



# ORIGINATIONS MARKET MONITOR



***JANUARY 2023 REPORT***



# ORIGINATIONS MARKET MONITOR

## CONTENTS

- 3 NATIONAL RATE LOCK METRICS
- 4 TOP 20 METROPOLITAN AREAS
- 6 MARKET RATE INDICES
- 7 30-YEAR TO 10-YEAR TREASURY SPREAD
- 8 LOCK VOLUME BY LOAN PURPOSE
- 9 MIX OF BUSINESS BY LOAN PRODUCT
- 10 AVERAGE CREDIT SCORES
- 12 PURCHASE & REFI PULL-THROUGH
- 13 BEST EFFORTS TO MANDATORY SPREAD

## JANUARY 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 activity rose 32% in January, driven primarily by seasonal tailwinds and a pullback in rates, snapping a nine-month streak of declines. The benchmark 30-year mortgage dropped 36 basis points to 6.16%, continuing a downtrend that began in November. At 238 basis points above the same point in the prior year, interest rates remained a significant hurdle.

Overall lock volumes are down 16.7% over the last three months and 61.9% off last year's levels. Lock volumes increased proportionally across all loan types. Cash-out refinances rose 25% from December but remain down more than 85% from last year. Likewise, rate/term refinances were up 37%, but are still down more than 88% from the same month in 2022. Refi share of lock volume edged lower to 15%.

Purchase lending, which accounted for 85% of volume, rose 32% from December. Despite the improvement, rate and affordability pressures continue to challenge purchase lending, with the dollar volume of such locks down 18.1% over the past three months and 43.7% from January 2022. The share of locks with adjustable rates fell to 8% in January as lower rates pushed borrowers back toward fixed-rate offerings.

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](mailto:AskBlackKnight@bkfs.com).



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## JANUARY 2023 NATIONAL RATE LOCK METRICS

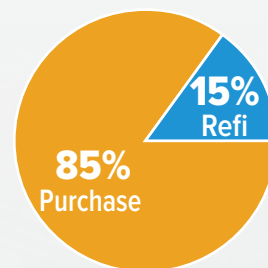
Here, we look at January's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.

### JANUARY NATIONAL STATS



#### RATE LOCK VOLUME

Locks rose across all loan categories, driven by a welcome pullback in rates as well as seasonal tailwinds



#### MARKET MIX

Refi share of the market mix edged up slightly in January



#### AVERAGE LOAN AMOUNT

The average loan amount rose by \$4K in January



#### MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 36 BPS drop in 30-year rate offerings throughout January

Rate lock activity rose sharply from December's depths, snapping a nine-month streak of declines, as falling interest rates combined with seasonal tailwinds to bring borrowers back to the market





# ORIGINATIONS MARKET MONITOR

## JANUARY 2023 TOP 20 METROPOLITAN AREAS

Here, we look at January'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
<b>NATIONAL</b>	<b>100.0%</b>	<b>31.6%</b>	<b>\$339,997</b>	<b>6.171</b>	<b>723.48</b>	<b>81.99</b>	<b>85%</b>	<b>15%</b>
<b>1 New York-Newark-Jersey City, NY-NJ-PA</b>	4.2%	17.2%	\$483,735	6.158	733.79	77.43	83%	17%
<b>2 Dallas-Fort Worth-Arlington, TX</b>	4.0%	41.2%	\$373,463	6.067	726.75	82.60	89%	11%
<b>3 Washington-Arlington-Alexandria, DC-VA-MD-WV</b>	3.6%	32.8%	\$484,665	5.979	737.53	83.53	90%	10%
<b>4 Phoenix-Mesa-Scottsdale, AZ</b>	3.3%	35.2%	\$393,537	6.106	725.47	81.48	87%	13%
<b>5 Chicago-Naperville-Elgin, IL-IN-WI</b>	3.2%	51.3%	\$303,272	6.291	729.40	82.84	88%	12%
<b>6 Los Angeles-Long Beach-Anaheim, CA</b>	2.8%	9.9%	\$627,124	6.300	727.30	74.00	75%	25%
<b>7 Houston-The Woodlands-Sugar Land, TX</b>	2.7%	34.9%	\$319,052	6.022	719.88	83.94	91%	9%
<b>8 Atlanta-Sandy Springs-Roswell, GA</b>	2.7%	39.9%	\$335,427	6.137	709.72	82.10	81%	19%
<b>9 Miami-Fort Lauderdale-West Palm Beach, FL</b>	2.1%	31.9%	\$424,695	6.384	722.06	77.83	82%	18%
<b>10 Seattle-Tacoma-Bellevue, WA</b>	2.1%	39.6%	\$548,397	6.185	741.97	80.51	88%	12%





