



ORIGINATIONS
MARKET MONITOR



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SEPTEMBER 2023 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.

Headwinds from a seasonal decline in purchase activity and rising interest rates led to a 20% decline in rate lock volumes in September. The refinance share of total lock volume ticked slightly higher from 12% to 13%, primarily as a result of seasonal purchase declines. Cash-out volumes continue to make up the majority of refinances at roughly double that of rate/term volumes, with virtually no mortgages in the money to refinance.

September's lock decline continues a four-month trend of declining volumes, with purchase locks down 20%, cash-outs down 17%, and rate/term refinances down 18% from August. Total volumes were down 33% from the same time last year. Additionally, purchase lock counts – which exclude the impact of rising home prices – were down 32% year over year, and 39% from pre-pandemic levels in 2019.

Mortgage rates also pushed to multi-decade highs in September, and average credit scores remained high.

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 and data assets, contact Sales@OptimalBlue.com.





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SEPTEMBER 2023 NATIONAL RATE LOCK METRICS

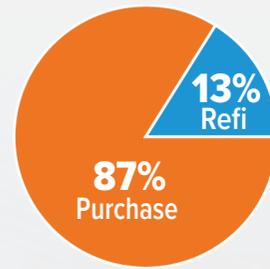
Here, we look at the national origination numbers to give a high-level overview of the month's activity. This information is drawn from the [Optimal Blue PPE](#).

SEPTEMBER NATIONAL STATS



RATE LOCK VOLUME

Purchase locks fell 20%, cash-outs were down 17%, and rate/term refis were down 18%



MARKET MIX

The refi share of the market mix saw a minor increase to 13%



AVERAGE LOAN AMOUNT

The average loan amount increased slightly in September, while the average purchase price on locked loans remained the same at \$450K



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 33-bps rise in 30-year rate offerings

Rate lock volumes continued to fall amid seasonal headwinds as interest rates hit a multi-decade high





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SEPTEMBER 2023 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%	-19.8%	\$353,180	7.093	728.81	80.57	87%	13%
1 New York-Newark-Jersey City, NY-NJ-PA	4.9%	-19.6%	\$519,740	7.195	740.54	75.24	85%	15%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	-14.1%	\$492,951	7.017	742.64	82.00	93%	7%
3 Dallas-Fort Worth-Arlington, TX	3.5%	-22.3%	\$366,406	6.962	729.17	81.46	91%	9%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.2%	-22.3%	\$314,990	7.276	734.49	81.79	92%	8%
5 Houston-The Woodlands-Sugar Land, TX	2.8%	-16.0%	\$321,750	6.757	720.77	84.12	93%	7%
6 Los Angeles-Long Beach-Anaheim, CA	2.6%	-18.1%	\$692,769	7.309	740.68	70.43	80%	20%
7 Phoenix-Mesa-Scottsdale, AZ	2.6%	-24.1%	\$404,695	6.957	727.65	79.83	87%	13%
8 Atlanta-Sandy Springs-Roswell, GA	2.6%	-21.0%	\$351,376	7.005	715.79	79.50	86%	14%
9 Boston-Cambridge-Newton, MA-NH	2.2%	-15.4%	\$551,166	7.162	746.32	75.17	90%	10%
10 Seattle-Tacoma-Bellevue, WA	1.9%	-21.5%	\$571,372	7.175	745.96	77.64	90%	10%





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SEPTEMBER 2023 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](#).

