



# The Regional Municipality of Durham Information Report

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From: Commissioner of Finance  
Report: #2025-INFO-77  
Date: October 17, 2025

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**Subject:**

Economic Update – Persistent Trade Uncertainty Weighs on Canada’s Economic Growth

**Recommendation:**

Receive for information.

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**Report:**

**1. Purpose**



1.1 This report updates Regional Council on the economic environment, as monitored by the Finance Department, including key economic indicators and their impacts on the local economy and Durham Region programs.



**2. Risks and Uncertainty: Canada - U.S. Trade Dispute**

2.1 Canada’s current economic environment remains subject to significant economic and financial risk and uncertainty, largely driven by trade actions initiated by the United States of America (U.S.) to virtually all of its global trading partners, and signs that global economic growth is slowing as a result.

2.2 Until resolved, U.S. tariff actions and threats can continue to cause uncertainty for businesses, stock markets and consumers, as well as disrupt supply chains, impact inflation, reduce confidence, delay investments and threaten employment and investment opportunities and growth.

2.3 The following provides a high-level summary of trade-related actions to date. While economic threats to Canada have significantly intensified, so have negotiations between Canadian and U.S. officials. Economic harm to Canada will depend on the duration of the U.S.- Canada trade dispute and the magnitude of further actions and counteractions beyond the Canada U.S. Mexico Agreement (CUSMA), which is part of ongoing negotiations in preparation for the end of its current term on July 1, 2026.

Effective Date	 U.S. Trade Actions	 Canadian Reactions
March 4-6, 2025	25% tariff on Canadian imports. 10% tariff on energy & energy-related resources (e.g. potash, uranium). President Trump proclaims exemptions on tariffs that are CUSMA compliant (excludes steel & aluminum).	25% surcharge on \$30 B of U.S. imports with plans to add \$125B if U.S. tariffs persist (\$4.2B paused effective June 27 <sup>th</sup> citing relative domestic harm based on industry feedback).
March 12, 2025	25% tariff on steel and aluminum.	
March 13, 2025		25% surcharge on \$29 billion U.S. imports, including steel & aluminum.
April 3, 2025	25% tariff on non-U.S. content of automobiles/light trucks - exceptions if preferential tariff under CUSMA.	
April 9, 2025		25% surcharge on U.S. content of automobiles/light trucks - exceptions if preferential treatment under CUSMA.
April 16, 2025		Temporary tariff relief through surtax remission order on imports used in health, safety and other sectors.
May 3, 2025	25% tariff on non-U.S. automobile parts, exceptions if preferential treatment under CUSMA.	
June 29, 2025		Cancelled 3% digital services tax in force since June 28, 2024, to support broader trade negotiations.
August 1, 2025	50% tariff on steel/aluminum (up from 25%) & copper (new). General tariff on non-CUSMA compliant Canadian goods 35% (up from 25%). New 40% transshipment tariff (on goods rerouted to evade 35% tariff). Suspended duty-free treatment for goods under \$800.	Tightened steel import restrictions (e.g. 25% surtax on steel melted & poured in China from non-US companies and 50% surtax on steel imports exceeding tariff quotas). Implementation of steel industry support package, including a \$1 billion Strategic Innovation Fund, \$0.22 million for training & development.

Effective Date	 <b>U.S. Trade Actions</b>	 <b>Canadian Reactions</b>
Sept. 1, 2025		Removed 25% surtax on \$44.2 billion of goods (applied in March), Left surcharge on imported steel, aluminum and autos intact. Dropped two softwood legal challenges to pursue a negotiated resolution.
Oct. 14, 2025	10% tariff on softwood timber/lumber. 25% tariff on upholstered wooden products, kitchen cabinets, vanities & parts (rising to 30% & 50% Jan. 1, 2026, subject to negotiations). No CUSMA exemptions.	Implementation of \$1.2 billion support package for softwood producers/sectors affected by the new tariffs, including \$700 million in loan guarantees, \$500 million for market diversification and \$50 million for retraining & income support. Federal prioritization of Canadian wood, lumber and cabinetry.

- 2.4 Also, effective October 14, 2025, the U.S. has imposed new port fees on Chinese vessels as part of its “Restoring America’s Maritime Dominance” initiative. These fees and Chinese retaliation could indirectly impact freight costs for Canadian trading companies. The U.S. included charges of \$50 per net ton for Chinese-owned or operated ships and \$18 per net ton or \$120 per container for Chinese-built ships, with annual increases through 2028. In retaliation, China implemented port fees on U.S.- linked vessels, also effective October 14, 2025, charging 400 yuan (\$56) per net ton per voyage, rising to 1,120 yuan (\$157) by 2028.
- 2.5 While sector specific impacts (e.g. steel, aluminum, lumber, copper) are significant, close to 90 per cent of Canadian exports remain duty free under CUSMA. Prime Minister Carney’s immediate goals for his U.S. trade negotiating team are to focus on reducing harmful sector-specific tariffs, while also renegotiating CUSMA for the long-term benefit of both the U.S. and Canada ahead of July 1, 2026.
- 2.6 Consistent with threats heard from the U.S. President, the U.S. Congressional Research Service noted potential future tariffs could affect critical minerals, pharmaceuticals, semiconductors, medium and heavy-duty trucks/parts, and commercial aircraft, engines and parts.
- 2.7 There is a reality that there is a significant asymmetry of the relative trade dependence with close to one third of Canada’s economy tied to U.S. trade while less than 2.5 per cent of the U.S. economy is tied to trade with Canada. Comparing January to June 2025 to the same period in 2024, trade with the U.S. has fallen from 32.5 per cent of Gross Domestic Product (GDP) to 28.8 per cent of GDP, while U.S. trade with Canada fell from 2.4 per cent to 2.2 per cent.

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### 3. Canadian Government Measures to Counter U.S. Tariffs

