Economics | Current Economic Trends

Ontario Economic Briefing

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Highlights

- Ontario housing market sees first gain in sales since November 2024
- Home sales in Ontario increased by 1.1 per cent in April; prices relatively unchanged
- Housing starts surged in Ontario in April
- Canadian permits fell in March
- Ontario reported lower residential but higher non-residential building permits
- Ontario manufacturing sales down in March by 1.0 per cent
- Non-durable and durable goods declined by 1.1 per cent and 1.0 per cent, respectively

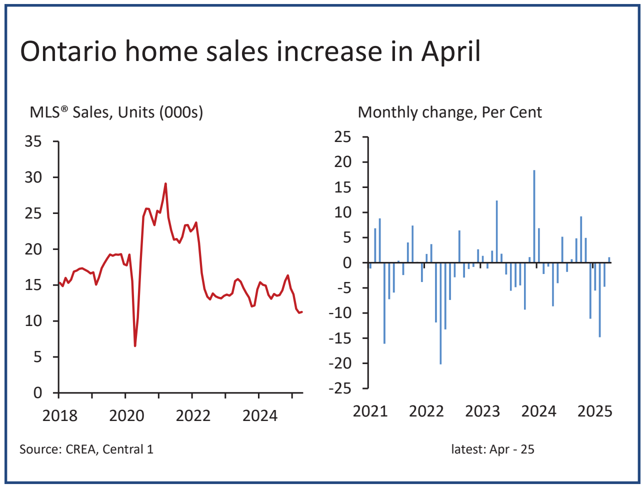
Ontario home sales grow in April following months of weak activity

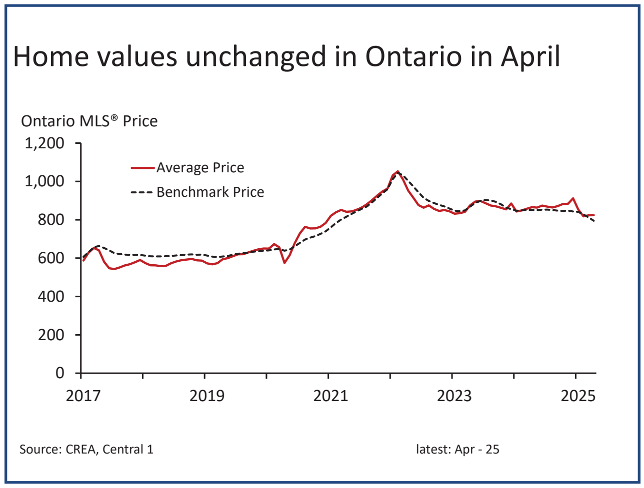
Eloho Ennah, Economic Analyst

After four months of waning sales in the Ontario housing market, home purchases nudged higher in April. On a seasonally adjusted basis, home sales increased by 1.1 per cent to 11,254 units sold during the month, following the 4.8 per cent decline in March. That said, the downward trend in year-over-year sales continued as sales fell by 17.5 per cent compared to the same month last year. Although the economy held firm in April, consumers are still pessimistic as trade tensions lingerand the labour market weakens.

The majority of economic regions in Ontario saw higher monthly sales in April. The Toronto economic region noted a 2.6 per cent gain, while Kitchener-Waterloo Barrie reported a 4.6 per cent increase. Other notable increases were in London (12.5 per cent), the Northwest (9.1 per cent), the Northeast (5.0 per cent) and Windsor-Sarnia (1.0 per cent). In contrast, home sales continued falling in Stratford Bruce Peninsula (-19.0 per cent), Muskoka Kawarthas (-12.2 per cent), Hamilton Niagara Peninsula (-2.0 per cent), and Kingston-Pembroke (-1.4 per cent). Sales were unchanged in Ottawa.

Although sales went higher on a monthly basis, they were sharply down in almost all regions on a year-over-year basis. Year-over-year, sales dipped in Muskoka Kawarthas (-37.0 per cent), Kitchener Waterloo Barrie





(-29.9 per cent), Hamilton Niagara Peninsula (-23.0 per cent), and the Toronto Economic Region (-19.0 per cent), as well as in other areas.

Average home values in the province were relatively unchanged in April (up by 0.1 per cent) to $823,900, following an increase of 0.6 per cent in March. Prices are also down from an all-time high from three years prior by 21.7 per cent. Housing supply from residential new listings decreased by 2.0 per cent during the month, and as pent-up demand remains hesitant, market conditions are still on the buyers' side given the sales-to-new listings ratio of 34.4 per cent in April.

Regionally, home values in the Toronto economic region fell by 0.6 per cent, while also decreasing in Hamilton-Niagara Peninsula by 1.0 per cent. Similarly, home prices fell in Kingston Pembroke by 3.9 per cent. Prices also rose in Muskoka-Kawarthas by 3.3 per cent and in Stratford Bruce Peninsula by 9.0 per cent. Ottawa economic region prices are relatively unchanged.

