Economics | Current Economic Trends

Ontario Economic Briefing

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Economics

Highlights

- Ontario home sales decreased by 1.5 per cent in November
- Home starts in Ontario grew in November but overall trend still weak
- Ontario sees slight uptick in inflation
- Ontario payroll counts up in October following dip in prior month
- Canadian retail spending falls again in October
- Ontario retail sales flat in October
- Manufacturing sales in Ontario decline in October

Home sales continued to fall in Ontario in October

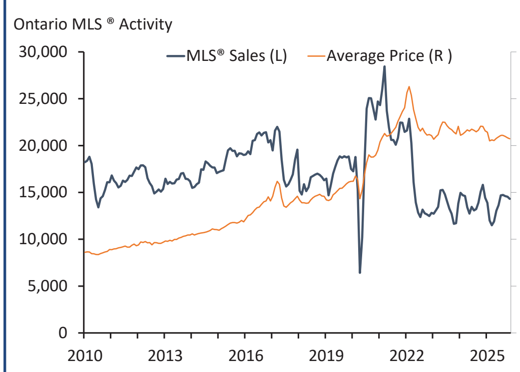
Eloho Ennah, Economic Analyst

Weak market conditions persisted in Ontario's housing market in November as home sales moved lower again. Seasonally-adjusted MLS® sales decreased by 1.5 per cent to 14,315 units after the 0.5 per cent drop in October. Year-over-year, sales were 9.7 per cent lower. Home sales remain significantly tempered in Ontario with year-to-date home sales lower than a year ago by almost 5.0 per cent — a trend significantly beneath pandemic levels. Elevated interest rates over the past two years, ongoing affordability challenges, and weak economic conditions in 2025 have continued to weigh on buyer confidence and demand.

Based on our aggregation by the real estate board area, Toronto's economic region home sales fell by 0.4 per cent while Kitchener-Waterloo Barrie sales declined by 3.1 per cent. Steeper declines were noted in Kingston Pembroke (10.3 per cent) and Stratford Bruce Peninsula (14.2 per cent). In Ottawa, home sales also declined by 2.7 per cent. In contrast, sales increased in other markets, rising in London (1.2 per cent), Windsor-Sarnia (1.1 per cent), and Hamilton-Niagara Peninsula (0.9 per cent).

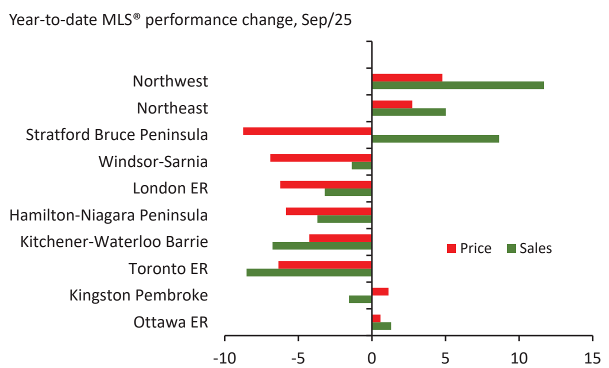
Weak sales are factoring into subdued prices in Ontario as home values fell for yet another month. In November, home prices dipped by 0.5 per cent following the 0.8 per cent decline in the prior month. Home values were down 21.2 per cent from all-time high in February 2022. Further price growth will continue to be moderated by

Ontario home sales declined further in November



Source: CREA, Central 1, seasonally-adjusted latest: Nov/25

Southwest markets underperform other regions in 2025



Source: CREA, Central 1 aggregation and calculation **Muskoka-Kawarthas data unavailable for Nov 2025

