HOUSING CONNECTION
Mortgage and Real Estate News That Matters

Refi Demand Falls, But Still Higher Than Early 2025 Levels

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Mortgage application activity weakened again last week, with higher mortgage rates weighing on both purchase and refinance demand. The Mortgage Bankers Association (MBA) reported a **4.1% decrease** in total application volume on a seasonally adjusted basis for the week ending September 11. The results include an adjustment for the Labor Day holiday.

Purchase applications fell **1%** from the previous week on a seasonally adjusted basis. The unadjusted Purchase Index dropped 13%, although that figure was heavily affected by the holiday. More notably, purchase activity was **19% lower** than the same week one year ago, reversing the modest year-over-year gains seen in recent weeks.

Refinancing continued to lose ground as well. The Refinance Index fell **9%** from the previous week and was **65% below** year-ago levels. Refinances accounted for just 39.4% of total application volume, down from 40.9% the previous week and marking another step lower as elevated rates eliminate much of the potential benefit for borrowers who might otherwise refinance.

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"Mortgage rates followed and were almost 7%," said Joel Kan, MBA's Vice President and Deputy Chief Economist, citing ongoing concerns over spiking energy prices, persistently high inflation, and future monetary policy. Kan noted that the 30-year fixed rate reached **6.97%**, its highest level since May 2025, as the 10-year Treasury yield moved closer to 5%.

Higher rates also pushed borrowers away from adjustable-rate mortgages. The ARM share of activity slipped only modestly (to **8.4%** from 8.5% the previous week), but the rationale is obvious. The average rate for a 5/1 ARM jumped to 6.23% from 5.82%. That leaves considerably less of a rate advantage compared with the 30-year fixed mortgage.

The average contract rate for a 30-year fixed mortgage increased to **6.97%** from 6.85%, while the rate for jumbo 30-year loans jumped to **7.03%** from 6.74%. The 15-year fixed rate increased to **6.30%** from 6.17%, while the 5/1 ARM rate climbed to **6.23%** from 5.82%.

Mortgage Rate Summary:

- **30yr Fixed:** 6.97% (from 6.85%) | **Points:** 0.72 (from 0.67)
- **15yr Fixed:** 6.30% (from 6.17%) | **Points:** 0.98 (from 0.93)
- **Jumbo 30yr:** 7.03% (from 6.74%) | **Points:** 0.59 (from 0.63)
- **FHA:** 6.62% (from 6.53%) | **Points:** 0.85 (from 0.86)
- **5/1 ARM:** 6.23% (from 5.82%) | **Points:** 0.99 (from 0.84)

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