



ORIGINATIONS MARKET MONITOR



JANUARY 2022 REPORT



ORIGINATIONS MARKET MONITOR

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JANUARY 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 improved in January for the first time in four months, due to increases in both purchase loans and cash-out refinances. Locks rose 9.5% from December, driven by a 19.9% increase in purchase loans and cash-outs rising 9.2%. Rate/term locks fell another 16.5% for an 80% annual decline, and are now at their lowest since May 2019. The refinance share of the pipeline is now at 43%, the lowest since July 2019. Non-conforming loan products – primarily jumbos – continued to gain market share at the expense of agency volumes in the face of [reaccelerating home price growth](#). Non-conforming loan products now account for 16% of the origination market, up from 9% this time last year.

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. The company's Secondary Marketing Technologies group provides additional market insight by way of dual market-leading hedging platforms. 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.



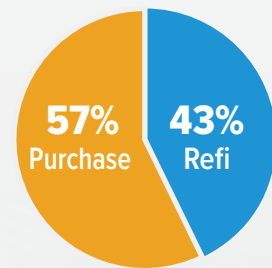
National rate lock metrics present a high-level overview of the month's activity, based on Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

JANUARY NATIONAL STATS



RATE LOCK VOLUME

Purchase and cash-out refi locks both saw strong growth, even as rate/term refinance locks fell to their lowest level since May 2019



MARKET MIX

Another 16.5% drop in rate/term locks shifted the market mix more strongly toward purchase activity



AVERAGE LOAN AMOUNT

January's \$6.4K marked a 60% bigger jump in the average loan amount than December's \$4K rise



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 40 BPS month-over-month rise in 30-year rate offerings

Overall lock activity improved in January for the first time in four months, despite a double-digit drop in rate/term refinances and the rapid rise in 30-year rates over the first weeks of the year





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JANUARY 2022 TOP 20 METROPOLITAN AREAS

Share of origination volume, derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	9.5%	347,323	3.634	729	76	57%	43%
1 Los Angeles-Long Beach-Anaheim, CA	5.0%	205.0%	635,180	3.527	739	66	44%	56%
2 New York-Newark-Jersey City, NY-NJ-PA	4.7%	347.5%	502,623	3.547	737	72	59%	41%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.7%	381.7%	479,933	3.464	739	78	62%	38%
4 Phoenix-Mesa-Scottsdale, AZ	3.5%	218.2%	370,351	3.716	728	73	54%	46%
5 Chicago-Naperville-Elgin, IL-IN-WI	3.0%	478.3%	307,447	3.595	733	79	63%	37%
6 Dallas-Fort Worth-Arlington, TX	2.8%	368.1%	345,004	3.657	731	76	59%	41%
7 San Francisco-Oakland-Hayward, CA	2.5%	399.4%	435,033	3.724	729	74	58%	42%
8 Seattle-Tacoma-Bellevue, WA	2.2%	185.8%	418,659	3.614	720	73	48%	52%
9 Riverside-San Bernardino-Ontario, CA	2.2%	637.7%	312,703	3.666	726	79	68%	32%
10 Atlanta-Sandy Springs-Roswell, GA	2.2%	274.7%	315,969	3.653	721	77	58%	42%





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JANUARY 2022 TOP 20 METROPOLITAN AREAS

Share of origination volume, derived from daily rate lock data from Black Knight's [Optimal Blue PPE](#). Click on the chart to see its contents in high resolution.

