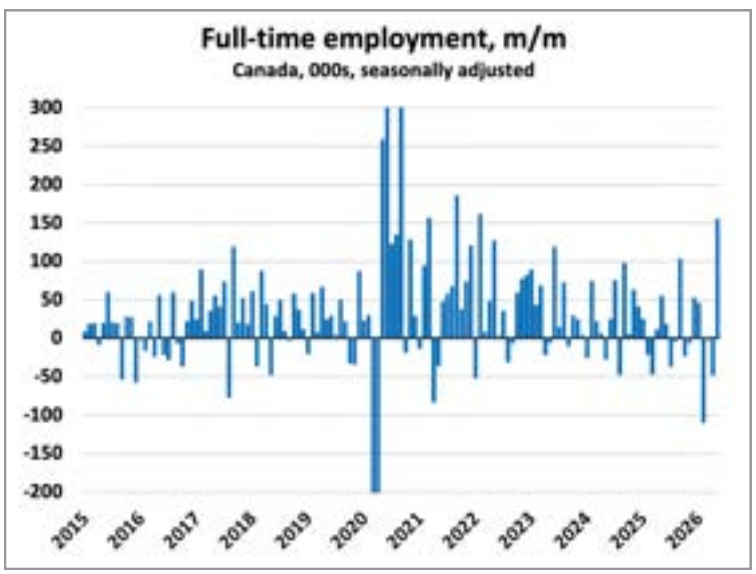

View Listing in Full Map
3 Stanview Crescent
48% power of sale loss
Sold: $ 800,000
Listed: $ 816,800
Sold 2 days ago
4 Bedrooms
2 Bathrooms
0 Garage
Listing History
Price Changes (2)
Buy/sell history for 3 Stanview Crescent, Mono (Detached)
Date Start
Date End
Price
Event
Listing ID
2026-03-17
2026-06-01
$800,000
Sold
2022-03-22
2022-04-06
$1,724,000
Sold


71 Ravenscliffe Court
43% power of sale loss
4+1 Bedrooms
4 Bathrooms
2 Garage
Listing History
Price Changes (1)
Buy/sell history for 71 Ravenscliffe Court, Brampton (Detached)
Date Start
Date End
Price
Event
Listing ID
2026-05-19
Sold
2022-02-01
2022-02-07
Sold

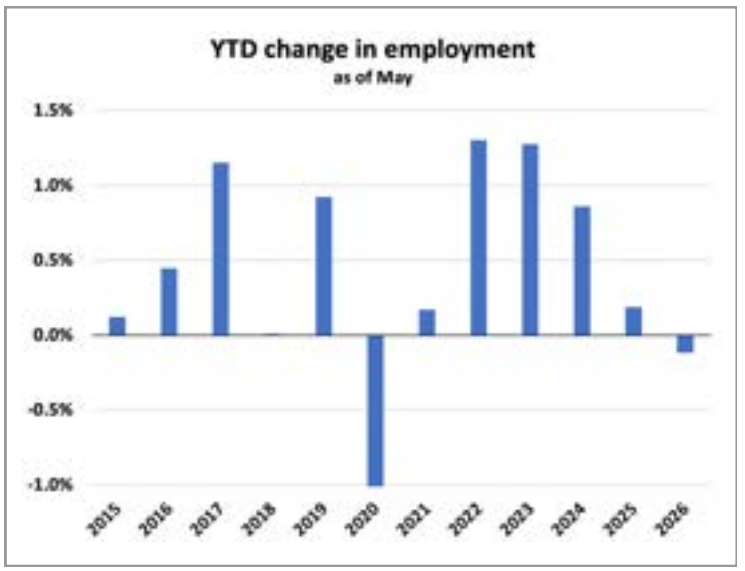
3) *Macro tidbits: Blowout jobs report, productivity crisis revisited*

Blowout jobs report

Canada's Labour Force Survey smashed expectations last week, posting a 88k m/m increase (+10k expected) including a stunning 154k gain in the full-time category…the largest monthly increase since early 2022:



