

Mortgage Rates Fall to Lowest Average in Nearly a Year

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Every change in mortgage rates—even the slightest—is noticed by prospective home buyers. And the latest drop is likely no exception: Rates have fallen to their lowest averages since October 2024, with the 30-year fixed-rate averaging 6.50% this week, Freddie Mac reports.

“This widens the pool of buyers who can afford to purchase a home and may bring some sellers to the market,” says Jessica Lautz, deputy chief economist at the National Association of REALTORS®.

At this week’s average rate of 6.50%, home buyers could see their monthly mortgage payment drop to \$2,023, assuming a 20%

down payment on a home priced at \$400,000, Lautz notes. Earlier this month, when rates averaged 6.72%, the monthly mortgage payment was \$2,232—about \$200 more.

Mortgage Rates Become Hot Topic in Real Estate

Mortgage rates have continued to trend down over recent weeks, although only slightly. But this has fueled “increasing optimism for new buyers and current owners alike,” says Sam Khater, Freddie Mac’s chief economist. “As rates continue to drop, the number of homeowners who have the opportunity to refinance is expanding.”

While rates are still in the mid-6% range, home buyers have shown they are very rate-sensitive, despite no major swings. Mortgage applications for home purchases—a gauge of future home buying activity—are 17% higher than the same week a year ago, the Mortgage Bankers Association reports.

While mid-6% rates may still seem high for “some to divorce from their sub-4% mortgage, life changes and new jobs do happen and not all are wedded to a mortgage rate,” Lautz says. Applications to refinance are 20% higher than the same week a year ago and the share of refinancing applications in the mortgage market is 47%, the highest percentage since last October, MBA reports.

Lautz says the stability of mortgage rates in the mid-6% range over the last few weeks is important for easing buyers’ concerns and offering more predictability when planning a move.

Buyers should “talk to a mortgage broker to see what is the best rate that you personally can have,” Lautz says. “We’re not [seeing] any big swings in the data,” she adds, which helps buyers shop for homes with a better understanding of what they can afford.

NAR is predicting that mortgage rates will remain in the mid-6% range this year and possibly decline to 6% in 2026. The Federal Reserve is expected to cut its short-term interest rates in September. “As we look at possible reductions in the Fed Funds rate, we could see a domino effect into the mortgage market, but it’s not a one-to-one and it won’t necessarily happen overnight,” Lautz says.

Mortgage Rate Averages This Week

Freddie Mac reports the following national averages with mortgage rates for the week ending Sept. 4:

- **30-year fixed-rate mortgages:** averaged 6.50%, dropping from last week’s 6.56% average. A year ago, 30-year rates averaged 6.35%.
- **15-year fixed-rate mortgages:** averaged 5.60%, falling from last week’s 5.69% average. Last year at this time, 15-year rates averaged 5.47%.