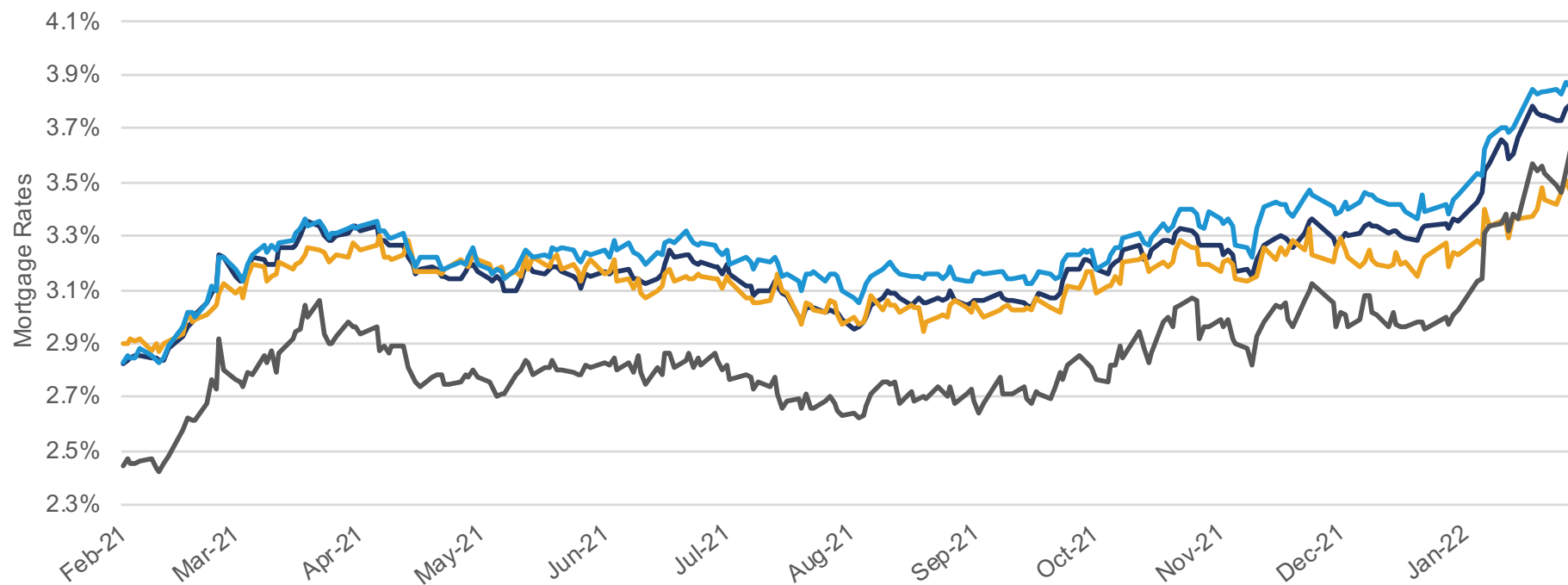
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11 San Francisco-Oakland-Hayward, CA	2.2%	182.4%	745,609	3.477	753	63	45%	55%
12 Seattle-Tacoma-Bellevue, WA	2.1%	215.2%	530,201	3.583	740	71	50%	50%
13 Denver-Aurora-Lakewood, CO	2.1%	194.9%	443,858	3.585	737	71	52%	48%
14 San Diego-Carlsbad, CA	1.9%	199.6%	616,790	3.412	748	66	44%	56%
15 Boston-Cambridge-Newton, MA-NH	1.7%	241.6%	479,861	3.482	741	69	51%	49%
16 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	369.7%	309,739	3.578	730	78	60%	40%
17 Austin-Round Rock, TX	1.6%	309.0%	420,524	3.612	742	72	61%	39%
18 Tampa-St. Petersburg-Clearwater, FL	1.4%	328.4%	329,987	3.671	727	76	59%	41%
19 Sacramento-Roseville-Arden-Arcade, CA	1.2%	182.7%	431,470	3.585	735	69	49%	51%
20 Charlotte-Concord-Gastonia, NC-SC	1.2%	358.5%	336,095	3.609	729	77	60%	40%







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JANUARY 2022 MARKET RATE INDICES

Based on Black Knight's [Optimal Blue Mortgage Market Indices \(OBMMI\)](#), the chart below shows average 30-year rates across various loan products. Click on each chart to see its contents in high resolution.



