DATASTARS

MARKET INTELLIGENCE BRIEF

Q2 2026

Ontario Private Mortgage & Real Estate Portfolio Risk

Prepared for: Private Lenders • MICs • Lender-Side Counsel • Insolvency Trustees

Published: April 2026 • Data through Q1 2026

Ontario lenders face three concurrent risk vectors hitting different segments of the same loan books.

SHOCK 1

Tariffs

Happening now

67,000 Ontario jobs lost in January. Manufacturing bearing 28,000 — sharpest since 2009.

FAO projects 119,200 Ontario job losses in 2026.

Concentrated in: auto parts, steel, aluminum — southwestern Ontario.

Borrower profile: manufacturing, $50-80K income, Windsor / Brantford / Guelph / Waterloo.

SHOCK 2

AI Displacement

Breaks through H2 2026

330,000 US jobs cut in Q1 2026 — 55% explicitly citing AI.

US parent layoffs flow to Ontario subsidiaries one quarter later.

Software devs, accountants, HR, customer service — declining 13-18%.

Borrower profile: white-collar, $100-250K income, $600K-$1.2M GTA mortgages.

SHOCK 3

Alberta Independence

October 19, 2026 vote

177,732 signatures claimed for independence referendum. Verification pending May 2.

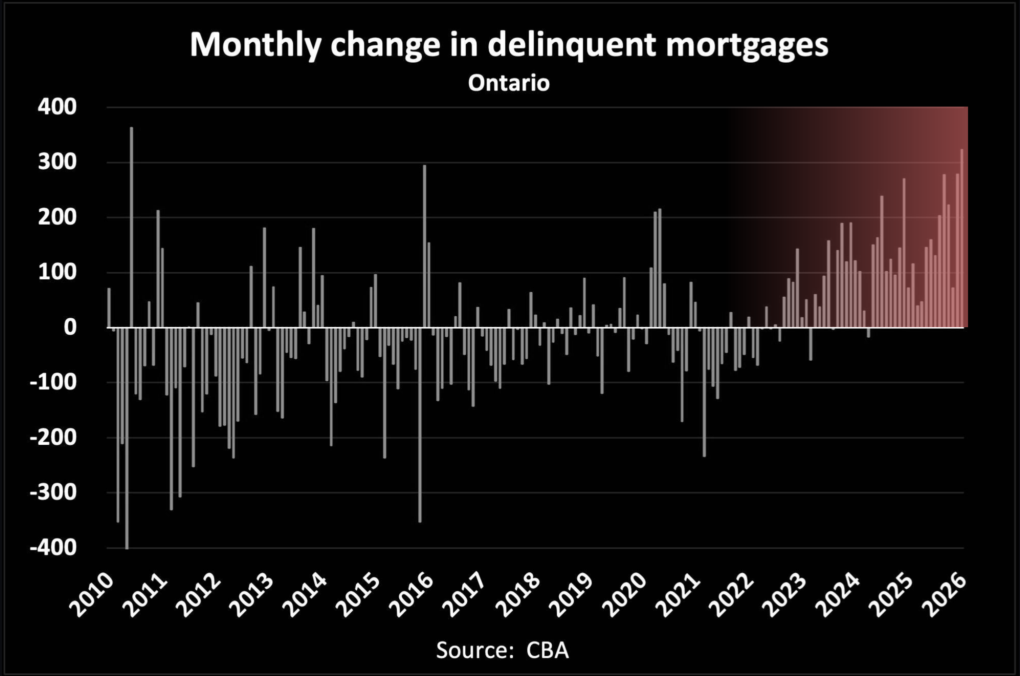
26-34% support across polls. 42% among 18-34 age group.

Uncertainty alone = 5% tariff equivalent. ~4% Alberta GDP shrink ($20B/yr).

Impact: +25-50 bps funding costs, $140B interprovincial trade at risk.

Three shocks, three borrower cohorts, three timelines. Lenders with diversified Ontario books face compounding risk across all three vectors simultaneously.

