January 2026

Welcome to our Liahona Capital Q4, 2025 newsletter!

MIC News/Real Estate Market View

Ontario Market Update: Softer Today, Setting Up a Different 2026
Ontario's housing story heading into 2026 is becoming clearer: the market is working through a near-term "hangover" from the last few years of rapid growth, while the building blocks of the next cycle are quietly taking shape. For investors, this is the kind of environment where patience, strong underwriting, and the right lending structure matter more than ever.

Demand is cooling — and population is a big reason why
One of the biggest shifts is happening *before* you even look at housing stats: Canada recorded a rare quarterly population decline, and Ontario was one of the provinces leading that drop. That matters because fewer new residents generally mean fewer new renters and buyers right now. At the same time, the reports highlight that the decline is being driven largely by non-permanent residents (renters), while permanent residents (future buyers) are still growing. In plain terms: the rental market can soften faster than the resale market, even within the same city.

Rentals are losing momentum
Ontario's rental market is no longer "tight at any cost." Vacancy rates have moved back to multi-year highs, and asking rents have been sliding, with landlords facing more competition from purpose-built rentals *and* condos that were originally meant to sell but are now being listed for rent instead. In Toronto, this shift has been especially visible as some owners choose to rent rather than accept lower sale prices.
For borrowers who relied on rising rents to make their numbers work, this is a reality check. For lenders, it's a reminder to underwrite income conservatively and stress-test vacancy and rent assumptions.

Resale market: slower sales, higher supply, downward price pressure
Southern Ontario resale activity has softened, with sales drifting lower while inventory has been building. Prices have also been under pressure, and the Toronto area has seen a meaningful pullback from the peak. The reports also flag an increase in "power of sale"

listings—still a small share overall, but rising enough to influence pricing, expectations, and time-on-market.
This is the kind of market where buyers feel no urgency, sellers become more flexible, and *liquidity* becomes valuable. That tends to create both risk and opportunity—especially for short-duration lending with real equity behind it.

Rates and mortgages: pressure today, a possible demand base building underneath
Higher-for-longer rate expectations have been a headwind, but there are signs that first-time buyers are beginning to re-engage. The reports point to stronger insured mortgage originations—often a telltale sign that entry-level buyers are starting to look again, even if they're cautious. That matters because in a market where investors have stepped back, first-time buyers are the group most likely to rebuild transaction volume over time.
What this means for private lending (and why structure matters)
For private mortgage investors, Ontario's current phase tends to reward a more defensive playbook:

- **Shorter terms and clear exits.** When resale activity is slow, you want time working *for* you, not against you.
- **Real equity, not "hope."** Falling prices and softer rents mean the cushion matters more than the story.
- **Borrowers who need flexibility, not maximum leverage.** This environment can create strong demand from quality borrowers who simply do not fit conventional boxes right now (timing, paperwork, transitional situations), even if they have meaningful equity.
- **Watch the condominium exposure.** Condominiums can still be financeable—but the margin for error is smaller, and location/unit quality is doing more of the heavy lifting.

Our outlook: a cautious first half, improving setup beyond
Ontario looks like a market that is still finding its footing through early 2026, with condos and rentals doing most of the adjusting. But the combination of reduced future supply (through collapsing starts/permits) and a gradual return of first-time buyers could lay the groundwork for a more stable second half of 2026 and a different conversation in the years beyond.
For Liahona MIC investors, this is exactly where disciplined private lending can shine: providing well-structured, well-secured mortgages that help borrowers bridge uncertainty—while targeting steady income and strong collateral protection.

References & Sources:

"The Edge Report-Dec 2025" – https://edgeanalytics.ca
"Metro Deep Dive-Dec 2025" – https://edgeanalytics.ca

The Power of Monthly Contributions Through Insurance-Based Investing

One of the most effective and disciplined ways to build long-term wealth is through **consistent monthly contributions** to registered plans such as RRSPs, TFSAs, and FHSAs. At Liahona Insurance & Wealth Creation, this strategy is implemented through **insurance-based Segregated Fund contracts**, offering steady market participation combined with protection and structure.