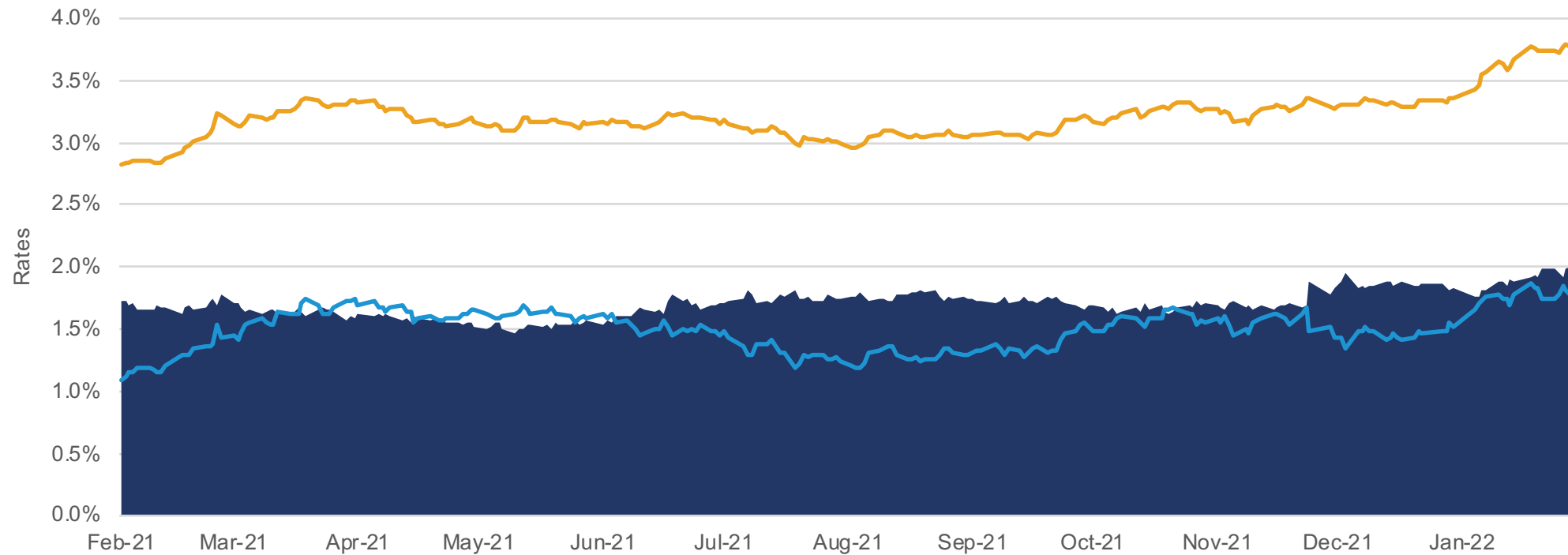
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.77%	42 BPS	51 BPS	94 BPS
	30-Year Jumbo	3.45%	22 BPS	26 BPS	53 BPS
	30-Year FHA	3.86%	41 BPS	48 BPS	104 BPS
	30-Year VA	3.56%	54 BPS	60 BPS	111 BPS






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JANUARY 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 Black Knight's [secondary market hedging platform](#). Click on each chart to see its contents in high resolution.



