



ORIGINATIONS
MARKET MONITOR



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JANUARY 2024 OVERVIEW

Each month, the Optimal Blue [Originations Market Monitor](#) reviews a series of key market indicators to help provide clarity on mortgage lending activity. By drawing information directly from origination pipelines, we provide a comprehensive and timely view into origination activity.

January brought a 36% month-over-month gain in total lock volume, driven by a seasonal 38% increase in purchase lock volume. The month also saw the smallest year-over-year decline in purchase lock counts since May 2022, which may indicate a more stable and friendly lending environment in 2024.

In addition to the month-over-month climb in purchase lock volume, cash-out and rate/term refinance volumes rose 30% and 20%, respectively. The [Optimal Blue Mortgage Market Indices \(OBMMI\)](#) 30-year conforming rate dropped 4 basis points (bps) in January to finish the month at 6.53%. FHA and VA rates dropped 4 bps and 3 bps, respectively, while jumbo rates increased by 11 bps since year-end.

Mortgage rates fell despite a month-over-month increase in the 10-year Treasury yield, leading to a 19-bps narrowing of the mortgage-to-Treasury spread. At approximately 250 bps, the January spread reached levels unseen since mid-2022. While still elevated relative to historical averages, the spread has narrowed significantly since eclipsing 300 bps on multiple occasions in 2023.

Conforming products gained market share to start the year, rising 72 bps to account for 57.3% of total volume. Non-conforming products – including jumbo and non-QM – rose 27 bps to make up 9.7% of total volume. Ginnie Mae-eligible products moved inversely, however, with the FHA share dropping 87 bps and the VA share falling 13 bps, each representing 20.7% and 11.7% of total volume, respectively.

The share of adjustable-rate mortgage (ARM) products stayed consistent at just above 5% of total volume. Improving rate conditions and an inverted yield curve have limited the demand for ARM loans.

Average credit scores climbed across all products and loan purposes in January, as did the average loan amount, which rose from \$349.5K to \$355.6K. After six consecutive months of decline, the average home purchase price rebounded, jumping from \$435.9K to \$444.9K.

In producing the Originations Market Monitor, Optimal Blue aggregates and reports the latest available monthly rate lock data drawn from the Optimal Blue PPE – the most widely used product, pricing, and eligibility engine in the industry. Optimal Blue provides additional market insight by way of its market-leading hedging platform.

For more information on Optimal Blue's secondary marketing solutions, contact Sales@OptimalBlue.com.



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JANUARY 2024 NATIONAL RATE LOCK METRICS

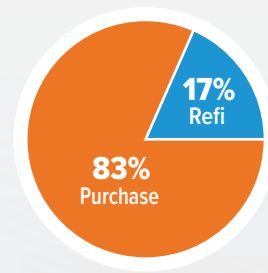
Here, we look at the national origination numbers to give a high-level overview of the month's activity. This information is drawn from the [Optimal Blue® PPE](#).

JANUARY NATIONAL STATS



RATE LOCK VOLUME

Month over month, purchase locks increased 38%, cash-out refis increased 30%, and rate/term refis increased 20%.



MARKET MIX

The refi share of the market dropped 140 bps month over month.



AVERAGE LOAN AMOUNT

Month over month, the average loan amount increased from \$349.5K to \$355.6K, and the average home purchase price jumped from \$435.9K to \$444.9K.



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 4-bps drop in 30-year rate offerings, month over month.

After six consecutive months of decline, the average home purchase price rebounded in January, jumping from \$435.9K to \$444.9K.





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JANUARY 2024 TOP 20 METROPOLITAN AREAS

Here, we look at the top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from the [Optimal Blue PPE](#).

Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	35.5%	\$355,640	6.548	727.71	81.29	83%	17%
1 New York-Newark-Jersey City, NY-NJ-PA	4.3%	21.2%	\$529,915	6.755	739	75	79%	21%
2 Dallas-Fort Worth-Arlington, TX	3.9%	37.0%	\$372,163	6.430	733	82	89%	11%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	36.7%	\$500,479	6.468	741	83	87%	13%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.3%	37.5%	\$320,012	6.735	736	82	86%	14%
5 Phoenix-Mesa-Scottsdale, AZ	3.1%	50.8%	\$406,217	6.468	730	80	87%	13%
6 Atlanta-Sandy Springs-Roswell, GA	2.8%	36.1%	\$360,209	6.496	715	81	81%	19%
7 Houston-The Woodlands-Sugar Land, TX	2.7%	25.4%	\$328,276	6.374	724	84	90%	10%
8 Los Angeles-Long Beach-Anaheim, CA	2.4%	30.1%	\$699,239	6.826	742	72	74%	26%
9 Denver-Aurora-Lakewood, CO	2.1%	57.2%	\$493,345	6.344	737	79	83%	17%
10 Seattle-Tacoma-Bellevue, WA	1.9%	41.8%	\$569,823	6.581	742	78	84%	16%





