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Pre-Construction Condo Buyers Face Steep Losses as Toronto Prices Slide After Values Drop, Buyers Often on the Hook for a Higher Price They Agreed to Years Before

Anis Heydari - Feb 24, 2026



Many condominiums in the Greater Toronto Area purchased before they were completed are now worth less than the price agreed to years ago, leaving buyers on the hook. (Rob Krbavac/CBC)

Homebuyers who gambled that buying a home before it was built could get them an early foothold in an expensive market are discovering what happens when values drop.

A growing number of Canadians – especially in condominium markets such as Toronto's – are learning the hard way that when property values fall, developers and lenders aren't willing to absorb the loss without a fight.

Vitor Almeida is facing that reality firsthand. A carpenter with experience as a real estate agent, he agreed more than five years ago to buy a pre-construction condo in Vaughan, Ont., for \$675,000. He put down about 20 per cent, but financing isn't fully confirmed until the unit is nearly complete and the deal is set to close.



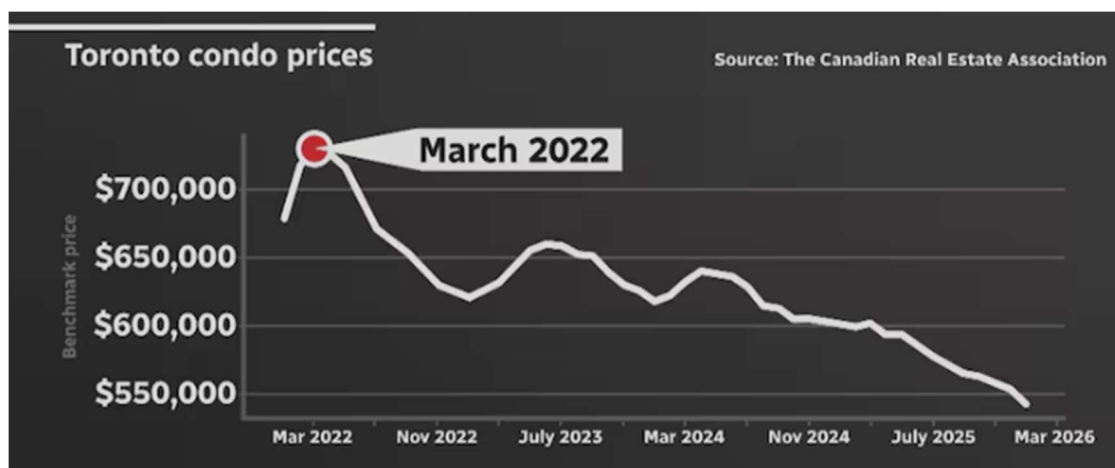
Vitor Almeida is a carpenter and real estate agent caught between a high pre-construction value years ago, and a low appraised value in the present day. (Nisha Patel/CBC)

Years later, an appraisal valued the condo at \$590,000. That meant Almeida could not get a mortgage provider to lend him the money to close the purchase because the condo was no longer worth what he agreed to pay.

"The market was so good back in 2020, we would have never thought. If I did know that this could have happened, I wouldn't have bought the condo," said Almeida.

Buyers need to make up the difference

The average condominium selling price in the Greater Toronto Area was down more than five per cent in late 2025, compared with a year earlier.



Toronto condo prices have plummeted since a peak in early 2022. (CBC)

Compared with a peak in 2022, apartment prices in Toronto have dropped by around 25 per cent.

For a buyer like Almeida, options are limited if he can't come up with the money to bridge the gap between the appraised value and the agreed-upon price. The builder can keep their deposit and any fees the buyer paid, and they could be on the hook for additional costs.

"They're telling me that they're gonna sell it for less, obviously, and they're going to come after me for their losses," Almeida said.

Not a lot of options, say experts

Short of a time machine, there may be no easy escape for buyers caught in a plunging pre-construction market.

Mortgage broker Ron Butler said he doesn't believe buyers in this situation can avoid the consequences.

"There's no question that the developer will chase you through the courts and they will win because you signed a valid contract," he said.



Mortgage broker Ron Butler doesn't see many options if buyers can't pay the original price they agreed to. (Keith Burgess/CBC)

He said the problem could hit a peak in 2026 in Toronto, calling it the "biggest, problematic year," with an estimated 28,000 units expected to be completed and a widening gap between purchase prices and current market values.

Trying to find someone else to take on the property is not always an easy solution either. While social media groups have popped up with many trying to unload pre-construction purchases through a process called "assignment," it's not as simple as finding someone else to take on your loss.

"You also need the builder's permission when you're assigning," said real estate lawyer Gathya Manoharan. She says only one buyer has successfully assigned a pre-construction condo purchase to another buyer out of the many clients she's seen.

Builders can also charge fees to approve an assignment, she said, ranging from a few hundred dollars to tens of thousands of dollars.



Gathya Manoharan is a real estate lawyer at Nava Wilson LLP in Toronto. She has only seen one of her clients successfully assign their pre-construction purchase to someone else. (CBC)

"You're in this scenario because you can't afford this property and now you have an additional cost as a result of this assignment fee," she said.

Describing a market where condo supply remains high and demand is low, she said, "I don't think I have a single client who has a newly built property that's retained its value."

She pins it, in part, on choices made when the market was hotter – and the bill arriving when the market is significantly colder.

"People [were] like, listen, they're buying these pre-construction homes even before closing and they went up by \$200,000, they made all this money, et cetera. So everyone was trying to jump onto that gravy train," said Manoharan.

Regulation isn't a simple answer, says academic

A solution to these market concerns may be difficult to corral, says Diana Mok, an associate professor in the Department of Marketing and Consumer Studies specializing in real estate finance at the University of Guelph.

She said no single policy or regulation can solve the problem and suggested there are parallels – though not direct comparisons – with stock-market risk.

"Some stocks are really high risk ... and naturally attract some speculators rather than long-term investors and then all of a sudden these stocks go south, and do you think anyone should do something to regulate, have some policies or even compensate these speculators?" she said.

Mok said buyers need to understand the risks of committing to pay a fixed price years after signing a contract.

"Do not enter into the herd mentality as in 2022, [when] everyone was trying to rush into this investment market in pre-sales, pre-condos, pre construction sales."