

THE WEEKLY EDGE

Week of August 4, 2026

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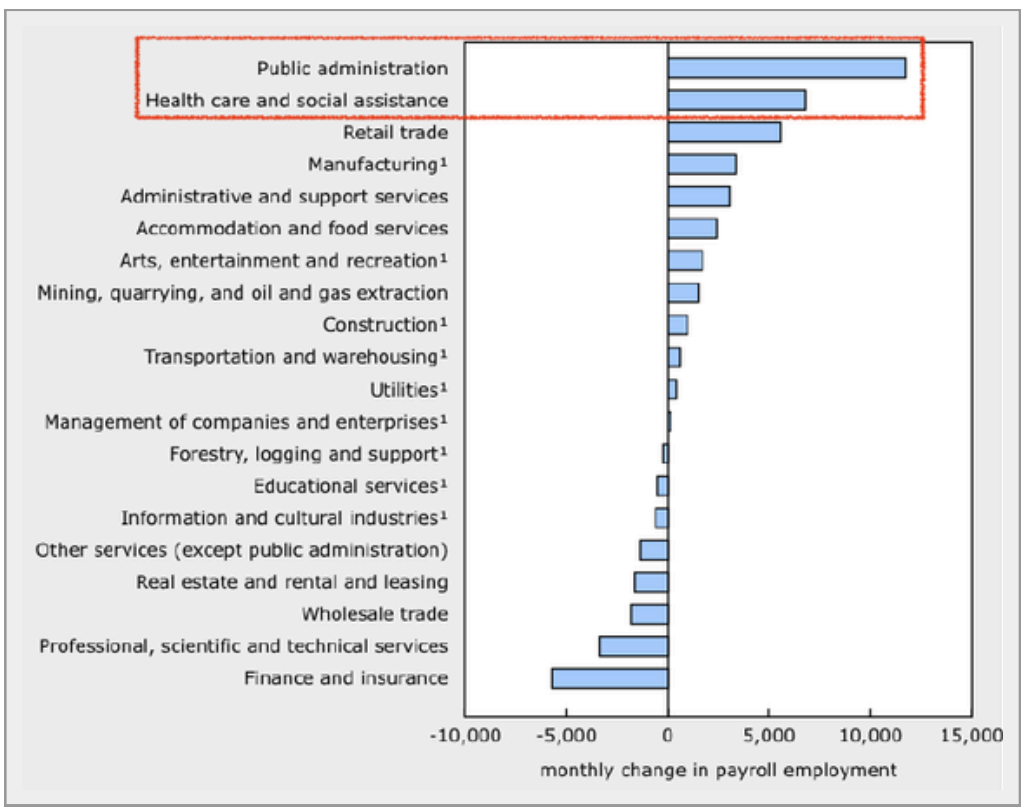
MORTGAGES
FSRA # 12543

1) Payrolls firm in May on surge in public admin hiring

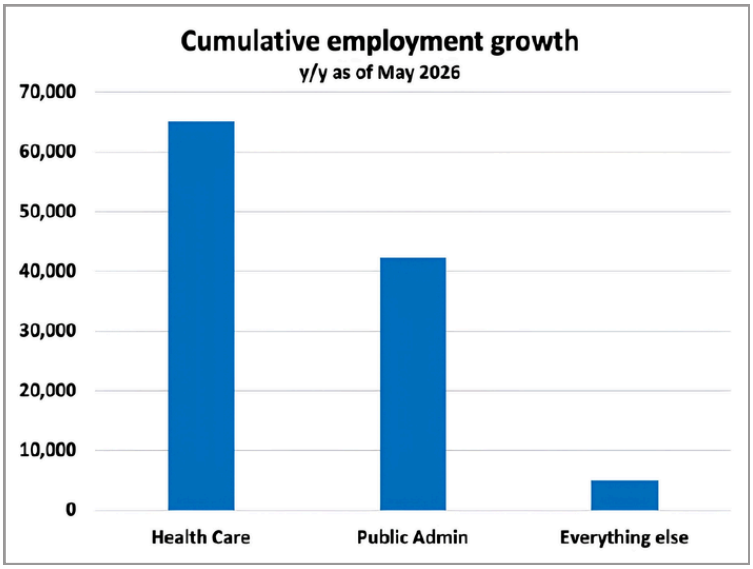
Canadian jobs data this week pointed to a general firming in labour market trends. Payrolls expanded by 24k m/m in May but perhaps more importantly saw a major upward revision to the April numbers (+22k m/m originally reported, +59k revised).

It's often the case with payrolls that the trend in revisions tells us as much about underlying momentum as the headline itself. Those revisions through the back half of last year and into early 2026 were largely to the downside. Today it appears to be the opposite.

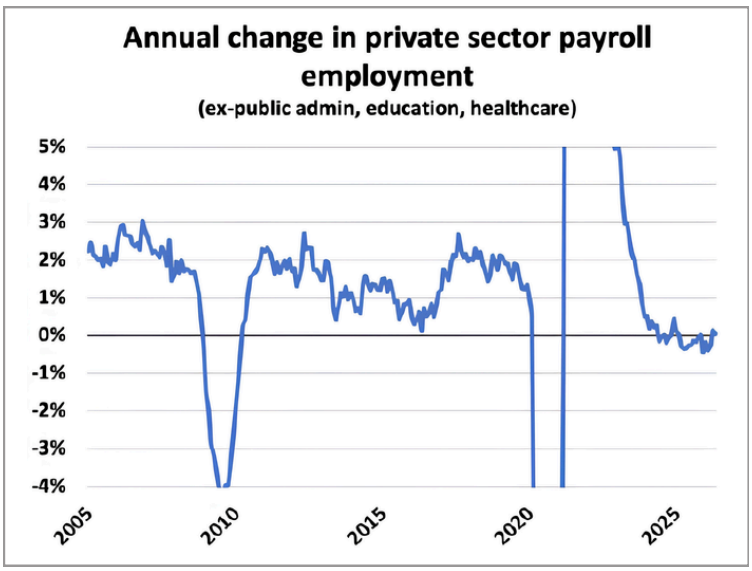
Not everything is completely rosy however. First, note that public admin accounted for half of the net jobs created in May (+12k) while health care added another 7k:



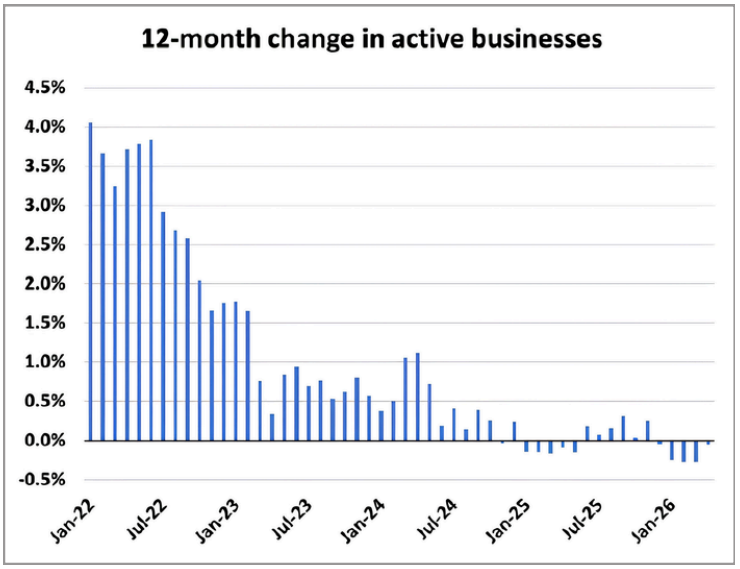
Those two sectors have now accounted for 96% of all jobs created over the past 12 months, which tells us that labour market momentum is highly concentrated in a couple of government-related sectors:

