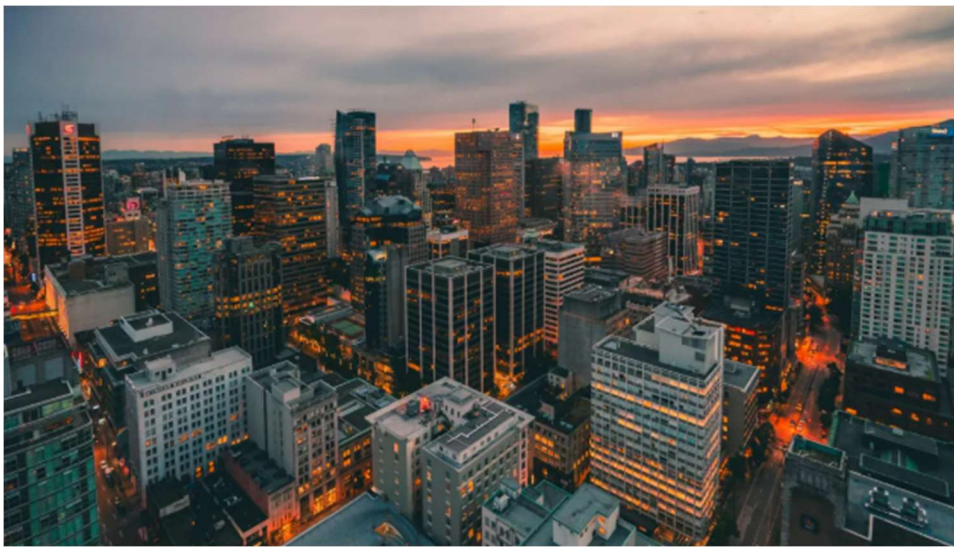


Better Dwelling - February 19, 2026

# Canadian Housing Is Too Expensive to Buy, Not Profitable to Build: CIBC

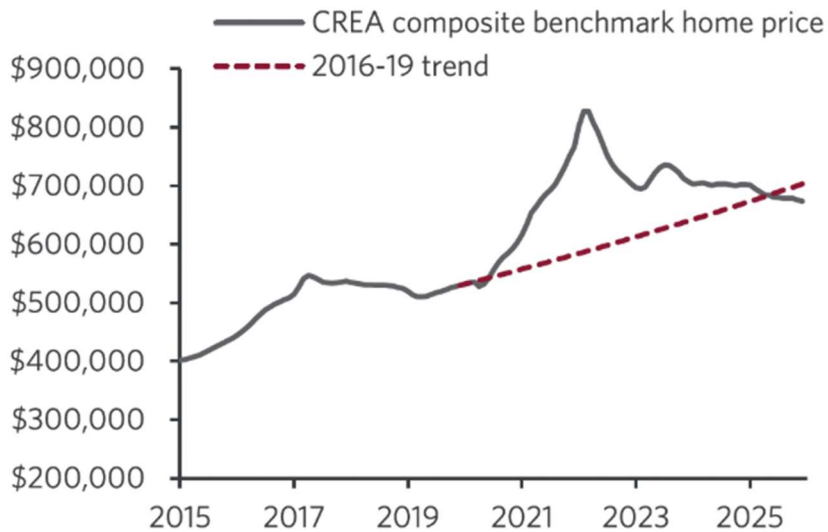
February 19, 2026



Canadian real estate prices have come down, but this level still isn't working for anyone. CIBC Economics wrote to investors this week, explaining prices have come down considerably, improving affordability. More affordable isn't the same as affordable though, with demand nearly collapsing. The bank warns that housing starts have been misleading, reflecting past demand—not current. They see housing problems worsening as the market is stuck between being too expensive for buyers, and not profitable enough for builders.

## Canadian Real Estate Price Correction Significant but Not Enough

Data nerd alert: The benchmark home is re-weighted annually and applied retroactively. This reduces the “trend” as condos take up a larger share of today’s composite basket.



Source: CIBC; CREA.