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## JANUARY 2023 TOP 20 METROPOLITAN AREAS

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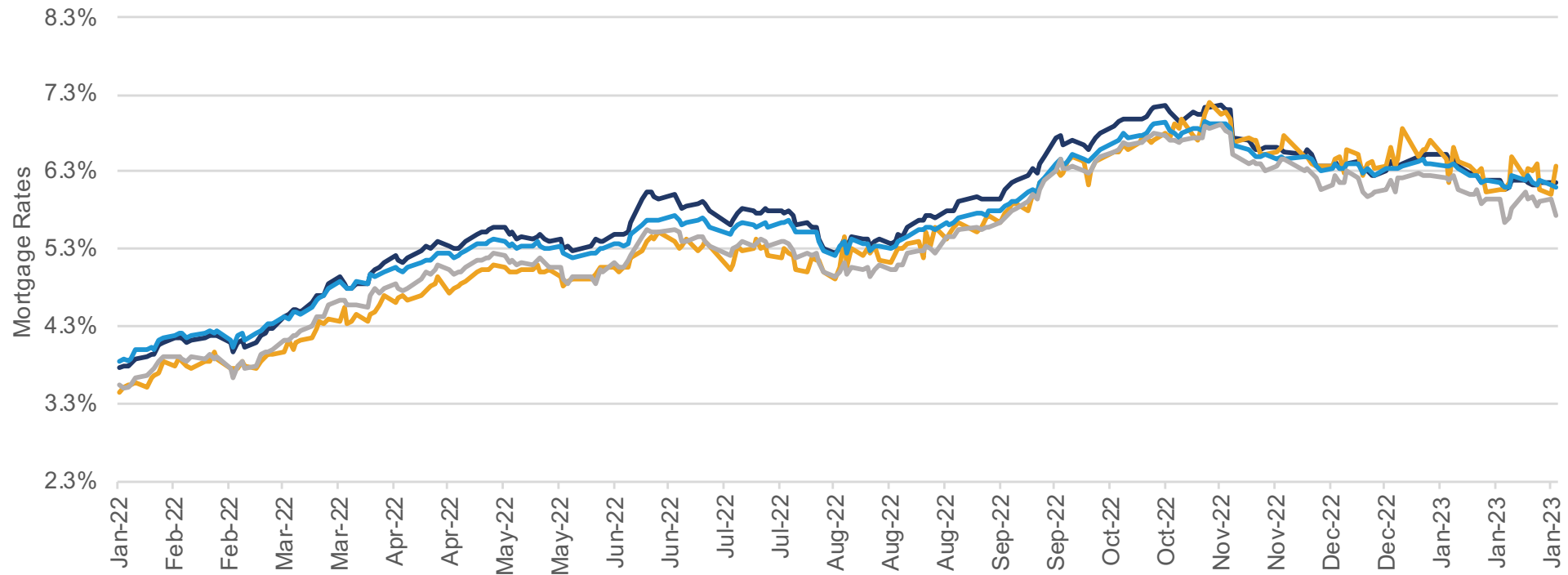
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11 Denver-Aurora-Lakewood, CO	1.9%	18.6%	\$467,257	6.086	742.13	78.77	87%	13%
12 Riverside-San Bernardino-Ontario, CA	1.8%	24.1%	\$444,155	6.051	715.51	80.61	81%	19%
13 Austin-Round Rock, TX	1.7%	28.4%	\$425,387	5.862	740.71	80.73	90%	10%
14 Tampa-St. Petersburg-Clearwater, FL	1.6%	36.1%	\$344,379	6.197	723.85	80.88	84%	16%
15 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	22.6%	\$325,383	6.124	726.00	82.44	87%	13%
16 San Antonio-New Braunfels, TX	1.4%	43.3%	\$306,839	5.730	715.89	87.70	90%	10%
17 Boston-Cambridge-Newton, MA-NH	1.4%	10.7%	\$492,809	6.085	740.30	76.72	86%	14%
18 Nashville-Davidson--Murfreesboro--Franklin, TN	1.3%	59.4%	\$387,727	6.084	729.30	80.85	86%	14%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	53.8%	\$360,021	6.114	728.00	81.76	83%	17%
20 Orlando-Kissimmee-Sanford, FL	1.2%	35.3%	\$357,693	6.214	722.94	80.87	88%	12%







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## JANUARY 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.



