HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Weekly Mortgage Application Data: It's Like You'd Expect With Rates in The 7's

There was a slight increase in refinancing during the week ended October 21, but overall mortgage applications fell for the fifth straight week. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage loan application volume, decreased 1.7 percent on a seasonally adjusted basis from one week earlier and was down 2 percent on an unadjusted basis.

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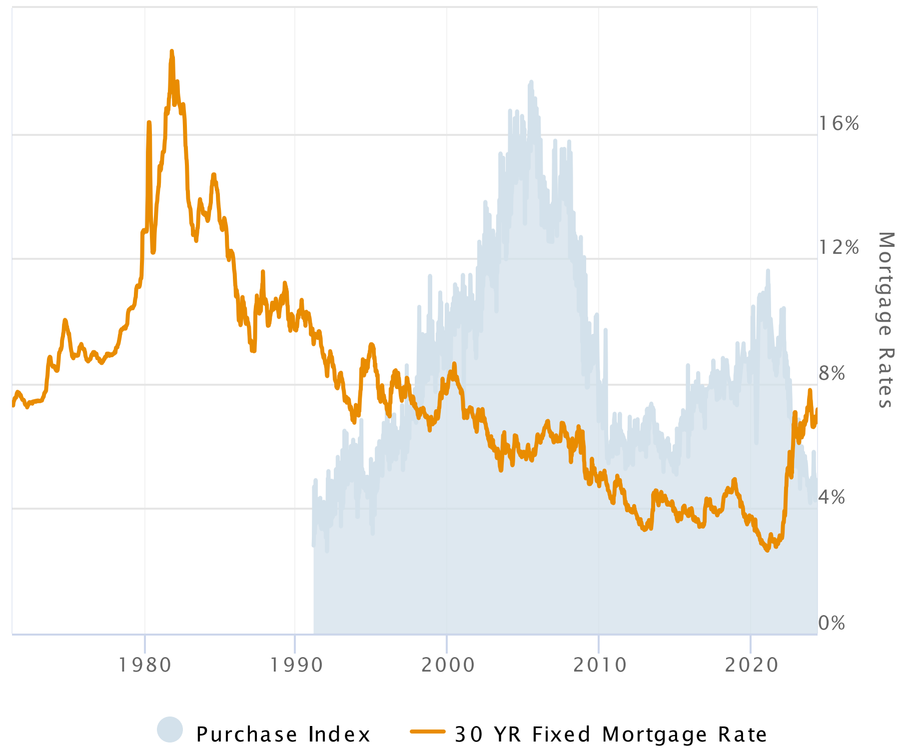
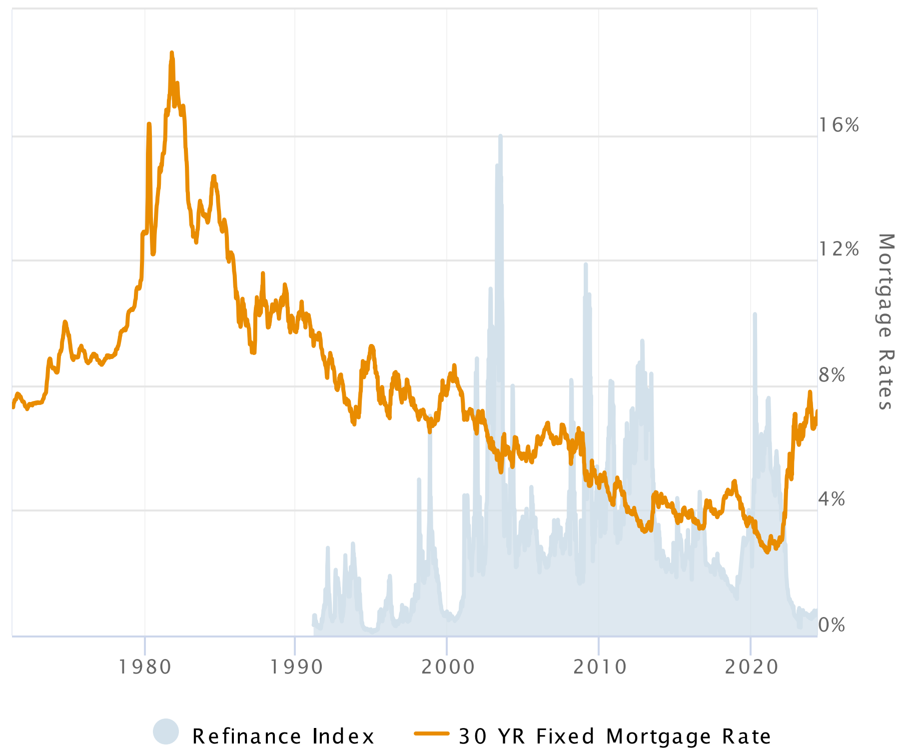
The seasonally adjusted Purchase Index drifted down another 2 percent and was 3 percent lower before adjustment. This put the purchase application volume 42 percent below its level at the same point in 2021.



The Refinance Index rose 0.1 percent week-over-week and was 86 percent lower than the same week one year ago. The share of the week's applications that were for refinancing ticked up to 28.8 percent from 28.3 percent the previous week.



“Mortgage rates increased for the 10th consecutive week, with the 30-year fixed rate reaching 7.16 percent, the highest rate since 2001. The ongoing trend of rising mortgage rates continues to depress mortgage application activity, which remained at its slowest pace since 1997,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Refinance applications were essentially unchanged, but purchase applications declined 2 percent to the slowest pace since 2015 – over 40 percent behind last year’s pace. Despite higher rates and lower overall application activity, there was a slight increase in FHA purchase applications, as FHA rates remained lower than conventional loan rates.”

MBA’s economic forecast for the coming year was released earlier this week and Kan referenced its prediction that both economic and housing market weakness in 2023 will “drive a 3 percent decline in purchase originations, while refinance volume is anticipated to decline by 24 percent.”

Other Highlights from MBA’s Weekly Mortgage Applications Survey:

- The size of mortgage loans fell from an average of $366,000 to $362,900. Purchase loan size was essentially unchanged at $402,400 but this average has declined by about $60,000 from its record high in March.
- The FHA share of total applications rose to 13.9 percent from 13.6 percent while the VA and USDA shares were unchanged from the previous week at 10.7 percent and 0.5 percent, respectively.
- The week’s average contract rate of 7.16 percent for conforming 30-year fixed-rate mortgages (FRM) was up from 6.94 percent a week earlier. Points were reduced to 0.88 from 0.95.
- The average contract interest rate for jumbo 30-year FRM was 6.53 percent, up from 6.31 percent, with points increasing to 0.68 from 0.67.
- Thirty-year FRM with FHA backing had an average rate of 6.79 percent with 1.59 point. The prior week the rate was 6.63 percent with 1.60 point.
- The rate for 15-year FRM increased 30 basis points to 6.39 percent. Points increased to 1.52 from 1.18.
- The average rate for 5/1 adjustable-rate mortgages (ARMs) increased to 5.86 percent from 5.65 percent, with points decreasing to 0.88 from 0.90.
- The ARM share of activity decreased week-over-week from 12.8 percent to 12.7 percent.