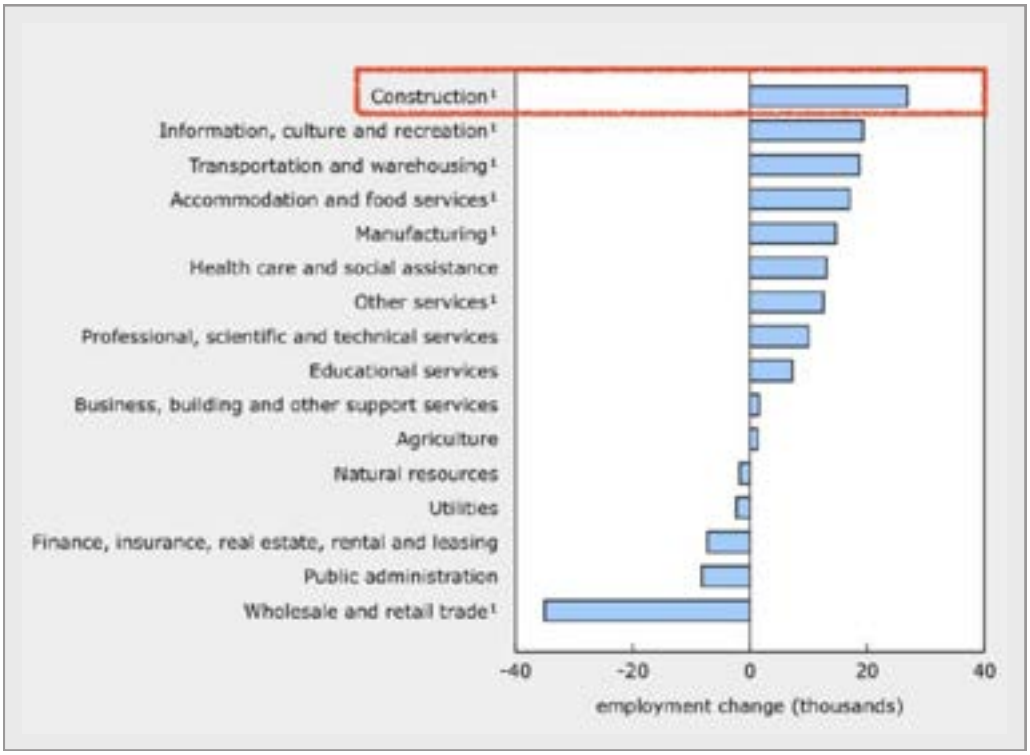
This comes on the heels of a string of very soft jobs reports and it only partially retraced the losses from earlier in the year. Employment is still negative year-to-date, the first time we've seen that in over a decade outside of the pandemic:



The unemployment rate ticked down by 30bps to hit 6.6%.

Looking across the country, we saw big job gains in Ontario (+42k) and BC (+25k), with a massive 27k increase coming from the construction sector…the largest gain in 3 years.

Here we have to assume that this is at least partly related to preparations and infrastructure upgrades ahead of the FIFA World Cup in host cities like Toronto (BMO Field upgrades) and Vancouver.

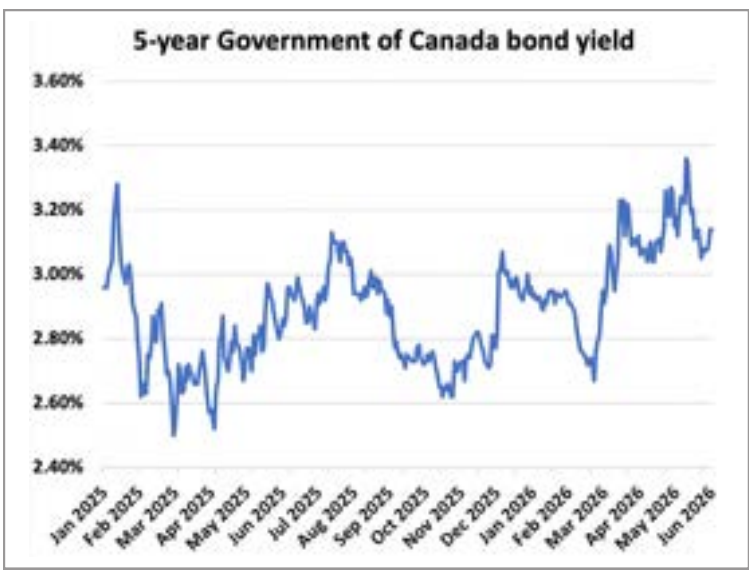


There are also signs of a ramp in hiring for the census, which may have contributed to the 20k increase in government employment last month.

