

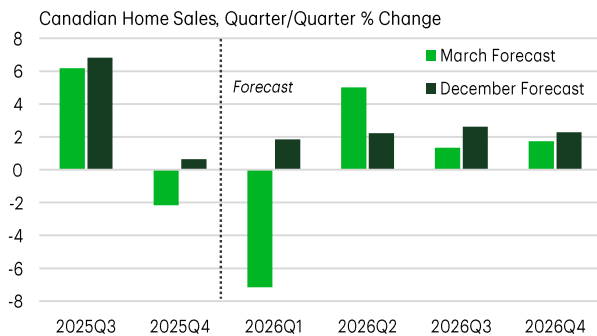
## Provincial Housing Market Outlook Steep Downgrades Amid Persistent Housing Headwinds

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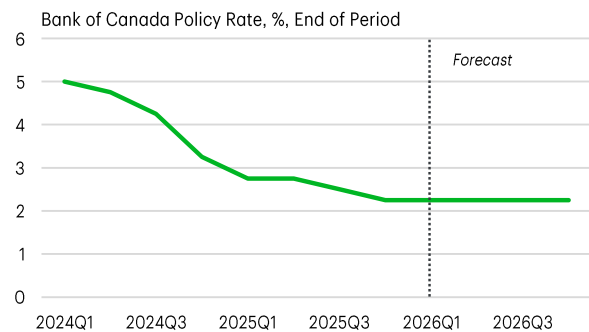
- Weaker-than-expected performances in 2025Q4 and especially 2026Q1 have prompted a steep downgrade to our forecasts for 2026 annual average Canadian home resales and price growth (Chart 1). While severe weather in Central and Atlantic Canada weighed on activity early in the year, weakness was also evident in B.C., where conditions were more temperate. Sales are likely to take most of the year to recoup first quarter losses, as housing remains constrained by a subdued economy, heightened uncertainty, and ongoing cost of living pressures.
- Interest rates are expected to be a largely neutral factor for the outlook in 2026 (Chart 2), with the Bank of Canada likely to remain on hold and no major movements expected in bond yields (which help determine fixed mortgage rates).
- Canada's population declined last year for the first time since Confederation, driven by losses in Ontario and B.C. (Chart 3). Softer rental demand and falling rents are discouraging investor activity in both provinces. Alberta stands out, with the strongest population growth nationally, supported by immigration. Interprovincial migrants continue to flow into the province, bolstering ownership demand.

**Chart 1: Canadian Housing Forecasts Marked Down Notably**



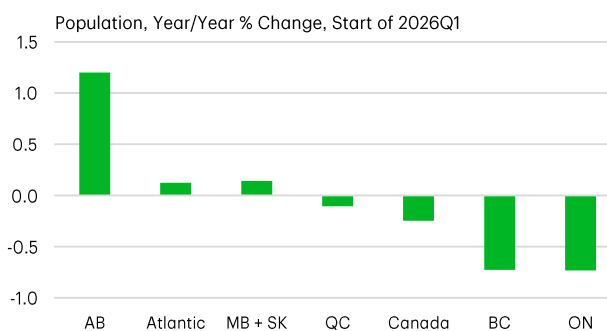
Source: CREA, TD Economics.  
Note that 2025Q4 was estimated at the time of the December forecast

**Chart 2: Interest Rates are Likely to be Neutral for Housing This Year**



Source: Bank of Canada, TD Economics

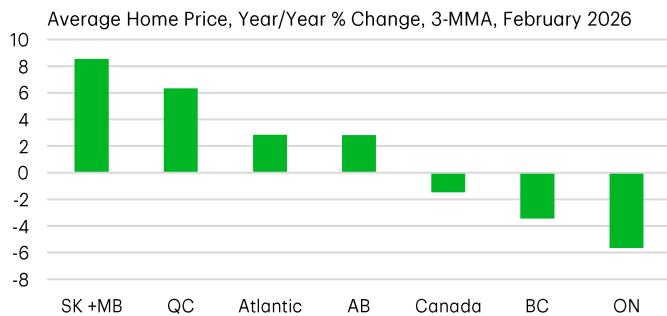
**Chart 3: Pop Growth Chills Across Canada, Especially ON and BC**



