



**ORIGINATIONS
MARKET MONITOR**



ORIGINATIONS MARKET MONITOR

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JULY 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 volumes fell 7% month over month, with non-conforming loan products continuing to fall slightly more than conforming loans. The benchmark 30-year mortgage finished the month 10 basis points (bps) higher at 6.88%.

Overall lock volumes are up 4.8% over the last three months but remain 30% below the comparable period a year ago. Purchase lock volumes are up 5.7% over that same period and 25% below the volume of July 2022. While cash-out refinance volume has been flat over the past three months, it remains 59% below the same month last year. Rate/term refinances decreased 4% over the three-month period and 31% from the same month in 2022. Refi share of lock volume remained at 12%, near June's low.

Demand for ARM loans dipped slightly to 6.79% of total lock activity. Jumbo rates remained higher than conforming, resulting in nonconforming locks (including jumbo and expanded guidelines) claiming a smaller share of the pipeline. The average purchase price fell to \$456K, after rising for seven consecutive months, with an average loan amount falling to \$358K.

Credit quality of conforming and FHA borrowers remained flat, while the credit scores for VA loans ticked up a point.

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.

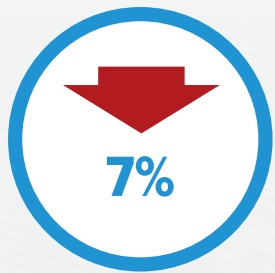


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JULY 2023 NATIONAL RATE LOCK METRICS

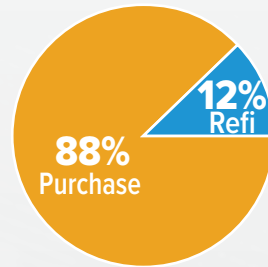
Here, we look at July's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.

JULY NATIONAL STATS



RATE LOCK VOLUME

Purchase locks fell 7%, with cash-outs down 5%, while rate/term refis experienced a 2% bump up



MARKET MIX

Refi share of the market mix remained near June's record low at just 12%



AVERAGE LOAN AMOUNT

The average loan amount fell \$2K in July, while the average purchase price on locked loans fell to \$456K



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 10 bps rise in 30-year rate offerings

With only 3% of active mortgages carrying interest rates at or above current levels, there is little incentive for homeowners to refinance.





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JULY 2023 TOP 20 METROPOLITAN AREAS

Here, we look at July'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%	-6.9%	\$357,830	6.770	730.00	80.68	88%	12%
1 New York-Newark-Jersey City, NY-NJ-PA	5.0%	-5.2%	\$534,671	6.793	741.66	75.84	87%	13%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.9%	-7.2%	\$507,827	6.654	742.47	82.12	92%	8%
3 Dallas-Fort Worth-Arlington, TX	3.6%	-5.6%	\$380,564	6.609	733.39	81.42	91%	9%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.5%	-13.2%	\$318,544	6.902	736.32	81.80	92%	8%
5 Houston-The Woodlands-Sugar Land, TX	2.8%	-4.2%	\$333,197	6.514	725.40	83.73	94%	6%
6 Phoenix-Mesa-Scottsdale, AZ	2.6%	-12.4%	\$403,456	6.691	729.08	79.65	88%	12%
7 Atlanta-Sandy Springs-Roswell, GA	2.5%	-0.2%	\$363,976	6.716	714.87	81.25	86%	14%
8 Los Angeles-Long Beach-Anaheim, CA	2.5%	-8.7%	\$677,317	7.021	741.83	71.10	80%	20%
9 Seattle-Tacoma-Bellevue, WA	2.2%	-0.9%	\$574,726	6.846	745.60	78.27	89%	11%
10 Boston-Cambridge-Newton, MA-NH	2.1%	-19.3%	\$556,874	6.755	747.41	76.05	93%	7%





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JULY 2023 TOP 20 METROPOLITAN AREAS

