ORIGINATIONS
MARKET MONITOR

BLACK KNIGHT®

DECEMBER 2022 REPORT

ORIGINATIONS MARKET MONITOR

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DECEMBER 2022 OVERVIEW

Each month the Black Knight 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 more comprehensive and timely sense of monthly market trends than previously available.

Rate lock activity fell 19.4% in December, dropping for the ninth consecutive month, despite continued moderation in interest rates, as affordability challenges amplified the normal seasonal downturn. The benchmark 30-year mortgage rate dropped to 6.25% mid-month before rebounding to finish the month at 6.52%, down 6 basis points from November. At 317 basis points above the same point in the prior year, interest rates remained a significant hurdle alongside higher home prices.

Overall lock volumes are down 45.8% over the last three months and 68.3% off last year's levels. Cash-out refinances, which had shown initial resilience when interest rates first began to rise, fell 14.1% from November and are now down 87% from last year. Rate/term refinances fell 17.1% and remain down more than 93% from the same month in 2021. Refis remained at record lows but their share of this month's lock volume edged upward to 16% due to a sharper pullback in purchase locks. The share of locks with adjustable rates remained at 10% in December.

Purchase lending, which accounted for 84% of volume, fell 20.5% from November and 48.5% from last year. Using purchase lock counts instead of dollar volume, to exclude the impact of changes in home prices, the number of loans locked in December was 33% below pre-pandemic levels and at the lowest level since 2014. Using Black Knight's McDash® mortgage performance data to provide comparative history, overall lock counts have hit record lows in each of the past two months, with the number of rate locks in December more than 30% below the previous record set back in 2014. The number of refinance locks has hit a record low in each of the past four months and is now nearly 50% below the prior record set back in July 2000.

In producing the Originations Market Monitor, Black Knight aggregates and reports the latest available monthly rate lock data drawn from the company's **Optimal Blue PPE** – the most widely used product and pricing engine in the industry. Optimal Blue provides additional market insight by way of its market-leading hedging platform. For more information on gaining access to Black Knight's secondary-focused solutions and data assets, please call 844-474-2537 or email **AskBlackKnight@bkfs.com**.
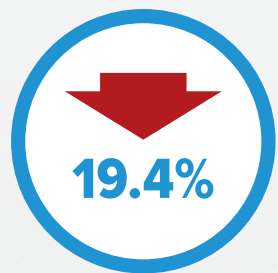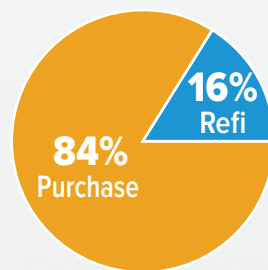
Here, we look at December's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

DECEMBER *NATIONAL STATS*

RATE LOCK VOLUME
19.4%
Locks decreased across all loan categories, led by a 20.5% decrease in purchases

MARKET MIX
16% Refi
84% Purchase
A pullback in purchase locks allowed refi share of the market mix to edge up slightly in December

AVERAGE LOAN AMOUNT
$336K
The average loan amount rose by $5K in December

MONTH-END CONFORMING RATE
6.52%
Our Optimal Blue Mortgage Market Indices tracked a 6 BPS drop in 30-year rate offerings throughout December

Rate lock activity fell again in December as seasonal headwinds amplified by persistent affordability challenges outweighed any incentive created by a brief respite from rising rates

DECEMBER 2022 *TOP 20 METROPOLITAN AREAS*

Here, we look at December's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

	Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
	NATIONAL	**100.0%**	**-19.4%**	**336,256**	**6.336**	**722**	**82**	**84%**	**16%**
1	New York-Newark-Jersey City, NY-NJ-PA	4.7%	-19.2%	489,074	6.263	733	77	85%	15%
2	Dallas-Fort Worth-Arlington, TX	3.7%	-19.8%	367,315	6.255	728	82	89%	11%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	-20.1%	464,502	6.179	730	83	88%	12%
4	Los Angeles-Long Beach-Anaheim, CA	3.4%	-3.5%	620,711	6.335	728	75	80%	20%
5	Phoenix-Mesa-Scottsdale, AZ	3.3%	-3.5%	397,333	6.257	725	81	86%	14%
6	Chicago-Naperville-Elgin, IL-IN-WI	2.8%	-25.4%	284,391	6.461	725	83	88%	12%
7	Houston-The Woodlands-Sugar Land, TX	2.7%	-20.6%	307,510	6.169	717	84	91%	9%
8	Atlanta-Sandy Springs-Roswell, GA	2.5%	-25.2%	322,090	6.320	704	82	81%	19%
9	Miami-Fort Lauderdale-West Palm Beach, FL	2.1%	-19.9%	427,701	6.611	723	77	79%	21%
10	Denver-Aurora-Lakewood, CO	2.1%	-19.4%	454,608	6.224	738	78	88%	12%

