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MARKET REPORT · BRITISH COLUMBIA

BC Q2 2026: Interior Holds Firm as Lower Mainland Lags Under a Steady Rate Policy

British Columbia's average residential price slipped only 0.8% year over year to about $947,000 in June 2026 (BCREA). Metro Vancouver's composite benchmark fell 6% to $1,099,100 over the same period (GVR). That gap is the main story of Q2 2026. Modest price gains in the Okanagan and most of Vancouver Island offset much of the weakness in the Lower Mainland, which is the province's most expensive region.

$947,000
BC AVERAGE PRICE
Province-wide, down 0.8% YoY, June 2026 (BCREA)

7,225
BC MLS® SALES
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PURPOSE-BUILT VACANCY
Metro Vancouver, October 2025, up from 1.6% (CMHC)

3.36%
5-YR GOC YIELD, Q2 HIGH
May 15, 2026; closed the quarter at 3.01% on June 30 (Bank of Canada)

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01 **The province held up better than its largest market.** BC's average price fell 0.8% year over year in June 2026 (BCREA). Metro Vancouver's composite benchmark fell 6% (GVR), and the Fraser Valley benchmark fell 7.1% to $884,800 (FVREB).

02 **Interior sales rose.** Okanagan sales were up 5.3% in June 2026, with an average price of $790,129. Kamloops sales rose 1.9% (Association of Interior REALTORS).

03 **Greater Vancouver's June pickup is still below normal.** Metro Vancouver recorded 2,390 sales in June 2026, up 9.6% year over year but 12.4% below the 10-year seasonal average of 2,728 (GVR).

04 **The Bank held, but borrowing costs did not fall.** The Bank of Canada kept its policy rate at 2¼% on April 29 and June 10, 2026. Meanwhile, the five-year Government of Canada yield peaked at 3.36% on May 15 (Bank of Canada).

05 **Asking rents are falling faster than the legal cap allows rents to rise.** BC average asking rents were down 5.3% year over year in June 2026 (BC Government, citing Rentals.ca data). The 2026 maximum allowable increase is 2.3% (Residential Tenancy Branch).

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06 **Lower sales volumes are cutting provincial revenue.** Property transfer tax collected from April to June 2026 was $462M, which is $76M below the $538M budget (BC Ministry of Finance, first quarterly report for 2026/27).

01

Rental Market

BC's rental market went into Q2 2026 with the most slack in a generation. CMHC's most recent Rental Market Survey, conducted in October 2025, put Metro Vancouver's purpose-built vacancy rate at 3.7%, up from 1.6% a year earlier. Nationally, the rate rose to 3.1% from 2.2% (CMHC). CMHC published no new survey during the quarter, so the October 2025 figures are still the official baseline. Metro Vancouver's regional housing dashboard also shows average annual rent increases slowing to 2.0% in 2025.