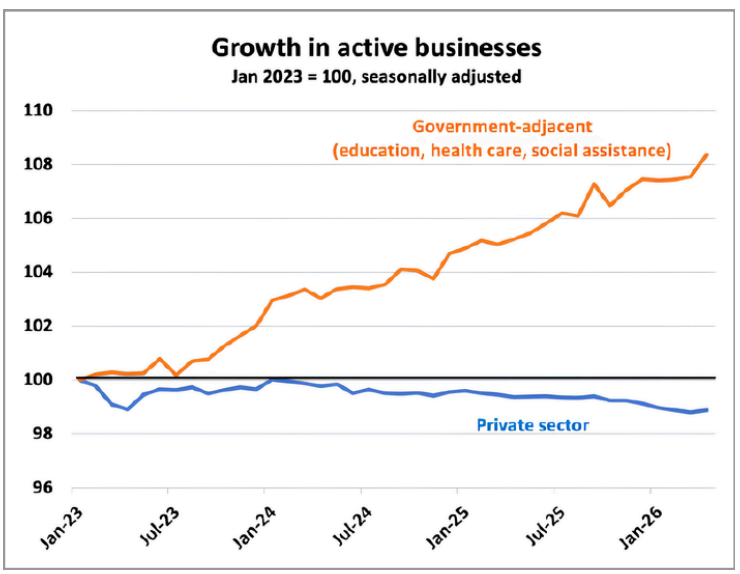


Net them out and we find that private sector proxies are still barely positive on a y/y basis:



This trend is confirmed in the latest business count data. The number of active businesses operating in Canada was effectively flat y/y in April, but that hides the fact that government-adjacent businesses in education, health care and social assistance are up 8% since the start of 2023 while all others are down 1% over the same period:





It's also notable that the momentum in the labour market is heavily concentrated on the prairies where Alberta and Saskatchewan are seeing annual employment growth of 2.4% and 2.3% respectively…. 4x the national average:

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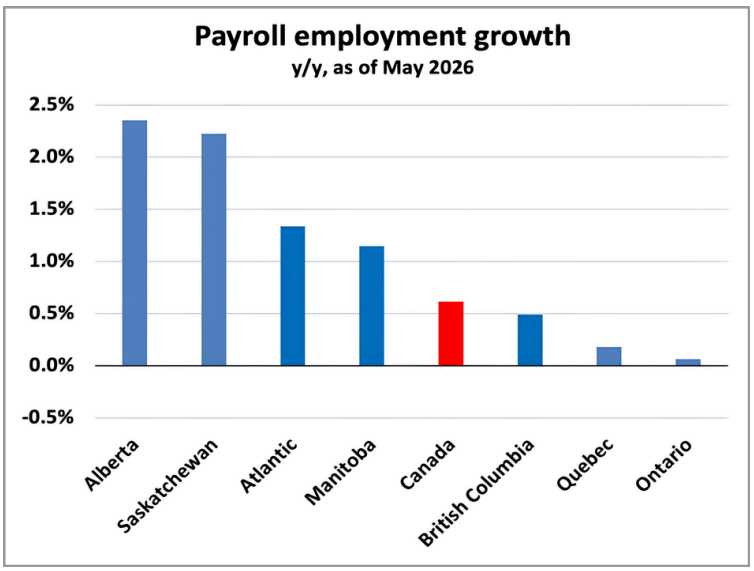
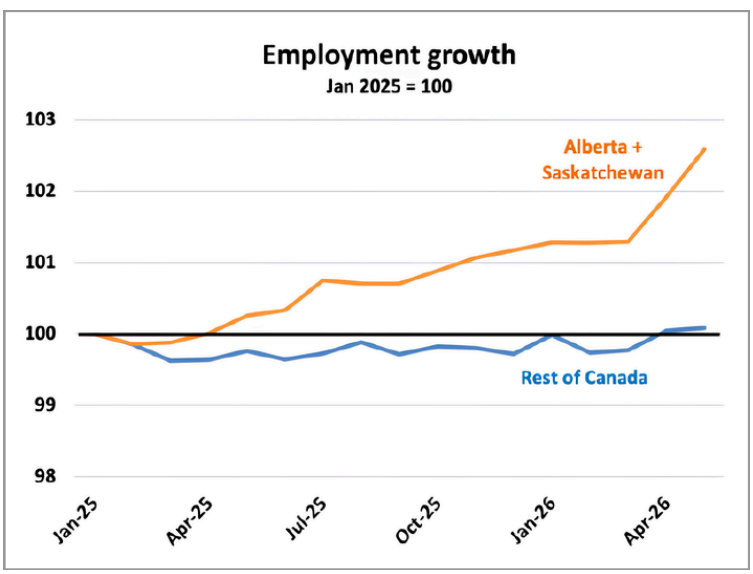
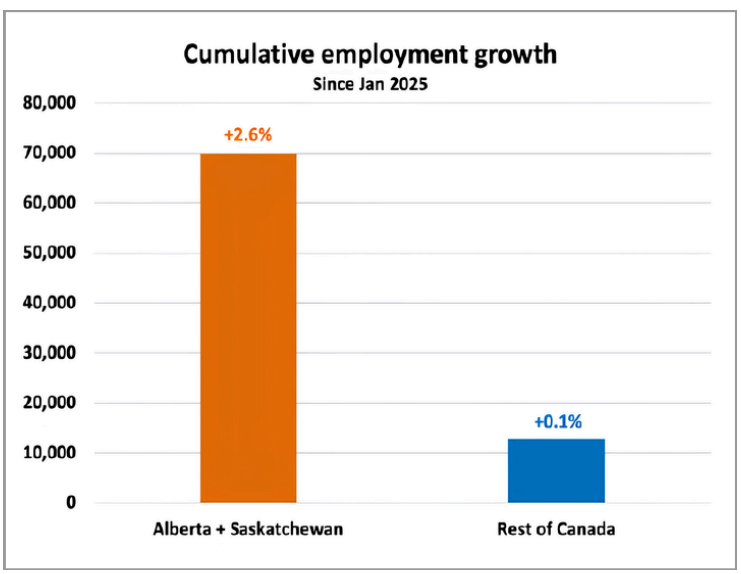


For context, Alberta has seen payrolls expand by 29k or 1.3% in the past 2 months alone…the best 2-month showing since the province was emerging from COVID-related public health lockdowns 4 years ago.

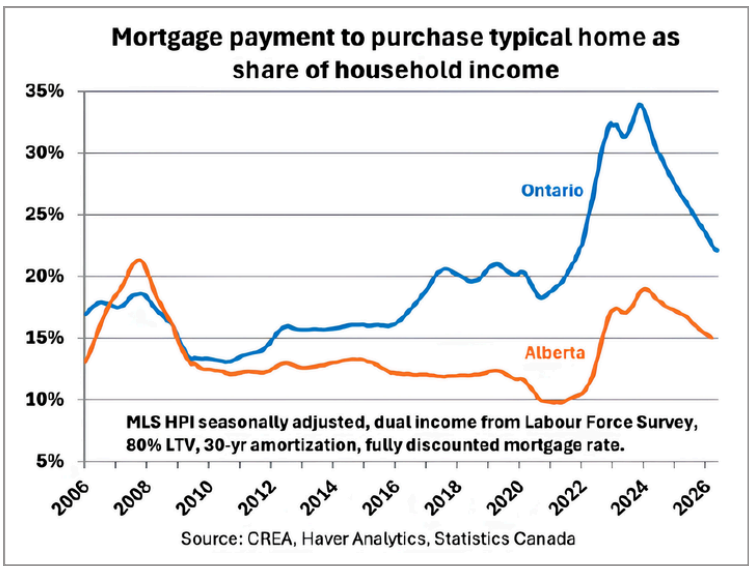
The prairies are turning into the economic powerhouse of the country. Since 2025, cumulative employment growth in Alberta and Saskatchewan is 2.6% compared to just 0.1% for the rest of the country:

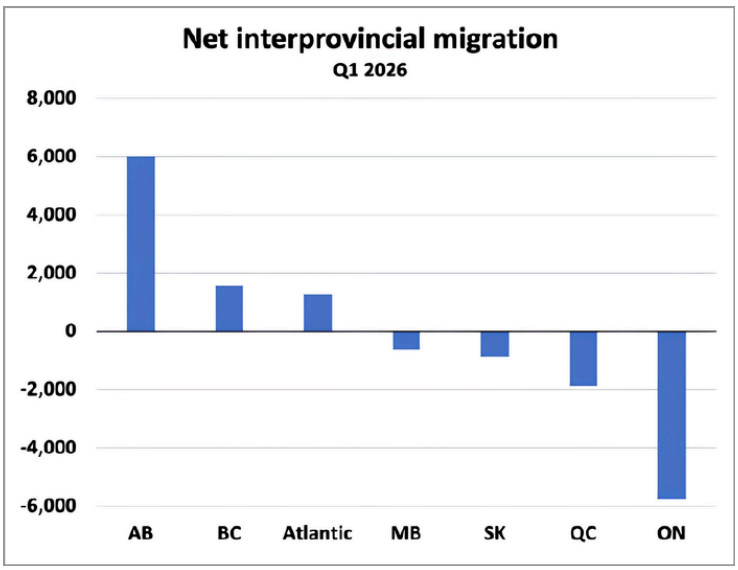




With major capex/infrastructure spending on deck for both pipelines and data centres, it's easy to be optimistic on their prospects….at least relative to Ontario, Quebec, and BC.

