Burlington's Condominium Boom Has Changed

Understanding the New Housing Reality

For much of the last decade, Burlington's planning debate was dominated by one assumption:

Very substantial population growth and high-density condominium development were coming—and municipalities needed to prepare for it.

Across the Greater Toronto and Hamilton Area, developers assembled land, investors purchased pre-construction condominiums, municipalities approved increasingly dense developments and construction cranes became a familiar part of the skyline.

Burlington experienced the same pressures, particularly around the downtown, GO stations and major transportation corridors.

But the market has changed dramatically.

The condominium development model that drove much of the previous densification boom is no longer working the way it did several years ago.

And there is a second problem that may take considerably longer to resolve: **the market must absorb a substantial inventory and valuation overhang created during the previous condominium boom.**

That doesn't mean Burlington will stop growing.

It doesn't mean approved developments will never be built.

And it certainly doesn't mean we should stop planning for future housing.

It means something much more practical:

Burlington's challenge has changed.

We need to plan responsibly for whatever future development occurs while recognizing that the timing, type and pace of growth may be very different from what was anticipated only a few years ago.

What Created the Condominium Boom?

The previous condominium boom wasn't caused by one factor.

Several powerful forces came together at the same time.

Interest rates were exceptionally low.

Population growth was strong.

Housing prices were rising rapidly.

Investors believed condominium values would continue increasing.

Rents were rising.

Developers could sell large numbers of units before construction began.

And lenders were willing to finance projects once developers achieved the required level of pre-sales.

That created a self-reinforcing development model.

An investor could purchase a pre-construction condominium by making deposits during construction without initially financing the entire purchase price.

If the condominium increased substantially in value during the three to five years required to build it, the investor could potentially realize a significant gain.

For a period, that worked extremely well.

The Bank of Canada reports that between 2015 and 2022, condominium investors benefited from average price increases of more than 40% between pre-sale purchase and completion.

That expectation of continued appreciation became an important part of the condominium financing model.

Then the Economics Changed

Several things subsequently happened.

Interest rates increased substantially.

Mortgage financing became more expensive.

Construction costs increased.

Condominium prices stopped rising and then declined.

Rents could no longer necessarily cover an investor’s financing and carrying costs.

Population growth expectations changed.

And investors became much less willing to purchase pre-construction units based upon the expectation that they could sell them later at a substantial profit.

The result has been a dramatic decline in pre-construction condominium sales.

That matters because pre-sales are not simply a marketing tool.

They are fundamental to financing condominium construction.

Why Pre-Sales Matter

Most large condominium developments aren’t financed simply because a municipality approves them.

Before a financial institution advances construction financing, developers typically need to demonstrate that a substantial proportion of the building has already been sold.

Lenders commonly require developers to have approximately **70% of units pre-sold** before construction financing can proceed.

That means a project can have:

an Official Plan approval,

zoning approval,

site-plan approval,

and substantial municipal infrastructure planning behind it,

and still not be built.

Planning approval creates permission to build. It does not create the economic conditions necessary to build.

If purchasers won't buy enough units at prices that support construction and financing costs, the project may be postponed, redesigned, sold to another developer or cancelled.

That is increasingly what has happened.

The Collapse in New Condominium Sales

The scale of the change is extraordinary.

In the first quarter of 2026, only **246 new condominiums were sold across the GTHA**.

That was approximately **94% below the ten-year first-quarter average**.

For the first time in at least 30 years, there were **no new condominium project launches during the quarter**.

The second quarter showed some improvement, but sales remained extraordinarily weak by historical standards.

This isn't simply a modest adjustment in the housing cycle.

It represents a major interruption of the development pipeline that previously produced large numbers of condominium apartments.

The Inventory and Valuation Overhang

There is another reason the previous condominium boom may not return quickly.

The market must first work through a substantial inventory created during the previous development cycle.

By the first quarter of 2026, approximately **4,300 newly completed condominiums remained unsold by developers across the GTHA**, while another approximately **8,600 unsold units were already under construction**.

That represents almost **13,000 unsold developer units either completed or under construction**.

But even that doesn't capture the full extent of the potential inventory.

During the condominium boom, thousands of units were purchased by investors and speculators at pre-construction prices established when interest rates were exceptionally low and condominium values were expected to continue increasing.

Many of those buildings are now complete.

The units therefore exist—but the economics have changed dramatically.

Yesterday's Purchase Price Meets Today's Market

Some investors are now holding condominiums worth considerably less than the price they originally agreed to pay.

Others face mortgage payments, condominium fees, property taxes and other carrying costs that cannot necessarily be recovered through rent.

That creates what could become a prolonged **inventory and valuation overhang**.

Developers need to sell newly completed units.

Investors may also want to sell previously purchased units.

But investors who bought near the peak may understandably be reluctant to sell at today's prices because doing so would crystallize a substantial loss.

Meanwhile, today's purchaser has considerable choice and little reason to pay yesterday's pre-construction price when comparable resale condominiums may be available for substantially less.

The difference can be remarkable.

