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**A Message from Elliot "E J" Paul:**

""Eagle wishes you and yours a happy holiday season and prosperous New Year. Spend time treasuring your loved ones, recharging your batteries, reflecting on what went right and wrong in 2022 and plan ahead to make 2023 the best yet. Working closely together, let's remain cautious but ready to seize opportunities coming our way in the months and years ahead. Inflation, interest rates, real estate, the stock market and the economy will sort things out and come out of this stronger and wiser. My life experience has taught me to never bet against the USA! Never worry about the past or be anxious about the future. 90% of your thoughts and actions should focus on the precious present. The best is yet to come...""

**Year Ends With Small Refinance Revival**

Continuing declines in [interest rates](#) contributed to a substantial increase in applications for refinancing heading into the holiday season. This pushed the overall application volume fractionally higher. The Mortgage Bankers Association (MBA) said its Market Composite Index, a measure of that volume, increased 0.9 percent on a seasonally adjusted basis during the week ended December 16. However, it slipped by 1 percent on an unadjusted basis compared with the previous week.

**The Refinance Index increased 6 percent** from the previous week but was 85 percent lower than the same week one year ago. The refinance share of mortgage activity increased to 31.3 percent of total applications from 29.4 percent the previous week.

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The seasonally adjusted **Purchase Index decreased by 0.1 percent** from one week earlier, and the unadjusted version was down 3 percent week-over-week and was 36 percent lower than the same week in 2021.

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“The Federal Reserve raised its short-term rate target last week, but longer-term rates, including [mortgage rates](#), declined for the week, with the 30-year conforming rate reaching 6.34 percent – its lowest level since September,” said Mike Fratantoni, MBA’s Senior Vice President and Chief Economist.

**National Average Mortgage Rates**



	Rate	Change	Points
<b>Mortgage News Daily</b>			
30 Yr. Fixed	6.86%	-0.05	0.00
15 Yr. Fixed	6.31%	-0.02	0.00
30 Yr. FHA	6.32%	-0.06	0.00
30 Yr. Jumbo	7.04%	-0.03	0.00
5/1 ARM	6.53%	-0.02	0.00
<b>Freddie Mac</b>			
30 Yr. Fixed	6.78%	-0.08	0.00
15 Yr. Fixed	6.07%	-0.09	0.00
<b>Mortgage Bankers Assoc.</b>			
30 Yr. Fixed	7.00%	-0.03	0.60
15 Yr. Fixed	6.63%	+0.07	0.61
30 Yr. FHA	6.87%	-0.03	0.92
30 Yr. Jumbo	7.13%	+0.02	0.38
5/1 ARM	6.22%	-0.16	0.60

Rates as of: 7/26

“Refinance application volume increased slightly in response but was still about 85 percent below year-ago levels. This is a particularly slow time of year for homebuying, so it is not surprising that purchase applications did not move much in response to lower mortgage rates.”

Added Fratantoni: “The latest data on the housing market show that homebuilders are pulling back the pace of new construction in response to low levels of traffic, and we expect this weakness in demand will persist in 2023, as the U.S. is likely to enter a recession. However, if mortgage rates continue to trend down, as we are forecasting, more **buyers are likely to return to the market later in the year, as affordability improves** with both lower rates and slower home-price growth.”

Mortgage loan sizes which, in part, reflect home purchase prices, continue to trend lower. The average size of a purchase loan last week was \$398,000 compared to \$401,400 the prior week and

\$416,200 during the same week last year. The average loan was \$358,300, down from \$364,400 a week earlier.

Other data from MBA's Weekly Mortgage Application Survey:

- The FHA share of total applications decreased to 13.0 percent from 13.1 percent and the VA share increased to 11.9 percent from 11.5 percent. The USDA share of applications was unchanged from the prior week at 0.6 percent.
- As Fratantoni said, the average rate for conforming 30-year fixed-rate mortgages (FRM) was 6.34 percent, an 8-basis point decline. Points decreased to 0.59 from 0.64.
- The average rate for 30-year FRM with jumbo loan balances was 5.97 percent, down from 6.14 percent, with points increasing to 0.53 from 0.42.
- Thirty-year FRM backed by the FHA had an average rate of 6.35 percent with 0.99 point. This was down from the 6.40 percent, and 1.03 point averages the prior week.
- The rate for 15-year FRM decreased to 5.81 percent from 5.92 percent, with points dipping to 0.53 from 0.54.
- The rate for 5/1 adjustable-rate mortgages (ARMs) fell to 5.43 percent from 5.58 percent although points increased to 0.95 from 0.80. The ARM share of the week's activity decreased to 7.5 percent of total applications from 7.7 percent the prior week.

MBA says its offices will close for the holidays on Monday, December 26, 2022, and will reopen on Tuesday, January 3, 2023, so there will be no applications summary released next week. The results for the weeks ending December 23, 2022, and December 30, 2022, will be published on January 4, 2023.

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EJ Paul is a LinkedIn Top Real Estate Development Voice.

Harvard Graduate Business School and University of Pennsylvania educated (Economics).

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Have a relaxing weekend!

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