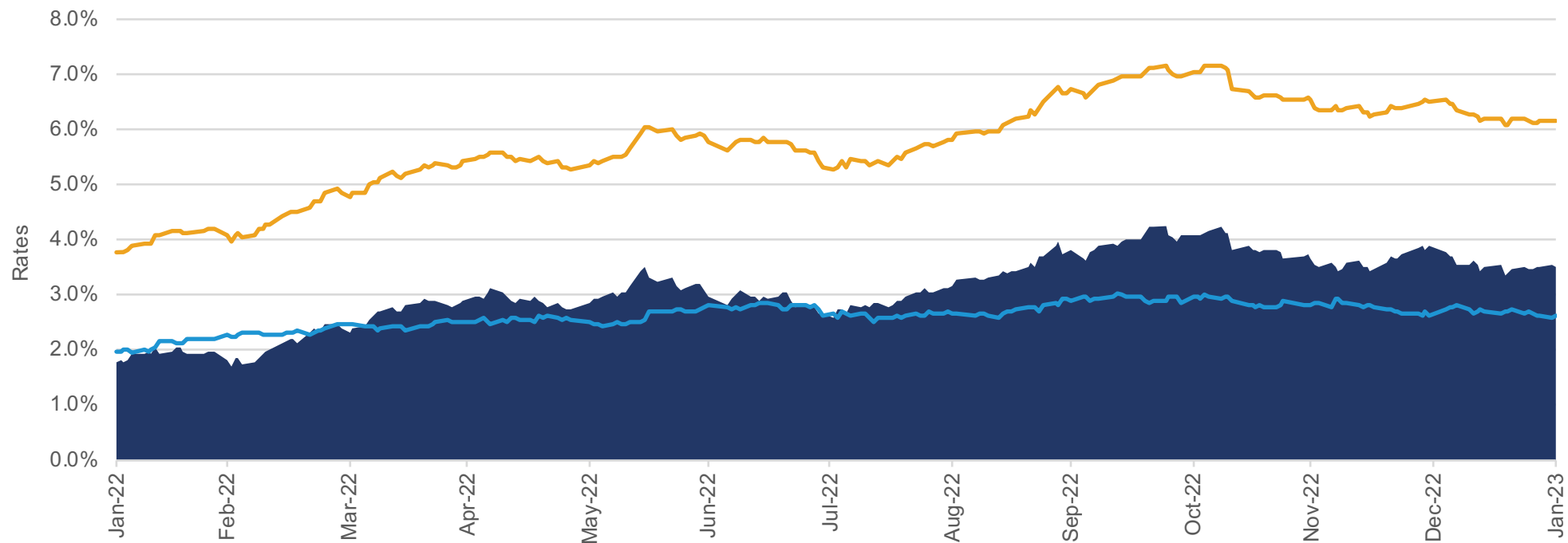
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.16%	(36 BPS)	(90 BPS)	238 BPS
	30-Year Jumbo	6.36%	(35 BPS)	(42 BPS)	291 BPS
	30-Year FHA	6.12%	(30 BPS)	(74 BPS)	225 BPS
	30-Year VA	5.74%	(51 BPS)	(99 BPS)	218 BPS