One curiously soft spot in the report came from wages which were down 0.7% m/m and up just 3.0% from last year, the lowest annual growth rate since Q1 2022.



Markets weren't fully convinced. A jobs report this strong would typically send bond yields sharply higher as traders price in greater odds of future rate hikes. Instead, the benchmark 5-year yield rose just 6 basis points on the week and remains well below last month's highs.



In other words, investors aren't yet buying the idea that the economy has shifted onto a sustainably stronger path. It will likely take a string of solid economic data—not just one blockbuster report—to change that view.

Mortgage rates hold stead

There has been little change in the mortgage rates nationally over the past month, with the very best deep discount variable unchanged at 3.5% and fixed up slightly to 4.11%.



Among the big 6 banks, the average discounted, uninsured 5-year fixed rate was 4.63% while variable was 3.89%....both unchanged over the past week.

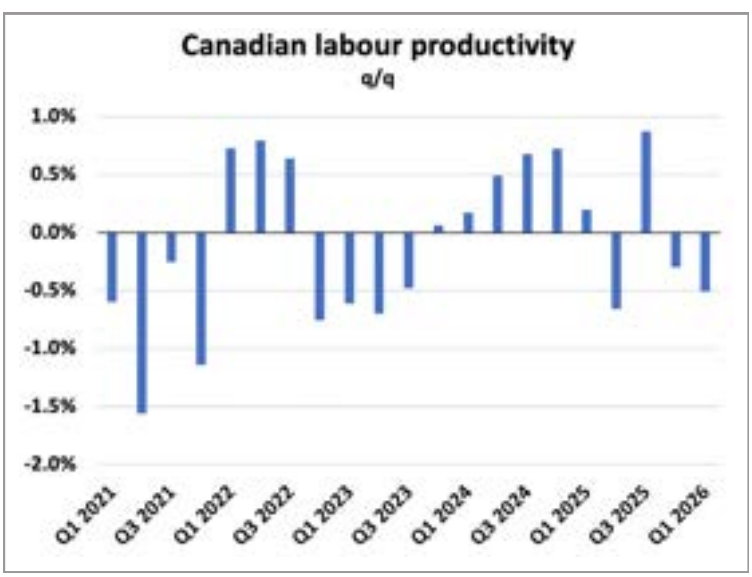
Gas prices at $1.73/L nationally

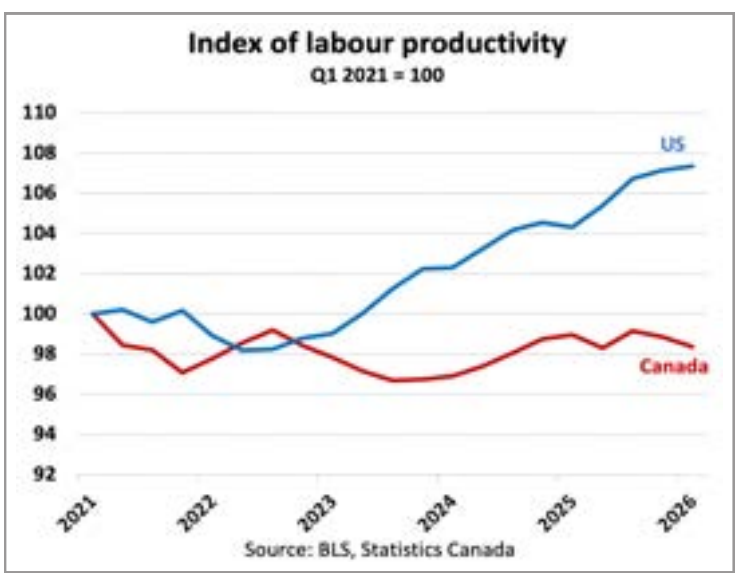
Gasoline prices are roughly $1.73/L nationally this morning, well off the highs of $1.91/L from early May but still at levels that will hurt consumption in central Canada and BC:



