

MARKET REPORT

JANUARY 2026

TORONTO REAL ESTATE

MARKET OVERVIEW

The Toronto real estate market in 2025 was truly a tale of two markets. The first half of the year was dominated by political and economic uncertainty, beginning with the resignation of the Prime Minister, followed by escalating concerns around tariffs and culminating in the formal announcement of tariffs on February 1. This period was further complicated by both provincial and federal elections, creating a prolonged environment of uncertainty that significantly impacted buyer confidence.

“ As confidence gradually returns through the spring and market conditions normalize, the current environment presents a compelling window to act ahead of broader recovery momentum. ”

During this time, the Bank of Canada implemented interest rate cuts that, under more stable conditions, would typically stimulate housing activity and improve affordability. However, despite these measures, market confidence remained subdued. While the second half of the year showed signs of stabilization—marked by increased inventory, improved affordability, and the establishment of stable provincial and federal governments—many buyers remained on the sidelines. Consumer confidence, more than pricing or borrowing costs, proved to be the greatest limiting factor on market activity.

The latter half of 2025 was unable to recover from the disruptions experienced earlier in the year.

MARKET PERFORMANCE METRICS

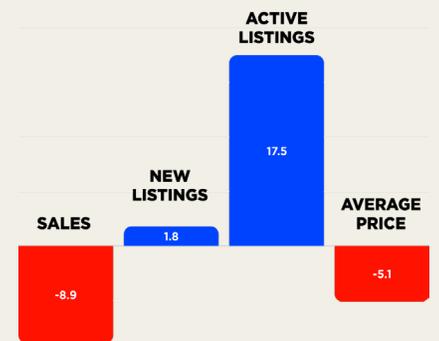
As a result, GTA REALTORS® reported **62,433 home sales** through TRREB's MLS® System in 2025, representing an **11.2% decline compared to 2024**. New listings totalled **186,753**, an increase of **10.1% year-over-year**, reflecting greater seller activity amid softer demand.

The **average selling price for 2025 was \$1,067,968**, down **4.7%** from **\$1,120,241 in 2024**.

PERFORMANCE BY PROPERTY TYPE

Freehold housing largely carried the overall market in 2025, while the condominium segment significantly lagged. Although all property types performed below historical norms, detached and semi-detached homes outperformed the broader market. In contrast, high-rise condominium apartments experienced the most notable price declines, and both pre-construction starts and sales stalled throughout the year.

YEAR-OVER-YEAR DECEMBER 2025



Source: Toronto Regional Real Estate Board

SALES AND LISTINGS ACTIVITY

GTA REALTORS® reported 62,433 home sales through TRREB's MLS® System – down by 11.2 per cent compared to 2024. New listings amounted to 186,753 – up by 10.1 per cent year-over-year. The annual average selling price in 2025 was \$1,067,968 – down by 4.7 per cent compared to \$1,120,241 in 2024.

There were 3,697 home sales reported in December 2025 – down by 8.9 per cent compared to December 2024. New listings entered into the MLS® System amounted to 5,299 – up by 1.8 per cent year-over-year.

On a seasonally adjusted basis, December home sales were down slightly month-over-month compared to November 2025, while new listings were up. The MLS® HPI composite trended slightly lower compared to November while the average selling price edged higher.

2026 MARKET OUTLOOK

Market segments across the GTA are expected to recover at different paces in 2026. Most economists anticipate that interest rates will remain stable for much of the year, although one additional rate cut remains a possibility. However, improved market activity will be driven less by borrowing costs and more by renewed confidence in employment stability and reduced economic uncertainty reflected in media narratives.

Based on population growth, long-term average MLS sales should be closer to 90,000 transactions annually. For the third consecutive year, sales have fallen well below this benchmark, underscoring the growing level of pent-up demand building across the region.

Reaffirmed international trade relationships and large-scale domestic economic development projects will be critical to restoring confidence and improving home sales. With the first half of 2025 serving as a low benchmark, year-over-year comparisons in 2026 are expected to show positive gains, helping reinforce buyer confidence as the year progresses.

CONDOMINIUM MARKET OUTLOOK

The resale and pre-construction condominium markets faced the most significant challenges in 2025. In 2026, higher resale inventory levels are expected to gradually be absorbed by first-time buyers who are unable to access the freehold market. Condo sales are anticipated to begin outpacing new listings as the year progresses.

The pre-construction condo segment will require additional time to recover, with new project launches remaining significantly limited. Builders will first continue to work through existing inventory before considering new developments. Additionally, municipalities will play a key role by addressing development charges, which continue to add substantial costs for end buyers.

As the market approaches the end of the current delivery cycle over the next 12 to 18 months, the lack of new supply will become increasingly evident. Once this occurs, inventory constraints are expected to once again place upward pressure on pricing.

FREEHOLD AND LOW-RISE MARKET OUTLOOK

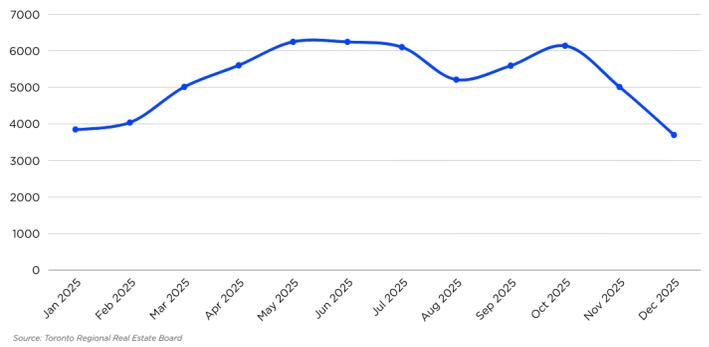
Low-rise, single-family homes—are expected to continue attracting the strongest buyer demand in 2026. While some forecasts suggest overall home prices will remain relatively flat, this segment is expected to outperform. Buyers may quickly recognize that current conditions represent a narrowing window of opportunity within the freehold and low-rise market.

RENTAL MARKET OUTLOOK 2026

The rental market presents longer-term challenges despite short-term opportunities for renters. High construction costs and elevated municipal development fees prompted many developers to delay or shift planned condominium launches toward purpose-built rental projects. These projects coming to market as still years away from delivery.

While renters have benefitted from increased choice in the near term and landlords have adjusted pricing accordingly, rents are expected to stabilize rather than decline further. As new supply remains constrained, rental inventory will continue to tighten, setting the stage for increased pressure in the latter part of the year

SALES VOLUME Year to Date | January 2025 - December 2025



Source: Toronto Regional Real Estate Board

SUMMARY

The GTA real estate market in 2025 faced political uncertainty, economic disruption, and weak consumer confidence, resulting in lower sales, higher inventory, and modest price declines.

In 2026, stabilization is expected with an uneven recovery. Freehold and low-rise homes will lead, while condos—especially pre-construction—will take longer. Pent-up demand, population growth, and limited future supply create strong opportunities as confidence returns and conditions normalize, making this a strategic time to act before broader recovery gains momentum.