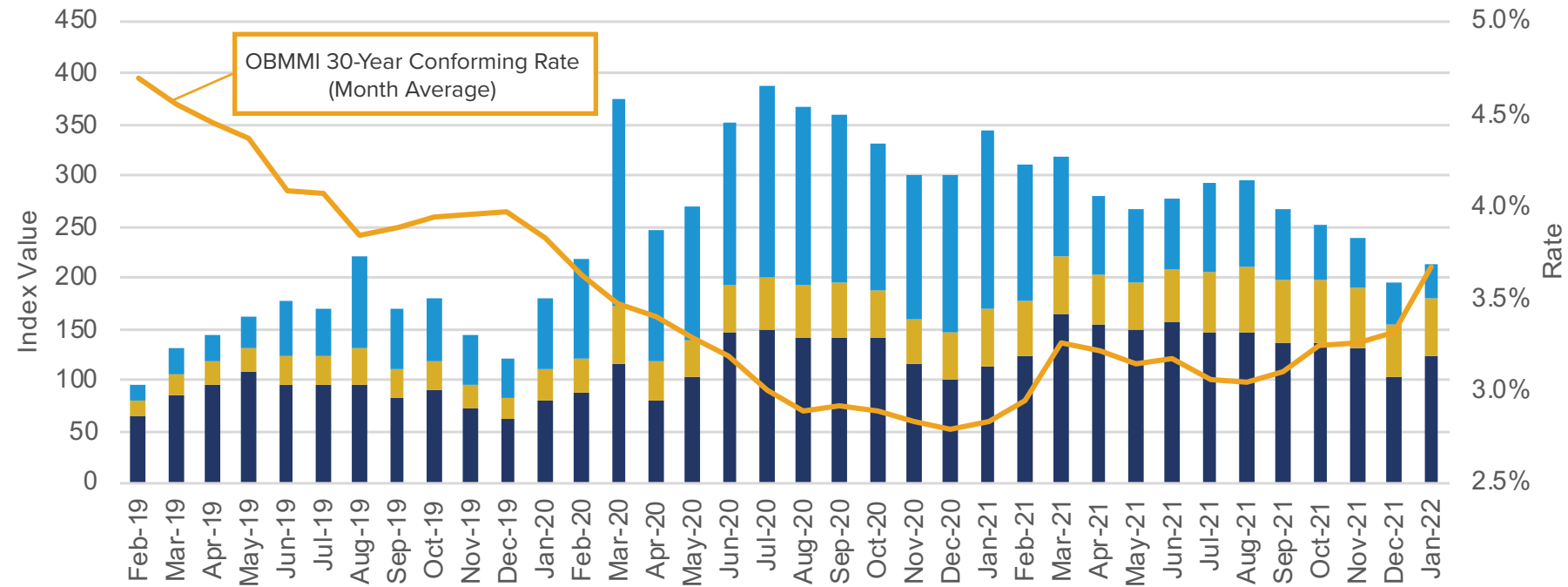
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.79%	27 BPS	24 BPS	68 BPS
	30-Year Conforming	3.77%	42 BPS	51 BPS	94 BPS
	10-Year to 30-Year Spread	1.98%	15 BPS	27 BPS	26 BPS







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JANUARY 2022 LOCK VOLUME BY LOAN PURPOSE

Based on daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see 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	123	19.9%	(10.7%)	7.7%
	Cash-Out Refinance	58	9.2%	(3.8%)	4.1%
	Rate/Term Refinance	34	(16.5%)	(37.3%)	(80.5%)
	Total	215	9.5%	(14.8%)	(37.4%)
Refinance Share*		43%	(496 BPS)	(258 BPS)	(2396 BPS)

