



ORIGINATIONS MARKET MONITOR



OCTOBER 2021 REPORT



ORIGINATIONS MARKET MONITOR

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OCTOBER 2021 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 can provide a more comprehensive and timely sense of monthly market trends than has previously been available publicly.

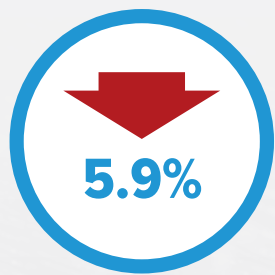
The month's pipeline data showed overall rate locks down 5.9% from September, driven by a 23.3% month-over-month reduction in rate/term origination activity. This puts rate/term refinance lending 62.5% off last October's level and has resulted in refinances making up the smallest share of the market since June 2021. Despite a marginal 0.3% decline, cash-out lock volumes are still up nearly 33% from this time last year. Conforming loan products gained back market share in October, while government-backed products lost ground. Jumbo rate offerings, which have risen more slowly over the past three months, ended October nearly 10 basis points below conforming rates.

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.



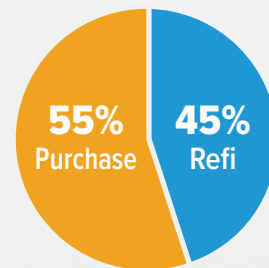
Here, we look at October's national origination numbers to give a high-level overview of the month's activity. This information is drawn from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.

OCTOBER NATIONAL STATS



RATE LOCK VOLUME

Purchase and cash-out refinance locks held relatively steady, while rate/term refinance lending saw another significant decline in October



MARKET MIX

The sharp decline in rate/term locks drove the refinance share of the market down to just 45%, the lowest it's been since June of this year



AVERAGE CREDIT SCORE

Average scores on both cash-out and rate/term refis fell slightly – not surprising, as higher credit borrowers tend to sit out rising rate environments – while scores on purchase locks ticked up a point



MONTH-END CONFORMING RATE

Black Knight's [OBMMI daily interest rate tracker](#) showed October's month-end conforming 30-year rate 6 BPS higher than it had started the month and up 28 BPS over the last three months

The dynamics of the refinance market are changing, with a sharp shift away from rate/term refis to cash-out lending amid both rising interest rates and a market in which homeowners have some \$9.1T in tappable equity available to them.





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OCTOBER 2021 TOP 20 METROPOLITAN AREAS

Here, we look at October's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is 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%	-5.9%	330,169	3.209	730	76	55%	45%
1 Los Angeles-Long Beach-Anaheim, CA	5.3%	-7.2%	591,827	3.142	743	65	43%	57%
2 New York-Newark-Jersey City, NY-NJ-PA	4.3%	5.2%	454,162	3.154	737	72	55%	45%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.0%	-10.2%	453,856	3.061	739	77	58%	42%
4 Phoenix-Mesa-Scottsdale, AZ	3.1%	-6.8%	346,483	3.286	729	72	47%	53%
5 Chicago-Naperville-Elgin, IL-IN-WI	3.1%	-11.9%	283,054	3.190	732	78	56%	44%
6 San Francisco-Oakland-Hayward, CA	2.8%	-4.3%	733,630	3.123	757	63	51%	49%
7 Seattle-Tacoma-Bellevue, WA	2.6%	-12.0%	498,218	3.185	741	71	54%	46%
8 Dallas-Fort Worth-Arlington, TX	2.6%	-5.3%	323,615	3.238	729	76	57%	43%
9 Denver-Aurora-Lakewood, CO	2.3%	-9.0%	409,017	3.174	741	71	50%	50%
10 Boston-Cambridge-Newton, MA-NH	2.3%	-13.9%	465,912	3.100	743	70	51%	49%





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OCTOBER 2021 TOP 20 METROPOLITAN AREAS

