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2026 Mortgage Rate Forecast: A Possible Decline, but Is It Enough for Home Buyers?

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What is the mortgage rate forecast for 2026?

Economic data and mortgage industry experts expect mortgage interest rates to be flat or only decline slightly through 2026. However, 94% of 2026 home buyers say they'd change their buying plans if rates *don't* fall below 6% this year.

It's hard to imagine the American housing market without one of its key pillars: the 30-year fixed-rate mortgage. Before it was developed in the 1930s, homeowners and buyers were forced to deal with a chaotic system of short-term loans, refinancing, and cash purchases that threatened the financial stability of huge numbers of Americans.

Today, most everyday mortgages are standardized and commoditized in a way that leaves fewer factors for home buyers to worry about. However, the biggest remaining factor — the interest rate on this six-figure debt — looms even larger.

On average, rates have crept down from recent highs over the past several years, falling from 7.79% in October 2023 to around 6% in January 2026. Still, they're nowhere near the ultra-low rates of 4% or less before and during the COVID-19 pandemic.

These dueling realities have left many would-be home buyers, along with recent buyers hoping to refinance, wondering what's ahead for mortgage interest rates in 2026.

Based on an analysis of economic data, expert analysis, and other factors, Best Interest Financial expects mortgage rates to be flat or slightly lower throughout 2026, compared to 2025.

This will likely be unwelcome news to the millions of Americans planning to buy a home in 2026 — 1,000 of whom Clever Real Estate and Best Interest Financial surveyed to explore their perspectives and expectations for mortgage rates in the year ahead.

Roughly two-thirds of would-be home buyers (64%) say high mortgage rates have already delayed their plans to buy a home, and a substantial 58% say current rates make homeownership unattainable to them. **Meanwhile, 58% are also expecting rates to decline in 2026, and almost all (94%) say they'd change their home-buying plans if rates don't fall below 6% in the coming year.**

In any case, Best Interest Financial President Cody Schuiteboer said those who understand rates and the market will have an advantage. "Preparation creates leverage," he said. "The more clarity you have upfront, the better positioned you are when the opportunity presents itself."

Read on to explore the factors influencing mortgage rates in 2026 and how future home buyers are feeling about the mortgage and real estate landscape.

🏦 2026 Mortgage Rate Statistics

- Inflation, as measured by the Personal Consumption Expenditures Price Index, remained relatively consistent throughout 2025, signaling 30-year mortgage interest rates will likely remain correspondingly little changed in 2026.
- A slight rise in the unemployment rate through 2025 suggests mortgage rates may decline slightly.
- The yield on the 10-year Treasury bond appears to be most predictive of mortgage rates. This would likely need to fall below 4% before mortgage interest rates drop under 6%. It currently sits between 4.1% and 4.3%.

- Just 43% of 2026 home buyers expect average 2026 mortgage rates to be between 5% and 7%, where the vast majority of forecasts and experts expect them to land.
  - Two-thirds of those planning to buy a home in 2026 (66%) expect to receive a mortgage interest rate under 6% today.
- 2 in 3 of those planning to buy a home in 2026 (67%) say high mortgage interest rates have caused them stress, and 58% say current rates make homeownership unattainable to them.
- A third of 2026 home buyers (33%) aren't confident they'd qualify for a mortgage at today's rates.
- Americans are fairly divided when it comes to who deserves the most blame for mortgage rates in 2025, split between inflation (29%) and the current Trump administration and its policies (27%).
- Roughly two-thirds of 2026 home buyers (64%) say mortgage rates have already delayed their plans to buy a home.
- A substantial majority of would-be 2026 home buyers (64%) would only accept rates *under* 6%, which would require a further drop from the rates seen throughout most of 2025.
  - A nearly unanimous 94% say they'd change their home-buying plans if rates don't fall below 6% in 2026.
- Almost two-thirds (63%) would only consider a "good" mortgage rate to be one under 5%, while over a third (37%) say "good" rates only begin in the 3% range.
- Two-thirds (66%) of 2026 buyers say they would postpone buying a home if mortgage rates rise even slightly from today's level.

