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Average rate on a 30-year mortgage climbs to 6.83%

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The average rate on a 30-year mortgage in the U.S. climbed to its highest level in eight weeks, a setback for home shoppers in the midst of the spring homebuying season.

The rate rose to 6.83% from 6.62% last week, mortgage buyer Freddie Mac said Thursday. A year ago, the rate averaged 7.1%.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also rose. The average rate increased to 6.03% from 5.82% last week. It's still down from 6.39% a year ago, Freddie Mac said.

Mortgage rates are influenced by several factors, including global demand for U.S. Treasurys, the Federal Reserve's interest rate policy decisions and bond market investors' expectations for future inflation.

The average rate on a 30-year mortgage loosely follows moves in the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

The yield, which had mostly fallen this year after climbing to around 4.8% in mid-January, spiked last week to 4.5% amid a sell-off in government bonds triggered by investor anxiety over the potential fallout from the Trump administration's escalating tariff war.

The 10-year Treasury yield was at 4.32% in midday trading Thursday.

When mortgage rates rise, they reduce homebuyers' purchasing power.

The average rate on a 30-year mortgage had mostly trended lower since reaching just over 7% in mid-January. This week's increase is the first after three straight declines and brings the average rate to its highest level since Feb. 20, when it was 6.85%.

The increase in mortgage rates may put off some would-be homebuyers during what's traditionally the busiest period of the year for home sales. Last week, mortgage applications fell 8.5% from a week earlier, according to the Mortgage Bankers Association.

At the same time, the share of applications for adjustable-rate mortgages, or ARMs, climbed to its highest level in 17 months. ARMs lower a borrower's mortgage payment by reducing the interest rate on a mortgage for a preset number of years before it adjusts to a higher rate.

Earlier this year, forecasts by housing economists generally called for the average rate on a 30-year mortgage to remain around 6.5% this year.

"Looking forward, competing economic forces are pulling mortgage rates in opposite directions, making it increasingly difficult to predict where they'll land," said Jiayi Xu, an economist at Realtor.com. "For buyers, the smartest move is to stress-test their budgets across a range of possible rate scenarios to stay prepared — no matter which way the winds shift.

The U.S. housing market has been in a sales slump since 2022, when mortgage rates began to climb from pandemic-era lows. Sales of previously occupied U.S. homes fell last year to their lowest level in nearly 30 years.

Easing mortgage rates and more homes on the market nationally helped drive sales higher in February from the previous month, though they were down year-over-year.

Home shoppers who can afford to buy at current mortgage rates may benefit from more buyer-friendly trends this spring homebuying season, including a sharp increase in home listings and lower asking prices in some metro areas.