POWER OF SALE FILINGS



5× increase in POS listings since 2022

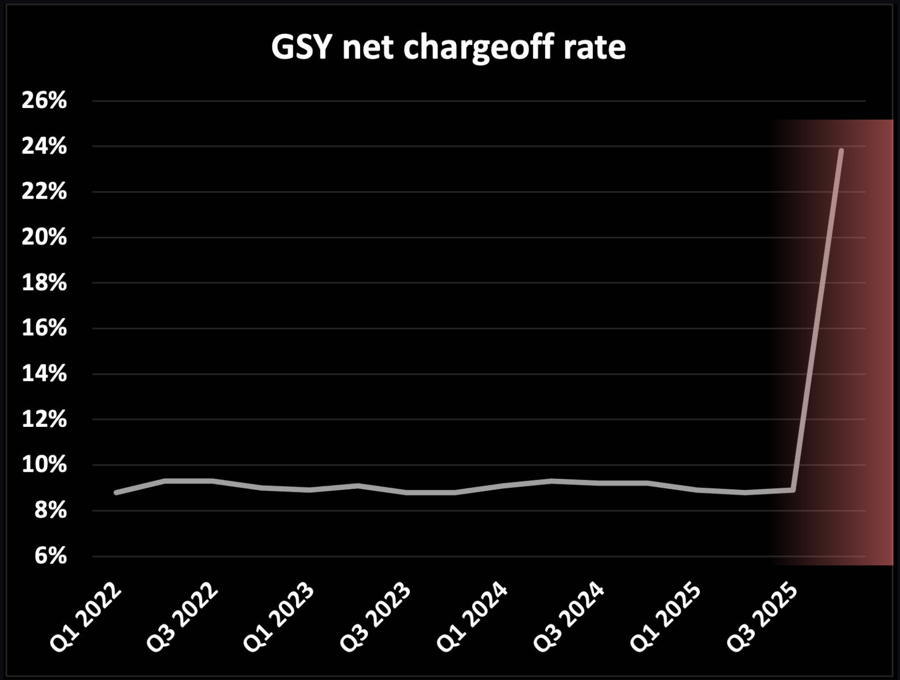
GTA Power of Sale volume

2/3 of all POS filings from private lenders & MICs

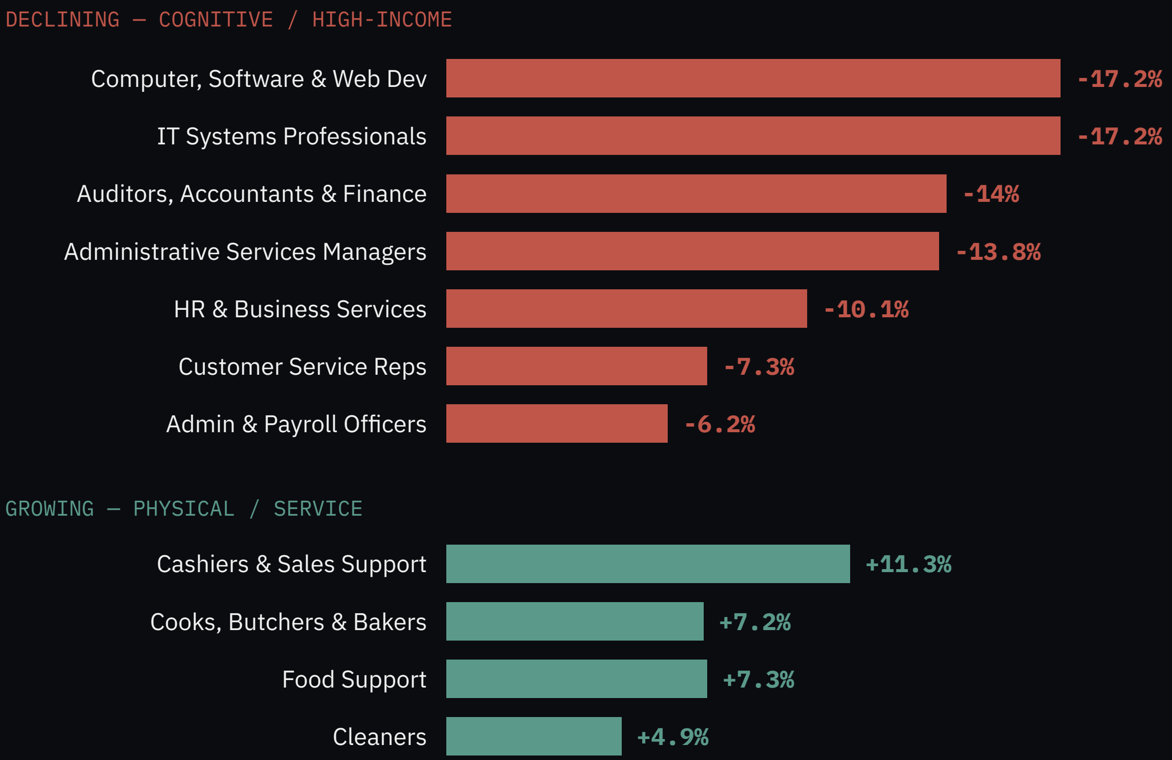
Not Big 6 banks — alternative sector

Institutional delinquency at 0.24% nationally masks severe private sector distress. Ontario delinquency rose 44% YoY entering Q4 2025.

GO EASY GST CHARGE OFF RATE



THE K-SHAPED LABOUR MARKET — ONTARIO JOB POSTINGS



-9.7%

weighted avg decline in mortgage-relevant occupations

30-day job posting change, Ontario. April 2026.

70%

of occupation categories are contracting

14 of 20 tracked categories declining.
92,566 postings in decline vs 28,323 growing.

The occupations declining are the ones that qualify for $500K–$1.2M mortgages. The occupations growing are the ones that don’t.

Software developers, accountants, and admin managers hold GTA real estate. Cashiers, cooks, and cleaners rent. The default risk is concentrated in exactly the income bracket that borrowed the most.

Source: Ontario job postings by NOC category, 30-day unique postings. April 2, 2026. 55% of Q1 2026 US layoffs (330K+) cited AI as driver.

US LEADING INDICATOR: AI LAYOFFS UPSTREAM

330,000

US jobs cut in Q1 2026 across 97 companies

55% cited AI as the primary driver

Not future displacement — present-tense reason companies are firing people.

Q1 ACCELERATION

January: 82K
February: 36K
March: 162K — double the first two months combined

WHY THIS MATTERS FOR ONTARIO LENDERS

Meta, Oracle, Dell, Goldman Sachs, Morgan Stanley, HSBC — all have significant Ontario operations. **US parent company cuts flow through to Canadian subsidiaries one quarter later.**

A displaced VP at Goldman's Toronto office holds an $800K-$1.2M GTA mortgage. That mortgage goes from performing to stressed within 3-6 months of severance running out.

Sources: Challenger Gray & Christmas, company filings, Q1 2026 layoff tracker

ALBERTA REFERENDUM RISK: OCTOBER 19, 2026

Stay Free Alberta claims 177,732 signatures for citizen-initiated referendum on Alberta independence. Signatures pending Elections Alberta verification — petition open until May 2, 2026. If verified, question added to October 19, 2026 ballot.

42% support among 18–34 age group. 40% among 2023 UCP voters.

