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Mortgage Rates Hit One-Year High Mark

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Mortgage rates jumped to their highest level in a year, dealing another blow to a long-stalled housing market that shows little sign of recovering.

The 30-year fixed rate averaged 6.66% this week, up from 6.58% the week prior, according to Freddie Mac. That marked the fourth consecutive week of rising rates, as intensifying conflict in the Middle East pushed up inflation expectations and a divided Federal Reserve sowed doubt about the path of interest rates.

Mortgage rates are closely tied to the 10-year Treasury yield, which hit an 18-month high last week due to rising oil prices.

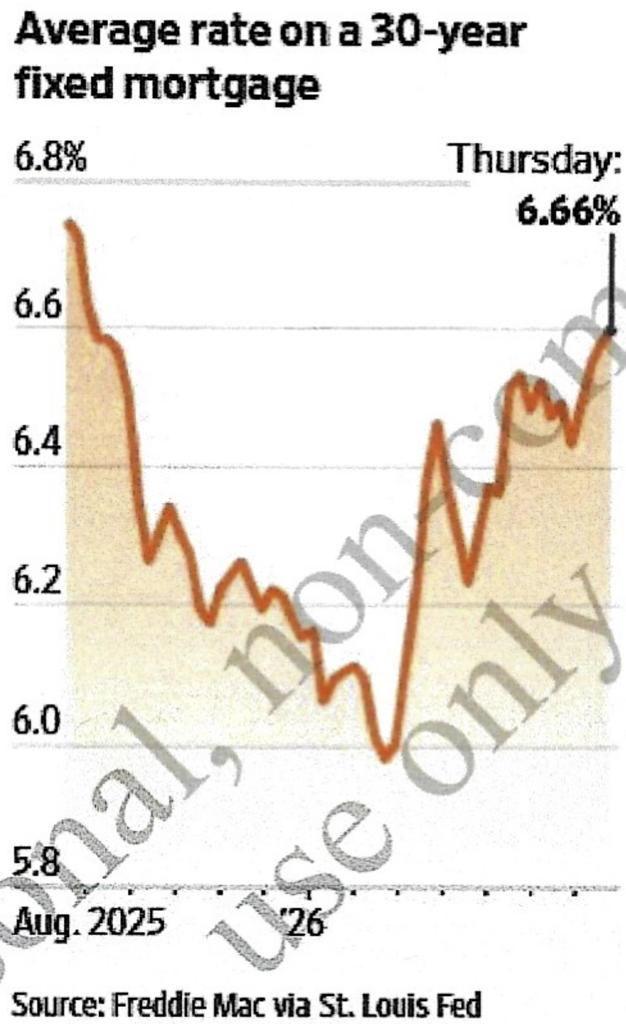
"There are a lot of things propping up rates right now," said Chen Zhao, head of economics research at Redfin, citing geopolitical conflict, inflation from artificial intelligence spending and potential Fed rate increases. "You are seeing that weigh on the housing market."

Inflation looks unlikely to ease soon, with the war in the Middle East still dragging on, threatening oil supplies and blocking shipping routes.

On Wednesday, the Federal Reserve opted to keep interest rates steady, but three officials voted for an increase. That hawkish faction clashed with a dovish press conference from Fed Chairman Kevin Warsh, creating uncertainty about the Fed's next moves.

Mortgage rates briefly fell below 6% in February, sparking hope for a rebound in home sales following years of stagnation. But the beginning of the Iran war drove rates upward and they have remained volatile since, with the housing market's sales slump now well into its fourth year.

While some economists have said that home buyers have largely grown accustomed to high mortgage rates, there are still signs that the latest run-up in rates has weighed on buyer demand. According to Redfin, U.S. pending home sales fell to their lowest level since early April during the four weeks ended July 26. In just the last week, pending home sales fell 1.7%.


Average rate on a 30-year fixed mortgage
6.8%
Thursday:
6.66%
6.6
6.4
6.2
6.0
5.8
Aug. 2025
'26
Source: Freddie Mac via St. Louis Fed