

# Application Volumes Rival Early Pandemic Levels

By: Jann Swanson | Wed, Jul 27 2022, 8:55 AM

The number of applications for residential mortgages retreated for the fourth consecutive period during the week ended July 22 according to the Weekly Mortgage Applications Survey produced by the Mortgage Bankers Association (MBA). The MBA's Market Composite Index, a measure of mortgage loan application volume, decreased 1.8 percent on a seasonally adjusted basis from the prior week and was 2 percent lower on an unadjusted basis.

The **Refinance Index decreased 4 percent** week-over-week and was 83 percent lower than the same week one year ago. The refinance share of mortgage activity faded to 30.7 percent from 31.4 percent.

The **Purchase Index declined 1 percent** and 0.4 percent on an adjusted and unadjusted basis, respectively. It was 18 percent below its level at the same time in 2021.

Joel Kan, MBA's Associate Vice President of Economic and Industry Forecasting said last week's mortgage activity brought the Index to its lowest point since February 2000. "Increased economic uncertainty and prevalent affordability challenges are dissuading households from entering the market, leading to declining purchase activity that is **close to lows last seen at the onset of the pandemic**," he said "Weakening purchase applications trends in recent months have been consistent with data showing a slowdown in sales for newly constructed homes and existing homes. A potential silver lining for the housing market is that stabilizing [mortgage rates](#) and increases in for-sale inventory **may bring some buyers back** to the market during the second half of the year."

Other highlights from MBA's survey report:

- The average purchase mortgage size was \$367,100 and loans to purchase new homes averaged \$410,400. Both were up slightly from the prior week.
- The seasonally adjusted Purchase Index has not topped its prior year level since May 2021.
- The FHA share of total applications decreased to 12.1 percent from 12.4 percent. Applications for VA and USDA loans had shares of 10.6 percent and 0.6 percent, respectively, portions that were unchanged from the prior week.
- The average contract interest rate for 30-year fixed-rate mortgages (FRM) with conforming loan balances (\$647,200 or less) decreased to 5.74 percent from 5.82 percent. Points declined to 0.61 from 0.65.
- Jumbo 30-year fixed-rate mortgages had a rate of 5.32 percent with 0.43 point. The average the previous week was 5.31 percent with 0.38 point.
- The average rate for 30-year FHA-backed FRM rose 4 basis points to 5.54 percent. Points fell to 0.85 from 1.02.
- Fifteen-year FRM rates jumped to 4.95 percent from 4.88 percent. Points dropped to 0.67 from 0.76.
- The rate for 5/1 adjustable-rate mortgages (ARMs) averaged 4.67 percent, up from 4.60 percent the prior week. Points decreased to 0.76 from 0.96.
- The ARM share of activity decreased to 9.1 percent of total applications from 9.5 percent the previous week.

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