Average prices can mask compositional sales effects. Considering home attributes and product composition, the benchmark price index decreased by 2.2 per cent and went down specifically in areas like Toronto (-1.0 per cent), Barrie (-1.5 per cent) and Niagara region (-2.6 per cent).

Going forward, we would expect a mild economic contraction as tariffs impact activity in major sectors, particularly in manufacturing, resource and agriculture-dominant areas in Ontario, and the labour market weakens further. Consumers remain cautious given the poor outlook, but confidence may be boosted by falling interest rates and easing trade tensions in the future.

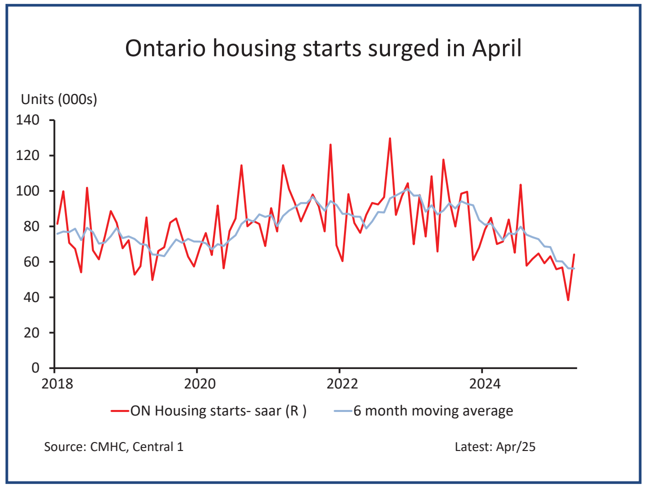
Ontario housing starts jumped in April

Ivy Ruan, Senior Analyst

Ontario experienced a large growth in housing starts in April following a March decrease. On a seasonally adjusted annualized basis, housing starts grew 67.2 per cent to 64,136 units, the highest level since October 2024. Multifamily starts increased 73.5 per cent to 53,487 units, while single-detached homes also gained 41.2 per cent, up to 10,649 units. Meanwhile, national housing starts increased by 28.2 per cent month-over-month, with broad gains across provinces.

Of Ontario's 16 metro areas, 8 recorded increases in the seasonally adjusted annualized rate of housing starts in April. Toronto reported an 86.8 per cent growth with housing starts jumping to 27,853 units from 14,909 units in March. Ottawa also saw a notable increase, with starts rising to 17,403 units, following the decrease recorded a month earlier. Brantford and Hamilton also experienced notable growth likely from the commencement of large multi-unit projects, following previous monthly declines.

On an unadjusted basis, Ontario's year-to-date housing starts fell sharply, declining 31.2 per cent year-over-year. In the first four months of 2025, 16,115 units were started compared to 23,434 units during the same period in 2024. Multifamily starts led the decline, falling 32.3 per cent to 13,708 units from 20,241 units the previous year. Single-family starts also dropped by 24.6 per cent, from 3,193 to 2,407 units. Toronto saw a notable 51.6 per cent decrease in year-to-date housing starts compared to April 2024, while Ottawa bucked the trend, with more than doubled housing starts year-over-year. Across Canada, year-to-date housing starts edged down 1.6 per cent year-over-year in April 2025. Multifamily starts decreased by 2.6 per cent, while single-family starts rose 3.9 per cent from the level in last year.



