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Mortgage rates drop for the third straight week, but homebuyers are still leaving the market

to 7.3 fr 7.37 %

Story by Diana Olick 2026-11-5

- The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances, $832,750 or less, decreased last week to 7.3% from 7.37%
- Refinance demand was 60% lower year-over-year.
- Homebuyer applications were 19% lower than a year ago.

After a brief bounce the week before, mortgage demand continued its slide last week, despite falling mortgage rates. Total application volume dropped 1.2% week to week, according to the Mortgage Bankers Association's seasonally adjusted index.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances, $832,750 or less, decreased last week to 7.3% from 7.37%, with points declining to 0.75 from 0.76, including the origination fee, for loans with a 20% down payment.

"Mortgage rates drifted down to their lowest level since September 2026 last week in the wake of the Federal Reserve's decision to hold on additional rate hikes at its October meeting," said Mike Fratantoni, senior vice president and chief economist at the MBA.

Refinance demand was essentially flat for the week, rising just 0.1%. It was, however, 60% lower than the same week one year ago. Mortgage rates, despite falling for now three straight weeks, are still about a full percentage point higher than they were at this time last year. That gives borrowers very little incentive to refinance.

Applications for a mortgage to purchase a home fell 2% from the previous week and were 19% lower year over year. The housing market shows no signs of thawing, after the sharp rate increase in September sent it into a deep freeze.

The share of adjustable-rate mortgages, which offer lower rates but carry the risk of eventually resetting higher, continued to climb. The average rate on a 5/1 ARM dropped to 6.29% from 6.41% the previous week.

"As we have highlighted in recent weeks, more borrowers are choosing ARMs in this environment to lower their initial payments, with the ARM share at its highest level since September 2025," added Fratantoni.

Mortgage rates moved slightly higher to start this week, according to a separate survey by Mortgage News Daily. That came after a hotter-than-expected report on job openings.

"All else equal, stronger labor market data tends to put upward pressure on rates. Tech stocks were also modestly higher [Tuesday], and weakness in the tech sector has been a key

factor driving persistently lower rates over the past several weeks," wrote Matthew Graham, chief operating officer at Mortgage News Daily.

Correction: Total application volume dropped 1.2% week to week, according to the Mortgage Bankers Association's seasonally adjusted index. An earlier version misstated the figure.