

# **Mortgage Rates Ease Slightly: Is It Enough to Grow Spring Sales?**

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Home buyers this spring are locking in lower mortgage rates than they could a year ago, when rates pushed above 7%. But even with the latest decline—bringing 30-year fixed rates to a 6.76% average—many prospective buyers aren't ready to take action.

Purchase mortgage applications—a gauge of future buying activity—fell 4% last week compared to the previous week, the [Mortgage Bankers Association](#) reported April 30. For conventional loans, the decline was 6%.

“Mortgage application activity, particularly for home purchases,

continues to be subdued by broader economic uncertainty,” says Joel Kan, MBA’s vice president and deputy chief economist.

Economists point to mortgage rate sensitivity as one culprit. But declining rates could build momentum and unlock some pent-up demand in the coming weeks.

On a positive note, [pending home sales](#)—reflecting recent contract signings—posted the largest month-to-month increase in March since December 2023, the National Association of REALTORS® reported on April 30. NAR Chief Economist Lawrence Yun credited the bump to a 20 to 30 basis-point dip in mortgage rates compared to the first two months of the year.

## **Buyers May Find More Negotiating Power**

While mortgage rates continue to be elevated when observed within a five-year timespan, home buyers may find a different incentive to ease into the market: More inventory. “Home buyers have more negotiating power than they did over the last several years,” says Jessica Lautz, NAR’s deputy chief economist. [Housing inventory in March was up nearly 20%](#) compared to a year ago.

Further, “repeat buyers have reaped stacks of cash from housing equity, allowing for all-cash purchases and hefty down payments, offsetting higher rates,” Lautz says. All-cash buyers remain a force in the spring housing market, [comprising 26% of existing-home sale transactions](#) in March, according to NAR’s latest housing data.

## **Mortgage Rate Averages This Week**

For home buyers who are focused on locking in a lower mortgage rate, borrowing costs have dropped slightly. “In recent weeks, rates for the 30-year fixed-rate mortgage have fallen even lower than the first quarter average,” says Sam Khater, Freddie Mac’s chief economist.

At this week’s 6.83% mortgage rate average, home buyers with a 20% down payment on a home priced at \$400,000 would face a monthly mortgage payment of about \$2,078, Lautz says. With a 10% down payment, the monthly mortgage payment would rise to \$2,337.

[Freddie Mac reports](#) the following national averages with mortgage rates for the week ending May 1:

- **30-year fixed-rate mortgages:** averaged 6.76%, dropping from last week’s 6.81% average. A year ago, rates averaged 7.22%.
- **15-year fixed-rate mortgages:** averaged 5.92%, falling from last week’s 5.94% average. Last year at this time, rates averaged 6.47%.