

## Canadian Housing Outlook

### Sunnier Skies Ahead

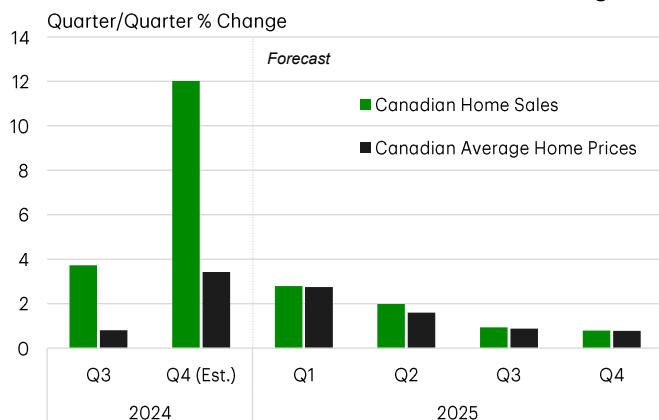
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December 19, 2024

- A major change relative to our September projection is the steep upside surprise that we're tracking for Canadian home sales growth in the fourth quarter of 2024. Indeed, sales probably chalked up a gain of about 12% q/q in Q4, lifted by B.C. and Ontario.
- Gradually falling borrowing costs and continued economic growth should support positive sales growth in 2025 (Chart 1). Mortgage rule changes implemented in December will also boost demand and prices (see [here](#)). However, given the upgrade to the starting point we now see sales reaching (and surpassing) their pre-pandemic level in 2024Q4. In September, this gap was not expected to close until the first quarter of next year.
- Sales growth is projected to be the strongest in B.C. and Ontario next year, as significant pent-up demand is unleashed. However, tough affordability backdrops in those regions should restrain price growth. Also, in Ontario, the GTA condo market continues to be plagued by too much supply relative to demand, and prices are likely to continue falling into next year (Chart 2). However, this condo market weakness should make it easier for more expensive types of housing, like detached units, to outperform, delivering some offsetting upside for average prices.
- The Prairies are likely to record yet another solid performance in 2025, given better affordability backdrops, and the likelihood of lesser population slowdowns than markets like B.C. and Ontario. Our forecast for Alberta's home price growth suggests that by the end of 2026, average home prices will have expanded for 7 straight years in the province.
- Quebec should see another firm price gain in 2025, as tight conditions and federal measures prop up prices over the next several months. These same factors should lift near-term prices in the Atlantic region, although the sharp slowdown in interprovincial migration that's unfolding is likely sapping ownership demand. As such, we see significantly softer price growth in this region in 2026.
- In terms of risks to the outlook, tariff threats loom large over the Canadian economy. Full or partial implementation will damage the economy and, therefore, housing more than we've built into our baseline. On the upside, falling borrowing costs could upwardly pressure sales and prices by more than we expect.

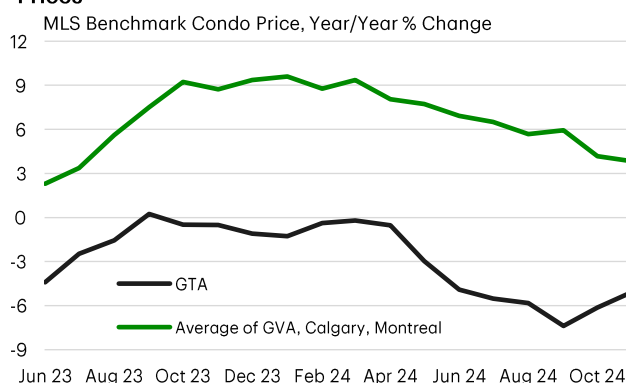
Exhibits

Chart 1: 2025 To Be a Solid Year for Canadian Housing



Source: CREA, TD Economics.

Chart 2: Supply Glut, Soft Demand Depressing GTA Condo Prices



Source: CREA, TD Economics.

| Home Sales and Price Outlook |            |       |       |             |       |       |
|------------------------------|------------|-------|-------|-------------|-------|-------|
| Average Annual Growth, %     |            |       |       |             |       |       |
| Provinces                    | Home Sales |       |       | Home Prices |       |       |
|                              | 2024F      | 2025F | 2026F | 2024F       | 2025F | 2026F |
| <b>National</b>              | 8.1        | 15.8  | 2.9   | 2.2         | 8.0   | 3.1   |
| Newfoundland & Labrador      | 8.4        | 1.6   | 4.9   | 8.8         | 7.3   | 2.2   |
| Prince Edward Island         | 9.9        | 6.7   | 1.7   | 2.3         | 5.6   | 2.5   |
| Nova Scotia                  | 8.6        | 9.5   | 4.1   | 6.8         | 6.4   | 2.5   |
| New Brunswick                | 3.1        | 8.8   | 4.3   | 10.4        | 7.6   | 3.2   |
| Québec                       | 17.6       | 7.2   | 0.7   | 7.3         | 7.0   | 2.9   |
| Ontario                      | 4.8        | 22.6  | 4.1   | 0.3         | 6.4   | 2.7   |
| Manitoba                     | 11.1       | 7.4   | 2.0   | 6.3         | 7.3   | 3.2   |
| Saskatchewan                 | 9.7        | 8.6   | 4.7   | 7.2         | 9.4   | 4.1   |
| Alberta                      | 10.0       | 10.0  | 1.8   | 10.2        | 7.4   | 3.5   |
| British Columbia             | 2.9        | 23.4  | 2.9   | 1.3         | 3.0   | 2.7   |

Source: CREA, CMHC, TD Economics. Forecasts by TD Economics as of December 2024.

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