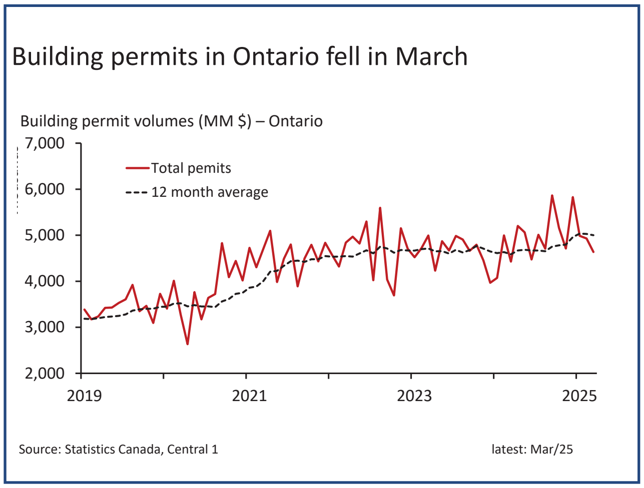
Ontario construction sector permit fell

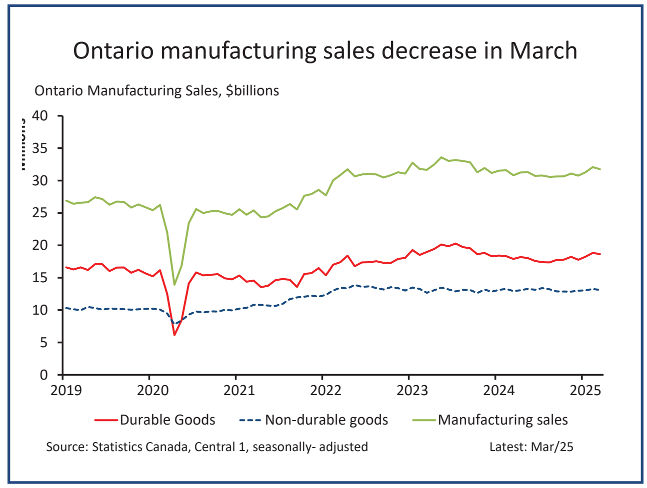
Ivy Ruan, Senior Analyst

Canadian building permits fell 4.1 per cent in March, to a seasonally adjusted $12.9 billion. Total non-residential permits had fallen 14.5 per cent from $4.9 billion to $4.2 billion, but residential permits made up partially for that decline by rising 2.0 per cent from $8.5 billion to $8.7 billion.

In Ontario, building permit issuances fell notably by 6.0 per cent in March, coming in at a seasonally adjusted $4.6 billion. Compared to a year ago, building permits were down 2.9 per cent for March. Single-family construction intentions in Ontario (-$64.1 million or -1.9 per cent) led the national decline in the first quarter of 2025 from the previous quarter.   Year-to-date permit volumes in Ontario were just 1.0 per cent higher than the same period last year, while the national total more than doubled over the same period.

Ontario's non-residential sector saw building permits increase 1.8 per cent in March, driven by a 61.6 per cent growth in industrial permits, pausing the two consecutive monthly declines. Institutional and governmental permits also jumped 30.3 per cent. Despite the surge in March, public building permits were still 19.7 per cent below the level in March of last year. Partially offsetting these gains was a 28.3 per cent decrease in commercial building permits. This decline led to the year-over-year decrease (-44.7 per cent) in commercial permits in March. Year-to-date permits in Ontario's non-residential sector were 23.0 per cent lower than the same period last year.





In March, Ontario's residential sector saw a notable decrease in single dwelling buildings permits of 16.1 per cent, the pause from three consecutive monthly declines. This result was 7.5 per cent below the level from last March. Multi dwelling buildings permits were also down 6.4 per cent yet remained 36.1 per cent above last March's level. Despite the monthly decline, year-to-date residential permits were 21.3 per cent higher than the first quarter of 2024.

In Ontario's metro areas, nine out of the fifteen saw lower permit volumes compared to February. Toronto led the way by 7.8 per cent down, while Hamilton saw a surge in building permits at 152.8 per cent in March.

Manufacturing sales in Ontario decline in March

Eloho Ennah, Economic Analyst

Ontario manufacturing sales declined in March by 1.0 per cent to $31.8 billion after two consecutive monthly gains. Both the durable and non-durable categories saw similar declines.

The drop was due to lower chemical sales, a sub-sector of the non-durable goods industry. Chemical sales decreased by 7.3 per cent (-$178.7m) during the month. Comparatively smaller declines were also seen in other sub-sectors, such as plastics and rubber products manufacturing (-2.3 per cent or -$39.3m) and beverage and tobacco product manufacturing (-1.6 per cent or -$10.3m). On the other hand, food manufacturing sales increased by 0.5 per cent (+$24.8m). Year-to-date, unadjusted sales in the non-durable goods category decreased by 0.3 per cent.

Within the durable goods category, lower transportation equipment sales (-1.4 per cent or -$116.1m) also pushed overall manufacturing sales in the province down due to lower production of aerospace products and parts. Reduced primary metal sales (-6.0 per cent or -$136.5m) also contributed to the decline, while wood product sales dipped by 6.3 per cent (-$38.3m). That said, non-metallic mineral product sales increased by 9.9 per cent (+$73.1m) while computer and electronic product sales increased by 3.5 per cent (+$32.9m). Year-to-date, unadjusted sales in the durable goods category increased by 1.9 per cent.

Within the metro areas, manufacturing sales results were mixed. Ottawa-Gatineau recorded an increase of 17.3 per cent in manufacturing sales, while sales also grew in Kitchener-Cambridge-Waterloo (+1.2 per cent), Hamilton (+12.3 per cent). That said, Toronto manufacturing sales fell by 0.3 per cent and declined in Windsor by 2.2 per cent.

The United States being a major destination for exported Canadian manufacturing products creates uncertainty for the future of the sector given strained trade ties between both countries at the moment. The transportation equipment sector plays a key role in Ontario's manufacturing-based economy and tariffs on the sector's key products would lead to a decline in sector activity and widespread job losses.

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