POLL DATA — SUPPORT FOR INDEPENDENCE

SOURCE	SUPPORT	OPPOSE	NOTE
Research Co. (Jan 2026)	**31%**	62%	Highest reading. +9 pts from 2023
Mainstreet Research (Feb 2026)	**30–34%**	~60%	
Abacus Data (Feb/Mar 2026)	**26%**	~68%	
Ipsos / Angus Reid	**28–29%**	~65%	

ECONOMIC PRECEDENTS

Quebec 1995 — **5–10% GDP hit**

Capital flight, hundreds of companies relocated Montreal → Toronto

Catalonia 2017 — **0.3–2.5% GDP hit**

3,000+ companies relocated HQs; leadership vacuum

Scotland 2014 — **Up to 10% output drop**

Trade & currency uncertainty (modeled)

TOMBE (UCALGARY): Uncertainty alone = 5% tariff equivalent. ~4% Alberta GDP shrink ($20B/yr). 10K–50K jobs lost.

Sources: Research Co., Abacus Data, Mainstreet Research, Ipsos, Trevor Tombe (UCalgary), Fraser Institute

ALBERTA REFERENDUM: ONTARIO PORTFOLIO IMPLICATIONS

Uncertainty risk >> actual separation risk. Referendum noise is already generating measurable economic drag.

SHOCK TIMELINE

Q2 2026 — Signature verification. Campaign noise begins. Business uncertainty rises. — **NOW**

Q3 2026 — Full campaign period. Capital markets price in referendum risk. CAD volatility. Bond yield uncertainty. — **ELEVATED**

Q4 2026 — October 19 vote. Even a 30% Yes result creates prolonged constitutional uncertainty. Close vote = extended market disruption. — **PEAK RISK**

IMPACT ON ONTARIO MORTGAGE BOOKS

+25–50 bps
funding cost increase from national uncertainty premium

10–20%
increase in stress-test default rates (modeled)

$140B
interprovincial trade at risk
300K+ Alberta jobs tied to RoC

$17B/yr
Alberta net fiscal contribution to Canada at stake

Even without separation, 6–12 months of referendum noise adds measurable risk premium to every mortgage portfolio in Canada.

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THE CONDO CRISIS

The most acute systemic risk to Ontario's lending sector in Q1 2026.

1,599

New condo units sold
in GTHA in 2025

Lowest since 1991 — down 91% from 10-year average

28

Active projects cancelled
in 2025 (7,243 units)

Double the previous record set in 2018

29,291

Completed units delivered
into the GTA in 2025

50% above 10-year average — peak supply into trough demand

-13%

Resale condo price
YoY to $626,650

Assignment market flooding with 2020-22 presale buyers underwater

Source: Urbanation, TRREB Feb 2026

GTA HOUSING PRICES BY PROPERTY TYPE

February 2026 • Source: TRREB

PROPERTY TYPE	AVG PRICE	YoY CHANGE	MoM CHANGE
Detached	$1,325,654	-8.2%	+3.7%
Semi-Detached	$1,027,376	-5.8%	+8.6%
Townhouse	$844,862	-7.2%	-3.6%
Condo Apartment	$626,650	-13.0%	-3.6%

GTA All-Types Average

$1,008,968 -7.1% YoY • HPI -7.9% YoY

Transaction Volume

3,868 sales -6.3% YoY • Listings -17.7%

MARKET BALANCE: BUYER'S TERRITORY

5.8 months

Months of Inventory

Firmly in buyer's market territory across most segments

34%

Sales-to-New-Listings Ratio

Deep oversupply — removes urgency; homes sitting 50+ days

51 days

Average Days on Market

Up from ~20 days during 2021 peak frenzy

Secondary markets mixed: Hamilton-Burlington holding (-0.7% YoY), Kitchener-Waterloo showing strength (+26% MoM volume surge in Feb).

INTEREST RATES & THE RENEWAL CLIFF

BOC OVERNIGHT RATE

2.25%

Held steady March 18, 2026. BoC in cautious hold despite domestic weakness.

MORTGAGE RENEWAL WAVE

1.8M

mortgages renewing next 12 months. Peak volume June 2026. Avg shock: +6%.