Source: Statistics Canada, TD Economics

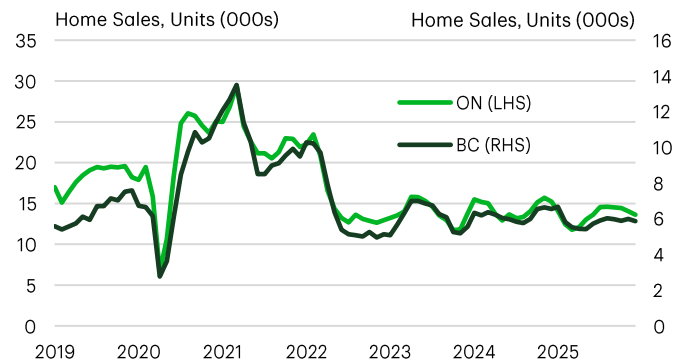
- Ontario and B.C. have seen the sharpest downgrades to sales and price growth following significant first quarter declines. In addition to broader macro headwinds, strained affordability continues to weigh on demand, and falling prices are likely keeping potential buyers sidelined as they wait for a clearer bottom (Chart 4). Pent-up demand has yet to re-emerge as quickly as previously expected (Chart 5), suggesting further price declines may be needed to unlock it. The GTA condo market remains the weakest in the country, with elevated supply needing to be absorbed before prices stabilize (Chart 6). Conditions favour buyers across the GTA, surrounding regions, and Southwestern Ontario, while markets are somewhat firmer in Eastern Ontario and considerably tighter in Northern Ontario (Chart 7).

**Chart 4: Falling Prices May be Keeping Potential Buyers Sidelined in Ontario and B.C., Firmer Gains Elsewhere**



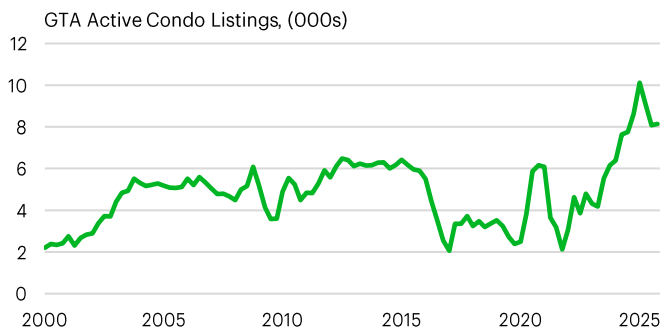
Source: CREA, TD Economics

**Chart 5: BC, ON Home Sales Stuck at Low Levels**



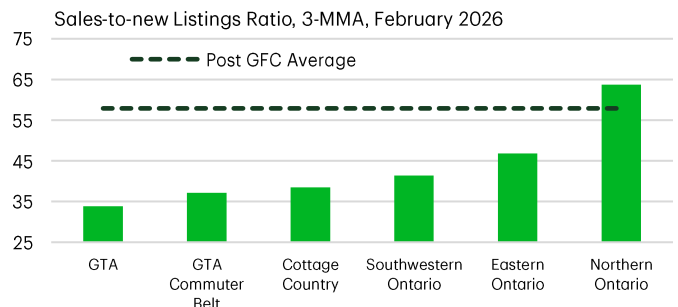
Source: CREA, TD Economics

**Chart 6: GTA Condo Prices to Keep Dropping Amid Elevated Supply**



Source: CREA, TD Economics. Data seasonally adjusted by TD Economics

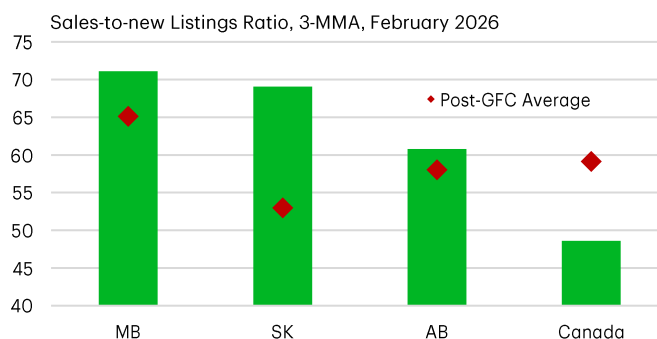
**Chart 7: In Ontario, Markets are Weakest in the GTA and Surrounding Areas**



