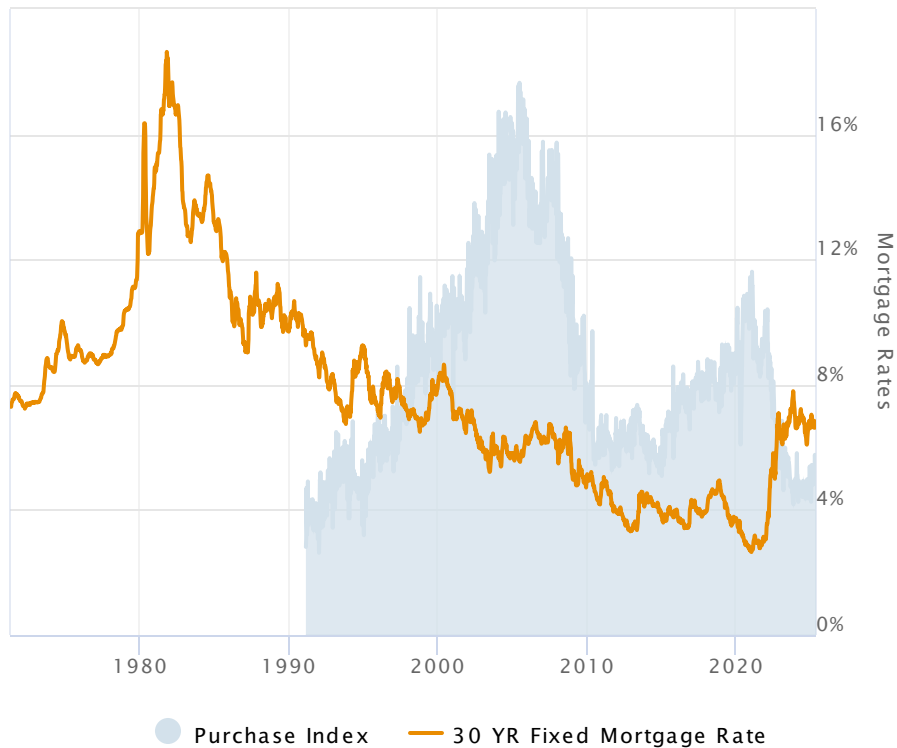




Rising Rates Sideline Home Buyers

Mortgage application volume took a big hit last week. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of that volume, plummeted 13.3 percent on a seasonally adjusted basis compared to the prior week and was down 4.0 percent before adjustment.

Nearly all of the damage was on purchase side. **That index decreased 18 percent** on a seasonally adjusted basis and 4 percent unadjusted. The Index was 41 percent lower than the same week in 2022.



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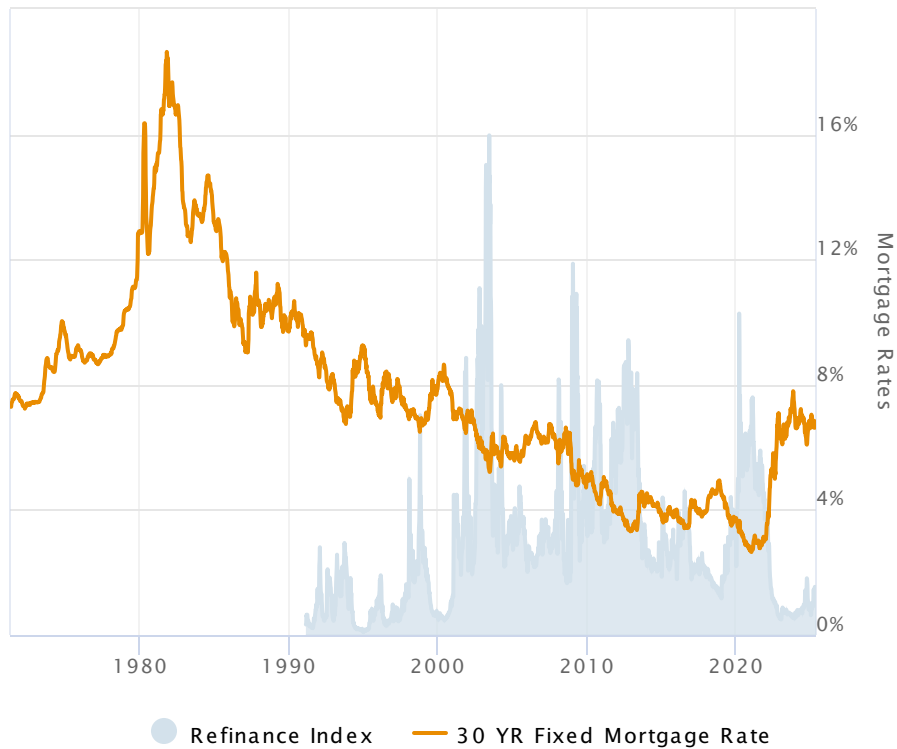
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Refinance activity posted a more modest decline, **down 2 percent from the previous week**. The volume was 72 percent lower than a year earlier. Refinancing applications had a 32.5 percent share of the total, up a half-point from a week earlier.



“Mortgage rates increased across all loan types last week, with the 30-year fixed rate jumping 23 basis points to 6.62 percent – the highest rate since November 2022. The jump led to the purchase applications index decreasing 18 percent to its lowest level since 1995,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. “This time of the year is typically when purchase activity ramps up, but over the past two weeks, rates have increased significantly as financial markets digest data on inflation cooling at a slower pace than expected. **The increase in mortgages rates has put many homebuyers back on the sidelines once again**, especially first-time homebuyers who are most sensitive to affordability challenges and the impact of higher rates.”

Added Kan, “Refinance applications declined last week and remained more than 70 percent behind last year’s pace. Given that rates are over 2.5 percentage points higher than a year ago, we expect that refinance activity will remain depressed for some time.”

Other Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes declined week-over-week for the first time since December 30. The average size fell from \$382,500 to \$378,400 while purchase loans ticked down from \$433,300 to \$431,900.
- The FHA share of total applications decreased to 12.1 percent from 12.6 percent and the VA share was 12.0 percent compared to 12.6 percent the prior week. The USDA share remained at 0.6 percent.
- The increase in the average contract interest rate for conforming 30-year fixed-rate mortgages (FMR) referenced by Kan was accompanied by points, moving from 0.70 to 0.75.
- The rate for jumbo 30-year FRM increased to 6.44 percent from 6.26 percent, with points growing to 0.53 from 0.43.
- Thirty-year FHA-backed FRM had a rate of 6.39 percent, up 14 basis points from the previous week. Points increased to 1.16 from 1.14.
- The average rate for 15-year fixed-rate mortgages was 5.98 percent with 0.93 point. The prior week the rate was 5.85 percent with 0.81 point.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 5.66 percent from 5.53 percent, with points increasing to 0.97 from 0.72.
- The ARM share of activity increased to 7.6 percent of total applications from 6.9 percent.

