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30-year mortgage rate jumps to 7.17% — a nearly 2-year high — in the latest blow to the housing market

Story by Aarthi Swaminathan 2026-9-16

Mortgage rates jumped to a 20-month high ahead of the Federal Reserve's expected interest-rate hike this week.

The average 30-year fixed-rate mortgage rose 5 basis points on Monday to 7.17%, according to Mortgage News Daily. The 30-year rate was up 23 basis points since last Tuesday, the first trading day of last week.

That puts the 30-year rate at the highest level since January 2025, when it averaged 7.26%. That month marked President Donald Trump's second inauguration. Note

Mortgage rates are up due to a combination of political developments, economic data and bond issuance. To be clear, mortgage rates don't directly follow the direction of the Fed's benchmark short-term interest rate; instead, they tend to move in tandem with the yield on the 10-year Treasury note

The 10-year Treasury yield on Monday crossed the key 5% threshold, which in turn nudged the 30-year mortgage rate upward.

Read more: 10-year Treasury yield briefly tops 5%, hitting its highest level since 2007 as bond-market selloff deepens

"U.S. Treasury yields often act as a benchmark for mortgage pricing, and we've seen yields move higher as federal borrowing needs expand and debt levels continue to rise," Ryan Hayes, head of retail sales at Chase Home Lending, told MarketWatch.

Financial markets are also sensitive to the conflict in the Middle East, rising oil prices and inflation in the economy, Hayes noted, as well as "growing bond issuance from large AI hyperscalers [which] is adding upward pressure on yields by competing for investor demand."

Higher mortgage rates could cripple an already weak housing market. U.S. home sales are in a slump, and inventory has been piling up as buyers get spooked by higher borrowing costs.

"We're going to see the housing market slow significantly this fall. Rates near 7% will continue to freeze out first-time and moderate-income buyers, and more current homeowners will stay put to hold on to their lower mortgage rate," Lisa Sturtevant, chief economist at Bright MLS, told MarketWatch.

The housing market is currently in a "stalemate," she added, with buyers hitting their ceiling in terms of affordability and sellers not wanting to drop their asking prices further."Both sides are waiting for more favorable conditions," Sturtevant said.