HOUSING CONNECTION
Mortgage and Real Estate News That Matters

A message from Marc Erickson:

For informational purposes only. This is not a commitment to lend or extend credit. *Information and/or dates are subject to change without notice. All loans are subject to credit approval. Rates vary based upon market conditions and borrower qualification.*

Higher Rates Sapped Mortgage Demand, Surprising No One

Mortgage demand shocked no one by declining last week as mortgage rates climbed to their highest level in nearly three years. The Mortgage Bankers Association (MBA) reported a **6% drop** in total mortgage application volume for the week ending September 25.

Both sides of the market moved lower, with the seasonally adjusted Purchase Index falling **4%** and refinance applications dropping **9%**. MBA said purchase and refinance activity both reached their **slowest weekly pace since 2025**.



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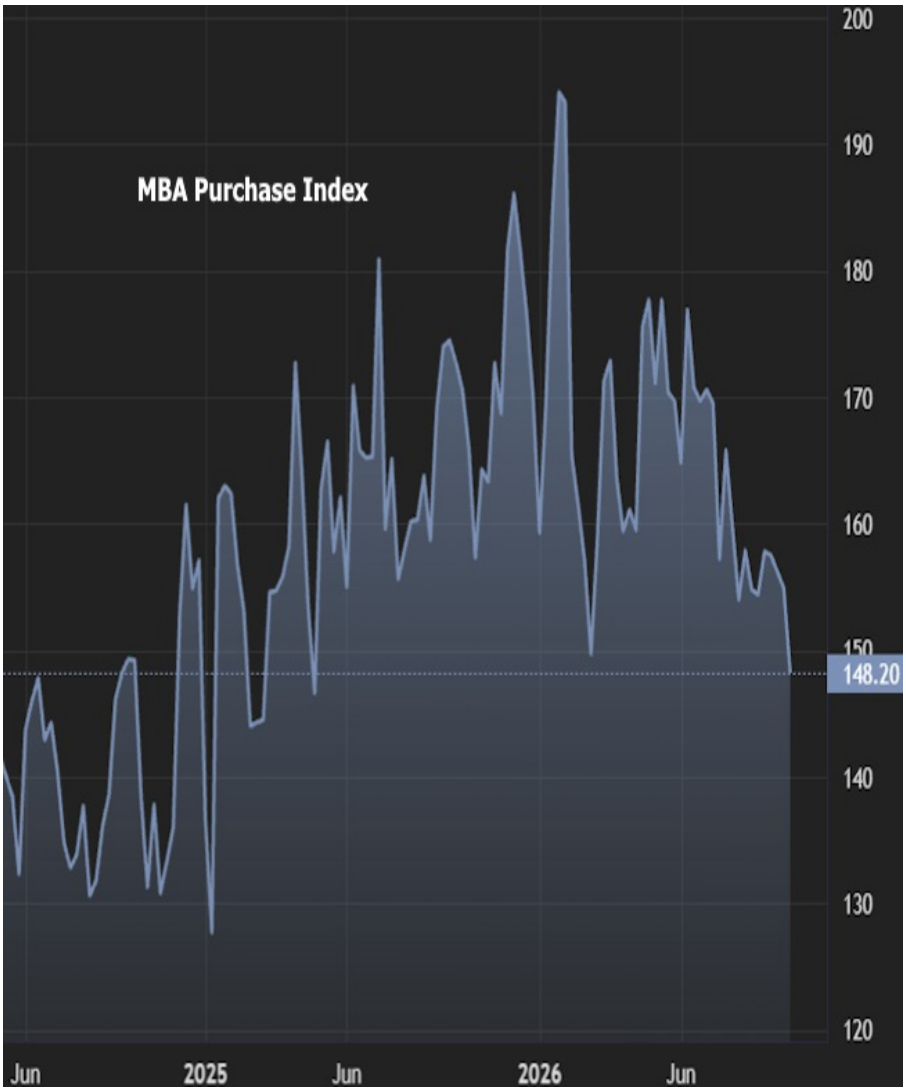

Refinances always get hit hardest by rate spikes with the index now **56% lower** than a year earlier. Government refinance applications fell 13% from the prior week.

