LAKIVE RESEARCH

Canada Is Growing. But Households Are Still Under Pressure.

GDP growth has returned — but it is not yet reaching households. August LFS: –42,000 jobs · wages +2.0% YoY below CPI 3.0% · BoC holds at 2.25% and issues first inflation warning of the easing cycle.

Report	Monthly Report — August 2026
Published	September 2026
Issued by	Lakive Research
Coverage	Canada — national and city-level
Web	lakive.com/reports

Key Terms

Term	Full Name	Unit	What It Measures
HEY	Housing Entry Barrier	Years	Years of disciplined saving for a 20% down payment on a benchmark 2BR property
RPI	Rent Pressure Index	%	Annual rent as a percentage of gross annual household income
EOI	Employment Opportunity Index	0–100	Occupation-specific demand in a city: job vacancies, wage growth, sector size
LAS	Lifestyle Appeal Score	0–100	City-level composite: climate, cultural density, infrastructure, global recognition
Lakive City Score	—	0–100	Lakive's composite measure of overall settlement fit across its core dimensions

All Lakive metrics are defined in the Lakive Dictionary™ v1.1 — lakive.com/dictionary

Key Indicators at a Glance

Indicator	Reading	Signal
National Avg. Asking Rent (Aug 2026)	CAD $2,012	▼ 3.8% YoY · 22nd consecutive month of decline
Unemployment Rate (Aug 2026)	6.4%	— Held · employment rate ▼ 60.8% · participation declined
Net Jobs (Aug 2026)	–42,000	Reversal after 4 months of growth · services & construction fell
BoC Policy Rate	2.25%	Held Sep 2 · first inflation warning · next decision Oct 28
CPI Inflation (Jul 2026)	3.0%	▲ 0.2% vs prior · tariff & energy pressure · above 2% target
CREA National Benchmark (Jul 2026)	CAD $710,000	Roughly stable · ▼ 1.1% YoY

What Changed This Month

	Indicator	Previous	Now
▲	CPI Inflation	2.8% (Jun)	3.0% (Jul) · tariff & energy pressure
!	BoC Policy Tone	Neutral hold	Inflation warning · rate hike back on table
—	Unemployment rate	6.4% (Jul)	6.4% (Aug) · held · employment rate ▼ 60.8%
▼	Net jobs	+25,000 (Jul)	–42,000 (Aug) · reversal

▼	Avg. asking rent	CAD $2,033	CAD $2,012 · ▼ 3.8% YoY
—	BoC Policy Rate	2.25%	2.25% · Held (Sep 2)

1. Executive Summary

August 2026 delivers a sharper split than earlier months suggested. Canada lost 42,000 net jobs in August — reversing four consecutive months of positive growth — while the unemployment rate held at 6.4% only because the participation rate fell, not because more people found work. The employment rate dropped to 60.8%. At the same time, rents are declining for a 22nd consecutive month and GDP continues to expand. GDP growth has returned. The question is how much of it is reaching households.

Broader affordability conditions are not following the macro trend. July CPI rose to 3.0%, moving away from the Bank of Canada's 2% target. On September 2, the Bank held rates at 2.25% — but issued its first explicit inflation warning, flagging US tariffs and energy prices as upside risks. A rate hike is no longer off the table.

Lakive's city and occupation scores remain anchored in fundamentals: lower-cost cities with stable employment — Calgary, Ottawa — continue to outperform. The gap between cities that absorb macro shocks and those that amplify them is widening.

5 Findings Worth Noting

- **Trades workers:** Calgary continues to show the most accessible path to home ownership for electricians (HEY: 3.9 yrs). The BoC hold at 2.25% keeps mortgage conditions stable for now — but the inflation warning introduces new uncertainty for variable-rate borrowers.
- **Healthcare workers:** Ottawa and Calgary both score 80+ for nurses. If rate expectations shift upward, Calgary's lower home prices and no-PST environment may provide additional buffer against rising carrying costs.
- **Tech professionals:** Toronto's EOI of 92 holds. The tech labour market has shown resilience through tariff uncertainty. At HEY 9.2 years to ownership, the housing math remains challenging — and the BoC warning introduces a new variable to monitor.
- **Renters:** National rents are down 3.8% YoY but the pace of decline is moderating. Fixed-rate options may become more relevant if rate expectations continue to shift upward — particularly in cities where RPI remains elevated.
- **Buyers:** The October 28 BoC decision is a key Q4 event to watch. Mid-tier cities (Calgary, Ottawa) offer the widest structural margin under either a hold or a hike scenario.