Source: CREA, TD Economics. Simple average in each jurisdiction. Note that the GTA commuter belt includes Barrie, Brantford, Guelph, Hamilton, Orlia, Niagara Falls and St. Catharines. Cottage country includes Grey-Bruce, Owen Sound, Kawartha Lakes, Muskoka, Peterborough

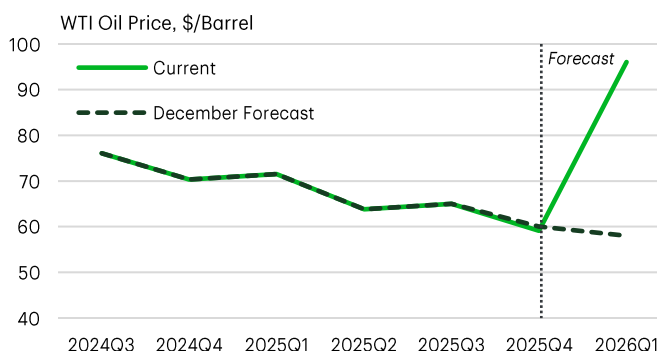
- Across the Prairies, cooling job and population growth should result in sub trend quarterly price gains this year. In Alberta, a rapid increase in supply alongside normalizing demand has rebalanced markets. By contrast, conditions remain tighter in Manitoba and Saskatchewan, where supply growth has been more limited (Chart 8). These tighter starting points—combined with relatively strong affordability in Saskatchewan—should support firmer price gains in those provinces.
- Oil prices have soared amid Middle East tensions. At this point, nobody knows how the situation will evolve, but our working assumption of a shorter conflict means that oil prices will moderate after peaking in the second quarter, but remain above our prior forecast this year (Chart 9).
- Higher energy prices are a net positive for Alberta, Saskatchewan and Newfoundland and Labrador. Our models tell us that, given our assumptions around the path for oil, average home prices could be about 1% higher in Alberta by the end of 2026 versus a situation where oil evolved in line with our December view. One could pencil in about half that increase in Saskatchewan. A similar gain to Alberta could manifest in Newfoundland and Labrador, with some upside risk because the province’s tight market could amplify the price boost. On the opposite end, rising energy costs sap purchasing power to varying degrees in other parts of the country, which could weigh on housing demand.