In early 2026, developer asking prices for completed condominium inventory averaged approximately **$1,189 per square foot**, while comparable recently completed resale condominiums were selling at approximately **$859 per square foot**.

That is a gap of approximately **38%**.

Comparable resale values were also approximately **25% below their 2022 market peak**.

The market is therefore trying to reconcile prices established under two very different economic realities.

Two Competing Inventories

This creates an unusual situation.

There is:

Developer inventory that needs to be sold.

And there is:

Investor-owned inventory purchased during the boom that may progressively return to the resale market.

Both compete for today's much smaller pool of condominium purchasers.

There is also evidence of purchasers failing to close on units originally bought during the boom, returning additional inventory to developers.

This creates a chain reaction:

Existing inventory → downward pressure on prices → investor losses → reduced investor appetite → weak pre-sales → difficulty obtaining construction financing → fewer construction starts.

This is particularly important because the condominium development model became heavily dependent upon investors purchasing units before construction.

If those investors don't return in sufficient numbers—and end-user purchasers don't replace them—the financing model remains extremely difficult.

The Market May Need Years to Work Through the Previous Boom

Lower interest rates will help.

But lower interest rates alone may not recreate the market of 2018, 2019 or 2021.

Existing inventory must be absorbed.

Prices paid by buyers need to become compatible with the prices developers require to make new construction economically viable.

Construction costs need to be manageable.

Financing needs to be available.

And purchasers need sufficient confidence to buy units years before they will be completed.

Those conditions may eventually return.

But there is no reason to assume they will return quickly.

Indeed, the condominium construction pipeline is already pointing toward a significant reduction in future completions as projects already underway are finished without sufficient new projects replacing them.

The market may need considerable time to work through the consequences of the previous condominium boom before another major condominium construction cycle can begin.

Today's Cranes Reflect Yesterday's Market

There is also an important time lag that can obscure what is actually happening.

A condominium building being completed today may have been marketed, sold and financed four or five years ago.

Consequently, seeing cranes in Burlington or Toronto today does not necessarily tell us what development will look like several years from now.

Many buildings currently under construction were launched when the condominium market was much stronger.

The more important leading indicators are:

How many new projects are being launched?

How many units are being pre-sold?

How many projects are obtaining construction financing?

How many projects are actually starting construction?

Those indicators have weakened dramatically.

That means today's slowdown will become increasingly visible several years from now as projects already under construction are completed.

The Investor Model Has Changed

A significant portion of the previous condominium market was investor-driven.

Developers therefore increasingly designed units for that market.

Smaller units reduced the total purchase price and made them easier for investors to acquire.

But that created another problem.

The Bank of Canada estimates that very small units represent approximately **60% of new condominium units coming onto the Toronto market**, while only about **30% of new households have characteristics normally associated with demand for those units**.

That suggests a mismatch between some of the housing produced for the previous investment market and the housing today's end users actually want.

A family looking for a two- or three-bedroom home has very different requirements from an investor purchasing a small pre-construction condominium.

The next generation of housing may therefore need to look different from the last one.

Population Growth Has Also Changed

The extraordinary population increases Canada experienced following the pandemic contributed substantially to housing demand.

That included very large increases in international students and other non-permanent residents.

Federal immigration policy has subsequently changed, and population growth has slowed significantly from the extraordinary levels experienced during the peak period.

That doesn't mean Canada's or Ontario's population will stop growing.

It means another major assumption underlying the previous condominium boom has changed.

Housing and infrastructure planning need to recognize that reality.

What Does This Mean for Burlington's 44,000-Plus Potential Units?

This is where the change in the condominium market becomes particularly important for Burlington.

The City's development pipeline has contained more than **44,000 potential dwelling units** at various stages of planning and approval.

The overwhelming majority of those potential units appear to be apartments and high-density condominium-style development rather than conventional low-rise housing.

That distinction is extremely important.

If most of Burlington's theoretical future housing supply depends upon the same high-rise condominium development model that is experiencing severe difficulties across the GTHA, we cannot assume those units will be built according to the timelines previously contemplated.

There is now substantial evidence that a large portion of Burlington's condominium pipeline **may take many years longer to materialize than previous growth forecasts assumed.**

Some projects will proceed.

Some may be redesigned.

Some may change ownership.

Some may convert to rental or another tenure.

Some may be postponed for many years.

And some may never be built in their currently approved form.

Nobody can responsibly predict exactly which outcome will apply to every development.

But we should not confuse planning capacity with actual construction.

Approved units are not occupied homes.

A development pipeline is not a construction schedule.

Burlington Has Already Created Substantial Development Capacity

This distinction is important in the broader housing debate.

Burlington continues to approve housing opportunities and make planning changes intended to increase housing capacity.

The City has also been implementing its federal Housing Accelerator Fund commitments.

Provincial planning decisions have significantly changed Burlington's development landscape as well.

In 2022, approximately **700 acres of land previously designated primarily for employment purposes were redesignated to permit mixed-use development**, creating significant additional potential housing capacity.

At the time, expectations were that some of those lands could accommodate substantial higher-density development.

Those lands have not disappeared.

