



ORIGINATIONS MARKET MONITOR



FEBRUARY 2023 REPORT



ORIGINATIONS MARKET MONITOR

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FEBRUARY 2023 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 dollar volume rose 2% in February, although the number of locks dropped as loan production shifted toward fewer but larger loans. The benchmark 30-year mortgage dipped below 6% early in the month before rising to finish the month at 6.68%, up 52 basis points month over month.

Overall lock volumes are up 8.6% over the last three months but remain 58.8% off last year's levels. Purchase lock volumes edged up 4% for the month but are down 45.4% from the same month in 2022. Cash-out refinances fell 11% from January and are now down 84.3% from last year. Rate/term refinances remained essentially unchanged from January but are still down more than 82% from the same month in 2022. Refi share of lock volume edged down to 14%, on par with the lowest ebb of this current cycle in October.

Rate and affordability pressures continue to challenge purchase lending, driving homebuyers to alternative loan products. The share of locks with adjustable rates rose in February to 10.3%, while nonconforming loans (12.2%) – including jumbos and expanded guidelines – picked up share relative to all other loan products.

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.



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FEBRUARY 2023 NATIONAL RATE LOCK METRICS

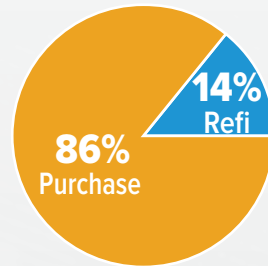
Here, we look at February's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.

FEBRUARY NATIONAL STATS



RATE LOCK VOLUME

Purchase locks edged up 4%, cash-outs fell 11% and rate/term refis held at record lows



MARKET MIX

Refi share of the market mix returned to a record low in February



AVERAGE LOAN AMOUNT

The average loan amount rose by \$9K in February



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 52 bps rise in 30-year rate offerings throughout February

Rate lock dollar volume edged up in February, while the number of locks declined as loan production shifted toward fewer but larger loans





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FEBRUARY 2023 TOP 20 METROPOLITAN AREAS

Here, we look at February'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%	2.3%	\$348,738	6.315	724.34	82.14	86%	14%
1 New York-Newark-Jersey City, NY-NJ-PA	3.8%	-6.8%	\$495,299	6.264	735.65	76.70	80%	20%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	6.7%	\$504,086	6.161	738.55	83.72	91%	9%
3 Dallas-Fort Worth-Arlington, TX	3.6%	-7.7%	\$367,737	6.272	726.29	82.74	90%	10%
4 Phoenix-Mesa-Scottsdale, AZ	3.4%	2.5%	\$394,942	6.261	725.13	81.49	88%	12%
5 Chicago-Naperville-Elgin, IL-IN-WI	3.2%	2.8%	\$311,850	6.491	730.50	83.00	91%	9%
6 Los Angeles-Long Beach-Anaheim, CA	2.9%	4.9%	\$697,797	6.493	736.99	73.10	79%	21%
7 Houston-The Woodlands-Sugar Land, TX	2.8%	4.6%	\$324,605	6.099	720.53	84.53	92%	8%
8 Atlanta-Sandy Springs-Roswell, GA	2.8%	4.9%	\$338,446	6.282	711.20	82.78	83%	17%
9 Seattle-Tacoma-Bellevue, WA	2.3%	9.5%	\$564,781	6.329	741.73	80.49	90%	10%
10 Miami-Fort Lauderdale-West Palm Beach, FL	2.2%	6.2%	\$449,683	6.497	725.89	77.99	86%	14%





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FEBRUARY 2023 TOP 20 METROPOLITAN AREAS

