

BUYING A HOME

With Mortgage Rates Dipping, Is Now a Good Time to Buy a House?

Now that the Fed has started cutting rates, is it a good time to think about getting back into the market?



The Federal Reserve cut interest rates again for the second time this year, sparking new conversations about whether now might finally be the right time to buy a home. After years of high borrowing costs, many potential buyers are watching the market closely to see if this is the start of a meaningful shift.

Mortgage rates have continued to trend lower in recent weeks, with the average 30-year fixed rate now sitting near its lowest level in more than a year, according to Freddie Mac. At the start of 2025, that same rate was above 7%. Today, it's nearly a full percentage point lower, offering some relief for buyers who have been waiting for conditions to improve.

Still, the decision to buy isn't easy. Home prices remain high, inventory is tight, and inflation continues to weigh on household budgets. For those who already locked in historically low mortgage rates, the idea of trading up for a higher payment can be tough to justify. Yet with rates showing signs of stability and fewer swings week to week, buyers may feel more confident about planning their next move.

How the job report impacts rates

The monthly jobs report is a key indicator that reflects the overall strength of the economy. When hiring slows and wages cool, it often signals less inflation pressure, which can help push borrowing costs lower. This softer backdrop has already played a role in the Federal Reserve's decision to cut rates three times in 2024.

With no official payroll data released during the government shutdown, analysts have turned to private estimates for insight into the labor market. Early indicators suggest hiring may have improved slightly in September after employers added just 22,000 jobs in August, according to Kiplinger. Unofficial projections point to about 50,000 jobs added in September, though October's data will likely show a net decline as roughly 100,000 federal workers who accepted buyouts earlier this year are removed from the job rolls.

Wage growth, which rose at an annual pace of 3.7% in August, is expected to slow to around 3.5% by year's end. That moderation often lags broader labor market changes and signals a gradually cooling economy.

Even so, home affordability remains a challenge. Home prices are still elevated, and despite the recent dip in rates, demand has been subdued. That mix raises a familiar question for would-be buyers: Is now the time to lock in a mortgage, or is it better to wait for the market to cool further?

Should you buy a house now or wait?

Housing prices remain elevated, though they've softened somewhat. The median sales price of houses sold in the U.S. was \$410,800 in July, according to Federal Reserve Economic Data. That's down from last year's peak, but affordability is still stretched for many buyers.

For would-be buyers, the math is tricky. Mortgage rates are still high enough to limit affordability, yet first-time buyers consistently make up about one-third of all sales, according to NAR, a sign that demand hasn't disappeared. Buying offers stability and the chance to build equity, but renting remains the cheaper option in most markets.

Renters, however, aren't getting much relief either. 48% of new apartments built this year were rented within three months, up from 47% the prior quarter, according to Redfin. With landlords regaining leverage, asking rents rose 2.6% year over year to \$1,790 in August, the largest increase since late 2022.

In other words, there's no universal answer on whether to buy now, wait or rent. The decision ultimately comes down to your personal finances and timeline. If you can comfortably qualify and plan to stay put long term, today's market may still make sense. Otherwise, renting a bit longer could buy you time but be prepared for rising costs there, too.

Buy now if you need to move

Not everyone has the luxury of waiting until the housing market cools to buy a house. Maybe your job has transferred you across the country, or your one-bedroom apartment no longer works with your needs.

Even though renting is always an option, if you need to move and feel financially ready for homeownership, meaning you can qualify and meet the monthly mortgage payments and other expenses, it may be better to buy now versus wait. You can begin building equity while taking advantage of tax deductions from the interest you pay on a mortgage, home-related renovation costs and property taxes.

Buy now if you plan to stay put

If you intend to stay in your home for a long time, buying now rather than waiting might be smart. That's because, at the current rate of home appreciation, the house you pass on now will likely cost you more in the future.

Beyond the purchase price, you'll likely also pay thousands of dollars in closing costs when you buy a home. To justify those costs, it's best to be reasonably confident you won't be moving anytime soon. What's more, selling a home very soon after buying can have serious tax implications.

Buy now if you're financially stable

The best mortgage deals are available to people with the best credit scores. According to the Federal Reserve Bank of New York, the median credit score for mortgage borrowers was 770.

To qualify for a mortgage, you must demonstrate that you are at low risk of forfeiting on your monthly payments. It is also important to have enough in the bank for a down payment and

closing costs, which usually range from 2% to 5% of the value of your mortgage and are paid in addition to your down payment.

Wait if you can't afford to buy

As obvious as that sounds, if you can't afford the monthly payments, let alone the closing costs, a down payment and other homeownership costs, then it might not pay to buy, at least right now.

Wait until your credit improves

If you need help qualifying for a mortgage at a good rate because of a low credit score, scant employment, a high debt-to-income ratio, or too much outstanding debt, it may be better to wait.

However, keep in mind that many experts predicted home prices would fall in 2023, along with lower interest rates, but neither happened. So now might be a good time to work on your finances so that when prices and rates do drop (and we hope they will), you'll be ready.

Wait if you can't find a home

For buyers struggling to find the right property, patience may pay off. Existing-home sales rose 1.5% in September, according to NAR, while unsold inventory climbed 1.3% to 1.55 million units, equal to a 4.6-month supply. That marks a five-year high, though supply remains below pre-pandemic levels.

The median existing-home price increased 2.1% year over year to \$415,200, reflecting steady demand even as more listings reach the market.

NAR Chief Economist Lawrence Yun noted that many homeowners are financially stable, leading to few distressed or forced sales. With more options gradually emerging and prices still edging higher, waiting a bit longer could give buyers more choices without a major risk of missing out.

What it all means for buyers now

There's no right or wrong answer to whether now is a good time to buy a home. That decision is personal and depends on a number of factors. Plus, there's no way to know what the future will bring for the housing market and mortgage rates.

That's why it's important to weigh your options and make a decision that makes sense for both your finances and your family.

NYSUT NOTE: If you've decided to upgrade your home, make sure your mortgage is up-to-date, too. [NYSUT Member Benefits Corporation-endorsed Mid-Island Mortgage](#) lets members save on benefits like no lender or broker fees, no commitment fees, no underwriting fees, and more. [Learn more now.](#)

About the Author

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For the past 18+ years, Kathryn has highlighted the humanity in personal finance by shaping stories that identify the opportunities and obstacles in managing a person's finances. All the same, she'll jump on other equally important topics if needed. Kathryn graduated with a degree in Journalism and lives in Duluth, Minnesota. She joined Kiplinger in 2023 as a contributor.

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