

Buyers, Homeowners Dive in for Lower Mortgage Rates

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Even slight changes in mortgage rates are having a noticeable impact on the housing market this summer. During the week ending July 4, home buyers jumped at the opportunity to lock in the lowest mortgage rates in three months, leading to a 9% week-to-week increase in mortgage applications for home purchases, according to the Mortgage Bankers Association's report released Wednesday. That marks a 25% increase compared to the same week a year ago.

Mortgage applications are a gauge of future homebuying activity, and any fluctuation in loan rates creates market sensitivity.

"Home buyer demand is being fueled by increasing housing inventory and moderating home-price growth," says Joel Kan, MBA's deputy chief

economist. Existing homeowners also rushed last week to capitalize on the lowest mortgage rates in weeks, prompting refinancing applications to surge 56% above a year ago.

However, the latest mortgage rate averages, released Thursday, are climbing again after five weeks of declines: The 30-year fixed-rate mortgage rose to a 6.72% average this week, Freddie Mac reports.

"The 30-year fixed-rate mortgage moved slightly higher following a stronger than expected jobs report," says Sam Khater, Freddie Mac's chief economist. "Despite ongoing affordability challenges in the housing market, we are seeing home purchase and refinance applications respond to the downward trajectory in rates."

Mortgage Rate Snapshot This Week

The average loan size on a mortgage application for a home purchase fell to \$432,600—the lowest since January, MBA reported this week.

Freddie Mac reports the following national averages with mortgage rates for the week ending July 10:

- **30-year fixed-rate mortgages:** averaged 6.72%, up from last week's 6.67% average. A year ago, 30-year rates averaged 6.89%.
- **15-year fixed-rate mortgages:** averaged 5.86%, up from last week's 5.80% average. A year ago, 15-year rates averaged 6.17%.