*Refinance Share changes reflect inter-period delta

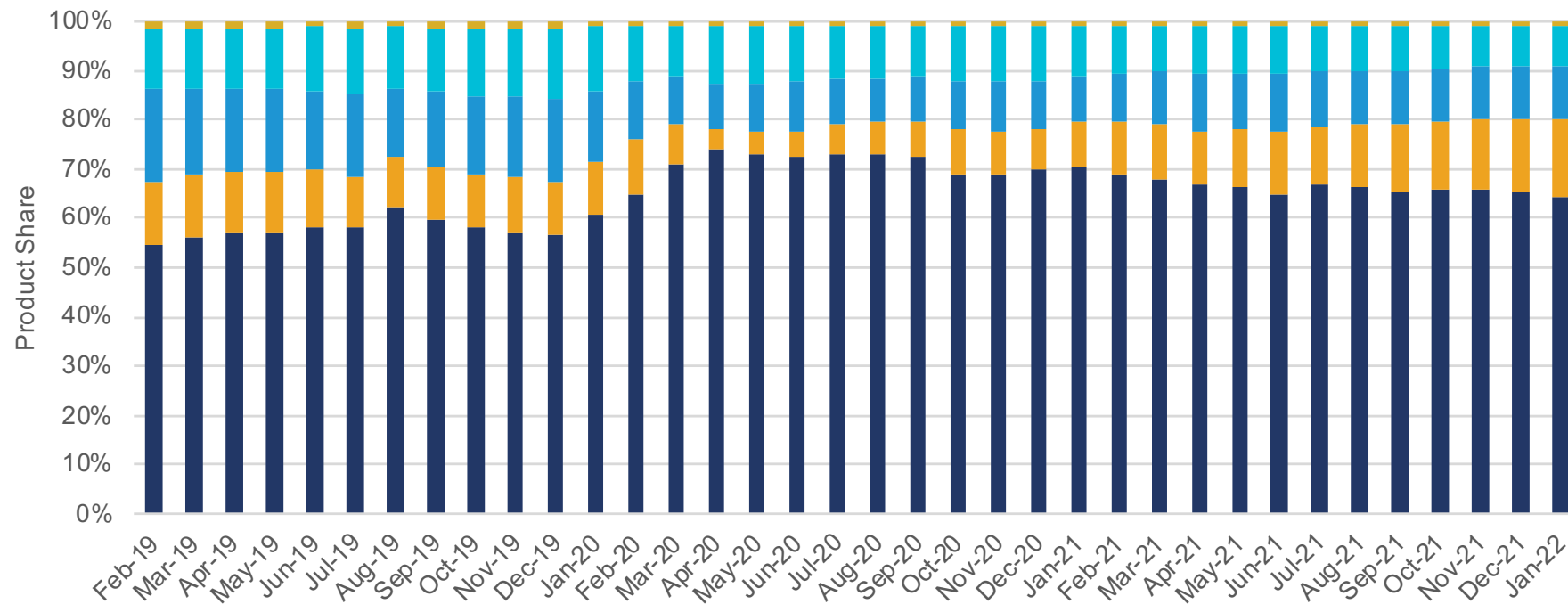









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JANUARY 2022 MIX OF BUSINESS BY LOAN PRODUCT

Based on daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



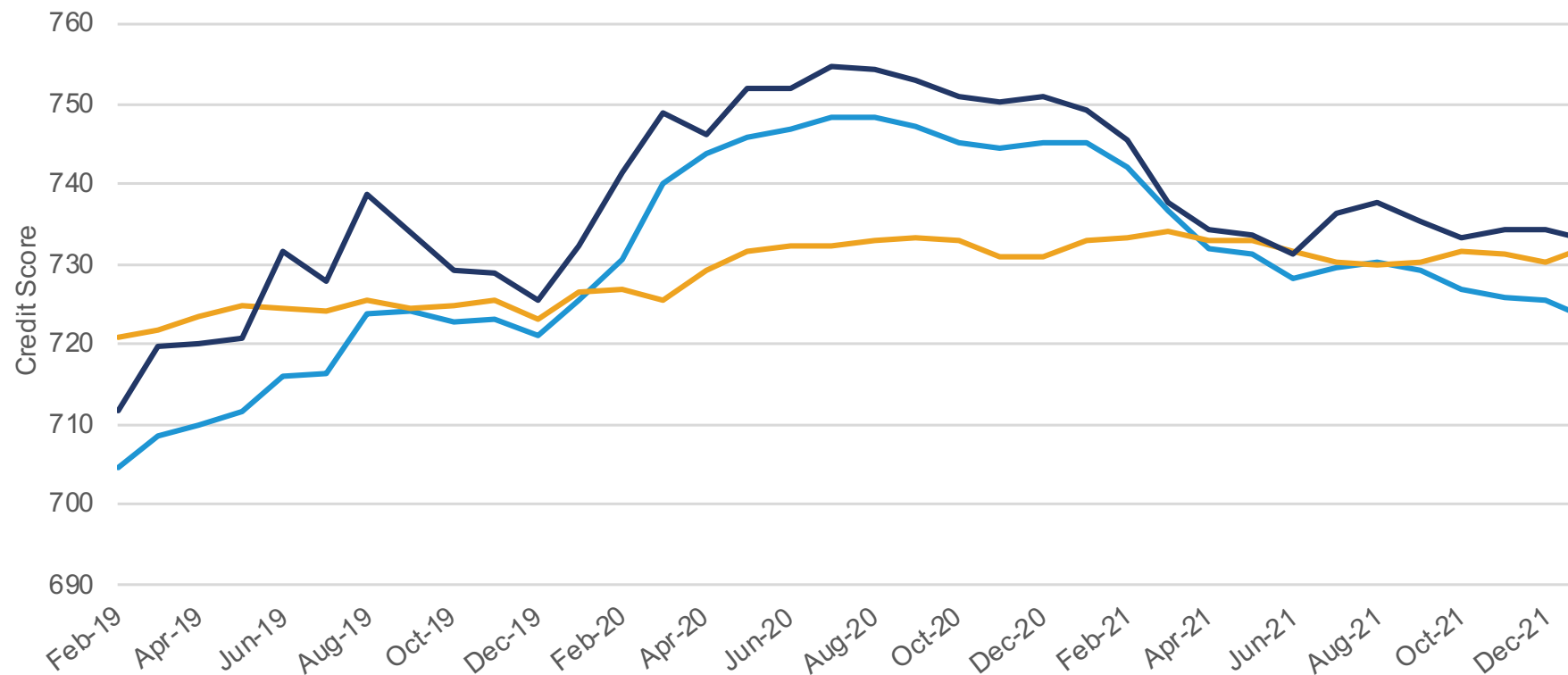
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	64.1%	(125 BPS)	(185 BPS)	(644 BPS)
	Nonconforming	16.2%	137 BPS	239 BPS	707 BPS
	FHA	10.7%	19 BPS	0 BPS	174 BPS
	VA	8.3%	(33 BPS)	(48 BPS)	(231 BPS)
	USDA	0.7%	2 BPS	(7 BPS)	(7 BPS)






