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MARKET REPORT · BRITISH COLUMBIA

BC Q3 2026: Sales Falter Despite Low Rates as Yields Rise

BC MLS® home sales fell 8.9% year-over-year to 5,254 units in September 2026, 25.8% below the ten-year September average (BCREA), even though the Bank of Canada's policy rate has stayed at 2.25%. Across the province, sales and prices weakened in Q3 2026.

5,254
BC MLS® SALES
Down 8.9% YoY, September 2026 (BCREA)

$924,279
BC AVERAGE PRICE
Down 2.4% YoY, September 2026 (BCREA)

2.25%
POLICY RATE
Held, September 2, 2026 (Bank of Canada)

3.7%
PURPOSE-BUILT VACANCY
Vancouver CMA, October 2025 survey (CMHC)

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PURPOSE-BUILT VACANCY

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01 **Provincial sales are still shrinking.** BC MLS® sales for the year to date were 51,310 units, down 5.9% from the same period in 2025. Dollar volume fell 7% to $48.11 billion (BCREA, YTD 2026).

02 **Low policy rates have not brought buyers back.** The Bank of Canada held its overnight rate at 2.25% on September 2, 2026, but September sales were 25.8% below the ten-year average for the month (BCREA).

03 **Metro Vancouver prices fell for every property type.** The detached benchmark was $1,784,700 (−7.3% YoY), townhouses $1,016,700 (−4.7%) and apartments $682,500 (−6.2%) in September 2026 (Greater Vancouver REALTORS).

04 **Bond markets are pricing in the inflation risk.** The benchmark 5-year Government of Canada yield was 3.60% on October 8, 2026 (Bank of Canada). BC all-items CPI rose 3.0% year-over-year in August 2026 (Statistics Canada).

05 **The rental market favours tenants.** Purpose-built vacancy reached 6.4% in Kelowna, 3.7% in Vancouver and 3.3% in Victoria in CMHC's October 2025 survey. BC average asking rents fell 2.9% year-over-year in September 2026 (Rentals.ca data, reported by CBC).

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06 **The 2027 rent cap is set.** The Province set the maximum allowable rent increase for 2027 at 2.2%, down from 2.3% in 2026 (Residential Tenancy Branch).

01

Rental Market: Vacancy Is Up and Rent Gains Have Slowed

CMHC's most recent Rental Market Survey, conducted in October 2025, still sets the baseline for the province's rental market. Purpose-built vacancy in the Vancouver CMA rose to 3.7%. Victoria reached 3.3%, and Kelowna in the Okanagan reached 6.4% (CMHC). CMHC attributed the change to record rental completions and slower population growth after federal limits on temporary residents. Rents are still rising, but slowly. The average purpose-built two-bedroom rent was $2,363 in Vancouver (+2.2%), $2,120 in Victoria and $2,118 in Kelowna (CMHC, October 2025).

