# Canada’s foreign buyer ban: What the 2027 expiry signals for investors

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***Editor's Note: As the Jan. 1, 2027 expiry of the Prohibition Act approaches, this analysis remains highly relevant for investors navigating Canada's evolving real estate landscape.***

Nearly four years after enacting the *Prohibition on the Purchase of Residential Property by Non-Canadians Act* (the Act), banning foreign buyers in Canada’s housing market, the federal government is now weighing options to relax restrictions as the Act’s expiry looms. While the Carney government has maintained the previous administration’s decision to extend the prohibition through 2026, it has also signalled a desire to re-open the market to foreign investment in certain circumstances.

## Key takeaways

- Canada's foreign buyer ban expires in 2027, and the Carney government is actively considering a new approach rather than a straight extension of the current prohibition.
- The ban had limited measurable impact: foreign buyers represented just 1.1 per cent of home sales in British Columbia in 2021, and average Canadian housing prices still rose more than 20 per cent during the ban period.
- Australia's tiered exemption model, permitting foreign investment in new builds, large-scale redevelopment projects, and vacant land, is one of the frameworks being considered for Canada's post-2027 approach.
- Canada already has standing exemptions under the Act for vacant land, certain redevelopment purchases, and publicly traded non-Canadian-controlled entities incorporated in Canada.
- Investors and developers should monitor legislative developments closely as the 2027 expiry approaches, particularly around supply-side exemptions that could reopen targeted segments of the residential market to foreign capital.

## Canada’s housing crisis: Did the foreign buyer ban address it?

The federal ban, which generally prohibits foreign nationals and commercial enterprises from purchasing residential property in Canada, was enacted as part of an effort to address the country's significant housing shortfall.

The Canada Mortgage and Housing Corporation projects that new housing construction must roughly double – to approximately 380,000 to 430,000 units annually until 2035 – to meet projected demand. The government sought to limit foreign buyers on the view that their participation was pricing domestic purchasers out of the market. However, experts have long questioned whether a foreign buyer ban would meaningfully increase housing supply or improve affordability.

In 2021, the year before the ban was announced, foreign buyers were involved in only 1.1 per cent of home sales in British Columbia, down from 3 per cent in 2017. Over the nearly four years the ban has been in effect, average Canadian housing prices have nevertheless continued to rise, increasing by more than 20 per cent between 2021 and 2026.

Soon after its enactment, Canada eased restrictions to permit foreign purchases of vacant land and residential properties intended for redevelopment, acknowledging the role foreign-controlled corporations play in expanding housing supply and improving affordability.

## The federal government's new pragmatic approach

Since coming into office, Prime Minister Mark Carney's administration has taken a pragmatic approach to foreign investment. Minister of Housing Gregor Robertson has indicated that the government sees offshore capital as playing a role in addressing gaps in Canada's housing market,[1] while the federal government has also indicated that it is weighing tax code reform to attract large foreign investors.[2]

The disparity between the ban's stated objective and its real-world effects helps explain the government's shift. The legislation is largely aimed at speculative single-family housing rather than large multi-family or commercial corporate developments. Because foreign purchasers represented only a small proportion of such transactions, removing them has done little to correct the market's more significant issues. Price trajectories during the ban instead tracked broader macroeconomic conditions rather than changes in foreign buying. As a result, targeted supply-side exemptions designed to channel offshore capital into new builds, large-sale redevelopment and vacant-land projects are increasingly viewed as an alternative to blanket prohibition.

## How Australia's foreign buyer restrictions compare to Canada's framework

Australia faces a similar housing shortage to Canada, targeting 1.2 million new homes between 2025 and 2029. Purchases of established dwellings in Australia by foreign persons comprised 32.9 per cent of total sales in 2023.

Australia enacted its own ban on April 1, 2025, restricting foreign purchases of established dwellings. The Australian framework allows certain exceptions, including:

- investments that increase housing stock by more than 20 units;
- purchases for redevelopment that support the availability of housing on a commercial scale (such as retirement villages, assisted living facilities and student accommodation);
- purchases of new builds; and
- purchases of vacant land.

Most exceptions available to foreign persons in Australia are subject to review board approval and strict eligibility conditions.

While originally set to expire on March 31, 2027, the Australian government recently extended the ban to June 30, 2029, a signal that the Australian government views the restrictions as a durable response to housing concerns even as it continues to carve out new-build and redevelopment-stage investment.

Minister Robertson has indicated that Australia's framework is a model of interest for Canada following the Act's expiry in 2027, specifically pointing to exemptions for higher-end new homes or rental housing as a possible avenue for foreign investment. Regardless of the final structure, Canada appears to be shifting toward a nuanced approach to foreign investment rather than continuing with a large-scale prohibition.

## Existing exemptions in Canada

In contrast to the Australian exemption regime, which generally requires review board approval before completion, the exemptions under the Act in Canada allow certain purchases to proceed by category without case-by-case approval.

The Act applies only to immovable real property located within census metropolitan areas or census agglomerations, excluding certain rural properties and movable property on leased land. Its definition of residential property also generally excludes large non-stratified apartment buildings and development projects.

In response to industry feedback, the federal government introduced amendments to the Act in 2023 to fully exempt vacant land and create a standing exemption for certain redevelopment purchases. The amendments also created an exception for non-Canadian-controlled entities that are incorporated under Canadian federal or provincial law and publicly traded in Canada. Together, these changes were intended to facilitate non-Canadian capital investment in redevelopment that advances the government's housing-supply objectives.

The key remaining distinction between the current Canadian and Australian frameworks is that Australia expressly permits certain purchases of new dwellings, while Canada's exemptions remain focused on vacant land, redevelopment, and specified purchaser categories.

## What we're watching as Canada's foreign buyer ban approaches its 2027 expiry

The government has yet to announce a decision on the Act's future. Given the exceptions already carved into the current regime and the direction of the government's comments, investors should expect potential changes to the framework post-2027, with an eye to property type and development intent, not blanket eligibility. We will continue to monitor these developments and update this article as they arise.

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## Footnotes

[1] "Canada Considers Easing Ban on Foreign Home Buyers Starting in 2027," Bloomberg, Dec. 22, 2025, [online; subscription required].

[2] Tim Kiladze, "Ottawa weighing tax reforms to attract foreign capital for Canadian real estate developments," The Globe and Mail, Dec. 8, 2025, [online; subscription required].

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