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## Mortgage Rates Climb to 6.75% as Housing Market Struggles Persist

July 19, 2025

— Categories: Real Estate



The average 30-year mortgage rate in the United States ticked up again this week, rising to 6.75%, according to data released Thursday by Freddie Mac, the Federal Home Loan Mortgage Corporation. It's the second week of increases, piling more pressure on homebuyers already battling rising home prices and tight inventory.

Though the weekly change from 6.72% seems modest, the impact on affordability is real. Compared to a year ago, when the 30-year rate averaged 6.77%, rates have hardly budged,

yet home values continue to climb. Even a small uptick can mean hundreds of extra dollars each month for borrowers, making it harder for many to enter the market or trade up.

Those looking to refinance aren't catching a break either. According to Freddie Mac, the average rate on a 15-year fixed mortgage, often favored by homeowners restructuring their loans, rose to 5.92% from 5.86% last week. A year ago, it stood at 6.05%.

The housing market, still reeling from the surge in borrowing costs that began in 2022, has yet to rebound. Sales of previously owned homes fell last year to their lowest level in nearly 30 years. So far in 2025, sluggish activity continues, weighed down by high mortgage rates and prices that haven't backed off enough to ease the burden.

## Tight Lending

Mortgage rates are largely influenced by the yield on the 10-year U.S. Treasury note, a benchmark lenders use when setting borrowing terms. As of midday Thursday, the yield stood at 4.45%, down slightly from the day before, though still up for the month. Stronger-than-expected employment numbers in June have contributed to the upward trend, dampening hopes that the Federal Reserve will lower interest rates in the near term.

Bond markets also reacted briefly this week to remarks from President Donald Trump, who said he had discussed the idea of firing Federal Reserve Chair Jerome Powell but added he was unlikely to follow through. Trump has repeatedly called for rate cuts, raising fresh questions about the Fed's independence. While lower short-term rates might sound appealing, any perception of a less autonomous central bank could send long-term bond yields higher, pushing mortgage rates up even further.

Mortgage rates peaked just above 7% in January of this year and briefly dipped to 6.62% in April. Since then, they've hovered in a narrow range, offering little relief. As a result, many potential buyers have paused their home searches, and existing homeowners with locked-in low rates are choosing to stay put. That's keeping housing inventory tight and prices elevated.

According to the Mortgage Bankers Association, mortgage applications fell 10% last week. The drop reflects a cooling demand, as economic uncertainty and elevated borrowing costs make prospective buyers think twice.

Looking ahead, economists say rates will likely stay between 6% and 7% for the rest of 2025. While this range is close to the historical average for a 30-year mortgage, today's high home prices make it tough for many households to qualify.

Lisa Sturtevant, chief economist at Bright MLS, noted that a buyer would now need to earn nearly \$130,000 a year to comfortably afford a median-priced home with a 6.75% mortgage rate. That's far above the national median income, which sits around \$80,000.

Unless mortgage rates ease significantly or home prices fall, the housing market is expected to remain neutral for the rest of the year.