

## Mortgage rates are dropping. That doesn't mean it's time to buy a home.

Story by Michelle Singletary • 7mo • 5 min read 5-6-2025

I purchased my first home in my early 20s.

At the time, I was living in an apartment and quite satisfied with renting. If something broke, I could call the landlord to get it fixed. I didn't have to mow a lawn in the summer or clear snow in the winter. If I wanted to relocate to another area, I could quickly move.

But I ended up [buying a home](#) because of my grandmother, whom I called Big Mama. I hadn't done a lot of research into why homeownership was right for me. It was more to avoid moving back in with her.

My grandmother just kept emphasizing that [renting](#) was not wise, even though I was paying a very reasonable amount for that time period — about \$400 monthly for a one-bedroom apartment in West Baltimore. (Yes, I'm that old.) Every time I called, her question never changed: "Are you still throwing money away?"

For Big Mama, there were only two options: Either I move back home with her or buy my own home.

I decided on option two. I couldn't move back in with her and be awakened at 6 a.m. just because she might be worried I'd be late for work, where I wasn't due until 10 a.m.

But to her credit, my grandmother had a huge influence on me, and I rarely defied her. I became a homeowner, taking advantage of a first-time home buyer program in Baltimore to purchase a \$50,000 two-bedroom, one-bath condo.

Everything turned out just fine. That condo was the saving grace for my disabled brother, who lived there when I got married and moved out. Because the mortgage was so affordable, my husband and I could cover the payments for my brother, who wasn't able to work.

However, my story doesn't mean buying is right, even now.

You should buy when the time is right. Your purchase shouldn't be driven by one thing, such as [lower mortgage rates](#). It depends on so many financial and personal factors.

Many consumers are asking this question now because the ~~Federal Reserve~~<sup>- rates</sup> just [lowered interest rates](#) by half a percentage point. [Buyers have been waiting for a drop in rates](#) compared with what was available pre-pandemic.

<sup>- 2024</sup>  
As of Sept. 26, the average 30-year fixed rate was 6.08 percent compared to almost 8 percent late last year.

The downward trend is "reviving purchase and refinance demand for many consumers," Sam Khater, Freddie Mac's chief economist, said [last week](#). "While mortgage rates do not directly



follow moves by the Federal Reserve, this first cut in over four years will have an impact on the housing market."

As a homeowner — one condo and two single-family houses later — my advice is that you better be ready for this responsibility — mentally and financially.

Homeownership for many is the key to achieving the American Dream of prosperity. But if certain economic factors aren't lining up for you, it makes sense to defer that dream.

Don't neglect to consider the total cost of homeownership. The interest you pay for your loan is just part of the picture.

There's something else about the feverish excitement over falling mortgage interest rates. Buyers may not be factoring in life.

If you're in the market to purchase a home right now, read "[100 Questions Every First-Time Home Buyer Should Ask](#)" by Ilyce R. Glink. There's great guidance for anyone looking to buy. I've met my fair share of homeowners who are overextended because they failed to heed a lot of the advice Glink offers.

For example, Glink has a "fast pass" section, with nine questions potential buyers should ask even before they start home shopping.

The first question is: Should I rent or buy?

"Just because you have (or think you have) the down payment cash available and interest rates are still low, doesn't automatically mean you should buy your first home right now," Glink writes.

The fourth question is one I wish more people would ask themselves: How much should I spend versus what banks say I can afford?

"Your real estate agent may deny it, but there's a lot of pressure in the home-buying process to spend more than you should," Glink writes. "Real estate agents and brokers [say] your earning power is going to go up while your mortgage will be locked in for 15 or 30 years. So they think, spend until it hurts now and your income will catch up later."

However, that advice ignores three realities of life, Glink says.

- **There's more to owning a home than the mortgage.** You must factor in property taxes, maintenance and homeowners' insurance. On that last point, consider that in many areas of the United States, home insurance premiums have skyrocketed because of extreme weather, costing insurance companies billions of dollars in claims. Homeowners in [Florida](#) and [California](#) have been hit with enormous premium hikes. The escalating expense has resulted in some homeowners [dropping their coverage](#).
- **The cost of ownership will go up over the years as your home ages.** My husband and I [paid off our home last year](#). We don't have that monthly payment to deal with, but



we're experiencing a lot of maintenance costs for our 20-year-old home. Last year, we had to replace the water heater, install a new roof, and repair our driveway. It's like our house is throwing a very expensive tantrum. A home can be a money pit.

- **Life is expensive.** "That's why overbuying is problematic," Glink writes. "You buy a house that's just a little too expensive, given your existing and expected lifestyle, and you spend the next 20 years treading water as our raises don't quite cover your wants and needs."

Glink calls on readers "to be honest with yourself. Honest about how much money you spend (and where you spend it), about your priorities in life, about how and where you actually want to live."

And with all respect to Big Mama, renting is not a waste of money. You are getting something in return. You are getting a roof over your head.

