REAL ESTATE

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Mortgage rates dip slightly for the first time in six weeks

THE ASSOCIATED PRESS

CHICAGO — The average long-term U.S. mortgage rate fell slightly for the first time in six weeks on Thursday, marking a glimpse of relief for prospective homebuyers — although borrowing costs remain steeper than they were a year ago.

The benchmark 30-year fixed rate mortgage rate tumbled to 6.67%, mortgage buyer Freddie Mac said Thursday, down from 6.69% reported last week. Still, by comparison, the average rate was 6.58% at this time in 2025.

Higher mortgage rates can add hundreds of dollars a month in costs for borrowers, limiting homebuyers' purchasing power. And that can led prospective home shoppers to delay buying, as seen while rates rose over prior weeks. U.S. sales of previously-occupied homes again slowed in July.

Borrowing costs on 15-year fixed-rate mortgages — which are often sought by borrowers looking to refinance a home loan — also fell slightly this week. That rate averaged at 5.96%, down from 6.01% last week. But that's still higher than a year ago, when Freddie Mac said 15-year fixed-rate mortgages averaged at 5.71%.

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

Similar to the latest mortgage rates, the 10-year Treasury has also eased a bit recently. The 10-year Treasury fell to 4.61% as of midday trading Thursday — down from 4.72% at the start of the week.

SOUND OFF

How do higher interest rates affect the market?

A: Interest rates affect everyone, not just homeowners. The way individuals spend and businesses operate places us all in the same shared economic pond.

In 2026, mortgage rates have climbed nearly 10%, ranging from 6.16% to 6.77%. That increase is modest compared to gas prices, which rose 38%, from $3.98 in January to $5.50 by May. Together, these increases have slowed both personal and corporate spending.

Pandemic-era low rates continue to affect many homeowners who purchased or refinanced at under 3% during COVID-19.

For these homeowners, moving now would mean effectively doubling their mortgage rate; so many are choosing to stay in place. Meanwhile, tech workers have entered the Bay Area real estate market with significant cash, driving competition for centrally located single-family homes.

Compounding this is a long-term supply constraint: builders slowed or halted construction back in 2009 amid the short-sale crisis, and that pullback continues to affect housing stock availability today.

The result is a convergence of three factors: low housing inventory, elevated interest rates, and strong demand from cash buyers — a combination that continues to shape affordability.

Anne Feste, Vanguard Properties, 510-757-4787, anne.feste@vanguardproperties.com.

A: Higher mortgage rates do make it more difficult for buyers to qualify for financing. However, despite uncertainty tied to current global events and elevated mortgage rates and inflation, our local housing market on the San Mateo Peninsula remains strong. Multiple offers are not unusual here and in surrounding counties, including San Francisco.

Good schools, safe neighborhoods, mild climates, and the long-term goal of building generational wealth continue to support strong buyer demand.

A 30-year fixed-rate mortgage is currently at 6.5%; a 15-year fixed-rate mortgage is at 5.875%; and a 7/1 ARM is at 6.125%. A common saying in the mortgage world is, "You date the rate, you marry the home." In other words, buy now and refinance when rates come down.

July's housing numbers also look encouraging. The median home price in San Mateo County was $2.22 million in July, up 5% from $2.1 million a year ago. The number of homes sold in July were up by 1% from a year ago. (source MLSListings)

These numbers suggest that while higher mortgage rates are certainly affecting affordability, they have not eliminated the strong demand for Peninsula housing.

Jeff LaMont, Coldwell Banker Realty,650-740-8808, jeff@jefflamont.com.

A: Higher interest rates have dramatically changed what it takes to buy a home in Marin and the Bay Area and are having a real impact on sales — especially for first-time buyers in more affordable communities. While home prices get most of the attention, the monthly payment and income needed tell an equally important story.

Take a $1.8 million home, Marin's current median-priced SFHome. With 20% down and a $1.44 million loan at approximately 6.86%, Principal & Interest (PI) are about $9,445/month. Add property Taxes & Insurance (PITI), the housing cost approaches $11,600. Using a 40% housing-to-income ratio, a household needs $348,000 in annual income to support that payment.

Compare the same home at a 4% interest rate: the cost drops to about $9,025, requiring $271,000 in annual income.

Buyers need around $113,000 more in annual income to afford the same $1.8 million home with a 2.5% mortgage. This explains why higher rates hit first-time and move-up buyers especially hard — and why many would-be sellers with low mortgage rates are choosing not to move. For more: mccarthymoe.com/blog/interest-rates-2026.

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