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

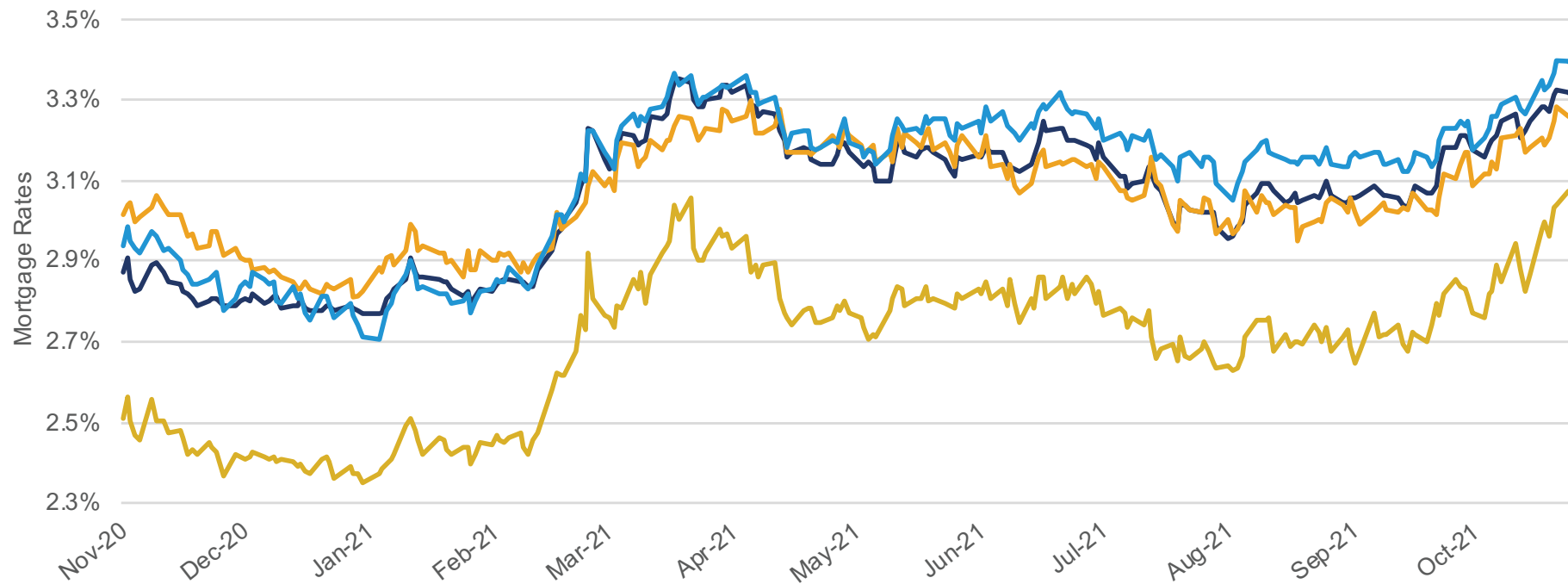
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Growth	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
11 Riverside-San Bernardino-Ontario, CA	2.2%	-4.8%	382,888	3.195	722	72	43%	57%
12 Atlanta-Sandy Springs-Roswell, GA	2.1%	-3.6%	296,647	3.221	722	77	55%	45%
13 Miami-Fort Lauderdale-West Palm Beach, FL	1.9%	-4.2%	382,030	3.307	726	75	56%	44%
14 Houston-The Woodlands-Sugar Land, TX	1.9%	-2.7%	290,363	3.235	724	79	64%	36%
15 San Diego-Carlsbad, CA	1.8%	-10.2%	568,763	3.066	748	67	42%	58%
16 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.5%	-3.2%	299,784	3.183	728	78	58%	42%
17 Austin-Round Rock, TX	1.5%	4.7%	388,503	3.184	744	72	60%	40%
18 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	-6.7%	304,999	3.160	742	77	58%	42%
19 Sacramento--Roseville--Arden-Arcade, CA	1.2%	-9.5%	409,337	3.172	739	70	46%	54%
20 Portland-Vancouver-Hillsboro, OR-WA	1.2%	-8.1%	398,497	3.200	743	72	53%	47%







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OCTOBER 2021 MARKET RATE INDICES

Pulling data from 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.



