

Average rate at lowest point in over 3 years

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Rate now 6.06%

The average long-term U.S. mortgage rate is now down to its lowest level in more than three years.

The benchmark 30-year fixed rate mortgage rate eased to 6.06% this week, down from 6.16% last week, mortgage buyer Freddie Mac said Thursday. One year ago, the rate averaged 7.04%.

The last time the average rate was lower was Sept. 15, 2022, when it was at 6.02%. ~~Note~~

Meanwhile, borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also fell this week, dropping to 5.38% from 5.46% last week. A year ago, that average rate was at 6.27%, Freddie Mac said.

Lower mortgage rates boost homebuyers' purchasing power, good news for home shoppers at a time when the housing market remains in a deep slump after years of soaring prices and elevated mortgage rates have shut out many aspiring homeowners.

Uncertainty over the economy and job market are also keeping many would-be buyers on the sidelines.

Mortgage rates began easing in July in anticipation of a series of Fed rate cuts, which began in September and continued last month.

The Fed doesn't set mortgage rates, but when it cuts its short-term rate that can signal lower inflation or slower economic growth ahead, which can drive investors to buy U.S. government bonds. That can help lower yields on long-term U.S. Treasuries, which can result in lower mortgage rates.

The pullback in mortgage rates helped drive sales of previously occupied U.S. homes higher on a monthly basis the last four months of 2025. Even so, home sales remained stuck at a 30-year low last year, extending the housing market's slump into its fourth year.

Lower mortgage rates have been helpful for home shoppers who can afford to buy at current rates. The median U.S. monthly housing payment fell to \$2,413 in the four weeks ending Jan. 11, according to Redfin. That's a 5.5% drop from the same period a year earlier and near the lowest level in two years.

The latest drop in rates comes after President Donald Trump announced last week that the federal government would buy \$200 billion in mortgage bonds in a bid to reduce mortgage rates.

Lower rates spurred a sharp increase in homeowners seeking to refinance their existing home loan to a lower rate last fall, a trend that has continued into this year.

Applications for mortgage refinancing loans soared 40% last week from the previous week and accounted for 60% of all home loan applications, according to the Mortgage Bankers Association. Applications for loans to buy a home climbed 16%.

"With mortgage rates much lower than a year ago and edging closer to 6%, MBA expects strong interest from homeowners seeking a refinance and would-be buyers stepping off the sidelines," said MBA CEO Bob Broeksmit.

Economists generally expect mortgage rates to ease further this year, though most recent forecasts show the average rate on a 30-year mortgage remaining above 6%, about twice what it was six years ago.

Still, rates would have to drop considerably for homeowners, who bought or refinanced when mortgage rates hit rock bottom earlier this decade, to take on a new loan at a far higher rate.

Nearly 69% of U.S. homes with an outstanding mortgage have a fixed-rate of 5% or lower, and slightly more than half have a rate at or below 4%, according to Realtor.com.