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JANUARY 2024 TOP 20 METROPOLITAN AREAS

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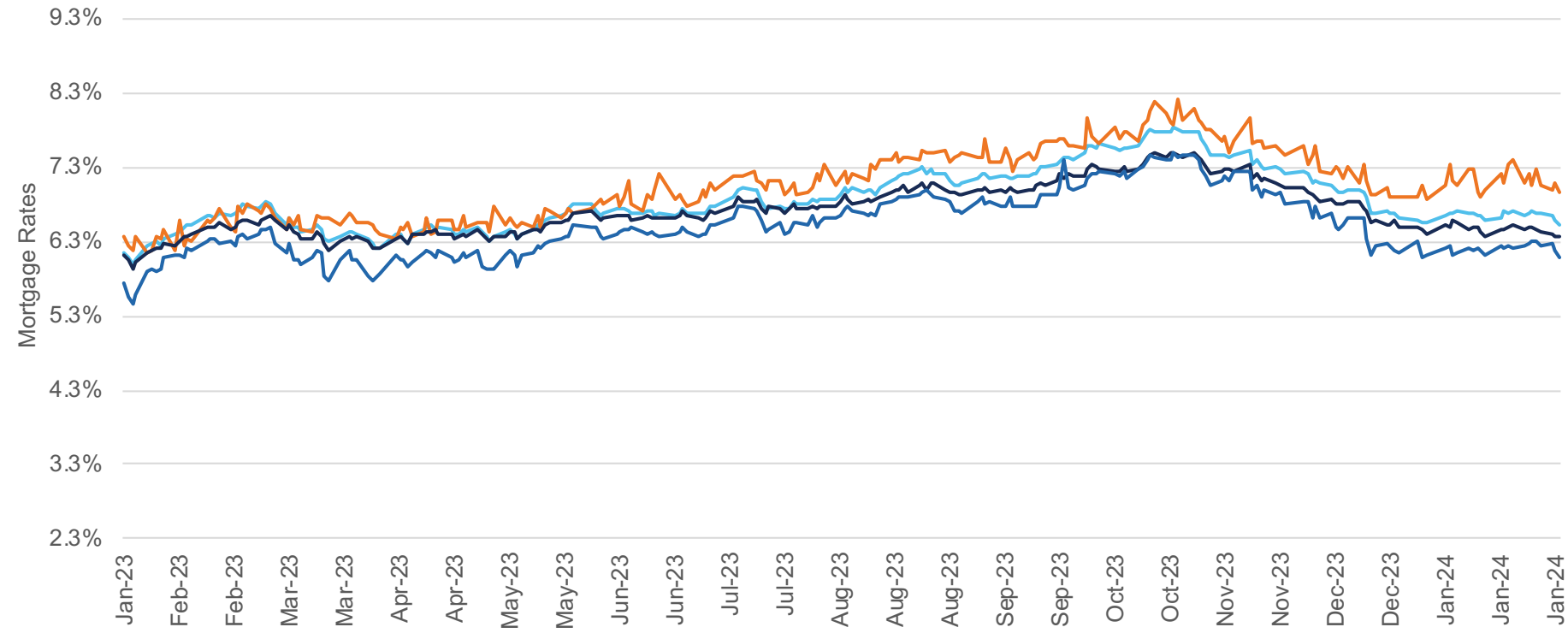
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	35.5%	\$355,640	6.548	727.71	81.29	83%	17%
11 Boston-Cambridge-Newton, MA-NH	1.8%	26.7%	\$534,330	6.655	747	76	84%	16%
12 Miami-Fort Lauderdale-West Palm Beach, FL	1.8%	52.7%	\$471,563	6.527	727	76	78%	22%
13 Riverside-San Bernardino-Ontario, CA	1.8%	30.3%	\$475,950	6.409	724	80	84%	16%
14 Tampa-St. Petersburg-Clearwater, FL	1.6%	57.6%	\$356,791	6.322	730	81	89%	11%
15 Austin-Round Rock, TX	1.6%	21.6%	\$404,872	6.149	744	79	93%	7%
16 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	23.0%	\$338,711	6.615	730	81	83%	17%
17 Las Vegas-Henderson-Paradise, NV	1.4%	90.8%	\$411,704	6.292	732	82	88%	12%
18 San Antonio-New Braunfels, TX	1.4%	22.5%	\$293,938	5.728	715	88	91%	9%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	63.4%	\$395,306	6.510	730	81	79%	21%
20 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	48.2%	\$345,587	6.511	745	83	90%	10%







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JANUARY 2024 MARKET RATE INDICES

Pulling data from the [Optimal Blue Mortgage Market Indices \(OBMMI\)](#), the chart below shows average 30-year rates across various loan products.