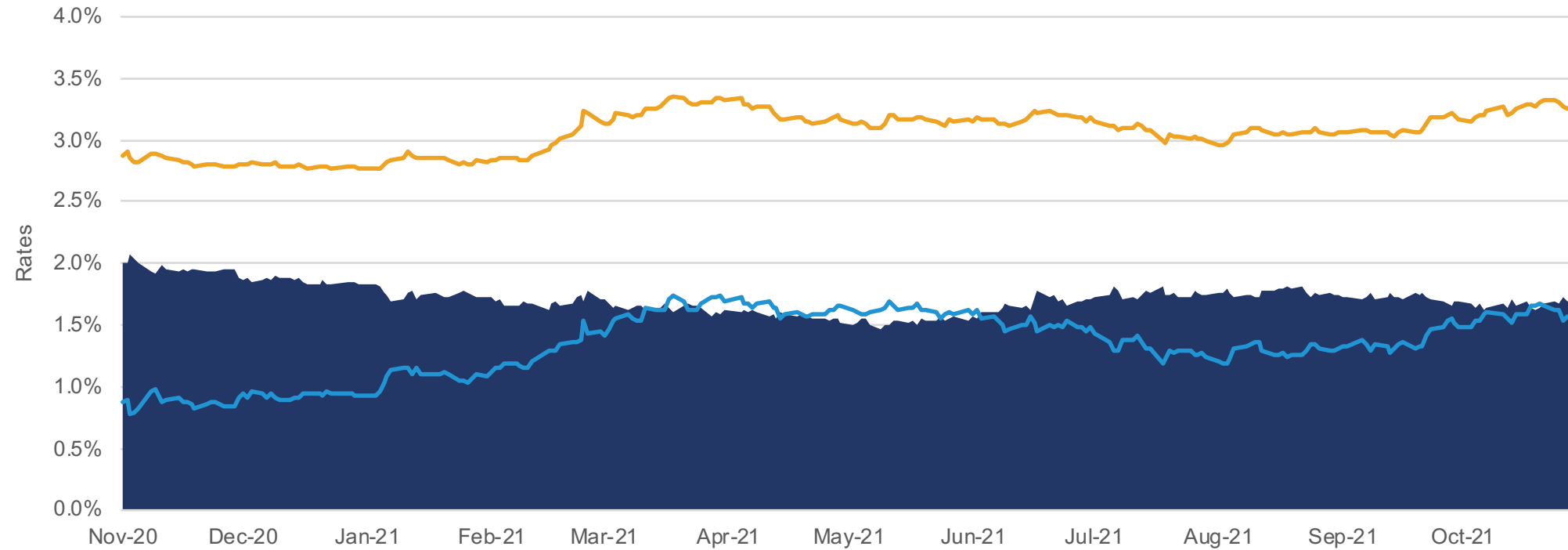
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	3.27%	6 BPS	28 BPS	39 BPS
	30-Year Jumbo	3.19%	3 BPS	23 BPS	16 BPS
	30-Year FHA	3.39%	14 BPS	29 BPS	44 BPS
	30-Year VA	2.96%	15 BPS	33 BPS	44 BPS



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OCTOBER 2021 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.



