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## Homebuyer mortgage demand drops further, as economic uncertainty roils the housing market

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- The average interest rate for 30-year fixed-rate mortgages with conforming loan balances decreased to 6.89% from 6.90%
- Even with rates much lower than a year ago, potential buyers are hitting pause.
- Applications to refinance a mortgage were still significantly higher than they were at this time last year.

Mortgage rates didn't move much last week, but homebuyers continued to pull back amid concerns over the broader economy.

Applications for a mortgage to purchase a home dropped 4% last week compared with the previous week, according to the Mortgage Bankers Association's seasonally adjusted index. Volume was just 3% higher than the same week one year ago, even though interest rates last year were considerably higher.

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances, \$806,500 or less, decreased to 6.89% from 6.90%, with points increasing to 0.67 from 0.66, including the origination fee, for loans with a 20% down payment. That rate is 40 basis points lower than the same week one year ago.

"Mortgage application activity, particularly for home purchases, continues to be subdued by broader economic uncertainty and signs of labor market weakness, dropping to the slowest pace since February," said Joel Kan, vice president and deputy chief economist at the MBA. "With slowly-increasing housing inventory in many markets and first-time homebuyers still in the mix, FHA purchase applications fared better with only a slight decline."

Applications to refinance a home loan dropped 4% for the week and were 42% higher than the same week one year ago.

"Refinance activity dipped again, as mortgage rates remained close to 7%, and borrowers hold out for a bigger decline in rates. Given the pullback in refinancing, the average loan size for refinances declined to just under \$290,000, the lowest level in three months," Kan added.

Mortgage rates remained in limbo to start this week but could finally break out in either direction starting Wednesday, as a slew of economic data will be released, ending Friday with the all-important monthly employment report.