Economic Factors Suggest Little Movement for Mortgage Rates in 2026

Mortgage interest rates and the housing market are topics where there's no shortage of punditry and opinion. However, the data most closely linked to the 30-

year mortgage rate tells a relatively clear story about what to expect in the year ahead. This includes inflation, the unemployment rate, and yield on the 10-year U.S. Treasury note.

Using the Federal Reserve's preferred inflation gauge, the Personal Consumption Expenditures, inflation has remained slightly, but stubbornly, higher than the Fed's historic target of roughly 2%. It currently sits at 2.8% in the most recent readings after spending much of 2025 in the 2.6% to 2.7% range.

As PCE has tended to be a leading indicator for mortgage rates, its relative flatness through 2025 would suggest little movement for mortgage interest rates in 2026.

PCE Inflation vs. 30-Year Mortgage Interest Rates

Rises or declines in the unemployment rate are also associated with mortgage interest rates, in broad terms. Typically, rates fall when unemployment is high, reflecting lower mortgage demand and other economic factors. The reverse is true when unemployment falls. A strong economy generally sends mortgage rates higher.

With unemployment rising only slightly from 4.1% in December 2024 to 4.4% in December 2025, it's reasonable to expect a correspondingly muted fall in rates. Still, any unexpected economic weakness that pushes unemployment higher could prompt the Fed to cut rates further, a move that typically spurs lower mortgage rates.

Unemployment Rate vs. 30-Year Mortgage Interest Rates

However, the tightest correlation for mortgage rates may be with the 10-year Treasury note yield. These factors have moved very closely in sync with one another over the past few years.

10-Year Treasury Note Yield vs. 30-Year Mortgage Interest Rates

For mortgage rates to drop substantially below 6% in 2026, treasury yields will need to fall below 4% in the coming months. They currently sit between 4.1% and 4.3%.

"The most underrated factor is bond market sentiment," said John Donikian, branch manager at Best Interest Financial. "How investors feel about growth and inflation expectations matters more than what the Fed says at a press conference. Housing demand data itself is also underrated — it feeds directly back into rate expectations."

Barring any unforeseen changes to the economy, housing market, or other conditions, these factors suggest mortgage interest rates will essentially be flat or decline slightly overall throughout 2026.

Overall, experts agree. "I don't see mortgage rates collapsing. I see them moving within a range, with volatility tied to economic data," Donikian said. "Unless the economy clearly breaks or inflation decisively rolls over, rates are more likely to hover in the low- to mid-6% range rather than fall meaningfully below it."

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2026 Home Buyers Expect Steeper Declines, Despite Misconceptions About How Rates Are Set

Mortgage rates can be a significant “X factor” in the home-buying process for many Americans, with shifts in either direction creating meaningful differences in affordability for buyers.

However, those planning to buy a home in 2026 don’t appear to have a firm grasp of where the mortgage market is likely heading. **Just 43% expect average 2026 rates to be between 5% and 7%, where the vast majority of forecasts and experts expect them to land.** A nearly equal 42% predict average interest rates under 5%, compared to 16% who foresee a spike to 7% or higher.

The confusion isn’t limited to future rates, either. Two-thirds of those planning to buy a home in 2026 (66%) expect they’d receive a mortgage interest rate under 6% if they applied today. A near-majority of 43% even expect one under 5%, where rates haven’t sat since early 2022. A stunning 1 in 4 (25%) think Great Recession-era rates under 4% are still available.

Conversely, about 1 in 7 (14%) *overshoot* mortgage rates, thinking they could only get a rate of 7% or higher — a level that rates have rarely hit, despite recent increases.

These misconceptions seem to start at the very basic levels of the mortgage market, as 63% of 2026 home buyers think the Federal Reserve's federal funds rate directly determines mortgage rates.

In reality, there’s far more at play when it comes to typical mortgage rates than the Fed alone. Donikian said that, even though the Fed controls short-term rates, mortgages are more closely tied to long-term bond yields. “If the Fed cuts while the economy is still growing or inflation remains sticky, the bond market may price in higher long-term risk — pushing mortgage rates up, not down,” he said.