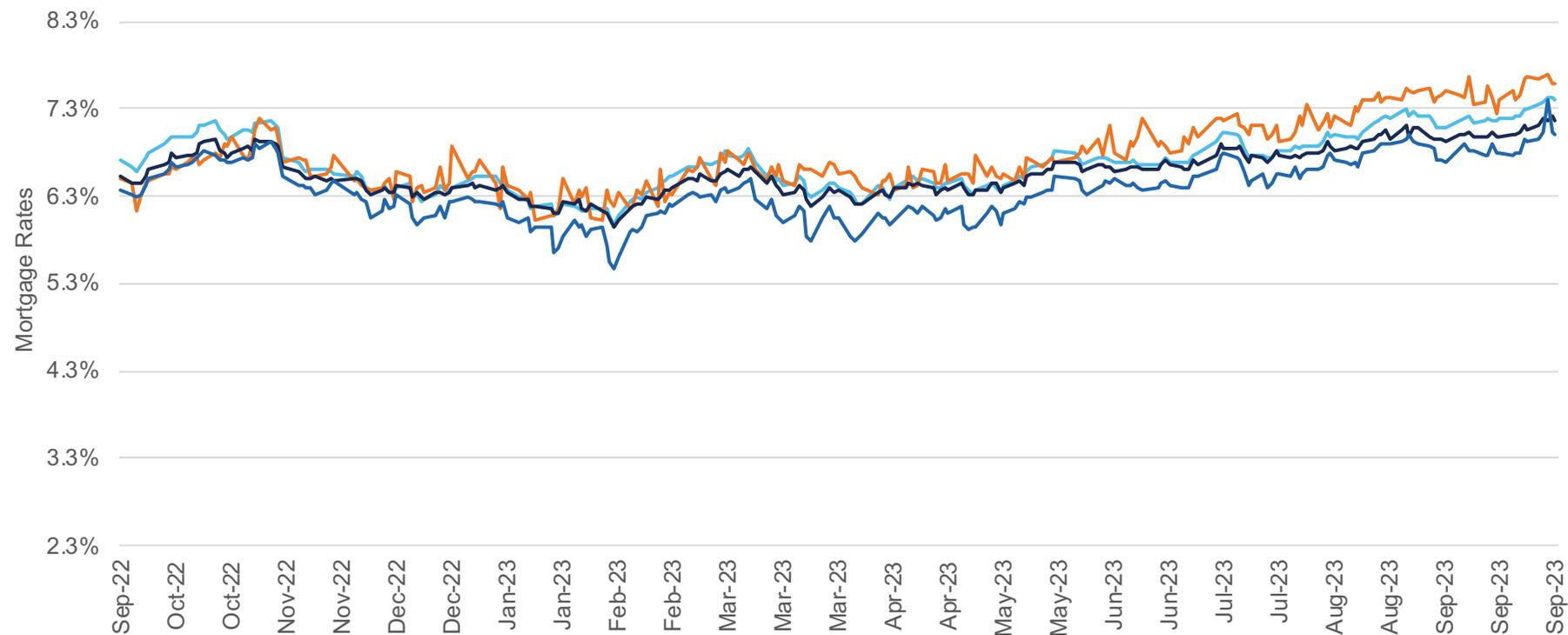
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-19.8%	\$353,180	7.093	728.81	80.57	87%	13%
11 Denver-Aurora-Lakewood, CO	1.8%	-22.5%	\$481,987	6.846	743.30	77.14	88%	12%
12 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-17.0%	\$349,253	7.125	733.62	80.34	89%	11%
13 Miami-Fort Lauderdale-West Palm Beach, FL	1.7%	-15.5%	\$454,784	7.072	723.06	77.37	86%	14%
14 Riverside-San Bernardino-Ontario, CA	1.5%	-17.7%	\$472,312	6.879	723.62	79.80	87%	13%
15 Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	-15.5%	\$351,720	6.972	746.94	80.32	91%	9%
16 Austin-Round Rock, TX	1.5%	-24.5%	\$398,614	6.635	740.35	79.50	93%	7%
17 Tampa-St. Petersburg-Clearwater, FL	1.4%	-18.5%	\$354,101	6.952	729.44	79.02	89%	11%
18 San Antonio-New Braunfels, TX	1.3%	-24.6%	\$308,118	6.234	719.77	86.75	91%	9%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	-15.0%	\$383,402	7.128	735.02	80.28	85%	15%
20 San Francisco-Oakland-Hayward, CA	1.3%	-15.9%	\$753,476	7.250	754.61	71.29	91%	9%



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SEPTEMBER 2023 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.