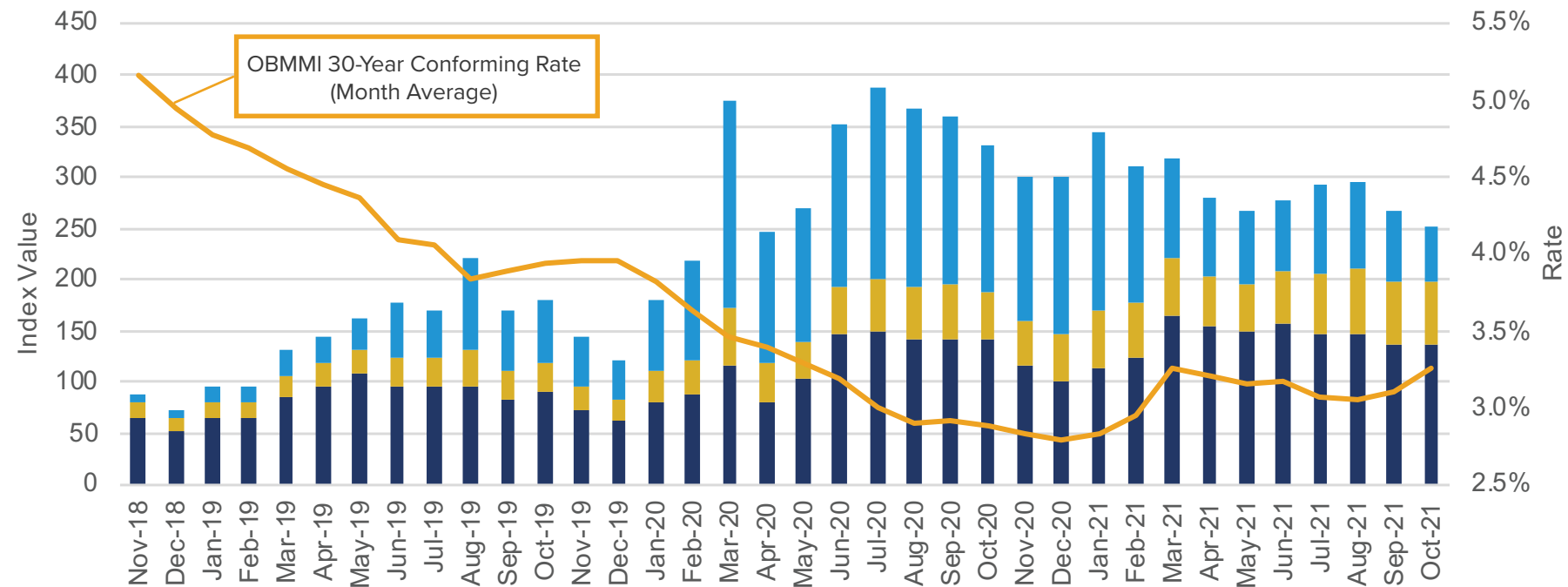
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	1.55%	3 BPS	31 BPS	67 BPS
	30-Year Conforming	3.27%	6 BPS	28 BPS	39 BPS
	10-Year to 30-Year Spread	1.72%	3 BPS	(3 BPS)	(28 BPS)







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OCTOBER 2021 LOCK VOLUME BY LOAN PURPOSE

Here, we break down October's rate lock volumes by loan purpose. This information is pulled from 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	138	0.4%	(6.5%)	(2.8%)
	Cash-Out Refinance	60	(0.3%)	0.9%	32.8%
	Rate-Term Refinance	54	(23.3%)	(37.3%)	(62.5%)
	Total	252	(5.9%)	(14.0%)	(23.8%)
Refinance Share*		45%	(346 BPS)	(440 BPS)	(1182 BPS)