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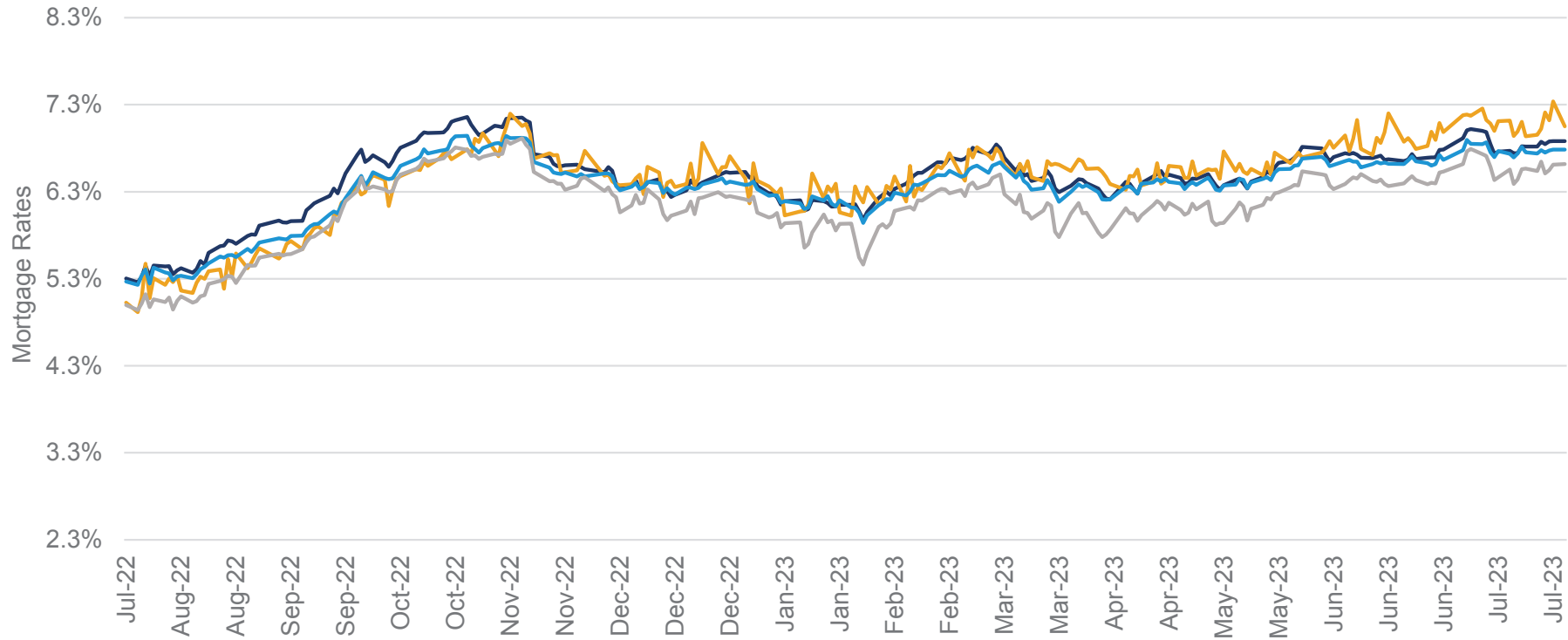
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-6.9%	\$357,830	6.770	730.00	80.68	88%	12%
11 Denver-Aurora-Lakewood, CO	1.9%	-6.5%	\$485,829	6.615	740.44	76.39	89%	11%
12 Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	-4.4%	\$495,761	6.855	727.92	77.06	85%	15%
13 Austin-Round Rock, TX	1.6%	-7.3%	\$422,767	6.389	742.35	78.91	93%	7%
14 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-11.1%	\$347,956	6.730	733.26	80.78	89%	11%
15 Riverside-San Bernardino-Ontario, CA	1.5%	-1.1%	\$461,930	6.717	717.58	80.11	86%	14%
16 Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	-5.9%	\$353,532	6.738	747.89	80.42	93%	7%
17 Tampa-St. Petersburg-Clearwater, FL	1.4%	0.5%	\$374,055	6.709	730.23	80.14	87%	13%
18 San Antonio-New Braunfels, TX	1.4%	-4.1%	\$317,674	6.147	721.58	87.06	92%	8%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	0.8%	\$385,658	6.747	735.76	80.77	87%	13%
20 Baltimore-Columbia-Towson, MD	1.2%	-6.8%	\$383,363	6.785	735.67	84.01	92%	8%







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JULY 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.