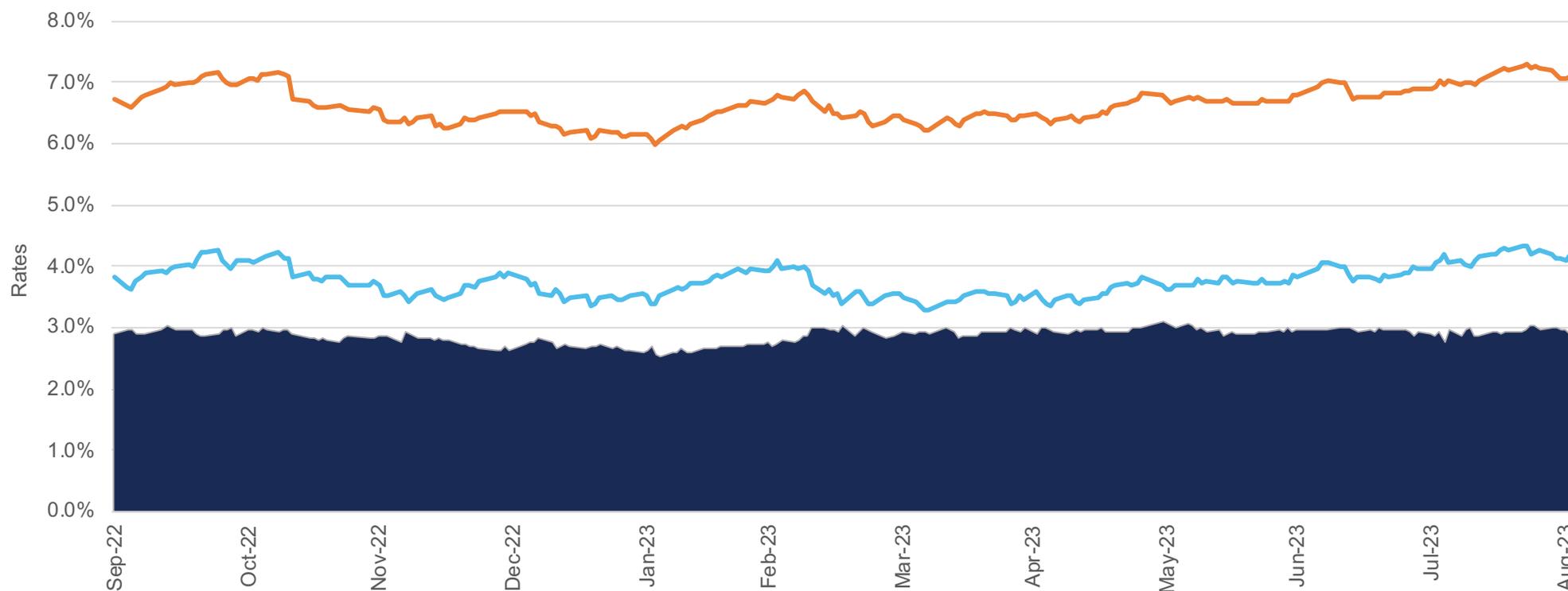
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	7.41%	33 bps	62 bps	69 bps
	30-Year Jumbo	7.60%	14 bps	61 bps	111 bps
	30-Year FHA	7.18%	24 bps	51 bps	65 bps
	30-Year VA	7.00%	30 bps	47 bps	64 bps



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SEPTEMBER 2023 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	4.59%	50 bps	78 bps	76 bps
	30-Year Conforming	7.41%	33 bps	62 bps	69 bps
	10-Year to 30-Year Spread	2.82%	(17 bps)	(16 bps)	(7 bps)