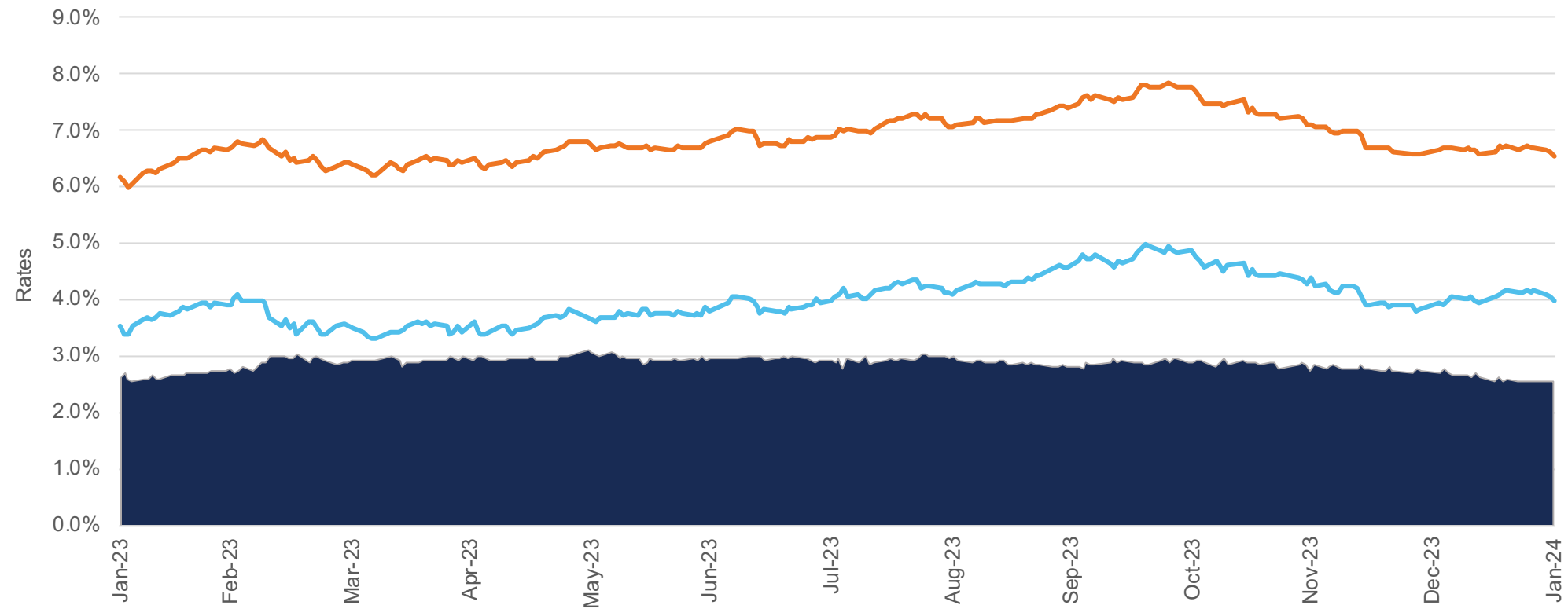
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.53%	(4 bps)	(125 bps)	37 bps
	30-Year Jumbo	6.97%	11 bps	(97 bps)	61 bps
	30-Year FHA	6.37%	(4 bps)	(107 bps)	26 bps
	30-Year VA	6.09%	(3 bps)	(131 bps)	35 bps



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JANUARY 2024 30-YEAR TO 10-YEAR TREASURY SPREAD

Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Below, we look at the current spread and trends over the past year. This information is pulled from Optimal Blue's [secondary market hedging platform](#).



