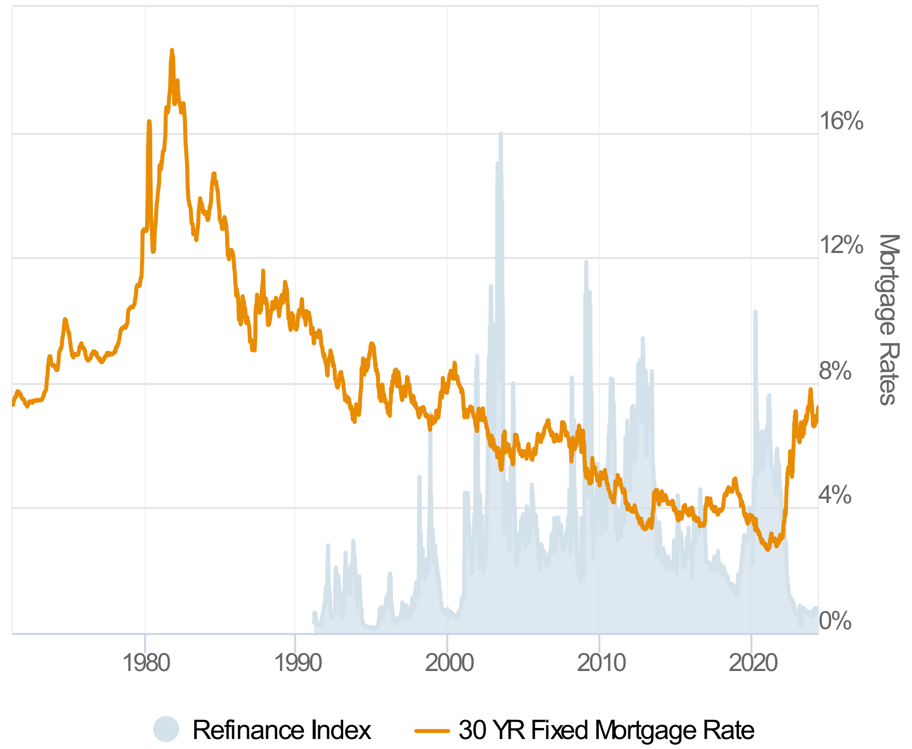
HOUSING CONNECTION
Mortgage and Real Estate News That Matters

MBA: Rates Continue to "Crimp" Affordability

The volume of mortgage application activity for both refinancing and purchasing fell again last week. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of application volume, **decreased 5.7 percent on a seasonally adjusted basis** during the week ended February 24 and was 4 percent lower on an unadjusted basis.

The Refinance Index was down 6 percent compared to the previous week and was 74 percent lower than the same week one year ago. The refinance share of mortgage activity decreased to 31.8 percent of total applications from 32.5 percent during the prior period.



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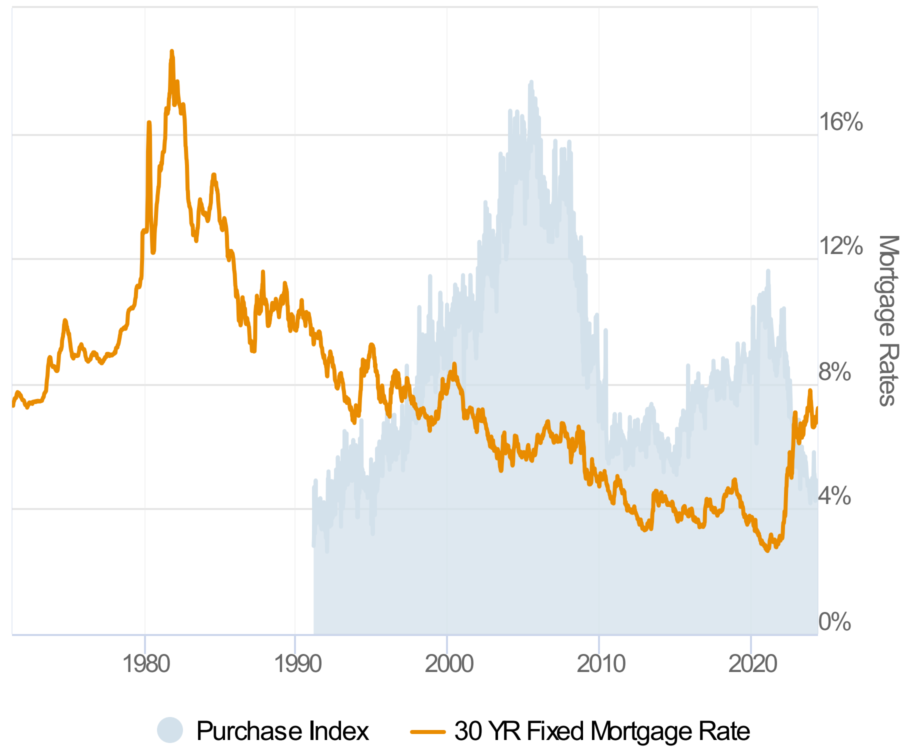
The seasonally adjusted **Purchase Index also suffered a 6 percent loss.** The unadjusted version was down 3 percent week-over-week and 44 percent below its pace in the same week of 2022.



MBA spokesperson Joel Kan, vice president and chief economist, said, “The 30-year fixed rate increased to 6.71 percent last week, the highest rate since November 2022, which drove a 6 percent drop in applications. After a brief revival in application activity in January when mortgage rates dropped down to 6.2 percent, there has now been three straight weeks of declines in applications as mortgage rates have jumped 50 basis points over the past month. “Data on inflation, employment, and economic activity have signaled that inflation may not be cooling as quickly as anticipated, which continues to put upward pressure on rates.”

He added, “Both purchase and refinance applications declined last week, with purchase index at a **28-year low for a second consecutive week.** Purchase applications were 44 percent lower than a year ago, as homebuyers again retreat to the sidelines as higher rates crimp affordability. Refinance applications account for less than a third of all applications and remained more than 70 percent behind last year’s pace, as a majority of homeowners are already locked into lower rates.”

More Highlights from MBA’s Weekly Mortgage Applications Survey

- Loan sizes drifted lower. The average size decreased from $378,400 the prior week to $376,100. Purchase loans averaged $428,400 compared to $431,900 a week earlier.
- The FHA share of total applications was unchanged at 12.1 percent while the VA share decreased to 11.6 percent from 12.0 percent. USDA applications constituted 0.5 percent of the total, down from 0.6 percent a week earlier.
- The 6.71 percent contract rate for conforming 30-year fixed-rate mortgages (FRMs) was a +9 basis point week-over week change. Points increased to 0.77 from 0.75.
- The rate for jumbo FRM remained at 6.44 percent, with points decreasing to 0.49 from 0.53.
- Thiry-year FHA backed FRM had a rate of 6.45 percent with 1.19 points compared to 6.39 percent with 1.16 points a week earlier.
- Rates for 15-year FRM increased to 6.13 percent from 5.98 percent, with points remaining at 0.93.
- The rate for 5/1 adjustable-rate mortgages (ARMs) added 7 basis points, moving to an average of 5.73 percent. Points dipped to 0.86 from 0.97. The ARM share of activity was 8.1 percent, up from 7.6 percent the prior week.