



Highlights

- Business confidence showed modest improvement in April
- Home sales were back on the rise in Ontario in March, up by 1.9 per cent
- Housing starts declined by 24.3 per cent in March
- Canada and Ontario reported lower building permits volumes in February

Small business confidence steadies in April

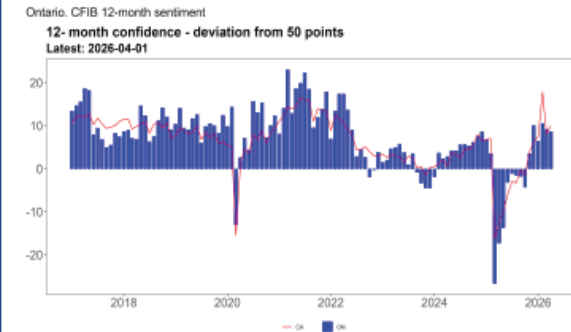
Bryan Yu, Chief Economist

Canadian small business confidence showed mild improvement in April after a sharp retrenchment in March as businesses absorbed the news and impact of the now seven-week war in the Middle East. The CFIB's latest Business Barometer readings showed a rebound in business expectations over the coming twelve months (long-term) to 58.5 points from 55.7 points in March, with the short-term three-month outlook rising by a point to an index value of 55.4. Confidence levels are still well off the January reading but are in line with levels seen in late 2025. While an index value above 50 suggests businesses are on net more confident of the year ahead, a value near 65 points is considered aligned with a moderate growth economy. Current trends remain consistent with subdued economic growth expectations, with challenges around future trade risks and oil price concerns.

Among industries, there was notable weakness in sectors like agriculture and transportation/warehousing, and manufacturing which were closer to the 50-point threshold, given greater exposure to both trade and energy price risks. Short-term hospitality confidence also declined.

CFIB survey results from businesses were also unsurprising. Fuel costs were cited by 74 per cent of respondents as causing difficulties for businesses, up from 52 per cent in March and 36 per cent in February. Other factors were consistent with prior months. There were more signs of impending layoffs with 16 per cent of respondents looking to reduce their full-time workforce in coming months, although more were also hiring. It is possible that businesses are looking to pass on costs as average pricing plans rose during the month from 2.6 per cent to 3.2 per cent.

Ontario SME confidence steadies but still low



Source: CFIB, Central 1

latest: Apr/2026

Based on three-month average data, Ontario confidence was roughly unchanged. The 12-month outlook index held steady near 59 points, while the three-month index rose by a point to 54.6 points. That said, this could reflect a natural rebound in optimism after challenging economic conditions over the past year. Net full-time hiring plans tipped into negative territory, while demand, taxes, and fuel costs remain top-of-mind challenges for businesses.

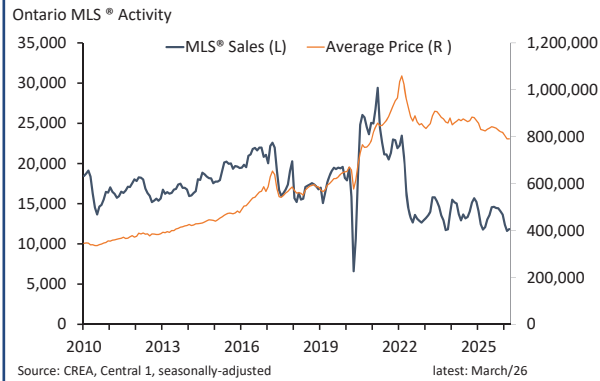
Ontario home sales resumed growth in March