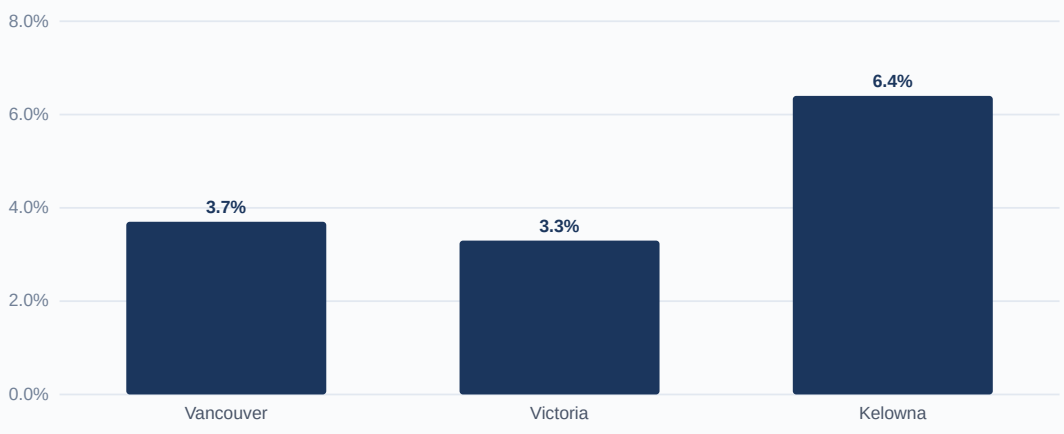


Fig. 1. *Purpose-built rental vacancy rate by BC CMA, October 2025 survey (CMHC)*

Data from Q3 2026 shows the softening has continued. BC average asking rents fell 2.9% year-over-year in September 2026, the second full year of declines (Rentals.ca data, reported by CBC). Vancouver's average asking rent for apartments and condos combined was $2,741 (Rentals.ca, September 2026). Asking rents are not the same as rents paid by existing tenants. The national rent component of the CPI was still up 2.8% year-over-year in August 2026 (Statistics Canada), because sitting tenancies keep rising under the cap even as advertised rents on vacant units fall.

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1.5%

CONDO RENTAL VACANCY

Vancouver CMA condominium apartments, October 2025 (CMHC)

Investor-owned condos are still the tighter part of the market. Condo apartment rental vacancy in the Vancouver CMA was 1.5%, and the average two-bedroom condo rent was $2,900 (CMHC, October 2025). That is well below purpose-built vacancy, but the gap matters less once a unit is empty and competing with new rental towers that offer incentives. Tenants are also moving more often at the top of the market. In 2025, turnover in Vancouver's highest-rent quartile was 16.3%, against 11.1% in the lowest-rent quartile (CMHC). Landlords with premium units should expect to re-lease them more often, at prices closer to the current market.

New supply will keep pressure on rents into 2027. CMHC data shows rentals now make up about 60% of Vancouver's 2026 housing starts, and purpose-built rental starts rose sharply in the first half of the year. CMHC expects rental starts to slow in the second half of 2026 because soft rental conditions make projects harder to finance. Units already under construction will still be completed.

> *Keeping a good tenant is now worth more than adding a few dollars to the asking rent. In a market with more choice, a vacant unit costs more than a modest renewal discount.*

02

Strata Market: Apartments Lead the Decline, and Presales Have Stalled

Strata properties showed the clearest weakness this quarter. In Metro Vancouver, the apartment benchmark fell 6.2% year-over-year to $682,500 in September 2026, and the townhouse benchmark fell 4.7% to $1,016,700 (Greater Vancouver REALTORS). The composite benchmark was $1,075,900, down 5.5% year-over-year and 0.6% from August (Greater Vancouver REALTORS). Detached homes fell the most, but apartments are the property type most strata owners hold, and buyers of apartments are the most sensitive to interest rates.

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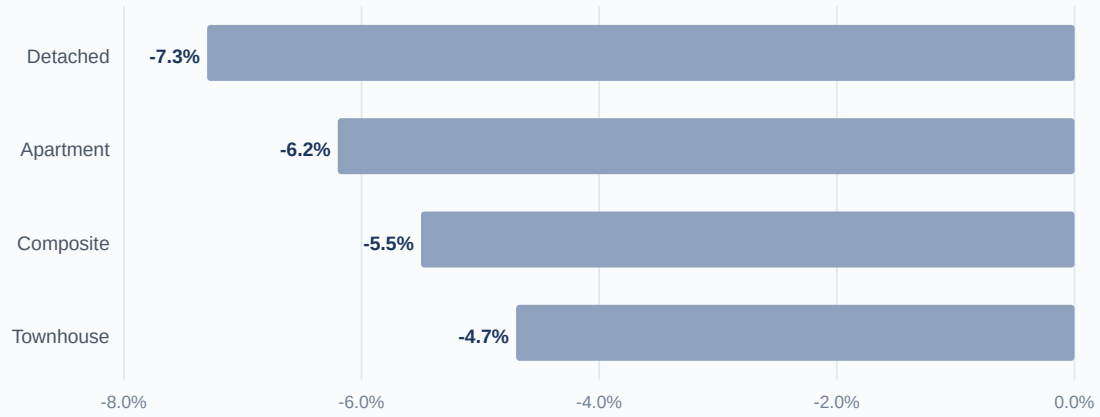