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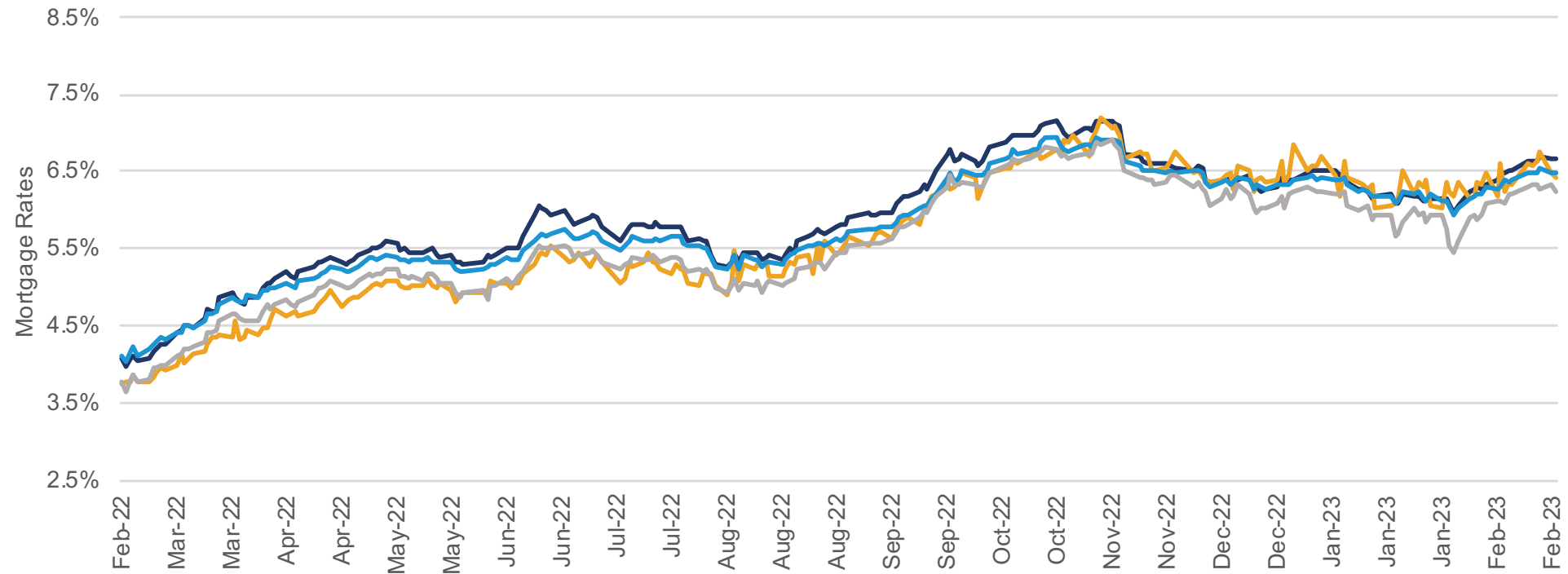
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	2.3%	\$348,738	6.315	724.34	82.14	86%	14%
11 Denver-Aurora-Lakewood, CO	2.0%	10.5%	\$471,705	6.252	744.03	78.82	89%	11%
12 Riverside-San Bernardino-Ontario, CA	1.9%	5.1%	\$450,023	6.135	719.37	80.38	84%	16%
13 Boston-Cambridge-Newton, MA-NH	1.7%	24.2%	\$552,187	6.102	743.86	77.20	88%	12%
14 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	2.9%	\$325,858	6.244	726.96	81.60	88%	12%
15 Tampa-St. Petersburg-Clearwater, FL	1.5%	-3.6%	\$343,266	6.292	726.05	80.14	85%	15%
16 Austin-Round Rock, TX	1.5%	-12.2%	\$424,489	6.046	741.31	81.27	91%	9%
17 San Francisco-Oakland-Hayward, CA	1.4%	18.8%	\$718,067	6.385	749.96	73.96	86%	14%
18 San Antonio-New Braunfels, TX	1.3%	-4.1%	\$316,551	5.944	716.54	87.12	90%	10%
19 Las Vegas-Henderson-Paradise, NV	1.3%	18.3%	\$379,727	6.113	725.46	84.22	89%	11%
20 Nashville-Davidson-Murfreesboro-Franklin, TN	1.3%	0.0%	\$389,879	6.186	727.59	81.62	89%	11%



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FEBRUARY 2023 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.



