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US 30-year mortgage rate hits highest in nearly three years

By Ann Saphir

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A for sale sign is shown for a residential home in Encinitas, California, U.S. July 25, 2025. REUTERS/Mike Blake [Purchase Licensing Rights](#)

Summary

- Average 30-year fixed mortgage rate jumps 19 basis points to 7.49%, MBA says

- Fed signaled another hike this year, though markets expect no October move
- Overall mortgage applications fell 4.2% week-on-week, lowest since February 2025

Oct 7 (Reuters) - The interest rate on the most common US home loan jumped last week to its highest in almost three years, worsening affordability for buyers four weeks before elections that will decide if President Donald Trump's Republicans keep control of Congress.

The average 30-year fixed-rate mortgage surged 19 basis points to 7.49% in the week ended October 2, the Mortgage Bankers Association said on Wednesday. It was last higher in November 2023.

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Mortgage rates are tied closely to the yield on US 10-year Treasury notes, which earlier this week hit a 24-year high, driven by worries over inflationary pressures from soaring oil prices and data showing stronger US economic growth.

The cost of living is the top issue on Americans' minds as they decide how they will vote on November 3, a Reuters/Ipsos poll completed on Monday showed, and is one reason why Trump's approval rating is at a record low of 32%.

Home borrowing rates are up about 1.4 percentage points since joint US-Israeli strikes against Iran began in late February, tracking a similar rise in the 10-year Treasury yield, which topped 5.3% on Monday.

Inflation is also on the rise, registering 3.4% in August by a measure that the Federal Reserve targets at 2%.

Fed policymakers have signaled they expect to follow their September interest-rate increase with another rate hike by year's end, though markets are for now betting they will not move at their upcoming policy meeting at the end of October.

Asked by a reporter Wednesday about mortgage rates, Trump called Fed chairman Kevin Warsh "great," but added the rest of the board "would like to see the country do badly, in my opinion, because I think interest rates should come down."

US Treasury Secretary Scott Bessent, in the Oval Office with Trump, blamed inflation and high mortgage rates on the temporary shock from higher oil prices. "So once we get on the other side of this Iran conflict, (the) energy market is going to be well supplied, and we will move down towards the Fed's target and mortgage rates and the 10-year will come back down," Bessent said.

Mortgage loan applications fell 4.2% last week from the previous week, the MBA said on Wednesday, with refinancing applications dropping sharply. Overall application volumes are the lowest since February 2025 and have fallen nearly 50% since January.

"Very few homeowners have an incentive to refinance at these rates, and the jump in borrowing costs has caused many potential borrowers to step back from the purchase market," said Joel Kan, the MBA's deputy chief economist.

Reporting by Ann Saphir, Bo Erickson; Editing by Jamie Freed and Nick Zieminski

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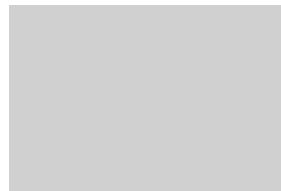
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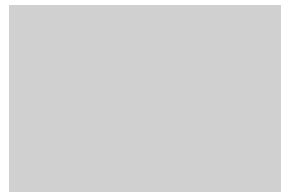
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