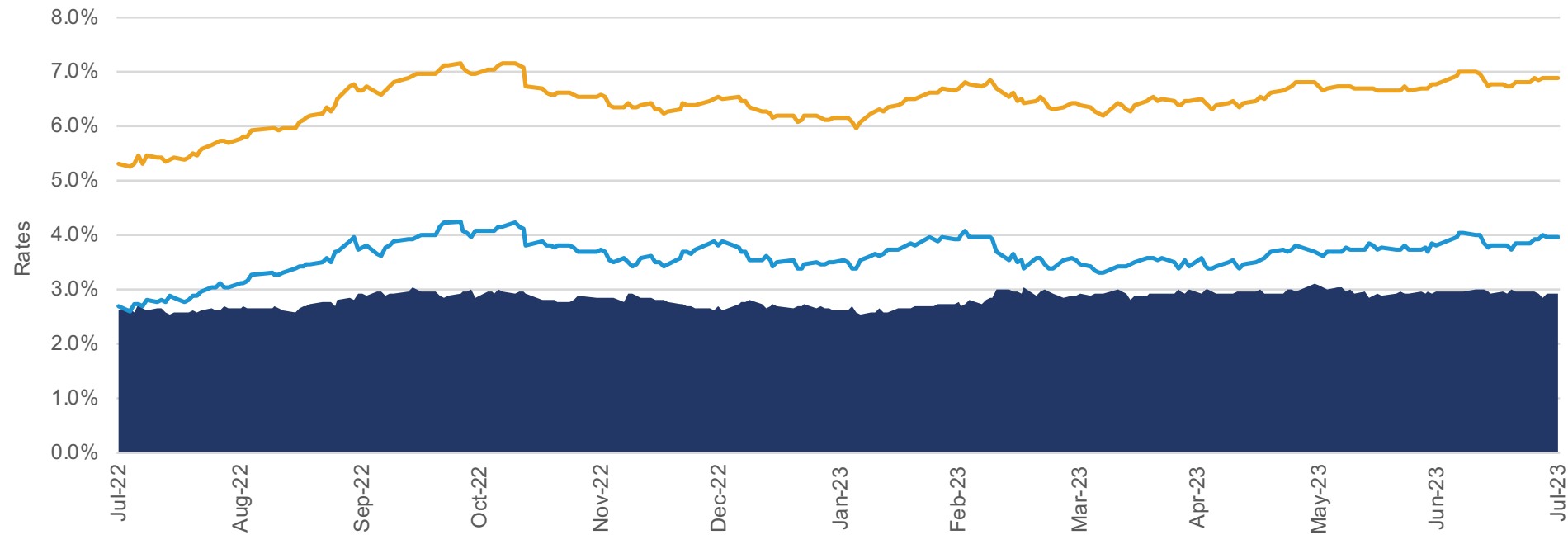
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.88%	10 BPS	43 BPS	158 BPS
	30-Year Jumbo	7.05%	6 BPS	57 BPS	203 BPS
	30-Year FHA	6.78%	12 BPS	40 BPS	152 BPS
	30-Year VA	6.62%	9 BPS	52 BPS	162 BPS






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JULY 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.



