

DECODING THE MARKET: URBANATION'S BLUEPRINT FOR WHAT COMES NEXT



Urbanation, a real estate consulting firm specializing in economic analysis presented an informative and engaging overview of the real estate market—its past performance, current conditions, and outlook. Since 1981, Urbanation has been an industry pioneer, closely tracking the high-rise market and continually evolving its research services to stay ahead of emerging trends.

Seven Key Factors Influencing Real Estate

- Population growth
- Economic conditions
- Ownership affordability
- Investor activity
- Replacement cost
- Housing supply
- Consumer confidence

Chart 3: Consumers' perceived chances of missing a debt payment or losing a job are elevated

What do you think is the percent chance that, over the next 3 months, you will not be able to make one of your debt payments (that is, the minimum required payments on credit and retail cards, auto loans, student loans, mortgages or any other debt you may have)?
What do you think is the percent chance that you will lose your job during the next 12 months?
(Interpolated median)



Shaun Hillebrand, President of Urbanation emphasized that investor activity has declined, and high construction costs are slowing the pre-construction market, resulting in limited new housing supply. Consumer confidence is also playing a major role, especially given ongoing economic uncertainty and trade tensions with the U.S.

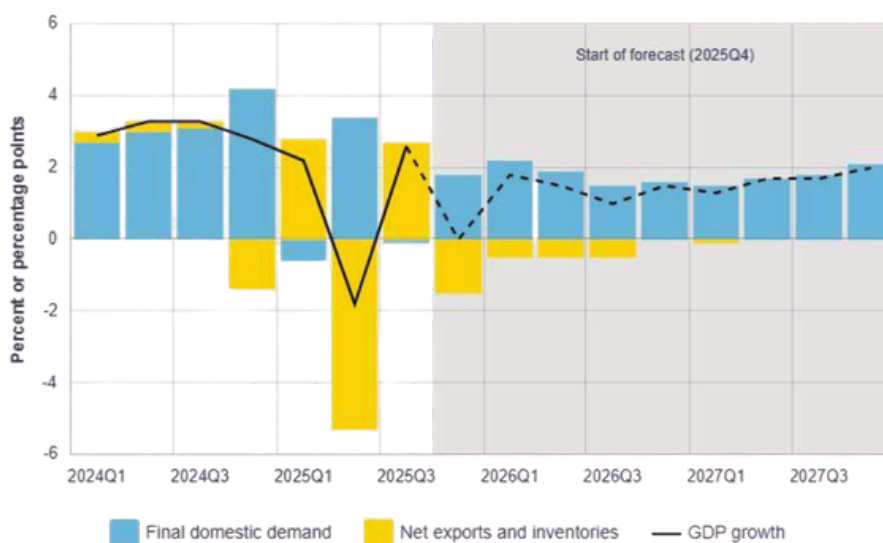
Current Challenges and Recovery Projections

Urbanation concurred with many reports that the real estate market has experienced significant volatility since 2025, driven largely by interest rate changes and tariffs. Although the sharpest phase of the market correction appears to be behind us, consumer confidence remains fragile.

Economic growth is expected to slow to 1.1% in 2026, with a recovery anticipated in 2027. 2026 is considered a bridge year, or a year of transition. A Bank of Canada survey suggests that more homeowners plan to sell, while buyer intentions are gradually increasing through 2026 and 2027. Inflation is projected to remain near 2%, and interest rates are expected to stay neutral.

Chart 12: GDP growth is expected to remain modest

Contributions to GDP growth, annualized, quarterly data



Stable Interest Rates

According to Shaun, the Bank of Canada is unlikely to lower interest rates due to ongoing supply constraints and concerns about triggering inflation. Currently inflation is steady at 2.0% and with projected continued slower economic growth due to less exporting and lower productivity in housing development, the Bank of Canada does not want to trigger inflation by decreasing interest rates. Hence there is no expectation of rate changes through 2026.

Buyers may benefit from current conditions—stable interest rates and higher inventory levels. A gradual market recovery is anticipated as sales and listings move toward balance.

GTA Real Estate Market Update

January sales experienced the steepest decline, falling 33% below the 10-year average. Average home prices have dropped 22% over the past four years, though they remain 54% higher than a decade ago.

The recent price decline is largely due to increased supply combined with softer demand. However, this oversupply is beginning to ease especially as new condominium completions slow. Early signs of market stabilization are emerging. Average prices are expected to decline 3–5% in 2026, likely closer to 2%.

Watch for Part 2 Condo Market Insight in April

Angela Zezza, Real Estate Salesperson

Zecca Colli Realty Group, Sutton Group Quantum