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JANUARY 2022 AVERAGE CREDIT SCORES

Based on daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



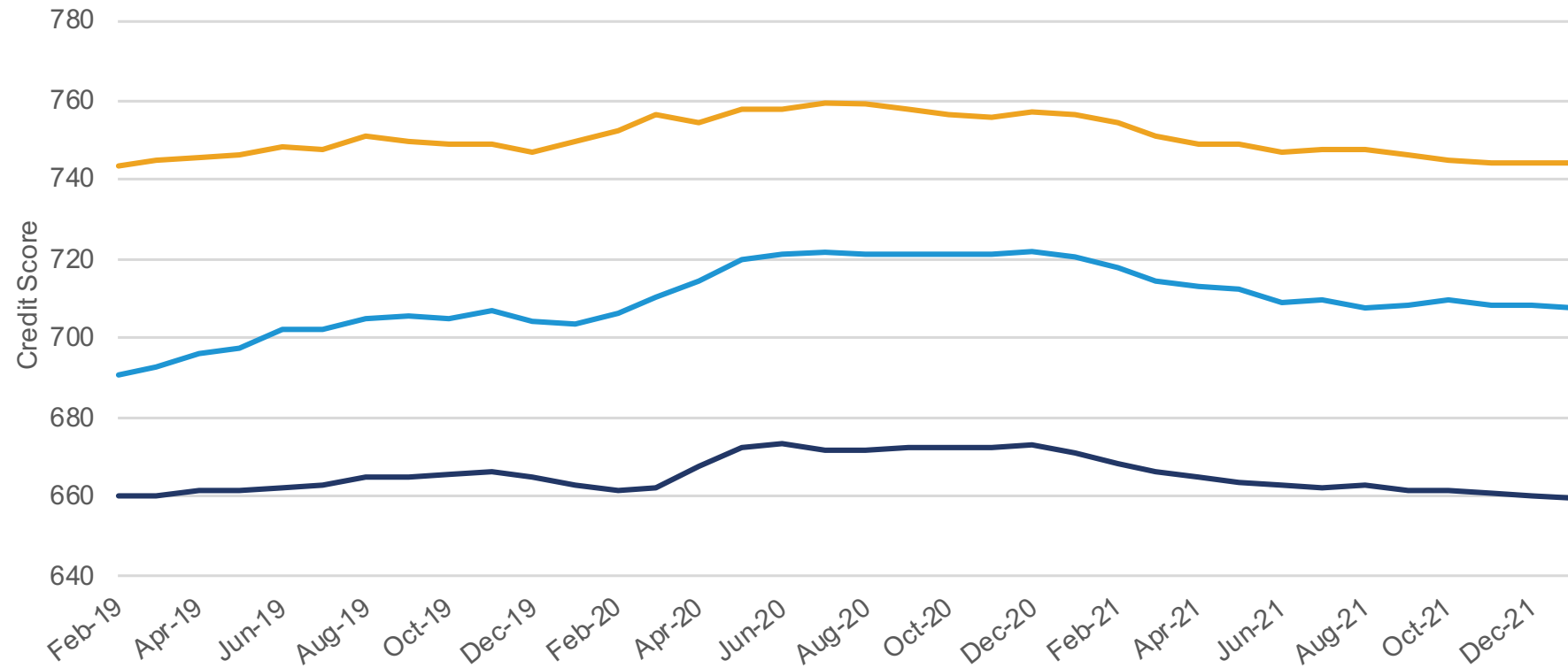
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	723	-2	-4	-22
	Purchase	732	2	1	-1
	Rate/Term Refi	733	-1	0	-16






