



## 30-year mortgage rates see largest one-week drop in a year, reviving mortgage demand

The recent drop in mortgage rates is breathing some life back into the slow housing market

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As 10-year Treasury yields tumbled, the average 30-year fixed mortgage fell 26 basis points in the week ending Nov. 9, the largest one-week decrease since last November.

The 30-year, fixed mortgage averaged 7.5% as of Nov. 9, according to Freddie Mac's Primary Mortgage Market Survey. That's down significantly from last week's 7.76% and up from 7.08% the same week a year ago.

However, the gap between mortgage rates now and a year ago has narrowed, Bright MLS Chief Economist Lisa Sturtevant said.

"At today's rates, the typical monthly payment is about \$3,000, just \$250 higher than a year ago," Sturtevant said.

HousingWire's Mortgage Rates Center showed Optimal Blue's average 30-year fixed rate for conventional loans at 7.444% on Thursday, compared to 7.576% the previous week.

"Incoming data show that household debt continues to rise, primarily due to mortgage, credit card and student loan balances," Sam Khater, Freddie Mac's chief economist, said in a statement. "Many consumers are feeling strained by the high cost of living, so unless mortgage rates decrease significantly, the housing market will remain stagnant."

### Homebuyers react to lower rates with uptick in mortgage demand

Lower mortgage rates helped push total mortgage applications up 2.5% for the week ending Nov. 3, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey released Wednesday.

"Applications for both purchase and refinance loans were up over the week but remained at low levels," Joel Kan, MBA's vice president and deputy chief economist, said in a statement. "The purchase index is still more than 20 percent behind last year's pace, as many homebuyers remain on the sidelines until more for-sale inventory becomes available."

While some homebuyers are already jumping on the opportunity to snag a lower rate, others will wait for 2024 in the hopes of finding even lower rates and more homes on the market.

However, while rates are poised to come down next year, they won't return to their pandemic levels, Sturtevant cautions.

"We are in a new era for mortgage rates where prospective homebuyers can expect rates to settle above 6%," Sturtevant said.

New inflation data comes out Tuesday, giving investors more clues on the Fed's path moving forward. According to Chen Zhao, senior manager of the economics team at Redfin, futures markets are currently pricing in a 4.5% probability of a hike in the next Fed's meeting.