Throw in dramatically more affordable housing, and we should continue to see a flow of young people leaving Ontario for Alberta:



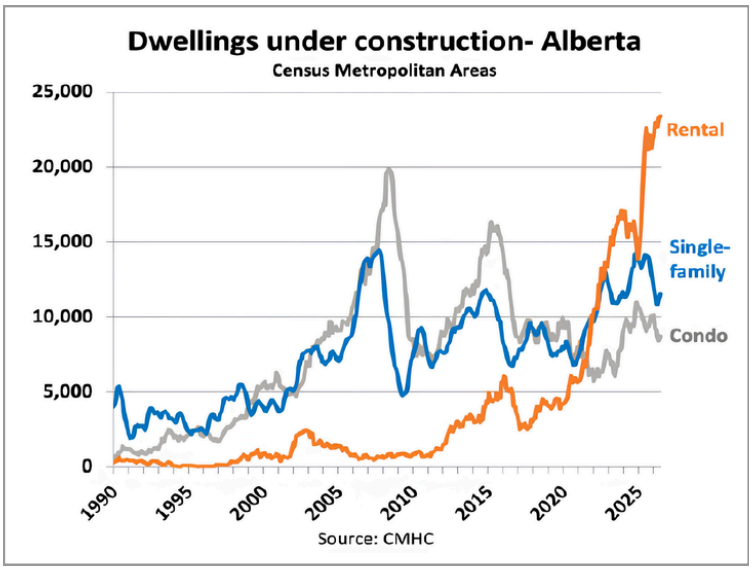


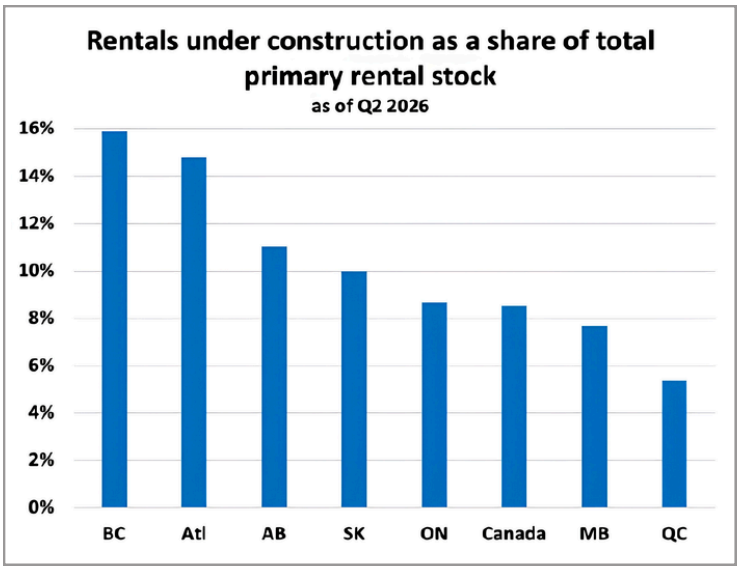
Over the longer term, this population shift could weigh on national average home prices. Housing demand is increasingly moving away from areas with restrictive zoning and scarce land supply and toward regions with more permissive zoning and an abundance of *relatively* inexpensive land.

That could create a challenge for aging boomers looking to sell high-priced homes in Ontario and BC over the coming decade, as prospective young buyers gain access to more affordable housing and economic opportunities in Western Canada.

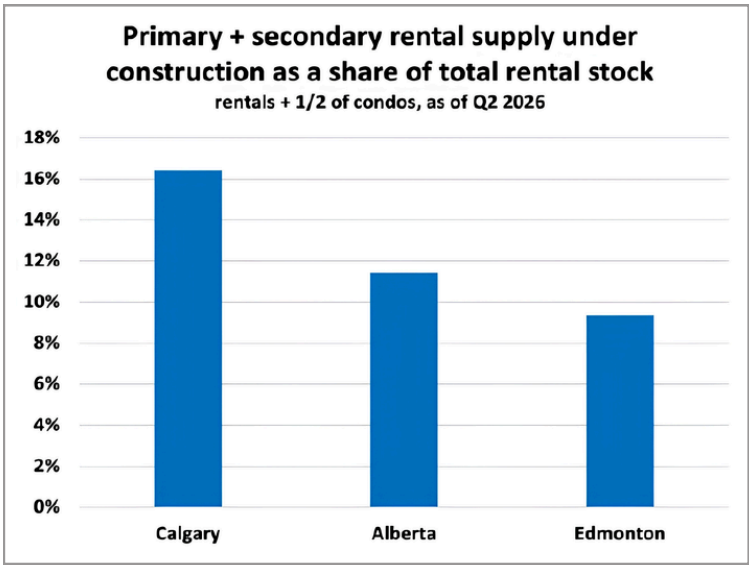
2) *Rental update: Asking rents down 4.6% y/y in Q2*

While I think economic momentum is building in Alberta, I still believe the scale of current construction will mean soft rental market at least through 2027. Consider that Alberta has over 11% of their existing purpose-built rental supply already in the pipeline:

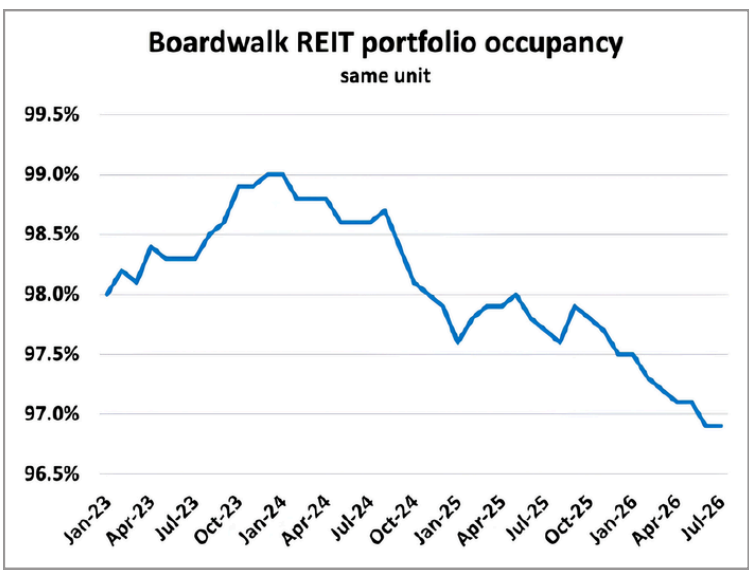




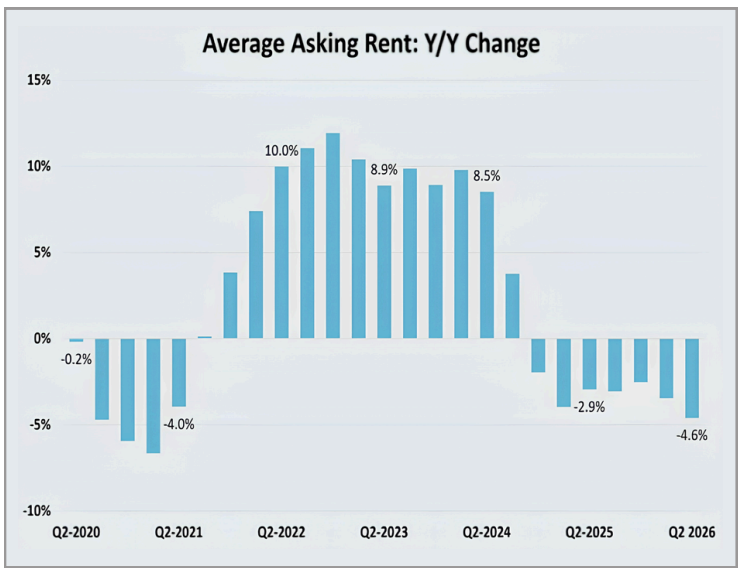
Granted, condo construction is nowhere near prior cyclical peaks. That will limit secondary supply coming to market, but if we assume that half the condos under construction will enter the rental pool at completion, Alberta still has nearly 12% of their combined primary + secondary rental supply in the current construction pipeline….and it's over 16% in Calgary:

