Big Jump in Mortgage Demand, But Rates Are Already Rising Again

Mortgage application activity bounced higher last week following a drop in rates to the lowest levels in 3 months. The Mortgage Bankers Association's (MBA) weekly survey showed a 9.4% increase in the seasonally adjusted Composite Index for the week ending July 4, 2025. The results included an adjustment for the July 4th holiday.

"Mortgage rates moved lower last week, with the 30-year fixed rate decreasing to 6.77 percent, its lowest level in three months," said Joel Kan, MBA's Vice President and Deputy Chief Economist. "After adjusting for the July 4th holiday, purchase applications increased to the highest level of activity since February 2023 and remained above year-ago levels. Homebuyer demand is being fueled by increasing housing inventory and moderating home-price growth."

Refinance applications were up 9% from the previous week and are now 56% higher than the same week last year, with VA refinances jumping 32%.

Purchase applications rose 9% on a seasonally adjusted basis and are now 25% higher than last year. The average loan size for purchase apps dropped to $432,600, the lowest since January.

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The average 30-year fixed rate fell to 6.77% while most point levels shifted only modestly. Jumbo rates posted a larger drop, but points increased more noticeably.

Mortgage Rate Summary:

- **30yr Fixed:** 6.77% (−0.02) | **Points:** 0.62 (unch)
- **15yr Fixed:** 6.04% (−0.02) | **Points:** 0.63 (−0.04)
- **Jumbo 30yr:** 6.69% (−0.09) | **Points:** 0.65 (+0.25)
- **FHA:** 6.51% (−0.02) | **Points:** 0.80 (+0.04)
- **5/1 ARM:** 6.01% (+0.02) | **Points:** 0.73 (+0.13)

Refinance share dropped slightly to 40.0% of total applications. ARM share also ticked down to 7.7%. FHA share slipped to 17.9% while VA share increased to 13.0%, aided by the spike in refi volume.

With rates dipping to multi-month lows and home prices showing signs of moderation, the stage is set for a potentially stronger summer, especially if rates can stay below recent highs.

Unfortunately, this past week suggests that's a big "if." Rate have already bounced back to levels last seen around June 25th. Because the MBA's rate data is not only a few days behind daily developments, but also an average of all responses, it hasn't been able to capture the reversal. In not so many words, to whatever extent the drop in rates was responsible for last week's surge in activity, this week's rate reversal could push back in the other direction. Thankfully, the change is still small in the bigger picture.