*Refinance Share changes reflect inter-period delta



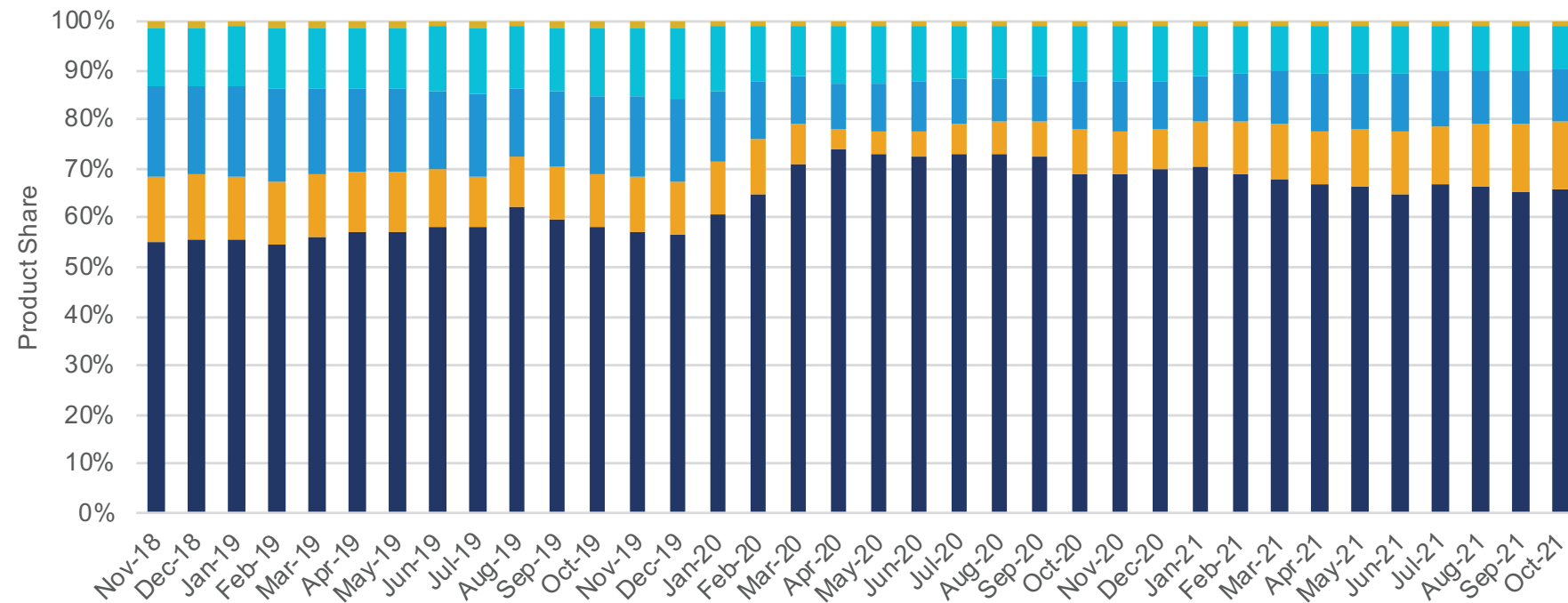
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OCTOBER 2021 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down October's rate lock volumes by loan product. This information is pulled from 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	65.9%	48 BPS	(71 BPS)	(313 BPS)
	Nonconforming	13.8%	5 BPS	187 BPS	486 BPS
	FHA	10.7%	(16 BPS)	(34 BPS)	92 BPS
	VA	8.8%	(34 BPS)	(75 BPS)	(250 BPS)
	USDA	0.8%	(2 BPS)	(7 BPS)	(15 BPS)