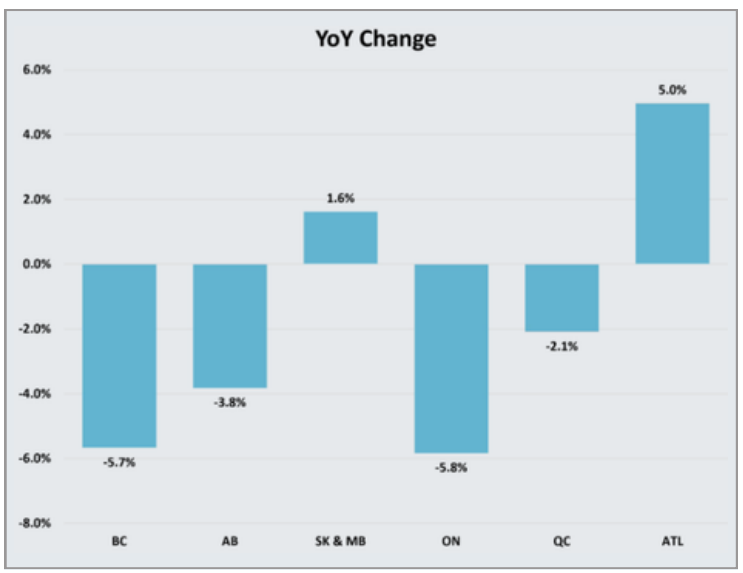


It's hard to imagine this won't weigh on the likes of Boardwalk REIT which derives nearly 2/3 of net operating income from Alberta metros. They reported earnings last week. Results were well-received by markets, with the stock finishing the day up 1.8%. Same-unit occupancy continues to grind lower, something I expect will accelerate next year:



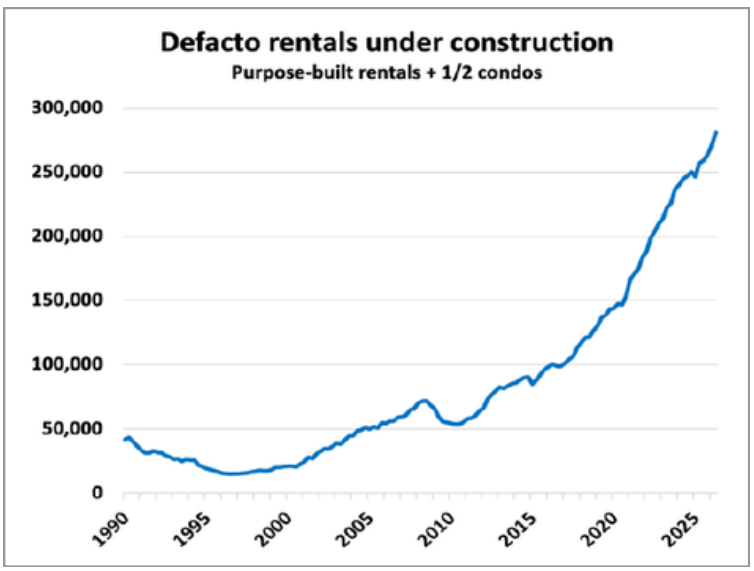
That brings us to the latest quarterly report from Rentals.ca in collaboration with Urbanation[1]. They report a continued decline in asking rents in Q2, led by big drops in BC and Ontario.



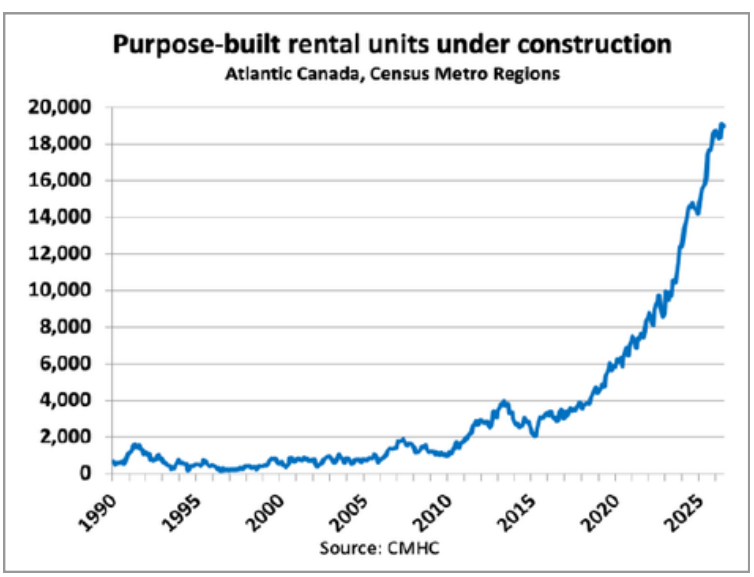


[1] https://prowly-prod.s3.eu-west-1.amazonaws.com/uploads/mailing_attachments/121921/216b8c5fb3b3152641d8fd1fd431ff1d.pdf

For reference, this is with roughly 280,000 rental units in the construction pipeline if we include purpose-built rentals and half of all condos. I don't see how this market materially improves before 2028 barring a dramatic reversal in immigration trends:



Atlantic Canada continues to hold in well with asking rents up 5.0% y/y in Q2. It's hard to imagine this will remain the case as they face a 15% expansion in their rental stock as the current construction supply completes:



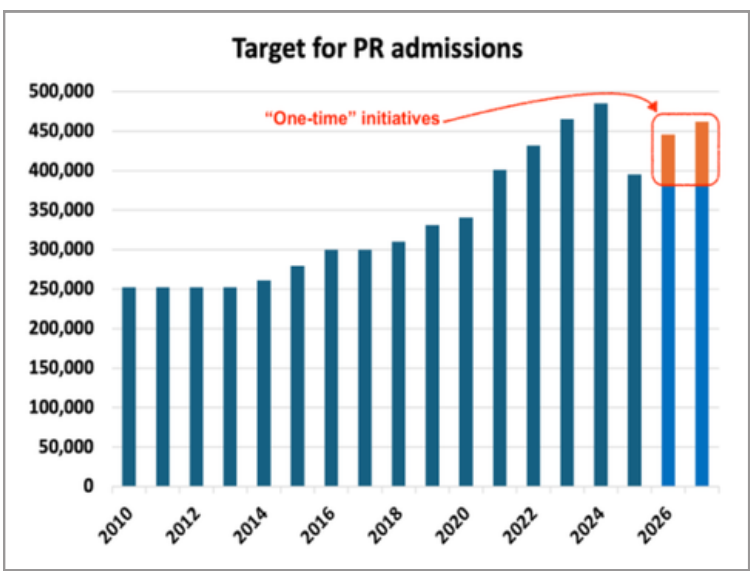
It does however suggest that occupancy trends at the likes of Killam REIT will probably look decent this quarter and continue to buck the national trend….at least for now.

3) Are we under-counting Canada's population?

PR Update

The Government of Canada created a new webpage[2] titled, "Understanding Permanent Resident Numbers in Canada". It includes monthly processing data for permanent resident admissions and details the 2026-2027 PR admission targets.

One key takeaway is that if we include the "one-time" initiatives announced in the 2025 budget, PR admissions for this year and next are expected to be the third and fourth highest on record. This is important for housing demand since permanent residents represent potential future homebuyers:

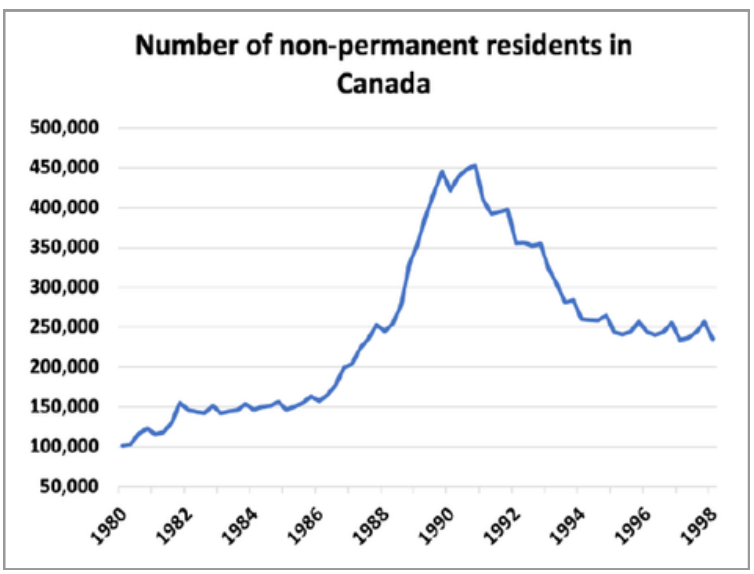


A few important points:

- PR admission is typically granted based on a numerical score that is determined by factors such as the applicant's age, educational attainment, Canadian work experience, language proficiency, etc. This score heavily favors applicants with Canadian work and education experience….ie temporary residents already in the country.

