

## **MARKET UPDATE: September 18<sup>th</sup>, 2025:**

Hello Again! I hope all is well with you and your family! I hope the rest of the summer was glorious! (Though IMO it always flies by too quickly). And I hope that for you parents, the start of the school year has gone as smoothly as possible!

The Bank of Canada (BoC) met yesterday to discuss monetary policy. And for the first time since March, they decided to lower rates again....this time by 0.25%. So Prime now sits at 4.70% (except for at TD, who has TD Prime at 4.85%).

The economy is definitely showing cracks, especially in towns/cities where the tariffs are impacting businesses (Ontario has a lot of the manufacturing in Canada, so it has been hit the hardest). The Unemployment Rate is up to 7.1%....which is the highest it has been (other than during covid) since 2016.

Inflation seems to be in-line with projections and if the economy continues to slump, fears of rising inflation will drop...though it appears the BoC still has some worries about inflation being 'stickier' than they had hoped. If inflation slumps as we hope it will, it should allow for more drops by the BoC as we move forward. Though the BoC didn't leave us with a ton of clues as to what will transpire in the months to come. BoC Governor Mr. Macklem said there was a "clear consensus" for a cut on Wednesday. But he gave few hints about where interest rates will go from here, saying that the bank would "look over a shorter horizon than usual, and be ready to respond to new information."

Not all economists believe more rate drops are coming....(though having said that, a few didn't believe we'd have one yesterday though! So clearly their crystal ball is broken!! 😬) But the majority seem to think that we will have another 0.25% drop still coming our way in the next few months.

And the most optimistic projection is BMO's, who believe we have 0.50% more drops coming by the Spring of 2026. (BMO projects a hold at the October meeting and the January BoC meeting and a drop at the December and March meetings....I certainly hope BMO is correct!! But I might be a bit biased!)

The bond market is now projecting a 40% chance of a rate cut by the BoC at its next meeting in late October. And is also projecting a 62% chance of a rate cut by the end of 2025. (BoC only has 2 more meetings left this year....October 29<sup>th</sup> and December 10<sup>th</sup>).

In other good news, the US Fed (their equivalent to the Bank of Canada) lowered rates by 0.25% as well...their first drop in 2025. The markets are expecting the US Fed to drop rates at their next 2 or 3 meetings as well. That will make it easier for the BoC to lower in the future if they choose to as it won't put as much downward pressure on the Canadian Dollar.

### **TODAY'S MORTGAGE RATES:**

Fixed mortgage rates have stabilised after creeping upwards over the summer. In fact, Canadian Bond Yields have improved by about 0.30% in the last month, so we have some room for reductions to mortgage rates. If yields had gone up by 0.30%, you'd be seeing fixed rates jumping up almost immediately. As mentioned previously, unfortunately it doesn't work out that way when rates drop!! But at least there is some hope we should have lower mortgage rates by my next update.

### **HERE ARE TODAY'S MORTGAGE RATES:**

#### **For Purchases with LESS than 20% down payment....**

- The 5 year fixed rate is now around 4.24% at most lenders. This is down 0.05% since my last update at the end of July. That is still quite a bit higher now than the 3.89% we hit prior to "Liberation Day" in early April.
- The best 5 year variable term was Prime less 0.75% a month ago, but unfortunately the best we are seeing today is Prime less 0.70%. With Prime down to 4.70%, that would mean your rate is 4%.
- The 3 year fixed rate is now around 4.19%-4.29% at most lenders which is pretty much the same as my last update. It made it as low as 3.99% in March.

#### **For Purchases with 20% down payment ....**

- The 5 year fixed rate is currently at 4.59%. That is up about 0.10% since late July.
- The discounts on the 5 year variable term have disappeared in the last month. We are now seeing rates around Prime less 0.30% (4.40% as of today) at most lenders. We were seeing most lenders offering as low as Prime less 0.66% (4.04% as of today) about a month ago.
- The best 3 year fixed term remains unchanged this month. It is still around 4.29%. Though most lenders are sitting at around 4.59%...or about 0.30% higher today than it was in late July.

### **IN GTA REAL ESTATE NEWS:**

*TORONTO, ONTARIO, September 4, 2025 – August home sales reported by the Toronto Regional Real Estate Board (TRREB) were up on a year-over-year basis. Over the same period, homebuyers benefitted from an even larger increase in the inventory of listings. Average selling prices continued to be negotiated downward due to the elevated choice across market segments.*

*"Compared to last year, we have seen a modest increase in home sales over the summer. With the economy slowing and inflation under control, additional interest rate cuts by the Bank of Canada could help offset the impact of tariffs. Greater affordability would not only support more home sales but also generate significant economic spin-off benefits," said TRREB President Elechia Barry-Sproule.*

*Greater Toronto Area (GTA) REALTORS® reported 5,211 home sales through TRREB's MLS® System in August 2025 – up by 2.3 per cent compared to August 2024. New listings entered into the MLS® System amounted to 14,038 – up by 9.4 per cent year-over-year.*

*On a seasonally adjusted basis, August home sales edged lower month-over-month compared to July 2025. In contrast, new listings increased compared to July, reaffirming that buyers continue to benefit from a well-supplied market.*

*The MLS® Home Price Index Composite benchmark was down by 5.2 per cent year-over-year in August 2025. The average selling price, at \$1,022,143, was also down by 5.2 per cent compared to August 2024. On a month-over-month seasonally adjusted basis, the MLS® HPI Composite and average selling price remained flat compared to July.*

*“A household earning the average income in the GTA is still finding it challenging to afford the monthly mortgage payment associated with the purchase of an average priced home. This is even with lower borrowing costs and selling prices over the past year. Further relief in borrowing costs would see an increased number of buyers move off the sidelines to take advantage of today's well-supplied market,” said TRREB Chief Information Officer Jason Mercer.*

*“New, large scale infrastructure projects, including affordable housing, public transit, ports and shipbuilding will be important for sustaining Canada's economic sustainability in the medium-to-long term. However, in the short term, spurring consumer spending on large ticket items like housing could lead recovery, as it has in previous economic cycles,” said TRREB Chief Executive Officer John DiMichele.*

It seems to me that we are still stuck in neutral in many towns/cities. We need rates to continue to come down and we need some trade certainty with the USA. Hard to pull the trigger on a home purchase if you can't be sure to have a job next month! BUT at least the trade news has not gotten worse in the last couple of months. No improvement to talk about there, but no more tariffs thrown at Canada for no reason. That is one of the biggest reasons I believe that we are seeing bond yields (and hopefully soon mortgages) come down.

That's it for this update. The next BoC meeting is on October 29<sup>th</sup>, so I'll be in touch after that. Have a fabulous month!!

Take care,  
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Your mortgage....Consider it done!

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