

NEWS & MEDIA



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Time to Stop Worrying About Mortgage Rates

By Melissa Dittmann Tracey

Rather than waiting for rates to drop, buyers should be looking at all monthly costs to get a picture of what they can afford, says NAR's deputy chief economist.

CHICAGO — Home buyers may need to brace for a new reality: Mortgage rates in the upper 6% or even 7% range –at least for the time being. The 30-year fixed-rate mortgage rose to 6.89% this week, Freddie Mac reports.

This week's mortgage rate averages are higher than those seen in the last 16 weeks, says Jessica Lautz, deputy chief economist at the National Association of Realtors®. "This increase results from the bond market responding to economic news, such as government credit rating announcements and tariff discussions," Lautz says. But "regardless the reason, home buyers waiting on the sidelines for rates to drop will likely be waiting a long time."

Given this week's average rate of 6.89%, someone buying a home priced at \$400,000 with 20% down would need to plan for a monthly mortgage payment of \$2,105. For a 10% down payment, the monthly mortgage payment would be \$2,369, Lautz says.

Think big picture

Higher mortgage rates have been blamed for curtailing home sales this spring, but Lautz says would-be buyers would be well advised to put small rate movements into context.

There's no expectation for lower mortgage rates on the horizon, she says. What's more, home prices are still climbing in most housing markets. Home buyers may need to adjust their budgets to factor in what they can truly afford in today's market, Lautz says.

"A comprehensive analysis of monthly costs is crucial for all home buyers, rather than focusing on minor fluctuations in mortgage rates," Lautz says. "Rates are only one component." Indeed, she notes that homeowner association fees, insurance, maintenance costs and more are all important considerations for home buyers' budgets as well.

Another consideration for buyers: Have you shopped around?

Home buyers might be able to find some savings by gathering multiple quotes from lenders on mortgage rates. "Aspiring buyers should remember to shop around for the best mortgage rate, as they can potentially save thousands of dollars by getting multiple quotes," says Sam Khater, Freddie Mac's chief economist.

Mortgage rates this week

Freddie Mac reports the following national averages for the week ending May 29:

- 30-year fixed-rate mortgages: averaged 6.89%, rising slightly from last week's 6.86% average. A year ago, 30-year rates averaged 7.03%.
- 15-year fixed-rate mortgages: averaged 6.03%, up from last week's 6.01% average. Last year at this time, 15-year rates averaged 6.36%.

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