

MORTGAGE MARKET

The Bank of Canada has held its policy rate at 2.25% since October 2025 - seven decisions in a row - yet fixed mortgage rates have climbed all year. The two are not connected the way most people assume. Variable rates follow the Bank through prime, now 4.45%. Fixed rates are priced off Government of Canada bond yields, and that market has been anything but calm: the 5-year yield has moved from roughly 2.6% in late February to above 3.6%, touching 3.7% this week. Several of the big banks raised select 3- and 5-year fixed rates at the end of September. The lowest fixed in the market now sits around 4.2%, while the lowest variable is near 3.4%. For the first time in years variable sits materially below fixed, in some cases by more than a full percentage point, and borrower behaviour has flipped with it: where about 60% once chose a five-year fixed, more than 60% are now choosing variable. Cheaper today does not mean cheaper over the term - the question is how many hikes it takes before the variable costs more, and whether your budget could absorb them.

REAL ESTATE MARKET

The average GTA selling price in August was \$993,410, down 1.1% from July and 2.8% below August 2025. The headline hides a split market. Detached homes averaged \$1,288,669, down 1.8% from a year ago. Semi-detached came in at \$931,665, down 4.9%. Freehold townhouses averaged \$882,060, down 6.8%. Condo apartments at \$617,593 remain the weakest segment. Detached has held its value best; towns and condos have taken the real damage. For buyers that means the most negotiating room in years, particularly in condos and towns, though inventory was down year over year so choice is thinner. For sellers it means pricing to today's market rather than to 2022 - listings that sit go stale, and stale listings sell for less. For anyone moving up, a softer market works in their favour: a little lost on the condo or town being sold, more saved on the detached being bought, because the gap between the two has narrowed. September TRREB figures land in the first week of October.

ONE NUMBER YOU SHOULD KNOW

42,000 Canada lost 42,000 jobs in August. Unemployment held at 6.4%, which sounds stable until you notice it held because people stopped looking, not because they found work. For anyone carrying a mortgage this number deserves more respect than the rate itself: a rate rise costs a few hundred dollars a month, a job loss costs the whole payment. Three months of mortgage payments held in cash is the usual starting target. Worth asking alongside it: does your mortgage have insurance attached, and do you know what it actually covers? Lender-sold creditor insurance pays the lender, shrinks as the balance falls, and ends when you switch lenders. A personally owned term policy pays your family,...



REGULATORY & GOVERNMENT

Two dates shape this month. The inflation report lands October 19, and the Bank of Canada's rate decision follows on October 28. The first will largely decide the second. Inflation ran at 3% headline in August with core at 2%, against a 2% target, and most of the gap is energy - a supply problem rather than a demand problem, which is why opinion is so divided on whether raising rates would help at all. Brent crude is above \$100 a barrel with WTI in the low \$90s. Real GDP was flat in July with a preliminary +0.2% for August. A weaker loonie is making imports costlier, feeding back into inflation and then into rates. Governor Tiff Macklem has said the Bank will not be too slow to raise if inflation pressure builds - a warning, not a promise. Separately, anyone with a home equity line of credit should remember it moves with prime immediately; a hike hits that balance the same month.



VIK'S PERSPECTIVE

There is a lot of noise this month, and most of it is designed to make people act quickly. My advice is the opposite: understand your own numbers first, then act. If you are waiting for the Bank of Canada to do something before locking in, you are watching the wrong number - watch the 5-year bond. And the shortest term is not automatically the smartest: a two-year fixed bets that rates fall by 2028, a five-year bets on certainty. There is no universally right answer, only the one that fits your income, your plans and how well you sleep. Being licensed on both the mortgage and the insurance side means I can look at the debt and the protection in one conversation, instead of sending you to two people who never speak to each other.

ONE PRACTICAL ACTION THIS MONTH

If your mortgage renews within the next twelve months, find the renewal date today - it is on your annual statement - and write it on the calendar. Six months out, ask your lender for their early renewal offer in writing, and do not sign the first letter: a renewal letter is an opening offer, priced on the assumption that most people sign without asking. The difference between that letter and the open...

Let's Talk

Buying, renewing, refinancing, or just curious — I'm one call away.

WHAT SHOULD YOU WATCH NEXT MONTH?

- The October 19 inflation report, which will largely decide the October 28 rate decision
- The Bank of Canada's October 28 announcement and whether the seven-decision hold finally breaks
- The 5-year Government of Canada bond yield, which drives fixed mortgage rates far more than the policy rate does
- September and October TRREB figures, to see whether condos and townhouses keep sliding
- Thanksgiving Monday, October 12 - banks, underwriting desks and land registry offices are closed, so closings that week need funds in place beforehand

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