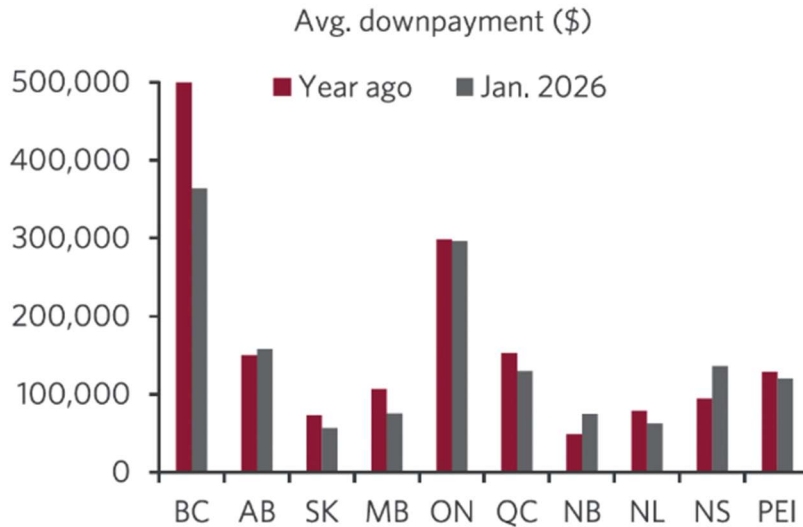
Prices are down at the national level, but it’s been largely confined to a few provinces. The bank’s analysis shows Ontario home prices 28% lower than the trendline, and BC home prices 13% lower than their 2022 peak. The remaining provinces only show minor seasonal variance, but that’s starting to change—fast.

“A significant drop in population growth and emerging affordability issues are slowing activity in Atlantic Canada and the Prairie provinces,” explains CIBC. “Home price inflation is slowing notably... with Alberta and Nova Scotia already in negative territory.”

Price declines have also been largely confined to condo apartments, 35% below the trend line but only 15% lower than the early 2022 peak. “Again, the most significant damage is in Ontario and BC while other centers start to show early signs of stress,” writes the bank.

## Canadian Homes: Too Expensive to Buy, Too Cheap to Build

CIBC estimates for average 20% downpayment, by province.



Source: CIBC.

The decline in home prices has significantly reduced the amount buyers need for a downpayment. The bank estimates an average 20% downpayment is roughly \$22,000 lower than 2022, though the relief is limited to just a few of the priciest provinces. The average in most provinces is still 6-digits, rising to nearly \$300k in Ontario, and even higher in BC. Not an easy hurdle to clear, especially for those households just trying to enter the real estate market.

A lack of affordability combined with investor hesitation over recent losses has led to a significant drop in demand in recent years. The bank notes “...the most significant damage is clearly in the oversupplied condo market.”

Plans for new housing supply are now slowing down—though it’s been hard to see with elevated housing starts. At 260k units in 2025, policymakers took no time patting themselves on the back for such a sharp rise in starts. Most of these units are in the

multi-family condo apartment space, which tends to have higher building costs than low or medium rise housing due to the complexity and location.

However, CIBC warns new home starts data is a lagging indicator.

### **Canadian Housing Starts a Lagging Indicator of Demand**

Demand for these homes starts years prior during the pre-construction marketing phase, but the bank has an even bigger beef—what the CMHC actually considers a start. By definition, a new housing start occurs once the foundation or footing is ready for construction. For low and medium rise homes, this isn't particularly noteworthy as it's relatively fast. High rise apartment complexes are a little more complex, with the preparation and excavation not being counted, much to the displeasure of the bank.

Lofty builder costs have also prevented prices from coming down. While most people assume a higher level of building brings home prices lower, it actually creates excess demand for building materials and labor. Even with demand virtually non-existent, this makes it difficult for homebuilders to make material cuts to prices.

“The best way to describe the current state of the housing market is to say that prices are still too high to buy and not high enough to build,” warns CIBC. “... the economics of homebuilding, mainly in the high-rise space, is simply broken.”

All of these factors are converging to force the market in a less healthy space, especially when it comes to the flow of new supply. “Without cutting the cost of new home deliveries significantly, things will not improve, in fact, they will get worse.”