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11	Seattle-Tacoma-Bellevue, WA	2.0%	-24.4%	531,762	6.368	741	80	86%	14%
12	Riverside-San Bernardino-Ontario, CA	1.9%	-6.7%	442,285	6.285	716	80	81%	19%
13	Austin-Round Rock, TX	1.7%	-18.2%	425,212	6.016	740	81	89%	11%
14	Boston-Cambridge-Newton, MA-NH	1.7%	-33.0%	512,234	6.169	739	78	87%	13%
15	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-23.3%	311,069	6.233	723	82	87%	13%
16	Tampa-St. Petersburg-Clearwater, FL	1.5%	-15.2%	341,093	6.299	723	80	84%	16%
17	San Diego-Carlsbad, CA	1.3%	9.6%	675,438	6.349	738	77	87%	13%
18	San Antonio-New Braunfels, TX	1.3%	-20.9%	309,174	5.880	716	87	90%	10%
19	San Francisco-Oakland-Hayward, CA	1.3%	-9.5%	708,518	6.441	746	72	80%	20%
20	Baltimore-Columbia-Towson, MD	1.2%	-18.5%	342,683	6.346	725	84	87%	13%

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DECEMBER 2022 *MARKET RATE INDICES*

Pulling data from the Black Knight Optimal Blue Mortgage Market Indices (OBMMI), the chart below shows average 30-year rates across various loan products. Click on the chart to view its contents in high resolution.
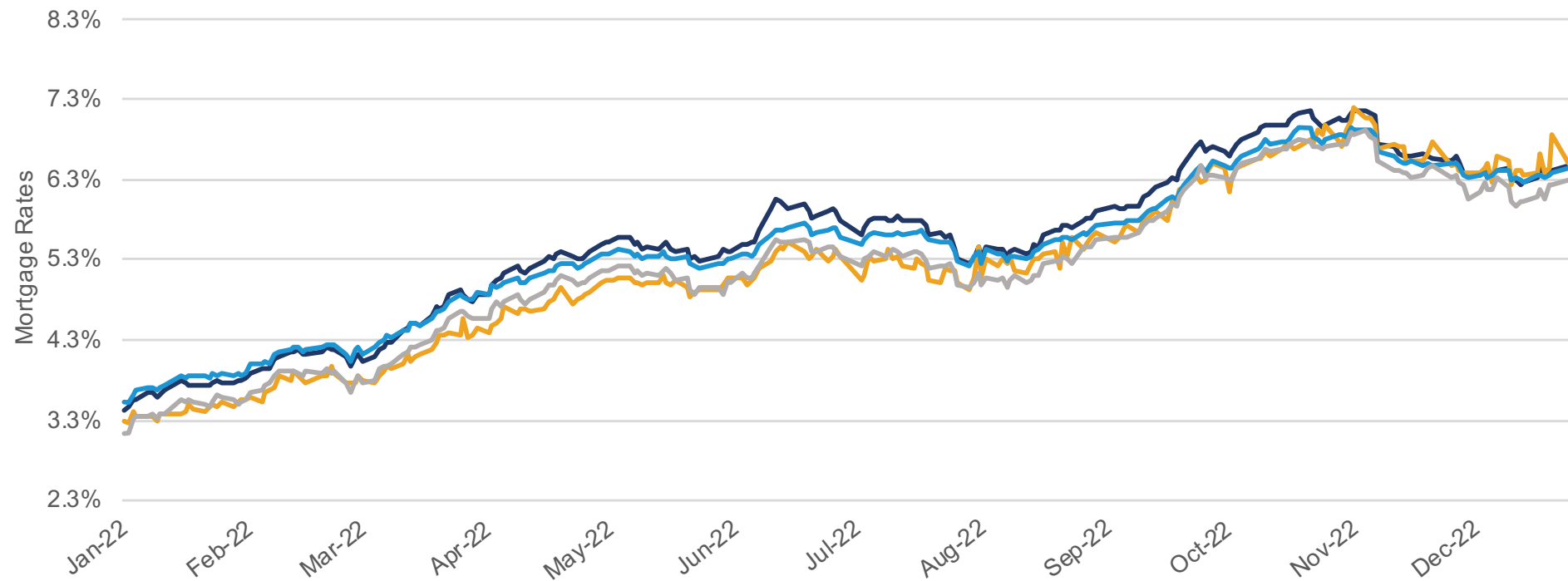
Market Index		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
———	30-Year Conforming	6.52%	(2 BPS)	(20 BPS)	317 BPS
———	30-Year Jumbo	6.71%	29 BPS	22 BPS	348 BPS
———	30-Year FHA	6.42%	(6 BPS)	(11 BPS)	297 BPS
———	30-Year VA	6.25%	(2 BPS)	(11 BPS)	323 BPS

