LENDING

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Average long-term-mortgage rate edges higher

BY ALEX VEIGA

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The average long-term-mortgage rate in the U.S. ticked higher this week but remains near its lowest level in more than three years.

The benchmark 30-year fixed-rate-mortgage rate rose to 6.09% from 6.06% last week, mortgage buyer Freddie Mac said Thursday. One year ago, the rate averaged 6.96%.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also rose this week. That average rate inched up to 5.44%, up from 5.38% last week. A year ago, it was at 6.16%, Freddie Mac said.

Mortgage rates are influenced by several factors, from the Federal Reserve's interest rate policy decisions to bond market investors' expectations for the economy and inflation. They generally follow the trajectory of the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

The modest increase in rates this week follows a jump in the 10-year Treasury yield as the bond market reacted to geopolitical tensions over tariff threats by the Trump administration as it pressed for control of Greenland and turbulence in Japan's bond market.

The 10-year yield was at 4.27% at midday Thursday, up from 4.17% a week ago. The U.S. housing market has been in a sales slump dating back to 2022, when mortgage rates began to climb from pandemic-era lows.

The combination of higher mortgage rates, years of skyrocketing home prices and a chronic shortage of homes nationally following more than a decade of below-average home construction have left many aspiring homeowners priced out of the market. Sales of previously occupied U.S. homes remained stuck last year at 30-year lows.

Uncertainty over the economy and job market are also keeping many would-be buyers on the sidelines. Still, a pullback in mortgage rates that began late last summer helped give sales of existing U.S. homes a boost toward the end of last year. In December, sales jumped 5.1% from the previous month.