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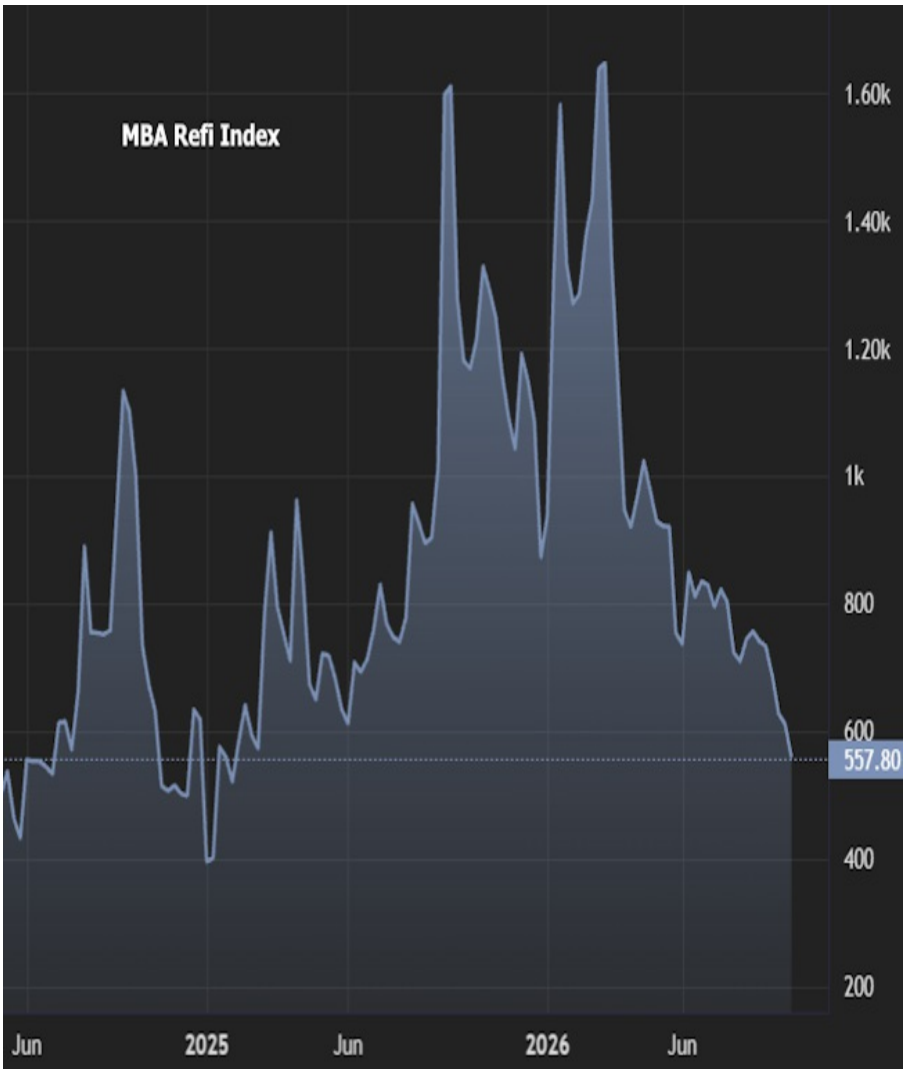

"Mortgage rates jumped to their highest level in almost three years, pushing borrowers to the sidelines," said Joel Kan, MBA's Vice President and Deputy Chief Economist. He noted that the 30-year fixed rate reached 7.30%, its highest level since November 2023.

There was another sign that some borrowers are looking for alternatives to the traditional fixed-rate mortgage. ARM loans accounted for **10.3%** of all applications, the highest share since October 2025. Kan said ARM rates were roughly 80 basis points below fixed rates, although the average 5/1 ARM rate also moved higher in the latest survey.

Mortgage Rate Summary:

- **30yr Fixed:** 7.30% (from 7.12%) | **Points:** 0.75 (from 0.73)
- **15yr Fixed:** 6.56% (from 6.43%) | **Points:** 1.02 (from 1.15)
- **Jumbo 30yr:** 7.27% (from 7.15%) | **Points:** 0.50 (from 0.53)
- **FHA:** 6.97% (from 6.78%) | **Points:** 1.18 (from 0.96)
- **5/1 ARM:** 6.47% (from 6.10%) | **Points:** 1.20 (from 0.76)

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