DECEMBER 2022 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.
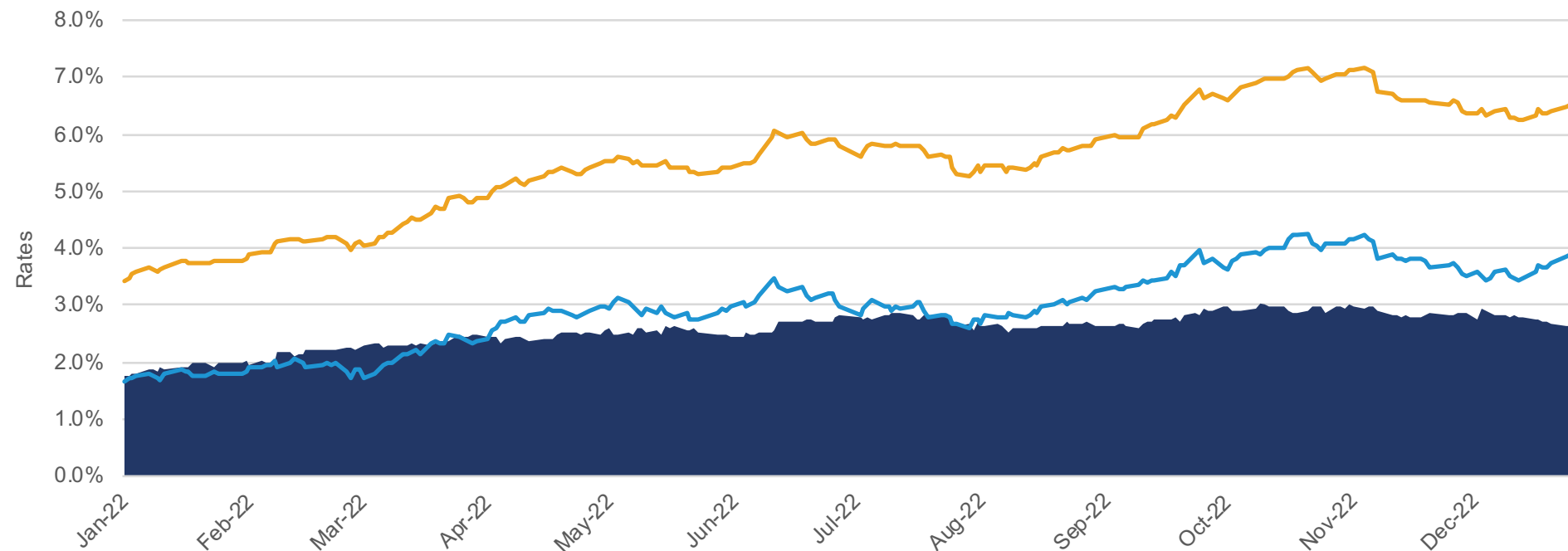
Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	3.88%	20 BPS	5 BPS	236 BPS
30-Year Conforming	6.52%	(2 BPS)	(20 BPS)	317 BPS
10-Year to 30-Year Spread	2.64%	(22 BPS)	(25 BPS)	81 BPS