- 3.1 In February 2025, the Canadian federal government announced a \$155 billion Economic Resilience Package, which includes export financing, supply chain reshoring, and workforce transition programs.
- 3.2 The Canadian government also introduced temporary changes to Employment Insurance to support workers affected by tariffs. These changes include increased eligibility for benefits, reductions in minimum hours to qualify for benefits (to 630 hours), waiver of the waiting period and extending the duration of benefits by up to an additional four weeks (now in effect until April 11, 2026 - extended on Oct 11th).
- 3.3 Effective July 14, 2025, the Canadian Reciprocal Procurement Policy bars suppliers from federal contracts if they are from countries that restrict Canadian market access, notably the United States. This policy applies to new contracts and renewals of standing offers and supply arrangements, encouraging domestic sourcing in strategic sectors like defense, health, and infrastructure.
- 3.4 *The One Canadian Economy: An Act to enact the Free Trade, Labour Mobility in Canada Act and the Building Canada Act,* received Royal Assent on June 26, 2025, and is to streamline regulatory processes, reduce duplication across jurisdictions, and fast-track nation-building projects critical to economic resilience.
- 3.5 The federal government began consultations with provinces, territories, and Indigenous rights-holders to identify the first set of projects to be designated under the *Building Canada Act*. Criteria included economic benefit, Indigenous equity participation, clean growth, and national resilience. The first five designated projects were announced on September 11, 2025, and were selected for fast-track approval as part of the One Canadian Economy initiative:
- **LNG Canada Phase 2 Expansion (Kitimat, BC)** - Expands liquefied natural gas export capacity to Asia, supporting energy diversification and trade resilience. Includes Indigenous equity participation and clean energy transition goals.
  - **Red Chris Copper Mine Expansion (Northwestern BC)** - Enhances domestic copper production for clean tech supply chains and aligns with Canada's critical minerals strategy.
  - **McIlvenna Bay Copper-Zinc Mine (Saskatchewan)** - Canada's first carbon-neutral copper mine to support the battery and renewable energy sectors. It includes Indigenous-led ownership and workforce development.
  - **Darlington Small Modular Reactor (Clarington, ON)** – The local project is the first SMR project in Canada, advancing nuclear innovation, strengthening grid reliability and clean energy capacity.

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- **Contrecoeur Marine Terminal Expansion (Montreal, QC)** – Will expand the Port of Montreal’s container capacity by 60 per cent, enhancing trade infrastructure and supply chain efficiency and supporting intermodal connectivity and export competitiveness.
- 3.6 A new Major Projects Office was established to coordinate fast-tracked approvals. It is coordinating intergovernmental efforts to provide a single-window approach to strategic infrastructure development, particularly in sectors impacted by U.S. tariffs. Regulations are being drafted to define “comparable” standards between federal and provincial jurisdictions and enable automatic recognition of provincial certifications for workers and businesses operating interprovincially.
- 3.7 An Indigenous Advisory Council will support the Minister with best practices for consultation but will not replace direct engagement with rights-holders. Funding is being allocated to strengthen Indigenous capacity to participate in consultations. The Indigenous Loan Guarantee Program was also expanded from \$5 billion to \$10 billion to support equitable participation.
- 4. Province of Ontario Countermeasures to U.S. Tariffs**
- 4.1 The \$11 billion Provincial Economic Protection Plan included in the 2025 Ontario Budget consists of measures to provide relief to and protect workers, businesses and the economy, expand access to training, improve layoff supports, and invest in critical minerals and infrastructure. The Province has:
- Provided \$9 billion tax deferrals for 80,000 businesses and \$2 billion in Workplace Safety and Insurance Board (WSIB) rebates for safe employers (in addition to a previous \$2 billion rebate in March 2025).
  - Created the Protecting Ontario Account (up to \$5 billion) for emergency liquidity and strategic sector support and workforce retooling and training investments, to help businesses diversify beyond U.S. markets, including:
    - investment in internal trade capacity, and,
    - investment in critical minerals and infrastructure, such as the ‘Ring of Fire,’ to reduce U.S. dependency. A \$61.8 million investment in the Main Street Rehabilitation Project, in Geraldton is the first phase and will connect Highway 11 to Highway 584 - eventually linking to the Trans-Canada Highway.
  - Provided \$40 million under the Trade-Impacted Communities Program, to support local projects that strengthen economic resilience, diversify supply chains, and reduce U.S. market dependency.
  - Implemented a Procurement Restriction Policy, restricting U.S. businesses (with less than 250 full-time employees in Canada) from participating in public sector procurements.
  - Continues to exclude US liquor from LCBO shelves.

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## 5. Consumer Price Index

- 5.1 On September 16, 2025, Statistics Canada released its Consumer Price Index data for the month of August. The Canadian Consumer Price Index (CPI) rose 1.9 per cent on a year-over-year basis in June, up from a 1.7 per cent increase in July.
- 5.2 Gasoline prices were the main driver of the increase in the all-items Consumer Price Index. In August, gasoline prices fell 12.7 per cent year-over-year, a smaller decline than the 16.1 per cent drop in July. This was partly due to a base-year effect: in August 2024, prices had decreased 2.6 per cent month-over-month amid concerns about slowing economic growth. In contrast, prices rose 1.4 per cent in August 2025, driven by higher refining margins despite lower crude oil costs.
- 5.3 In August, prices for meat rose 7.2 per cent year over year, following a 4.7 per cent increase in July. Higher prices for fresh or frozen beef (+12.7 per cent) and processed meat (+5.3 per cent) put upward pressure on the index in August. Growth in prices for ground beef and multiple processed meat categories contributed the most to the upward movement.
- 5.4 Ontario's CPI rose at a faster year-over-year pace in August (+1.7 per cent) compared to in July (+1.6 per cent). Statistics Canada's CPI report for September will be released on October 21, 2025.

## 6. Bank of Canada Interest Rate Decisions

- 6.1 On September 17, 2025, the Bank of Canada released its latest Interest Rate announcement, which reduced its target for the overnight rate by 25 basis points to 2.5 per cent. The announcement's opening statement began by highlighting the three developments that influenced the Bank's decision to lower rates:
- "First, Canada's labour market has softened further. Second, although there are still some mixed signals, on balance, recent data suggest the upward pressures on underlying inflation have diminished. Third, with the removal of most retaliatory tariffs by Canada, there is less upside risk to future inflation. Considerable uncertainty remains. But with a weaker economy and less upside risk to inflation, Governing Council judged that a reduction in the policy rate was appropriate to better balance the risks going forward."
- 6.2 After remaining resilient to sharply higher U.S. tariffs, global growth is now showing signs of slowing. U.S. consumers are cautious, and employment gains have slowed. US inflation has picked up in recent months as businesses appear to be passing on some tariff costs to consumer prices. In China, GDP growth was resilient in the first half of the year but appears to be softening as investment weakens.
- 6.3 The announcement highlighted that the Canadian economy is being affected by both U.S. tariffs as well as the unpredictability of U.S. trade policy. The latest data reaffirmed expectations that economic conditions would soften, as GDP declined

