



Mortgage Application Volume Soars, Refi Index Up 35%

A second week of lower interest rates appeared to send homeowners scrambling to refinance their higher-rate mortgages assumed over the last few years. The Mortgage Bankers Association said its Market Composite Index, a measure of mortgage loan application volume, **increased 16.8 percent** on a seasonally adjusted basis. On an unadjusted basis, the Index increased 15.0 percent compared with the previous week.

The Refinance Index soared by 35.0 percent compared to the prior week and was 118 percent higher than the same week one year ago. The refinance share of applications rose to 48.6 percent from 41.7 percent.



Peter Pritchard

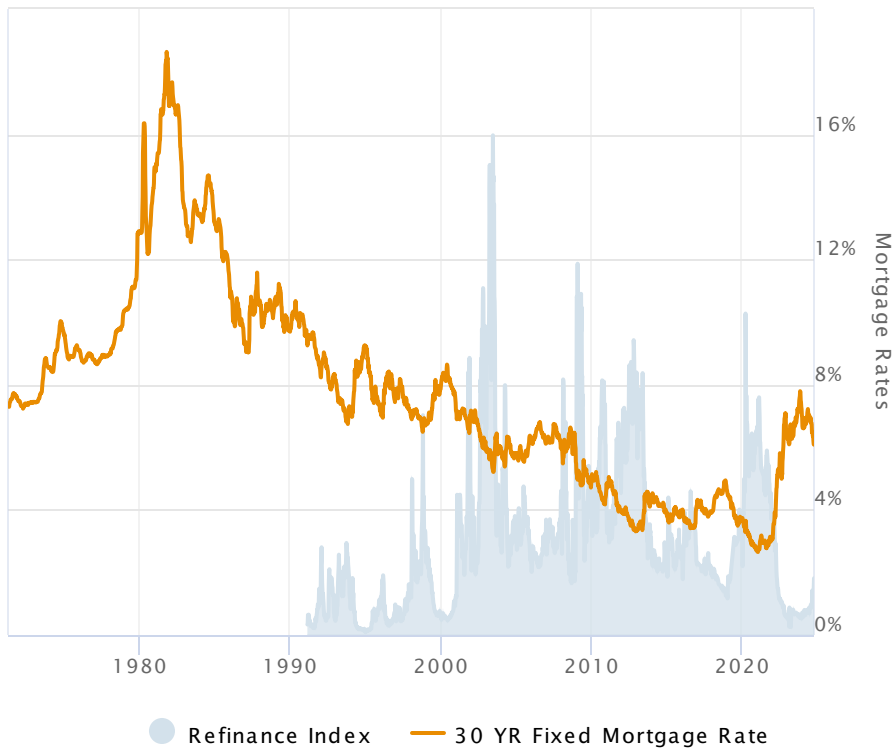
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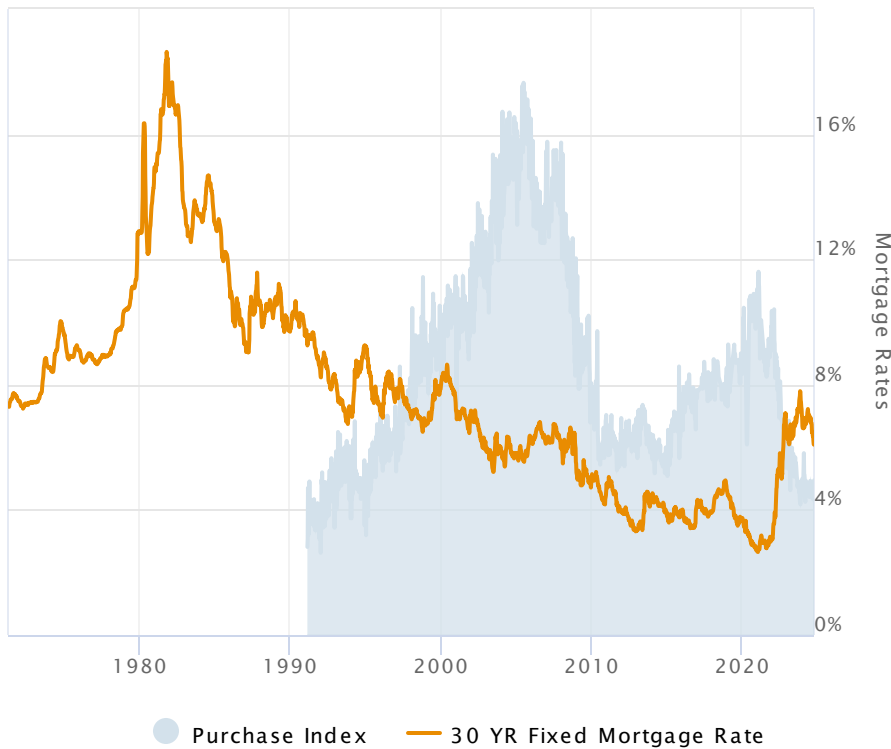
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● Refinance Index — 30 YR Fixed Mortgage Rate

The seasonally adjusted **Purchase Index** was **3.0 percent** higher than a week earlier, and the unadjusted Index was up 2.0 percent. It trailed the Index from the same week in 2023 by 8.0 percent.



“Rates on both 30- and 15-year fixed-rate mortgages decreased for the second consecutive week, and combined with the previous week’s rate moves, spurred another strong week for application activity as borrowers with higher rates took the opportunity to refinance,” said Joel Kan, MBA’s Vice President and Deputy Chief Economist. **“Overall applications increased almost 17 percent to the highest level since January 2023,** driven by a 35 percent increase in refinance applications. The refinance index also saw its strongest week since May 2022 and was 117 percent higher than a year ago, driven by gains in conventional, FHA, and VA applications. Additionally, purchase applications increased by 3 percent, with small gains seen across the various loan types, indicating that prospective homebuyers are slowly reentering the market.”

Other Highlights from MBA’s Weekly Mortgage Applications Survey

- While loan sizes for purchasing remained virtually flat at \$427,100, the average size of all loans jumped from \$379,200 during the week ended August 2 to \$403,000 last week.
- The FHA share of total applications increased to 13.5 percent from 13.4 percent and the VA share to 16.8 percent from 14.3 percent. The USDA share decreased to 0.3 percent from 0.4 percent.
- While rates were mixed, movements in either direction were small. The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances decreased to 6.54 percent from 6.55 percent, with points decreasing to 0.57 from 0.58.
- The rate for jumbo 30-year FRM increased to 6.78 percent from 6.77 percent. Points decreased to 37 from 0.50
- The rates for 30-year FRM backed by the FHA were unchanged at 6.49 percent, with points ticking down to 0.77 from 0.79.
- The largest weekly change in rates was a 7 basis point drop for 15-year FRM to 5.96 percent with points decreasing to 0.65 from 0.74
- Even as the average interest rate for 5/1 adjustable-rate mortgages (ARMs) increased to 6.04 percent with 0.87 point from 5.91 percent with 0.72 point, the ARM share of applications rose a full percentage point to 7.3 percent.