

Redfin Reports Bay Area Homebuyers Stand to Save Thousands on Monthly Payments Following Mortgage-Rate Decline

Mortgage rates have fallen to 6.1% from over 7% in the spring, pushing housing payments down by thousands of dollars in the Bay Area and hundreds of dollars in most other major metros

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) —The typical San Jose, CA homebuyer's monthly housing payment has fallen more than \$2,000 from its springtime peak, landing at \$9,398 in mid-September. That's according to a new [report](#) from Redfin ([redfin.com](#)), the technology-powered real estate brokerage. San Jose saw the biggest drop in monthly housing payments among the U.S. metros Redfin analyzed.

Housing payments are falling due mostly to lower mortgage rates: In anticipation of the Fed's historic interest-rate cut, which happened last week, the average 30-year mortgage rate fell to 6.1% in mid-September from roughly 7.2% at the end of April. Home prices falling from their peak also play a part in declining housing payments; San Jose's median sale price dropped about 7% over that period (some of that decline is due to typical seasonality).

Two other Bay Area metro areas saw the next-biggest drops in median housing payments. In San Francisco, the median payment has dropped \$1,372 from its April peak to \$9,330, and in Oakland it has dropped \$1,338 to \$5,676. Southern California metros round out the top five places where payments have dropped most, with an \$840 decline in Anaheim and a \$670 decline in Los Angeles.

This is according to a Redfin analysis of median monthly housing payments, which are calculated using average 30-year fixed mortgage rates and median sale prices, and assume a 20% down payment. The analysis calculates median housing payments in major U.S. metro areas for the four weeks ending September 15 (the most recent data available), and compares them to the four weeks ending April 28, when the U.S. median monthly housing payment hit an all-time high.

The Bay Area also leads the pack in percentage declines. In Oakland, housing payments have fallen 19.1% from the springtime peak, and in San Jose they have fallen 18.2%. Three southern metro areas round out the five places where payments have posted the biggest percent declines: Austin, TX (-14% to \$2,757), Jacksonville, FL (-14% to \$2,263) and Nashville, TN (-13.1% to \$2,829).

Housing costs fell in 44 of the 47 metros included in Redfin's analysis. They rose slightly in Newark, NJ (\$39), Nassau County, NY(\$26) and Cleveland (\$25) due to increases in local

home prices outweighing mortgage-rate declines.

Mortgage rates dropped in anticipation of Fed's interest-rate cut

This is good news for homebuyers, who have been waiting years for a meaningful drop in housing payments. The cost of buying a home began rising in early 2022 as the Fed increased interest rates to battle inflation, which pushed up mortgage rates. That dampened demand, but it dampened supply even more, driving up home prices despite slow sales. Median monthly mortgage payments peaked in April, when home prices were approaching their all-time high and mortgage rates were sitting above 7%.

Now, housing payments have fallen substantially from their peak because mortgage rates are declining. Rates started falling over the summer in anticipation of the Fed cutting interest rates for the first time in four years; the Fed finally did cut rates aggressively last week. Home prices have also fallen from their peak—more significantly in some metros than others—but they have generally stayed high due to low inventory.

Redfin economists to house hunters: Mortgage rates are unlikely to drop much further, and prices may increase

Mortgage rates are unlikely to drop much further than they already have, as markets had already priced in the Fed's rate cut prior to last week, and the upcoming Fed rate cuts may push mortgage rates down to around 5.7%—but not much lower. Plus, home prices may increase as lower rates bring back demand.

“House hunters who have been waiting on the sidelines for costs to fall should seriously consider jumping into the market now,” said Chen Zhao, Redfin's economic research lead. “We're in a sweet spot for buyers. This may be close to the bottom for housing payments, especially in expensive and desirable coastal markets. Mortgage rates have fallen about as much as they're going to fall, and we're already seeing demand surge back. If supply doesn't increase as much as demand, price growth is likely to rise.”

To view the full report, including a full methodology and a metro-level summary, please visit: <https://www.redfin.com/news/falling-monthly-housing-payments-bay-area>

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Redfin Journalist Services:

Kenneth Applewhaite

press@redfin.com

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