**Chart 8: Tight Markets Fueling Solid Price Growth in MB and SK**



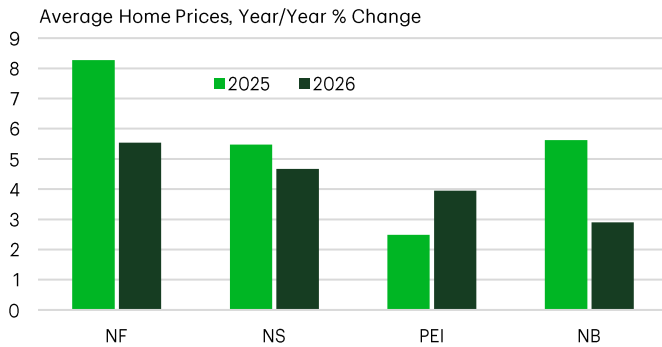
Source: CREA, TD Economics

**Chart 9: Higher Oil Prices Have the Potential to Boost Housing in AB, SK, NF**



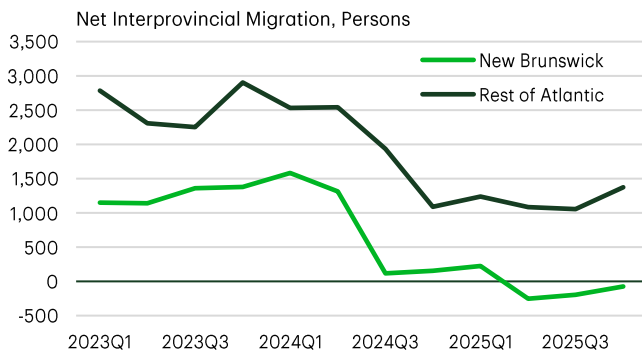
Source: EIA/CME, TD Economics

**Chart 10: In the Atlantic, NL to Outperform on Tight Markets, Solid Affordability**



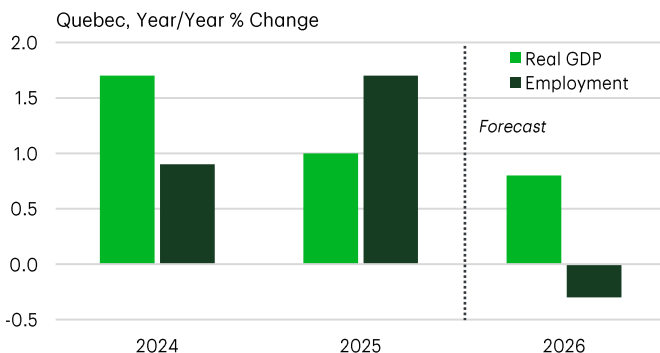
Source: CREA, TD Economics

**Chart 11: Net Interprovincial Outflows to Weigh on New Brunswick's Market**



Source: Statistics Canada, TD Economics

**Chart 12: Housing to Moderate in Quebec Amid Weak Economy, Jobs Market**



Source: TD Economics. Note that 2025 real GDP growth is estimated.

- In Atlantic Canada, Newfoundland and Labrador is expected to post the strongest price growth in the region this year, repeating its 2025 performance (Chart 10). Higher oil prices, tight supply/demand balances, and still affordable housing should support gains, while the economy remains relatively shielded from U.S. trade frictions. Interprovincial migrants are still flowing to PEI and Nova Scotia, lifting housing demand and prices. Both economies should also enjoy reasonable economic growth performances this year, supporting price gains. Falling interprovincial migration in New Brunswick underpins our view of relatively modest price growth in the region this year (Chart 11).
- In Quebec, deteriorated affordability, a soft economy and a rapidly cooling jobs market should weigh on home sales and average home prices as the year progresses (Chart 12), but tight early year supply/demand balances should support decent growth for the next few months, leaving a firm 2026 overall gain.
- Looking ahead to 2027, improved economic and labour market conditions, waning uncertainty, and affordability gains from prior price declines in Ontario and B.C. should support a rebound in Canadian home sales from their 2026 lows. This will likely push national average price growth back into positive territory, though gains are expected to remain modest amid subdued conditions in Ontario and B.C. and moderating growth elsewhere.
- Risks to the outlook are skewed in both directions. A broader or more prolonged escalation of Middle East tensions could support activity in oil producing regions but weigh more heavily on oil importers. On the upside, pent up demand in Ontario and B.C. could be unleashed faster or more forcefully than expected. Upcoming CUSMA negotiations also loom large for the broader economy and, by extension, the housing market.

## Table

Home Sales and Price Outlook						
<i>Average Annual Growth, %</i>						
Provinces	Home Sales			Home Prices		
	2025	2026F	2027F	2025	2026F	2027F
<b>National</b>	-2.4	-1.8	9.6	-1.4	-0.3	2.7
Newfoundland & Labrador	8.0	3.1	2.4	8.3	5.5	3.3
Prince Edward Island	5.9	-1.0	5.3	2.5	3.9	3.5
Nova Scotia	-0.1	1.0	8.5	5.5	4.7	3.9
New Brunswick	4.1	0.4	4.6	5.6	2.9	3.7
Québec	7.7	-0.5	3.0	8.2	6.0	4.2
Ontario	-5.6	-3.2	12.3	-4.1	-4.0	0.3
Manitoba	5.7	-5.8	6.8	3.6	4.9	4.1
Saskatchewan	0.8	-0.1	10.1	8.6	6.4	5.1
Alberta	-7.8	-2.1	11.5	3.9	4.0	4.3
British Columbia	-5.7	-0.2	13.0	-2.7	-1.2	1.9

Source: CREA, CMHC, TD Economics. Forecasts by TD Economics as of March 2026.

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