

# 2025 REAL ESTATE MARKET IN REVIEW. WHAT HAPPENED AND WHY?



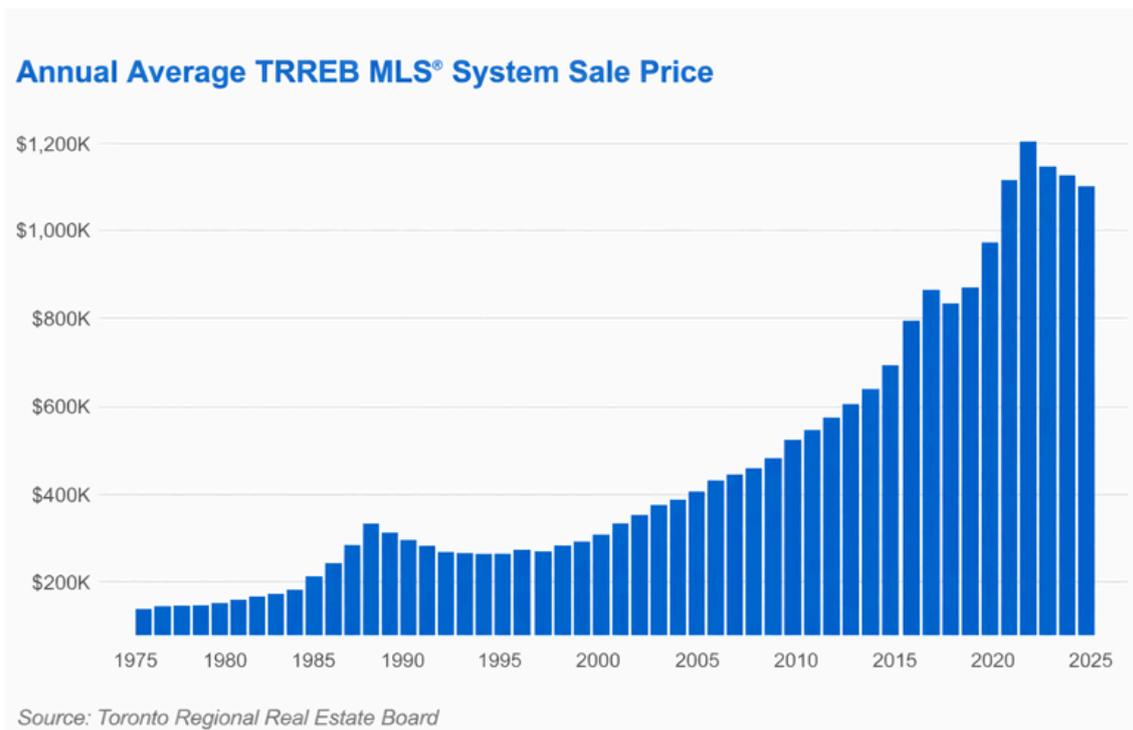
The year began with cautious optimism. The expectation was that interest rate decreases would change the landscape of the real estate market, however other factors played a role in the market and impacted its results.

The real estate market in 2025 was strongly influenced by global uncertainty and ongoing trade tensions with the United States, Canada's largest trading partner. These pressures created a cautious mood that affected consumer confidence across the country.

**SALES SLOW** - Even though interest rates were cut four times in 2025—totalling a 1% reduction and bringing the overnight rate down to 2.25%—the lower rates weren't enough to boost prices or encourage sales. Sales slowed to 62,000 for 2025 according to TRREB, well below the 10-year average of 86,000. Many buyers stayed on the sidelines, expecting further price drops or waiting for more stability in the economy and job market. As a result, market activity remained slow, and sellers dealt with longer listing times and more conservative offers.

**INVENTORY BUILDS** - The 2025 market was marked by more balanced conditions with increased inventory and selection for buyers offering them a greater opportunity to negotiate and purchase real estate. Sellers that simply wanted to test the market and listed over value, sat for long periods of time, and did not result in a successful sale.

**PRICES RESET** - Average home prices reported by the Toronto Regional Real Estate Board have continued to decline since the 2022 peak. Prices dropped from \$1,193,771 in 2022 to \$1,067,968 in 2025, with year-over-year decreases of 5.2%, 1%, and 4.7%.



**THE PRE-CONSTRUCTION MARKET REMAINS STAGNANT** - The pre-construction condo sector entered a much more dramatic correction. Sales volumes fell to multi-decade lows, launches were paused, and several large projects were delayed or cancelled.

High interest rates, changing investor sentiment, and a move toward purpose built rentals by the government made many projects financially unviable. It will take time for this sector to find equilibrium again. This will happen as the market works its way through the available inventory.

**STRATEGY WINS** – Success in 2026 will be largely driven by intentional and well-planned strategy whether you are buying, selling or investing. Your real estate agent needs to understand the data, negotiate with precision, set the strategy, and help clients understand the market so they can align their expectations.

If you are planning on buying or selling, please reach to us for guidance and let's talk strategy.

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