



Highlights

- Ontario housing market sees second monthly gain in May
- Home sales in Ontario increased by 9.6 per cent in May; year-over-year figures still low
- Housing starts grew in Ontario in May
- Short- and long-term optimism indexes improved in Canada and Ontario
- Canadian retail spending grew in April
- Ontario retail sales increase by 0.2 per cent

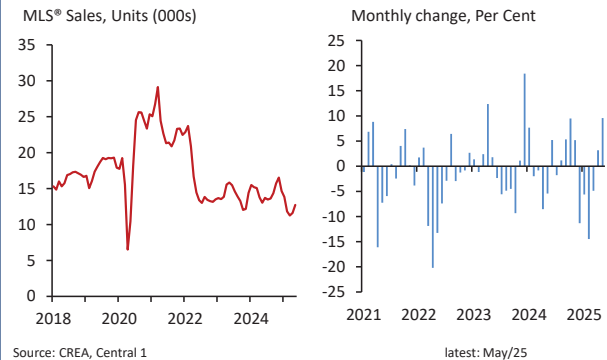
Ontario home sales accelerate in May as market activity picks up

Eloho Ennah, Economic Analyst

Ontario housing market activity continued ameliorating in May as home sales in the province led overall national sales growth higher. On a seasonally adjusted basis, home sales increased by 9.6 per cent to 12,722 units sold during the month, following the 3.2 per cent rise in April. Buyer confidence is improving with the Trump administration walking back Liberation Day tariffs, the de-escalation of the U.S. – China trade war, and other measures. That said, year-over-year figures still remain low, as sales have fallen by 6.7 per cent, compared to the same month last year.

Looking at data provided by the Ontario Real Estate Association, year-over-year unadjusted sales fell in almost all areas in the province. The largest decline was noted in the Northeast, with sales down 16.3 per cent compared to a year ago. In the same period, sales fell in Central Ontario by 11.3 per cent and declined in Southern Ontario by 10.2 per cent. Western Ontario home sales also decreased by 2.6 per cent. Higher sales were noted in Eastern Ontario (11.8 per cent) and Northern Ontario (2.1 per cent).

Ontario home sales increase in May



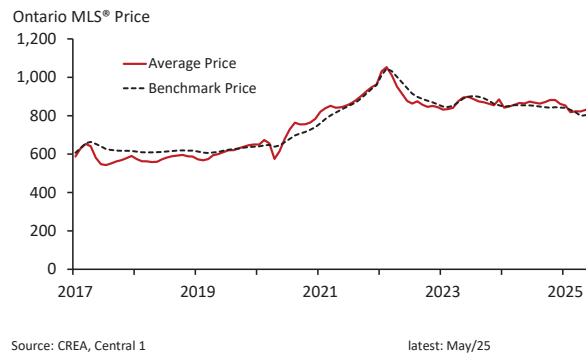
Year-to-date, sales have fallen in all areas — down the most in Northeastern Ontario by 25.4 per cent and in Central Ontario by 20.2 per cent. Overall year-to-date sales in the province have declined by 16.6 per cent compared to the same period in 2024.

Average home values in the province increased by 1.0 per cent month-over-month to \$830,557. This was the largest increase since October 2024. Prices are also down from an all-time high from three years prior by 21.1 per cent. Housing supply from residential new listings increased by 5.7 per cent during the month and as owners responded to rising demand. With potential buyers hesitant, market conditions modestly favour buyers, reflected in a sales-to-new listings ratio of 35.6 per cent in May.

Regionally, home values were mixed —the Northeast remains the most affordable region with prices sitting just above \$400K. Prices have moved up 6.4 per cent in comparison to May 2024 in the region. Eastern Ontario has also seen prices rise by 4.3 per cent. In other areas, prices continued to fall, notably lower in Central Ontario (-3.9 per cent), Southern Ontario (-2.7 per cent) and Western Ontario (-2.4 per cent). Prices were relatively unchanged in Northeastern Ontario.

Average prices can mask compositional sales effects. Considering home attributes and product composition, the seasonally-adjusted benchmark price index rose by 0.5 per cent and an increased specifically in areas

Home values up in Ontario in May



like London & St Thomas (1.3 per cent), Oakville-Milton (0.9 per cent) and the Niagara region (1.6 per cent). That said, benchmark prices fell in Hamilton-Burlington (-2.3 per cent), Kingston and Area (-0.9 per cent), while relatively unchanged in Toronto.