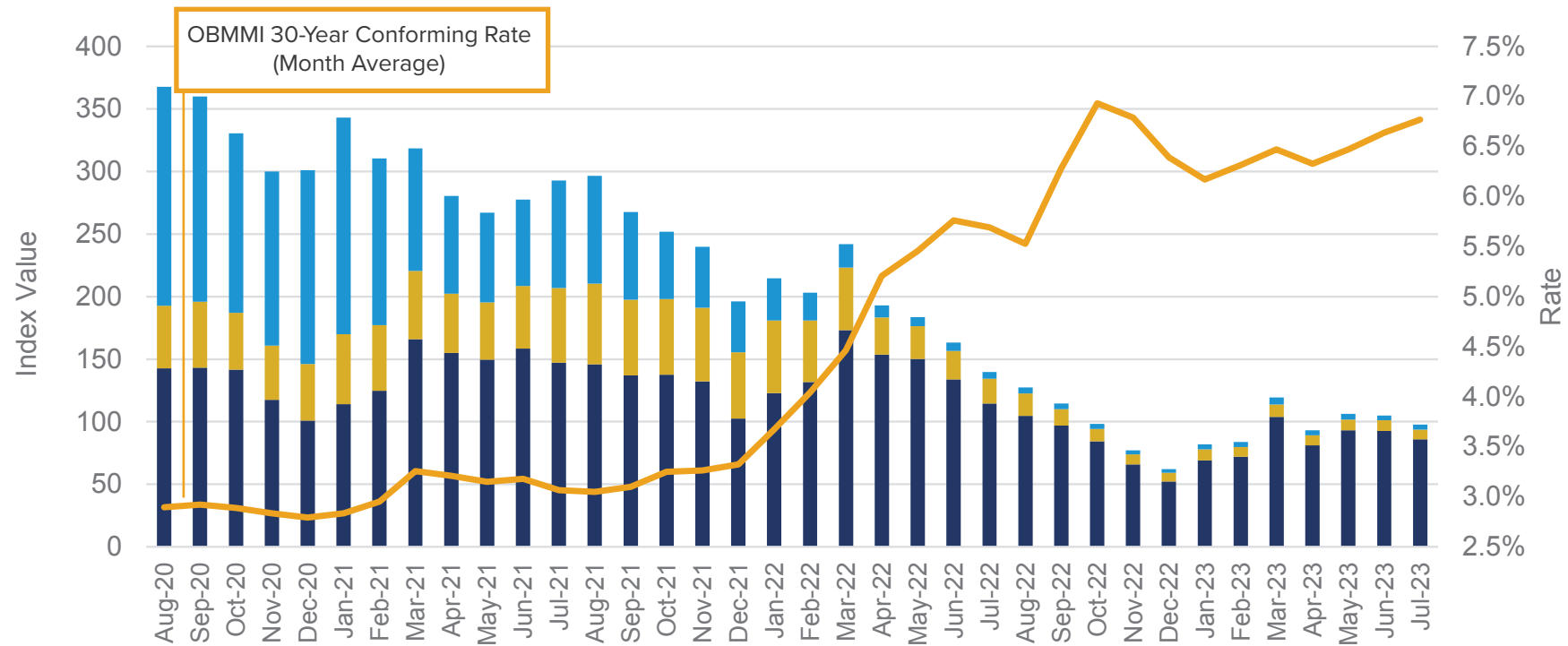
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.97%	16 BPS	53 BPS	129 BPS
	30-Year Conforming	6.88%	10 BPS	43 BPS	158 BPS
	10-Year to 30-Year Spread	2.91%	(6 BPS)	(10 BPS)	29 BPS







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JULY 2023 LOCK VOLUME BY LOAN PURPOSE

Here, we break down July'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	86	(7.4%)	5.7%	(25.2%)
	Cash-Out Refinance	8	(5.4%)	(0.0%)	(59.3%)
	Rate/Term Refinance	4	1.9%	(4.2%)	(31.2%)
	Total	98	(6.9%)	4.8%	(30.2%)
Refinance Share*		12%	47 BPS	(76 BPS)	(591 BPS)