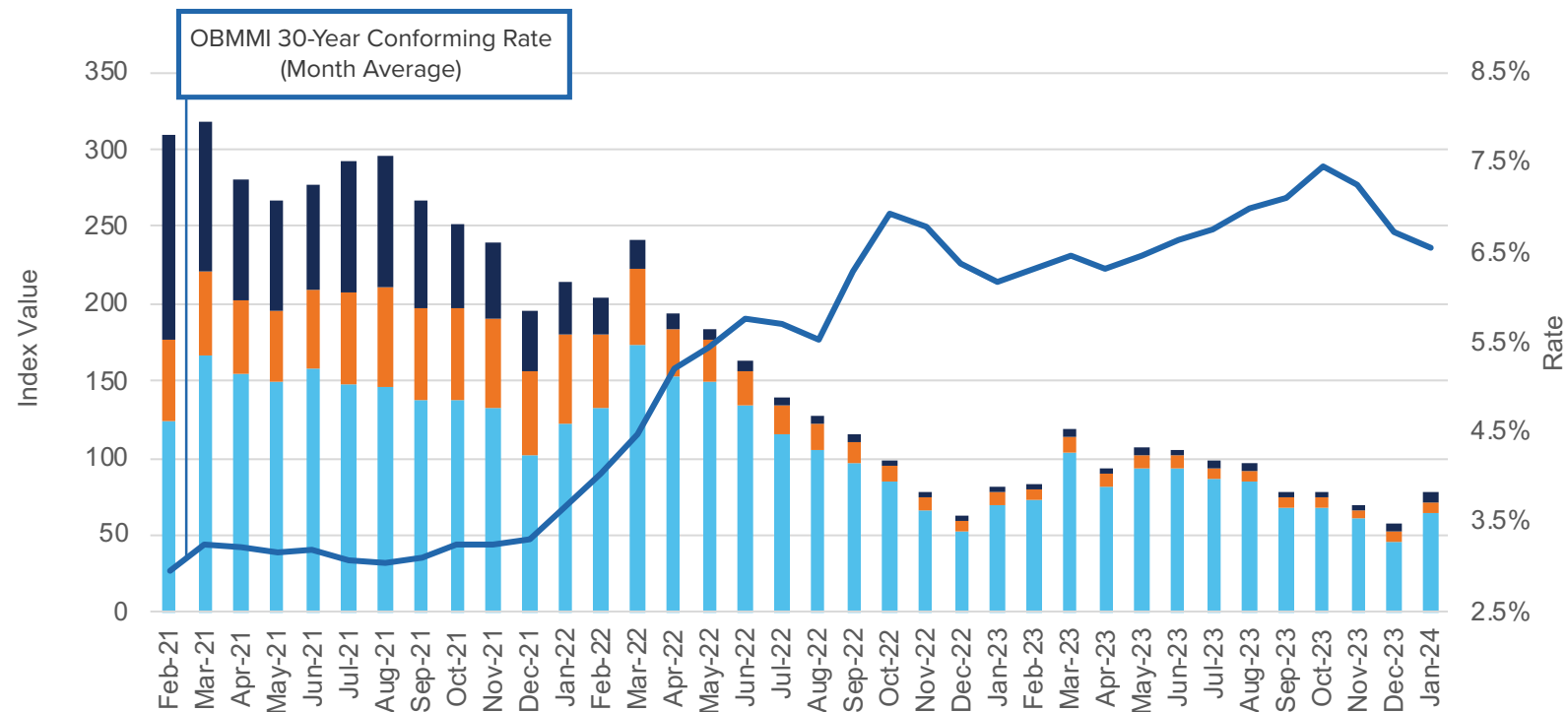
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.99%	15 bps	(89 bps)	47 bps
	30-Year Conforming	6.53%	(4 bps)	(125 bps)	37 bps
	10-Year to 30-Year Spread	2.54%	(19 bps)	(36 bps)	(10 bps)



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JANUARY 2024 LOCK VOLUME BY LOAN PURPOSE

Here, we break down the rate lock volumes by loan purpose.
This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
—	Purchase	64	37.8%	(6.2%)	(7.7%)
—	Cash-Out Refinance	8	29.7%	18.6%	(12.2%)
—	Rate/Term Refinance	6	19.8%	88.7%	39.6%
— — —	Total	77	35.5%	(0.5%)	(5.8%)
Refinance Share*		17%	(140 bps)	503 bps	166 bps

