Economics | Current Economic Trends

Ontario Economic Briefing

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central 1 Economics

Highlights

- Toronto MLS home sales increased in April
- Employment rebounded in April with 0.5 per cent m/m growth
- Ontario exports rose to record high on gold

Steady but weak housing market conditions continue in Toronto

Bryan Yu, Chief Economist

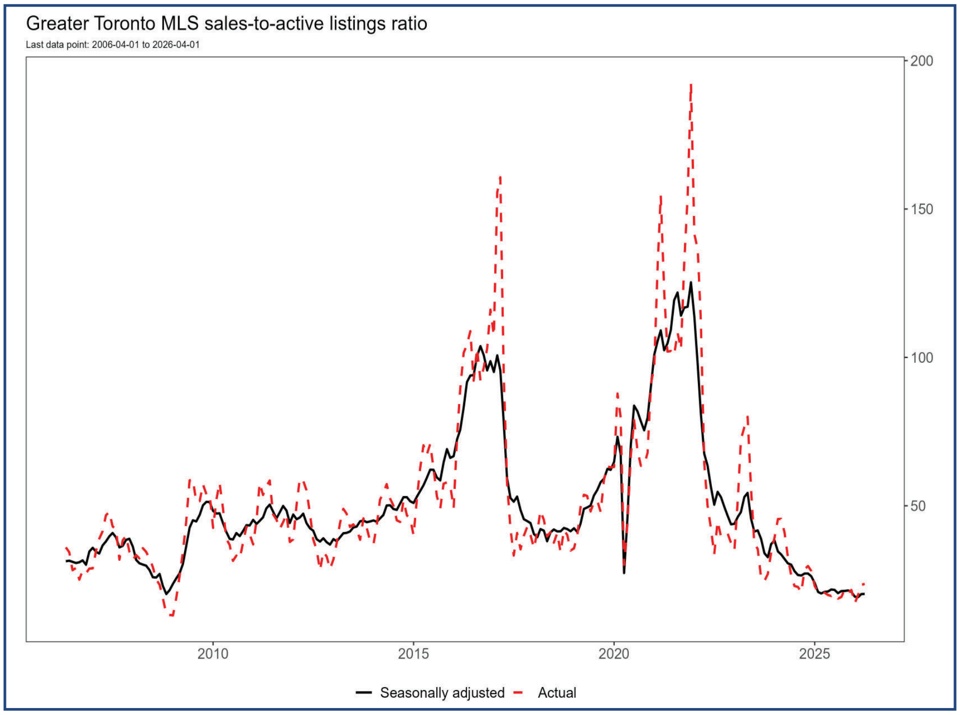
Housing activity was steady in April, but exceptionally weak conditions in Toronto's housing market continued as buyers continued to shy away from the market even as affordability has improved. Renewed economic uncertainty, the nudging up of mortgage rates due to the war in Iran, the upcoming CUSMA review and soft labour market conditions were impediments to a recovery.

MLS® home sales reached 5,946 units in April according to the Toronto Regional Real Estate Board. This was 7 per cent higher than a year ago, and up 2.2 per cent month-over-month (m/m) when adjusted for seasonal patterns. That said, over the past 20 years, this was the third lowest April performance next to 2024 and the pandemic period low. On a seasonally-adjusted basis, sales are trending at a pace consistent with a recession, with the general trend continuing to ease. Year-to-date sales fell 2.9 per cent.

Market conditions are tepid. While new listings are off recent highs even with a pickup over the past month, inventory in the region rose again and was 16 per cent above a year ago. At 23.7 per cent, the sales-to-active listings ratio is consistent with a deep buyers' market for the region, signaling further downward pressure on home values. That said, we view the market as near a bottom.

The average home price rebounded to $1.051 million in April to narrow the year-over-year (y/y) gap to 4.9 per cent, up from -6.7 per cent in March. On a seasonally-adjusted basis, the average price rose 0.7 per cent, which could point to a steadying off after a year-long decline. Similarly, the composite price fell 6.6 per cent y/y, with the deepest declines in the multi-family sector, highlighting oversupply in condo markets, and weaker investor demand following migration caps. Relative to peak, average prices are down about 20 per cent, with composite values 25 per cent lower, marking a massive equity loss for recent buyers.

We expect housing to remain subdued over coming quarters. A housing recovery, while likely to be triggered as affordability improves, will also need additional certainty related to the Iran war and CUSMA negotiations.



Ontario employment growth becomes increasingly uneven

Zoe He, Senior Economic Analyst

Ontario's labour market rebounded in April, according to the latest Statistics Canada Labour Force Survey. Employment was up by 0.5 per cent on a m/m basis, outperforming the national decline of 0.1 per cent. The gain more than reversed March's modest decline and helped recover part of the job losses seen earlier in the year. On a y/y basis, employment was up 0.7 per cent.

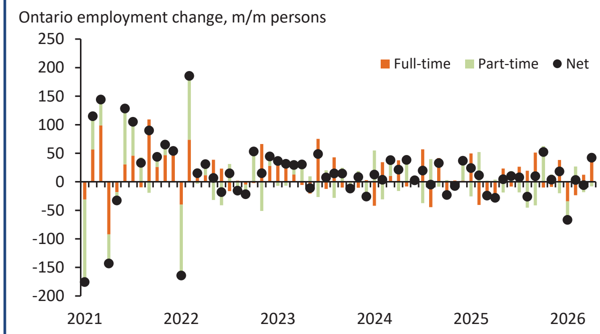
Changes in employment composition continued to reflect a shift toward full-time work. Full-time employment surged by 50k or 0.7 per cent m/m and 2.0 per cent y/y, while part-time employment declined by 0.5 per cent m/m and 2.5 per cent y/y. This marks a positive sign for the economy and suggests improvements to income stability amidst a challenging economic environment.

