

San Francisco Mortgage Rates Fall Below State Average, Attracting New Buyers Explained by Reliance Financial

DUBLIN, CA, UNITED STATES, October 1, 2025 /EINPresswire.com/ -- Attention to all San Francisco Buyers - Mortgage rates have fallen below the state average for the first time in nearly four years. According to the latest data from Realtor, the current mortgage rate for a 30-year loan is 6.52%. This drop is attracting many homebuyers and bringing welcome news to those seeking affordable yet high-quality homes in San Francisco. This detailed guide will break down everything you need to know about [San Francisco mortgage rates](#) and new buyers.



Mortgage Rates In San Francisco

San Francisco Mortgage Rates Fall: Doors Open for Buyers

The San Francisco mortgage rate has traditionally been higher than the state average, but now, for the first time, it has dropped to the State average, which is the happiest news for all homebuyers in San Francisco. This recent drop is primarily attributed to increased odds of a rate cut by the Federal Reserve in September, and thanks to heightened competition among lenders.

Even a one-percent decrease in mortgage rates can save borrowers thousands of dollars over the life of a loan. This is why current lower rates are now opening doors for more buyers in San Francisco.

Housing Supply: Still a Challenge

Housing supply remains limited in San Francisco, and competition for homes continues to rise daily. Experts warn that lower interest rates could quickly boost buyer demand, putting even more pressure on the already tight supply. If inventory fails to keep pace, this imbalance could lead to another increase in mortgage rates.

What Do Mortgage Rates Mean for the San Francisco Housing Market?

Mortgage rates play a crucial role in shaping the San Francisco housing market for both buyers & [San Francisco mortgage lenders](#).

Boosts Buyer Purchasing Power

Lower mortgage rates give buyers more purchasing power, allowing them to afford higher-priced homes without increasing their monthly payments. Even a small drop in rates can save buyers thousands of dollars over the life of a loan, making homeownership more attainable.

Increase Demand & Competition

Lower or cheaper mortgage rates lead to an increase in buyers in the market. Due to this increase, the competition for each home will directly increase, and properties are likely to sell more quickly.

Upward Pressure on Home Prices

When the number of buyers competing for each home increases, sellers are expected to raise the prices to maximize profit. This can reduce the benefits of lower mortgage rates, which is why acting quickly is often key to securing a property before prices climb further.

Strain on Housing Supply

San Francisco's limited housing inventory makes it challenging for buyers to find budget-friendly options. When supply remains tight, it puts upward pressure on home prices, making affordability an even greater concern.

Market Cooling: If Rates Rise Again

If mortgage rates increase in the future, many buyers who typically enter the market during periods of low rates could be priced out. Higher rates reduce affordability and potential investment returns, which can discourage both homebuyers and investors.

Impact on Investors & Sellers

Lower mortgage rates benefit both investors and sellers. Sellers can attract more buyers and close more sales, while investors can acquire properties at lower borrowing costs. Many investors plan to sell or rent these properties in the future when values are higher.

Current Housing Market Trends in San Francisco

Recently, San Francisco has experienced a significant increase in home-buying activity, largely driven by lower mortgage rates. According to Redfin data, 459 homes have been sold, with the median days on the market being just 22 days. The average home selling price in San Francisco was \$1.4 million last month, reflecting a 1.8% change over the past year.

Advice or Tips for Buyers in the Remaining Part of 2025

Some expert advice or tips which every buyer & investor should follow for better mortgage rates.

- Get pre-approved early
- Work with a local lender who has expert local knowledge
- Lock in rates quickly
- Be open to different areas
- Set a realistic budget
- Move fast but smart

Final Thought

The San Francisco real estate market is now shifting, creating new opportunities for buyers thanks to lower mortgage rates. However, mortgage rates alone are not enough. A trusted lender is essential for a smooth, hassle-free homebuying experience. That is where [Reliance Financial](#) comes in, one of California and San Francisco's most reputable lenders. Their mortgage advisors are experts in home financing and navigating the market with clarity, responsiveness, and confidence.

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