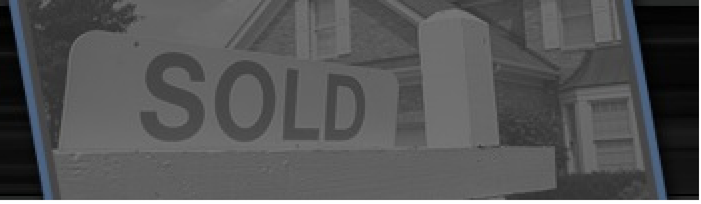
HOUSING CONNECTION

Mortgage and Real Estate News That Matters



A message from Marc Erickson:

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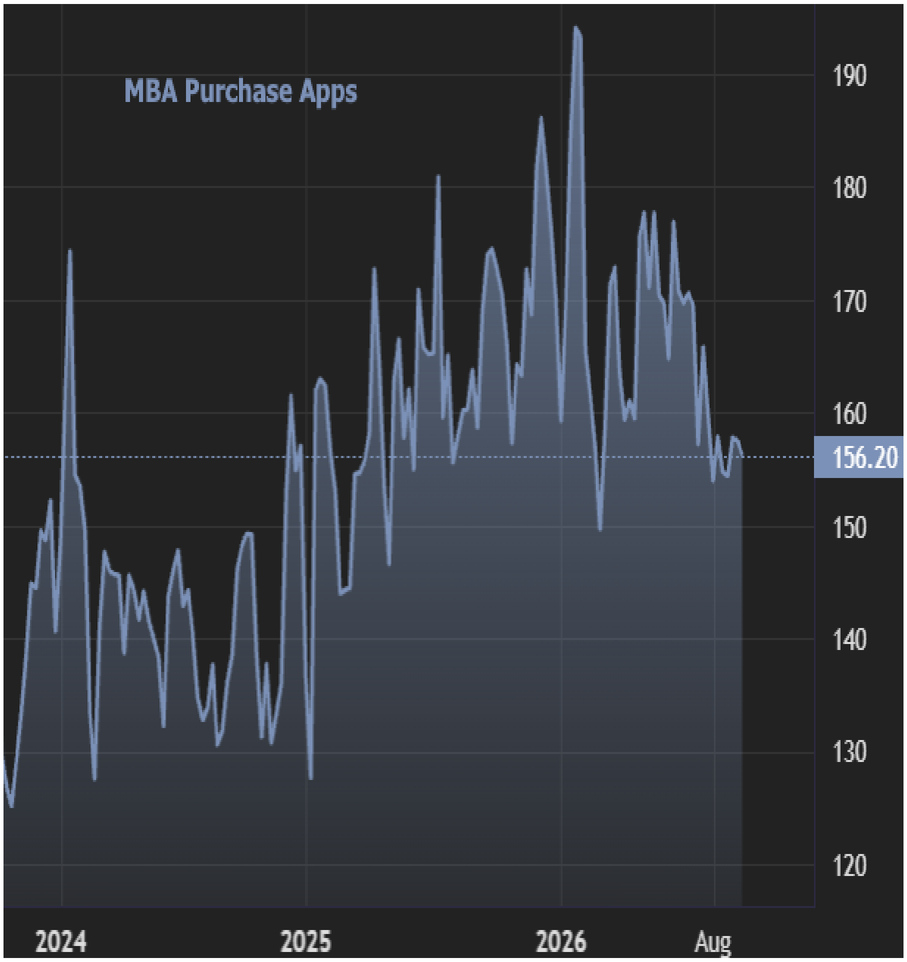
Refi Demand Falls, But Still Higher Than Early 2025 Levels

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.



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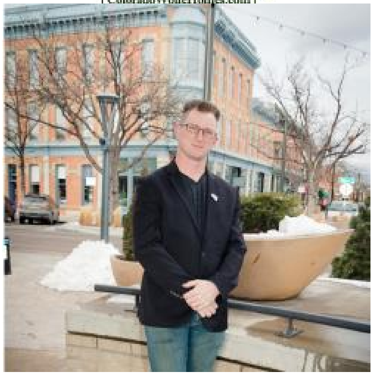

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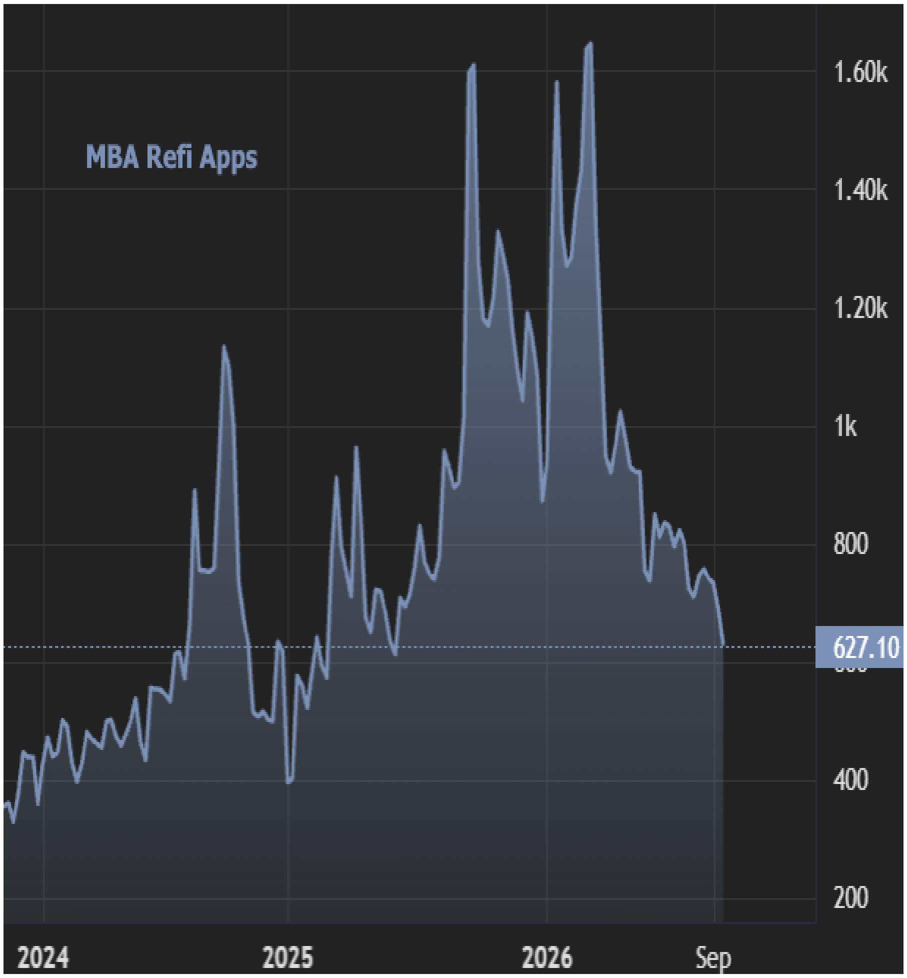
Better Rate MORTGAGE

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.



"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)