By industry, employment edged lower in the goods-producing sector, declining 0.2 per cent m/m and 0.7 per cent y/y. On a 12-month basis, job losses were concentrated in construction (-7.3k; -1.3 per cent y/y) and manufacturing (-8.5k; -1.0 per cent y/y). Tariff-sensitive sectors remain weak, while a tepid housing market is likely driving lower construction employment. In contrast, service-producing industries drove the monthly increase, rising by 39.8k (0.6 per cent) m/m and by 65.1k (1.0 per cent) y/y. Growth was led by transportation and warehousing (+10.1 per cent y/y) and business, building, and other support services (+5.9 per cent y/y). A key drag is education, which rose 1.2 per cent m/m, but remains down nearly 6 per cent y/y as federal migration caps hit colleges and universities.

Regionally, labour market conditions weakened across several Census Metropolitan Areas. Employment in Toronto increased by 0.2 per cent in April and was up 0.1 per cent y/y. In Ottawa, employment rose by a solid 1.4 per cent m/m but remained down 2.5 per cent y/y. London and Barrie recorded the highest unemployment rate among Ontario CMAs, at 9.2 per cent.

By firm size, employment continues to be concentrated among mid-sized firms (20–99 employees), which account for approximately 31 per cent of total employment. This segment also drove overall job growth, with employment increasing by 2.6 per cent m/m and 5.4 per cent y/y. Employment at medium-large firms declined by 1.0 per cent m/m and 4.5 per cent y/y.

Ontario employment rebounded in April



Source: Statistics Canada, Central 1 latest: April/26

Large firms (500+ employees), representing roughly one-quarter of total employment, recorded a notable y/y gain of 8.8 per cent.

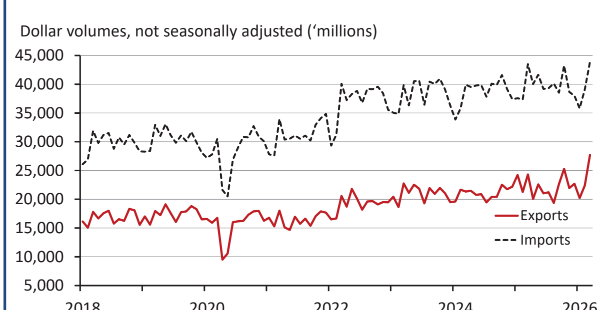
Overall, Ontario's April labour market data points to a modest rebound after earlier weakness. Employment increased, the unemployment rate fell, and job gains were led by service-producing industries and full-time work. However, the recovery remains uneven, with goods-producing sectors still soft and regional conditions mixed. The shift toward full-time employment is positive for income stability, though weaker part-time employment may limit flexible or secondary income opportunities.

Ontario merchandise exports and imports to U.S. highest since March 2025

Alan Chow, Business Economist

Ontario merchandise exports rose again in March following the increase in February. For March, Ontario exports rose 23.6 per cent or $5.3 billion to a record high of $27.7 billion (unadjusted) for the month. Imports also rose 12.3 per cent or $4.8 billion to a record high of $43.9 billion. On a y/y basis, exports are up 14.0 per cent or $3.3 billion while imports are up 0.9 per cent or

Trade volumes continue to rise



Source: Statistics Canada, Central 1 latest: Oct/25

$408 million. Year-to-date, exports are only up 0.8 per cent or $531 million while imports are up 0.3 per cent or $378 million. It should be noted however that U.S. companies boosted imports during the early months of 2025 in anticipation of tariffs and thus pushed Canadian exports up higher than what they might normally have been during that period.

10 out of the 11 product classifications saw month over m/m growth and it continues to be led by higher metal and non-metallic mineral products, specifically unwrought gold, which are up 33.8 per cent or $2.5 billion m/m and 78.5 per cent or $4.4 billion y/y to a record $10 billion. Motor vehicle and parts exports also grew 25.2 per cent or $1.1 billion m/m to reach a five-month high of $5.7 billion, although this is 15.1 per cent or $1.0 billion less than March 2026. The higher exports were the result of higher production over the last two months. The lone product seeing lower exports was energy products, which was down 54.1 per cent m/m and down 7.5 per cent y/y to $245 million. Year-to-date, Ontario is only exporting more in four product categories. Metal ores and non-metallic minerals led the way, up 40.0 per cent or $7.0 billion while motor vehicles and parts fell 24.6 per cent or $4.4 billion and consumer goods decreased by 7.6 per cent or $903 million.

Nine out of the 11 product categories saw m/m rise in imports with motor vehicles and parts up 14.3 per cent or $1.3 billion and electronic and electrical equipment and parts up 21.6 per cent or $1.0 billion. Y/y growth was led by metal ores and non-metallic minerals, up 110.5 per cent or $1.3 billion and metal and non-metallic mineral products, up 60.1 per cent or $1.5 billion. These gains were partially offset by a 9.6 per cent or $1.1 billion decline in motor vehicles and parts and 9.3 per cent or $861 million decline in consumer goods imported.

Exports to the U.S. picked up this month, up 18.2 per cent to $16.6 billion, which represents about 60.0 per cent of total exports. Imports from the U.S. also rose 14.4 per cent to $22.5 billion. Both figures are the highest they have been since March 2025. Exports to the U.K. rose 37.4 per cent to a record high $7.9 billion, led by the previously mentioned higher amount of unwrought gold that is being exported. This figure was 28.7 per cent of total exports for the month. For comparison, exports to the U.K. in 2024 were only 9.3 per cent of total exports.

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