

# The condo completions drop-off is coming: What it means for the multifamily market

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After a record-high 2025, completions are expected to fall off a cliff over the next few years



It was a banner year for condominium completions in 2025, with markets across the country experiencing record levels of new product coming online.

In the Greater Toronto Area alone, roughly 31,000 condo units were delivered throughout the year, according to Urbanation data. This followed the 25,000 units completed in 2024.

“This was the endgame for many programs that got started right in the middle of that Covid fever pitch,” Jake Cohen, president at Daniels, told *Green Street News*.

Daniels was one of those active companies, delivering a sizable 2,877 units across eight projects in 2025.

But as market conditions began to shift a few years ago – construction prices climbed, interest rates jumped up and buyer demand tapered – developers began to delay, or even cancel, condo projects, the ramifications of which will start to play out this year.

In the GTA, Urbanation estimates that condo completions will fall to roughly 18,000 in 2026, and are expected to plummet further in 2027.

With Canada's condo market inextricably linked to multifamily performance, making up the bulk of the country's rental apartment supply, the effects of limited new condo inventory will undoubtedly be felt by the commercial sector. But the questions are “when” and “how much?”

### **Maybe 2026, likely 2027**

With a large volume of new units completing in 2025 and more on the way, a supply crunch won't be felt anytime soon. In Metro Vancouver, for example, CMHC estimated roughly 2,500 new condos were sitting on the market unsold as of October.

Industry consensus suggests it will take about 12 to 18 months to work through existing inventory, with tighter supply conditions potentially emerging toward the end of 2026, though more likely in mid-2027.

Immigration levels are expected to play a key role in determining how quickly that absorption happens. If immigration remains elevated, the supply-demand dynamics shift will be felt sooner, said Kyle Lindsay, associate vice president for Colliers' multifamily group in Toronto.

“Major markets like Toronto and Vancouver would see those effects first,” he added.

Michael Tsourounis, managing partner and chief investment officer at Hazelview, expects the supply-demand shift to start to play out in 2027, noting that immigration will be critical as Canada's population continues to age.

“We need to grow our population base, and to do that, we are going to have to have immigration return,” he said. “It probably won't return to the 3% population growth levels that we had in 2022 and 2023, which proved to be relatively unsustainable.”

Both Tsourounis and Cohen said they'll be keeping an eye on condo sale prices as a market indicator throughout the year, particularly for any signs of price-

slashing on new inventory.

“That may start happening in 2026 as developments approach the end of their construction loans,” Cohen said.

### **Will short supply mean soaring rents?**

Shorter supply and steady demand generally means one thing: rent growth – something that has stagnated over the past year, and even declined, in many of the country’s major markets. But with plenty of inventory to work through, those gains won’t be realized for some time.

“There’s a general feeling that you’ll probably see a lot of upward pressure on rental rate growth the end of the decade,” Hazelview’s Tsorounis said.

“I would forecast pretty low rent growth in 2026, and as you start looking at the midway point of 2027 and forward, I think you’ll start seeing some pretty healthy rent growth,” he added.

But providers hoping for the runaway rent growth seen in 2022 and 2023 may be disappointed. Colliers’ Lindsay noted that in today’s market, there are broader economic factors at play that will dictate how much tenants are willing and able to pay.

“There are still some question marks around where we’re going to be with unemployment and depending on how that plays out over the next 12 to 18 months, it will dictate how much a tightness of supply will really affect the market,” he said.

### **Where will investors be interested?**

After a slower start to 2025, multifamily transactions gained momentum as the year progressed, supported by greater clarity around interest rates and pricing. Looking into 2026, market pros expect the pace of deals to carry forward.

“If you look at this last quarter, in the GTA especially, there’s been increased transactions in the \$10m to \$20m range, and we also saw a reemergence of large institutional transactions as well – so I expect that to continue into 2026,” Lindsay said.

He added that renewed dealflow is being fueled in part by fresh capital entering the market, noting many institutional investors and private groups have recently raised funds and are looking to deploy.

Investors are expected to continue prioritizing transit-oriented core assets, particularly as return-to-office mandates support demand in well-connected urban locations. However, some pockets may face headwinds.

“Where I maybe see some challenges will be in smaller post-secondary nodes that rely on post-secondary international students for their tenant base,” Lindsay said.

Interest in new multifamily construction remains, especially from institutional buyers, though underwriting has become more selective. Deal viability increasingly hinges on project fundamentals, such as the financing structure and to what degree rents have softened.

Amid these conditions, the importance of aligning expectations with market realities is paramount.

“The days of brokers buying listings and promising, ‘We’re going to get you this price,’ and then hoping the market responds – that just doesn’t work anymore,” he said. “Setting realistic expectations across the board is critical for buyers, sellers and brokers alike in this fluid market.”

### **Development opportunities now**

While the development landscape remains constrained, there’s meaningful opportunity for builders who are able to move forward today.

For Daniels, they’ve found continued success in non-condo product types such as seniors housing, amid an aging population and a limited supply of retirement homes.

“We’re very active right now in seniors housing,” Cohen said. “Having just completed a seniors’ residence for Amica Senior Lifestyles in Erin Mills, we’re now looking across sites that we already have tied up and asking, ‘How can we thoughtfully deliver a seniors housing component to those communities?’”

That focus reflects a broader shift in development strategy within the industry, with Cohen noting that the next cycle will look fundamentally different.

“It will not be like it was before,” he said. “Condos will always be a necessary part of the housing mix, but we don’t expect a return to the speculative, overheated conditions of past decades. I think that era is behind us, and the market is shifting toward a more balanced footing.”

Hazelview's Tsourounis agreed, noting that condo development will be difficult for the next few years. But he pointed to government efforts that could help push forward purpose-built rental construction.

"We're setting policies that are trying to streamline things as well, where you can take advantage of different incentives to get rental housing built," Tsourounis said. "We need more affordable housing to be built, so these programs are now coming out that are allowing that to happen. I think that's breathing some life into the construction side."

In the near term, developers are being selective about where and how they deploy capital.

"It's less about swinging with the times and more about being deliberate," Cohen said. "With different product types, we're leaning into what makes sense as the market works through roughly 18 months of condo inventory."

As demand on trades dropped off, construction costs have come down, and the economics of building are beginning to improve on that front. As a result, Cohen said development activity could begin to pick up again in the first half of 2027.

"We are very encouraged by the fact that we're seeing pricing starting to come down," Cohen said. "That will allow some of these programs to get started, but it has to continue to come down further, and I think we are going to see that all throughout 2026."