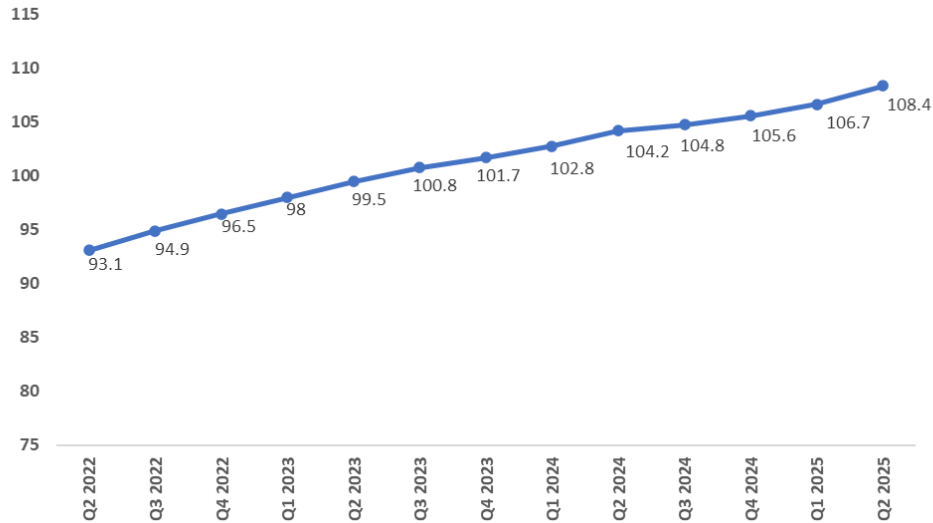
by 1.6 per cent in the second quarter, exports to the United States fell sharply, in large part due to the recoil from the pull-forward of activity in the first quarter, and because tariffs are dampening US demand.

- 6.4 The bank mentioned the direct impacts of tariffs are profound in certain key sectors, such as auto, steel and aluminum, and that Chinese tariffs on canola, pork and seafood combined with new U.S. tariffs on copper and lumber will spread the direct impacts further.
- 6.5 The announcement discussed how economic uncertainty is weighing on business investment, which declined in Q2, with many firms having paused plans due to concerns over U.S. trade policy and weakening Canadian demand. While recent U.S. tariff stability has slightly eased short-term uncertainty, attention is now shifting to the upcoming review of CUSMA.
- 6.6 While the Bank indicated that considerable uncertainty remains, it emphasized that it would continue to assess the risks, look over a shorter horizon than usual, and be ready to respond to new information. The Bank of Canada's next interest rate announcement is scheduled for October 29, 2025. The Bank's October Monetary Policy Report will be released at the same time.

## **7. Construction, Fuel and Commodity Prices**

- 7.1 Statistics Canada noted in its July 24, 2025, release that non-residential building construction costs for the Toronto Census Metropolitan Area (CMA) increased 1.6 per cent during the second quarter of 2025. This is higher than the average quarterly increase (1.2 per cent) since the first quarter of 2023. The year-over-year increase in non-residential construction costs was 4.0 per cent, in the second quarter of 2025 versus the second quarter 2024.

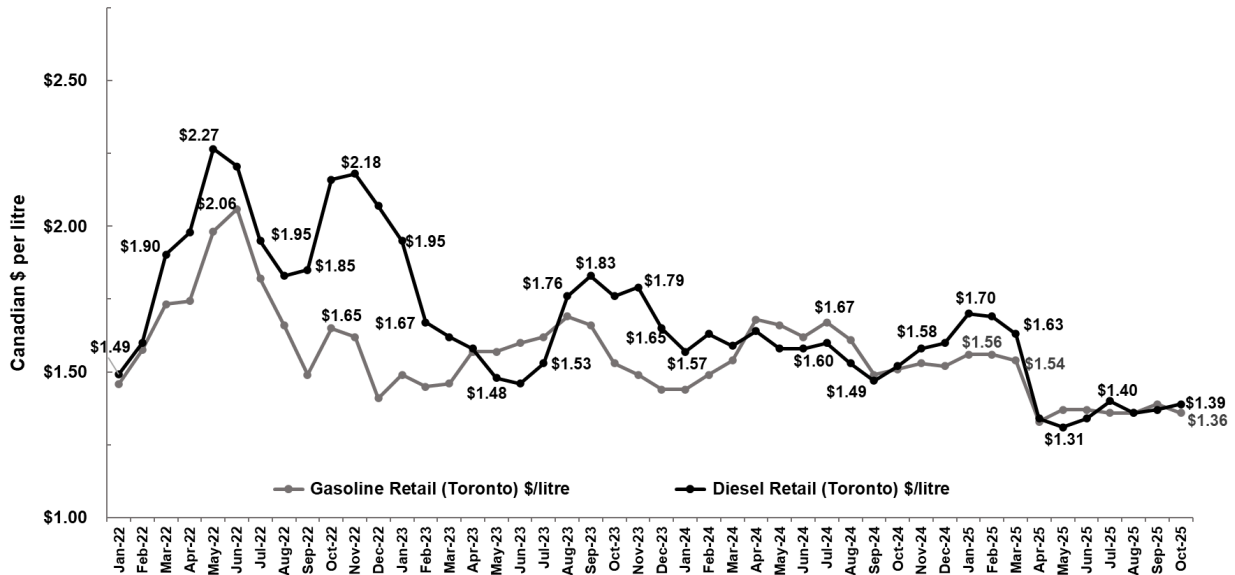
**Chart 1: StatsCan Non-residential Building Construction Price Index  
Toronto, Ontario CMA  
(Quarterly Increase Q1 2022 to Q2 2025)**



Source: Statistics Canada, table 18-10-0289-01, July 24, 2025, 2025.

- 7.2 Fluctuating commodity and fuel prices have direct implications for Regional costs, but driven by North American and global markets, are beyond the control of the Region. These prices can be volatile, especially within the current climate of heightened geopolitical tension and economic risk and uncertainty.
- 7.3 The following provides trends and context for fuel and other commodity pricing deemed relevant to Regional operational and capital planning. U.S. tariffs, imposed or threatened, can result in direct and indirect impacts to operational and capital programs, including escalated costs, price risk premiums and supply chain disruptions. As previously reported, the Region and local stakeholders are taking proactive and collaborative steps to address potential implications for procurement, business plans and budgets, service delivery and broader economic impacts.
- 7.4 The Toronto Benchmark average monthly pricing for regular gasoline and diesel peaked during the Covid pandemic at \$2.06 per litre and \$2.27 per litre, respectively in May/June 2022. In October 2025, average monthly prices were at 1.36 per litre (66.0 per cent below the peak) for regular gasoline and \$1.39 per litre for diesel (61.2 per cent below the peak). Year-over-year compared to September 2024, Toronto benchmark regular gasoline was 10 per cent (15 cents per litre) lower, and diesel was 9 per cent (13 cents per litre) lower. This reflects global pricing reductions and removal of the Canadian carbon tax.