DECEMBER 2022 LOCK VOLUME BY LOAN PURPOSE

Here, we break down December's rate lock volumes by loan purpose. This information is pulled from daily rate lock tracking data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
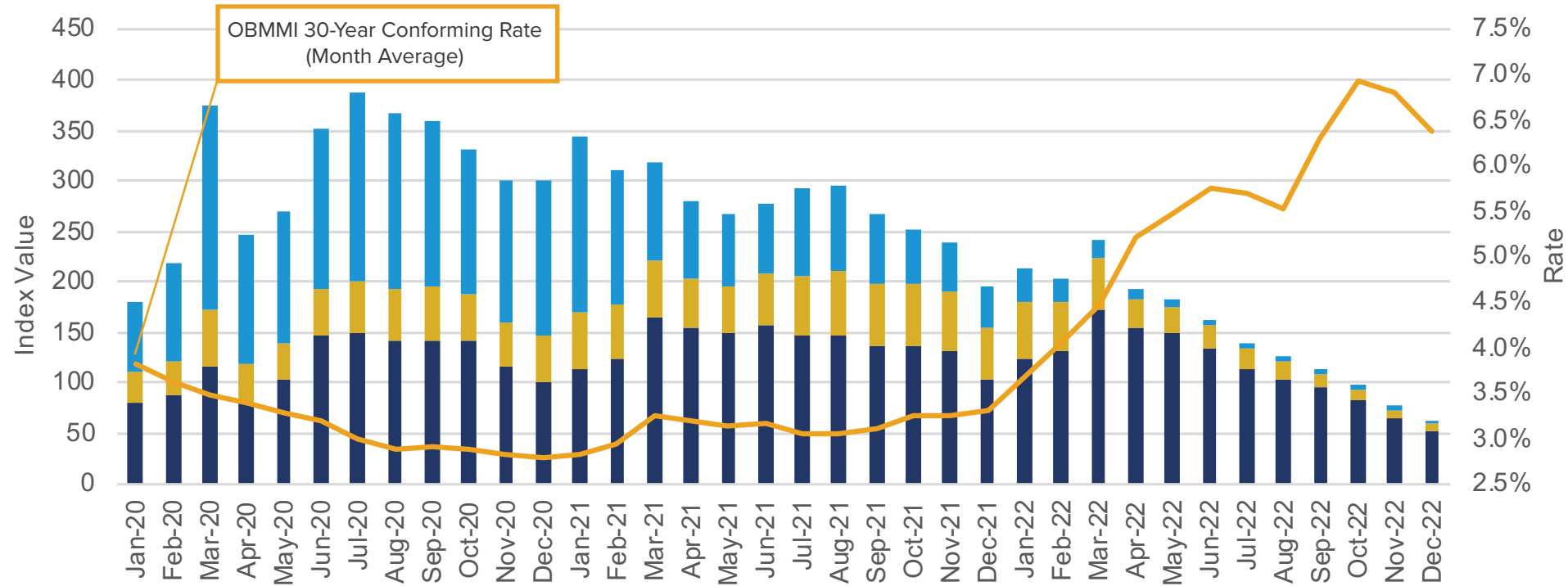
| Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
▬▬▬	Purchase	52	(20.5%)	(45.9%)	(48.9%)
▬▬▬	Cash-Out Refinance	7	(14.1%)	(47.5%)	(87.0%)
▬▬▬	Rate/Term Refinance	3	(11.2%)	(37.9%)	(92.8%)
▬▬▬	Total	62	(19.4%)	(45.8%)	(68.3%)
Refinance Share*		16%	113 BPS	23 BPS	(3189 BPS)

