HOUSING CONNECTION

Mortgage and Real Estate News That Matters

Refis Take a Back Seat as Purchase Demand Rebounds

Mortgage application activity rebounded last week as stronger home purchase demand offset a modest decline in refinancing, even with borrowing costs climbing to their highest level since last August. The Mortgage Bankers Association (MBA) reported a **1.9% increase** in total application volume on a seasonally adjusted basis for the week ending July 17.

Purchase applications increased **6%** from the previous week on a seasonally adjusted basis and were **0.2%** higher than the same week one year ago. The gain suggests that improving housing inventory continues to support buyer activity despite elevated mortgage rates.

Refinance activity moved lower, with the Refinance Index declining **2%** from the prior week. Even so, refinance applications remained **7%** above year-ago levels, indicating that refinancing demand continues to hold up better than it did a year ago.

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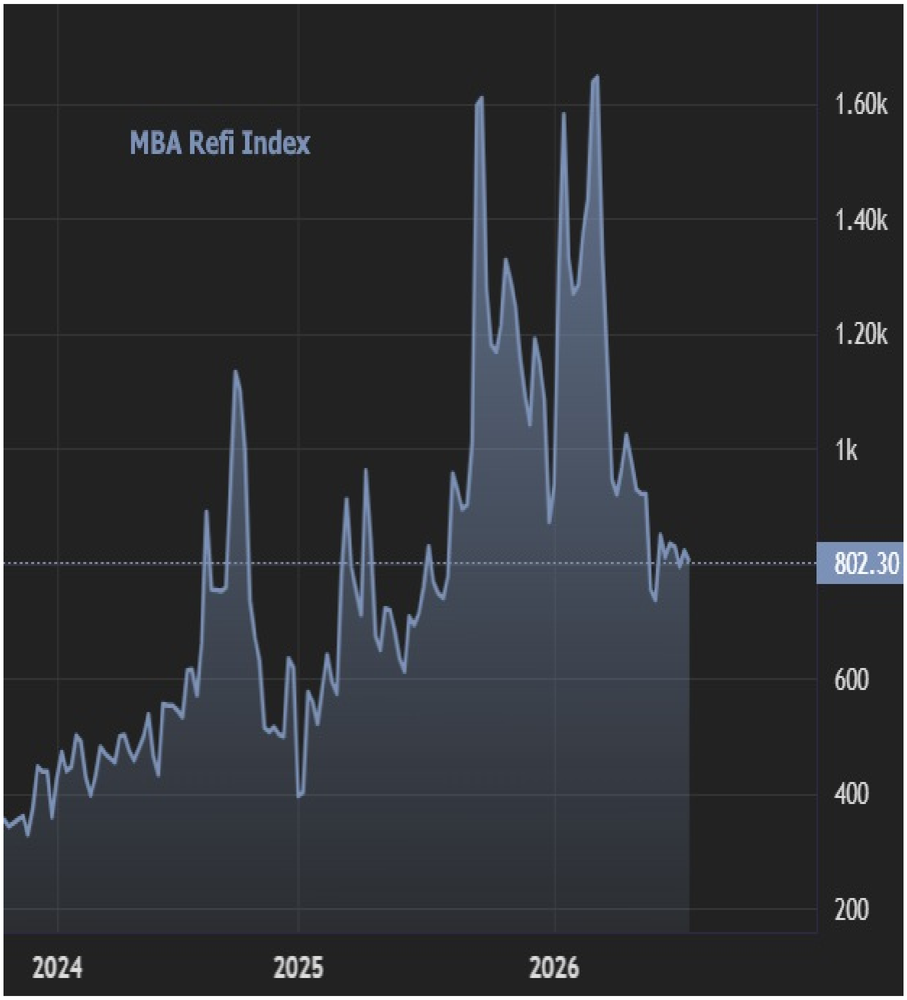

“Mortgage rates reached another high point last week, with the 30-year conforming rate now at 6.69 percent, its highest level since last August,” said Mike Fratantoni, MBA’s SVP and Chief Economist. “However, purchase volume increased modestly for the week. Growing home inventory in many markets is supporting more purchase activity. Incoming data showed that inflation dropped in June, but with oil prices spiking again, that improvement seems unlikely to continue in July data, and mortgage rates are likely to remain higher as a result.”

The refinance share of mortgage activity decreased to **41.2%** from 43.2%, while the adjustable-rate mortgage (ARM) share increased to **7.7%** from 7.1%.

Government-backed lending accounted for a slightly smaller share of applications. FHA loans represented **17.0%** of total activity, down from 17.7%, while the VA share slipped to **13.2%** from 13.6%. The USDA share remained unchanged at **0.5%**.

Mortgage Rate Summary:

- **30yr Fixed:** 6.69% (from 6.65%) | **Points:** 0.62 (from 0.67)
- **15yr Fixed:** 6.04% (from 6.05%) | **Points:** 0.87 (from 0.88)
- **Jumbo 30yr:** 6.44% (from 6.62%) | **Points:** 0.45 (from 0.54)
- **FHA:** 6.34% (from 6.33%) | **Points:** 0.74 (from 0.81)
- **5/1 ARM:** 5.97% (from 5.75%) | **Points:** 1.11 (from 0.93)