[2] https://www.canada.ca/en/immigration-refugees-citizenship/corporate/reports-statistics/statistics-open-data/immigration-stats/permanent-residents.html

- Because of the above, a rising share of PR admissions are coming from people already in the country on a temporary basis **and already included in population estimates**. This trend will accelerate going forward and is a key reason why population growth will be much lower for longer. We will effectively be reclassifying people already in the country vs bringing in "new" bodies.
    - Note, we saw the same trend following the non-permanent resident boom of the late 1980s which was larger in percentage terms than the most recent post-COVID boom. As this cohort transitioned into permanent residency, it suppressed headline population growth for the next decade. Expect a similar dynamic to play out this time.



Are we undercounting temporary residents?

So says CIBC Economics in new research report[3]:

> […] In its June 2026 population release, Statistics Canada notified users that its next release in September would include material revisions to interim population estimates from the past year. These revisions are expected to adjust NPR numbers upward and to be larger than the adjustments typically made in prior years.

[3] https://economics.cibccm.com/cds?id=ba1e7f52-0d7c-43d7-8c39-87fbd473f659&flag=E

The full scope of these revisions is still unknown. However, it is highly likely that a sufficient number of NPRs will be recognized as legally resident in Canada — despite having previously been treated in published data as having exited — to revise Canada's 2025 population change back into positive territory.

Recognition of these valid visas will also likely result in overall population growth in 2026

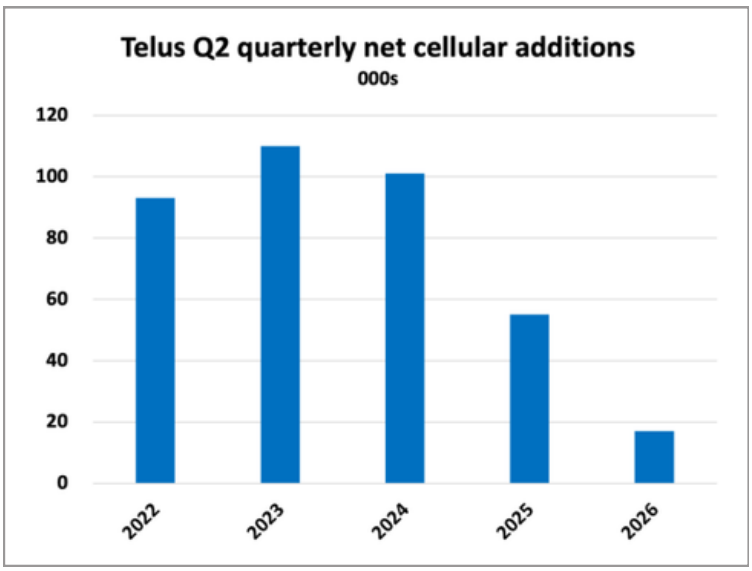
	NPR Share in population Current estimates/ projections	NPR Share in population After revsion (CIBC projections)	Population growth after revision (CIBC projections)	Gap (revised population growth minus current estimates)
2024	7.6%	7.7%	797,555	
2025	6.4%	6.9%	7,564	160,000
2026	5.5%	6.1%	56,000	210,000
2027	4.8%	5.4%	139,000	210,000
2028	4.8%	5.2%	240,000	110,000

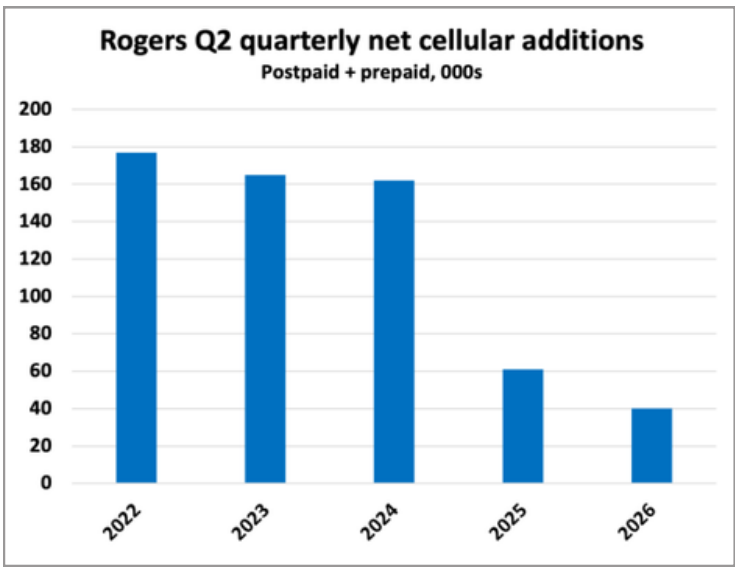
Source: Statistics Canada, Integrated Trade and Economics, CIBC

My view has always been that we have reason to doubt the absolute number (after all, Canada has done a terrible job of tracking exits at permit expiry), but there's no reason to doubt the broad trend. Population growth has slowed dramatically, and we see this in everything from falling transit ridership across the country to falling net cellular additions at big telcos.

On that point, Telus reported last week. It was a tough quarter that included an unexpectedly large dividend cut. The stock slumped 11% on Friday.

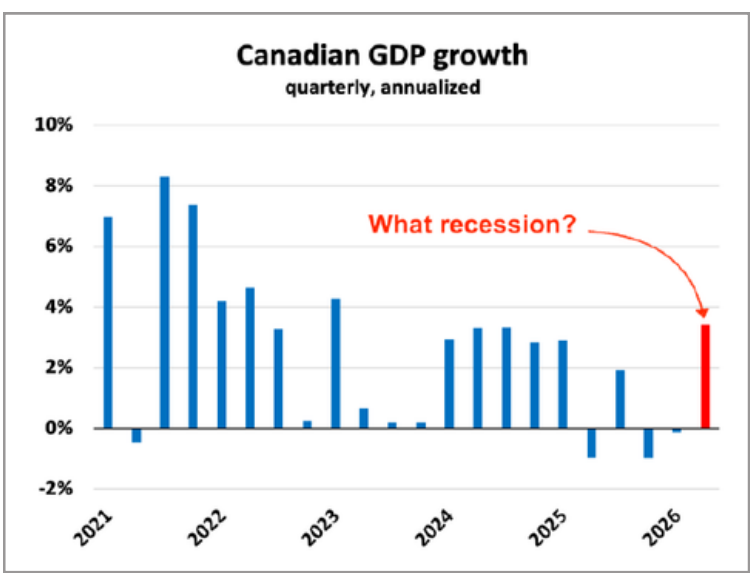
Just look at their cellular additions and tell me we aren't seeing a massive slowdown in population growth. Yes, they're seeing competition from Quebecor but the trend is similar to that reported Rogers as reported in last week's note:



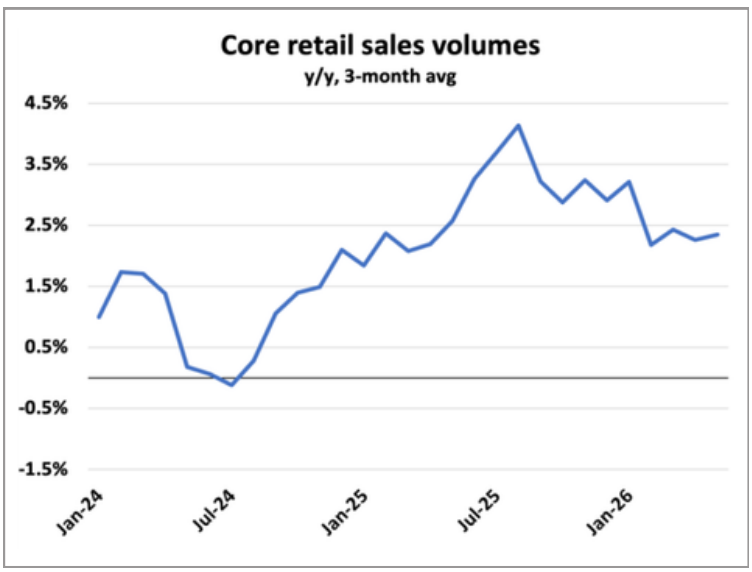


But at the same time, it is hard to square a reported 0.5% annual decline in Canada's population with solid GDP data. After all, GDP is nothing more than population growth multiplied by productivity growth. If Canada's population is falling sharply, it SHOULD be hard to generate growth.

