

## Provincial Housing Market Outlook

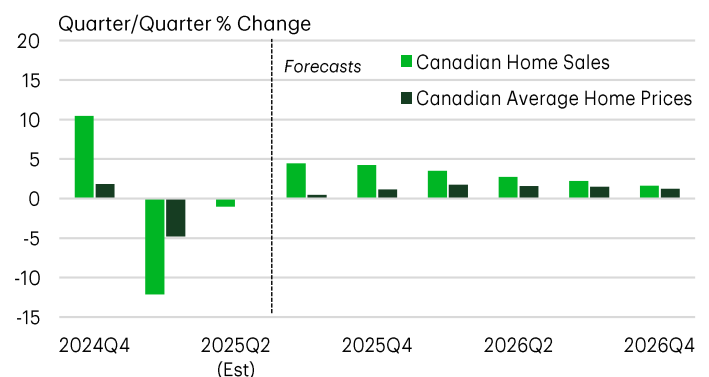
### Firmer Back Half of 2025 in the Cards for Canadian Housing

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- We've modestly upgraded our home sales growth forecasts for the second half of the year across Canada (Chart 1). This represents the assumption that pent-up demand that was sidelined in a weaker-than-expected first half returns to the market. The data is cooperating with this narrative, with Canadian home sales up 4% m/m in May after inching higher in April. However, uncertainty remains elevated, and job markets are deteriorating. As such, even if sales levels improve, they are likely to remain subdued, particularly in B.C. and Ontario.
- We've nudged up our average home price growth forecasts in markets outside of B.C. and Ontario for the back half of the year, as sales gains interact with supply/demand balances that favour sellers in these regions. We're retaining our view that quarterly price growth will be the firmest in the Prairies in the second half of 2025.
- In contrast, 2025H2 home price growth is seen as declining, on average, in B.C. and Ontario. Supply/demand balance indicators suggest that there is too little demand chasing too much supply in these markets, leaving buyers with some power in negotiations. We could see a compositional boost to prices (i.e. sturdier sales gains for more expensive properties that upwardly pressure average prices), particularly in Ontario, however. This reflects the assumption of some underperformance in the less-expensive GTA condo market due to weak investor demand.
- We're expecting stronger growth in Canadian home sales and average home prices in 2026, backed by an improving economy, reduced uncertainty, and a modest downdraft in yields from their current levels. However, the scale of bounce-back in Canadian average home prices will likely be restrained by poor affordability in key markets like B.C. and Ontario. What's more, population growth should remain weak next year, restraining rent gains and preventing any notable recovery in investor demand.
- We expect the federal government's housing plan to boost supply. However, given that the federal budget will only land this fall, along with lags inherent in the homebuilding process, we wouldn't expect a material boost to housing completions until perhaps late next year (at the earliest). Absent a steep recession, any significant improvement in housing affordability would take time and require a sustained ramp up housing construction (see [report](#)).

**Chart 1: Firmer Back Half of 2025 in the Cards for Canadian Housing**



Source: CREA, TD Economics.

## Exhibits

Home Sales and Price Outlook						
Average Annual Growth, %						
Provinces	Home Sales			Home Prices		
	2024	2025F	2026F	2024	2025F	2026F
<b>National</b>	7.5	-3.3	12.7	1.7	-2.6	5.2
Newfoundland & Labrador	6.0	11.5	1.5	8.7	7.4	3.4
Prince Edward Island	8.5	7.3	3.5	2.4	5.2	4.4
Nova Scotia	7.9	1.3	11.7	6.6	3.3	3.8
New Brunswick	4.4	2.7	5.4	10.4	5.7	4.5
Québec	18.8	7.7	2.3	4.5	6.9	4.6
Ontario	3.8	-9.9	19.4	-0.3	-4.4	2.9
Manitoba	11.3	5.3	3.5	6.2	7.1	5.3
Saskatchewan	8.9	-0.5	10.2	6.4	7.6	5.2
Alberta	9.2	-4.5	10.9	10.0	4.0	4.8
British Columbia	2.1	-5.0	19.5	1.7	-4.4	2.5
Source: CREA, CMHC, TD Economics. Forecasts by TD Economics as of June 2025.						

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