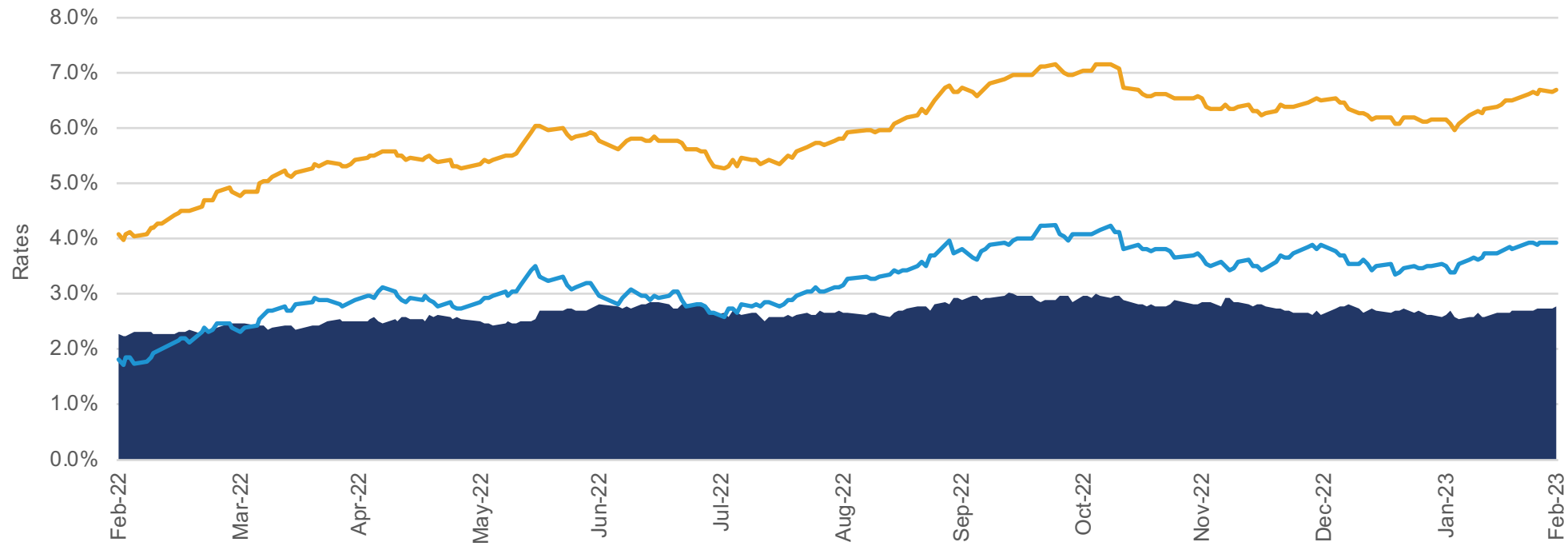
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
—	30-Year Conforming	6.68%	52 BPS	14 BPS	259 BPS
—	30-Year Jumbo	6.43%	7 BPS	1 BPS	267 BPS
—	30-Year FHA	6.49%	37 BPS	1 BPS	237 BPS
—	30-Year VA	6.25%	51 BPS	(2 BPS)	248 BPS






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FEBRUARY 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 the Black Knight [secondary market hedging platform](#). Click on the chart to view its contents in high resolution.