Fig. 2. *Metro Vancouver MLS® HPI benchmark, year-over-year change by property type, September 2026 (Greater Vancouver REALTORS)*

$682,500

APARTMENT BENCHMARK

Metro Vancouver, −6.2% YoY, September 2026 (Greater Vancouver REALTORS)

The rest of the province shows a similar pattern. Regional coverage of the Fraser Valley in early October 2026 described buyers as cautious, with prices softening and more homes to choose from (according to Fraser Valley Today / GlobeNewswire). On Vancouver Island, prices in the mid-Island markets were broadly flat (according to Vancouver Island Free Daily). BCREA said the year-over-year fall in the provincial average price is driven mostly by weakness in the more expensive Lower Mainland markets.

New strata supply is drying up. Business in Vancouver reported no concrete high-rise launches in Metro Vancouver in Q1 2026, against 152 in Q1 2025, and 334 townhome launches against 507. CMHC has said falling presales in Vancouver and Victoria have stalled many projects, and it expects more condo postponements and cancellations to affect completions in 2027 and 2028.

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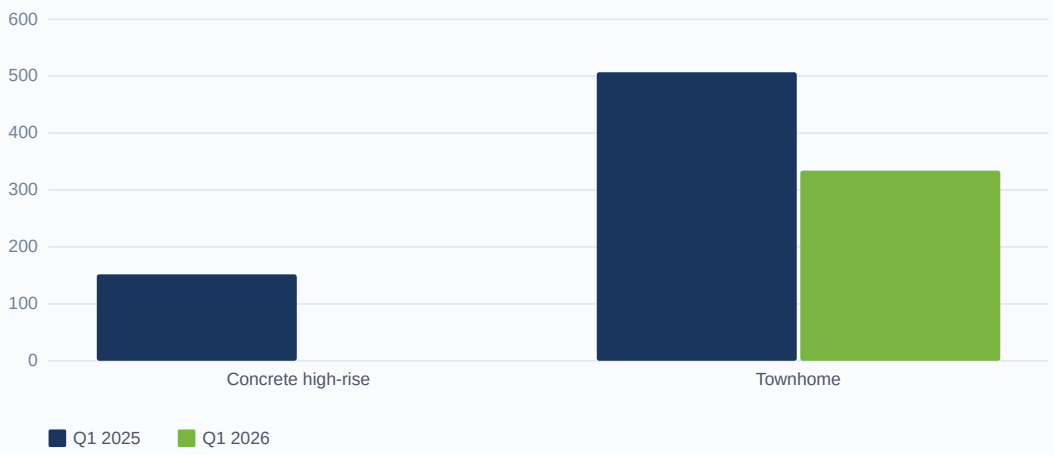


Fig. 3. *Metro Vancouver presale launches, Q1 2025 vs Q1 2026 (Business in Vancouver)*

For strata councils, falling resale values change the decisions they face. Owners whose units have lost value are more likely to resist special levies. Buyers and their lenders, in turn, are scrutinising depreciation reports, contingency reserve balances and insurance summaries more closely. A building with a credible capital plan will sell faster than one without.

> *Fewer launches today means less new competition for resale strata units in 2028. Councils that maintain their buildings through the downturn will be better placed when buyers return.*

03

Regulatory Landscape: Rent Cap Lowered for 2027, No Strata Act Changes

The main regulatory change in Q3 2026 was the Province's 2027 rent-increase cap. Our research found no material amendments to the Strata Property Act and no new BCFSA strata-insurance bulletins during the quarter.