*Refinance share changes reflect inter-period delta

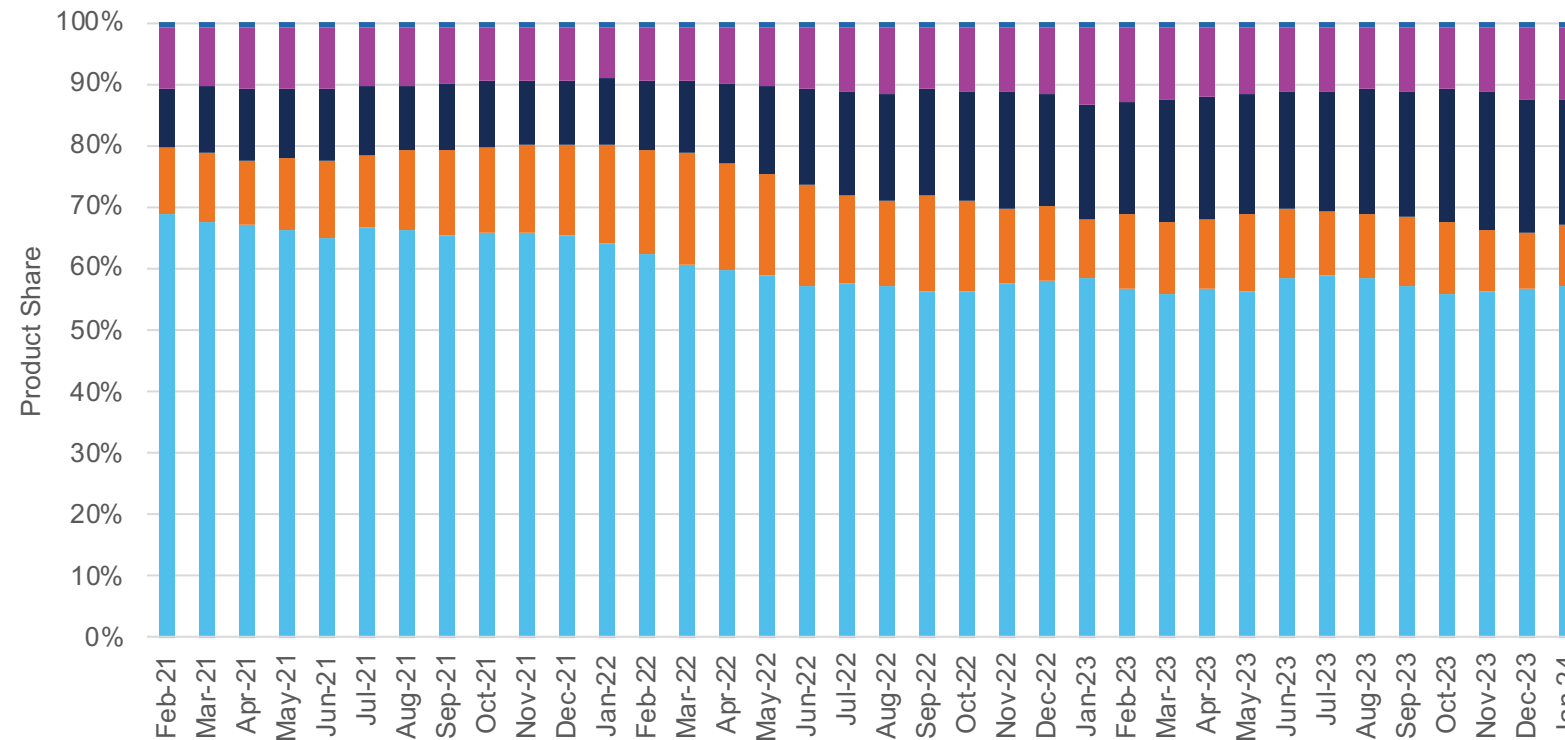


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JANUARY 2024 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down the rate lock volumes by loan product.

This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	57.3%	72 bps	122 bps	(116 bps)
	Nonconforming	9.7%	27 bps	(187 bps)	(4 bps)
	FHA	20.7%	(87 bps)	(91 bps)	214 bps
	VA	11.7%	(13 bps)	144 bps	(72 bps)
	USDA	0.7%	1 bps	11 bps	(22 bps)