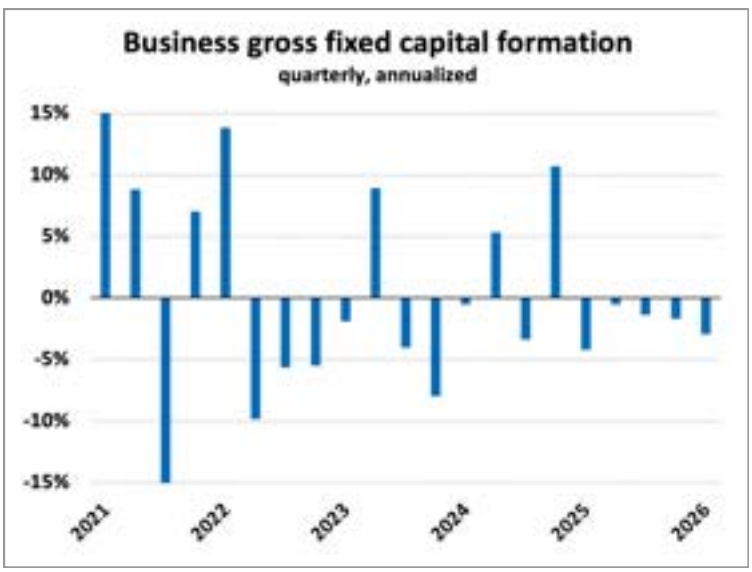
Labour productivity down in Q1

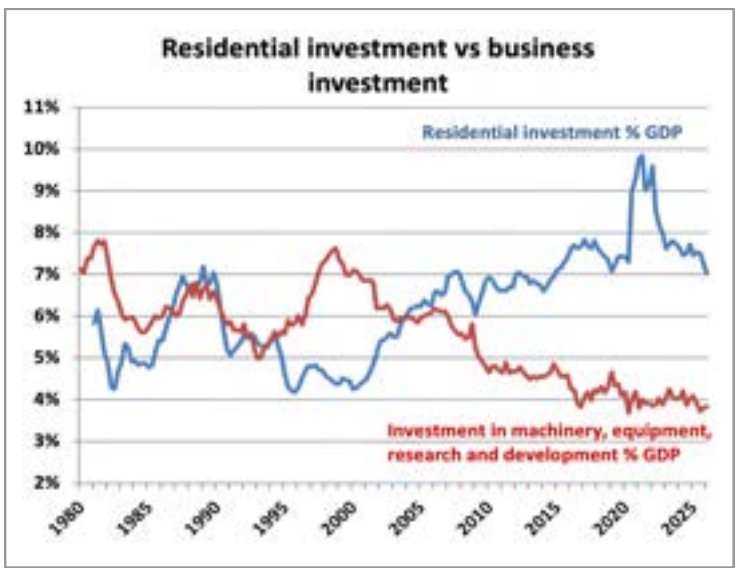
Canada's "productivity crisis" (to quote the Bank of Canada) continued in Q1 with the index of labour productivity down 0.5% q/q…the 3rd decline in past 4. It's now down 2% over the past 5 years vs a 7% increase in the US over the same period.





A key culprit remains a lack of business investment. We saw this in last week's GDP print where gross fixed capital formation came in negative for the 5th consecutive quarter. Investment in machinery and equipment and R&D are bouncing along at the lowest share of GDP in the past 50 years (3.8%) while investment in housing -which does not increase productivity- remains at 7%.