2. National Rental Market

Source: Rentals.ca × Urbanation National Rent Report, August 2026

National average asking rent reached CAD $2,012 in August — the 22nd consecutive month of year-over-year decline. At ▼3.8% YoY, the rate of decline is moderating from 4.3% in July, which may indicate the market is approaching a stabilization floor. Purpose-built supply absorption and shifting interprovincial migration patterns are likely contributing factors, though data on the relative weight of each remains limited.

City-level divergence is widening. Toronto and Vancouver continue to lead the softening, while Calgary and Ottawa remain supported by strong in-migration. The RPI spread between Calgary (34%) and Vancouver (52%) reflects a structural affordability gap that price movements alone are unlikely to close quickly.

Lakive note: The 22nd month of rent decline is notable, but the moderation in pace matters more. If BoC rate expectations shift upward, developer financing costs could rise, potentially slowing new starts and thinning the forward supply pipeline — which could place upward pressure on rents into 2027.

Tariff risk: US tariffs on Canadian goods have begun feeding through to construction material costs. If sustained, this may pressure new housing starts. The net rental market effect would depend on whether demand-side factors offset supply-side constraints.

3. Housing Market & Lakive HEY

Source: CREA National Statistics, July 2026 (released Aug 15–18).

The CREA national benchmark price settled at CAD $710,000 in July — roughly flat month-over-month and down 1.1% year-over-year. In Calgary, benchmark prices remain elevated on an annual basis, supported by continued in-migration. In Toronto and Vancouver, prices are stable but buyer confidence is sensitive to rate expectations heading into Q4.

Lakive City Scores — August 2026

City	Lakive City Score	HEY range (yrs)	RPI range (%)	Highest-scoring occupation
Calgary	74	3.9–6.2	24%–34%	Electrician
Ottawa	68	5.5–7.2	27%–37%	Nurse
Toronto	60	9.2–13.8	34%–49%	Software Engineer
Montreal	60	5.2–7.8	25%–39%	Accountant
Vancouver	59	9.5–13.0	36%–52%	Physician

HEY and RPI ranges reflect the spread across representative occupations and housing types within each city. "Highest-scoring occupation" shows the occupation-city pair with the highest individual Lakive City Score in that city.

Lakive note: City scores are unchanged from July because the inputs that drive them — wages, home prices, provincial tax schedules — move slowly. What has changed is the risk environment. Calgary's structural advantages (no PST, lower benchmark price, diversifying labour market) become more relevant in a rising-rate scenario.

4. Employment Snapshot

Source: Statistics Canada LFS, August 2026 (released September 5, 2026).

Canada's labour market shed 42,000 net jobs in August — ending a four-month run of positive growth. The unemployment rate held at 6.4%, but only because the participation rate fell. The employment rate dropped to 60.8%. Wage growth slowed to +2.0% YoY — now below CPI at 3.0%, marking the first month of negative real wage growth since February 2026.

- Net employment change: –42,000 — the largest single-month decline since Q1 2025
- Unemployment rate: 6.4% (held) — masked by participation rate falling, not by job gains
- Employment rate: 60.8% (▼ from 61.1% in July)
- Weakest sectors: construction (–9,200), professional services (–6,800), manufacturing (–4,100)
- Relative resilience: healthcare and public administration provided a partial floor
- Wages: average hourly earnings +2.0% YoY — below CPI (3.0%) for first time since Feb 2026

> **Lakive note:** The August employment reversal changes the affordability picture in a specific way: wages are now growing more slowly than inflation, meaning real purchasing power is declining across most occupations. This is the first month since the easing cycle began where wages, rate outlook, and cost of living are all moving in an unfavourable direction simultaneously. GDP growth has returned. It is not yet showing up in household finances.

5. Interest Rates & Inflation

Bank of Canada — 2.25% (Held, September 2, 2026) — Warning Issued

The Bank of Canada held its overnight rate at 2.25% at the September 2 meeting — the seventh consecutive hold. The hold itself was expected. What was not expected was the explicit inflation warning: the Bank flagged US tariffs and energy prices as upside risks, noting it is "prepared to adjust the policy rate upward" if pressures persist — the first such language since the easing cycle began in June 2024.

> **Lakive note:** October 28 is a key Q4 event to watch. A hold at 2.25% would confirm that affordability conditions remain broadly stable. A rate increase would add meaningful carrying costs, particularly in high-benchmark cities. Fixed-rate mortgage options may become more relevant if rate expectations continue to shift — individual borrowers should assess their own circumstances and consult qualified advisors.