A downturn in the economy could also impact mortgage rates. “If we see a clear labor-market deterioration, bond yields would likely fall, and mortgage rates could break below my current range,” Donikian said, calling the labor market the “biggest wildcard” of 2026.

This appears to be something that a majority of buyers expect: **61% think there will be a recession in 2026 that will affect mortgage rates.**

A Majority of Future Home Buyers Say Current Rates Make Homeownership Unattainable

Elevated mortgage interest rates have the potential to affect a lot more than just the financial bottom lines of home buyers. Two-thirds of those planning to buy a home in 2026 (67%) say high mortgage interest rates have caused them stress, and **a majority (59%) would even say mortgage rates matter more than home prices in their buying decision.**

In a potentially troubling sign for sellers and real estate agents, **69% of 2026 home buyers say current mortgage rates decrease their overall confidence in the housing market.** More than half of future buyers (58%) also say current rates make homeownership *unattainable* to them, suggesting they're putting their hopes in a significant decline to make their upcoming purchase a reality.

However, there may be a small silver lining for the 62% of 2026 buyers who say current mortgage rates motivated them to *improve* their financial situation before buying. **Nevertheless, even with the largest purchase of their life on the horizon, a third of 2026 home buyers (33%) aren't confident they'd qualify for a mortgage at today's rates.**

Therefore, it makes sense that a similar number (32%) say they'd be willing to take on a potential 50-year mortgage, an idea raised by President Trump that's faced skepticism from many experts.

Over a quarter (26%) would even *prefer* it, favoring the lower monthly payments despite far slower equity buildup and far higher long-term interest costs. **More than one-third (38%) of 2026 home buyers say the lower monthly payments of a 50-year mortgage would be the only way they could afford a mortgage.**

Inflation, Trump Administration Policies Get the Most Blame for Recent Mortgage Rates

Americans are fairly divided when it comes to who deserves the most blame (or credit) for how mortgage rates played out in 2025. Inflation (29%) and the current

Trump administration and its policies (27%) are the most cited negative influences.

However, the Trump administration (25%) also receives the most credit for positive influence on mortgage rates, narrowly ahead of the Federal Reserve (21%).

Future home buyers also expect inflation (29%) to have the biggest negative impact on mortgage rates in 2026, roughly even with the Trump administration and its policies (27%). As in 2025, the Trump administration (24%) and Federal Reserve (22%) are expected to make the most positive impact in 2026.

Would-be buyers in 2026 don't have many positive feelings toward banks or mortgage brokers, either. Just 43% trust mortgage lenders to give them the best possible rate, and nearly 3 in 4 (74%) think the government should place a cap on maximum mortgage rates.

Two-Thirds of 2026 Home Buyers Say Mortgage Rates Have Already Delayed Their Purchase

There's no denying the power of mortgage interest rates to affect not just what kind of home people are buying, but when. **Roughly two-thirds of 2026 home buyers (64%) say mortgage rates have *already* delayed their plans to buy a home.**

This includes about 1 in 7 would-be buyers (14%) who say this delay has lasted more than three years, which would stretch back to about the time rates stabilized near current levels, following steep spikes through 2022.

Roughly 1 in 7 (15%) would abandon the idea of buying a home in 2026 altogether if rates don't drop from their current 6% to 7% range, while an additional 1 in 8 (12%) would give up on home buying even if rates linger in the 5% range.

It would take quite a significant drop in rates to entice most 2026 buyers to *speed up* their timeline. Over three-quarters (78%) say it would take rates falling into the 4% range or lower to motivate them to buy a home sooner than planned. Barely 1 in 10 home buyers (10%) would be motivated to speed up their purchase plans if rates decline from current levels to between 5% and 6%, a scenario generally seen as one of the most likely.

Meanwhile, rising or flat rates also have the potential to delay or alter purchases for a noteworthy number of buyers. About 1 in 5 (19%) would move more slowly if rates don’t drop from current levels in the 6% to 7% range, while a similar number (21%) would postpone their purchase without the unlikely event of rates tumbling under 5%.