# ORIGINATIONS MARKET MONITOR

## JANUARY 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.



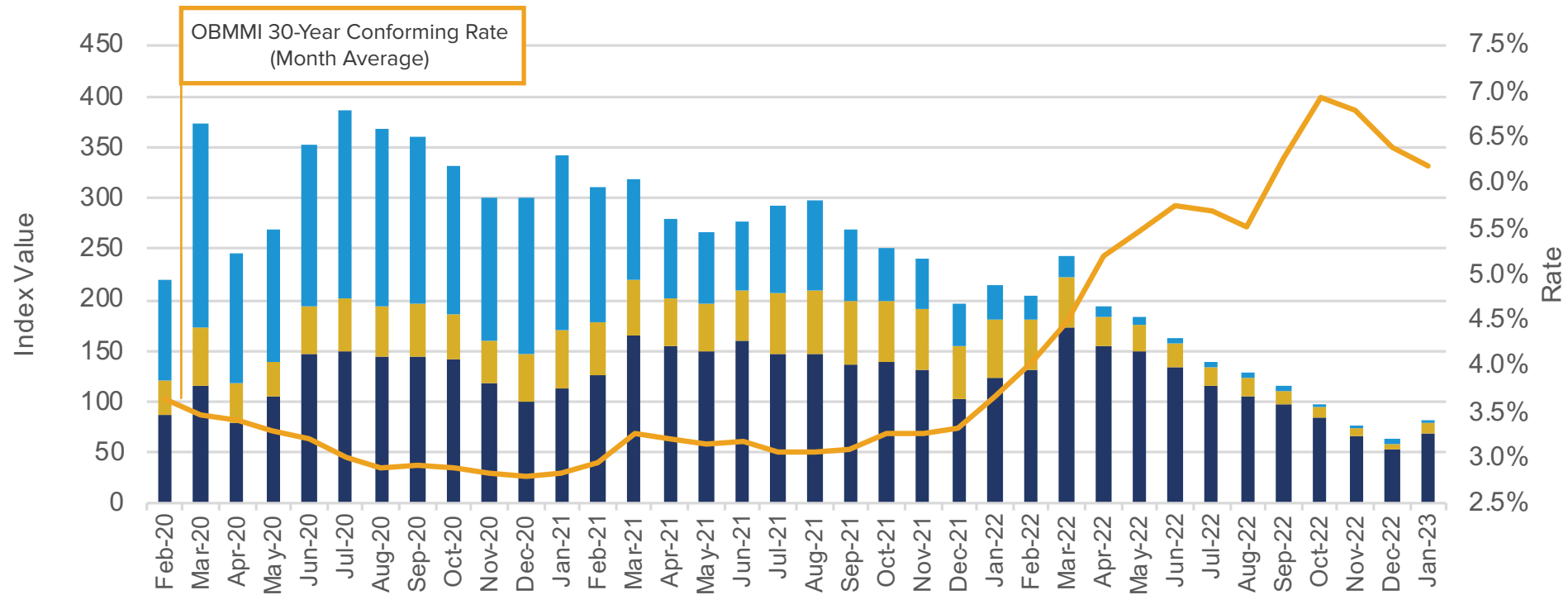
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.52%	(36 BPS)	(58 BPS)	173 BPS
	30-Year Conforming	6.16%	(36 BPS)	(90 BPS)	238 BPS
	10-Year to 30-Year Spread	2.64%	0 BPS	(32 BPS)	65 BPS







# ORIGINATIONS MARKET MONITOR

## JANUARY 2023 LOCK VOLUME BY LOAN PURPOSE

Here, we break down January'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	69	32.2%	(18.1%)	(43.7%)
	Cash-Out Refinance	9	25.0%	(12.4%)	(85.1%)
	Rate/Term Refinance	4	37.0%	0.9%	(88.1%)
	Total	82	31.6%	(16.7%)	(61.9%)
Refinance Share*		15%	(37 BPS)	138 BPS	(2730 BPS)

