

2026-10-16
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Will mortgage rates stay above 7% in 2027? Signs point to yes.

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Story by Aarthi Swaminathan 2026-10-16

House hunters beware: The 30-year mortgage rate is expected to stay well over 7% in 2027, according to two new forecasts.

Housing-finance giant Fannie Mae, which guarantees about one in four mortgages in America, posted a new forecast expecting the 30-year fixed-rate mortgage to average 7.4% in the last three months of this year. Fannie Mae expects the 30-year mortgage rate to subsequently increase to 7.5% and stay there throughout 2027.

Fannie's new forecast largely mirrored a separate prediction published earlier this week by the Mortgage Bankers Association, an industry lobbying group. The MBA expects the 30-year rate to average 7.3% in the last quarter of this year, and to stay over 7% in 2027.

Those projections fall roughly in line ^{not} with where mortgage rates are currently. The 30-year mortgage rate averaged 7.56% as of Oct. 14, according to [Mortgage News Daily](#).

In other words, 7% mortgage rates appear to be here to stay a while.

Mortgage rates are likely to remain elevated for a few reasons. "Inflation is too high, leading central banks to raise short-term rates, while budget deficits and debt are unsustainably high, leading bond investors to push up longer-term rates," said Mike Fratantoni, chief economist at the MBA.

High mortgage rates stand at odds with President Donald Trump's past promises. On the campaign trail in 2024, Trump said he would bring down the 30-year mortgage rate to 3%, although the president does not control mortgage rates directly. The White House did not respond to a request for comment.

After taking office, Trump criticized then-Federal Reserve Chair Jerome Powell for not doing enough to lower interest rates. The Fed does not set mortgage rates; they typically follow the yield on the 10-year Treasury note, which was up Wednesday after a hotter-than-expected inflation report.

The current political climate makes it challenging to predict where mortgage rates will go.

"There are substantial uncertainties associated with this forecast," Fratantoni said. Those include possible geopolitical or financial market shocks that could further dampen consumer confidence, and the possibility of oil prices surging again should the conflict in the Middle East intensify. Surging oil prices could then fuel more inflation in the U.S. economy.

The higher mortgage rates go, the harder it gets for home buyers to qualify for a mortgage. A home buyer considering purchasing a median-priced \$425,000 home with a 20% down payment

and a 30-year mortgage at a rate of 7.5% is looking at around \$3,000 a month across principal and interest payments, as well as property taxes and homeowner's insurance, according to Bankrate's mortgage calculator.

If that 30-year rate falls to 6.5%, the monthly housing payment drops to less than \$2,800.

The unwelcome trajectory for mortgage rates overshadows some positive news for home buyers: the recovery in housing supply, which has been constrained over the past few years. In September, the number of homes on the market rose to the highest level since November 2019, right before the COVID-19 pandemic, according to the National Association of Realtors.

Home sellers are struggling as buyers shy away from the market. As more homes hit the market, sellers in many areas are slashing prices. About four in 10 sellers nationally had cut prices on for-sale listings as of Oct. 12., according to an analysis by real-estate analytics platform ParclHQ.

Between 7% mortgage rates and sharply rising housing supply, "this is a buyer's market born out of caution, not strength," Asad Khan, a senior economist at Redfin, said in a recent report which found that home sellers outnumber home buyers nationwide by 63%.

"The irony is that in terms of supply, these are some of the best conditions for buyers in many years," he added, "but they have arrived at a time when costs are so high that fewer people can afford to take advantage of them."

Buyers have not had this much negotiating power since the years following the Great Recession when the housing market crashed, the brokerage said.

Especially in housing markets such as Houston, Miami, Fla., and Nashville, Tenn., sellers vastly outnumbered buyers. Miami, for instance, had nearly 160% more sellers than buyers, Redfin found.