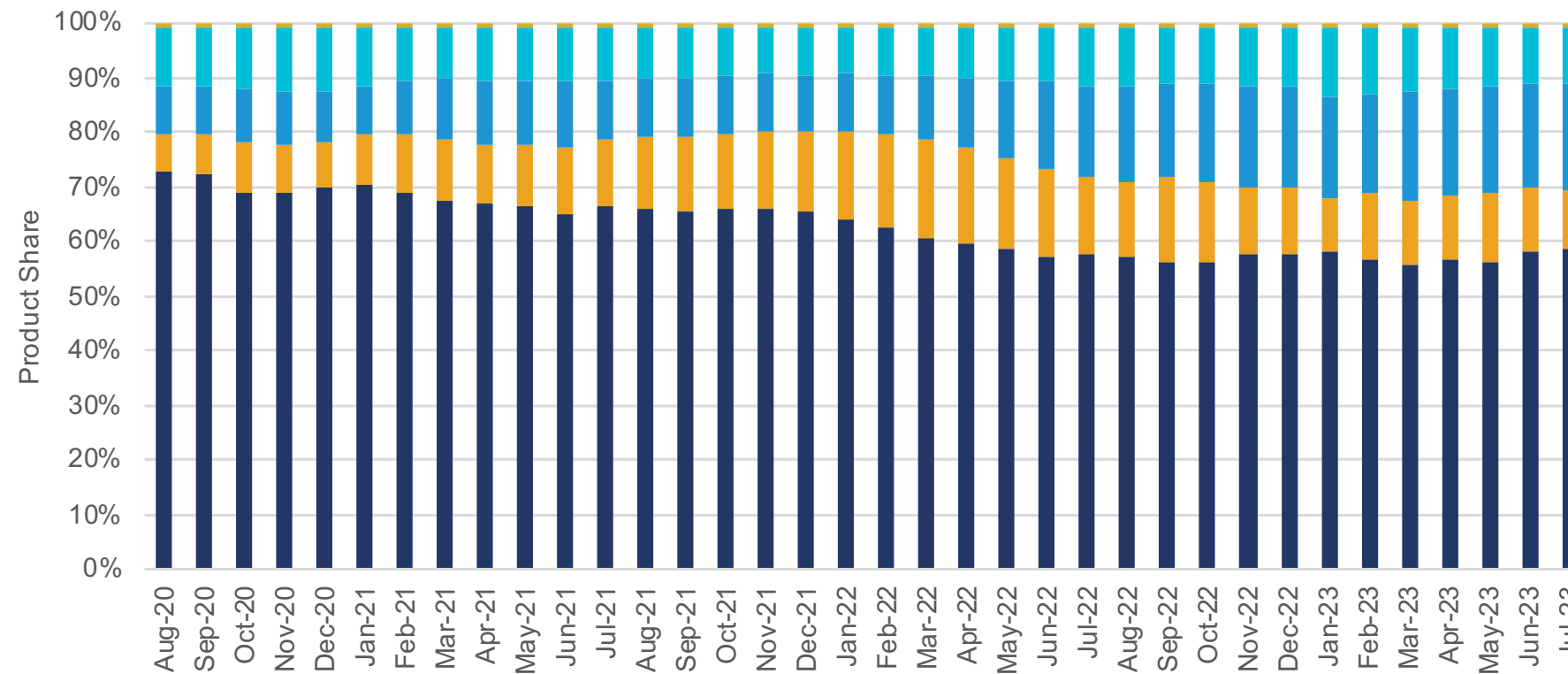
*Refinance share changes reflect inter-period delta








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JULY 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down July'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.