Canada's GDP expanded 0.3% in May (+0.1% expected) with preliminary estimates pointing to further 0.2% growth in June. That points to a Q2 print somewhere in the +3.4% annualized range….well above the Bank of Canada's own rosy forecast 2.5% forecast from earlier this month. We'll know for sure when we get the official data at the end of next month, but safe to say the recession talk is now dead:



We also know retail sales are holding in unexpectedly well with core sales volumes (ie adjusted for inflation) running at a +2.3% clip:



Given the above, it's clear we've either stumbled onto major productivity gains OR Canada's population growth is understated. It's likely the latter.

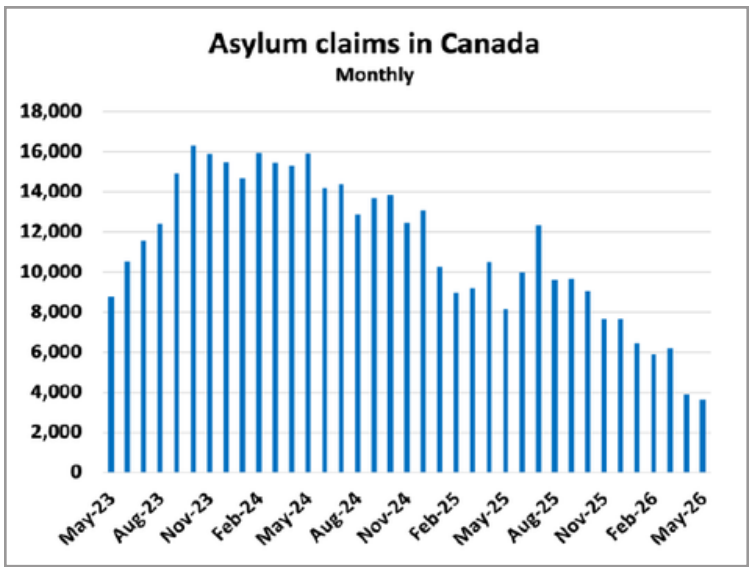
It seems very likely that Canada's population estimates will be revised materially higher for the past year, but I would be surprised if population growth overall is revised into positive territory for 2025.

Looking forward, the story remains largely unchanged: Canada is in a low population growth era, and the number of temporary residents in the country (a key renter cohort) is still in decline. That means a continued headwind for the rental market.

More importantly, public sentiment is still strongly opposed to any increase in immigration levels. This would have been THE issue of the last election had Donald Trump not uttered the words "51st State", and I don't think Prime Minister Carney wants to open that can of worms and giving an angle of attack to his political enemies by aggressively reopening the spigots.

If anything, I believe things will still tighten from here. The government is only beginning to turn the screws on the asylum programs. Asylum seekers have added 45,000 to Canada's population in the past year (at a time when reported growth is negative), and have added 300,000 since the start of 2023.

But claims are now slowing sharply, as discussed last week, and this trend will continue as the government grapples with rampant fraud in this program. The most recent example: Asylum claims made by visitors here to watch the World Cup.





It's entirely possible that Canada's population growth is revised from abysmal to just terrible. That won't change the broad story, and I believe people are still underestimating on how long Canada's growth will remain subdued.

4) *Industry temperature check: What bottoms look like*

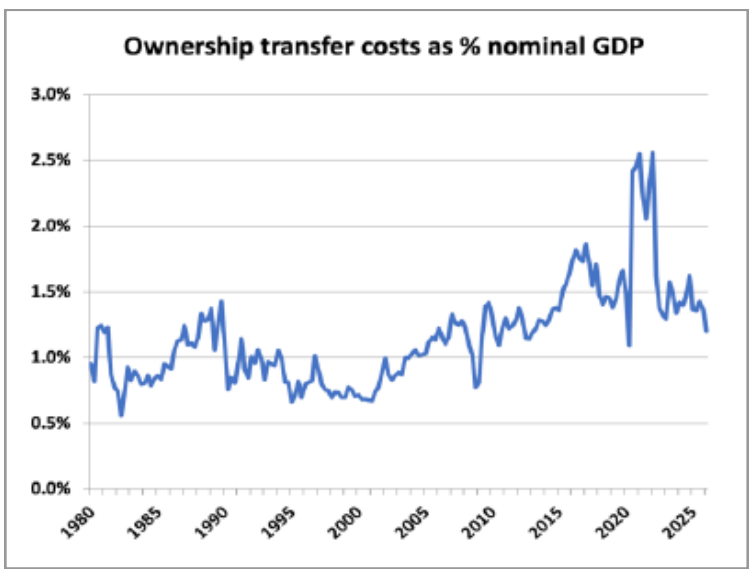
Some interesting signposts on the state of the industry in Canada.

First, we have Bridgemarq (BRE.TO), the parent company of Royal LePage whose stock crashed more than 50% earlier this month after it cut the dividend by 96%.



BRE was a casualty of the steep decline in home sales, which ultimately drives revenues for the company. For reference, the dollar volume of home sales in Q2 was down 42% from the 2022 peak.

We can see this in real estate ownership transfer costs which hit an absurd high of 2.5% of GDP in 2021 but fell to the lowest share in 12 years in Q1 if we set aside Q2 2020 when the world locked down:



Not surprisingly, the ranks of realtors is now slowing sharply. From the Globe[4]:

> **Thousands of realtors are leaving the industry as house sales stall**
>
> […] As of the first quarter of this year, there were 155,980 members, according to CREA data. That was down 1.7 per cent from the fourth quarter of last year. Membership fell 3.3 per cent from 2024 to 2025, and, for the previous year, it eased 0.3 per cent.
>
> At its peak in 2023, CREA had 164,598 members. In the 10 years leading to the record number, membership climbed 50 per cent.
>
> […] In Ontario, the country's largest real estate market, there were 84,798 realtors or salespeople at the end of last year, according to provincial regulator, the Real Estate Council of Ontario (RECO.) That is down 1.3 per cent from 2024 and marked the first decrease in licensed realtors in at least eight years.
>
> […] In B.C., the number of realtors has also receded. There were 28,483 realtors in the province as of this April, according to data from the BC Financial Services Authority, which regulates financial services, including real estate services.
>
> That is down 2.8 per cent from April, 2025, and marks the third consecutive year the number of realtors has decreased. In 2023, there were 29,647 realtors in the province.

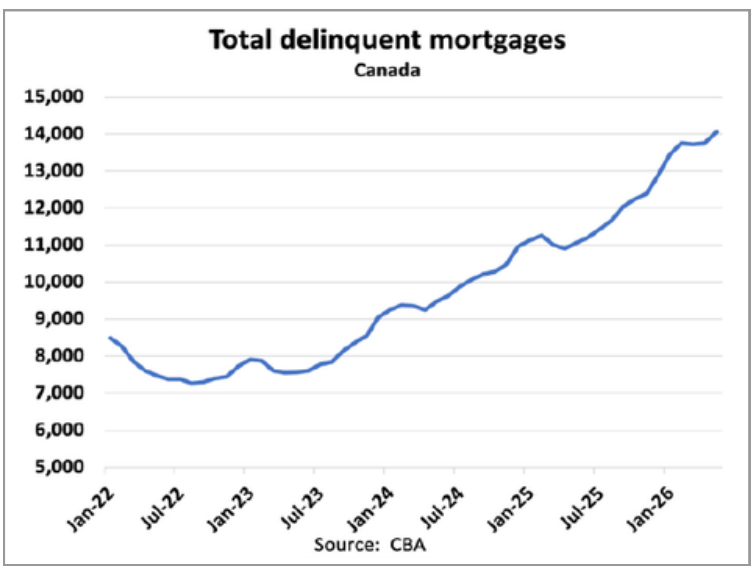
This is exactly what you'd expect near the bottom of a cycle: fewer industry participants and greater consolidation. It's painful in the moment, but a leaner industry creates the potential for stronger profitability among those who can endure until the cycle turns.

