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# Mortgage Rate Predictions for 2020: Expert Roundup



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Mortgage interest rates dropped lower in 2019 than many experts predicted a year ago. That was welcome news for many borrowers who ended up buying a home and homeowners who decided to refinance. Now that a new year is nearly upon us, it's natural to be curious about 2020 mortgage rate predictions.

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## 2020 mortgage rate predictions

Where will mortgage rates in 2020 be? For a forecast, we looked to leading housing organizations and industry authorities. The good news is that all of the groups we researched expect 2020 mortgage rates to remain near record lows.

If you are in the market to purchase a home, you may not want to wait for rates to drop any lower. Still, it may be helpful to know where the pros think rates will land next year. Read on for guidance.

When it comes to mortgage projections, it's important to know who to trust. While anyone working in real estate can prognosticate on rates, it's best to refer to top housing authorities. Here's what they've recently predicted regarding 30-year mortgage fixed interest rates in 2020:

- CoreLogic: <4%
- Fannie Mae: 3.6%
- Freddie Mac: 3.8%
- Kiplinger: 3.7%
- Mortgage Bankers Association: 3.7%
- National Association of Home Builders: 3.9%
- National Association of Realtors: 3.8%
- Realtor.com: 3.85%
- Wells Fargo: 3.6%
- Average rate for all of the above: 3.74%

## Evaluating the predictions

[Rick Sharga](#), president/CEO of CJ Patrick Company, believes these 2020 mortgage rate predictions are spot on.

"All these rate forecasts fall within about 0.35%. So it's likely that either everyone will be right or everyone will be wrong," he says. "Most of the economists I follow are predicting rates in the 3.6% to 3.7% range. That lines up with all the forecasts from the top authorities."

Sharga adds that "rates for 30-year fixed-rate loans have been holding pretty steady between 3.5% and 3.7% for quite some time now. And it seems likely they'll remain in that range for the foreseeable future."

[James McGrath](#), co-founder of Yoreevo, says he agrees most with the NAHB and MBA rate forecasts.

"That's because they are the closest to current market rates. To differ materially from current market rates, you are saying you think you know how to forecast interest rates better than the market," says McGrath.

[Ralph DiBugnara](#), founder of Home Qualified, concurs with groups forecasting rates trending closer to 4% next year.

"I don't believe the interest rate predictions in the mid-3% range are accurate," explains DiBugnara. "It seems we've found a comfortable healthy range in the high 3% area. I see consistency here over the next 12 months."

[Bruce Ailion](#), Realtor and attorney, expects rates to be around 3.55% a year from now.

"But predicting rates isn't as easy as predicting the weather. I think about this like predicting a hurricane 10 days before landfall. All the best estimates and models are merely guesses this far out," adds Ailion. "Each of these great sources offering forecasts has the best information available. Yet it turns out our predictions offered a year ago were all wrong."

*[Related: Why Do Mortgage Rates Change?](#)*

## What can affect mortgage rates in 2020?

Note that global, economic, and political factors can impact mortgage rates in the months ahead.

"Turmoil in foreign markets tends to drive investment to safe places like U.S. Treasuries, which drives down yields on U.S. Treasury bonds. That, in turn, impacts long-term interest rates like mortgages," Sharga notes. "With weak economies

across Europe, uncertainty over Brexit in the UK, and the ongoing trade wars with China, it doesn't seem likely that conditions will change dramatically enough to drive up mortgage rates in 2020."

Other events can drive interest rates higher or lower next year, too.

"Say the trade war between the U.S. and China gets worse. Then, the stock market will fall, bond prices will rise, and interest rates will decline. But if the U.S. and China strike a deal, the opposite will probably happen," says McGrath.

Plus, the presidential election in 2020 could keep rates lower than many expect.

"It is usually a good idea to seek financing in an election year," says Ailion. "That's because the party in power will seek to create the best economic environment possible prior to the election."

*[Related: Mortgage Broker or Bank? Who Has the Best Mortgage Rates?](#)*

## Lock in now or wait it out?

You're financially ready to purchase a home or refinance. But you worry that if you lock in a mortgage rate now, you could have regret next year if rates fall further. Should you act soon or sit things out until rates drop lower?

"Current rates are low. That means money is cheap to borrow," notes DiBugnara. "Historically, when interest rates get better it's only by small fractions. But when they get worse, it happens faster and by much bigger margins. So if you are comfortable with what your mortgage payment will be at current rates, do not wait. The risk may not be worth the reward."

Ailion echoes those thoughts.

"Rates are so attractive now that waiting for a slight advantage doesn't make sense to me," says Ailion.

Sharga suggests that waiting things out could have an unexpected negative consequence.

"The trade-off for a minimally lower interest rate might be that you pay a higher home price, as housing prices continue to escalate," Sharga says.

Still, McGrath doesn't recommend rushing matters.

"Current borrowers should lock in when the math makes sense and they have enough time to comfortably close. Nobody knows if interest rates are going to go up

or down. But if you wait, you're just as likely to get a higher rate than a lower rate," cautions McGrath. "You just want to make sure your rate lock doesn't expire before you can close."

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