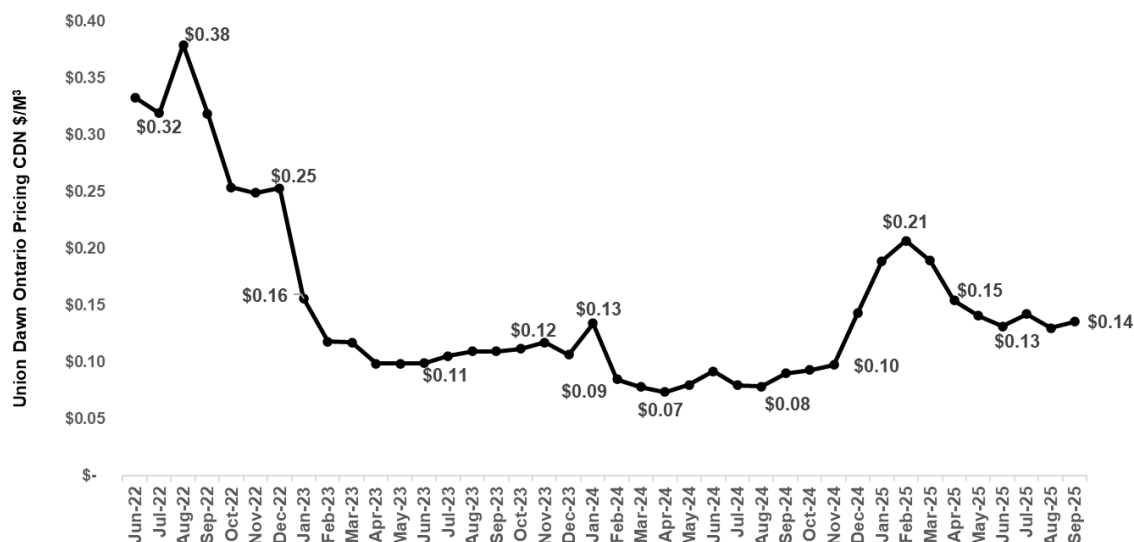
**Chart 2: Diesel and Regular Gasoline  
Toronto Benchmark Monthly Averages  
CDN \$/litre from January 2022 – July 2025)**



Source: Natural Resources Canada, Energy

7.5 Based on historical data compiled by Sproule Holdings Limited, Union Dawn hub (Ontario) natural gas prices have decreased 28.0 per cent in September 2025 compared to January 2025 (down five cents to 14 cents per cubic metre). There was however a year-over-year increase of five cents compared to September 2024. The changes are largely seasonal with the year-over-year increase reflecting a relatively colder winter along with higher liquified natural gas (LNG) demands, while the drop in 2025 reflects the seasonal demand decline and removal of the carbon tax in April.

**Chart 3: Union Dawn (Ontario) Natural Gas Prices  
(June 2022 to September 2025)**



Source: Sproule Holdings Limited

- 7.6 The Statistics Canada Industrial Product Price Index (IPPI) measures price changes for products manufactured in Canada. It reflects 22 industrial product price categories. Table 1 below demonstrates year-over-year changes in industrial product pricing in manufacturing, industrial processes, and construction between August 2024 and August 2025. Industrial product prices can be anticipated to affect Regional material processing and construction costs.
- 7.7 The total IPPI index reached a high of 132.7 in May of 2022, amid the Ukraine war, supply shortages and related disruptions (IPPI base year January 2020 = 100). Year-over-year for August 2025, the IPPI index is 4.0 per cent higher than August 2024 and at 131.8, is just 0.7 per cent below the May 2022 peak. August 2025 was the eleventh consecutive year-over-year price increase.
- 7.8 Despite decreasing year-over-year prices for primary ferrous (iron-rich) metals (-4.7 per cent) rising industrial input prices are apparent in most other areas. The decrease in ferrous metals (primarily steel and iron) is attributed to higher inventories, lowered demand due to lower construction and manufacturing activity and lower fuel input costs (energy and petroleum products are down 2.9 per cent year-over-year).
- 7.9 Industrial product prices have moved higher due in part to uncertainties surrounding global trade and geopolitical tensions. Primary non-ferrous metal

products are up 20.5 per cent year-over-year, including from soaring prices for gold, as governments and investors turn to gold and other precious metals (e.g. silver, platinum) during heightened political instability and potential for stagnant growth, higher inflation and rising unemployment (stagflation). Higher copper and aluminum prices, also in the non-ferrous category, reflect tariffs and tariff threats, but are also due to higher demand in the green energy, electric vehicle, aerospace and packaging sectors.

- 7.10 Higher industrial product prices for cement, glass and non-metallic minerals (+ 4.4 per cent year-over-year) reflect rising global supply chain pressures and strong demand for green building initiatives, while electric/electronic/audiovisual and telecommunication products (+4.5 per cent) and packaging materials and containers (+4.2 per cent) reflect high consumer demand as well as rising input and freight costs, logistics bottlenecks and shipping delays.

**Table 1: Statistics Canada Industrial Product Price Index Price Levels by IPPI Product Category (August 2024 to August 2025)**

Product Category	IPPI Price Index		Yr over Yr %
	Aug-24	Aug-25	
Primary Ferrous Metal Products	135.5	129.1	-4.7%
Primary Non-ferrous Metal Products	156.8	189.0	20.5%
Lumber & Wood Products	125.4	127.5	1.7%
Energy and Petroleum Products	129.7	125.9	-2.9%
Fabricated Metal Products & Construction Materials	139.8	142.1	1.6%
Cement/glass/non-metallic minerals	136.3	142.3	4.4%
Electric/electronic/audiovisual/telecommunication Products	134.2	140.3	4.5%
Machinery & Equipment	120.8	123.1	1.9%
Chemicals and Chemical Products	122.4	125.3	2.4%
Packaging Materials and Containers	134.7	140.3	4.2%
<b>Total Industrial Product Price Index</b>	<b>126.7</b>	<b>131.8</b>	<b>4.0%</b>