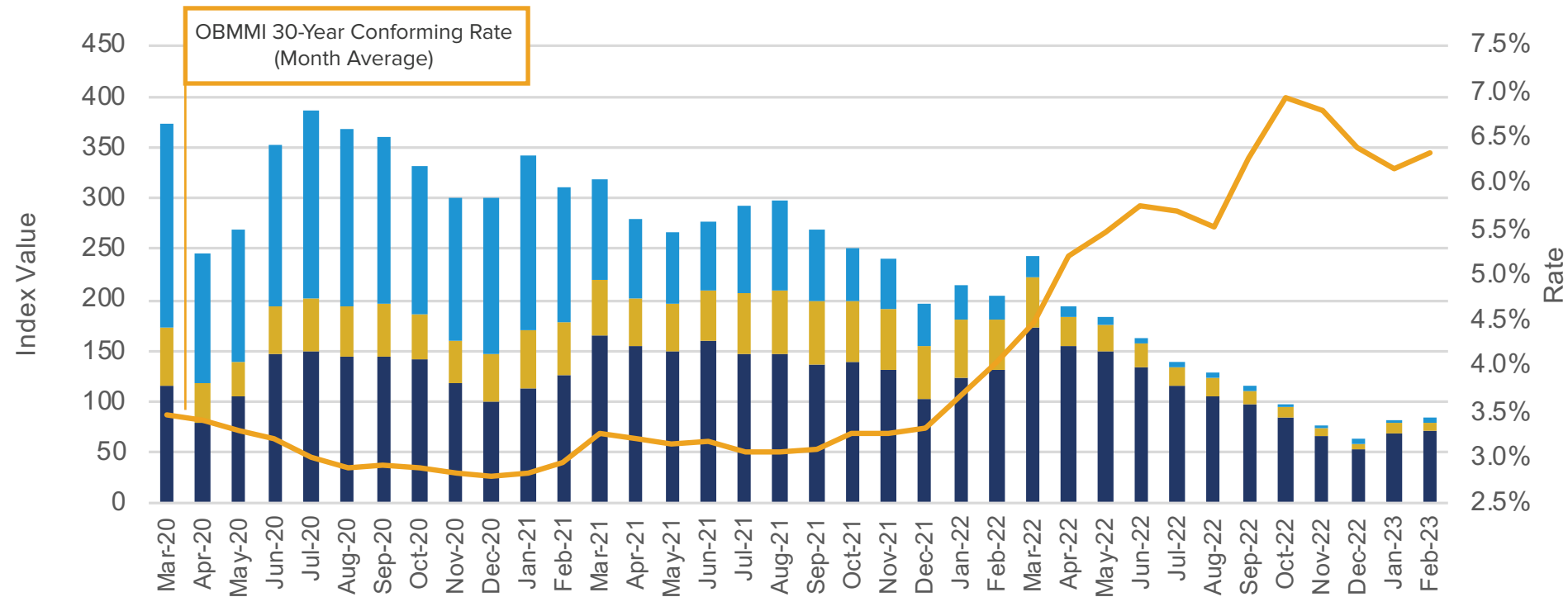
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.92%	40 BPS	24 BPS	209 BPS
	30-Year Conforming	6.68%	52 BPS	14 BPS	259 BPS
	10-Year to 30-Year Spread	2.76%	12 BPS	(10 BPS)	50 BPS







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FEBRUARY 2023 LOCK VOLUME BY LOAN PURPOSE

Here, we break down February'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	72	4.0%	9.4%	(45.4%)
	Cash-Out Refinance	8	(11.0%)	(4.4%)	(84.3%)
	Rate/Term Refinance	4	(0.1%)	21.6%	(82.0%)
	Total	84	2.3%	8.5%	(58.8%)
Refinance Share*		14%	(148 BPS)	(72 BPS)	(2117 BPS)

