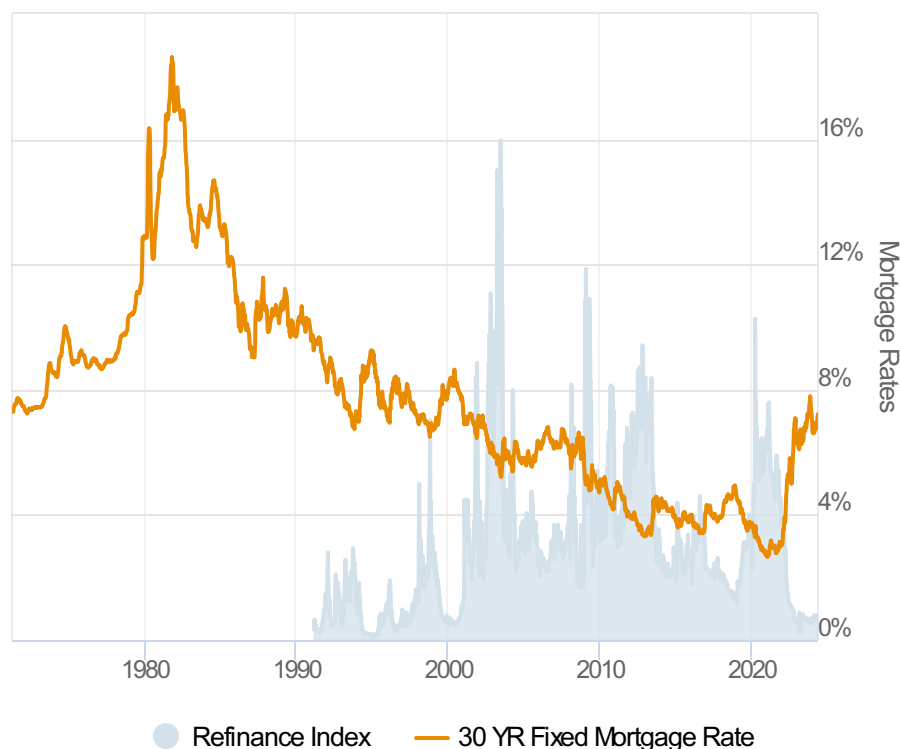




## Refi Applications Surge as Rates Inch Lower

Refinancing pushed the volume of mortgage loan applications to one of its biggest week-over-week increases in ten months, during the period that ended February 3. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of that volume, jumped 7.4 percent on a seasonally adjusted basis from one week earlier and was 8.0 percent higher on an unadjusted basis.

The Refinance Index was 18.0 percent higher than the previous week and the refinance share of application activity rose to 33.9 percent from 31.2 percent. Volume, however, is still 75 percent lower than the same week one year ago when the share of applications was at 56.2 percent.



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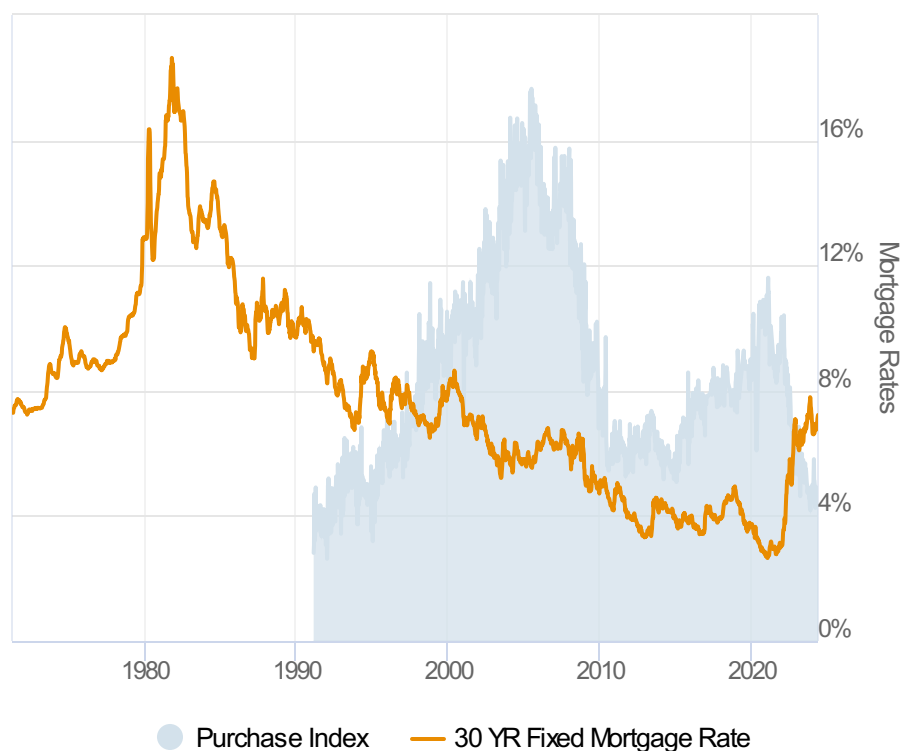
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The seasonally adjusted Purchase Index gained 3.0 percent week-over-week and was 4 percent higher on an unadjusted basis. Volume was down 37 percent from the same week in 2022.



“Applications rose last week as the 30-year fixed mortgage rate inched lower to 6.18 percent, its fifth consecutive weekly decline. The 30-year fixed rate is almost a percentage point below its recent high of 7.16 percent in October 2022,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “Both purchase and refinance applications increased last week and have **shown gains in three of the past four weeks because of lower rates**. Overall applications remained 58 percent lower than a year ago and rates are still significantly higher, however, this week’s results are a step in the right direction. Purchase activity that was put on hold last year due to the quick runup in rates is gradually coming back as rates ease and housing demand remains strong, **driven by supportive demographics and the ongoing strength in the job market.**”

Added Kan, “The average loan size on a purchase application increased to \$428,500 – the largest average since May 2022. This increase is a sign that the recent upward trend in purchase activity remains skewed toward larger loan sizes and less first-time homebuyer activity, as entry-level housing remains undersupplied, and buyers struggle with affordability in many markets.”

### Highlights from MBA’s Mortgage Application Survey

- The FHA share of total applications decreased to 11.9 percent from 12.0 percent while the VA share increased to 13.4 percent from 11.9 percent. USDA loans continued to account for 0.6 percent of the total.
- The average contract interest rate for conforming 30-year fixed-rate mortgages (FRM) was down 1 basis point from the prior week, with points declining to 0.64 from 0.65. The rate for jumbo 30-year FRM was 5.96 percent with 0.55 point. The prior week it was 5.99 percent, with 0.48 point.
- FHA-backed 30-year FRM loan rates averaged 6.14 percent, 4 basis points below the prior week. Points dropped to 0.88 from 0.99.
- Fifteen-year FRM rates did rise, to 5.64 percent from 5.50 percent, with points decreasing to 0.63 from 0.73.
- The rate for 5/1 adjustable-rate mortgages (ARMs) also increased, to 5.56 percent from 5.38 percent, with points decreasing to 0.80 from 0.83.
- The ARM share of activity decreased by .01 point to 6.6 percent of total applications. When rates peaked in October, that share was nearly 13 percent.