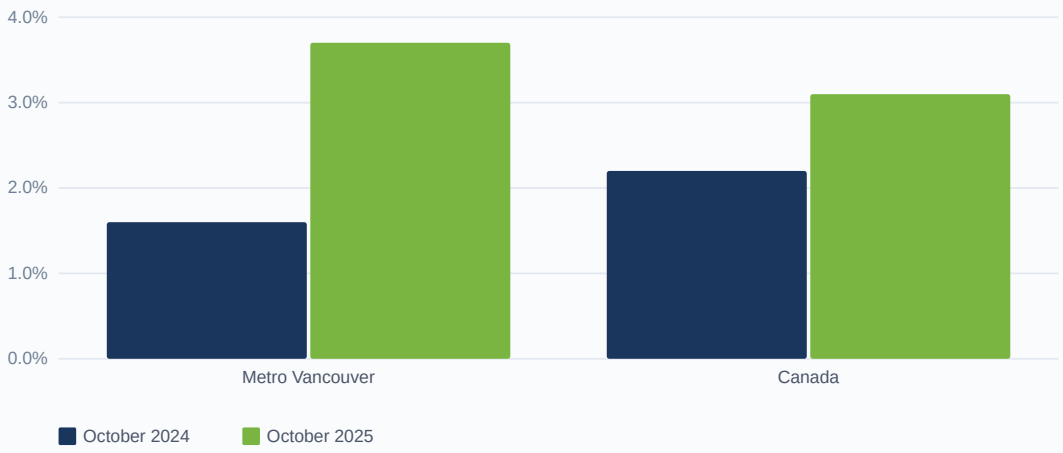


Fig. 1. *Purpose-built rental vacancy rate, Metro Vancouver vs. Canada, October 2024 and October 2025 (CMHC Rental Market Survey)*

Asking-rent data for Q2 shows how that slack is playing out. Rentals.ca and Urbanation reported an average asking rent of $2,715 for Vancouver apartments and condos in June 2026, down about 4.1% year over year. One-bedroom units averaged $2,392 and two-bedroom units $3,336. The BC government, citing the same data, said provincial average asking rents fell 5.3% year over year in June 2026, the steepest decline of any province. The national average asking rent was $2,033, down 4.3% (Rentals.ca/Urbanation).

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$2,715

VANCOUVER AVG. ASKING RENT

Apartments and condos, June 2026, about 4.1% lower YoY (Rentals.ca/Urbanation)

For landlords, this means the 2.3% legal maximum increase for 2026 (Residential Tenancy Branch) is no longer the main limit on rents. The market is. Some long-term tenants now pay close to, or above, what a new tenant would pay for the same unit. Taking the full allowable increase can push those tenants to leave. In a market where vacancy has more than doubled since 2024, a turnover often costs more than the extra rent: a month or more of vacancy, plus turnover repairs and leasing costs. Owners of condo units rented on the secondary market are also competing with a steady flow of new purpose-built rental buildings. Those buildings often offer move-in incentives that individual landlords cannot easily match.

> *Asking rents are falling while the legal cap still allows increases. In Q2 2026, keeping a reliable tenant was usually worth more than the maximum allowable increase.*

02

Strata Market

Strata housing in the Lower Mainland took the brunt of the Q2 correction. In Metro Vancouver, the province's largest market, the apartment benchmark price was $695,200 in June 2026, down 7.1% year over year and 0.4% from May (GVR). The townhouse benchmark was $1,046,200, down about 5% year over year, according to WOWA's reading of GVR data. Apartment sales were the bright spot: 1,103 units changed hands in June 2026, up 6.1% year over year (GVR). Buyers are returning, but only at lower prices.

$695,200

METRO VAN APARTMENT BENCHMARK

June 2026, down 7.1% YoY and 0.4% MoM (GVR)

The regional split is clearest in prices. The Fraser Valley benchmark for a typical home fell 7.1% year over year to $884,800 in June 2026, with 1,147 sales (FVREB). Province-wide, the average price fell only 0.8% (BCREA). BCREA attributed the gap to Lower Mainland declines outweighing modest gains in the Okanagan and most of Vancouver Island. The new-home market softened too. Statistics Canada's New

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Housing Price Index for British Columbia fell 0.4% month over month in June 2026. Nationally, the index was down 2.8% year over year. CMHC also reported sharp year-over-year drops in June 2026 housing starts in both the Vancouver and Victoria census metropolitan areas.