Although economic indicators are softening, underlying resilience, moderating prices and the easing of tariff-related fears are encouraging many buyers to take the plunge. However, pockets of uncertainty still remain, and a resurgence in trade-related political tensions could undermine consumer confidence further. Even a minor threat of job loss can significantly cause buyers to retreat in higher priced markets, like Ontario, in the coming months due to its impact on mortgage affordability.

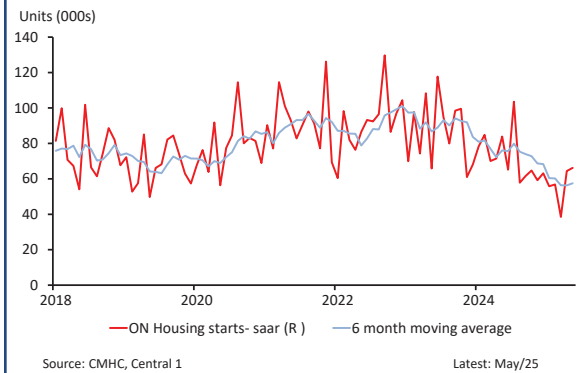
Ontario housing starts continued to grow in May

Ivy Ruan, Senior Analyst

Ontario experienced a modest increase in housing starts in May following April's surge. On a seasonally adjusted annualized basis, housing starts grew 2.8 per cent to 66,181 units, the highest level since July 2024. Multifamily starts increased 3.7 per cent to 56,115 units, while single-detached homes fell 2.0 per cent to 10,066 units. National housing starts were flat, with mixed results across provinces.

Of Ontario's 16 metro areas, six recorded decreases in the seasonally adjusted annualized rate of housing starts in May. Ottawa saw a notable decrease, with starts falling to 7,342 units, following the increase recorded a month earlier. On the other hand, Toronto reported a 52.9 per cent growth with housing starts jumping to 42,902 units from 28,057 units in April. The two consecutive monthly surges recorded the highest

Ontario housing starts continued to grow in May



level of housing starts in Toronto since July 2024. Brantford also continued to experience notable growth likely from the commencement of large multi-unit projects.

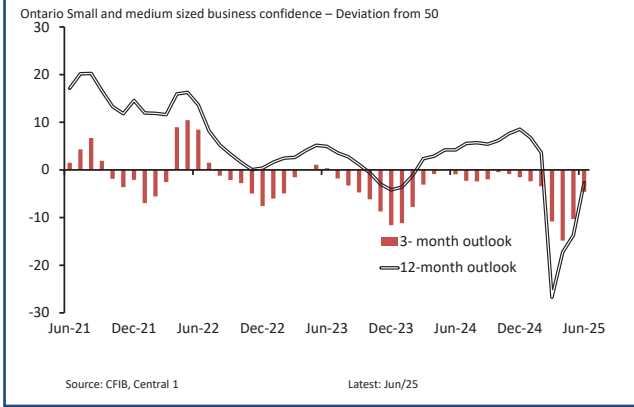
On an unadjusted basis, Ontario's year-to-date housing starts fell sharply, declining 28.9 per cent year-over-year. In the first five months of 2025, 21,832 units were started compared to 30,690 units during the same period in 2024. Multifamily starts led the decline, falling 29.7 per cent to 18,524 units from 26,332 units the previous year. Single-family starts also dropped by 24.1 per cent, from 4,358 to 3,308 units. Despite the recent growth, Toronto saw a notable 44.8 per cent decrease in year-to-date housing starts compared to May 2024. Ottawa bucked the trend, with 79.0 per cent more housing starts year-over-year. Across Canada, year-to-date housing starts edged up 0.9 per cent year-over-year in May 2025. Multifamily starts increased by 0.6 per cent, while single-family starts rose 2.7 per cent from the level in last year.