CPI Inflation — 3.0% (July 2026)

July CPI rose to 3.0% — up from 2.8% in June — reversing six consecutive months of decline. Primary drivers: gasoline (+8.2% YoY), grocery prices (+3.8% YoY), shelter (+4.1% YoY). Core CPI held at 2.6% — above target but more stable. The combination of slowing wage growth (+2.0% in August) and rising CPI marks the first month of negative real wage growth since February 2026.

INSIGHT OF THE MONTH

GDP Is Up. Household Finances Are Under Pressure.

GDP growth has returned, rents have declined for 22 consecutive months, and the unemployment rate held at 6.4%. By every macro headline, the aggregate picture looks stable. But underneath: August saw 42,000 net job losses — the largest single-month decline in over a year. Wages grew just 2.0% YoY, now below CPI at 3.0%, meaning real purchasing power is falling again. The BoC issued an inflation warning on September 2. The divergence between what the aggregate numbers show and what household finances reflect is not a perception problem — it is in the data.

6. Lakive City Insights

Calgary — Lakive City Score 74 · RPI 34%

Calgary holds its position as top-scoring city for a fifth consecutive data version. Alberta's no-PST environment and provincial income tax structure can reduce the effective cost of living relative to Ontario for some households — a structural advantage that can compound over time. If BoC rate expectations shift upward, Calgary's lower benchmark price ($595,000 vs. Toronto's $1.1M+) means the absolute dollar impact on monthly payments would be proportionally smaller. For trades and healthcare workers especially, the structural fundamentals remain among the strongest in the country.

Ottawa — Lakive City Score 68 · RPI 37%

Ottawa continues to rank second nationally. Federal employment — which accounts for roughly 22% of the Ottawa CMA labour force — provides a structural floor against private-sector hiring volatility. For workers in healthcare, technology, and public administration, Ottawa offers one of the more recession-resistant employment bases of any covered city. Wage adjustments in federal contracts tend to track CPI, offering partial inflation hedging.

Toronto — Lakive City Score 60 · RPI 49%

Toronto holds at 60 but the risk profile is elevated heading into Q4. An RPI of 49% — the second-highest of any covered city — and HEY of 9–13 years for most occupations leave limited buffer if rate conditions tighten. The tech EOI of 92 remains a genuine advantage, and August labour data showed continued tech hiring resilience.

Montreal — Lakive City Score 60 · RPI 34%

Montreal ties Toronto on Lakive City Score (60) with a different risk profile. The lower RPI (34%) and home prices (CREA benchmark ~$575,000) provide a cushion against rate increases. The GST+QST burden remains the primary constraint on affordability.

Vancouver — Lakive City Score 59 · RPI 52%

Vancouver carries the highest affordability pressure of any covered city. RPI of 52%, CREA benchmark prices above $1.2M, and the city's trade-exposed economy make it more directly sensitive to US tariff developments than other Lakive cities.

7. Looking Ahead

Date	Release	Lakive Impact
Sep 5 (done)	Statistics Canada LFS — August employment	–42,000 jobs · 6.4% unemployment · 60.8% employment rate · wages +2.0% YoY
Mid-Oct	CREA August home prices	HEY updates · city ranking · compare tool
~Oct 17	Statistics Canada CPI — September inflation	City Pulse · cost-of-living comparisons
Oct 28	**Bank of Canada rate decision**	**Key Q4 event — Lakive will publish rate-decision analysis immediately following the announcement**

Key watch: October 28 Bank of Canada decision is a key Q4 event. Lakive will publish a rate-decision analysis immediately following the announcement.

8. Data Sources & Methodology

Lakive metrics include HEY (Housing Entry Barrier), RPI (Rent Pressure Index), EOI (Employment Opportunity Index), and composite Lakive City Scores. RPI represents annual rent as a percentage of gross annual household income — a direct ratio derived from public rental and wage data. HEY, EOI, and Lakive City Scores are proprietary calculations that combine public data inputs using Lakive's weighted methodology, which is not disclosed in full. All inputs are sourced from Statistics Canada, CREA, Rentals.ca × Urbanation, and Job Bank Canada.

Category	Source	Frequency
Rental Market	Rentals.ca × Urbanation	Monthly (~8th)
Employment (LFS)	Statistics Canada	Monthly (first Friday)
Home Prices	CREA National Statistics	Monthly (15–18th)
Inflation (CPI)	Statistics Canada	Monthly (15–18th)
Interest Rate	Bank of Canada	8× per year
Occupation Wages	Job Bank Canada	Annual / on release
Lakive City Scores & HEY	Lakive proprietary model	Each data release

Methodology note — This report was published using Lakive Model v1.1. Some metric names have since evolved from earlier publications. Historical calculations remain unchanged. · lakive.com/reports