Data Source: Statistics Canada, Table 18-10-0265-01, September 22, 2025

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## 8. Economic Growth

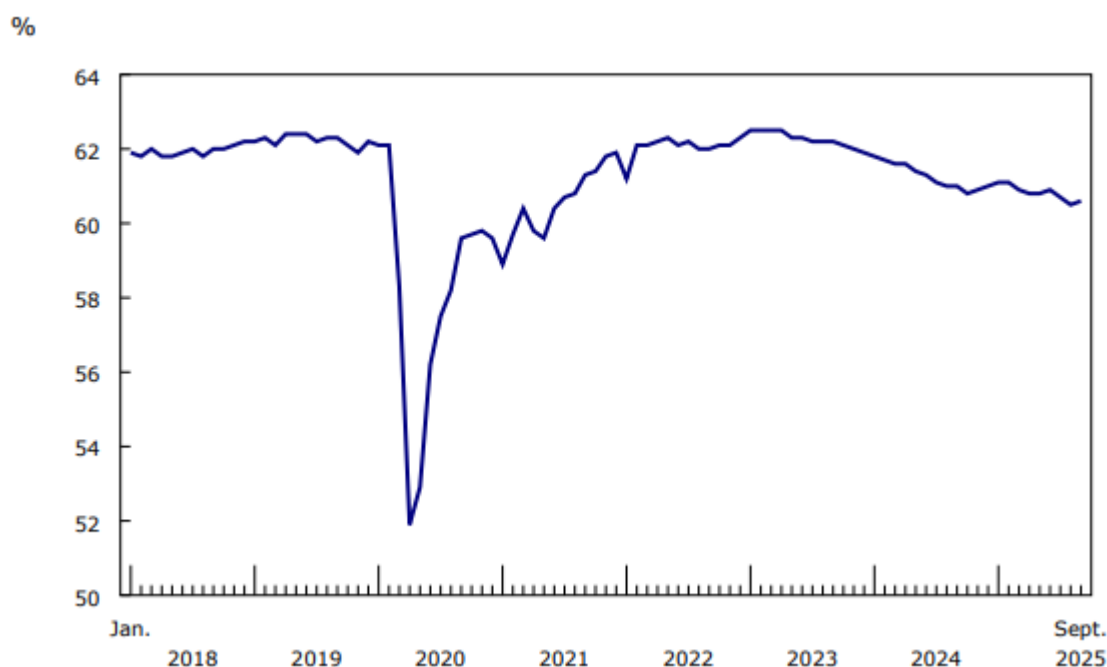
- 8.1 In Canada, economic growth (as measured by Gross Domestic Product (GDP)) rose 0.2 per cent in July — the first increase in four months, following 0.1 per cent declines in each of the prior three months.
- 8.2 Goods producing sectors led the increase, bouncing back 0.6 per cent after falling a cumulative 1.6 per cent over the prior three months. Oil & gas extraction rose 0.9 per cent, as production continued to ramp up following wildfire-related disruptions in the spring, and mining (excluding the oil & gas sector) bounced back 2.6 per cent following a 3 per cent drop in June.
- 8.3 Non-residential building construction and engineering construction (both key indicators of business investment spending) rose 0.4 per cent and 0.2 per cent, respectively, although both gains retrace little of large declines over the prior two months.
- 8.4 Services output edged up just 0.1 per cent in July — in large part due to a 1 per cent contraction in retail trade that retraced much of a 1.5 per cent rise in June. Broader indicators of consumer spending remain relatively resilient — the earlier released advance estimate of August retail sales was up 1 per cent and our own tracking consumer card transactions has remained relatively resilient.
- 8.5 Higher home resales boost output at real estate agents and brokers offices (+3.6 per cent in July). The transportation and warehousing sector expanded 0.7 per cent, driven by higher pipeline transportation but also increases in truck, rail, and water transportation.
- 8.6 The 0.2 per cent increase in July GDP broadly confirmed earlier signs that the Canadian economy steadied early in Q3 after contracting in the immediate wake of aggressive U.S. tariffs imposed globally in Q2.
- 8.7 Production in the heavily trade-exposed manufacturing sector rose 0.7 per cent after posting its largest production decline in Q2 (outside of pandemic lockdowns) since the 2008/09 recession. And mining output rebounded 1.4 per cent as production bounced back in part from wildfire related disruptions in Q2.
- 8.8 Industries targeted directly with tariffs remained under pressure — iron and steel manufacturing fell another 19 per cent in July, to 29 per cent below year ago levels, coinciding with a hike in the U.S. tariff rate on steel products to 50 per cent beginning in June.
- 8.9 However, 88 per cent of Canadian exports were still crossing the U.S. border duty free under an exemption from tariffs for CUSMA compliant trade in July. Export volumes ticked higher overall in July and consumer spending has remained resilient to-date.

## 9. Labour Market

- 9.1 In Canada, employment increased by 60,000 (+0.3 per cent) in September 2025, partially offsetting a cumulative decline of 106,000 (-0.5 per cent) over the previous two months. Over the first nine months of 2024, from January to September, employment has recorded little net growth (+22,000; +0.1 per cent).
- 9.2 The employment rate in Canada - the proportion of the population aged 15 years and older who are employed - rose 0.1 percentage points to 60.6 per cent in September, following consecutive declines in July and August. The employment increase in September was concentrated in full-time work (+106,000; +0.6 per cent). In comparison, part-time employment fell by 46,000 (-1.2 per cent) in September. Both full-time and part-time employment were little changed compared with the beginning of the year.)

**Chart 4: Employment Rates (Canada)**

**Employment rate up in September, following two consecutive declines**



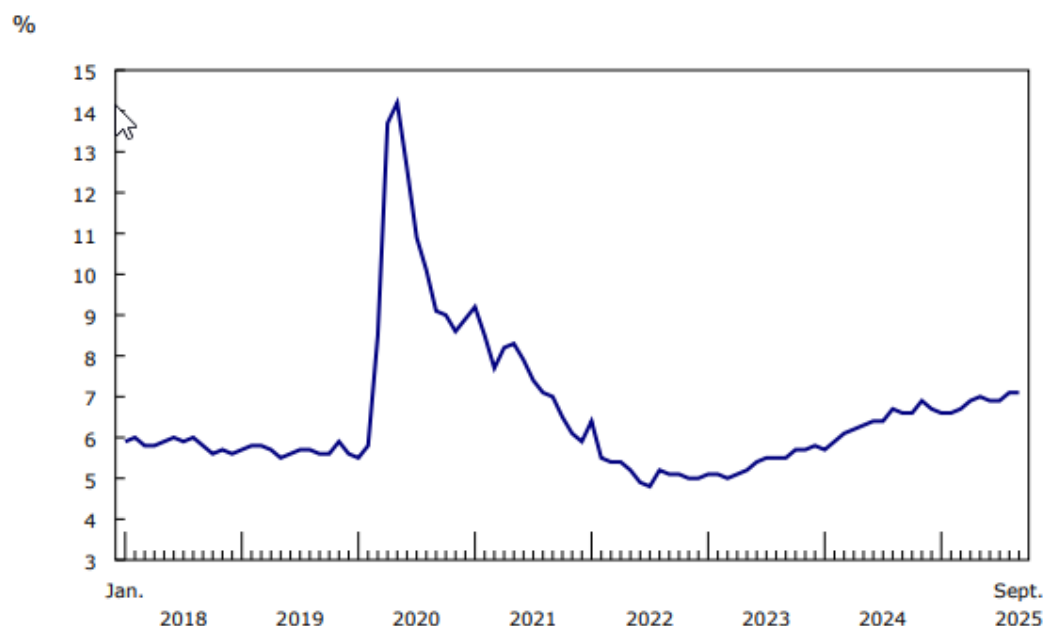
Source: Statistics Canada, Labour Force Survey (September 2025)

- 9.3 There was little change in employment for youth aged 15 to 24 in September and the employment rate for this group was unchanged at 53.8 per cent. The youth employment rate had trended down from a high of 59.6 per cent in March 2023 to 54.0 per cent in August 2024, a rate not previously seen since February 1999 (excluding 2020 and 2021). Since August 2024, the youth employment rate has hovered around 54.0 per cent.

