REAL ESTATE

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INSIDE

Average rate on a 30-year mortgage dips to 6.64%

By Alex Veiga
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The average rate on a 30-year mortgage in the U.S. edged lower for the second week in a row, a modest but welcome boost for prospective home shoppers in the midst of the spring homebuying season.

The rate fell to 6.64% from 6.65% last week, mortgage buyer Freddie Mac said Thursday. A year ago, the rate averaged 6.82%.

The average rate has mostly trended lower since reaching just over 7% in mid-January. When mortgage rates decline, they boost homebuyers' purchasing power.

Borrowing costs on 15-year fixed-rate mortgages, popular with homeowners refinancing their home loans, also fell this week, pulling the average rate down to 5.82% from 5.89% last week. A year ago, it averaged 6.06%, Freddie Mac said.

Mortgage rates are influenced by factors including bond market investors' expectations for future inflation, global demand for U.S. Treasurys and the Federal Reserve's interest rate policy decisions.

The overall decline this year in the average rate on a 30-year mortgage loosely follows moves in the 10-year Treasury yield, which lenders use as a guide to pricing home loans.

The yield, which was nearing 4.8% in mid-January, has mostly fallen since then, amid signs that the economy is slowing and worries that tariffs imposed by the Trump administration on goods imported from around the globe could hurt economic growth and fuel inflation.

SOUND OFF

What are your thoughts on Rocket acquiring Redfin?

A: Rocket Mortgage made a rocket purchase! Redfin is the most visited real estate brokerage in the U.S.

Redfin has continued to be unprofitable despite the 50 million viewers each month. In early 2022, looking for a way to become profitable, Redfin launched the iBuyer program where they would buy homes from sellers with quick cash. They were thinking they could ride the wave of increasing home values and make great money on the resales.

In late 2022, Redfin owned $350 million of iBuyer homes they now needed to sell at deep discounts, because the market was declining faster than the acquisition prices they had paid. Owning expensive inventory that requires a mortgage and monthly overhead costs is always a risk, especially when you don't have actual skilled market valuations on each property spanning many states.

The CEO of Redfin in 2022 bet the company on their own algorithms, which simply confirmed that real estate valuations are local and require more than a few numbers. A Redfin valuation has always been the best friend of a fixer, as Redfin found out.

With the acquisition of Redfin, Rocket Mortgage is on a plan to be the largest end-to-end real estate company in the country. They expect to capture one in six people looking for a mortgage with their Redfin marketing program.

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A: Rocket's acquisition of Redfin is an interesting opportunity for both of them to share client/visitor information with each other to try and gain profit. Their collaboration would improve user experiences by integrating services within a web experience and leveraging AI. These tweaks could pass savings along to the consumer.

The CEO of Rocket remarks that the home buying process is fragmented and that the acquisition would aid in a frictionless consumer experience.

While a seamless and faster experience sounds promising, there are concerns.

One of the reasons why real estate activities are described as slow and fragmented has to do with the idea of consent. Consumers need time to pick vendors. They also need time to read disclosures, reports, and contracts. During this process, the legal jargon and consequences of the sale are carefully explained to them by various real estate professionals.

The ideal AI for this project would be an ethical one that constantly checks if the consumer understands their decisions. Hastening the process recklessly could leave consumers uninformed. While it is true that the process can be improved, having a diverse set of professionals serving the consumer creates a protection net that a one-stop shop may not provide.

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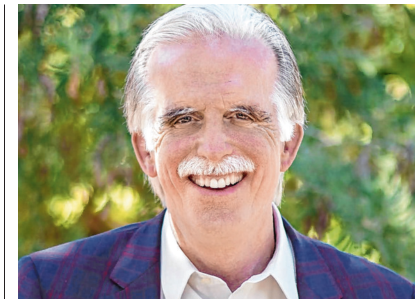

A: Rocket Companies, the parent company of Rocket Mortgage formerly known as Quicken Loans, announced earlier this past week that they have entered into an agreement to buy Redfin for $1.75 billion.

Rocket appears to be making a strategic move with this acquisition to expand its market share by adding Redfin's customer base with its mortgage business. While Rocket Mortgage had the second-largest purchase loan market share in 2024, it is still far behind United Wholesale Mortgage. While both Rocket and Redfin have good name recognition, they still command only modest shares in their sectors. I think Rocket Mortgage sees this merger as a good opportunity to significantly increase their market share.

Will a Rocket-Redfin merger be a good thing for homebuyers? That remains to be seen.

While this merger can be seen as an effort to create a "one-stop shop," it is still crucial for homebuyers to work with an experienced, professional real estate agent whom they trust. Experienced Realtors can, of course, provide referrals to good lenders and title officers.

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