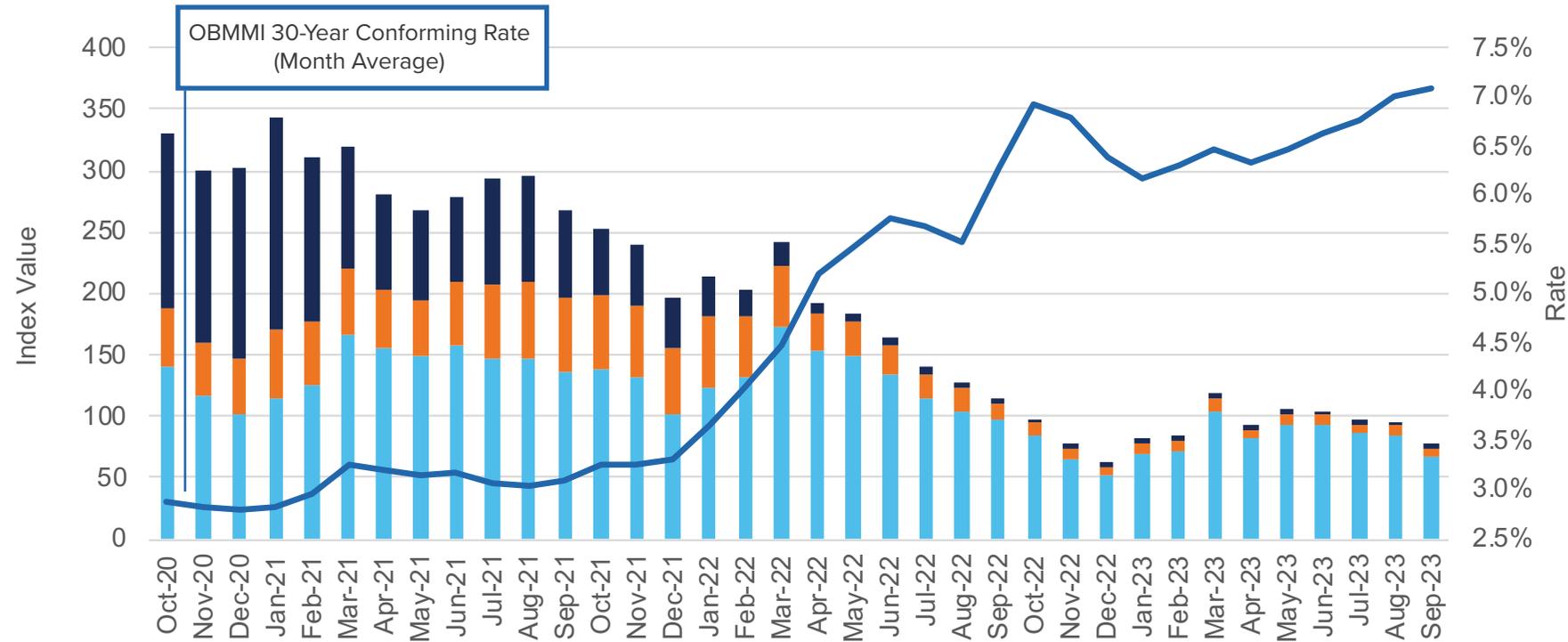


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SEPTEMBER 2023 LOCK VOLUME BY LOAN PURPOSE

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	67	(20.1%)	(27.4%)	(30.4%)
	Cash-Out Refinance	7	(17.4%)	(21.6%)	(49.9%)
	Rate/Term Refinance	3	(17.8%)	(14.6%)	(32.9%)
	Total	77	(19.8%)	(26.5%)	(32.8%)
Refinance Share*		13%	34 bps	110 bps	(293 bps)

*Refinance share changes reflect inter-period delta



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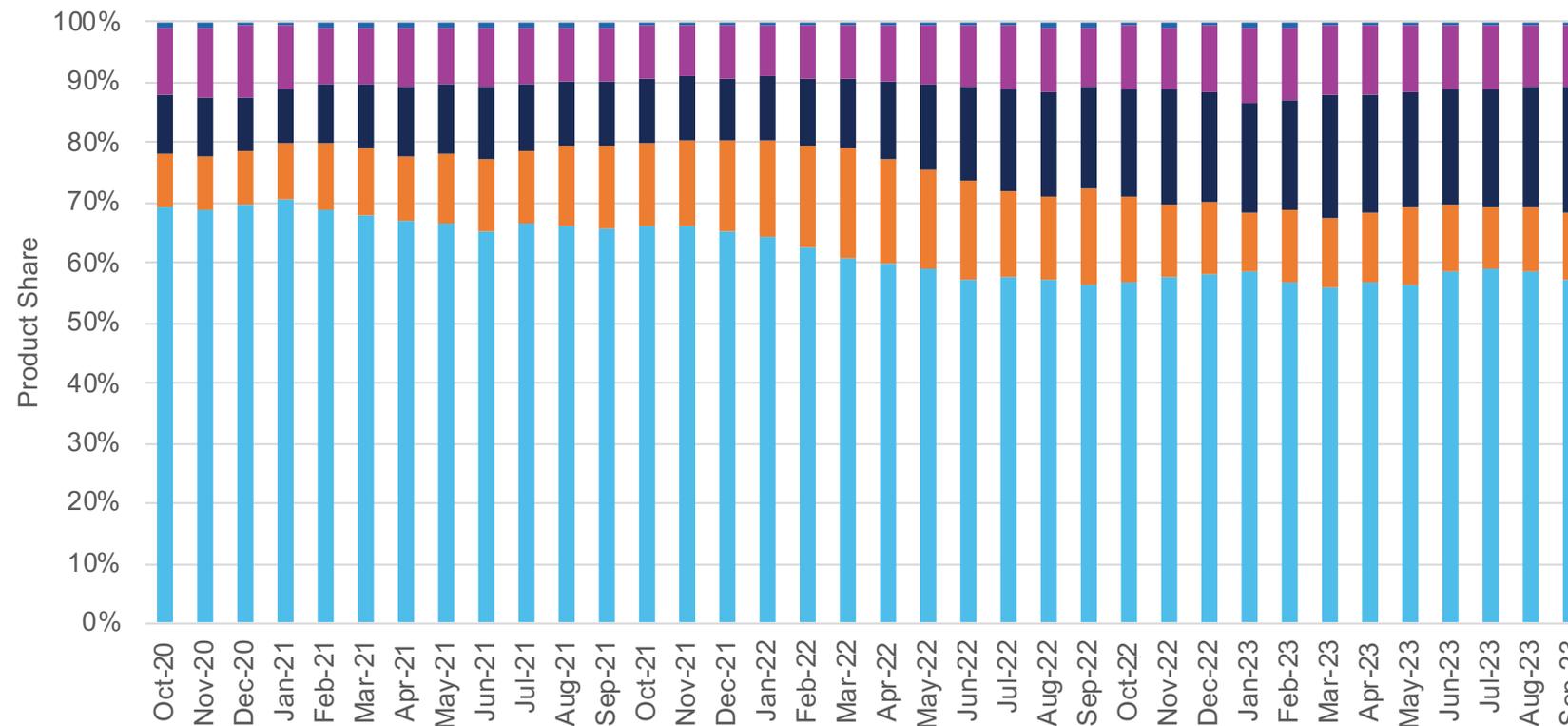