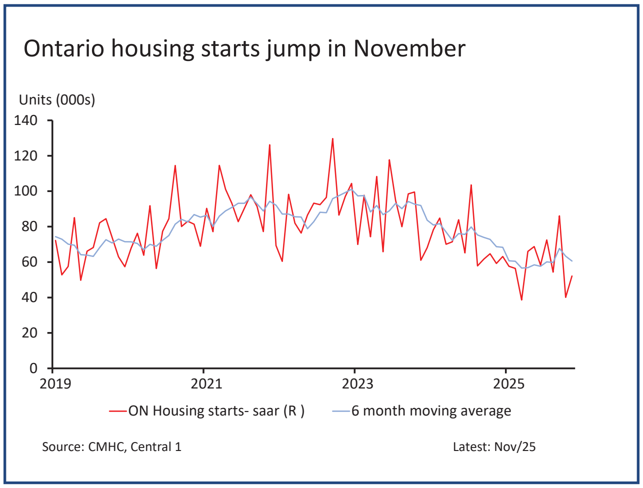
weak market conditions. The average price in Ottawa fell by 2.8 per cent, while also down in Hamilton Kingston Pembroke (-1.3 per cent), Hamilton Niagara Peninsula (-1.5 per cent), Stratford Bruce Peninsula (-1.7 per cent), the Northwest (-1.3 per cent) and Kitchener Waterloo Barrie (-0.5 per cent). On the other hand, prices increased in Toronto (0.8 per cent), London (1.2 per cent), Windsor Sarnia (0.3 per cent), and the Northeast (3.4 per cent).

Market conditions are in favour of buyers' even with the sales-to-new listings ratio within the balanced range 42.6 per cent at the provincial level. New listings fell by 2.3 per cent. Weaker conditions are observed in areas such as Greater Toronto, St. Catharines, and Barrie, with relatively balanced conditions in Ottawa and Kitchener Waterloo.

Note: Muskoka-Kawarthas economic region sales and price figures are unavailable for October 2025. These figures are likely to be revised.

Housing starts on back on the rise in Ontario

Eloho Ennah, Economic Analyst



Ontario housing starts increased in November following the decline in October. On a seasonally-adjusted annualized basis, home starts increased by 29.9 per cent (up from 40,116 units to 52,097 units). Most of the increase was as a result of higher multi-family starts, which jumped by 39.0 per cent. Single family starts also increased by 1.3 per cent.

Across Canada, year-to-date housing starts grew 3.7 per cent year-over-year as of November 2025. Multifamily starts increased by 5.9 per cent, while single-family starts have declined by 5.2 per cent. But Ontario has consistently noted lowest starts year-to-date amongst the provinces. On an unadjusted basis, housing starts in the province declined by 18.7 per cent year-to-date (67,175 units in 2024 compared to 54,634 units in 2025). Single family starts fell by 24.9 per cent during the period while multi-family starts also declined by 17.3 per cent.

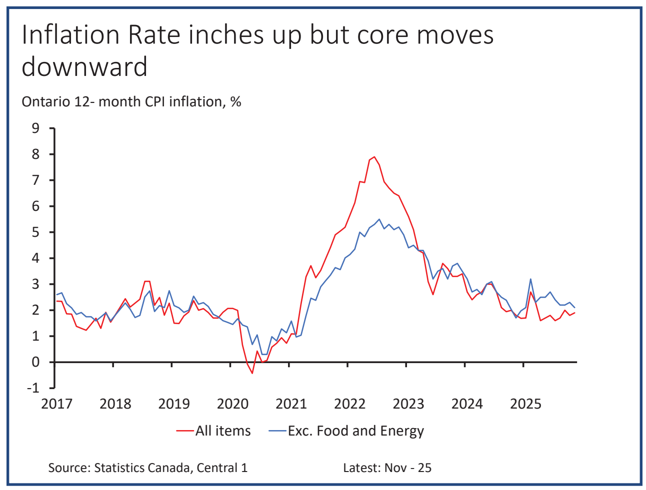
It should be noted that housing start values fluctuate significantly on a month-over-month basis. While the six-month average declined in November, recent 2025 figures are the lowest since 2015, outside of the pandemic period. A lot of this weakness is being driven by slack conditions in Ontario housing market. Weak presales, high development costs, slowing population growth and overall dampened economic conditions in the province are weighing on builder confidence. This is also reflected in weaker residential building permit issuances in the province year-to-date. We would expect subdued home starts figures for Ontario going forward pending improved market conditions.