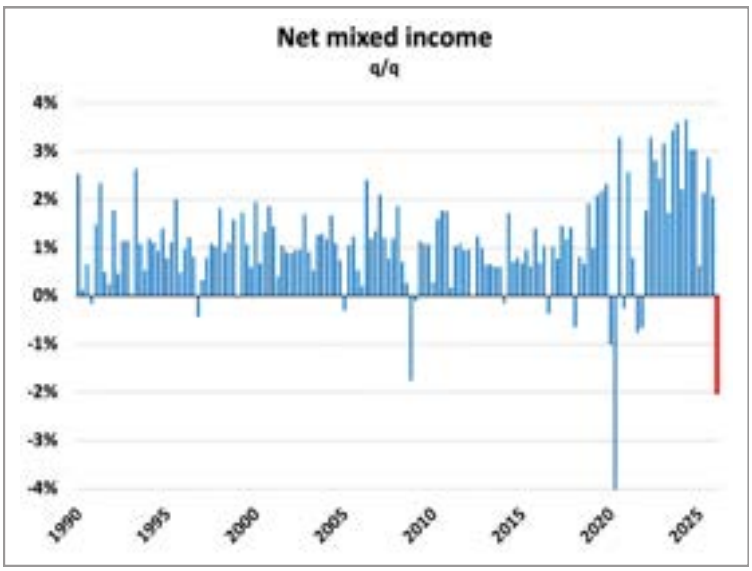


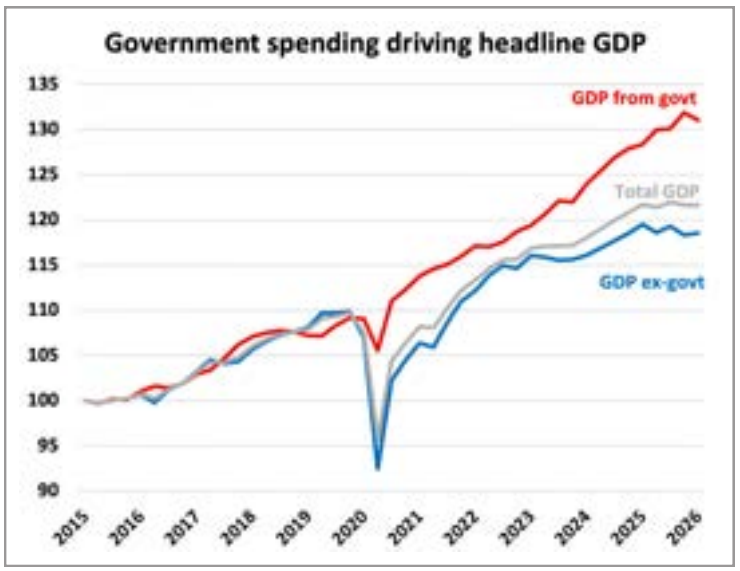


Business income posts largest decline in 30 years

One tidbit I missed in the first pass of the GDP report last week was the trend in business net mixed income. This captures small business owners, unincorporated businesses, and landlords. It measures gross income minus depreciation for this group.

Net mixed income was down 2% q/q in the first quarter, the largest percentage drop in the past 50 years outside of the COVID pandemic. It's another piece of evidence that the economic slowdown is disproportionately hitting the parts of the economy that aren't levered to government spending:





Canada unveils "AI strategy"

AI minister Evan Solomon (who holds a BA in English lit and religious studies and whose prior work experience was mostly as a media broadcaster) this week unveiled Canada's national artificial intelligence strategy[2].

Notwithstanding that the first iteration neglected to include the word "intelligence" on the title page…



[2] https://www.ised-isde.canada.ca/site/ised/en/canadas-national-artificial-intelligence-strategy-ai-all

… they did eventually get it right.

Let's look at some key word counts within the document to get a sense of the government's priorities around this potentially world-changing new technology.

The term "equity" appears more times than the term "GPU":



And the term "indigenous" appears more times than "data centre":



There is a economic connection here.

The AI revolution is serious stuff. It is a potentially transformational technology that carries very real risks of labour market disruption. It is disappointing that ideology features prominently in a key strategy document like this, and it tells me that Canada is not taking this issue seriously enough.

4) *CMHC insures 26,000 new rental units in Q1*

CMHC released their latest quarterly report this week. One thing that jumped out:

> Multi-unit residential insurance activity remained strong, with 71,733 units insured, up 30% from 55,383 in Q1 2025 underscoring the continued demand for CMHC's multi-unit mortgage loan insurance products. Of the total units insured, 26,294 units were for new construction.

So in Q1, CMHC provided insurance for the construction of over 26,000 new rental units….in a quarter where Canada's population declined by 104,000.

They further provided insurance coverage for the acquisition of 45,000 existing rental units.

CMHC is no longer the entity you probably think it is. Their insurance in force (IIF) is now skewed heavily to multifamily (both new construction and acquisition) and that segment accounts for the entirety of their IIF growth.