01 **2027 rent-increase cap set at 2.2%** — The Province announced in late August 2026 that the maximum allowable increase for residential tenancies will be 2.2% for 2027, down from 2.3% in 2026 (Residential Tenancy Branch). The cap takes effect January 1, 2027. Landlords must give at least three full months' written notice on the approved RTB form, and rent may rise only once in any 12-month period.

Next step: check the timing of every notice before serving it. Notices served now cannot take effect earlier than three full months after the tenant receives them.

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02 **The 2026 cap still applies** — Increases taking effect before January 1, 2027 remain limited to 2.3% (Residential Tenancy Branch). The cap does not apply to commercial tenancies, co-operative housing or geared-to-income non-profit housing.

Next step: confirm that no notice issued in 2026 exceeds 2.3%.

03 **Earlier short-term rental opt-outs** — The Ministry of Housing and Municipal Affairs has announced a faster opt-out timeline, starting in 2027, for municipalities with consistently high rental vacancy. Hosts must still register with the provincial short-term rental registry. Strata corporations can still restrict short-term rentals through bylaws.

Next step: strata councils in resort and Okanagan communities should review their short-term rental bylaws before 2027 AGM season.

04 **Strata Property Act: existing rules still apply** — No new amendments came out of Q3 2026. The existing Form B requirement still applies, so strata corporations must include a summary of their insurance coverage on every information certificate (BCFSA).

Next step: update Form B insurance summaries as soon as each policy renews.

> **Plan rent increases for 2027 using 2.2%, not 2.3%.** Under the Residential Tenancy Act, a notice that exceeds the cap or gives too little notice can be disputed at the RTB, and overpaid rent may have to be repaid.

04

Outlook for Q4 2026: Buyer Confidence, Not Rates, Will Set the Pace

Across the province, BCREA's Q3 2026 Housing Forecast Update projects 2026 MLS® sales of 69,325 units (−1.2%) and an average price of $941,800 (−1.2%), followed by 74,500 sales in 2027 (+7.5%). BCREA describes the recovery as slow and gradual. Our view is that even this looks optimistic for the rest of 2026. Year-to-date sales are already down 5.9% (BCREA). To finish the year down only 1.2%, Q4 would need to be strong, and September's results do not point that way.

The main issue is a mismatch between rates. The overnight rate is low by the standards of the last tightening cycle, but mortgage rates follow bond yields. The 5-year Government of Canada yield was 3.60% on October 8 and 3.58% on October 14, 2026 (Bank of Canada; Trading Economics). Fixed mortgage costs rose in September 2026. As of October 15, nesto.ca listed the lowest insured 5-year fixed rate at 4.59% and an average of 5.18% across the Big 6 banks. The pressure comes from abroad. Oil-driven inflation pushed BC's all-items CPI up 3.0% in August 2026 (Statistics Canada), and the Bank of Canada's July forecast was built on Brent crude averaging about US$75 in Q3 2026. US bond yields have climbed to multi-decade highs (according to Bloomberg bond-market coverage). BC's labour market is softening: unemployment was 6.5% in August and 6.4% in September (BC Government; Statistics Canada Labour

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Force Survey). This mix of slowing growth and stubborn inflation makes it hard for buyers to commit. The Bank of Canada's next decision, on October 28, 2026, comes with a new Monetary Policy Report. Market commentary is split between another hold and the risk of a hike.

