

How Long Will Low Mortgage Rates Last?

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For nine consecutive weeks, the 30-year fixed-rate mortgage has been hovering at or below record lows of 4 percent, pushing housing affordability for home buyers even higher.

But will these low rates stick around much longer?

The Federal Reserve has vowed to keep rates low through 2013 so rates likely will hang around for a few more months, at least, but whether mortgage rates will stay at the current record-lows, many experts say it's unlikely.

The 30-year fixed-rate mortgage is expected to inch up to an average 4.5 percent for 2012 and increase to 5.4 percent in 2013, according to Freddie Mac economists' forecasts.

While that forecast means rates are expected to move higher in the coming months, the rates will still be low by historical standards, economists told the Los Angeles Times. For comparison, 30-year rates averaged more than 16 percent in 1981 and 1982. What's more, until 2000, rates typically were above 8 percent, Freddie Mac notes.

Despite the drop in rates, however, many home buyers have been unable to take advantage of the low rates. Lenders' tightening of their underwriting standards for loans in the recent years following the housing crisis has shut some buyers who have poor credit, low down payments, or unsteady employment from securing a loan at today's low rates. Freddie Mac had predicted home-purchase applications to comprise two-thirds of all mortgage applications by the end of 2011. But the Mortgage Bankers Associations says that instead about 80 percent of the mortgage applications came from home owners who wanted to refinance.

Source: "[Low Mortgage Rates Likely to Continue Through 2012, Experts Say](#)," *Los Angeles Times* (Jan. 3, 2012)

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