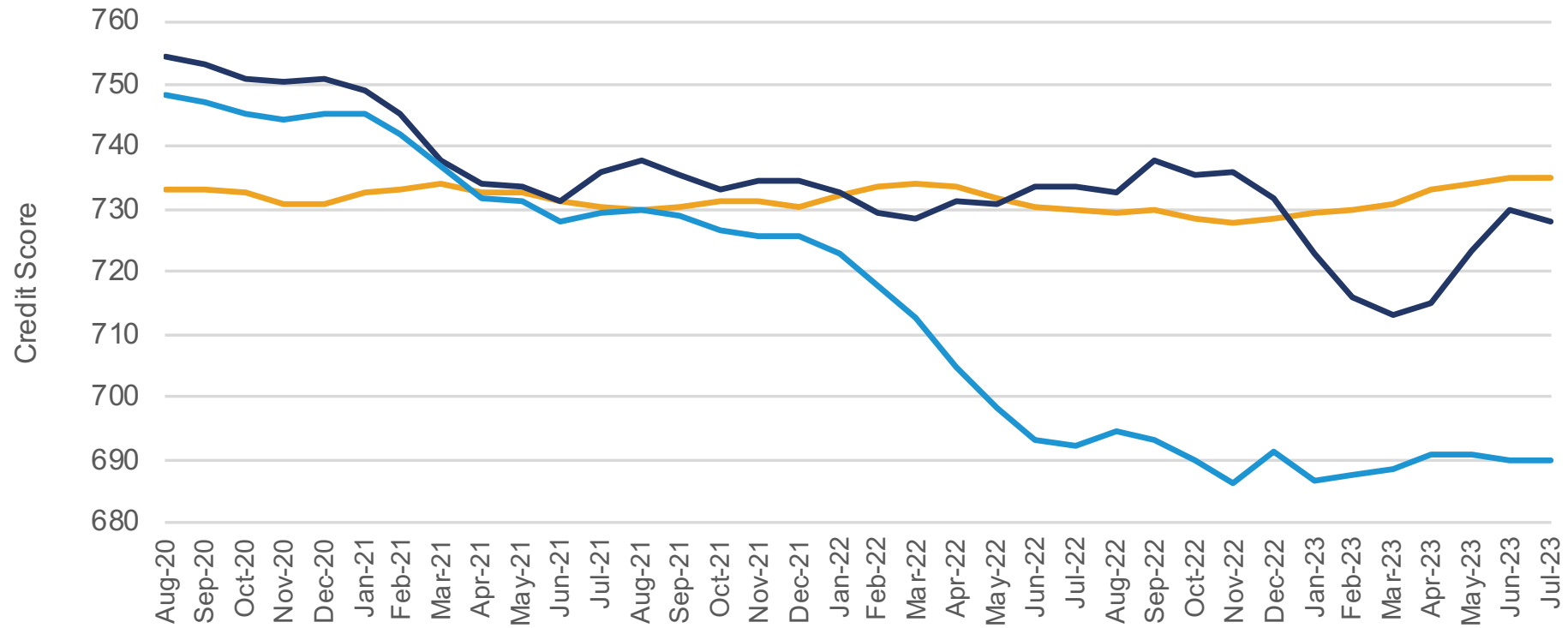
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	58.8%	29 BPS	206 BPS	107 BPS
	Nonconforming	10.6%	(62 BPS)	(91 BPS)	(351 BPS)
	FHA	19.4%	37 BPS	(17 BPS)	250 BPS
	VA	10.6%	(5 BPS)	(90 BPS)	13 BPS
	USDA	0.6%	1 BPS	(8 BPS)	(20 BPS)






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JULY 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.



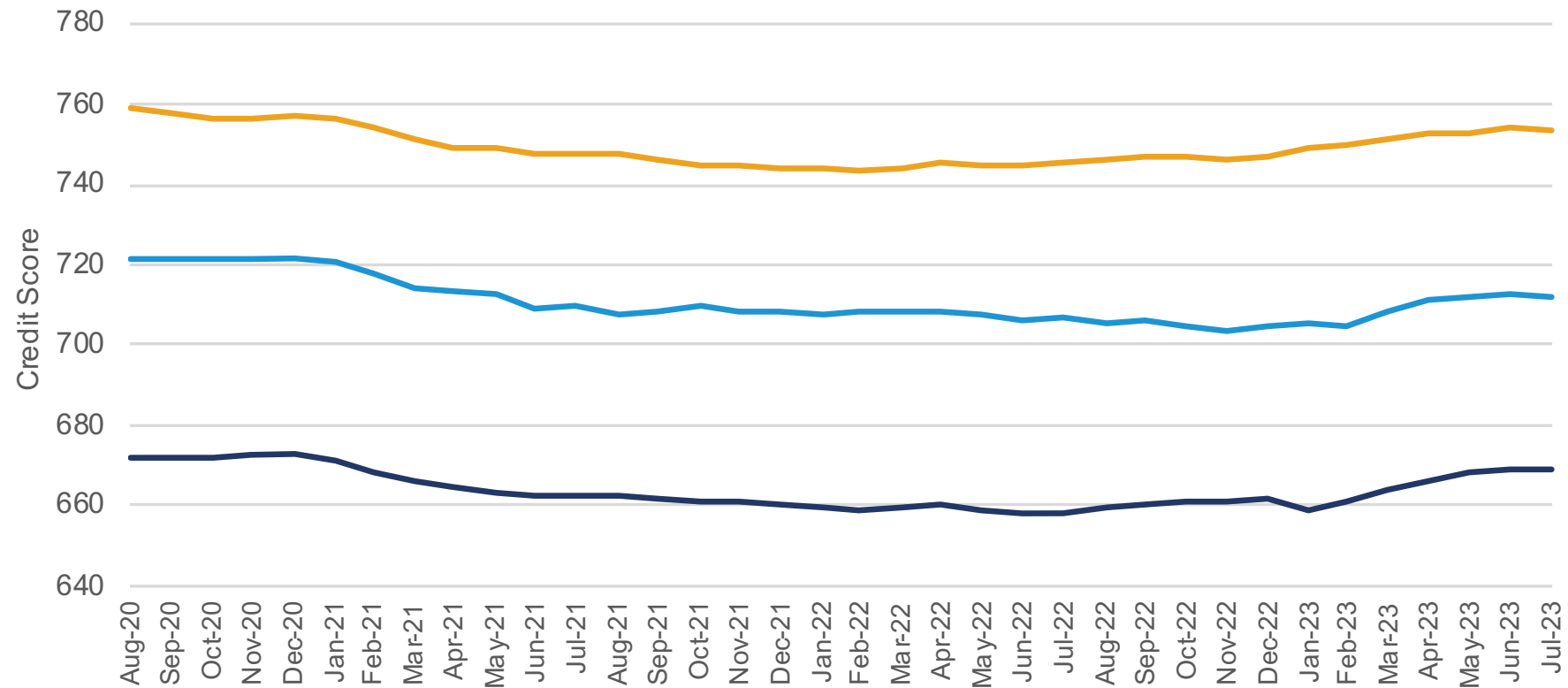
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	690	0	-1	-2
	Purchase	735	0	2	5
	Rate/Term Refi	728	-2	13	-6