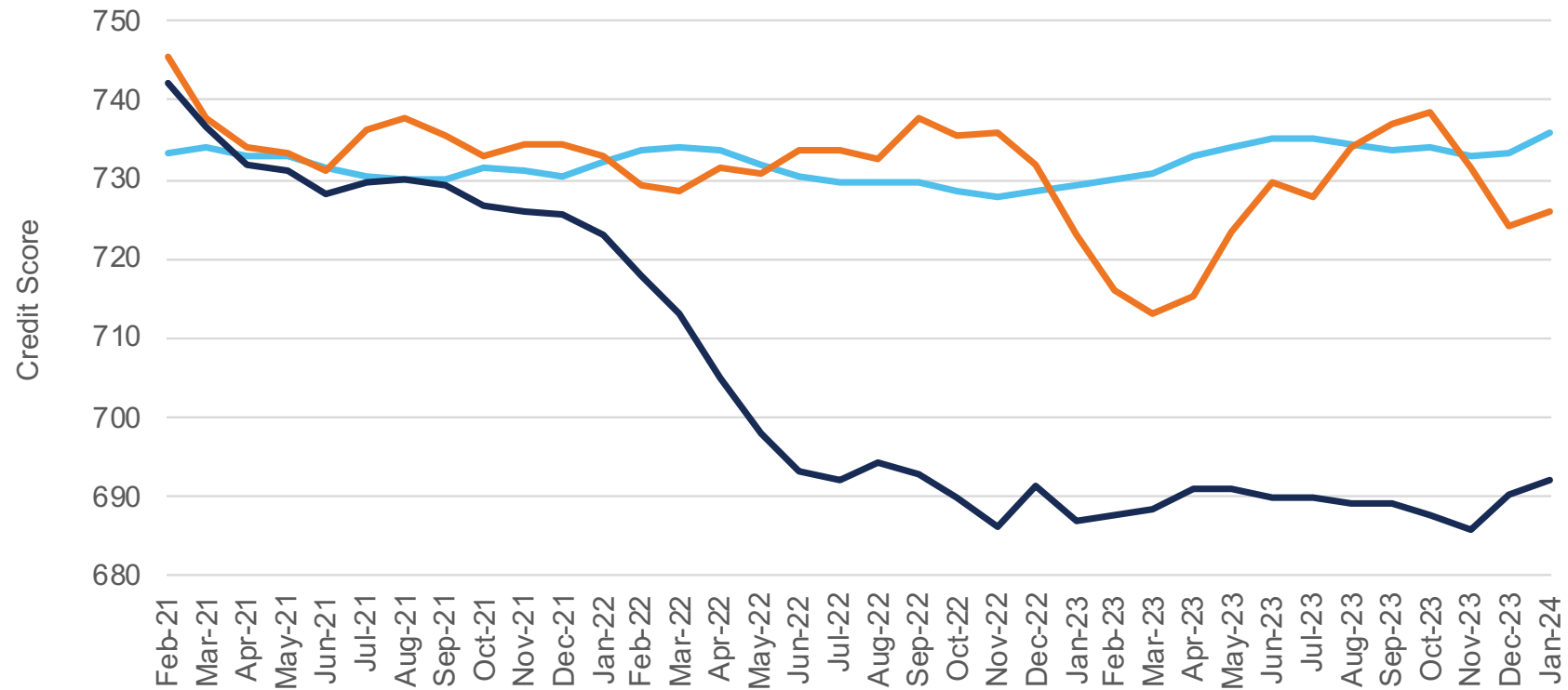


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JANUARY 2024 AVERAGE CREDIT SCORES

Here, we look at average credit scores by loan purpose.

This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



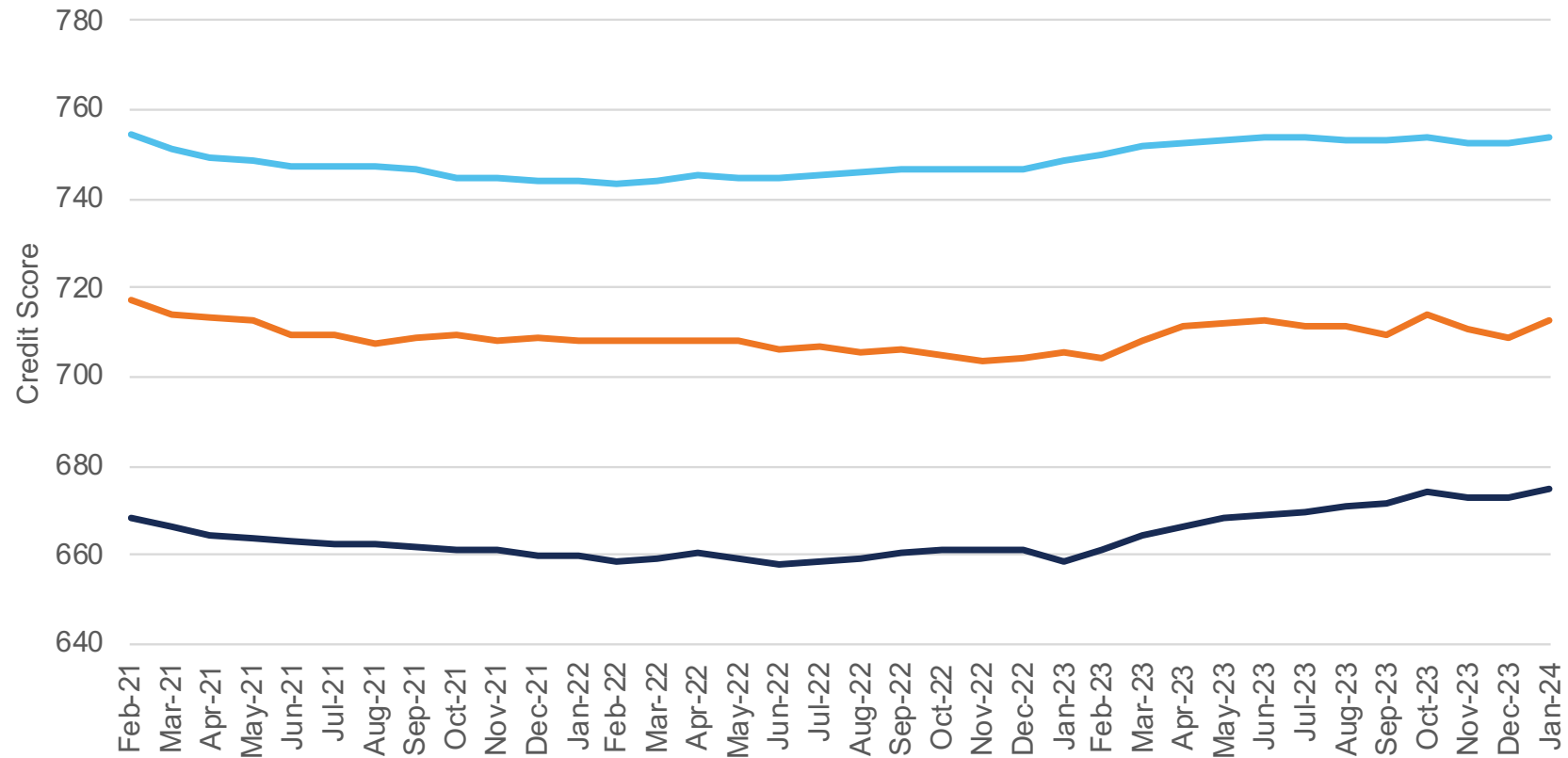
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	736	3	2	7
	Rate/Term Refi	726	2	-12	3
	Cash-Out Refi	692	2	4	5