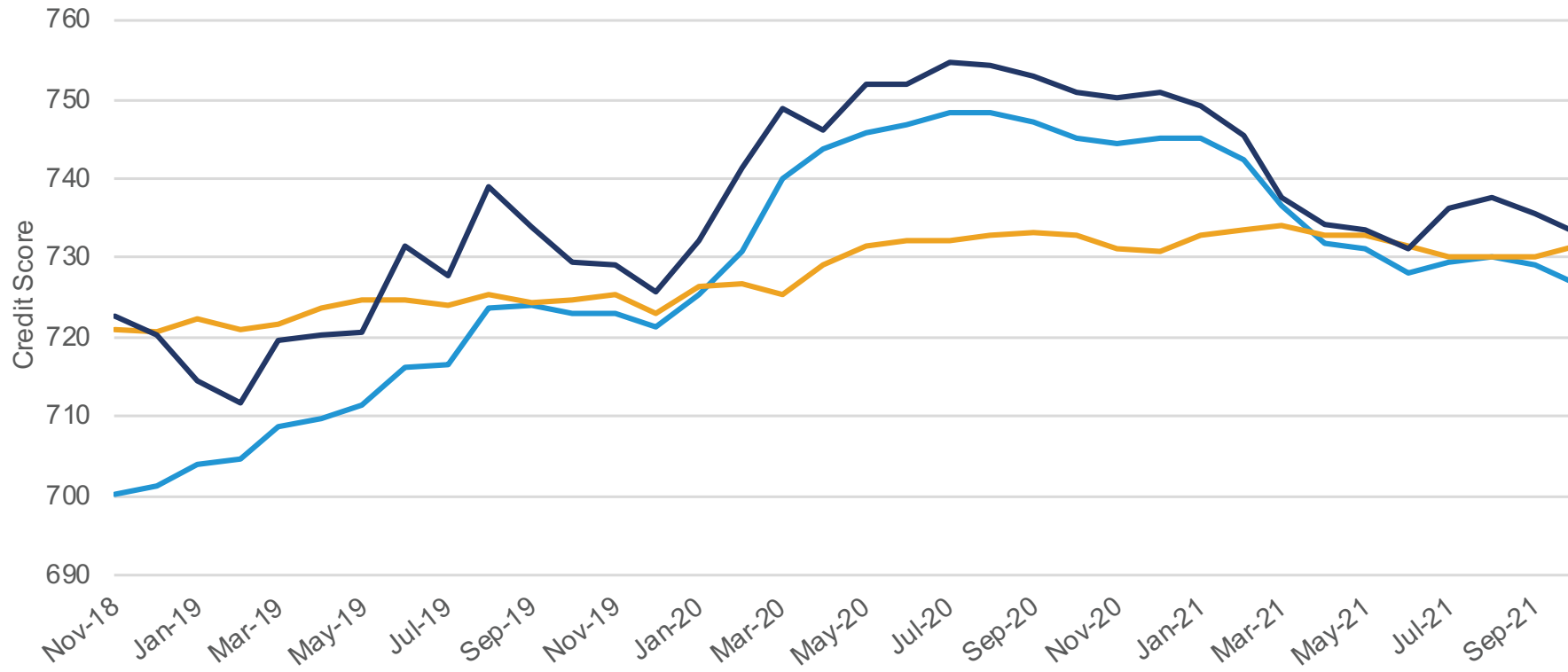







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OCTOBER 2021 AVERAGE CREDIT SCORES

Here, we look at average credit scores by loan purpose. This information is pulled from daily rate lock tracking data from Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



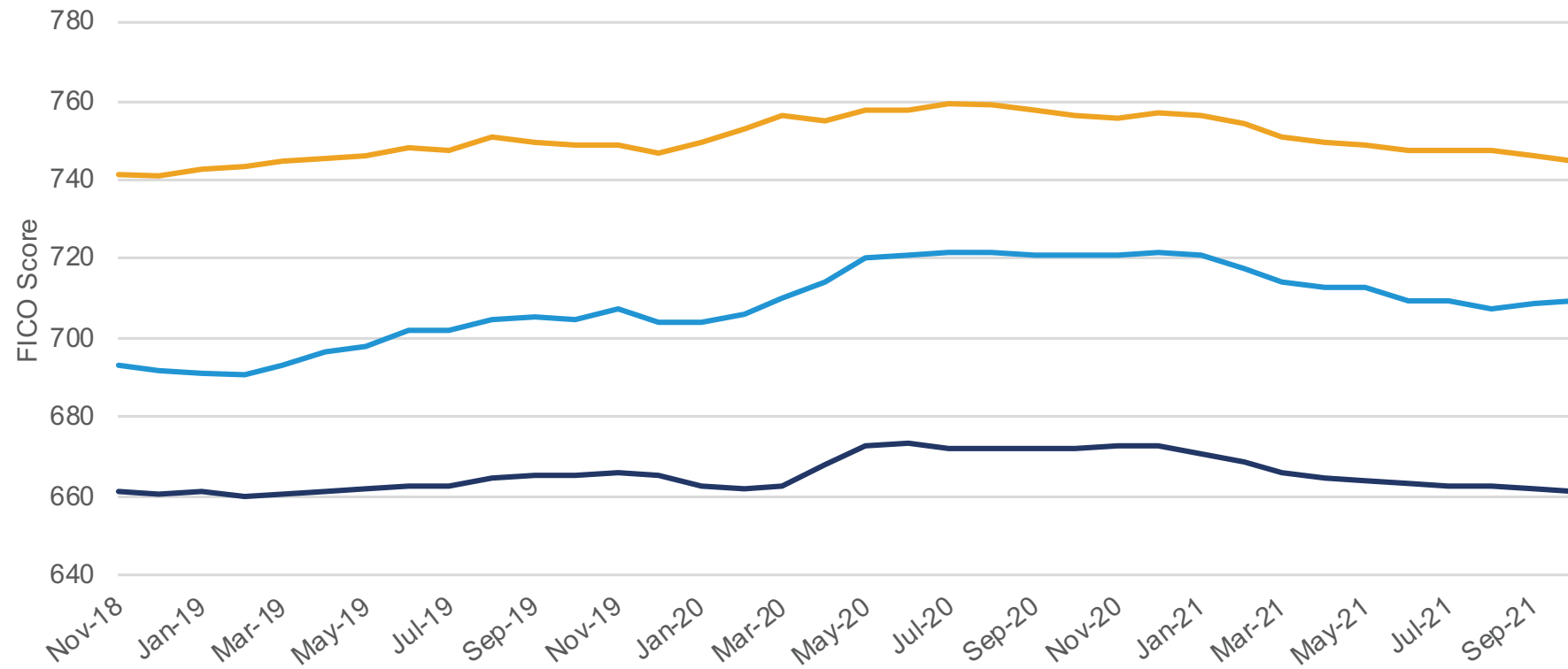
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	727	-2	-3	-18
	Purchase	731	1	1	-1
	Rate/Term Refi	733	-2	-3	-18