\*Refinance share changes reflect inter-period delta

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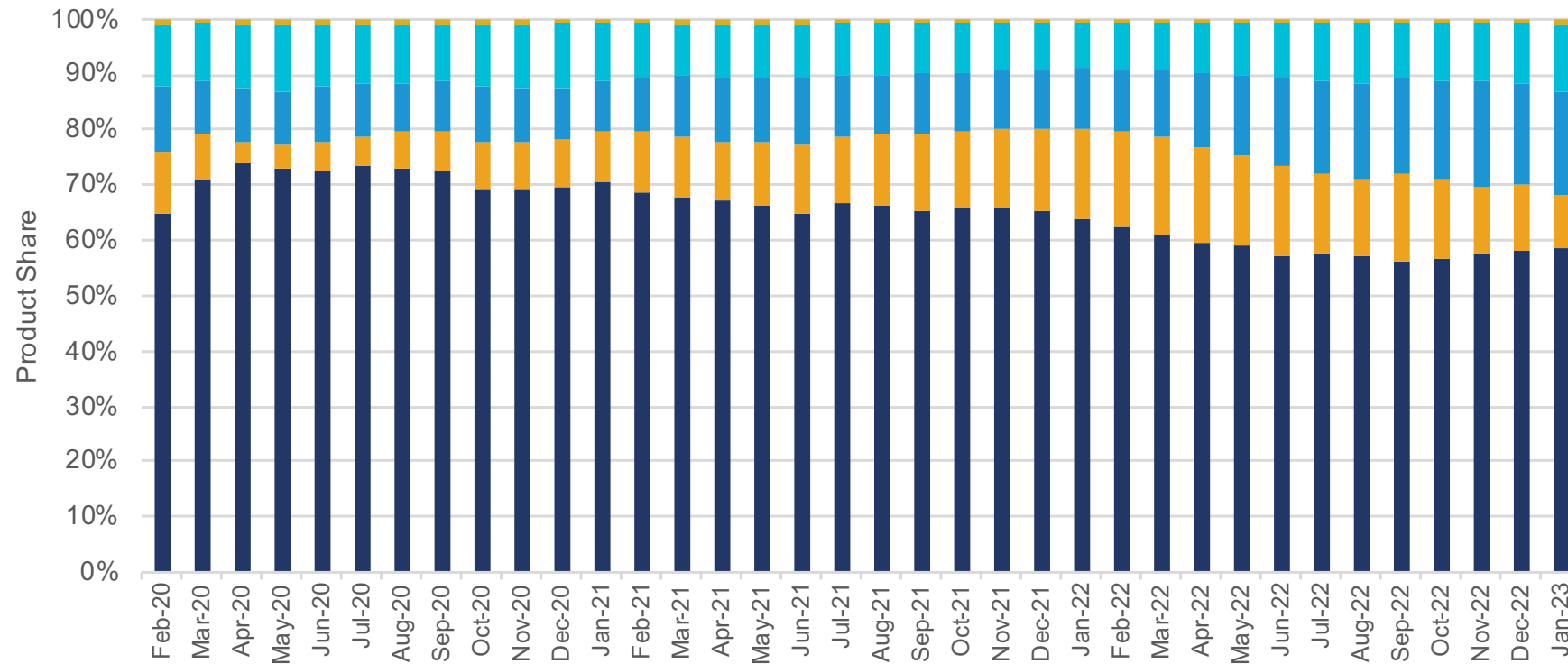









# ORIGINATIONS MARKET MONITOR

## JANUARY 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down January'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.