Tariff de-escalation continued to drive meager improvement in optimism in Ontario and Canada

Alan Chow, Business Economist

The Canadian Federation of Independent Business (CFIB) Barometer Survey recovered some more in June, following an increase in sentiment amongst Small and Medium-sized Enterprises (SMEs). The long-term 12-month confidence index improved by over 7.1 points from 40.1 in May to 47.3 in June. The short-term index also improved by 5.1 points to 47.7 points from 42.6 points. That said, business confidence still remained below the neutral benchmark of 50 for both the short and long term. Canadian exporters and importers reported another monthly improve-

Small business confidence improved in Ontario



ment in sentiment as the ongoing trade talks brighten the outlook. June saw exporter sentiment index value increase to 36.1 points from 26.8 points while importer sentiment was up to 37.4 points from 28.1 points. The index values are still well below what they were at the end of 2024, which was in the 60s. The health and education services sector saw the largest decline in business confidence, falling 5.0 points to 40.9 based on the 12-month index and falling 5.1 points to 36.4 on the 3-month index. On the other end, personal services saw an improvement of 10.6 points to 53.7 points on the 12-month index, and an improvement of 16 points to 61.5 points on the 3-month index.

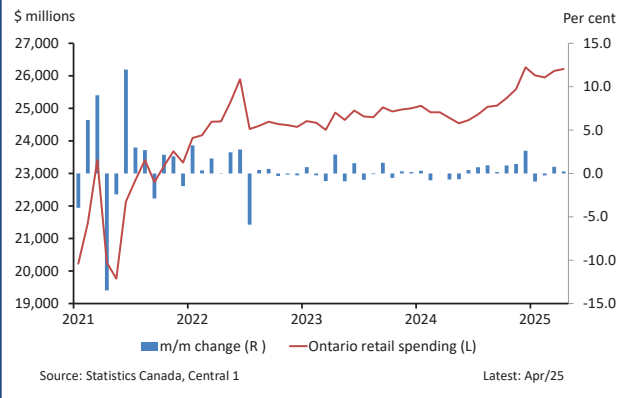
In Ontario, the long-term index improved 11.0 points to 47.3 points while the short-term index improved 5.9 points to 45.4 points. Compared to other provinces, Ontario has one of the highest optimism index values, with the long run index being ranked third highest behind Prince Edward Island and British Columbia. In contrast, its short-term index figure was the fourth lowest with Saskatchewan, Alberta, and Nova Scotia being lower. Insufficient demand and shortages of skilled labour continued to be the most noted constraints to sales or production growth for businesses in the province. Shortage of working capital ranked third, above limited physical space. Regulatory costs, insurance and wage costs were the top input cost constraints while occupancy, fuel, product input, and electricity costs were also on this list of constraints. Business staffing plans improved this month, with 13 firms expecting to increase staff and 15 anticipating reductions.

Ontario monthly retail sales up in April

Eloho Ennah, Economic Analyst

Canadian retail sales increased by 0.3 per cent on a seasonally adjusted basis in April to \$70.1 billion as a result of higher motor vehicle and parts sales (+1.9 per cent) for the second month in a row. Consumers likely pulled forward motor vehicle purchases to avoid larger payments post tariff-imposition. Price-adjusted retail sales increased by 0.5 per cent during the month, while core retail sales (which exclude gasoline stations and fuel vendors, motor vehicle and parts dealers) increased by a minor 0.1 per cent.

Ontario retail sales grow in April



Although sales in six of nine subsectors increased in April, sales numbers are negatively impacted by US tariffs as noted by Canadian retail business owners. Thirty-six per cent of businesses were impacted by tariffs during the month in the form of price increases, altered demand for products and disruption of supply chains. These impacts are likely to remain in the presence of tariffs and will usher in a period of lower retail sales in the near term. Early May estimates suggest a 1.1 per cent decline in retail sales in the month.

Ontario retail spending increased by 0.2 per cent in April on a seasonally adjusted basis following the 0.8 per cent gain in the previous month, largely due to motor vehicle and parts dealers' sales. Unadjusted retail sales in Ontario were also up 6.1 per cent compared to the same month in 2024.

Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales at motor vehicle and parts dealers, up by 13.6 per cent. Health and personal care retailers' sales increased by 8.0 per cent in the same period while clothing, clothing accessories, shoes, jewelry, luggage and leather goods sales increased by 8.3 per cent. Food and beverage sales were also up by 6.1 per cent. On the other hand, building material and garden equipment and supplies sales decreased by 8.5 per cent year-over-year, while gasoline and fuel vendors saw a 10.4 per cent drop in the same period due to lower prices.

Regionally, the Toronto metro area saw seasonally adjusted retail sales increase by 2.7 per cent on a month-over-month basis in April. Compared to a year ago, unadjusted sales were up 5.8 per cent. In contrast, Ottawa unadjusted retail sales fell by 0.2 per cent year-over-year.

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