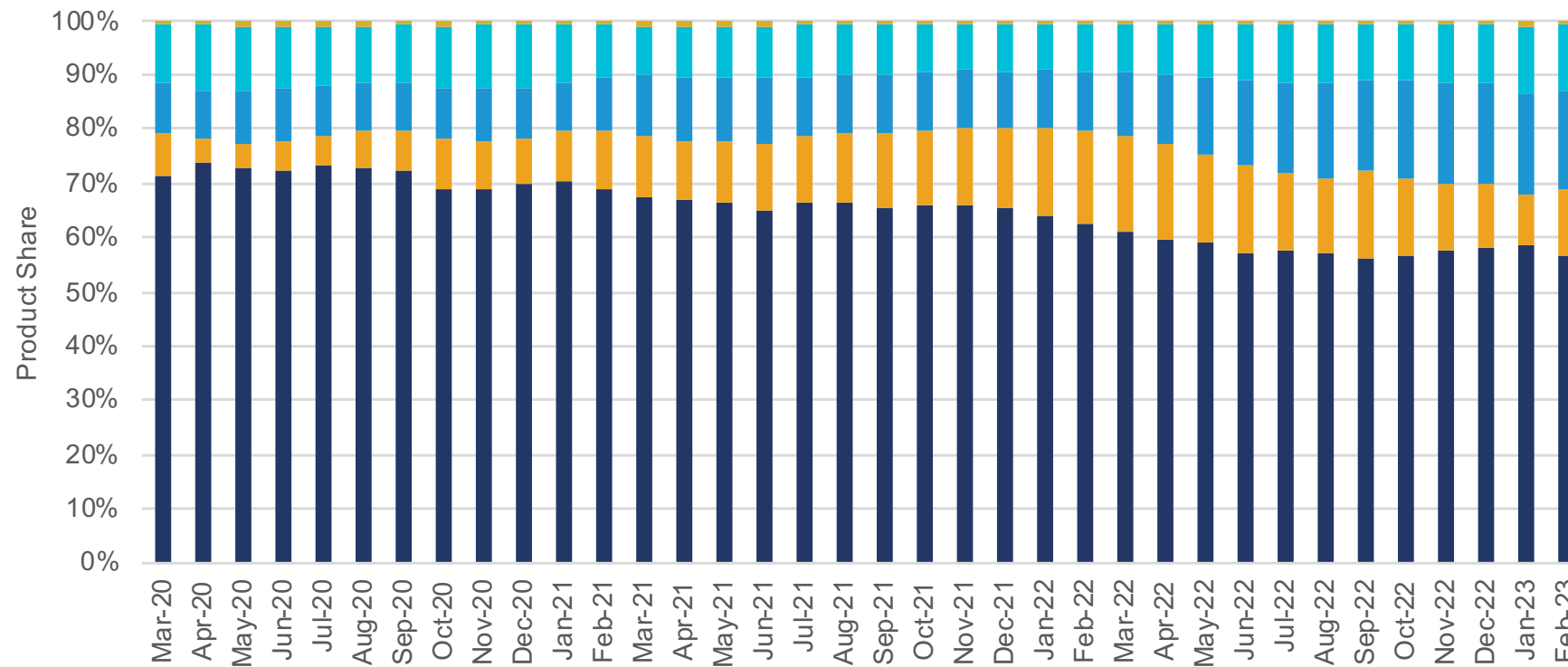
*Refinance share changes reflect inter-period delta








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FEBRUARY 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down February'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.



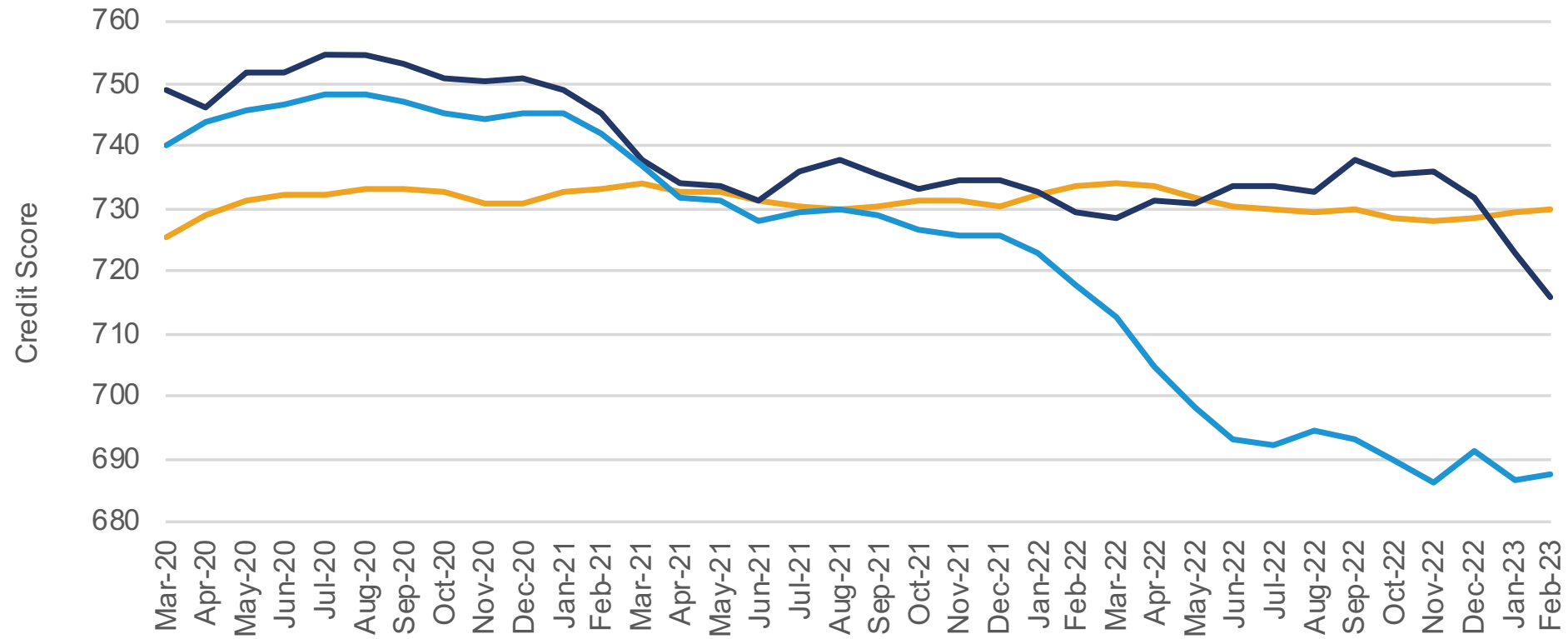
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	56.6%	(186 BPS)	(90 BPS)	(590 BPS)
	Nonconforming	12.2%	246 BPS	(19 BPS)	(485 BPS)
	FHA	18.4%	(12 BPS)	(45 BPS)	732 BPS
	VA	12.0%	(42 BPS)	154 BPS	332 BPS
	USDA	0.8%	(6 BPS)	0 BPS	11 BPS