Of Ontario's 16 metro areas, nine recorded higher home starts in the seasonally-adjusted annualized rate of housing starts in November. Substantial increases in home starts were noted in Ottawa (42.2 per cent), Oshawa (82.6 per cent), and Toronto (42.2 per cent), while they were more than four times higher in Windsor. However, home starts fell in Hamilton (-14.7 per cent), Kitchener Cambridge Waterloo (-33.3 per cent), and Kingston (-48.1 per cent), amongst other areas.

Year-to-date, home starts in Toronto decreased by 35.7 per cent while they fell in London by 21.3 per cent. On the other hand, home starts increased by 23.3 per cent in Ottawa and by 36.2 per cent in Kitchener Waterloo Barrie.

Food prices rise faster while energy prices decline slower in Ontario

Alan Chow, Business Economist



Ontario's 12-month inflation rate edged higher to 1.9 per cent year-over-year in November from 1.8 per cent in October. Core measures were mixed. Inflation excluding energy was unchanged at 2.5 per cent for a third consecutive month, while inflation excluding food moved up from 1.4 per cent to 1.5 per cent year-over-year. Inflation excluding both food and energy eased to 2.1 per cent from 2.3 per cent in the previous month.

Nationally, inflation was unchanged with the all-items inflation rate staying at 2.2 per cent. Inflation excluding energy went down from 2.8 per cent to 2.7 per cent, inflation excluding food and energy fell from 2.7 per cent to 2.4 per cent, while inflation excluding food remained the same at 1.9 per cent.

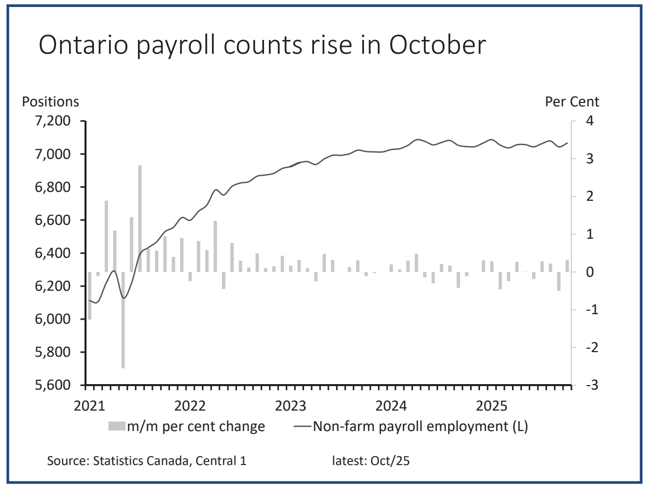
In Ontario, energy prices fell 6.9 per cent year-over-year in November, a smaller decline than the 9.6 per cent seen in the month prior. Gasoline prices were also down 10.1 per cent in November compared to 12.5 per cent year-over-year in October. Since the full month of the elimination of the carbon tax, gasoline has been up 3.4 per cent. Natural gas prices in Ontario also declined by 17.3 per cent year-over-year although they remained the same month-over-month.

Food prices rose by 4.1 per cent year-over-year in November, an acceleration from 3.3 per cent in October. Grocery price growth led the way, up 4.1 per cent from 2.9 per cent, with meat prices up 8.8 per cent from 8.3 per cent. Beef prices have climbed, up 17.7 per cent year-over-year. Fruits and nuts also saw prices growth accelerate to 4.6 per cent from 1.6 per cent. On the other hand, dairy prices fell 0.5 per cent year-over-year and vegetable prices declined 0.2 per cent. Food from restaurants saw price growth decelerated slightly to 4.1 per cent from 4.2 per cent.

Shelter cost growth slowed again to 1.1 per cent year-over-year in November from 1.2 per cent in October. This is the lowest year-over-year increase since May 2020. Rented accommodation inflation though slowed to 4.0 per cent from 4.4 per cent, while price growth for owned accommodation eased further to 0.3 per cent from 0.6 per cent — the lowest year-over-year price growth in the last five years. Homeowners' replacement cost has been the main driver as its price level has declined by 3.8 per cent, reflecting declining home values. The monthly year-over-year price change for this has been negative since May 2023. Mortgage interest cost growth also continues to decline, now at 2.3 per cent, down from 2.9 per cent last month.