Rather than relying on market timing or large lump-sum investments, pre-authorized monthly contributions support consistent investing across market cycles. This disciplined approach encourages long-term compounding while reducing emotional decision-making and timing risk.

Why Monthly Contributions Matter

By investing regularly, contributions are made at varying market levels over time. When markets decline, contributions purchase more units; when markets rise, accumulated holdings increase in value. Over time, even modest monthly contributions can grow into a meaningful portfolio when paired with consistency and professional management.

Segregated Funds: An Insurance Solution

Segregated Funds are **insurance contracts—not mutual funds**. They provide access to professionally managed public-market portfolios while offering insurance-based benefits not available through traditional investments, including:

- **Capital protection** through maturity and death benefit guarantees
- **Estate planning efficiency** via named beneficiaries and probate bypass
- **Potential creditor protection**, particularly relevant for business owners and professionals
- **Liquidity and flexibility**, with the ability to adjust or rebalance as goals evolve

Liahona Insurance works with leading Canadian insurers including Manulife, Sun Life, Canada Life, iA Financial Group, and Empire Life.

A Complement to Private Equity

Within the broader **Liahona ecosystem**, Segregated Funds provide liquidity and stability alongside private equity opportunities offered through **Liahona Capital**, supporting diversified portfolios that balance growth, protection, and long-term planning.

Getting Started

A representative at Liahona Insurance & Wealth Creation can assist investors with registered plan setup, monthly contribution strategies, and Segregated Fund solutions aligned with their overall wealth objectives.

Contact is today at clientrelations@liahonainsurance.ca

Maximize Your Savings in 2026. RRSP and TFSA Deadlines:

RRSP Contributions
Deadline: March 2, 2026

TFSA Contributions
2026 Limit: $7,000
Total Room: $109,000 (since 2009)

Why Contribute?

- **RRSP:** Save for retirement with tax-deferred growth and potential tax deductions.
- **TFSA:** Grow your savings tax-free for any goal.

Plan your contributions early to maximize your benefits! Contact your Liahona Dealing Rep. for assistance.

What's New?

We are pleased to welcome Maria DuPont to the Liahona Capital team as our newest Bookkeeper, further strengthening our accounting functions and internal operations. We're excited to have her expertise and positive energy contributing to our growing team.

Staying Connected: Keeping Your Investment Plan Aligned

At Liahona Capital, we believe the best investment decisions come from open, ongoing conversations. Over the coming weeks, your Dealing Representative may connect with you for a friendly check-in to see how things are going and to talk through any updates to your goals, priorities, or circumstances. These touchpoints are a great opportunity to ask questions, share what's changed in your life, and ensure your investment strategy continues to reflect what matters most to you.

These conversations also allow us to keep your Know Your Client (KYC) information up to date, which helps us keep your advice well-aligned as your needs and circumstances evolve. We truly appreciate the time you spend connecting with us—staying in touch helps us support you more effectively and continue to provide advice that's personalized, thoughtful, and relevant.

If you ever have questions or would like to welcome a conversation, your Dealing Representative is always happy to connect—we're here to support you every step of the way.

Dealing Representatives

Robert Rumley

Brandon Renault

Eric Anderson

Doug Edwards

Chris Molder

Adam Gignac

Linda Hilton

CENTURION ASSET MANAGEMENT INC

INVICO

EQUITON®

VIRTUS Diversified Real Estate Investment Trust

LIAHONA MORTGAGE INVESTMENT CORP

Newlook Capital Dental Fund

Newlook Capital Industrial Services Fund

NEWPORT PRIVATE WEALTH

Greybrook Capital

PIER 4 Real Estate Investment Trust

Pavilion Resource Fund

ACCILENT CAPITAL MANAGEMENT

Forum MAKESPACE

Forum Make Space launch $200M self-storage fund

Summary

We value your ongoing support and investment with us. For additional information visit our website at **www.liahona.ca**

As always, we welcome your feedback.

Sincerely,

The Liahona Team

email: investorrelations@liahona.ca