Economics | Current Economic Trends

# Ontario Economic Briefing

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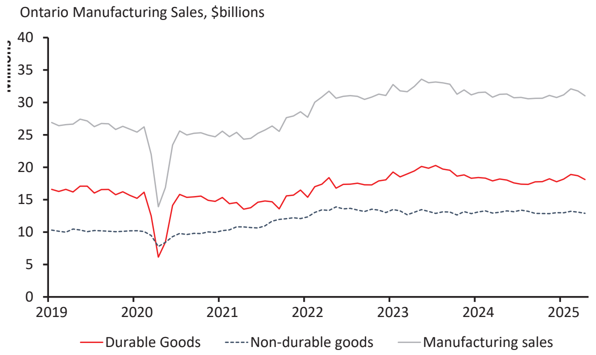
central 1 Economics

## Highlights

- Ontario manufacturing sales fell in April by 2.4 per cent
- Non-durable and durable goods declined by 1.4 per cent and 3.1 per cent, respectively
- Canadian permits fell in April
- Ontario reported lower residential but higher non-residential building permits

Ontario manufacturing sales continued declining in April




Source: Statistics Canada, Central 1, seasonally- adjusted Latest: Apr/25

## Manufacturing sales in Ontario continued falling in April

*Eloho Ennah, Economic Analyst*

Ontario manufacturing sales declined for a second consecutive month in April, falling by 2.4 per cent on a seasonally adjusted basis to $31.0 billion. This month's decline followed the 1.0 per cent dip in March and was the largest dollar decrease since March 2024. The non-durable goods category saw a 3.1 per cent decrease in sales to $18.1 billion while durable goods sales also fell by 1.4 per cent to $12.9 billion.

Unadjusted for seasonality, year-to-date manufacturing sales growth was flat at 0.2 per cent. The province has been the one of the most affected by newly imposed US tariffs, noting the second-largest decline in manufacturing sales in April.

Lower transportation equipment sales (-2.4 per cent of -$195.4 million), and in particular, a drop in motor vehicle sales in the durable goods industry by 8.3 per cent (-$366.7 million), contributed to April's decline. As uncertainty due to tariffs grew in the first months of the year, some auto assembly plants paused operations, leading to lower sales in April. Other notable declines occurred in primary metal sales (-5.2 per cent or -$111.2 million) and fabricated metal product sales (-5.4 per cent or -$109.5 million).

Within the non-durable goods category, petroleum and coal product sales continued to fall for a third consecutive month, down in April by 7.1 per cent (-$155.2 million) while food manufacturing sales also declined by 2.9 per cent (-$144.0 million). In contrast, chemical manufacturing sales increased by 5.6 per cent ($128.0 million).

Within the metro areas, manufacturing sales results were mixed. Ottawa-Gatineau recorded an increase of 1.4 per cent in manufacturing sales while sales also grew in Toronto (0.4 per cent). On the other hand, Hamilton and Windsor sales declined by 5.5 per cent and 20.1 per cent, respectively. The latter hosts a large portion of the province's auto manufacturers. Kitchener-Cambridge-Waterloo sales were relatively unchanged.

The United States being a major destination for Ontario's exported manufacturing goods creates immense uncertainty for the future of the sector given sharp levies on these products at the moment. In April, manufacturers reported increased prices and higher costs for raw materials, shipping and labour, while some also noted changes in demand for their products. We will continue to see the transportation equipment, primary metal and fabricated metal sectors' sales being the most down beaten by tariffs, which would spur more layoffs and production decline in the coming months.

## Ontario construction sector permit grew

*Ivy Ruan, Senior Analyst*

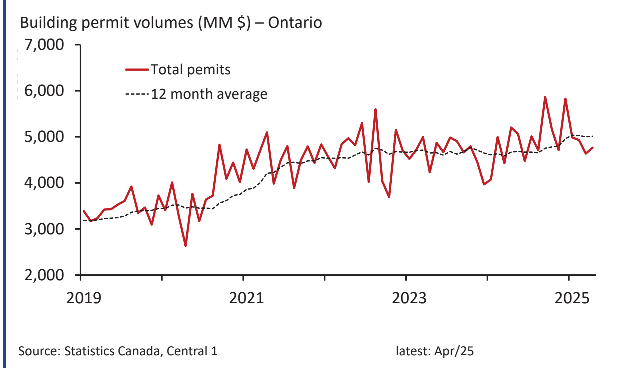
Canadian building permits fell 6.6 per cent in April following the decline in the previous month, to a seasonally adjusted $11.7 billion. Total non-residential permits had risen 3.3 per cent from $4.2 billion to $4.3 billion but residential permits led the overall decline by dropping 11.6 per cent from $8.4 billion to $7.4 billion.

In Ontario, building permit issuances grew notably by 6.7 per cent in March, offsetting some of the decline seen in March, coming in at a seasonally adjusted $4.8 billion. That said, compared to a year ago, building permits were down 14.2 per cent for April. Non-residential construction intentions in Ontario ($352.7 million or 20.8 per cent) led the national growth in construction in April.   Despite the monthly gain, year-to-date permit volumes in Ontario were 4.2 per cent lower than the same period last year.

The commercial component (+$259.0 million or 37.6 per cent) supported by construction intentions for office buildings in the Toronto CMA contributed to the growth in Ontario's non-residential sector. Industrial permits also jumped 29.3 per cent (+$136.7 million). Partially offsetting these gains was an 8.0 per cent decrease in institutional building permits (-$42.9 million). This decline led the year-over-year decrease (-8.4 per cent) in institutional permits in April. Despite the monthly growth in April, year-to-date permits in Ontario's non-residential sector were still 16.5 per cent lower than the same period last year.

In April, Ontario's residential sector saw a 1.9 per cent decrease in total residential permits issued, led entirely by the decline in multi-dwelling permits (-3.6 per cent or -$65.4 million). Single-dwelling buildings permits grew 1.3 per cent following the large decline seen the previous month. Despite the monthly decline,  year-to-date residential permits were 5.1 per cent higher than the first four months of 2024.

Building permits in Ontario rose in April




In Ontario's metro areas, seven out of the 15 saw lower permit volumes compared to March. On the other hand, Toronto, saw a surge of 9.1 per cent on permits issued, offsetting the notable decline in areas such as Hamilton (-57.2 per cent or -$269.4 million).

While monthly permit figures are often volatile, the broader trend of weaker year-to-date volumes in Ontario—particularly in non-residential construction—reflected subdued business confidence and delayed project timelines. The residential sector showed only modest strength, tempered by ongoing housing market slowdowns in major regions and broader affordability challenges.

*For more information, contact economics@central1.com.*