

Mortgage Rates Hit 4-Month Low; Will the Downward Trend Last?

August 8, 2025

The weak jobs report released last week pushed 30-year rates closer to the 6.5% range, but economists warn the risk of inflation could drive them back up.

Key points:

While still well above last year, inventory growth is slowing as sellers tire of the sluggish market. Mortgage rates fell for the third week in a row and are now at the lowest level since April. However, the drop may not last long, as new tariffs could lead to higher consumer prices and inflation.

Mortgage rates are finally meaningfully lower, but economists are warning homebuyers looking to lock in those lower rates that they may only have a short period of time to do so.

Mortgage rates drop for third consecutive week

The 30-year fixed-rate mortgage averaged 6.63% this week — down from 6.72% last week and the lowest weekly average since April 10, 2025, according to Freddie Mac. Mortgage News Daily, which uses a different set of metrics, pegged the 30-year rate at 6.55% on Aug. 7.

The drop over this past week is a result of the latest jobs report released on Aug. 1 by the U.S. Bureau of Labor Statistics, which pointed to a sluggish labor market in July and significant downward job gains revisions for May and June. The data fueled speculation that short-term interest rates may be cut in September and that inflation is cooling.

The mortgage rate drop might not last, however, depending on the impact new tariffs have on inflation.

“While both buyers and sellers welcome lower mortgage rates, it’s not clear whether rates will continue to fall,” said Lisa Sturtevant, chief economist at Bright MLS. “A weaker economy could lead to lower mortgage rates, but the risks of higher inflation could keep rates elevated.”

The current rates offer a “window of opportunity” for serious homebuyers, according to Chen Zhao, Redfin’s head of economics research.

The market’s anticipation of a rate cut “has already pushed mortgage rates down, and there’s no guarantee they’ll fall further. There’s a chance mortgage rates could fluctuate when more economic data is released in the coming weeks,” Zhao said.

Mortgage applications tick up

The recent drop in mortgage rates has led to a bump in mortgage application activity. For the week ending on Aug. 1, applications were up 3.1% compared to the week prior, according to the Mortgage Bankers Association (MBA).

Much of this uptick was driven by refinance applications, which were up 5% from the previous week. MBA’s unadjusted Purchase Index was up 1% for the week and was 18% higher than the same time last year.

New tariffs may kill momentum

Some of President Donald Trump’s newest tariffs, many of which took effect on Aug. 7, are already reflected in consumer prices, while others will emerge more gradually because businesses stocked up on imported goods in anticipation of the changes, according to Joel Berner, senior economist at Realtor.com.

“Builders, however, are already facing higher costs on key materials like lumber and copper, which will push construction prices higher,” Berner said. “More importantly, the broader economic uncertainty surrounding these tariffs is weighing on consumer confidence.”

Inventory stabilizing

Meanwhile, inventory growth is starting to stall as the new school year approaches and market conditions begin to impact sellers, noted Mike Simonsen, chief economist at Compass.

“Home sellers, it seems, are getting tired of the sluggish market,” Simonsen said during his weekly market report on Aug. 4, adding that price trends are prompting more sellers to sit it out.

Price growth slowing

This has led to price growth softening. National home prices are barely above last year’s levels, Simonsen said, and there are plenty of scenarios in which year-over-year prices could fall slightly by the end of the year — even if activity picks up as a result of lower rates.

Slower price growth is improving affordability in many areas, according to Redfin. Oakland, California, tops the list of the year-over-year change in income needed for a median priced home with a drop of 4.6%. West Palm Beach, Florida, follows (down 3.7%) and Jacksonville, Florida, is third (down 3.5%).

“A lot of sellers are offering \$10,000-\$15,000 to cover the buyer’s closing costs to seal the deal,” said Katie Shook, a Redfin Premier agent in Phoenix. “Some home features, like a landscaped backyard or pool, aren’t getting the return they used to. Buyers are no longer willing to pay a premium for those things.”

Source: *Real Estate News*

Enjoy this article? MetroTex members can subscribe to Real Estate News at no cost and stay informed on crucial industry insights! **Subscribe Now**

[Back to All News](#)



1701 Kinwest Parkway
Irving, Texas 75063

(214) 637-6660



Join MetroTex

Find a Member

Search MetroTex

Learn More

- Welcome Draft
- Who We Are
- Who We Serve
- Professional Development
- MLS Support
- Housing Market Reports
- MetroTex Real Estate News
- Locations
- MetroTex Staff
- MetroTex Careers
- Media Inquiries
- Contact MetroTex

Outside Resources

- Account Access
- MLS Login
- zipForm Online
- Courses & Events
- Consumer Portal
- Who We Serve
 - Agents
 - Brokers
 - Office Managers
 - Industry Partners
 - Allied Organizations
 - Consumers
 - Commercial
 - MetroTex Global Business Council

Advocacy

- Advocacy
- TREPAC
- Texas REALTORS® Awards

More

- Sponsorship Opportunities
- 2025 Strategic Plan
- Association ByLaws
- Policy Manual
- Privacy Policy
- Code of Ethics
- Texas REALTORS®
- NAR
- NTREIS