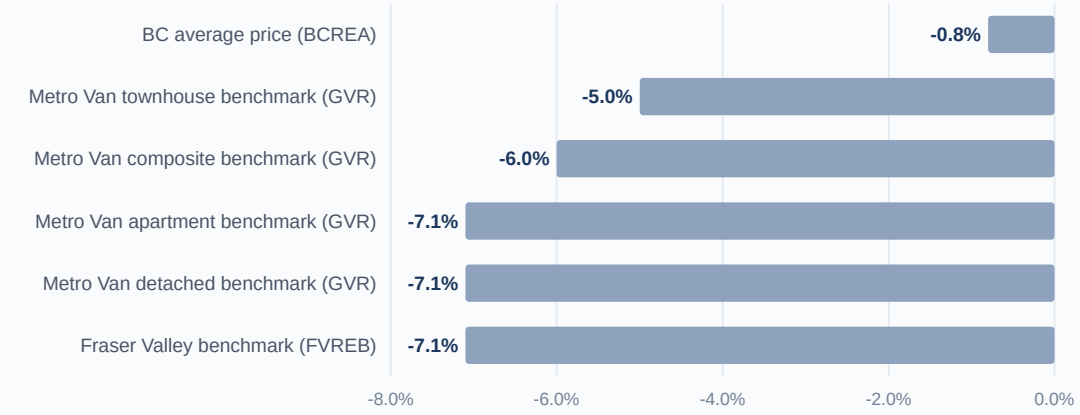


Fig. 2. *Year-over-year price change, June 2026: BC average price vs. Lower Mainland benchmarks (BCREA, GVR, FVREB; townhouse change as reported by WOWA)*

These price moves matter for council decisions as well as for individual sellers. Falling values reduce the equity owners can borrow against to pay a special levy. They also make it harder for buyers to close on presale units. OSFI's Annual Risk Outlook, published in April 2026, warned that falling condo prices are leaving some buyers financially stretched at closing because they may need larger down payments to qualify. Councils in newer buildings with many presale purchasers should expect more assignment activity and some delayed closings. Councils planning major repairs should not assume owners can easily fund a large levy through home-equity borrowing. We found no BCFSA strata-insurance advisory issued in Q2 2026. Councils renewing insurance should still compare the deductible and premium terms on their renewal with the previous policy.

> *Lower Mainland condo prices are down about 7% year over year. Councils that bank on owners refinancing to cover a special levy are relying on equity that has shrunk.*

03

Regulatory Landscape

We found no material amendments to BC's Strata Property Act or Residential Tenancy Act in Q2 2026. The rules that mattered this quarter were the 2026 rent cap, higher speculation and vacancy tax rates, and the province's housing-target and multiplex zoning requirements.

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01 **2026 rent increase cap of 2.3%**: The Residential Tenancy Branch set the maximum allowable increase for tenancies at 2.3% for 2026, down from 3% in 2025. It applies to every increase taking effect in calendar 2026 and still applies when utilities are included in the rent. Increases above the cap require an RTB application and are approved only in exceptional circumstances.

Next step: before serving any notice, check its timing and wording against the RTB's prescribed form and notice period.

02 **Higher speculation and vacancy tax rates**: Under Budget 2025, the rate for Canadian citizens and permanent residents doubled to 1% from 0.5% on January 1, 2026. Under Budget 2026, the rate for foreign owners and untaxed worldwide earners rises to 4% from 3% effective January 1, 2027 (BC Government).

Next step: owners of strata units left empty or used only part of the year should confirm their exemption status, or plan to rent the unit before the next declaration cycle.

03 **Housing Supply Act and multiplex (SSMUH) zoning**: Budget 2026's Ministry of Housing service plan says up to 59 municipalities can receive housing supply targets under the Housing Supply Regulation. Late in Q2 2026, the Minister of Housing told at least one Metro Vancouver municipality that bringing its zoning into line with the province's small-scale multi-unit housing rules is a legislated requirement.

Next step: councils of townhouse and low-rise strata buildings should watch for local rezonings around their sites, which can affect bare-land redevelopment value and neighbourhood density.

04 **Strata insurance disclosure**: We found no new BCFSA strata-insurance advisory in Q2 2026. BCFSA's existing guideline still expects insurers to give strata corporations advance notice of non-renewal or material changes to policy terms.

Next step: councils with renewals in the second half of the year should ask their broker for the insurer's terms early, so owners can be told about any deductible changes as the Strata Property Act requires.

> **Rent increases above 2.3% are not enforceable in 2026 without RTB approval.** A tenant can recover any overpayment, and in a softening rental market an improper notice is also an easy reason for a tenant to move out.