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FEBRUARY 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 Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.



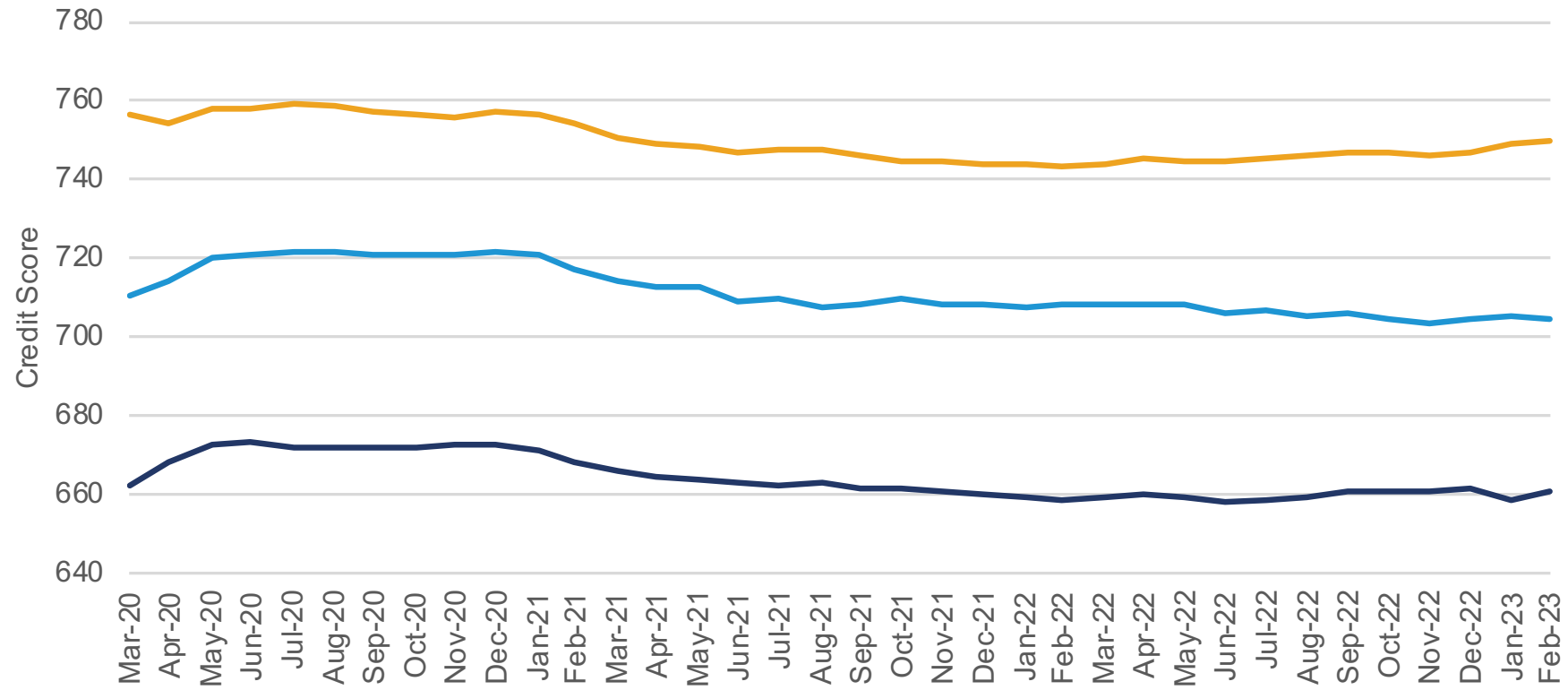
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	688	1	2	-30
	Purchase	730	2	-4	-3
	Rate/Term Refi	716	-7	-20	-13