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SEPTEMBER 2023 MIX OF BUSINESS BY LOAN PRODUCT

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%	(129 bps)	(120 bps)	89 bps
	Nonconforming	11.1%	60 bps	(12 bps)	(463 bps)
	FHA	20.6%	53 bps	155 bps	357 bps
	VA	10.4%	16 bps	(25 bps)	38 bps
	USDA	0.6%	(0 bps)	2 bps	(21 bps)

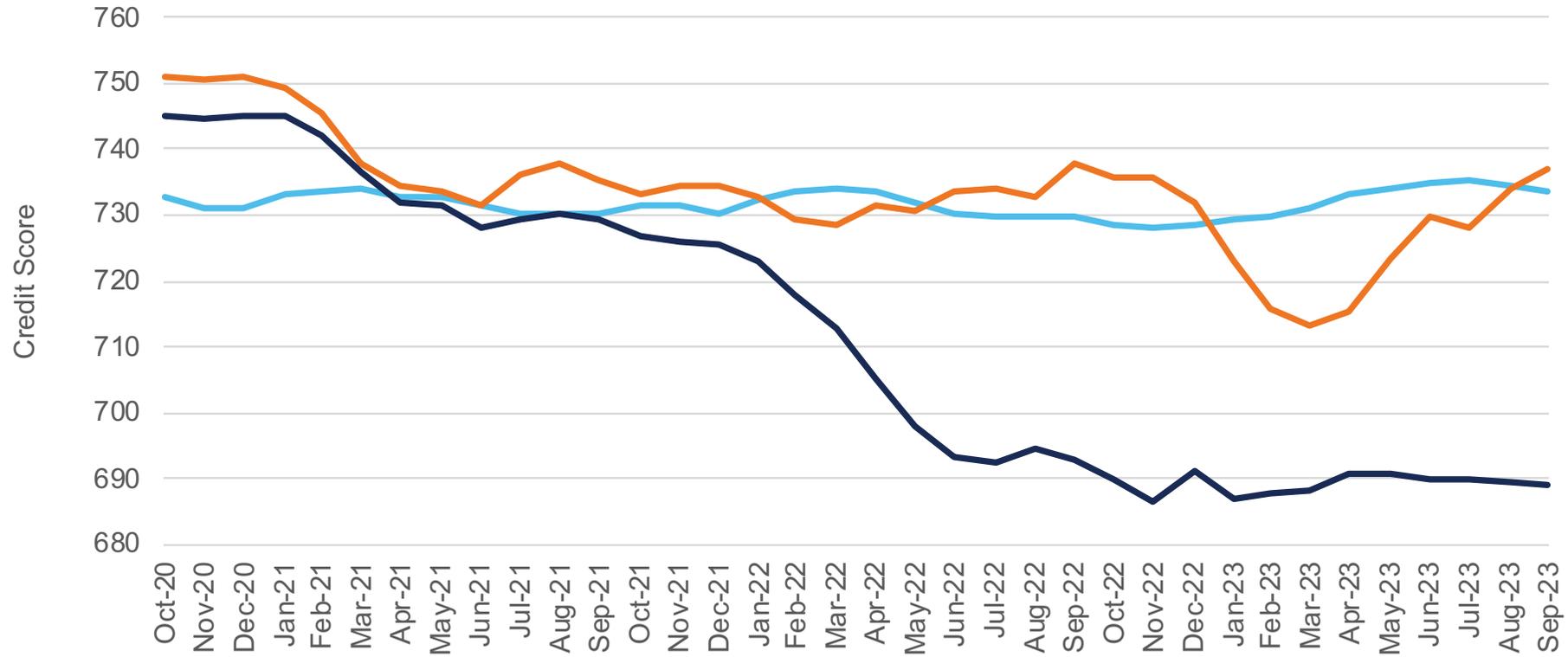


