

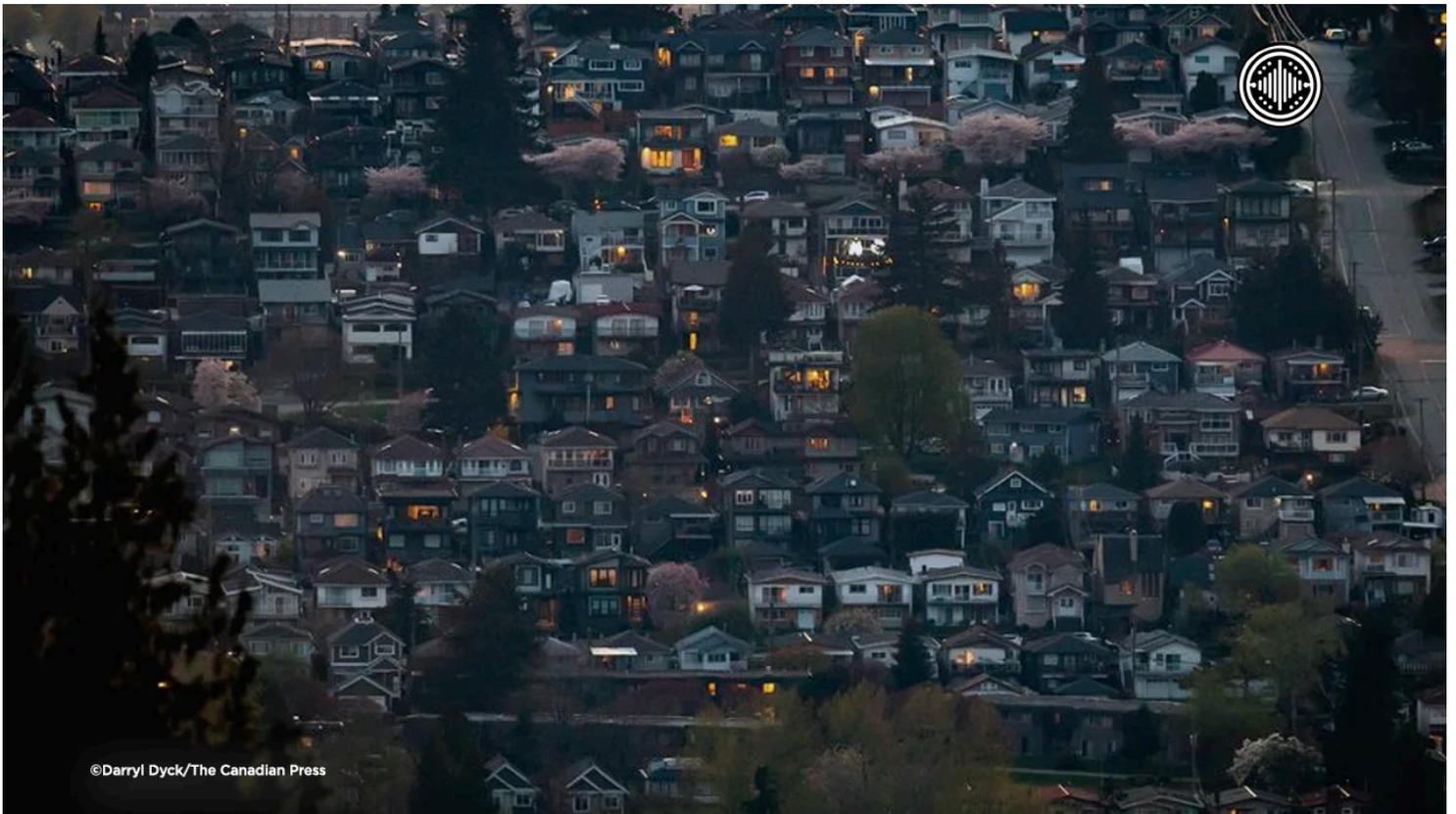
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Sydney Housing Defies Crash Seen in Canada

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At the start of 2022, home prices in Australia and Canada were strikingly similar, both hovering around \$840,000 in their respective local currencies. Fast forward to mid-2025, and the two countries have taken very different paths.

While Canadian property prices have plunged by nearly C\$150,000, Australia's housing market, particularly in Sydney, has climbed steadily, adding about A\$85,000 in value. The contrasting trends are raising questions about whether Australia could face a similar slump, or if its market fundamentals are simply stronger.

Toronto, Canada's most expensive city, saw a rapid price surge during the pandemic, with median home values jumping by C\$400,000 to peak at C\$1.3 million. But aggressive interest rate hikes, a ban on foreign buyers, and a cap on immigration quickly reversed the trend. As of 2025, Toronto's median prices have dropped below C\$1.1 million, and many investors are now facing major losses.

One investor in downtown Toronto who paid C\$1 million for a small apartment in 2021 has seen its value fall to C\$700,000. "We're seeing a lot of landlords panic," said Tyson Erlick of Property Management Toronto.

Sydney, on the other hand, experienced a brief dip but recovered quickly. Prices began rising again in early 2023, driven by strong population growth, limited housing supply, and a steady job market.

According to property data firm Cotality, Australian home prices rose 3.7% in the year to July 2025, with Commonwealth Bank analysts projecting a 6% annual increase by year-end.

One key difference is interest rate policy. While both countries hiked rates to combat inflation, Australia's rate increases were smaller and more gradual. "As long as Australians can keep paying their mortgage and they don't have to sell, that will always restrict supply and limit price falls," said Eliza Owen, head of research at Cotality.

Meanwhile, Canada's economic outlook has worsened. A spike in unemployment, now at 7%, and rising mortgage defaults have worsened the housing downturn. Trade tensions, particularly U.S. tariff hikes under Donald Trump, have added further pressure.

In contrast, Australia's unemployment remains low at 4.3%, and mortgage arrears are still modest. Sydney's job market continues to support buyer confidence, helping maintain upward pressure on prices.

Despite ongoing affordability concerns in both countries, economists do not expect an imminent crash in Australia. However, experts caution that even robust housing markets are not immune to broader economic shocks.