*Refinance share changes reflect inter-period delta

DECEMBER 2022 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down December's rate lock volumes by loan product. This information is pulled from daily rate lock tracking data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
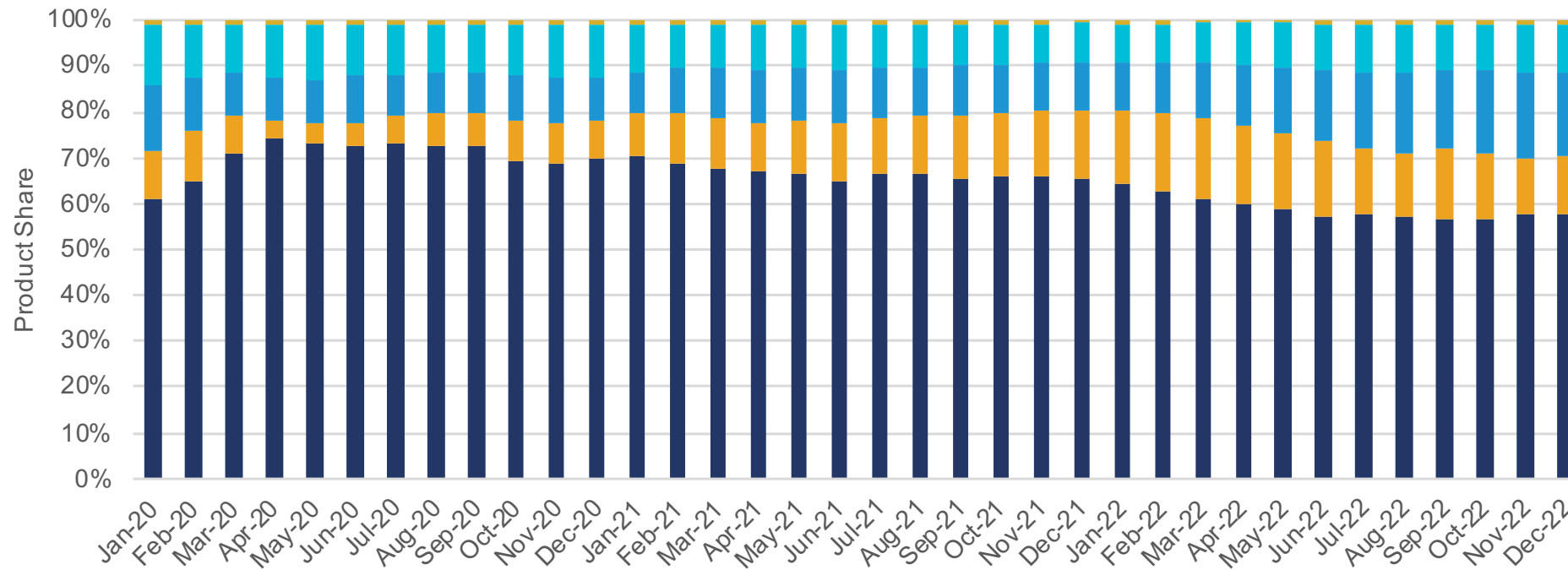
Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	57.9%	41 BPS	154 BPS	(743 BPS)
Nonconforming	12.3%	(9 BPS)	(351 BPS)	(259 BPS)
FHA	18.2%	(64 BPS)	119 BPS	771 BPS
VA	10.9%	38 BPS	82 BPS	225 BPS
USDA	0.8%	(6 BPS)	(4 BPS)	6 BPS