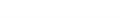
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SEPTEMBER 2023 AVERAGE CREDIT SCORES

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](#).



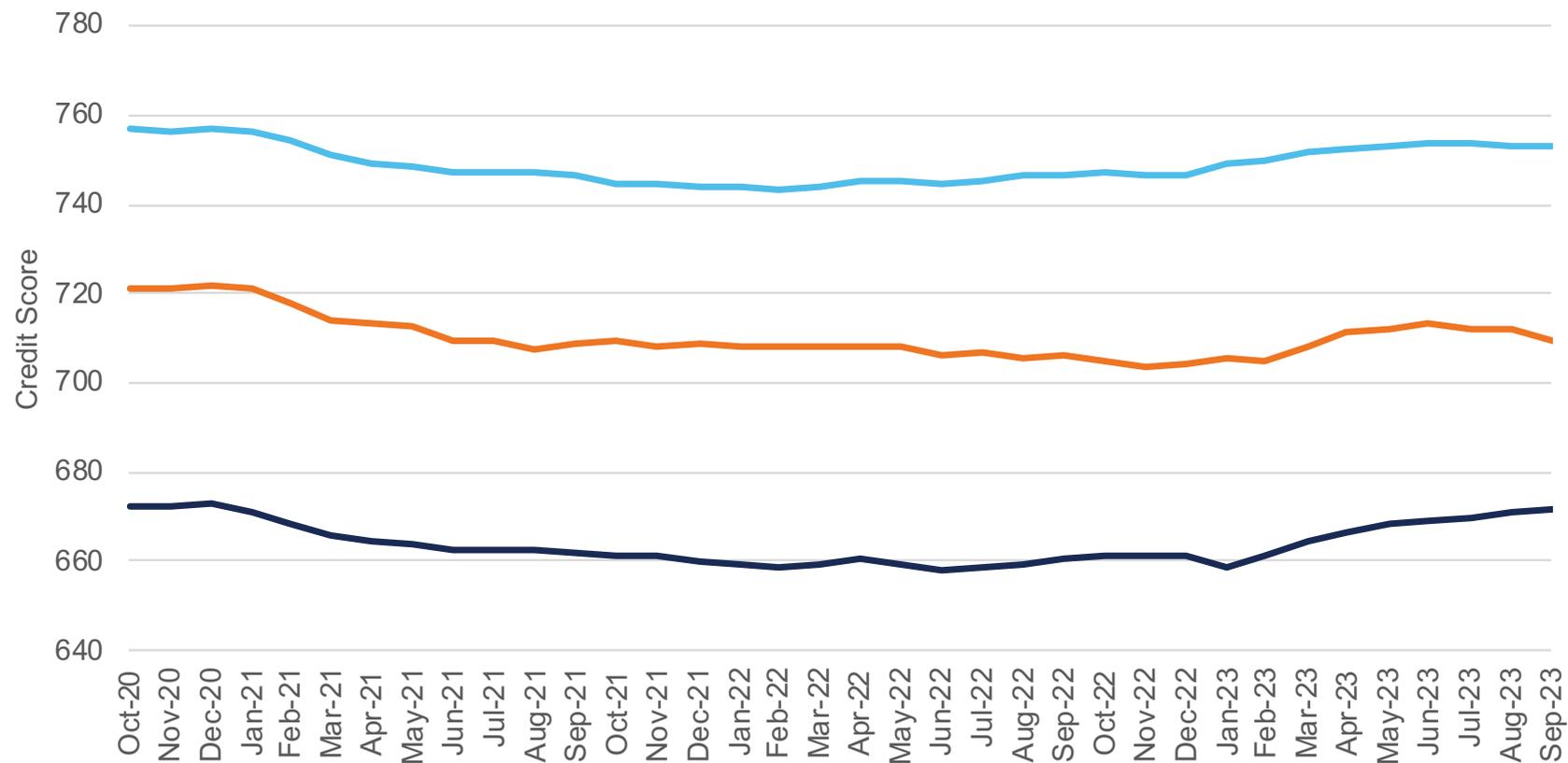
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	734	-1	-1	4
	Rate/Term Refi	737	3	7	-1
	Cash-Out Refi	689	0	-1	-4