- 9.4 The overall unemployment rate was unchanged at 7.1 per cent in September, following a 0.2 percentage point increase in August. There were more people in the labour force in September and the participation rate rose by 0.1 percentage points to 65.2 per cent. This represents the proportion of the population aged 15 and older who were either employed or looking for work. The participation rate was unchanged on a year-over-year basis.

**Chart 5: Unemployment Rates (Canada)**

**Unemployment rate unchanged in September**



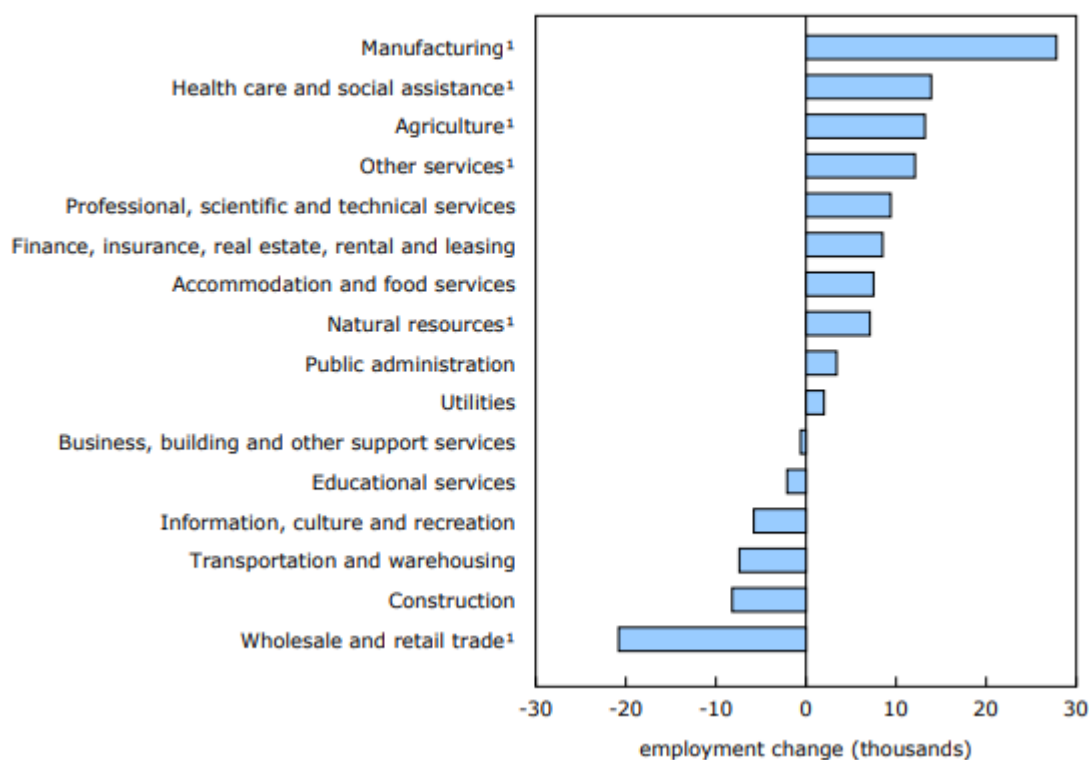
Source: Statistics Canada, Labour Force Survey (September 2025)

- 9.5 The youth unemployment rate edged up to 14.7 per cent in September, the highest rate since September 2010 (excluding 2020 and 2021). The increase in the youth unemployment rate over the 12 months to September was primarily due to rising unemployment among students. In September 2025, the unemployment rate among youth attending school was 17.1 per cent, up 3.1 percentage points from the same month in 2024. In comparison, the unemployment rate among youth not attending school was 11.9 per cent in September, virtually unchanged from 12 months earlier. The elevated unemployment rate among youth attending school in September follows a difficult summer student job market in 2025. On average, over the months of May to August 2025, the unemployment rate for returning students - those who attended school full time in the spring and intended to return to school full time in the fall - stood at 17.9 per cent, the highest rate since the summer of 2009 (18.0 per cent), excluding the year 2020, during the COVID-19 pandemic.
- 9.6 In September of 2025, employment increases occurred in manufacturing, as well as health care and social assistance. Employment in manufacturing rose by 28,000, or 1.5 per cent, the first increase since January. The increase was

concentrated in Ontario (+12,000) and Alberta (+7,900). Prior to the increase in September, employment in manufacturing had recorded a net decline of 58,000 (-3.1 per cent) from January to August.

### Chart 6: Employment Change by Industry (September 2025)

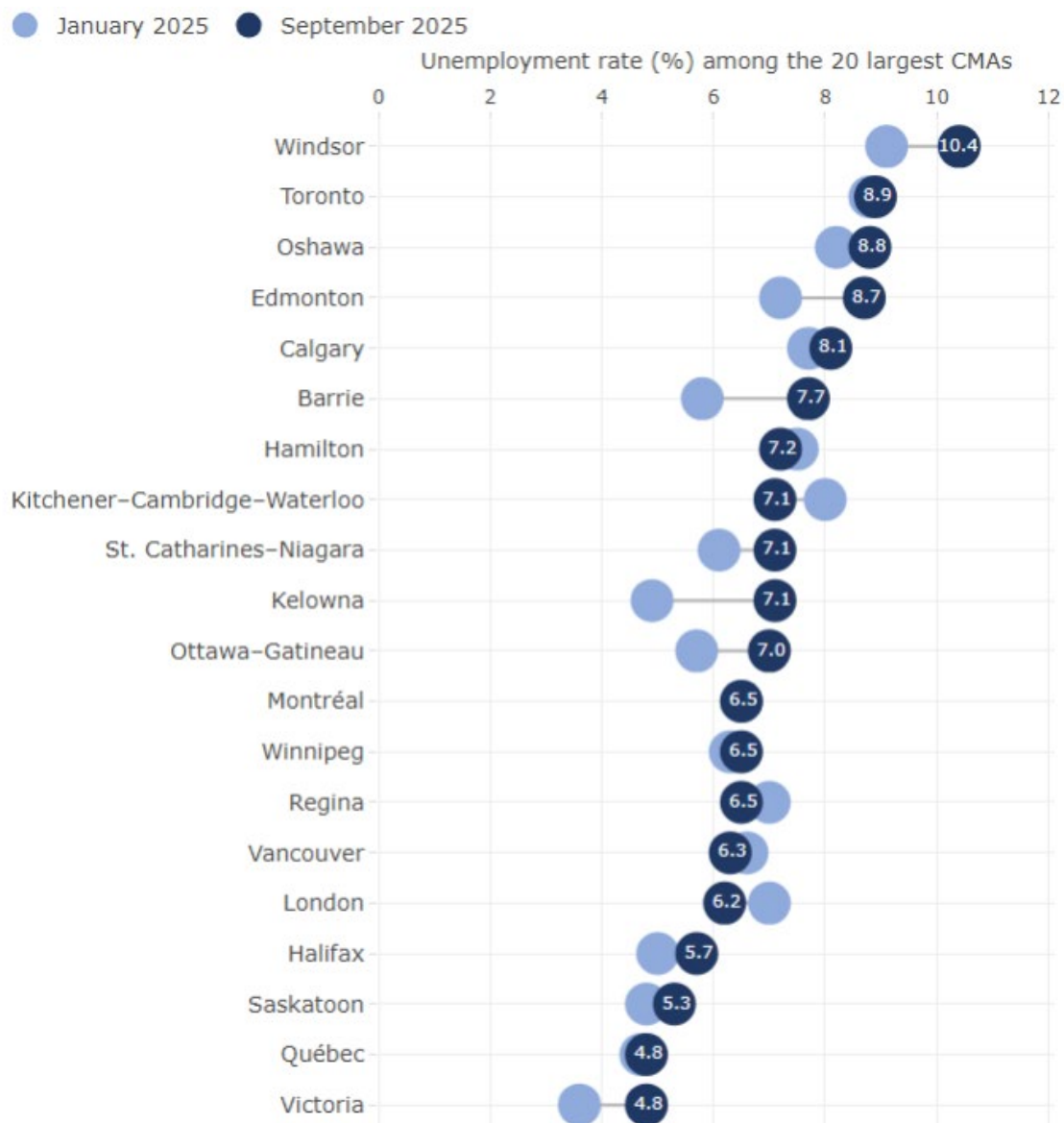
#### Employment change by industry, September 2025