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FEBRUARY 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 Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.



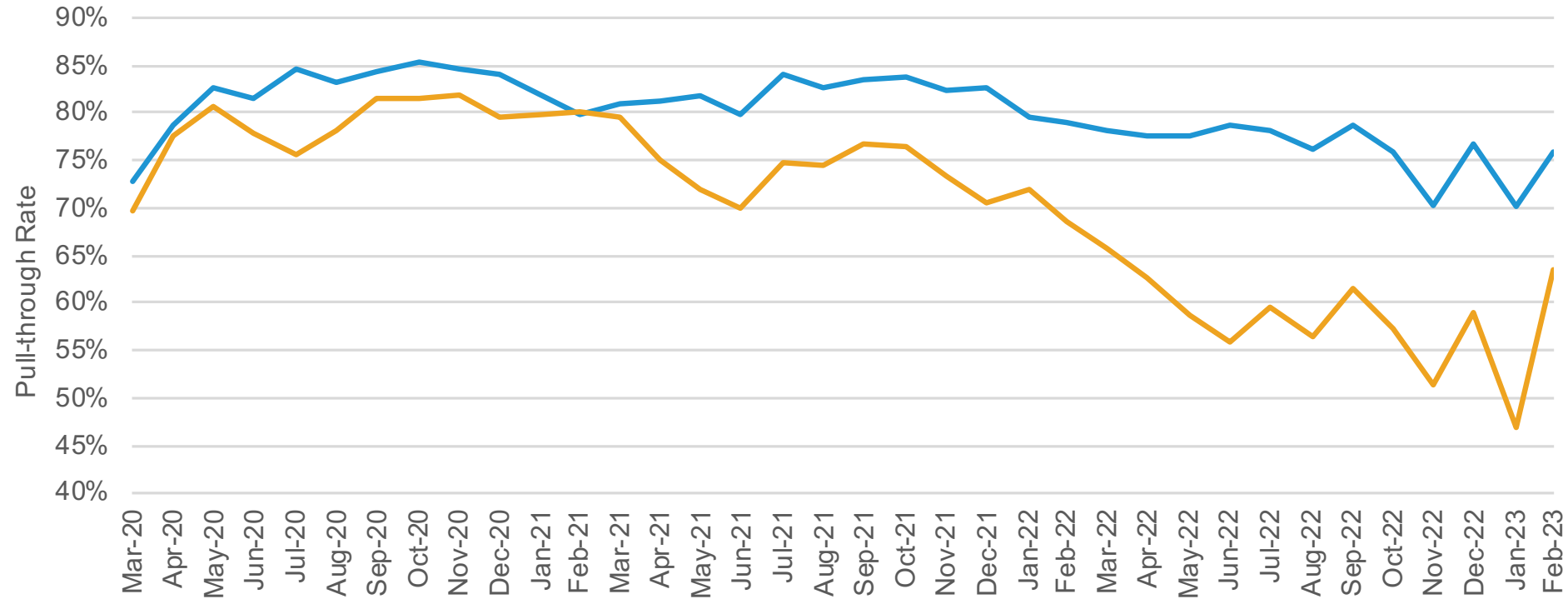
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	661	2	0	2
	VA	705	-1	1	-4
	Conforming	750	1	3	6





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FEBRUARY 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 Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.