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SEPTEMBER 2023 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](#).



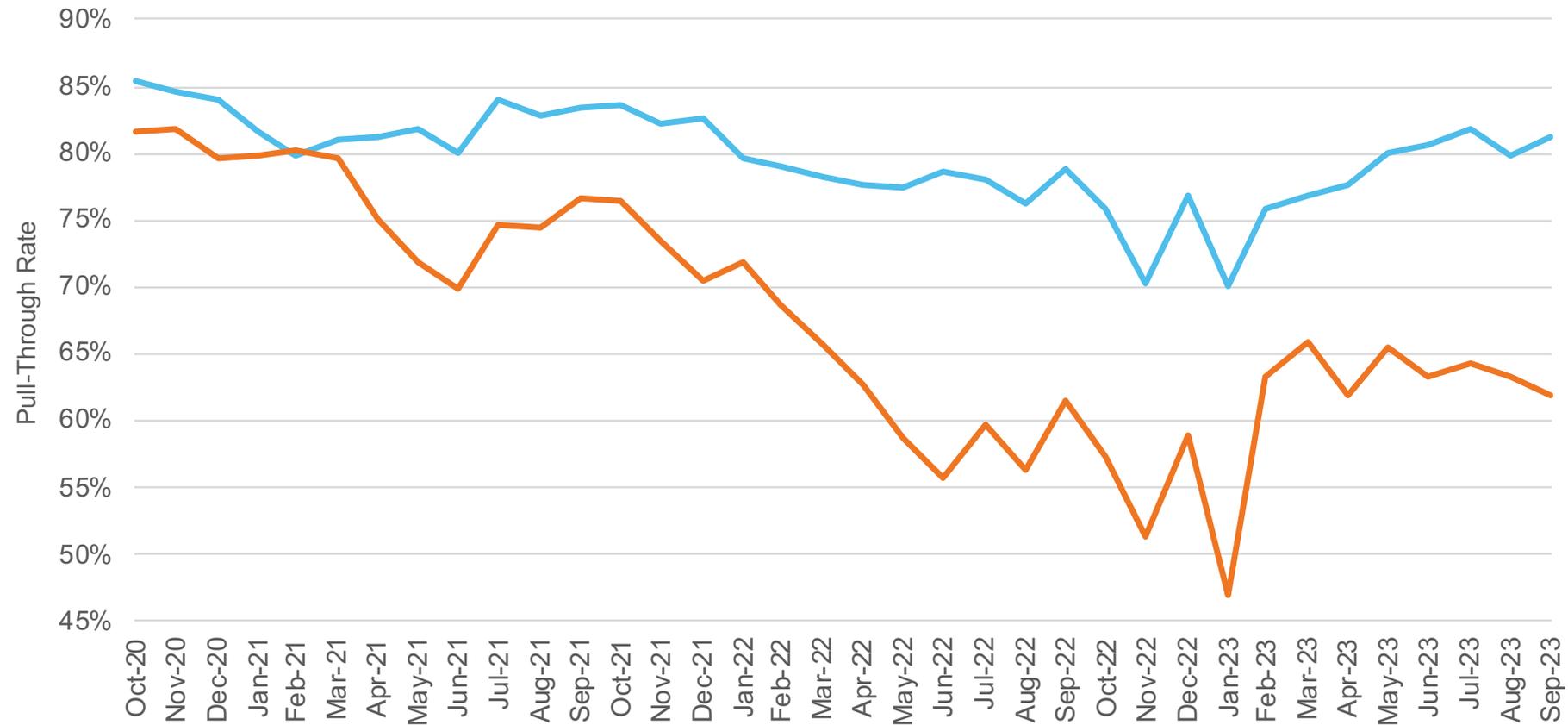
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	753	0	-1	7
	VA	709	-2	-4	3
	FHA	672	1	3	11



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SEPTEMBER 2023 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](#).