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JANUARY 2024 AVERAGE CREDIT SCORES

Here, we look at average credit scores for conforming, FHA, and VA loans.
This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



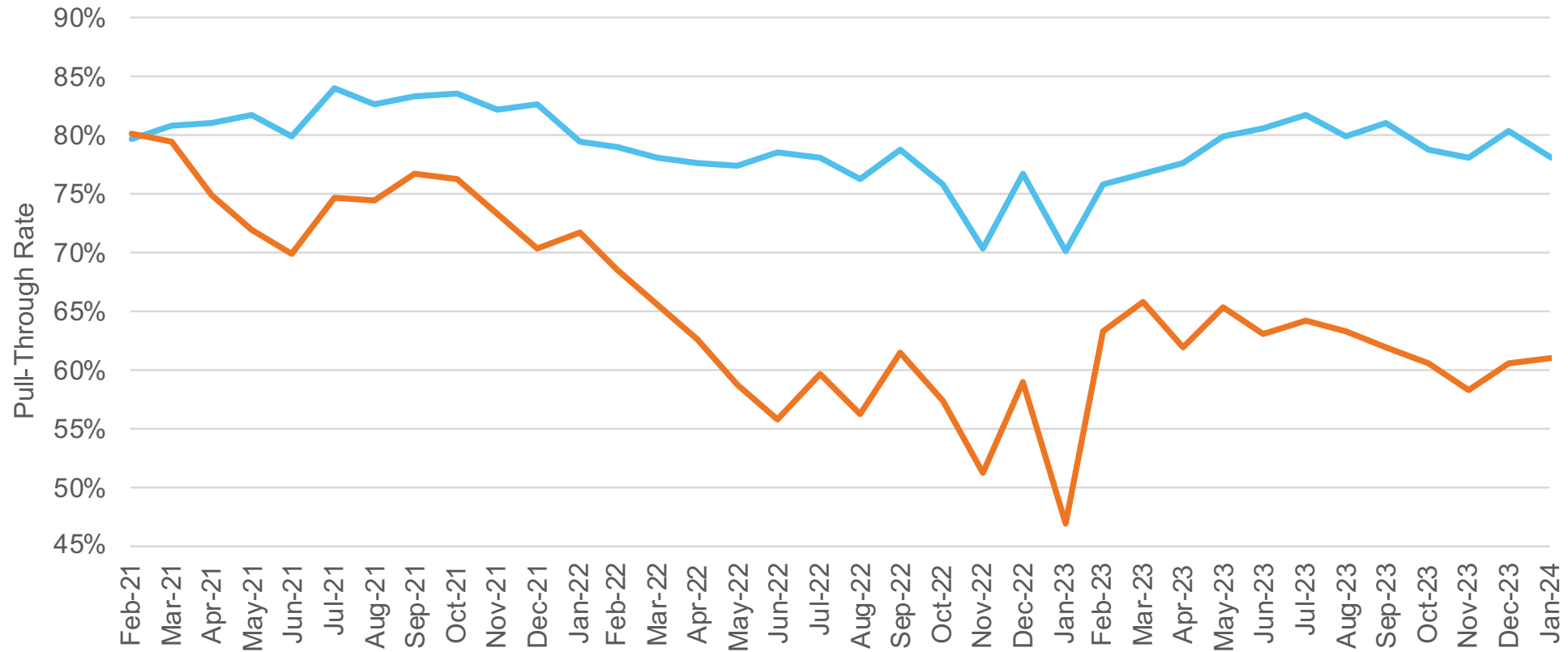
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	754	2	0	5
	VA	712	4	-1	7
	FHA	675	2	1	16