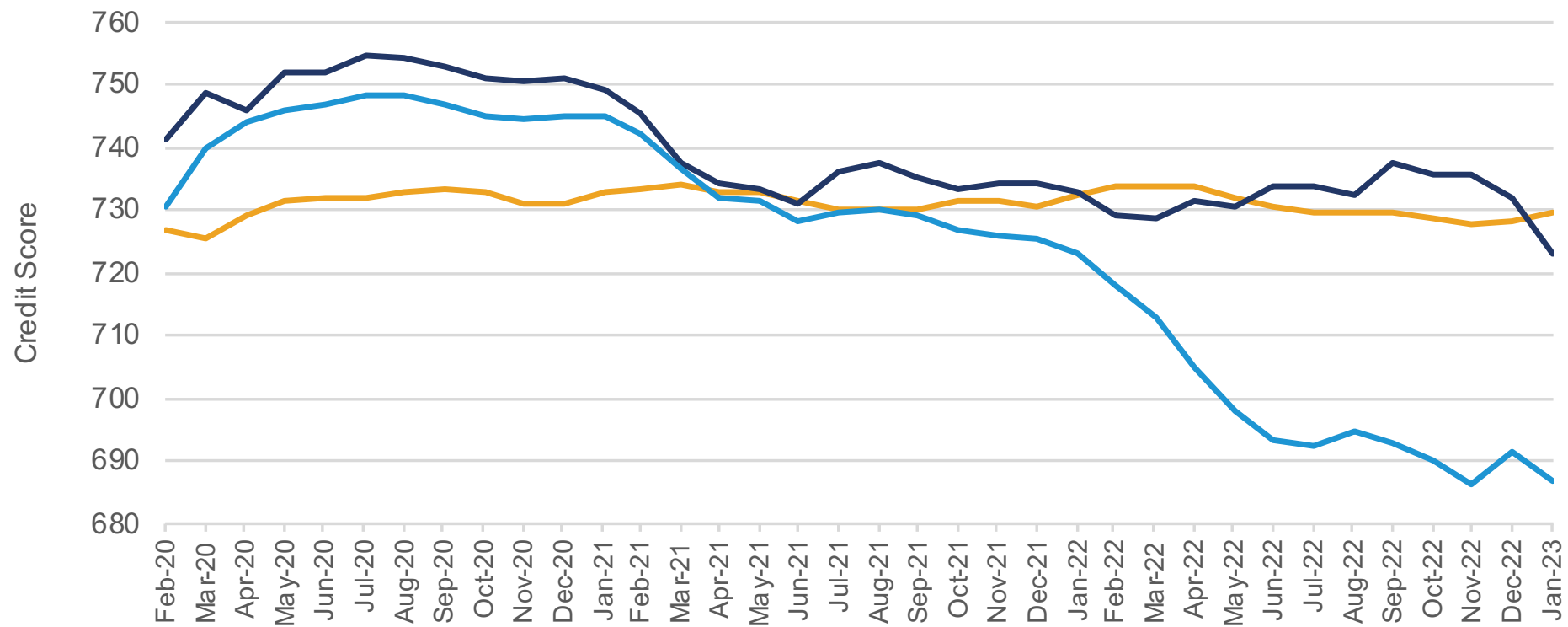
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	58.5%	55 BPS	195 BPS	(563 BPS)
	Nonconforming	9.7%	(256 BPS)	(471 BPS)	(652 BPS)
	FHA	18.5%	31 BPS	58 BPS	782 BPS
	VA	12.4%	158 BPS	206 BPS	416 BPS
	USDA	0.9%	12 BPS	12 BPS	16 BPS






# ORIGINATIONS MARKET MONITOR

## JANUARY 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.



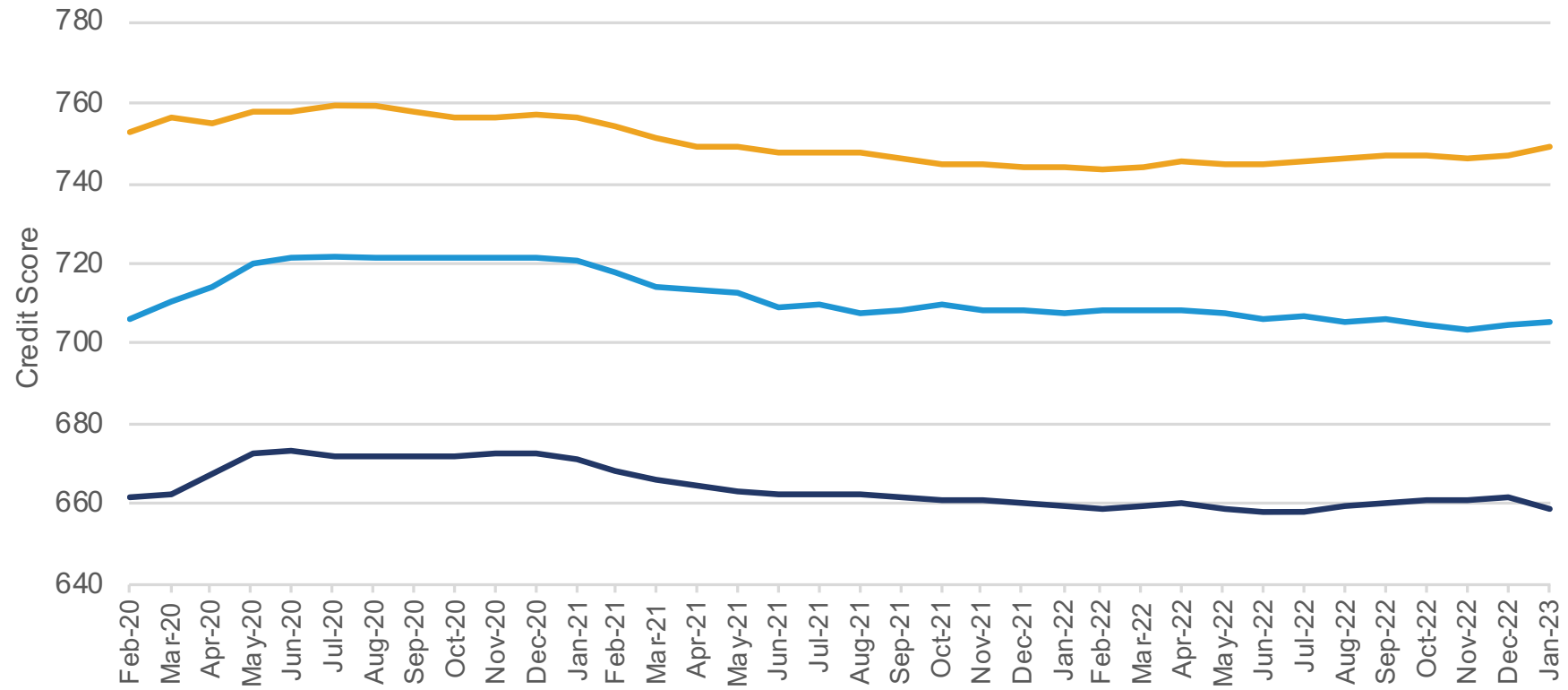
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	687	-4	-3	-36
	Purchase	729	1	1	-3
	Rate/Term Refi	723	-9	-12	-10