Mortgage Insurance

(in millions, unless otherwise indicated)	Insurance-in-force ($B) As at 31 March 2026	As at 31 December 2025
Transactional homeowner	158	159
Portfolio	54	55
Multi-unit residential	274	257
Total	**486**	**471**

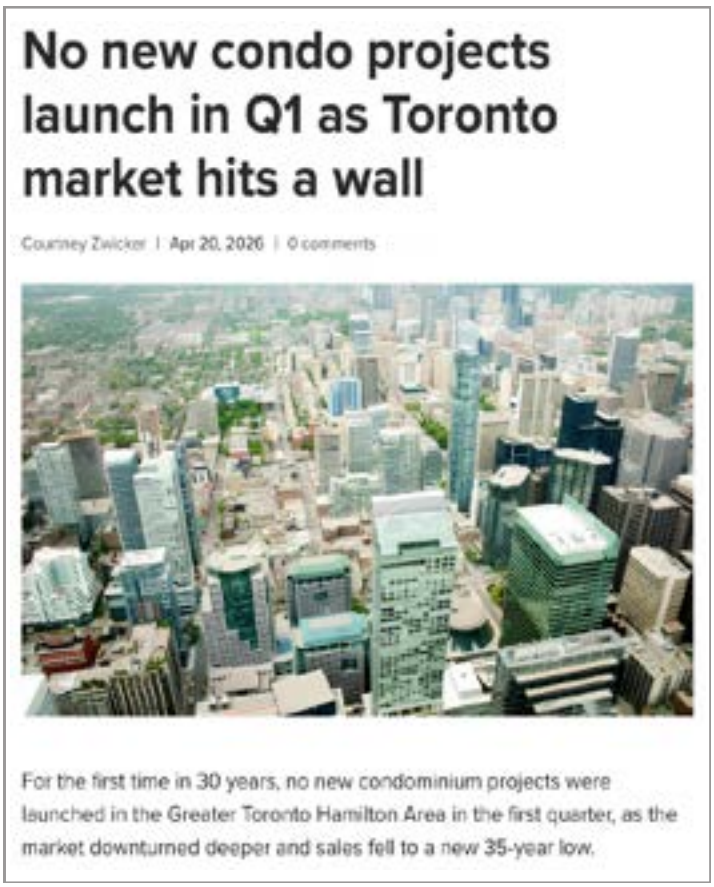
Meanwhile, the Ontario provincial government is stepping in to further incentivize new rental construction[3]:

> The Ontario government is investing up to $178 million through the Building Ontario Fund (BOF) to support the construction of approximately 1,700 new rental homes, including a target of 340 affordable units with below-market rents, in Scarborough.

I understand the thinking here: Help support the development industry which would otherwise be hemorrhaging jobs.

Consider that there were literally no new condo launches in Toronto and Vancouver in Q1….the first time that's ever happened:

[3] https://news.ontario.ca/en/release/1007539/ontario-supporting-construction-of-affordable-rental-units-in-scarborough



No new condo projects launch in Q1 as Toronto market hits a wall

Courtney Zwicker | Apr 20, 2026 | 0 comments

For the first time in 30 years, no new condominium projects were launched in the Greater Toronto Hamilton Area in the first quarter, as the market downturned deeper and sales fell to a new 35-year low.