PAYMENT SHOCK BY ORIGINATION ERA

ORIGINATION ERA	ORIG RATE	RENEWAL RATE	MONTHLY CHANGE ($500K)
2020-2021 (Pandemic)	1.75%	4.00 – 4.50%	+$573/mo
Early 2020 (Pre-Pandemic)	2.50%	4.00 – 4.50%	+$390/mo
2018-2019	3.25%	4.00 – 4.50%	+$199/mo

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PRIVATE LENDING MARKET CONDITIONS

RATE ENVIRONMENT

8-15% current private mortgage rates in Ontario. Extreme high-risk brackets exceeding 15%. OSFI's B-20 stress test remains — institutional lending stays tight, pushing borrowers into private.

COLLATERAL RISK — ELEVATED

Peak-era 75% LTV originations frequently underwater. A GTA condo purchased in 2022 at 75% LTV with 15-20% depreciation now exceeds 90% LTV. Exit strategies via institutional refinance increasingly inaccessible.

BIG 6 BANK PROVISIONS

$746M BMO Q1 2026 credit loss provisions. $6.86B in gross impaired loans. Banks tightening — borrowers failing to qualify at renewal are being pushed into private lending.

INSOLVENCY & CONSUMER STRESS INDICATORS

CONSUMER INSOLVENCIES — ONTARIO

4,286

filings in January 2026 alone
861 bankruptcies + 3,425 consumer proposals.

CREDIT CARD DELINQUENCY — LEADING INDICATOR

1.84%

90+ day delinquency (Ontario, Q4 2025)
+10.3% YoY. Credit cards default 3-6 months before mortgages.

NOTABLE CCAA & RECEIVERSHIP FILINGS (Q4 2025 – Q1 2026)

ENTITY	LIABILITIES	TYPE
Christenson Equities Ltd. et al.	$103M	CCAA
B+H Architects Corp.	$37.8M	CCAA
Antler Creek Contracting Ltd.	$13.9M	CCAA
Nexus Construction Inc.	—	Receivership

$2.6 trillion total Canadian household debt. Ontario avg non-mortgage consumer debt: $22,955.

REGULATORY & LEGISLATIVE CHANGES

OSFI — B-20 STRESS TEST STAYS

No relaxation. Negative amortization VRMFPs reduced 60% from 2023 peak but systemic risk still "highly elevated."

FSRA — PRIVATE LENDER SCRUTINY

Expanded audit program targeting mid-sized brokerages (100+ agents). Strict enforcement of exit strategy documentation. First Swiss Mortgage Corp prosecution signals willingness to pursue insolvent firms.

CONSTRUCTION ACT — MANDATORY HOLDBACK RELEASE

Annual release of 10% statutory holdbacks now mandated (Jan 1, 2026). Invoices "deemed proper" unless disputed within 7 days. ODACC adjudication volumes up 17% YoY.

FEDERAL — EXTENDED AMORTIZATION, HIGHER CAP

30-year insured amortization for first-time buyers, $1.5M insured loan cap. Has completely failed to offset 5.5%+ rates and declining valuations.

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Q2 2026: HIGHEST RISK SEGMENTS

1 **GTA Condominiums — Pre-construction & Resale** CRITICAL

New sales at 30-year lows. Tens of thousands of units delivering into massive oversupply. Any subordinate debt on unclosed presale contracts carries critical risk of total capital loss.

2 **Raw Land & Early-Stage Development** CRITICAL

Builder insolvencies and CCAA filings surging. Traditional exit via Tier 1 construction loan requires 70%+ presale absorption — mathematically impossible in current GTA market.

3 **Ottawa & National Capital Region** HIGH

26,000+ federal layoff notices inject immediate income insecurity. Anticipate rising arrears in mid-to-upper tier housing as severance packages expire Q2-Q3.

4 **White-Collar Concentrated Residential Portfolios** EMERGING

Portfolios with high borrower concentration in AI-exposed occupations face a second wave of default risk beginning H2 2026. Software developers, accountants, HR, customer service — declining 13-18%. Invisible to traditional underwriting.