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Based on daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



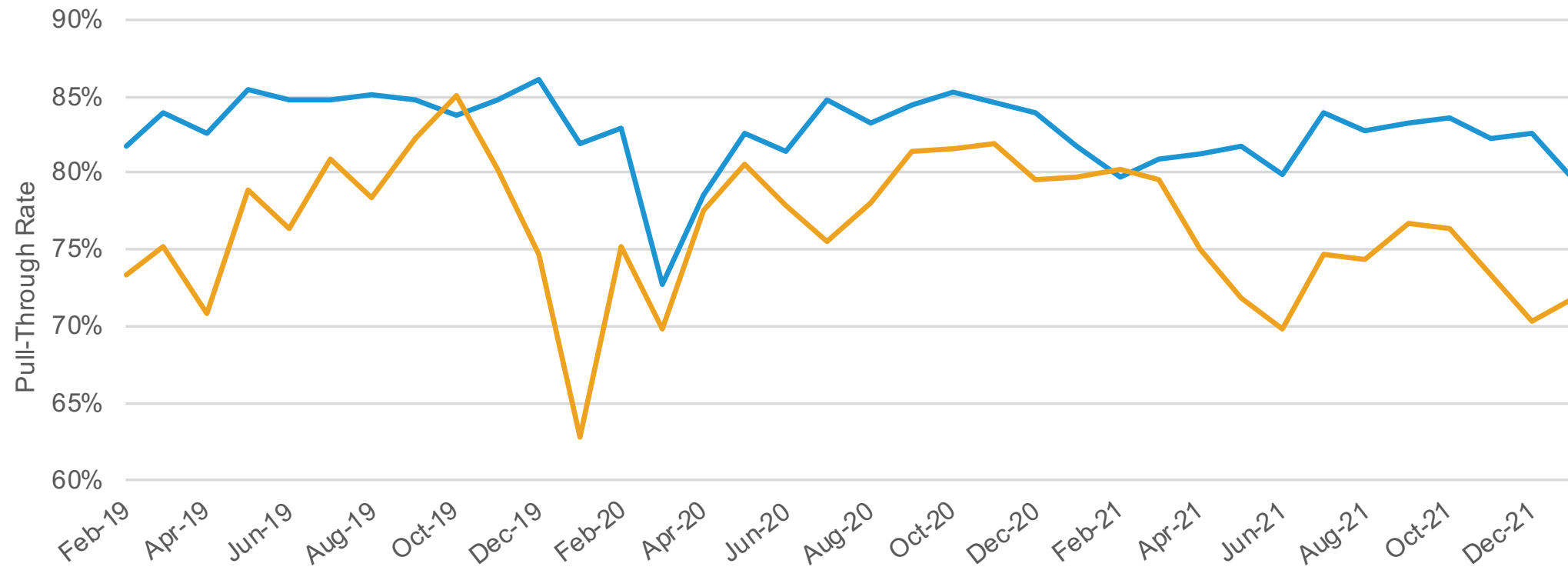
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	660	-1	-2	-11
	VA	708	-1	-2	-13
	Conforming	744	0	-1	-12





