The Bank of Canada can't agree with itself (here's why you should care)

Hey friend,

Quiet week on paper, but the interesting stuff was hiding in the fine print. The Bank of Canada released the notes from its July meeting and — plot twist — the people who set your mortgage rate can't agree with each other on whether this recovery is the real deal or just a summer fling. Meanwhile fixed rates are quietly sneaking back above 4% while everyone was at the cottage.

Down at street level, renters are having a moment (landlords, less so), the pre-construction condo world is still nursing a hangover, and Waterloo Region continues to be the sensible, affordable cousin nobody talks about enough.
Let's get into it.

The Bank of Canada Can't Make Up Its Mind (and That's the News)
• On July 29 the BoC released the minutes from its July 15 meeting, where it held the overnight rate at 2.25% for the sixth straight time.
• The headline drama: Governing Council members were openly split on how long the recent economic rebound will actually last.
• They did agree the housing recovery and higher oil prices have been propping up growth over the past three months.
• The flip side — renewed Middle East tensions keep inflation risk 'potent,' which is code for 'don't count on more cuts just yet.'
• My take: variable-rate holders shouldn't expect relief before the September 2 decision, so anyone banking on a cut to make a deal work needs a plan B.

Fixed Rates Are Creeping Back Above 4%
• The 5-year Government of Canada bond yield is hovering around 3.1%, and fixed mortgage rates follow bonds, not the BoC.
• The best insured 5-year fixed is now roughly 3.94%–3.99% — most fixed products have nudged back over the 4% line.
• Variable pricing is steady (the BoC hold), so we're in that awkward spot where fixed drifts up while variable sits still.
• Bond yields spiked earlier in the month on oil and global jitters before easing slightly — the trend is 'up-ish and twitchy.'
• My take: if you're a buyer leaning toward a fixed lock, sooner beats later this month — and get that rate hold in writing before yields move again.

Renters Are Winning; Investors, Take Notes
• Toronto's average asking rent sat around $2,400/month as of late July, down about 4% year-over-year.
• The median 2-bedroom asking rent is roughly $2,600, off about 5.5% from a year ago — real, not rounding-error, softening.
• The culprit: a wave of newly completed condos that couldn't sell are being dumped into the rental pool, boosting supply.
• Over in Kitchener-Waterloo, average rent is a friendlier $2,159/month.

• My take: fantastic leverage for tenant clients right now — but investor clients need to underwrite deals on today's softer rents, not 2023's.

The Pre-Construction Hangover Continues

• New condo sales across the GTHA remain stuck at multi-decade lows, with construction starts collapsed and cancellations elevated.
• Roughly 28,000 units are on track to complete this year — many bought at 2021–2022 peak prices the market no longer supports.
• That gap is showing up on closing day as appraisal shortfalls, leaving some buyers scrambling for extra financing.
• Silver lining: fewer new launches now means a thinner resale pipeline later, which supports prices down the road.
• My take: if you have clients closing an old pre-con deal, get the appraisal and financing conversation started early — surprises on closing day are the expensive kind.

Waterloo Region: Calm, Balanced, and Underrated

• The KW benchmark price is sitting near $642,000, with the region holding about 4.1 months of supply — textbook balanced territory.
• That's a very different vibe from the tighter, pricier 416 — no frenzy, more room to negotiate.
• Detached and semi prices have eased year-over-year, keeping entry points reachable for families.
• With rents lower than Toronto and the tech corridor still humming, KW keeps its pull on priced-out GTA buyers.
• My take: if a client is getting boxed out of Toronto, a KW conversation is more than worth having right now.

QUICK HITS

• Toronto's $1.5B federal-provincial deal is cutting development charges 40–60% through 2029 — about $83K off a new single/semi.
• The 2026 international student cap allows up to ~408K permits (7% below 2025); national population is projected roughly flat this year — a softer demand tailwind.
• The federal First-Time Home Buyers' GST/HST rebate can return up to $50,000 on qualifying new homes (agreements Apr 2026–Mar 2027).
• Transit watch: the Eglinton Crosstown is open with its westward extension being tunnelled; Mississauga's Hazel McCallion LRT now targets early 2028.

BY THE NUMBERS

• 2.25% — Bank of Canada overnight rate (held for a 6th straight time; next call Sept 2)
• ~3.1% — 5-year Government of Canada bond yield
• 3.94–3.99% — best insured 5-year fixed mortgage rate
• ~$2,400/mo — average asking rent in Toronto (down ~4% YoY)
• ~$642,000 — Kitchener-Waterloo benchmark home price (4.1 months of supply)
• July TRREB Market Watch — data pending (June sales were up 9.4% YoY; July numbers land in early August)

LET'S TALK

Thinking about a move, a lock-in, or just want to know what any of this means for your place? Hit reply or let's grab a coffee — I read the market reports so you don't have to. Always happy to talk it through, no pressure.