Their long-term development potential remains.

But the market that was expected to deliver that development has changed.

This demonstrates an important point:

The constraint on housing construction today is no longer simply whether municipalities approve enough density.

A municipality can have tens of thousands of potential units in its development pipeline without those units actually being built.

Ultimately, developers build when projects can be financed and purchasers are prepared to buy the product at prices that make construction economically viable.

Approved Does Not Mean Built

This distinction has major implications for municipal planning.

Suppose Burlington has thousands of approved condominium units around GO stations and transportation corridors.

Those approvals may remain valid for years.

But if the projects don't proceed for five, ten or more years, the associated demand for municipal infrastructure also arrives much later than previously forecast.

That affects decisions about:

roads,

transit,

parks,

community facilities,

fire services,

stormwater infrastructure,

and municipal operating costs.

We should therefore be extremely careful about assuming every approved unit will immediately translate into population growth.

Development capacity tells us what could eventually be built.

Housing starts and construction tell us what is actually happening.

Municipal investment decisions need to understand the difference.

This Matters to Burlington Taxpayers

This isn't merely an academic discussion about housing economics.

It has significant financial implications.

If Burlington builds expensive infrastructure today based upon population growth expected several years from now, but that development is delayed for a decade or longer, existing taxpayers may carry the cost of underutilized infrastructure while waiting for the population it was intended to serve.

That would be poor financial management.

The opposite mistake would also be irresponsible.

We should not assume development will never happen and fail to prepare for it.

The answer is disciplined, adaptive planning.

Plan ahead—but connect the timing of major investments as closely as possible to demonstrated development and actual demand.

That directly connects with my commitment to **Make Growth Pay Its Way**.

We Need the Housing People Actually Want

The condominium downturn also creates an opportunity to reconsider the housing mix Burlington needs.

Housing doesn't have to mean only detached houses at one extreme and 40-storey condominium towers at the other.

Burlington can accommodate a broader range of housing:

townhouses,

stacked townhouses,

additional residential units,

small apartment buildings,

family-sized apartments,

purpose-built rental,

seniors housing,

and other appropriately designed forms of missing-middle housing.

The objective should not simply be maximizing the number of units theoretically permitted.

It should be creating **housing people actually want and can afford to live in.**

The market is already demonstrating that those aren't necessarily the same thing.

What Burlington Should Do Now

The collapse of the previous condominium development model does not justify abandoning long-term planning.

It requires **better long-term planning**.

Continue approving appropriate housing opportunities

We should maintain sufficient housing capacity so municipal approvals don't become the obstacle when market conditions support construction.

Monitor actual construction—not simply approvals

Building permits, housing starts, completions and occupancy tell us much more about near-term infrastructure demand than theoretical development capacity.

Continuously update growth assumptions

Infrastructure planning should reflect what is actually happening in the market rather than relying indefinitely on forecasts prepared under very different economic conditions.

Time major capital investments carefully

Don't ask today's taxpayers to finance infrastructure years or decades before it is genuinely required.

Make growth pay its way

When development proceeds, it should contribute its fair share toward the infrastructure and services it requires.

Encourage a broader housing mix

Burlington needs housing for families, younger people, older adults, renters and people wanting to downsize—not simply small condominium units designed primarily for investors.

Protect established communities and Burlington's natural heritage

Changing market conditions should not become an excuse for inappropriate development.

Burlington's Challenge Has Changed

Several years ago, the primary question was:

How will Burlington accommodate the enormous amount of growth that is coming?

Today the question is more complicated:

What growth is actually occurring?

What housing will people actually buy or rent?

When will development happen?

And what infrastructure will genuinely be required to support it?

That is a very different planning challenge.

We should not respond by pretending growth has disappeared.

Nor should we continue making decisions as though nothing has changed.

We should follow the evidence.

Burlington has substantial approved and potential housing capacity.

The condominium market that was expected to deliver much of that growth has undergone a dramatic correction.

The market must also work through a substantial inventory of developer-owned and investor-owned condominiums created during the previous boom.

Development will eventually respond as population, prices, financing, construction costs and consumer demand come back into alignment.

But nobody can responsibly say exactly when that will happen—or whether the next development cycle will look anything like the last one.

Plan for Growth — Don't Pretend We Can Predict It

The lesson for Burlington is straightforward.

Planning approvals are not housing starts.

Housing targets are not construction schedules.

Population forecasts are not guarantees.

A development pipeline is not the same as probable near-term development.

And a condominium boom created under one set of extraordinary economic circumstances should not automatically be projected decades into the future.

Our responsibility is to remain ready.

Maintain sufficient housing opportunities.

Monitor actual development.

Update our assumptions.

Build infrastructure when it is genuinely needed.

Make growth contribute its fair share.

And protect today's taxpayers from paying prematurely for growth that may arrive much later than originally forecast.

That isn't opposition to housing.

It isn't opposition to development.

And it isn't an argument that Burlington should stop planning for growth.

It is responsible growth management.

Plan responsibly for the Burlington of tomorrow—but make decisions based on the Burlington that actually exists today.

Paul Sharman
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