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JANUARY 2022 PURCHASE & REFI PULL-THROUGH

Based on daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



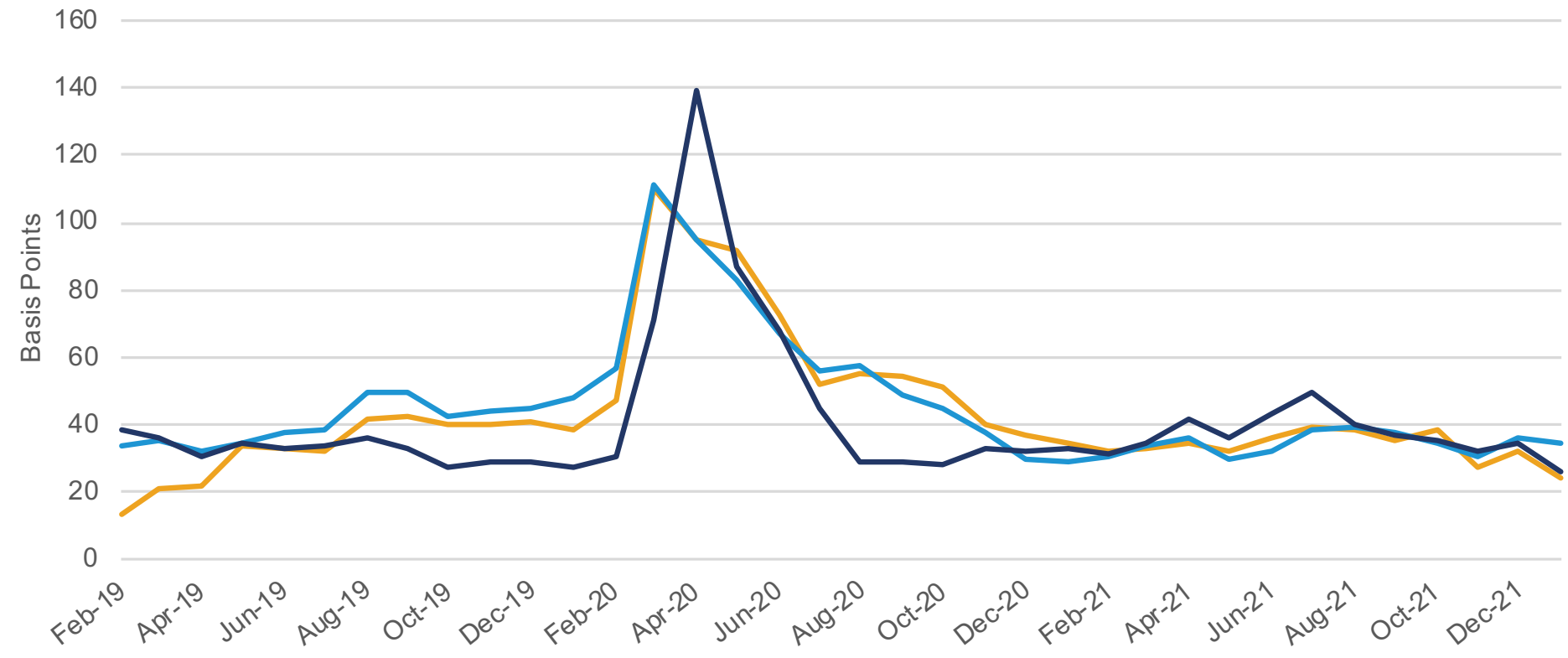
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	79.6%	(305 BPS)	(413 BPS)	(214 BPS)
	Refinance Pull-Through	71.8%	140 BPS	(459 BPS)	(792 BPS)






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JANUARY 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. This information has been pulled from Black Knight's [secondary market hedging platform](#). Click on each chart to see 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	(2 BPS)	(0 BPS)	5 BPS
	15-Year Conforming	24 BPS	(8 BPS)	(14 BPS)	(11 BPS)
	30-Year Government	26 BPS	(8 BPS)	(9 BPS)	(7 BPS)