Household operations, furnishings, and equipment prices grew by 4.4 per cent, up from 4.0 per cent. Clothing and footwear prices rose 0.8 per cent year-over-year compared to last month's 0.3 per cent decline. Transportation costs growth was unchanged at 0.7 per cent. Health and personal care prices grew by 2.5 in November, up from 1.5 per cent in October while recreation, education and reading material prices grew by 0.4 per cent, down from 2.3 per cent as travel services saw a decline of 6.5 per cent due to the base year effect from last year's Taylor Swift concert

The cost of goods increased by 1.1 per cent year-over-year in November, up from 0.1 per cent in October. Within goods, durable goods prices rose 2.9 per cent (up from 2.3 per cent), and semi-durable goods prices grew by 0.3 per cent (up from 0.2 per cent). Non-durable goods saw annual prices grow by 0.4 per cent, up from the previous month's price decline of 0.9 per cent. Service prices increased 2.5 per cent year-over-year in November, a slowdown from Octobers 2.9 per cent rise.



Payroll counts rise in Ontario in October

Eloho Ennah, Economic Analyst

Ontario payroll counts rebounded in October, following a decline in September. Payroll counts (including unclassified businesses) in the province captured by the Survey of Employment, Payroll and Hours (SEPH) increased by 0.3 per cent or 22,700 positions. Ontario SEPH payroll count continued to be range-bound, a trend since mid-2023 highlighting tempered hiring conditions in the face of economic weakness and uncertainty while a housing market downturn persists.

Looking solely at classified businesses, the goods producing sector noted a minor decline in payroll counts during the month whilst the services producing sector saw an increase in payroll counts.

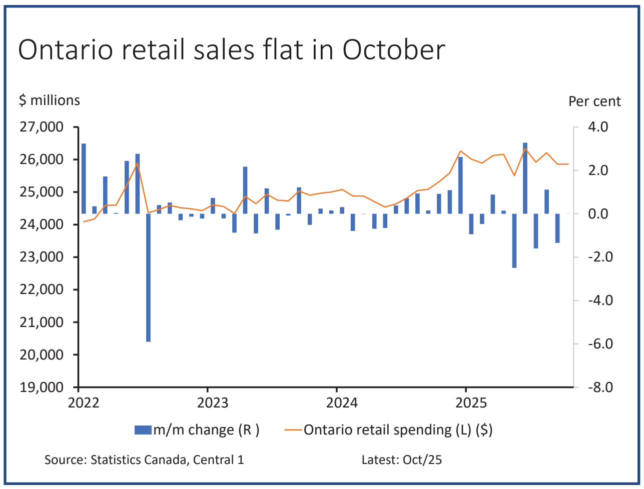
Goods-producing sectors' payroll counts declined on aggregate by 1,100 or 0.1 per cent in October, with a 2.4 per cent year-over-year decrease. This was as a result of lower positions in manufacturing (-1,100 positions or -0.2 per cent). Construction and utilities also noted declines of 241 positions (-0.1 per cent) and 26 positions (-0.1 per cent), respectively. Other subsectors tempered these declines. Among services, the sector as a whole saw a 0.4 per cent (25,700) rise in payroll counts with large gains recorded in healthcare and social assistance (0.7 per cent or 6,100 positions), education (0.9 per cent or 5,000 positions) and finance and insurance (1.2 per cent or 4,800 positions).

Average weekly earnings rose 0.4 per cent over the month to $1,357, but 12-month growth of 2.9 per cent beat the national increase of 2.2 per cent. Ontario's job vacancy rate at 2.3 per cent remained the lowest in the country, reflecting poor hiring conditions.

SEPH estimates should be considered alongside the Labour Force Survey (LFS), which is more widely watched and timely, though based on a household survey rather than administrative data like SEPH. Some divergence between both surveys is expected, as multiple job holders, the self-employed and farm workers, may be captured in one survey but not the other. Historically, however, employment trends from both surveys have generally aligned. Recently, both surveys point to continued softness in the Ontario labour market as businesses halt hiring plans in the face of uncertain economic conditions.