# ORIGINATIONS MARKET MONITOR

## JANUARY 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.



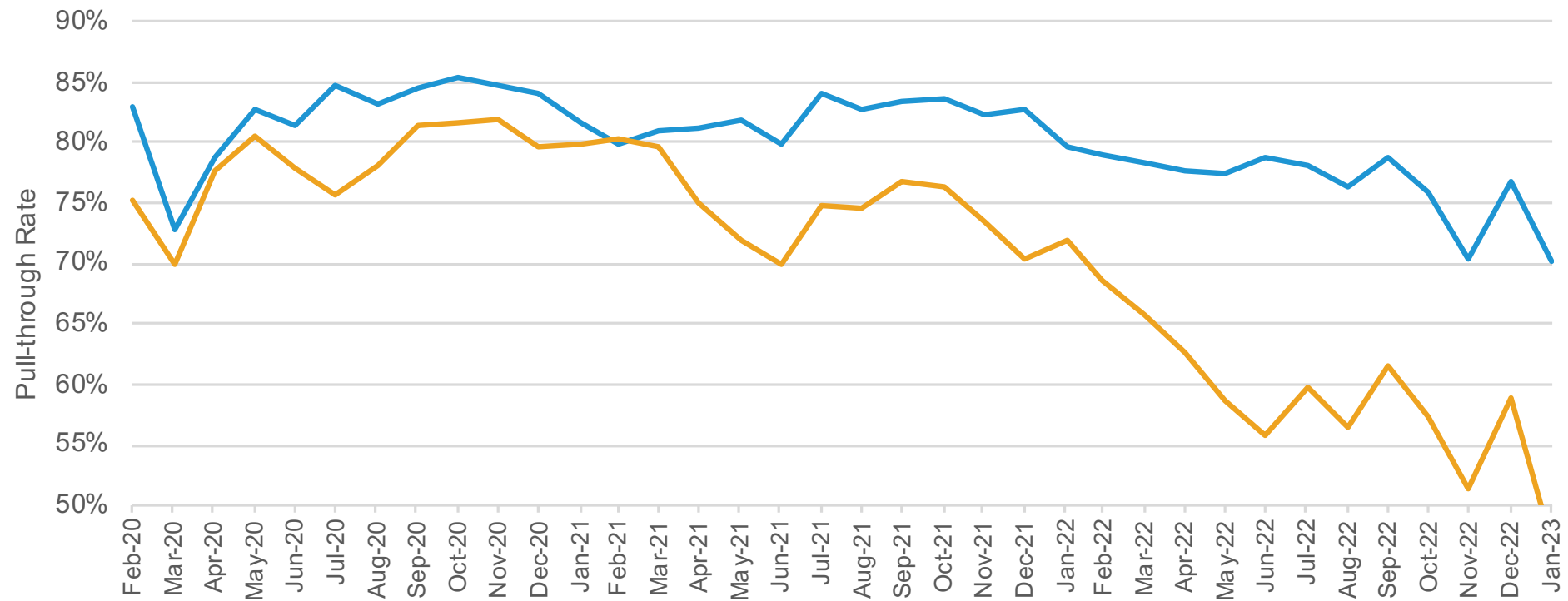
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	659	-3	-2	-1
	VA	706	1	1	-2
	Conforming	749	2	2	5





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## JANUARY 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.



