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REAL ESTATE

You Might Still Have a Shot at Mortgage Rates Below 6%. Timing Is Trickier Than Usual.

By [Shaina Mishkin](#) Following

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The moves in mortgage rates this year isn't entirely bad news for buyers. They remain significantly lower than they were one year ago. (JUSTIN SULLIVAN/GETTY IMAGES)

Key Points

About This Summary ⓘ

- The average 30-year fixed mortgage rate rose to 6.14%, a 0.15 percentage point increase from 5.99% last week.
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Mortgage rates may dip below 6% again this year but are not expected to remain there until 2027 due to ongoing volatility.

- The 10-year Treasury yield, influenced by jobs reports and inflation data, is a key benchmark for mortgage rates; affordability remains a challenge.

Mortgage rates just below 6% vanished as quickly as they appeared. It might not be buyers' last chance at a mortgage rate that starts with a 5—but expect plenty of bumps ahead.

The average rate on a 30-year fixed mortgage measured by Mortgage News Daily is back up to 6.14% Friday. The rise, driven by [inflation fears](#) linked to oil prices as a result of the war in Iran, comes after daily rates fell as low as 5.99% the week prior.

The 0.15 percentage point gain isn't dramatic on its own. On a \$400,000 loan, it adds less than \$40 to a buyer's costs every month.

It's more of a psychological weight than a financial impasse, says Michael Read, the principle broker at the New Jersey-based Bridgeway Mortgage. "If you're not buying a house because of an eighth or a quarter [more] in rate, you probably shouldn't be shopping for that house," he says. Still, he adds, the move higher is "not ideal."

Rates flitting back below 6% isn't out of the question this year. But buyers shouldn't expect them to remain below that level for a sustained period until 2027, says Robert Dietz, the National Association of Home Builders' chief economist. "We're basically assuming that you get ongoing volatility and headline risk" this year, which would keep mortgage rates roughly around the 6% level, Dietz says.

Mortgage rates fell earlier this year as after President Donald Trump [said](#) Fannie Mae and [Freddie Mac](#) would buy \$200 billion in mortgage bonds, tightening the spread between them and the 10-year Treasury yield.

The spread between the two could tighten further from here depending on the speed of the purchases, says Eric Hagen, a BTIG analyst covering mortgage and specialty finance. “More aggressive purchasing from the [government-sponsored enterprises Fannie Mae and Freddie Mac] would have the effect of tightening spreads,” Hagen says. “The question is how fast they want to exercise that option.”

A tighter spread brings mortgage rates more in line with the 10-year Treasury yield, but ultimately doesn't determine their direction, Matthew Graham, chief operating officer of MBS Live and Mortgage News Daily, notes via email.

Those watching for signs of the direction of mortgage rates should watch the 10-year Treasury yield, a benchmark for mortgage rates that moves with economic expectations and influences.

Among the reliable drivers of Treasury yields are the monthly jobs report from the Bureau of Labor Statistics and the Consumer Price Index, an inflation gauge, notes Graham. Changes to expectations surrounding these readings can steer mortgage rates in either direction.

Would-be buyers shouldn't hold their breath for news from the Federal Reserve, Graham adds. “While it's true that all sorts of interest rates can experience volatility on a Fed day, there is absolutely no reliable correlation between the direction of the Fed rate and mortgage rates over any time horizon that would matter to a prospective borrower,” he says.

Mortgage rates' trajectory this year isn't entirely bad news for buyers. They remain significantly lower than they were one year ago, and home price gains have largely petered out. But buying a house remains pricey, notes William Blair analyst Stephen Sheldon.

“We’ve seen [mortgage rates] trend a little bit lower, which I think is unlocking maybe a little bit of activity,” the analyst says. “But affordability is still a major challenge.”

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