Zero concrete launches point to presale pressures in Metro Vancouver

Builders in B.C. struggling to meet targets to unlock construction loans

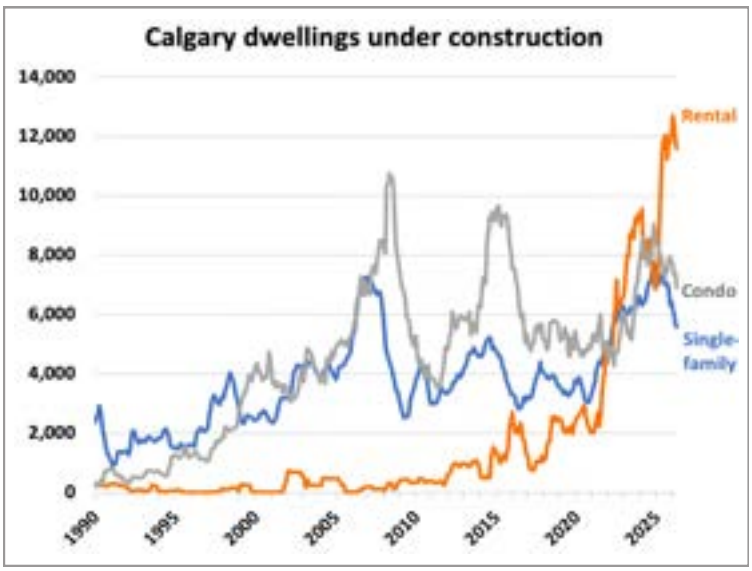
Jorri Milan

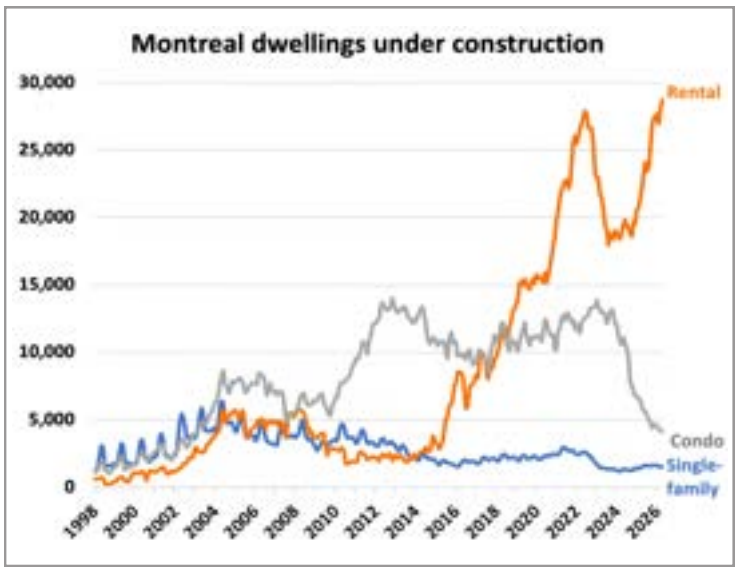
To see how tough today's presale market is for developers, look no further than the concrete high-rise segment.

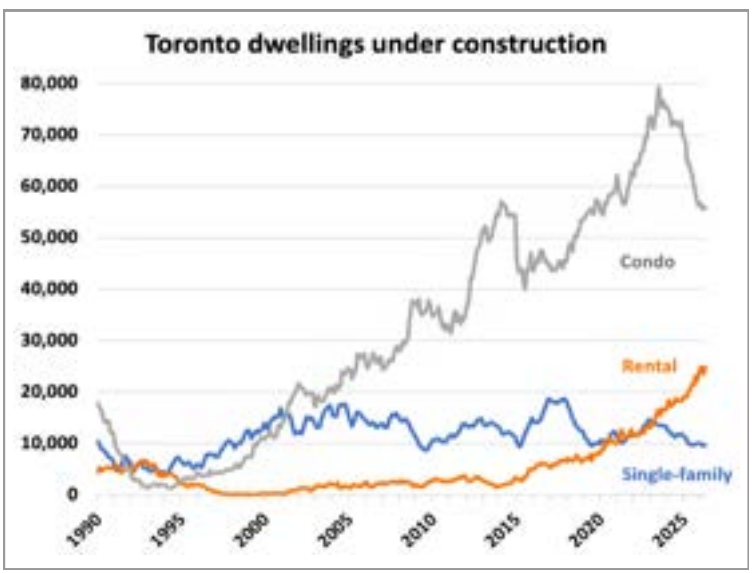
There were zero concrete project launches in Metro Vancouver in the first quarter of 2026, compared to 152 a year earlier, according to data provider Zonda Home Canada, Inc.

And we know "homeowner" starts are back to levels last seen during the depths of the Financial Crisis. Were it not for the aggressive expansion in government-backed rental financing, we would be seeing carnage in an industry that still accounts for nearly 8% of all jobs.

For reference, the breakdown in dwellings under construction by segment and by key metro is shown below:









So the playbook, evidently, is to sacrifice existing landlords in order to try to keep construction employment near the highs. It's hard to argue the thinking from a high level, macro perspective. Still, it reinforces my strong conviction that the operating environment for rental managers will remain challenging over the next couple years.