04

Outlook for Next Quarter

BCREA's Q2 2026 Housing Forecast Update, released April 27, 2026, sets the provincial baseline. It projects 2026 MLS® residential sales down 2.1% to 68,700 units, followed by a 7.7% rebound to 74,000 units in 2027. It projects the provincial average price down 1.4% to $939,800 in 2026, citing disproportionate weakness in the Lower Mainland's more expensive markets. By region, BCREA expects

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Greater Vancouver sales to slip by nearly 1% and Fraser Valley sales to fall 4.5% in 2026. The Q2 results so far are consistent with that forecast. Provincial sales fell 2% year over year to 6,790 in May 2026 and then rose 0.9% to 7,225 in June. Year-to-date dollar volume through June was $31.96 billion, down 6.4% (BCREA).

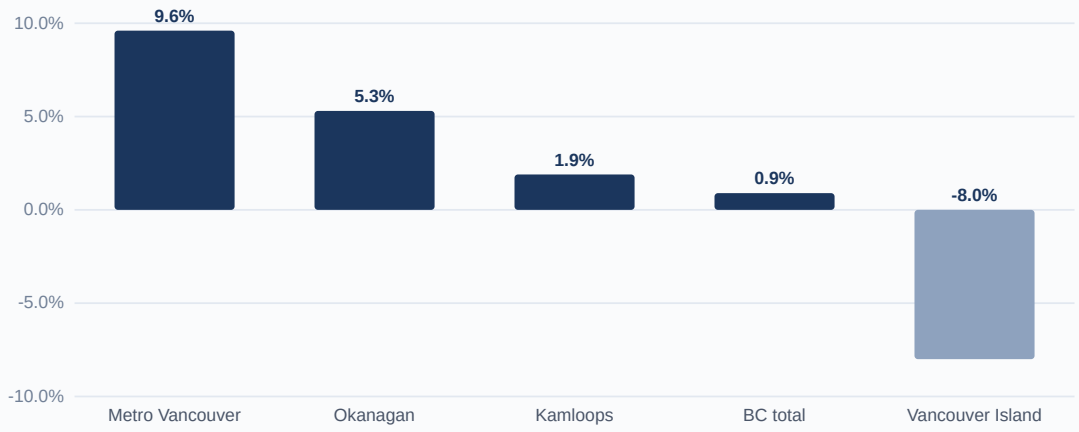


Fig. 3. *Year-over-year change in residential sales, June 2026, by board area (GVR, Association of Interior REALTORS, BCREA, VIREB)*

The regional picture is uneven, so it is worth being precise. The Okanagan and Kamloops posted sales gains in June 2026 (Association of Interior REALTORS). Vancouver Island sales fell 8% year over year to 782 units (VIREB), even as BCREA reported modest price gains in most of the Island. Outside the Lower Mainland, then, the "holding firm" story applies mainly to prices. Sales are a mixed picture.

Borrowing costs are the main constraint heading into Q3 2026. The Bank of Canada held its policy rate at 2¼% on April 29 and again on June 10, 2026, its fifth consecutive hold (Bank of Canada; CREA). In June, the Bank noted that April inflation had risen to 2.8% and that it expected total inflation to stay near 3% in the near term. It also said it will not let higher energy prices become persistent inflation. Real GDP fell 0.1% in Q1 2026, and the Bank's April outlook projected growth of just 1.2% for 2026. Fixed mortgage rates follow bond yields, not the policy rate. The five-year Government of Canada yield climbed to a quarterly high of 3.36% on May 15, 2026, before easing to 3.01% by June 30, which left it 10 basis points lower over the quarter (Bank of Canada). In other words, fixed-rate borrowers faced a spike mid-quarter and little relief at quarter-end, even with the Bank on hold. The Bank's May 2026 Financial Stability Report also warned that borrowers whose home equity has shrunk as prices fall may struggle to refinance.