[4] https://www.theglobeandmail.com/business/article-with-home-sales-slow-realtors-take-a-step-back-from-the-industry/

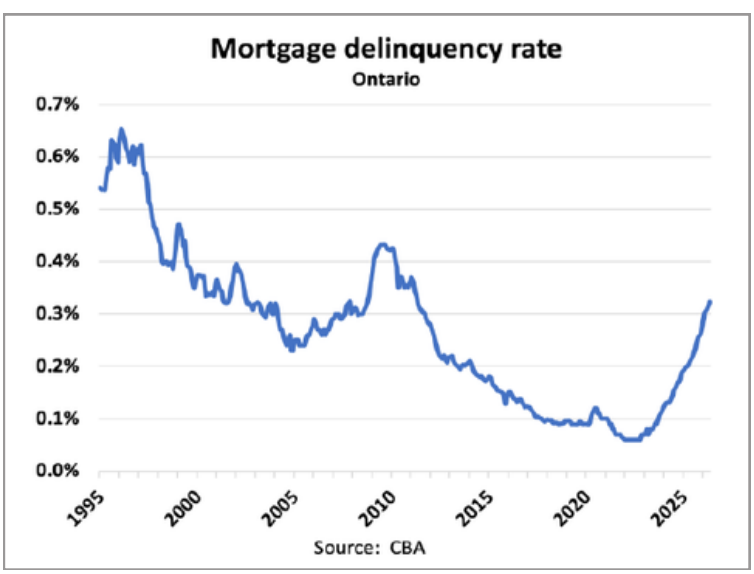
5) Mortgage delinquencies are still risin

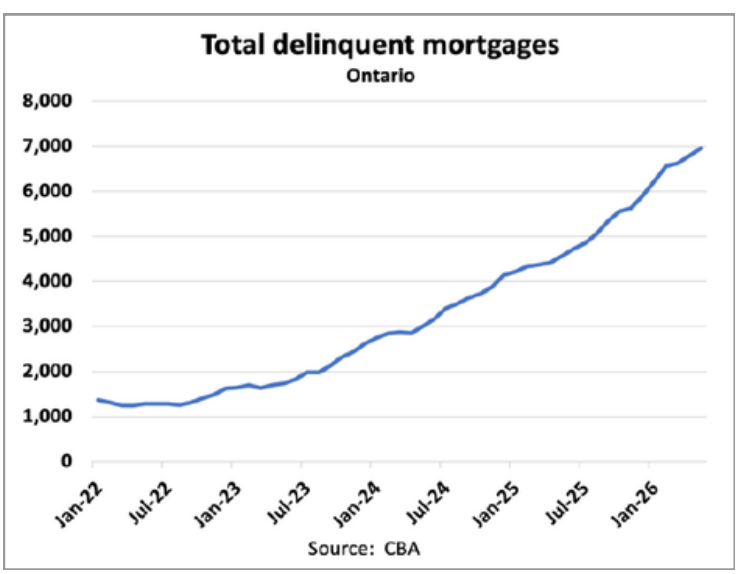
Remember that mortgage delinquencies are a LAGGING indicator. It often takes a year of financial duress before borrowers actually default. This data tells us more about where the economy has been than where it's going, but it's still well worth tracking.

The most recent data from the Canadian Bankers Association this week showed the number of delinquent mortgages across the country continues to rise…up 27% y/y in May and up 14% in the past 6 months:



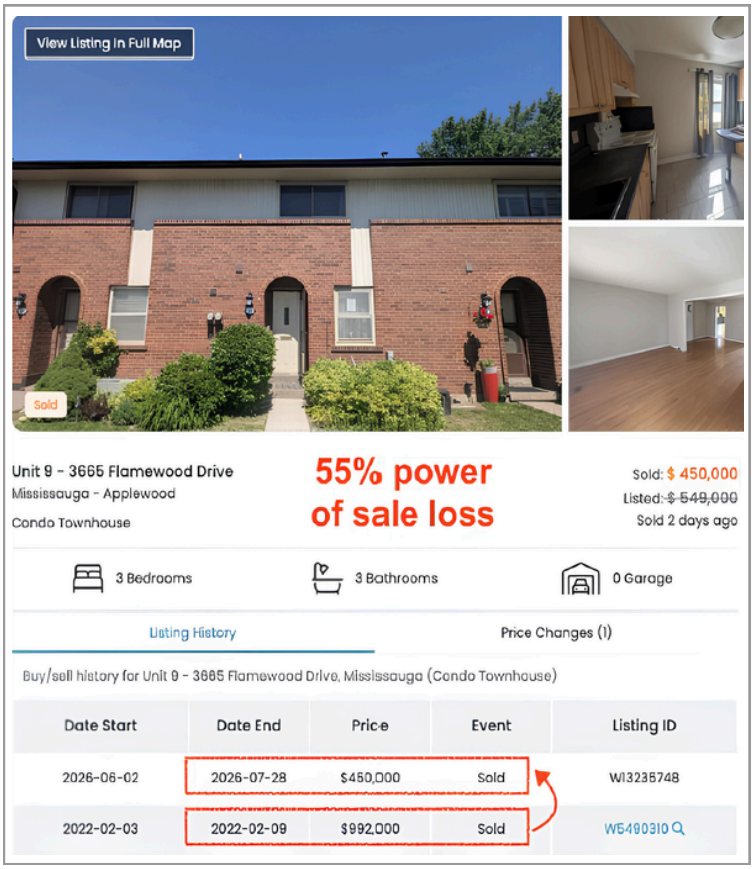
Not surprisingly, the increase continues to be driven by Ontario where delinquencies are up 24% in the past 6 months and up 52% y/y.