DECEMBER 2022 *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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
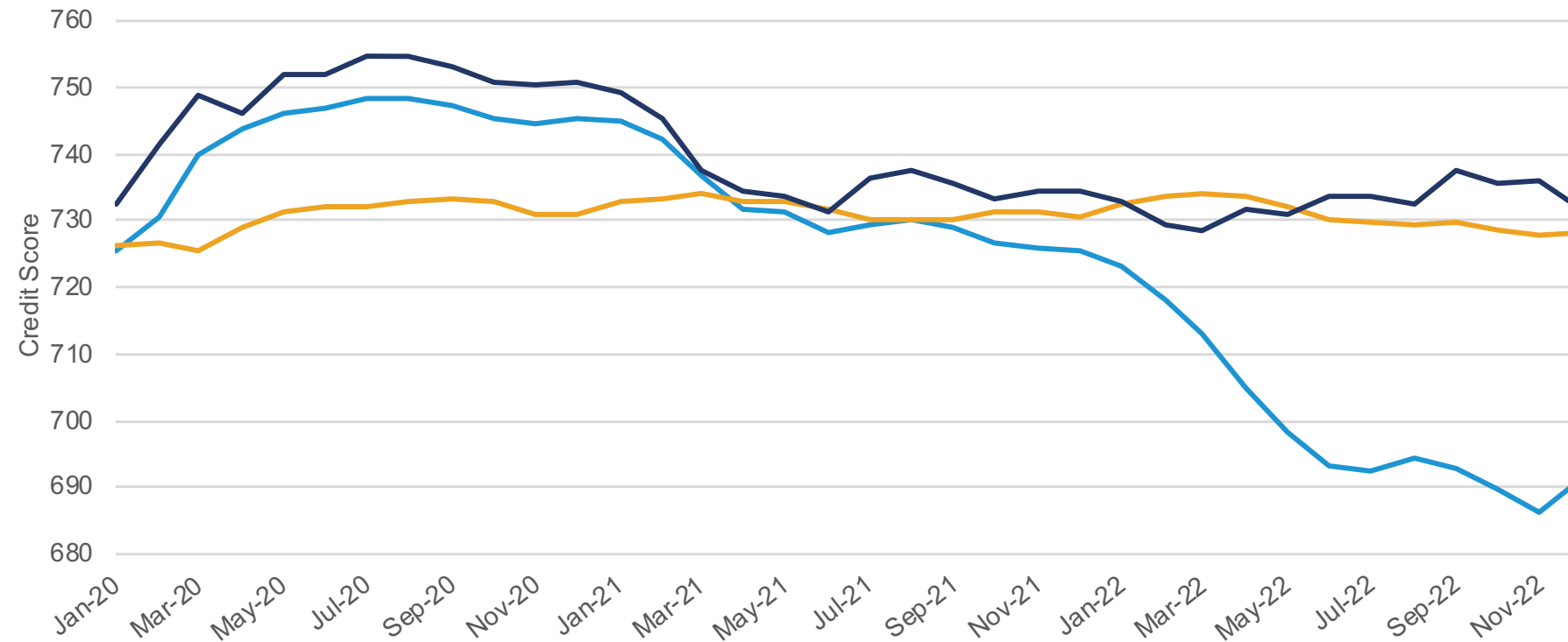
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	691	5	-2	-34
	Purchase	728	0	-1	-2
	Rate/Term Refi	732	-4	-6	-3

DECEMBER 2022 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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
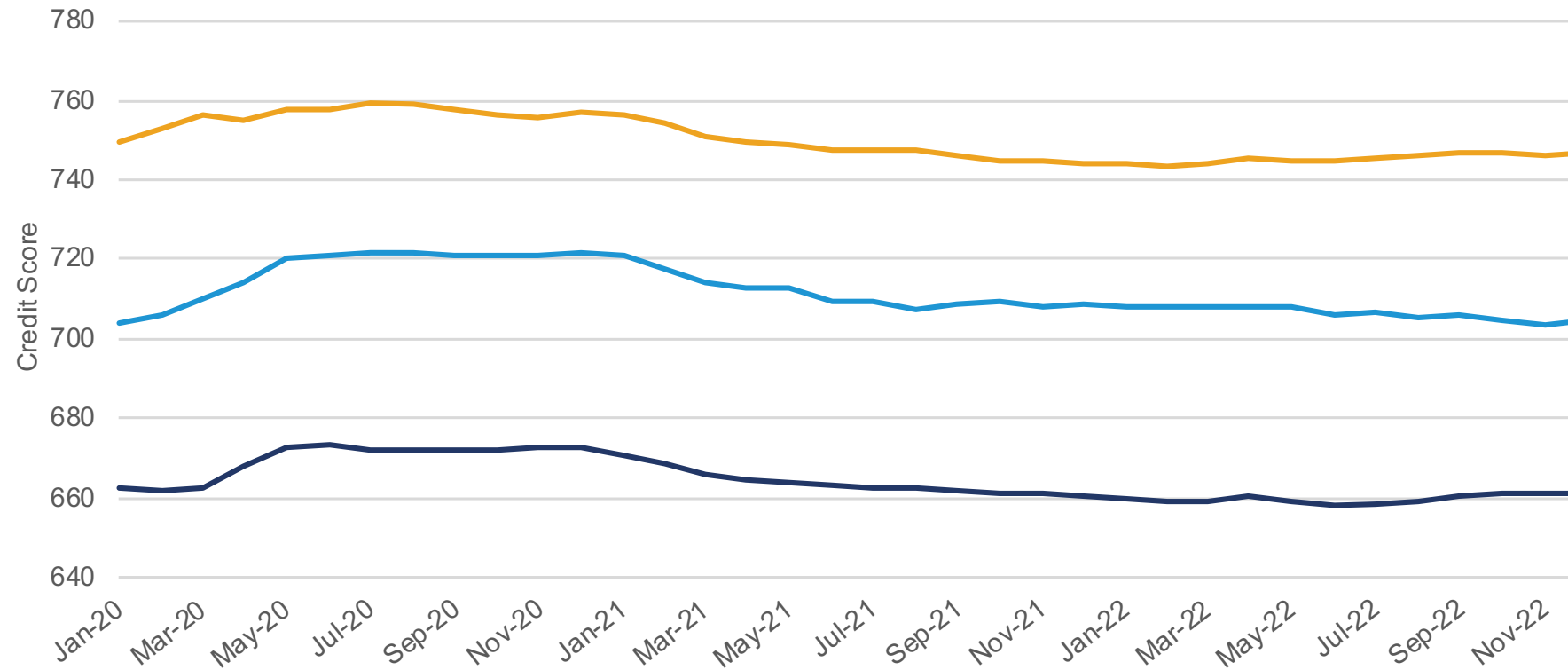

Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	661	0	1	1
	VA	704	1	-2	-4
	Conforming	747	0	0	3

DECEMBER 2022 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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
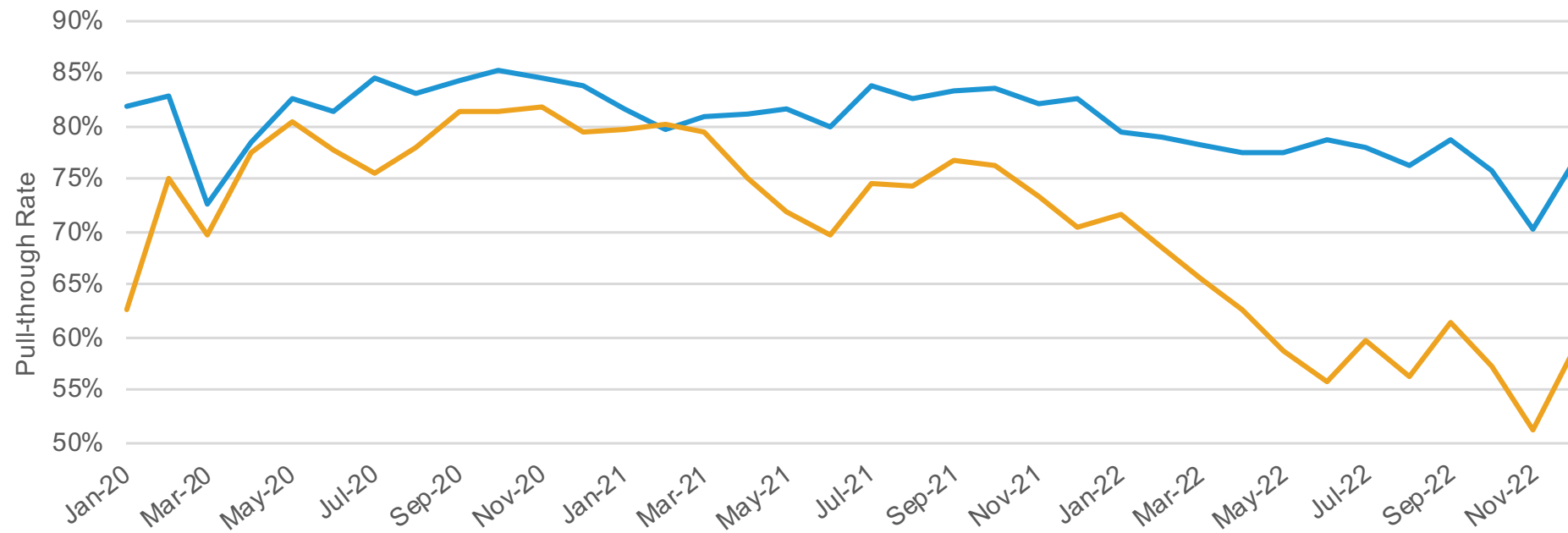
Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	76.8%	653 BPS	(198 BPS)	(578 BPS)
Refinance Pull-Through	58.9%	765 BPS	(262 BPS)	(1150 BPS)