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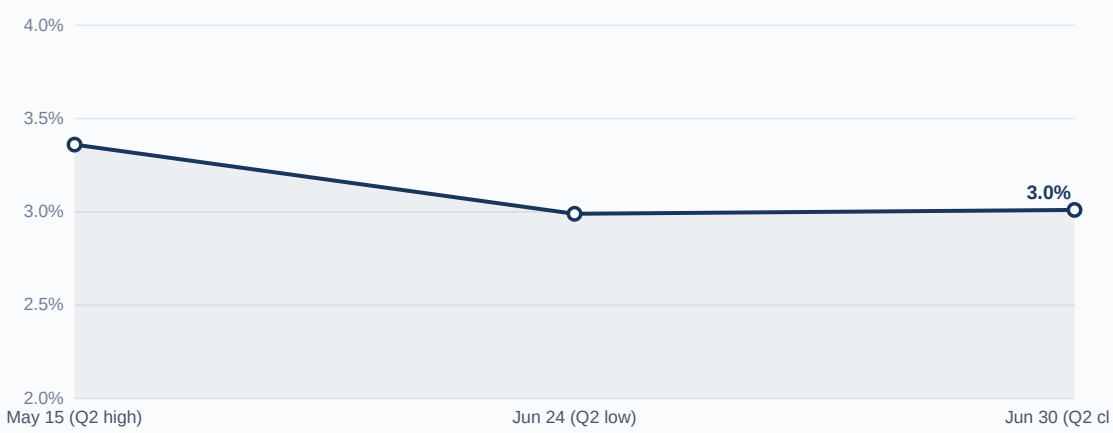


Fig. 4. *Canada 5-year benchmark bond yield: Q2 2026 high, low and quarter-end close (Bank of Canada Valet series BD.CDN.5YR.DQ.YLD)*

2¼%

BOC POLICY RATE

Held on June 10, 2026, the fifth consecutive hold (Bank of Canada; CREA)

Peace River and Northeastern BC. Our Q2 2026 source material contains no new housing-price, vacancy or rent data for Fort St. John or Dawson Creek, so we are not quoting figures for the region. WorkBC's regional labour data for June 2026 showed the Northeast with the highest unemployment rate of any BC region, which is a reason for caution on rents and occupancy. The Peace River economy runs on resource-sector employment and investment rather than on the Lower Mainland's affordability and interest-rate cycle, so Metro Vancouver's price declines are not a reliable guide to conditions there. Landlords in Fort St. John and Dawson Creek should base rent and renewal decisions on local tenant demand and employer activity. Like owners elsewhere in the province, they should also stay within the 2.3% cap.

01 **Price for your region, not Metro Vancouver**: Sellers in the Okanagan and on Vancouver Island should compare against local board data. Lower Mainland sellers should price against June 2026 benchmarks, not 2025 comparables.

Timing: before you list in Q3 2026.

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02 **Plan renewals against bond yields**: Owners with fixed-rate mortgages renewing in the next 12 months should track the five-year Government of Canada yield, not Bank of Canada announcements, and ask lenders about rate holds early.

Timing: 120 days before maturity.

03 **Test special-levy affordability**: Strata councils planning major projects should assume lower owner equity than in 2025 and consider phasing work or drawing on the contingency reserve fund.

Timing: before the next AGM budget is approved.

04 **Weigh retention against the 2.3% cap**: Landlords should compare current rents with June 2026 asking rents before serving an increase notice. With asking rents falling, keeping a good tenant usually pays better.

Timing: with each notice cycle.

05 **Review SVT exposure**: Owners of units left empty part of the year should confirm whether they qualify for an exemption at the 1% domestic rate, and foreign owners should plan for the 4% rate.

Deadline: before January 1, 2027.

06 **Confirm insurance renewal terms early**: Councils should ask their broker for renewal terms well before expiry so owners have time to review deductible changes.

Timing: at least 60 days before policy expiry.

> The Bank of Canada's holds did not lower fixed mortgage rates. BC borrowers renewing in the second half of 2026 should start comparing rates now and decide based on five-year bond yields.

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NEXT EDITION

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