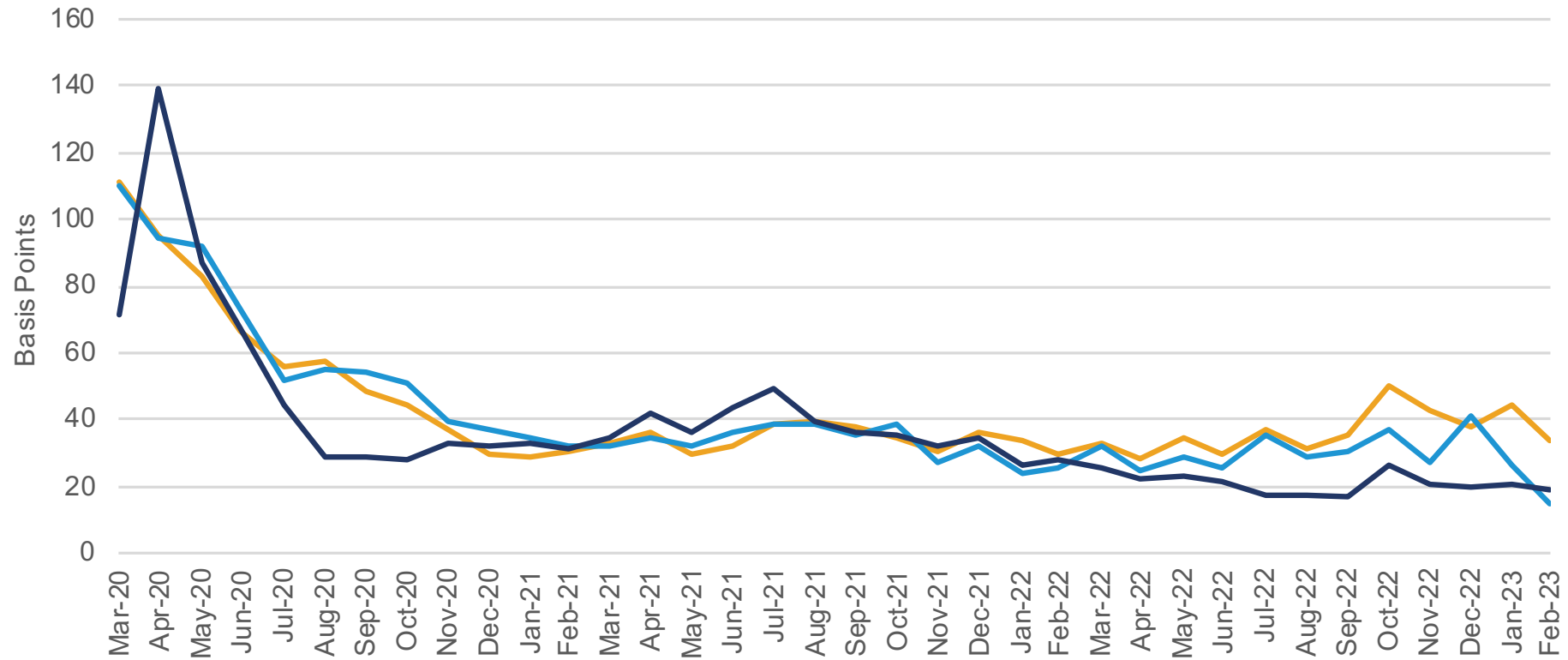
	Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	75.8%	564 BPS	551 BPS	(313 BPS)
	Refinance Pull-Through	63.4%	1647 BPS	1211 BPS	(521 BPS)






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FEBRUARY 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 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	34 BPS	(11 BPS)	(9 BPS)	4 BPS
	15-Year Conforming	15 BPS	(12 BPS)	(13 BPS)	(11 BPS)
	30-Year Government	19 BPS	(2 BPS)	(2 BPS)	(10 BPS)