Eloho Ennah, Economic Analyst

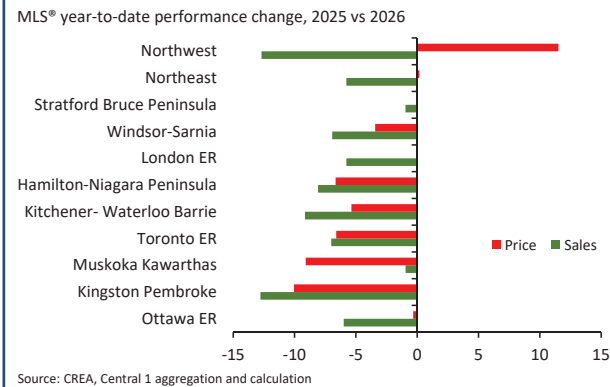
Ontario's housing market showed modest improvement in March as home sales increased for the first time since August. Seasonally-adjusted MLS® sales rose by 1.9 per cent to 11,838 units, following the 6.0 per cent decline in February. Year-over-year, home sales grew by 0.4 per cent. That said, sales remain low, reflecting persistent uncertainty and broader economic weakness.

Looking at the regional level, home sales rose in most areas. The Toronto economic region (ER) reported a 1.7 per cent increase in sales, driving the overall provincial increase. Home sales also increased by 6.4 per cent in Hamilton-Niagara Peninsula, and also rose in Stratford-Bruce Peninsula by 4.9 per cent. Additional gains were noted in the Northwest (37.9 per cent), London (11.9 per cent) and Windsor-Sarnia (17.7 per cent). That said, these gains were partly offset by declines in Kingston-Pembroke (-10.2 per cent), Muskoka-Kawarthas (-9.3 per cent), Kitchener-Waterloo-Barrie (-1.1 per cent) and the Northeast (-10.9 per cent).

Ontario home sales back on the rise



All markets noted lower year-to-date sales in March



The prolonged weakness was more evident in down-beat year-to-date figures across all markets. Toronto home sales were 7.0 per cent lower year-to-date, while also down in Kitchener-Waterloo-Barrie and Hamilton-Niagara Peninsula by 9.1 per cent and 8.1 per cent, respectively.

The rebound in sales was accompanied by a slight increase in home prices. The average home price increased by 0.2 per cent to \$791.0k, but down from the all-time high by 25.3 per cent. This owed to increases in prices in Toronto (+0.8 per cent) to \$1.02 million. They also increased in Muskoka-Kawarthas by 5.8 per cent and in Hamilton-Niagara Peninsula by 2.2 per cent. Declines were seen in the Northwest (-11.2 per cent), the Northeast (-0.2 per cent), and Kingston-Pembroke (-3.9 per cent).

Benchmark prices, adjusted for composition effects and which provide a clearer picture of the trend, declined in Ontario by 0.6 per cent, extending the downtrend since early 2025. Market conditions are in favour of buyers with the sales-to-new listings ratio at 37.3 per cent, while new listings increased by 2.4 per cent. Looking ahead, housing market activity is ex-

pected to remain subdued amid the current unsteady geopolitical climate and weak economic prospects. Higher living costs brought on by the war continue to strain household finances and weigh on prospective buyers, while trade uncertainty persists with CUSMA renegotiations still ongoing. A minor rebound may occur later in the year if conditions improve alongside ameliorating affordability.

Housing starts in Ontario fall in March

Eloho Ennah, Economic Analyst

Urban-area housing starts in Ontario plunged in March following the increase in the prior month. Figures published by the Canada Mortgage and Housing Corporation (CMHC) showed a 24.3 per cent drop in monthly starts figures to 51,706 units (seasonally-adjusted annualized rate), the lowest since October 2025. The decline was prompted by a sharp drop in multi-family starts (-27.7 per cent), with single-family starts a modest 0.3 per cent lower.

Ontario housing starts plunge in March



That said, housing starts values tend to be volatile from month-to-month, and the six-month moving average has moved higher, albeit remaining low. Construction activity is still tempered by a range of factors such as subdued presales, high development costs, slowing population growth and soft economic conditions. Weak residential building permit issuance in the province also highlights this slowdown as builder confidence remains low. We would expect subdued home starts figures for Ontario in the near term, pending improved market conditions.