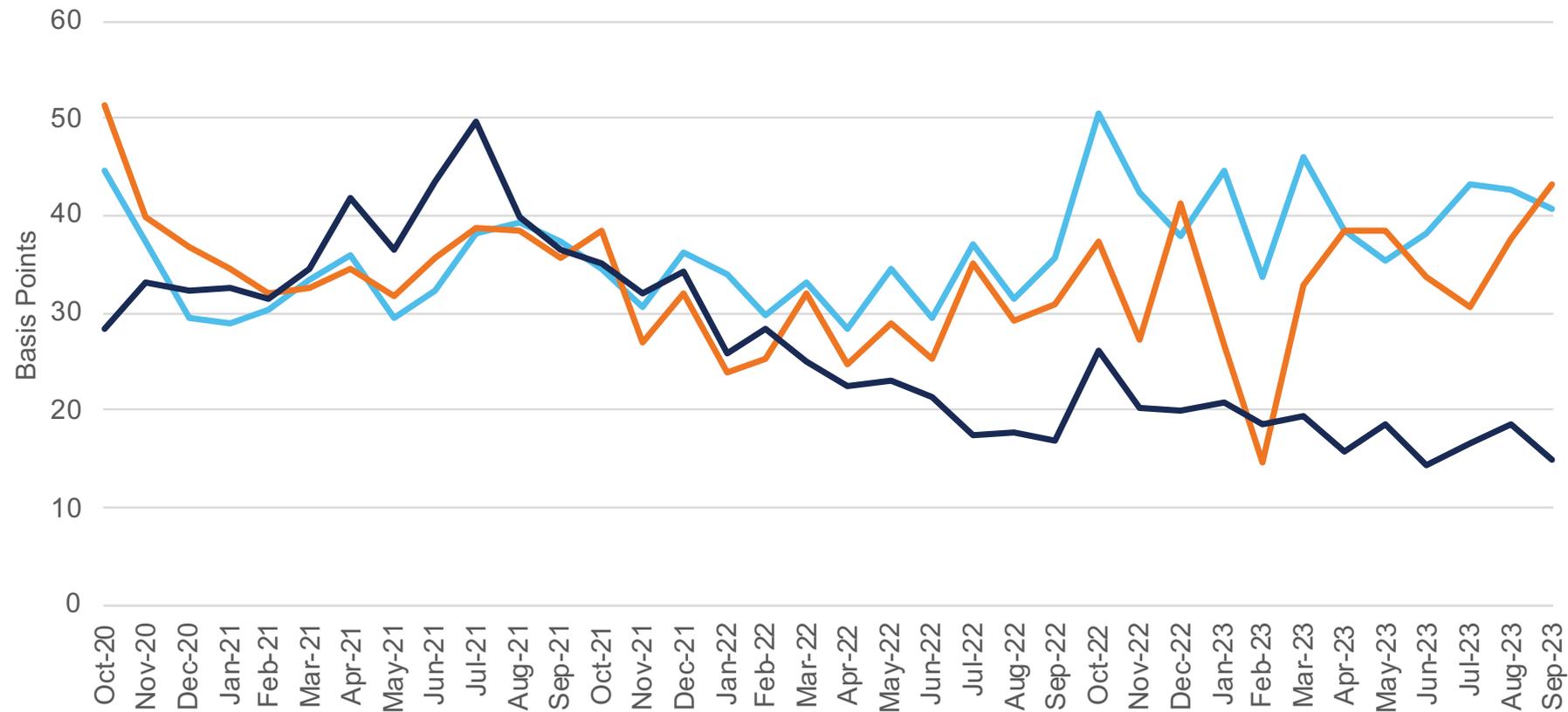
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	81.2%	126 bps	59 bps	237 bps
	Refinance Pull-Through	61.9%	(129 bps)	(125 bps)	42 bps



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SEPTEMBER 2023 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	41 bps	(2 bps)	3 bps	5 bps
	15-Year Conforming	43 bps	6 bps	9 bps	12 bps
	30-Year Government	15 bps	(3 bps)	1 bps	(2 bps)

