HOUSING CONNECTION

Mortgage and Real Estate News That Matters

A message from Marc Erickson:

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Mortgage Applications Fall as Rates Held Near Highs

Mortgage application activity fell last week, reversing prior momentum and highlighting continued softness in both purchase and refinance demand. The Mortgage Bankers Association's weekly survey showed a 3.8% decline in the seasonally adjusted Composite Index for the week ending July 25, 2025.

"Mortgage applications fell to their lowest level since May, with both purchase and refinance activity declining over the week," said Joel Kan, MBA's Vice President and Deputy Chief Economist. "The 30-year fixed rate was little changed at 6.83%, but high enough to deter refinancing, pushing the refinance index lower for the third straight week. Purchase applications decreased by almost 6 percent, as conventional, FHA, and VA purchase loans declined despite slowing home-price growth and rising inventory."

The Refinance Index dropped 1% week-over-week, though it remains about 30% above last year's level. The Purchase Index posted a 6% weekly decrease, but still sits roughly 17% higher than the same week in 2024.

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Purchase applications declined across the board, while refinance activity also softened. The 30‑year fixed rate held steady at 6.83% after a slight drop from the week prior.

Mortgage Rate Summary:

- **30yr Fixed:** 6.83% (from 6.84%) | **Points:** 0.60 (down from 0.62)
- **15yr Fixed:** 6.12% (down from 6.14%) | **Points:** 0.64 (down from 0.69)
- **Jumbo 30yr:** 6.74% (down from 6.75%) | **Points:** 0.51 (down from 0.70)
- **FHA:** 6.56% (up from 6.52%) | **Points:** 0.83 (up from 0.79)
- **5/1 ARM:** 6.22% (up from 6.01%) | **Points:** 0.51 (up from 0.28)

The refinance share of total mortgage applications ticked up to 40.7%, while ARM share climbed to 8.3%. FHA activity rose modestly to 18.8% of applications, and VA share dipped to 12.2%.

Key Takeaways

The weekly drop in both purchase (−6%) and refinance (−1%) indexes marks a broad pullback in application activity. Though still above year‑ago levels, the reversal suggests growing sensitivity to interest rates and lingering affordability constraints.

Bottom Line

Despite last week's decline, mortgage application volume remains elevated compared to mid‑2024. But by the end of the week, the jobs report caused a sharp decline in mortgage rates. This could should up as early as next week's data, but should certainly have an impact after that.