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Mortgage Interest Rates Today, January 1, 2024 | Where Rates Will Go in the New Year

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Our experts answer readers' home-buying questions and write unbiased product reviews (here's how we assess mortgages). In some cases, we receive a commission from our partners; however, our opinions are our own.

If your New Year's resolution is to become a homeowner in 2024, you'll likely have a much easier time than those who tried to buy in 2023.

Today, 30-year mortgage rates remain the lowest they've been since spring 2023, and they're expected to fall further in the coming months.

Mortgage rates spiked to a two-decade high last year, with 30-year fixed rates nearing 8% in October. But rates have dropped dramatically since then, falling back below 7% and even dropping close to 6% at times.

Mortgage rates are down in anticipation of Federal Reserve rate cuts this year. The Fed has suggested that it may lower the federal funds rate multiple times this year, which should allow rates to recede further. Most experts believe mortgage rates will go down in 2024.

Mortgage Rates Today

Mortgage Refinance Rates Today

Mortgage Calculator

Use our free mortgage calculator to see how today's mortgage rates will affect your monthly and long-term payments.

By plugging in different term lengths and interest rates, you'll see how your monthly payment could change.

Mortgage Rate Projection for 2024

Mortgage rates started ticking up from historic lows in the second half of 2021 and increased over three percentage points in 2022.

Rates increased even further this year, but they've been dropping back down in recent months. In the last 12 months, the Consumer Price Index rose by 3.1%, a significant slowdown compared to when it peaked last year at 9.1% in June. This is good news for mortgage rates — as inflation slows and the Federal Reserve is able to start cutting the federal funds rate, mortgage rates are expected to trend down as well.

For homeowners looking to leverage their home's value to cover a big purchase — such as a home renovation — a home equity line of credit (HELOC) may be a good option while we wait for mortgage rates to ease. Check out some of the best HELOC lenders to start your search for the right loan for you.

A HELOC is a line of credit that lets you borrow against the equity in your home. It works similarly to a credit card in that you borrow what you need rather than getting the full amount you're borrowing in a lump sum. It also lets you tap into the money you have in your home without replacing your entire mortgage, like you'd do with a cash-out refinance.

Current HELOC rates are relatively low compared to other loan options, including credit cards and personal loans.

When Will House Prices Come Down?

Home prices declined a bit on a monthly basis late last year, but we aren't likely to see drops anytime soon thanks to extremely limited supply.

Fannie Mae researchers expect prices to increase 6.7% in 2023 and 2.8% in 2024, while the Mortgage Bankers Association expects a 5.7% increase in 2023 and a 4.1% increase in 2024.

Sky high mortgage rates pushed many hopeful buyers out of the market this year, slowing homebuying demand and keeping price growth somewhat moderate. But rates are expected to drop next year, which will likely push home prices even higher. The current supply of homes is also historically low, which only exacerbates the problem.

Fixed-Rate vs. Adjustable-Rate Mortgage Pros and Cons

Fixed-rate mortgages lock in your rate for the entire life of your loan. Adjustable-rate mortgages lock in your rate for the first few years, then your rate goes up or down periodically.

So how do you choose between a fixed-rate vs. adjustable-rate mortgage?

ARMs typically start with lower rates than fixed-rate mortgages, but ARM rates can go up once your initial introductory period is over. If you plan on moving or refinancing before the rate adjusts, an ARM could be a good deal. But keep in mind that a change in circumstances could prevent you from doing these things, so it's a good idea to think about whether your budget could handle a higher monthly payment.

Fixed-rate mortgage are a good choice for borrowers who want stability, since your monthly principal and interest payments won't change throughout the life of the loan (though your mortgage payment could increase if your taxes or insurance go up).

But in exchange for this stability, you'll take on a higher rate. This might seem like a bad deal right now, but if rates increase further down the road, you might be glad to have a rate locked in. And if rates trend down, you may be able to refinance to snag a lower rate

How Does an Adjustable-Rate Mortgage Work?

Adjustable-rate mortgages start with an introductory period where your rate will remain fixed for a certain period of time. Once that period is up, it will begin to adjust periodically — typically once per year or once every six months.

How much your rate will change depends on the index that the ARM uses and the margin set by the lender. Lenders choose the index that their ARMs use, and this rate can trend up or down depending on current market conditions.

The margin is the amount of interest a lender charges on top of the index. You should shop around with multiple lenders to see which one offers the lowest margin.

ARMs also come with limits on how much they can change and how high they can go. For example, an ARM might be limited to a 2% increase or decrease every time it adjusts, with a maximum rate of 8%.

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