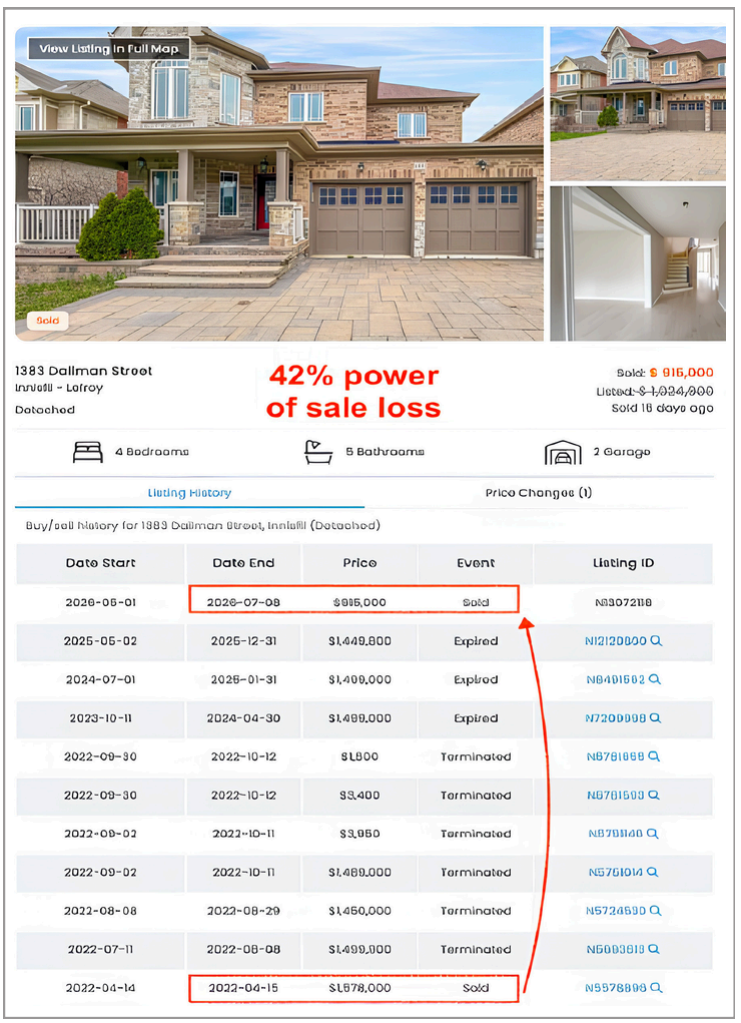


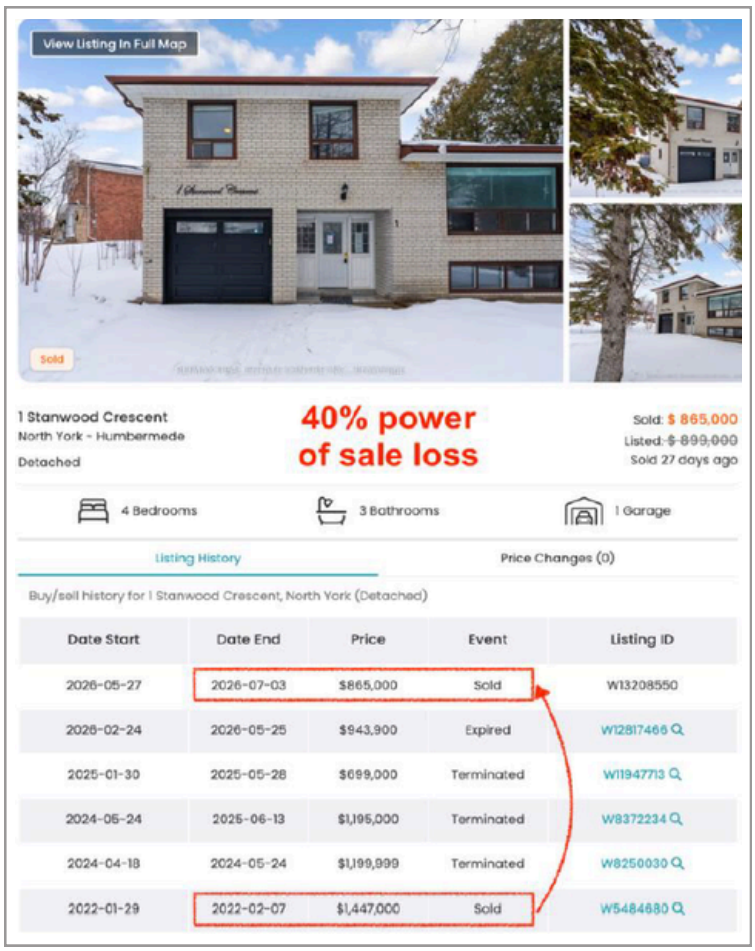


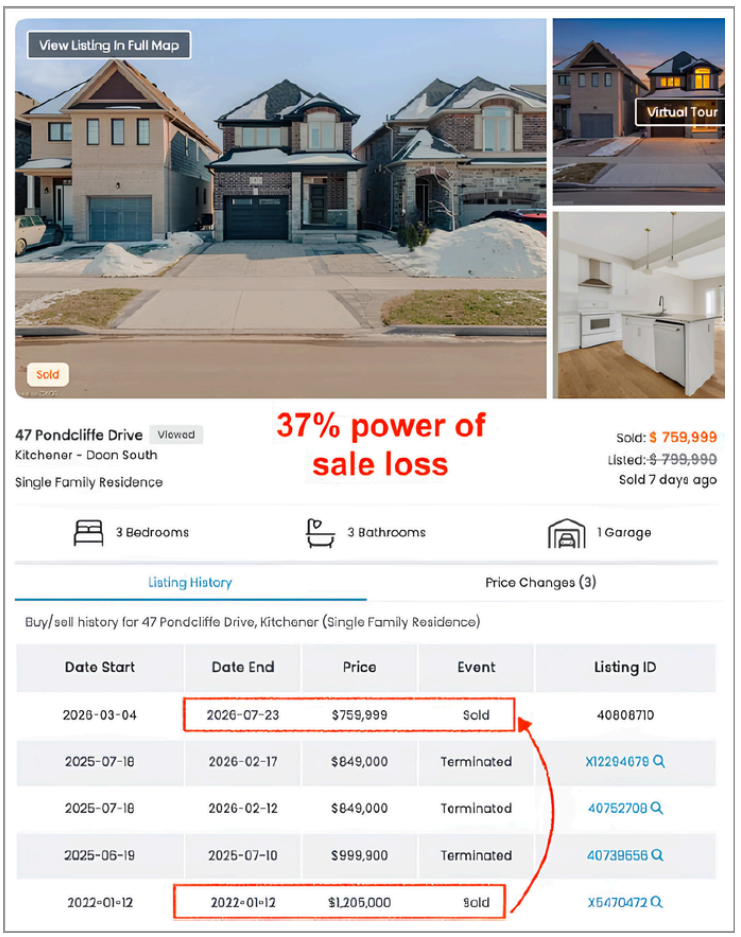
While I think that prices in Ontario will begin to stabilize (see last week's note arguing that province may be bottoming), the rising number of forced sales does add volatility to prices.

We continue to see some eye-watering power of sale losses, including a Mississauga (west part of GTA) condo townhome that just sold for 55% below the previous sale price:



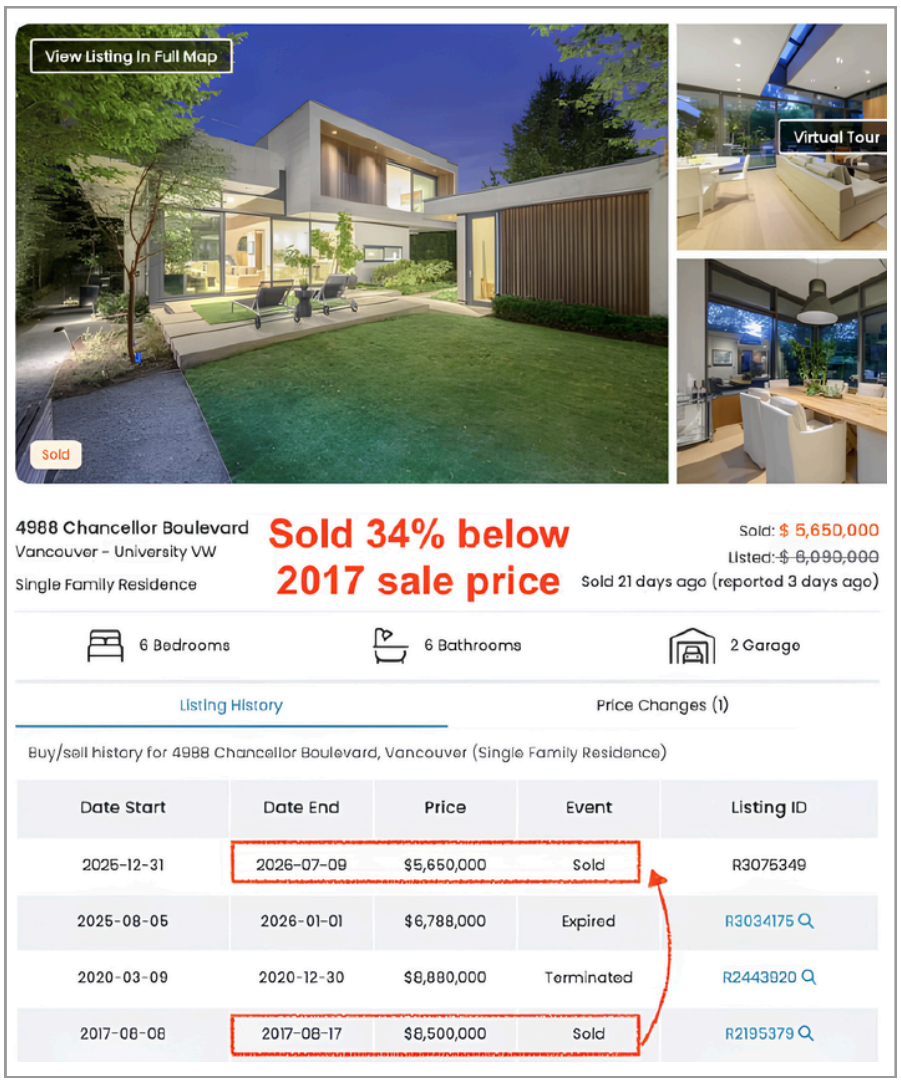






Over in BC, the number of delinquent mortgages are up 18% in 6 months and 30% y/y. Coupled with the collapse in capital flight out of China, we see extreme declines in some high end properties.

Consider the one below that just sold at a 34% loss relative to the 2017 sale price!


View Listing In Full Map
Virtual Tour
Sold
4988 Chancellor Boulevard
Vancouver - University VW
Single Family Residence
Sold 34% below
2017 sale price
Sold: $ 5,650,000
Listed: $ 6,090,000
Sold 21 days ago (reported 3 days ago)
6 Bedrooms
6 Bathrooms
2 Garage
Listing History
Price Changes (1)
Buy/sell history for 4988 Chancellor Boulevard, Vancouver (Single Family Residence)
Date Start
Date End
Price
Event
Listing ID
2025-12-31
2026-07-09
$5,650,000
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2020-12-30
$8,880,000
Terminated
R2443920
2017-08-08
2017-08-17
$8,500,000
Sold
R2195379