DECEMBER 2022 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.
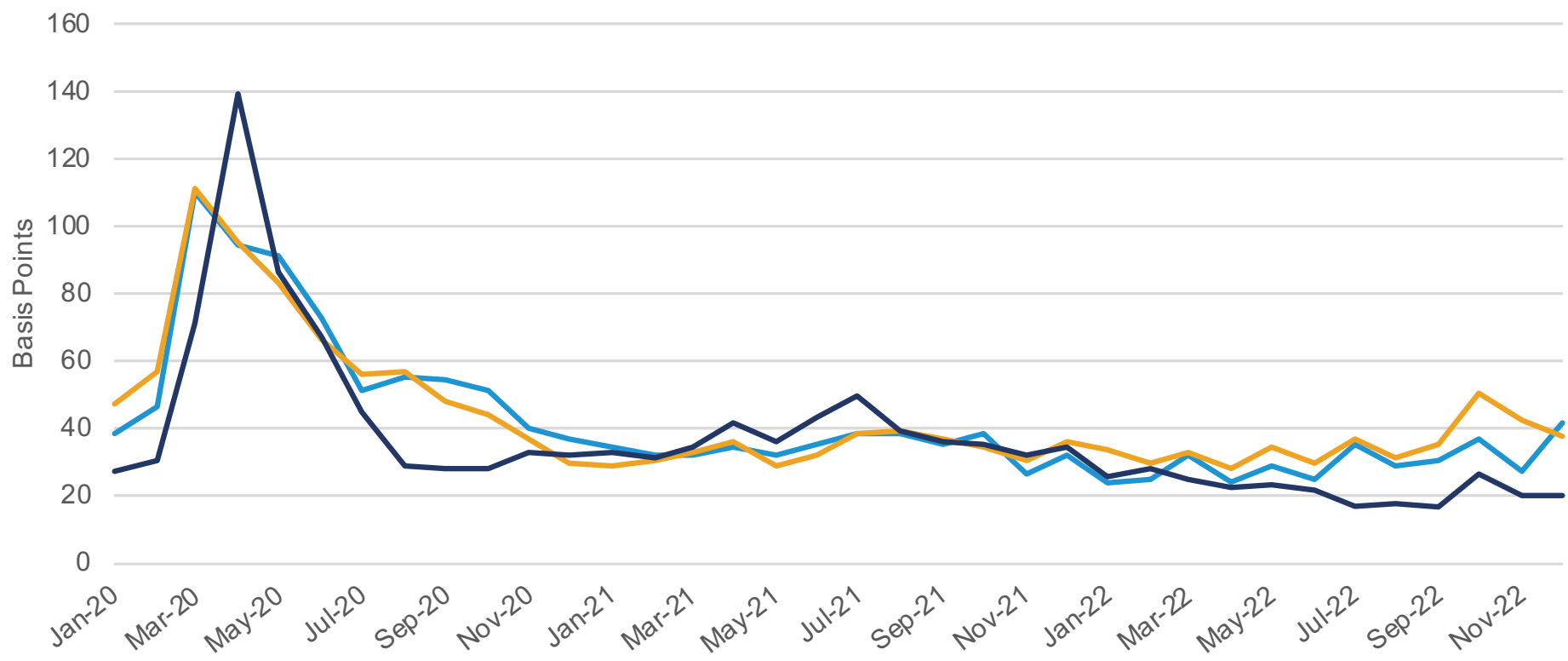
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	38 BPS	(5 BPS)	2 BPS	2 BPS
15-Year Conforming	42 BPS	14 BPS	11 BPS	10 BPS
30-Year Government	20 BPS	0 BPS	3 BPS	(14 BPS)