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JULY 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.



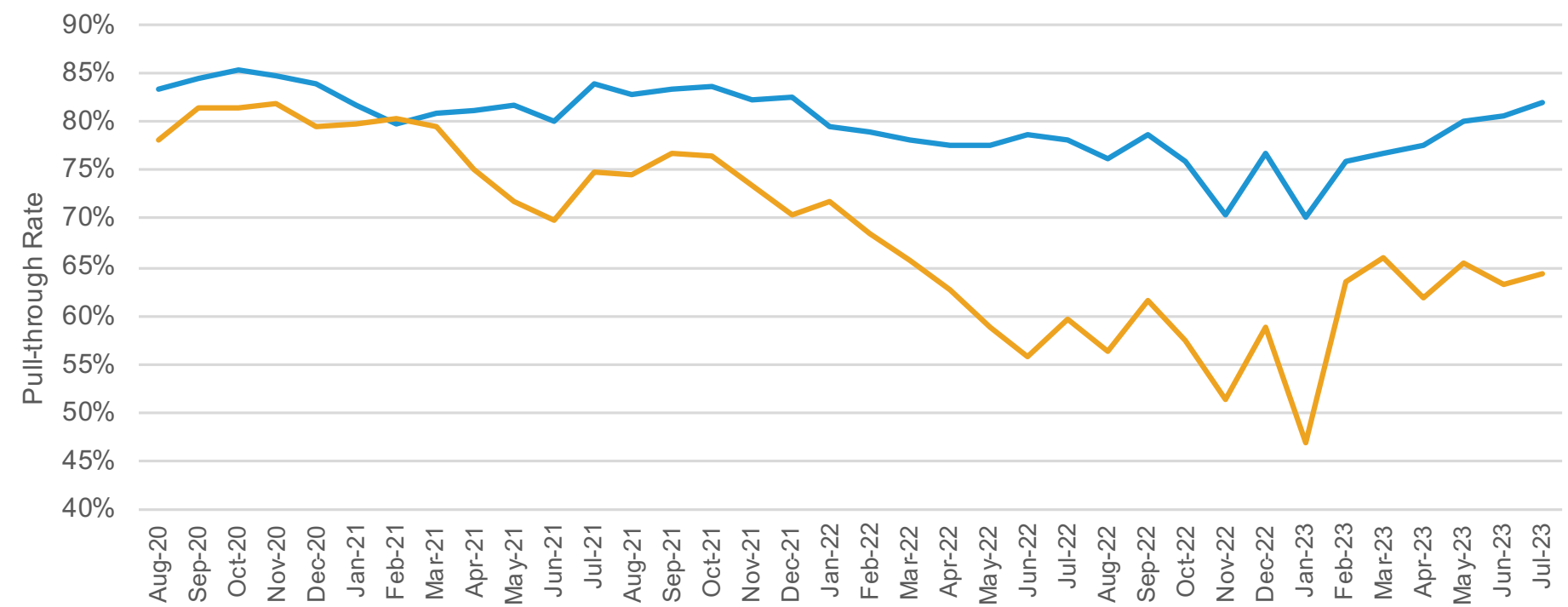
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	754	0	1	9
	FHA	669	0	3	11
	VA	712	-1	0	5





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JULY 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.