Source: Statistics Canada, Labour Force Survey (September 2025)

- 9.7 In health care and social assistance, employment increased by 14,000 (+0.5 per cent) in September, following little change in August. On a year-over-year basis, employment in health care and social assistance was up 53,000 (+1.8 per cent). Employment in agriculture rose in September (+13,000; +6.1 per cent) for the first time since January. Gains were concentrated in Ontario (+5,200), Alberta (+4,500), and British Columbia (+2,900). Compared with September 2024, employment in agriculture was little changed. Employment in wholesale and retail trade declined by 21,000 (-0.7 per cent) in September, following little change in July and August. Despite the decline in September, employment in wholesale and retail trade was up by 61,000 (+2.1 per cent) on a year-over-year basis.

**Chart 7: Unemployment Rates Among 20 Largest Census Metropolitan Areas**



Source: Statistics Canada, Labour Force Survey (September 2025)

- 9.8 Although the September jobs data may appear strong, the still-high unemployment rate and the potential for inflationary increases may suggest that the Canadian economy still has “excess slack.” Many economists believe that September inflation will have to come in below expectations to warrant another cut by the Bank of Canada.

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## 10. Housing Trends

- 10.1 Since September 2025, Canada's housing market has been notably subdued, reflecting cautious sentiment that continues to characterize buyer behaviour across the country. Early September data from local real estate boards reveal a mixed picture that underscores diverging regional dynamics across the national landscape.
- 10.2 There were modest improvements in home resales in September from August in select markets with Winnipeg, Regina, and Toronto posting seasonally adjusted gains. However, most major centers—including Vancouver, Calgary, Edmonton, Saskatoon, Hamilton, Ottawa, Montreal, and Halifax—saw slight declines, suggesting the recovery is still uneven and fragile.
- 10.3 Currently homebuyers continue to have the upper hand in the GTA when negotiating prices. This is in large part due to the high inventory of existing homes, which is sustaining strong competition between sellers, and depressing home values. Such easing prices support a recovery from exceptionally low housing transactions over this past winter and spring. Home resales have climbed 22 per cent in the past four months, including a 2 per cent advance in September from August. Many prospective buyers continue to face major challenges in affording a home, and the price correction to date has only partially reversed the 63 per cent surge during the pandemic.
- 10.4 September home sales increased in the Greater Toronto Area (GTA) compared to a year earlier, as more homebuyers sought to take advantage of more affordable monthly mortgage payments. Buyers continued to respond to substantial choice in the marketplace by negotiating the average selling price downward.
- 10.5 The Bank of Canada's September interest rate cut was welcome news for homebuyers. With lower borrowing costs, more households may be able to afford monthly mortgage payments on a home that meets their needs.
- 10.6 According to the Toronto Region Real Estate Board (TRREB), there were 5,592 home sales in September 2025 – up by 8.5 per cent compared to September 2024. New listings amounted to 19,260 – up by four per cent year-over-year. On a seasonally adjusted basis, September home sales were up month-over-month compared to August 2025. In contrast, new listings were down compared to August, suggesting that market conditions may have tightened slightly in some segments.
- 10.7 The average selling price in the GTA, at \$1,059,377, was also down by 4.7 per cent compared to September 2024. The average selling price remained largely flat compared to August, edging up by 0.2 per cent.
- 10.8 In September 2025, Durham Region had an average home resale price of \$877,963 compared to \$860,951 in August 2025 and \$894,499 in September 2024. Despite Durham's pricing trending lower year-over-year, Durham still maintains relative home resale affordability compared to peers. Durham's average

home resale price in September 2025 was between 9.3 per cent and 35.1 per cent less expensive than other GTA Regions.

**Table 2: Toronto Regional Real Estate Board:  
GTA Average Home Resale Selling Price  
(All Home Types)**

	<b>September 2025</b>	<b>Relative Affordability</b>	<b>Year-over-year Price Change</b>
Durham	\$877,963	-	-1.8%
York	\$1,180,765	+34.5%	-6.6%
Peel	\$959,313	+9.3%	-9.4%
Halton	\$1,185,878	+35.1%	-5.5%
Toronto	\$1,089,918	+24.1%	-2.1%