Of Ontario's sixteen metro areas, seven saw lower home starts on a monthly basis. These were Ottawa (-35.7 per cent), Oshawa (-90.4 per cent), Kitchener-Cambridge-Waterloo (-94.5 per cent), Hamilton (-95.9 per cent), St. Catharines-Niagara (-13.5 per cent), Bar-

rie (-75.1 per cent), and Thunder Bay (-71.5 per cent). The rise in starts in other areas like Toronto (33.2 per cent), was insufficient to counter these losses.

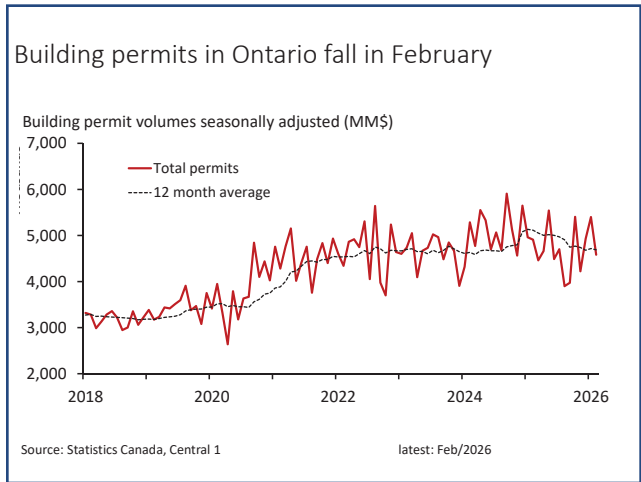
Ontario saw lower non-residential building permit volumes

Alan Chow, Business Economist

In February, Canada saw the total value of building permits decline by 8.4 per cent or \$1.1 billion month-over-month, partially reversing the growth from the previous two months to a seasonally adjusted \$12.1 billion. The decline was led by a 24.0 per cent or \$1.2 billion month-over-month decline in non-residential building permits to just above \$3.9 billion. This is the lowest monthly dollar value of non-residential building permits since June 2024. On the other hand, residential building permits volumes rose for the third consecutive month, rising 1.7 per cent or \$135 million month-over-month to \$8.1 billion. This is the third highest monthly volume in the last 12 months. On a constant dollar basis, building permits declined 8.6 per cent month-over-month and are down 11.5 per cent year-over-year.

In Ontario, building permit volumes declined 15.1 per cent or \$817 million month-over-month to a seasonally adjusted \$4.6 billion in February which drove the national pullback. Non-residential building permits declined 41.8 per cent or \$1.1 billion month-over-month to \$1.5 billion. This was the lowest monthly volume since October 2022 when it was just above \$1.4 billion. Residential permit volumes rose for the third month, rising 10.7 per cent or \$292 million month-over-month to \$3.0 billion. This is the second highest monthly volume over the last 12 months. On a constant dollar basis, Ontario saw building permit volumes decline 14.9 per cent month-over-month and 9.4 per cent year-over-year.

All non-residential permit types saw a month-over-month decline. Institutional and governmental building permits came in at \$365 million after having spiked to \$1.2 billion the previous month. This is the second lowest monthly volume over the last 12 months. Industrial building permits also declined 33.4 per cent to \$349 million for the lowest monthly volume since February 2025. Commercial building permits declined 11.3 per cent to \$832 million for the third lowest monthly volumes over the last 12 months and the lowest since August 2025.



Ontario's rise in the residential building permits was driven by a third monthly increase, rising 17.6 per cent or \$320 million rise in multiple-dwelling building permits to \$2.1 billion, which is the highest monthly volume over the last 12 months. In contrast, the volume of single-dwelling building permits fell by 3.1 per cent or \$28 million to \$895 million.

In Ontario's metro areas, only six out of the 16 areas saw higher month-over-month permit volumes in February 2026. Toronto saw a decline of 28.9 per cent on permits issued to \$2.0 billion. On a constant dollar basis, building permits issued amounted to \$1.9 billion.

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