



Redfin: About 20 percent of homeowners could save money by refinancing

One in five (19.8 percent) homeowners with a mortgage could save money by refinancing to a lower rate, according to a report from Redfin. That's the highest share in over four years and up from 7 percent a year ago.

These calculations are based on a 6.08 percent mortgage rate, the average so far this year. A homeowner is "in the money"— meaning they could save money by refinancing — if their current mortgage rate is at least 50 basis points above the prevailing mortgage rate. For instance, if they have a 6.5 percent mortgage rate and the prevailing rate is 6 percent.

There are two main reasons more homeowners are in the money for a refinance this year, according to Redfin:

- Mortgage rates dropped down to 6 percent in February and early March, the lowest level in 3 1/2 years
- Mortgage rates were elevated above 6 percent for so long that 21.2 percent of homeowners had a rate above 6 percent as of the third quarter of 2025, the highest share in a decade. That marks the first time in five years more borrowers have a rate above 6 percent than below 3 percent.

The last time this many homeowners were in the money for a refinance was the end of 2021, when mortgage rates averaged 3.08 percent, and roughly two in five (39.4 percent) would have benefited from refinancing. The in-the-money share peaked at nearly 70 percent at the end of 2020, when mortgage rates plummeted to 2.76 percent during the pandemic.

9.1 percent of homeowners who could save money by refinancing to today's average rate (6.08 percent) have actually done so, as of the first quarter of this year. That's the lowest "take-up rate" for homeowners who could benefit from refinancing since the beginning of 2020, according to Redfin.

Zooming out to all mortgaged homeowners, 1.8 percent have refinanced so far in the first quarter.

"For homeowners who are in the money, refinancing now could meaningfully lower monthly payments and total interest costs over the life of the home loan," Bill Banfield, chief business officer at Rocket, said in a release. "Even a modest rate reduction can add up to big savings, helping free up cash, build equity faster, or better weather future financial uncertainty. Homeowners may also consider whether refinancing could have advantages other than putting money back in their pocketbooks every month. For instance, they could consider consolidating debt or changing their loan type. Some people take advantage of lower rates to change the length of their loan and pay it off faster while keeping essentially the same monthly payment."

While refinancing to a lower rate could save money in the long run for many homeowners, there are several reasons few people are actually doing it:

- **Waiting for lower rates.** Mortgage rates can shift quickly; people may be hesitant to lock in a rate if they think rates will dip further in the near future, even if they could save money now. But homeowners should also consider that rates could go back up, and that they can refinance again if rates fall significantly more
- **Limited awareness.** Not all borrowers regularly review mortgage options, so many may be unaware they could save. Homeowners can save money by paying attention to changes in mortgage rates.
- **Closing costs and fees.** While refinancing costs can seem large on paper, many homeowners will be able to pay them off quickly with the amount they're saving on interest every month.



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