ENFORCEMENT TIMELINE & LTB REFORMS

DEFAULT TO VACANT POSSESSION

Default Grace Period
Minimum before Notice of Sale
15 Days

Notice of Sale Redemption
Mandatory borrower window (40 if mailed)
35–40 Days

Eviction Order
If contested via LTB or Court
30–60 Days

Sheriff Enforcement
Physical lockout via Writ of Possession
14–30 Days

TOTAL: 85–168 DAYS

BILL 60 & LTB REFORMS

LTB WAIT TIMES — IMPROVING

L1 (Non-payment): Was 8-10 mo → Now ~3 mo
Other applications: Was 12+ mo → Now 5-7 mo

N4 GRACE PERIOD CUT IN HALF

Non-payment eviction notice reduced from 14 to 7 days.

50% ARREARS PAYMENT MANDATE

Tenants must pay 50% of claimed arrears before raising maintenance issues as delay tactic.

Q2 PLAYBOOK: ENFORCEMENT & MONITORING

ENFORCEMENT PROTOCOL

1. Issue Notice of Sale on day 16 of default. No forbearance in a depreciating market.
2. Plan for 3-5 months (85-168 days) to vacant possession and listing.
3. Tenanted properties: serve Bill 60 N4 (7-day grace) in parallel with mortgage enforcement.
4. Budget 6+ months liquid reserves per property for taxes, insurance, condo fees, winterization.
5. "Wait and see" is no longer viable. Equity buffers erode monthly as valuations decline.

MONTHLY LEADING INDICATORS

Credit Card 90+ Day Delinquency

TransUnion / Equifax — 10%+ YoY = impending mortgage defaults 3-6 months

Condo Months of Inventory

TRREB — Currently 5.83 mo. Breach of 7 months = panicked capitulation

Ontario Full-Time Job Losses

StatsCan LFS — Consecutive -80K prints break remaining consumer resilience

POS Filing Volume

CanLII / TRREB — Track volume and composition (private vs institutional)

CCAA / Receivership Filings

OSB / Court Lists — Developer filings signal collateral risk

AI Layoff Announcements

Challenger / company filings — Q1 2026 at 9x 2025 pace. White-collar mortgage distress 6-12 months forward.

REFERENCE: KEY METRICS AT A GLANCE

+59%

POS listings YoY
in the GTA

2.25%

BoC overnight rate
held steady Mar 18

-13%

Condo avg price YoY
GTA resale market

7.6%

Ontario unemployment
rate, Feb 2026

1.8M

Mortgages renewing
next 12 months

+10.3%

Credit card 90+ day
delinquency YoY (ON)

Sources: TRREB, Bank of Canada, StatsCan, Equifax, CMHC, TransUnion — data through Feb/Mar 2026

Q2 2026: OPPORTUNITIES FOR WELL-CAPITALIZED LENDERS

Market dislocation creates asymmetric opportunities for liquid, sophisticated private debt.

Discounted Mortgage Note Purchases

Retail MICs facing redemption runs while holding illiquid NPLs. Acquire distressed notes at 70-80 cents on the dollar.

DIP Financing

CCAA filings spiking in commercial RE. DIP loans achieve super-priority status. Current yields: 12-18% with court protection.

Statutory Holdback Bridge Financing

New Construction Act mandates annual 10% holdback release. Developers need short-term capital. Premium rates + commitment fees.

Reverse Vesting Order (RVO) Acquisitions

Acquire distressed commercial assets via RVO — preserves tax losses, avoids land transfer tax, improves IRR.

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Real estate intelligence for professionals managing distressed property situations.

Settlement Intelligence Reports • Certified Valuations • Litigation Damages Analysis

AI Employment Risk Analysis • Portfolio Risk Audits

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Data sources: Bank of Canada, TRREB, CMHC, StatsCan, Urbanation, OSB, Equifax, TransUnion, OSFI, FSRA, CanLII
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