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OCTOBER 2021 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 Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



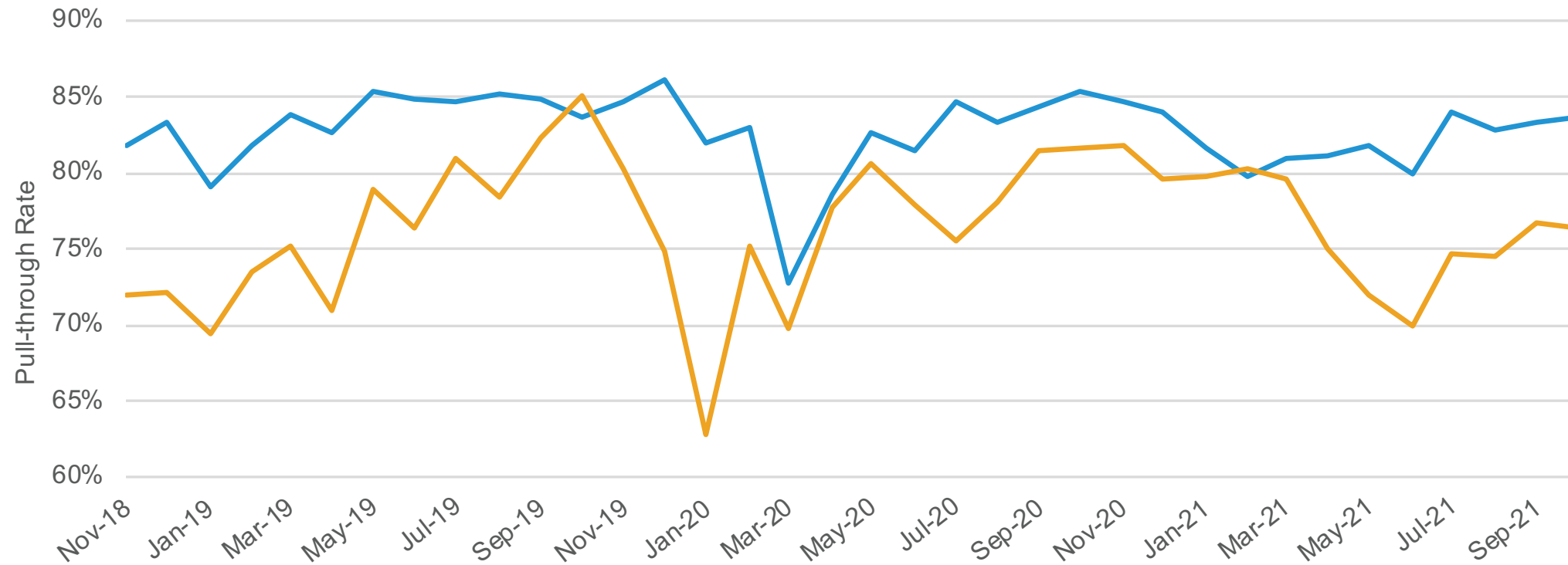
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	745	-2	-3	-12
	FHA	661	0	-1	-11
	VA	710	1	0	-12





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OCTOBER 2021 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 Black Knight's [Optimal Blue PPE](#). Click on each chart to see its contents in high resolution.