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JANUARY 2024 PURCHASE & REFI PULL-THROUGH

Below, we look at pull-through rates – the percentage of locks that become funded loans. This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



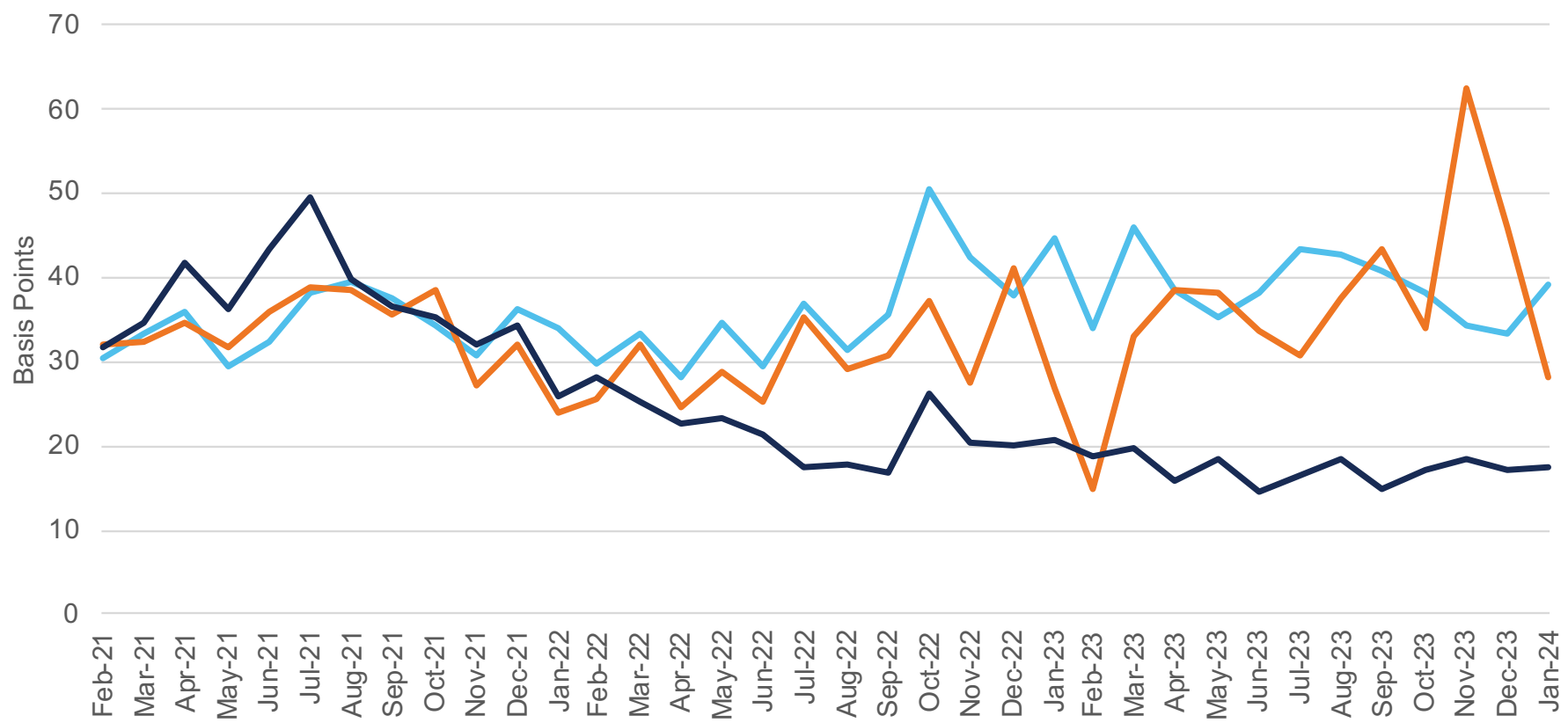
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	78.1%	(229 bps)	(65 bps)	790 bps
	Refinance Pull-Through	61.1%	48 bps	48 bps	1419 bps



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JANUARY 2024 BEST EFFORTS TO MANDATORY SPREAD

A lender will typically see greater yields by selling loans via mandatory delivery, while best efforts delivery carries less risk. Below, we look at the current margin spread between the two. This information has been pulled from Optimal Blue's [secondary market hedging platform](#).



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	39 bps	6 bps	1 bps	(6 bps)
	15-Year Conforming	28 bps	(18 bps)	(6 bps)	1 bps
	30-Year Government	17 bps	1 bps	0 bps	(3 bps)



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