3.60%

5-YEAR GOC YIELD

Benchmark yield, October 8, 2026 (Bank of Canada)

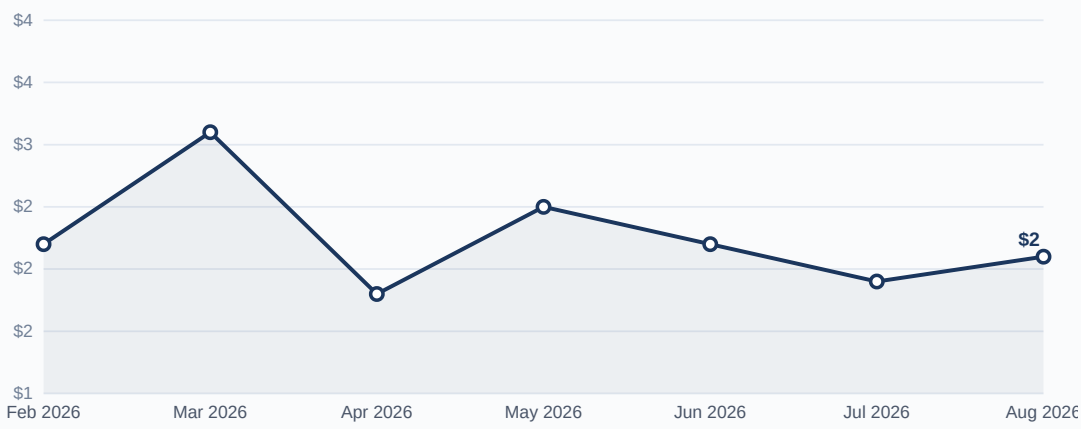


Fig. 4. *BC building permit values, residential and non-residential combined, $ billions, February to August 2026 (Statistics Canada)*

The construction pipeline is uneven. BC building permits reached $2.1 billion in August 2026, up 7.5% from July, with the multi-unit component up $189.8 million (Statistics Canada). Monthly values have swung widely all year with no clear trend. We expect permit activity in Q4 to be driven mostly by rental and multi-unit projects, with few new condo presale launches.

Peace River and Northern BC. Sterling's Q3 2026 source material contains no new Peace River housing data: no updated vacancy, rent or housing-starts figures for Fort St. John or Dawson Creek. The broader picture still matters for our clients in northeastern BC. Higher oil prices and energy-sector capital spending are pushing Lower Mainland inflation up and buyers to the sidelines, but they generally support employment and rental demand in the Peace region. Activity linked to LNG and the resource sector continues to drive local housing demand more than the Bank of Canada's rate decisions do. Landlords in Fort St. John and Dawson Creek should protect occupancy on workforce-oriented units and avoid assuming that Metro Vancouver's soft rents apply to the north.

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01 **Stress-test mortgage renewals before October 28** — Owners renewing in the next six months should get quotes now. Fixed rates have moved with the 5-year yield, not the overnight rate.

Deadline: before the Bank of Canada's October 28, 2026 decision.

02 **Re-price vacant rental units to current asking rents** — Compare against the latest Rentals.ca and CMHC data, not 2024 peaks. In Kelowna and Victoria, offer move-in incentives before cutting rent.

Timing: before each unit is listed.

03 **Calendar 2027 rent-increase notices at 2.2%** — Map each tenancy's anniversary date, and serve notices at least three full months ahead using the RTB form.

Timing: rolling, starting now.

04 **Strata councils: protect contingency reserves in 2027 budgets** — Falling unit values will make special levies harder to pass. Fund capital needs steadily through the operating budget, and keep Form B insurance summaries current.

Deadline: before your fiscal year-end AGM.

05 **Sellers: price to the September 2026 benchmark** — Metro Vancouver apartment sellers should start from $682,500 (Greater Vancouver REALTORS), not from last spring's comparables.

Timing: at listing.

06 **Peace River landlords: review lease terms for workforce demand** — Fixed terms that match the length of resource-sector projects can secure occupancy while southern BC markets soften.

Timing: at each renewal in Q4 2026.

> Plan for a slow, uneven recovery. Owners should budget for flat to softer prices and rents through the winter and treat any rate cut as a possible upside, not a forecast to depend on.

SOURCES & REFERENCES

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5. 2026 Mid-Year Rental Market Update
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NEXT EDITION

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