



Mortgage Application Volume Bouncing Back as Rates Fall

Mortgage application activity recovered nicely last week from a downturn during the previous holiday-shortened week, helped by a temporary drop in interest rates. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of mortgage application volume, increased **15.6 percent on a seasonally adjusted basis** and was **26.0 percent higher on an unadjusted basis**.

The Refinance Index jumped **28.0 percent** from the previous week and was also 28 percent above its level the same week one year ago. The refinance share of applications increased to 35.2 percent from 31.1 percent the previous week.



Paul E Smith

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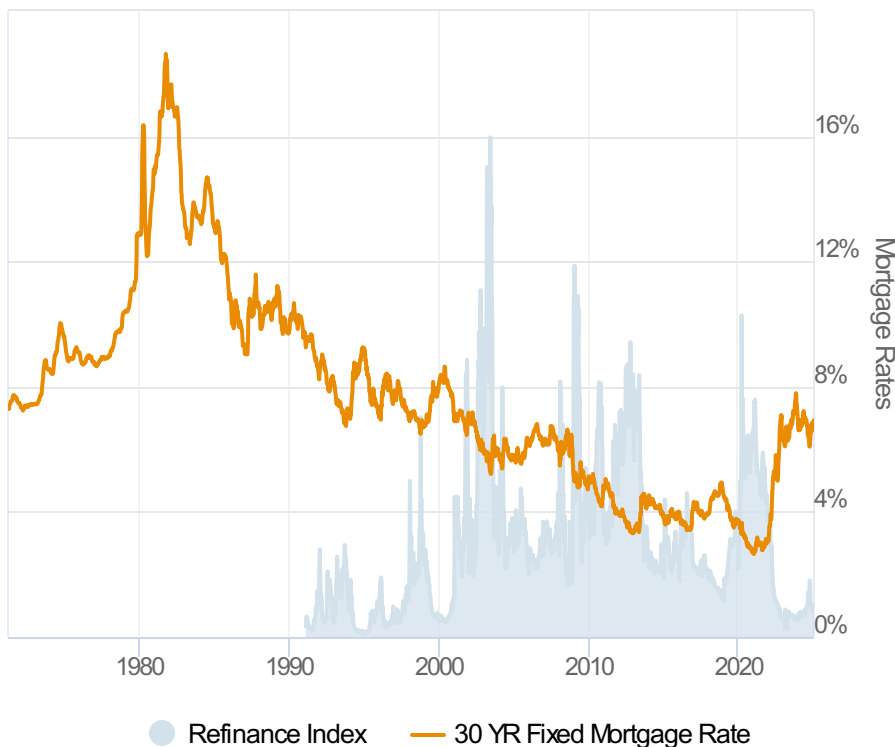
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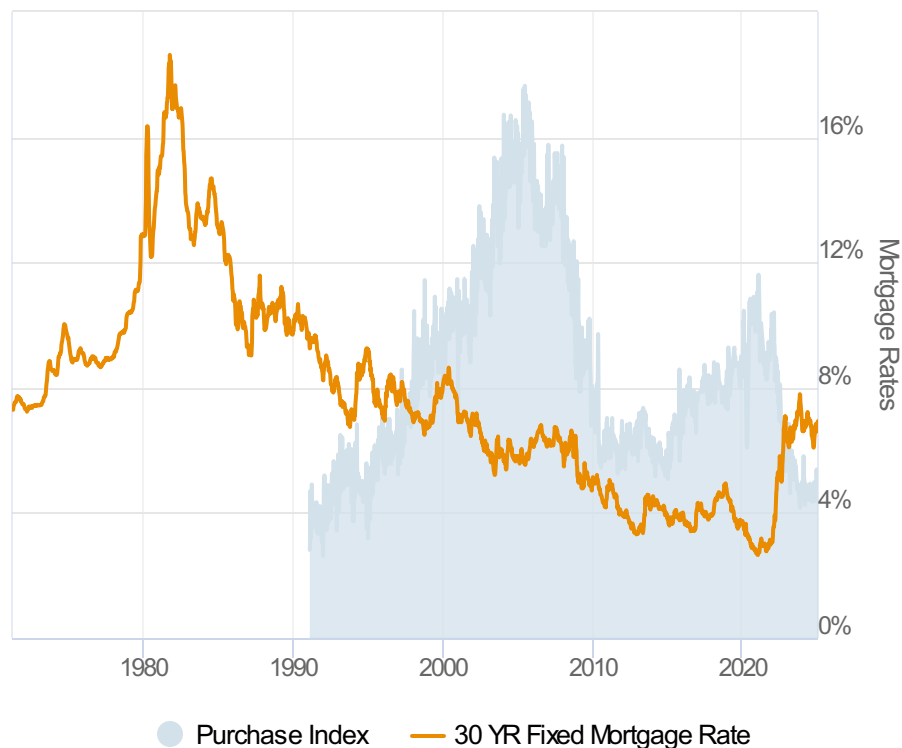
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● Refinance Index — 30 YR Fixed Mortgage Rate

Applications for home purchases rose for the first time since May 3. The seasonally adjusted **Purchase Index increased 9.0 percent and was 19.0 percent higher before adjustment.** The index is still 12.0 percent lower than during the same week in 2023.



“Mortgage rates were trending lower over the course of last week until a stronger than anticipated employment report resulted in a bounce back, with the weekly average for the 30-year fixed mortgage rate decreasing to 7.02 percent,” said Mike Fratantoni, MBA’s SVP and Chief Economist. **Lower rates earlier in the week meant a strong increase in refinance activity,** particularly for VA borrowers, who jumped on the chance to lower their rates. Overall refinance activity was more than 27 percent above one year ago.”

Added Fratantoni, “On a seasonally adjusted basis and compared to the holiday-adjusted level from the prior week, purchase activity also increased. **Multiple data sources are now indicating that home inventory levels, while still historically low, are up significantly from last year at this time.** This is good news for many prospective homebuyers who have been frustrated by the lack of homes on the market.”

Highlights from last week’s Mortgage Application Survey

- The average size of loans pulled back from \$375,300 the prior week to \$373,200 and loans for home purchases dipped to \$428,700 from \$429,800.
- The FHA share of total applications decreased to 13.1 percent from 13.2 percent while VA loan applications accounted for a 14.7 percent share, up from 12.1 percent. The USDA share of total applications increased to 0.4 percent from 0.3 percent the prior week.
- Despite the increase late in the week, the average 7.02 percent rate for conforming 30-year fixed-rate mortgages was 5 basis points below that of the previous week. Points were unchanged at 0.65.
- The rate for 30-year FRM with jumbo loan balances decreased to 7.18 percent from 7.21 percent, with points increasing to 0.54 from 0.41.
- The rate for 30-year fixed-rate mortgages backed by the FHA was unchanged at 6.87 percent, with points decreasing to 0.92 from 0.96.
- Fifteen-year FRM rates decreased to 6.60 percent from 6.75 percent and points dropped to 0.55 from 0.63.
- The average contract interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 6.45 percent from 6.37 percent, with points increasing to 0.81 from 0.63.
- The adjustable-rate mortgage (ARM) share of activity decreased to 6.3 percent from 6.7 percent a week earlier.