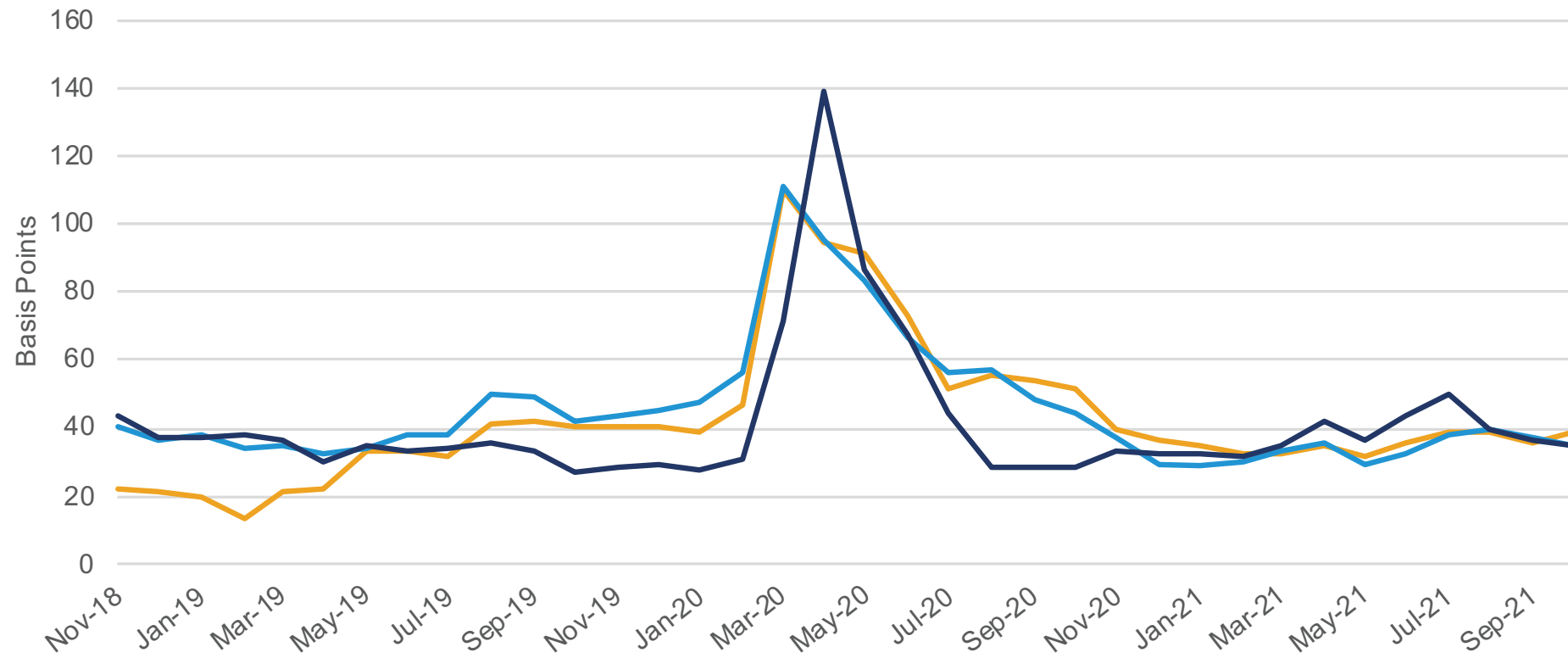
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	83.7%	34 BPS	(24 BPS)	(165 BPS)
	Refinance Pull-Through	76.4%	(33 BPS)	169 BPS	(515 BPS)






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OCTOBER 2021 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 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	(3 BPS)	(4 BPS)	(10 BPS)
	15-Year Conforming	39 BPS	3 BPS	(0 BPS)	(13 BPS)
	30-Year Government	35 BPS	(1 BPS)	(15 BPS)	7 BPS

