Purchase Demand Near Best Levels Since January 2023

Mortgage applications posted a modest increase last week, even as rates ticked slightly higher. According to MBA's Weekly Applications Survey for the week ending November 7, total volume rose 0.6% on a seasonally adjusted basis and dipped 1% unadjusted.

The Refinance Index fell 3% from the previous week but remains 147% higher than the same week one year ago. Despite the pullback, refi activity is still running at levels far stronger than anything seen in 2023 or 2024. Larger-balance borrowers continue to drive the category, though rising rates led to the smallest average refinance loan size in more than a month.

Viewed in context, refi demand is still well into post-2020 recovery territory, even if weekly swings look choppy.

"Purchase applications picked up almost 6 percent over the week to the strongest pace since September, despite mortgage rates increasing slightly, with the 30-year fixed rate rising to 6.34 percent," said Joel Kan, MBA's Vice President and Deputy Chief Economist. "Purchase applications for conventional, FHA, and VA loans increased, as potential homebuyers continue to shop around, particularly in markets where inventory has increased and sales price growth has slowed. Based on the unadjusted purchase index for the week, this was the strongest start to November since 2022."

He added that higher rates cooled refi demand, particularly among conventional and VA borrowers.

Drew Stiegemeier
Mortgage Banker, Frontier Mortgage
frontierhomemortgage.com/drew
P: (636) 898-0888
M: (618) 779-7507
1406168

Mike Mihelcic
Associate, Re/Max Alliance
www.remax.com/.../102293806
P: (618) 656-2111
M: (618) 339-5752
remaxmike2012@gmail.com
1121 University Drive
Edwardsville IL 62025

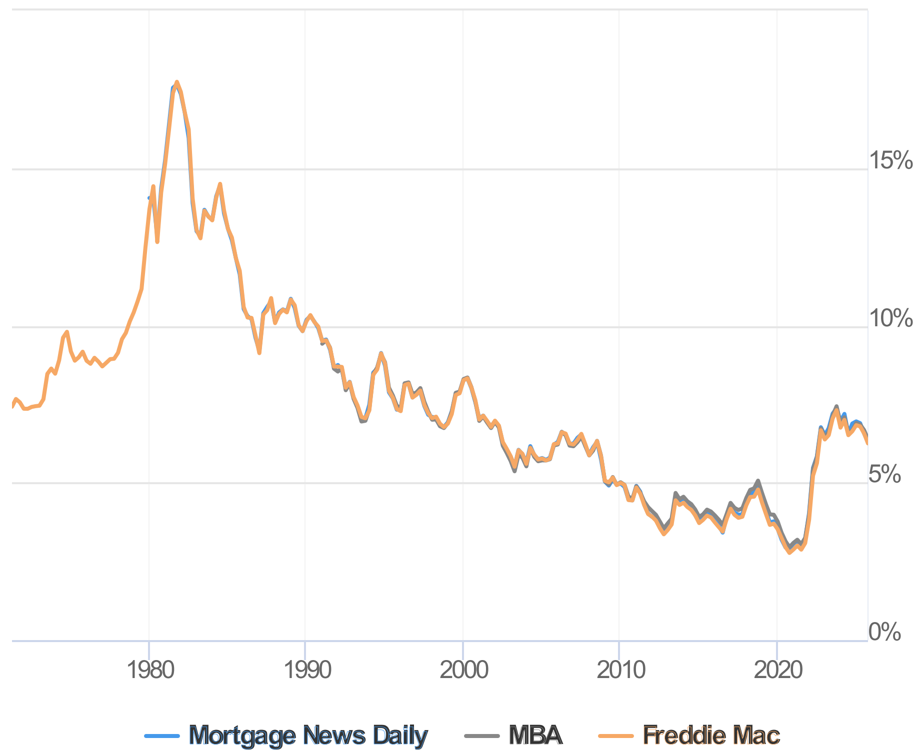
Purchase activity rose 6% on a seasonally adjusted basis and 3% unadjusted, climbing 31% above the same week a year ago. After the slower stretch in late summer and early fall, purchase volume is finally showing signs of seasonal resilience.

The refinance share of mortgage activity declined to 55.6% of total applications. The adjustable-rate mortgage (ARM) share decreased to 7.8%. FHA share increased to 19.4%, VA share edged down to 14.8%, and USDA share slipped to 0.2%.

Mortgage Rate Summary:

- **30yr Fixed:** 6.34% (from 6.31%) | **Points:** 0.62 (from 0.58)
- **15yr Fixed:** 5.70% (from 5.65%) | **Points:** 0.64 (from 0.61)
- **Jumbo 30yr:** 6.46% (from 6.43%) | **Points:** 0.38 (from 0.33)
- **FHA:** 6.14% (from 6.13%) | **Points:** 0.76 (from 0.73)
- **5/1 ARM:** 5.50% (from 5.56%) | **Points:** 0.85 (from 0.86)

After holding near one-year lows through late October, mortgage rates have drifted slightly higher as Treasury yields stabilized following the Fed meeting. Even so, rates remain well below their 2023 peaks, keeping purchase activity on firmer footing and maintaining a large year-over-year advantage for refinance demand.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