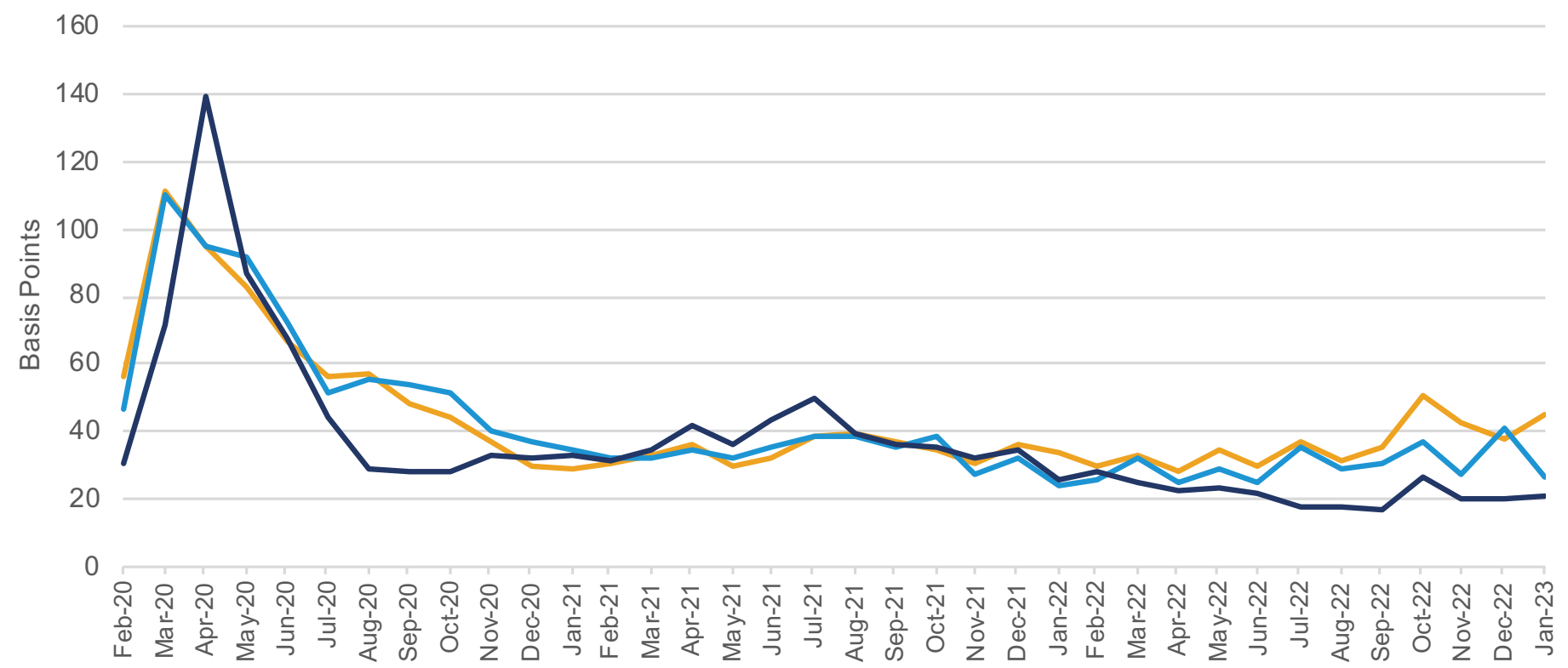
	Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	70.2%	(666 BPS)	(574 BPS)	(940 BPS)
	Refinance Pull-Through	46.9%	(1205 BPS)	(1044 BPS)	(2491 BPS)






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## JANUARY 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	45 BPS	7 BPS	(6 BPS)	11 BPS
	15-Year Conforming	27 BPS	(14 BPS)	(11 BPS)	3 BPS
	30-Year Government	21 BPS	1 BPS	(5 BPS)	(5 BPS)