High mortgage rates are additionally affecting the budgets of potential buyers. **Almost 1 in 5 (19%) say a mortgage rate of 6% to 7% would result in them significantly decreasing their home-buying budget.**

Real estate experts have long suggested that lower mortgage rates are likely to support higher home prices, as those purchasing enjoy more buying power based on their income. A 58% majority of 2026 home buyers seem to back this idea, agreeing that lower mortgage rates would persuade them to buy a more expensive home.

Even if rates do fall, Schuiteboer urges caution for those with this mindset. “For many first-time buyers, preserving reserves can be smarter than maximizing a down payment. It also means knowing the difference between your ideal payment and the maximum payment you’d accept if the right home checks every box,” he said.

Nearly All 2026 Buyers Would Change Plans if Rates Don’t Drop Below 6%

Most 2026 home buyers are apparently already banking on mortgage rates falling in the year ahead, with 58% saying they expect this.

Whether this happens in an appreciable way may determine a great deal about the 2026 housing market. **Two in 3 home buyers in 2026 (64%) would only accept rates *under*6%, which would require a further drop from the rate seen throughout most of 2025.**

Schuiteboer said that the overall payment and suitability for an owner’s lifestyle matter more in the long term than the mortgage interest rate. “A slightly higher rate on a home that aligns with your budget, location, and long-term plans is often a better decision than waiting indefinitely for a ‘perfect’ rate that may never come.”

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He also reminds buyers that rates aren't permanent. "You can refinance when the market creates the opportunity, but you can't go back and buy the same home at the same price if values rise or inventory tightens."

Despite this reality, the decade of low and ultra-low rates that followed the Great Recession still looms large in the minds of most 2026 home buyers. **Almost two-thirds (63%) would only consider a "good" mortgage rate to be one under 5%, while over a third (37%) say "good" rates only begin in the 3% range.**

Even with rates bouncing between 6% and 7% for most of the early 2000s, only 10% of 2026 home buyers would call rates in this range, which is close to what's currently available, good ones.

Meanwhile, an eyebrow-raising 1 in 5 (20%) would only take out a mortgage if rates fell back to COVID-era levels under 4%. Real estate experts and economists don't generally expect this to occur anytime in the foreseeable future, raising the question of whether these buyers will truly put off their purchase or readjust their expectations.

If rates don't fall below 6% in the coming year, a nearly unanimous 94% say they'd change their home-buying plans. Most commonly, this would be by delaying their plans to purchase (35%) or looking for a smaller or less expensive home (35%).

However, many would also save for a larger down payment (30%) or expand their search to more affordable areas (30%).

Even if most buyers are expecting falling rates over the next year, they're split on whether rates over 6% will soon become the "new normal:" 53% believe so, while 47% don't.

Meanwhile, an *increase* in mortgage rates would be seen as a disaster for many would-be home buyers, as **two-thirds (66%) say they would postpone buying a home if mortgage rates rise even slightly from today's level.**

This would also be a catastrophic scenario for the half of 2026 buyers (50%) who say they'd consider taking on a mortgage at the very top of their budget because they believed rates would drop in the near future.

Methodology

Clever Real Estate and Best Interest Financial surveyed 1,000 American adults who plan to buy a home in 2026 to understand their home-buying plans. This survey was conducted Dec. 10 to 12, 2026, and has a +/- 4% margin of error.

For our economic analysis, we used data from the Federal Reserve, the Bureau of Labor Statistics, the U.S. Treasury, Freddie Mac, and the Bureau of Economic Analysis.

About Best Interest Financial

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Since 2017, Clever Real Estate has been on a mission to make selling or buying a home easier and more affordable for everyone. 12 million annual readers rely on Clever's library of educational content and data-driven research to make smarter real estate decisions — and to date, Clever has helped consumers save more than

$210 million on Realtor fees. Clever's research has been featured in The New York Times, Business Insider, Inman, Housing Wire, and many more.

FAQs

Will mortgage rates decrease in 2026? +

What will impact mortgage rates in 2026? +

How are mortgage rates affecting the housing market? +

What had the most positive and negative impacts on mortgage rates in 2025? +

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