Your Mortgage Is Five Years Older. Your Renewal Strategy Should Be Too.

For the past several years, the Canadian mortgage conversation has been dominated by one thing: *renewal shock.*

What will happen when homeowners who secured historically low rates during the pandemic finally have to renew?

Heading into 2027, we are approaching an important turning point.

The Bank of Canada says the final major group of five-year fixed mortgages taken out during the pandemic will renew over the coming months. By the second half of 2027, nearly all Canadian mortgage holders facing the largest payment increases will have renewed.

That does not mean renewals stops mattering.

It means the conversation needs to change.

Your Old Rate Is Only Half the Story

It is natural to compare the rate you had five years ago with the rate being offered today.

Maybe you remember locking in at 1.99% or 2.29%, and seeing a rate beginning with a four today feels dramatically different.

But here is what that comparison leaves out: *Your mortgage is different too.*

If you have spent the last five years making regular payments on an amortizing mortgage, you have also been paying down principal. You may have made lump-sum payments or increased your regular payments along the way.

So yes, the interest rate at renewal may be higher - but the mortgage amount you are renewing is also generally lower than the amount you started with. *That matters.*

Your new payment is not determined by the rate alone. It depends on your remaining mortgage balance, remaining amortization, new interest rate and how you choose to structure the mortgage going forward.

This is why comparing 2% to 4%, in isolation, does not tell you what your renewal will actually look like.

The Headlines Don't Know Your Numbers

The Bank of Canada estimates that the remaining pandemic-era five-year fixed borrowers will see payments rise by approximately 15% on average as they renew. But the key word is average.

There is no universal renewal experience.

One may have made significant prepayments. Another may have refinanced. One household's income may have increased substantially, while another may now prioritize keeping monthly expenses as predictable as possible.

Your mortgage renewal is personal because your life has continued moving even while your mortgage term stayed the same.

Five Years Can Change a Lot

Think about where you were when you last chose your mortgage.

- Has your income changed?
- Has your family grown?
- Are you thinking about renovating, moving or purchasing another property?
- Would you rather pay the mortgage down aggressively, or is monthly cash flow more important right now?
- Do you expect to need access to funds in the next few years?
- Would the flexibility of a variable mortgage suit you, or does the certainty of a fixed payment matter more?

These questions can have just as much influence on the right mortgage strategy as the rate itself and heading into 2027, that is where we believe the renewal conversation needs to go.

Don't Just Renew. Reassess.

There is also some encouraging context.

CMHC says the mortgage renewal wave already peaked in 2025, and renewal volumes began easing through 2026. The Bank of Canada has also noted that most borrowers who have already encountered higher renewal payments have been able to manage the adjustment.

So perhaps 2027 is the year we stop viewing every renewal through the lens of a "cliff" and start treating it for what it really is: *A financial planning opportunity.*

Review the rate, absolutely. But also look at your balance, amortization, prepayment privileges, penalties, portability and flexibility.

Consider whether you expect to sell, refinance or make another purchase during the term you are choosing.

Sometimes staying with your existing lender will make perfect sense.

Sometimes switching will.

And sometimes the best decision has less to do with finding a different lender and more to do with choosing a mortgage structure that better reflects your life today.

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Your renewal strategy should be too.

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