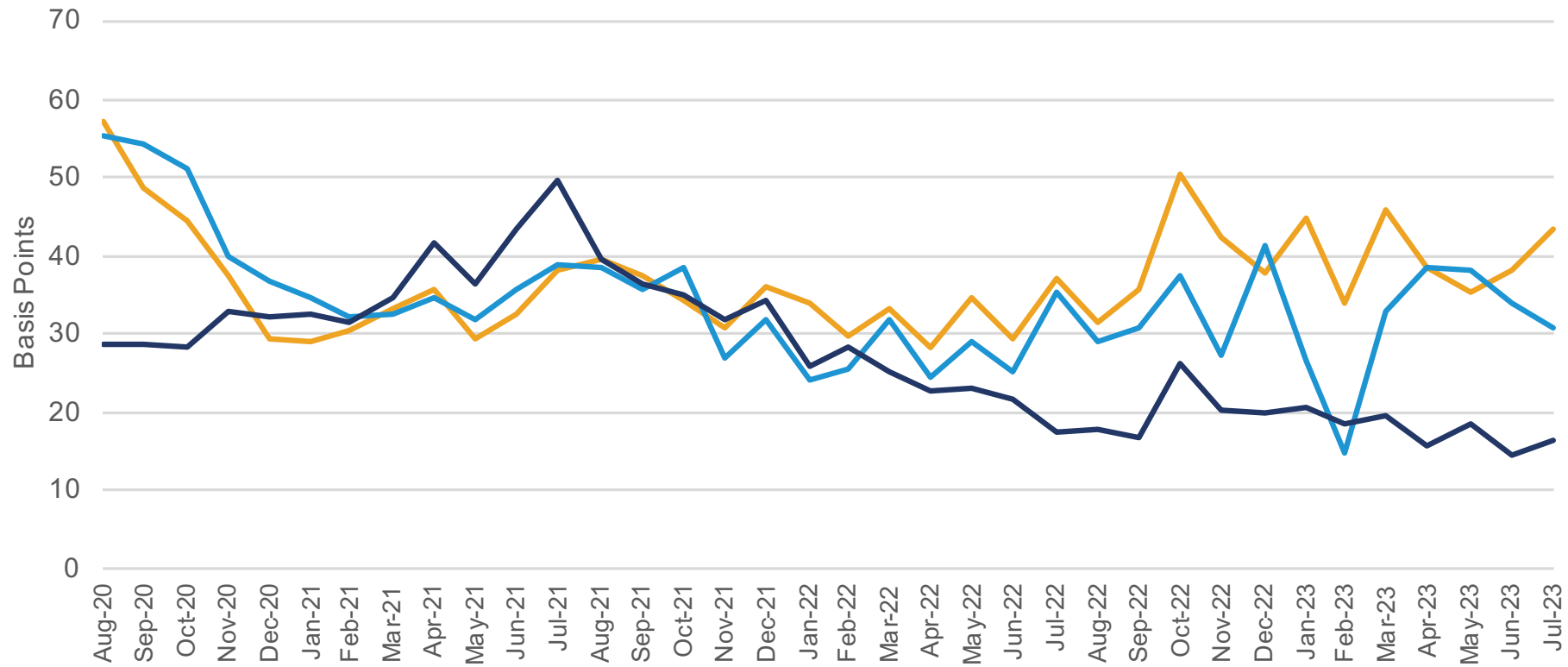
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	81.8%	126 BPS	417 BPS	383 BPS
	Refinance Pull-Through	64.3%	106 BPS	238 BPS	461 BPS






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JULY 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	43 BPS	5 BPS	5 BPS	6 BPS
	15-Year Conforming	31 BPS	(3 BPS)	(8 BPS)	(4 BPS)
	30-Year Government	17 BPS	2 BPS	1 BPS	(1 BPS)