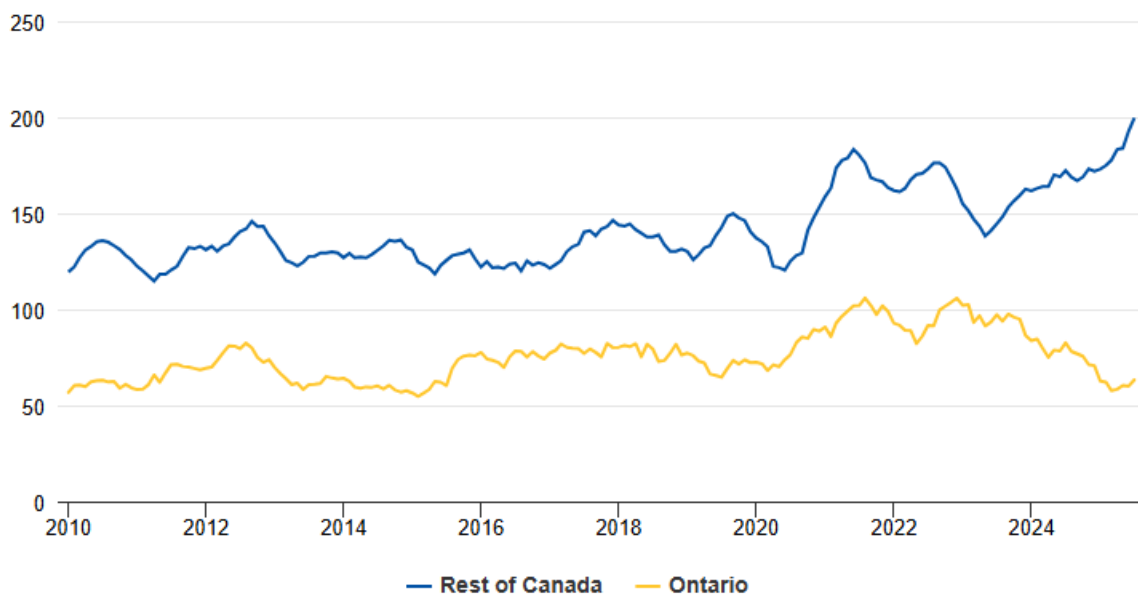
Source: Toronto Regional Real Estate Board, September Market Watch report

- 10.9 Homebuilding in Canada has been largely resilient with overall housing starts averaging more than 250,000 annualized units in the first half of this year—well above the 201,000 units average in the 10 years before the pandemic.
- 10.10 Housing starts across the country declined 16 per cent month-over-month in August 2025, achieving 245,800 units. However, the six-month moving average of starts continued to tick-up by 1.6 per cent month-over-month in August 2025, reaching 267,300 units according to the most recent data from the Canada Mortgage and Housing Corporation (CMHC).
- 10.11 Alberta and Atlantic Canada are experiencing record high residential construction, buoyed by relatively affordable home prices. Saskatchewan and Quebec are in the midst of a significant upswing as well, while Manitoba sustains solid levels.
- 10.12 However, Ontario stands out with a steep decline in housing starts since mid-2024, particularly in the Greater Toronto Area. Ontario's six-month average has fallen to the lowest level in a decade - trending in the opposite direction and especially concerning given the provincial government's ambitious goal of building 1.5 million new homes over 10 years.

## Chart 8: Ontario Housing Starts Compared to Rest of Canada

### Ontario housing starts seriously lag the rest of Canada

Housing starts in thousands, seasonally-adjusted and annualized, 6-month moving average



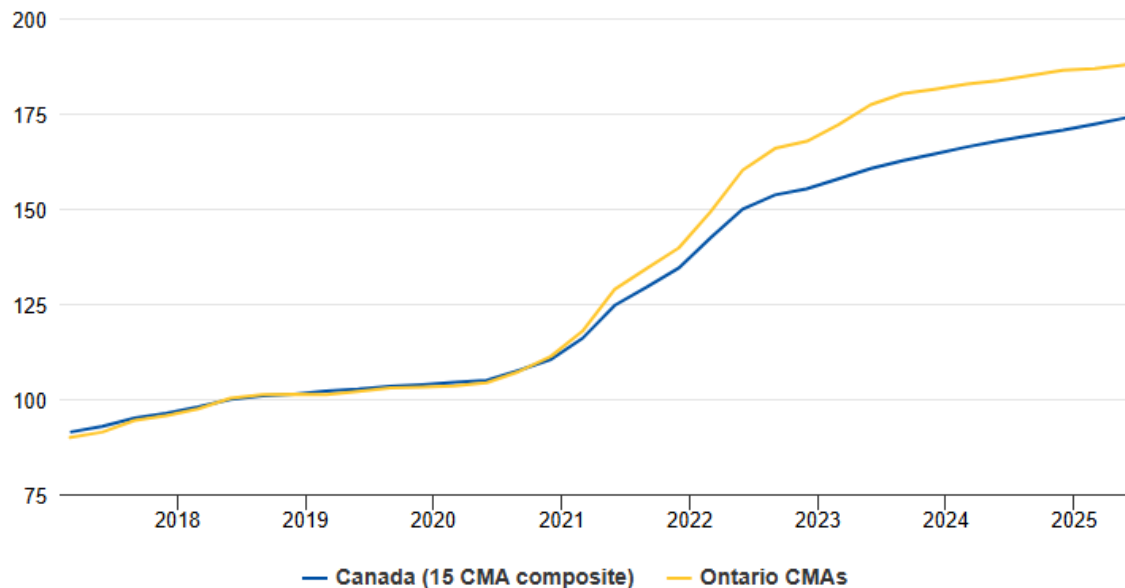
Source: CMHC, Statistics Canada, RBC Economics

- 10.13 According to RBC Economics, Ontario's housing supply has been a persistent challenge amid a population boom until recently with growing unmet demand—especially at the more affordable end of the spectrum.
- 10.14 Several factors explain Ontario's underperformance. High construction costs and a substantial inventory of homes are major barriers and weighing on the initiation of new projects. Builders saw a rapid escalation of expenses for land, labour, and materials over the past several years. These costs make it exceedingly difficult to bring new housing projects to market at prices prospective buyers can afford, particularly in the expensive GTA.

## Chart 9: Ontario Construction Costs Compared to Canada

### Ontario construction costs have grown the most in Canada

Residential building construction price index, 2018 = 100



Source: Statistics Canada, RBC Economics

- 10.15 Another issue is the inventory of existing homes, which has grown more in Ontario than other provinces. This larger supply of readily available homes, which are, on average, priced lower than new projects, has dampened the demand for new builds.

## 11. Conclusions

- 11.1 As U.S. President Trump proceeds towards the end of the first year of his second term in office, global trade dynamics have seen a monumental shift. Recent data as highlighted in this report points to slowed economic growth (especially in Ontario's manufacturing heartland), cautious business investment, lower consumer demand, and softening employment in trade dependent and commodity sectors.
- 11.2 Inflation has moderated significantly, stabilizing year-over-year, however key costs for residents remain significantly elevated, including shelter, food and transportation. Trade-related U.S. actions and uncertainty and related supply chain adjustments will continue to weigh on Ontario and Durham Region's export-industries, which adds complexity to the Region's economic recovery path.
- 11.3 Against this unfavourable backdrop, the Bank of Canada began a shift in its monetary policy stance, in September reducing its benchmark interest rate based on weakened economic growth and stabilized inflation. While this may have provided some boost to housing and business investment, the overall economic outlook remains cautious.

Respectfully submitted,

Original Signed By

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