Ontario monthly retail sales unchanged in October

Alan Chow, Business Economist



Canadian retail sales fell for the second consecutive month in October. On a seasonally-adjusted basis, retails sales fell 0.2 per cent in October to $69.4 billion after falling 0.9 per cent in September. The largest decline was noted at food and beverage retailers, which saw sales decline by 2.0 per cent following the increase (0.6 per cent) in the previous month. Core retail sales, which exclude gasoline stations and fuel vendors and motor vehicle and parts dealers, were also down 0.5 per cent.

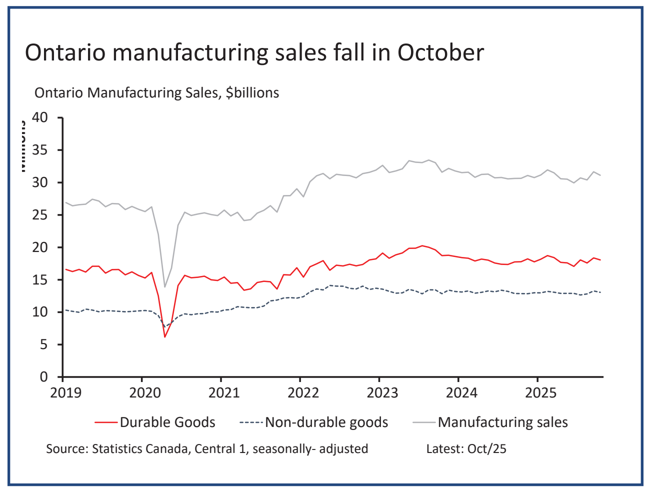
In Ontario, retail sales were flat, staying at around $25.9 billion in October after declining 1.3 per cent in September. The $25.9 billion for September is the fourth lowest monthly sales so far this year. Unadjusted retail sales in Ontario declined by 0.4 per cent compared to the same month in 2024. Year-to-date, retail sales have risen by 4.3 per cent, down slightly from previous months 4.5 per cent.

Subsector data is unadjusted for seasonality, but year-over-year figures showed higher sales across almost all categories. Motor vehicle and parts dealers were the one group that saw lower year-over-year sales with a decline of 3.2 per cent. Higher sales were led by general merchandise retailers, up 6.5 per cent from a year ago. Clothing retailers also reported higher sales compared with last September, up 8.1 per cent. Food and beverages retailers saw year-over-year sales increase 2.3 per cent.

Regionally, the Toronto metro area saw seasonally-adjusted retail sales decline by 0.3 per cent on a month-over-month basis in October. Compared to a year ago, unadjusted sales were down 0.3 per cent with year-to-date sales up 2.5 per cent. Ottawa unadjusted retail sales also increased by 9.8 per cent with year-to-date sales up 3.6 per cent.

Durable and non-durable goods sales in Ontario fall in October

Eloho Ennah, Economic Analyst



Ontario manufacturing sales decreased by 1.7 per cent in October to $31.1 billion on a seasonally adjusted basis. Both the durable and non-durable goods categories posted monthly declines, with sales dropping by 1.7 per cent to $13.1 billion and $18.1 billion respectively. Manufacturing sales had seen a tariff-induced slump earlier in the year, and although sales noted a minor recovery mid-year, overall sales are still lower year-to-date (-0.2 per cent) as trade uncertainty still lingers.

Driving the decline in the non-durable goods sector was lower in chemical manufacturing sales (-9.4 per cent or -$238.5 million) while food manufacturing and paper manufacturing sales also decreased by 0.9 per cent ($42.9 million) and 3.9 per cent (-$29.2 million), respectively. Year-to-date, non-durable goods production in Ontario was down by 1.1 per cent from last year.

In the durable goods category, transportation equipment manufacturing and wood product manufacturing saw the most substantial declines with sales falling by 2.2 per cent (-$181.2 million) and 17.7 per cent (-$100.7 million), respectively. Year-to-date, non-durable goods production in Ontario was up by 0.5 per cent from last year.

Within the metro areas, manufacturing sales results were mostly negative. Sales decreased in Toronto (-2.8 per cent or -$333 million), Hamilton (-9.7 per cent or -$193 million), and Kitchener-Waterloo Barrie (-1.2 per cent or -$32 million). Windsor noted an increase of 8.8 per cent ($177 million) in manufacturing sales during the month.

For more information, contact economics@central1.com.