ORIGINATIONS
MARKET MONITOR

BLACK KNIGHT®

ORIGINATIONS MARKET MONITOR

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OCTOBER 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 fell 14.3% in October, dropping sharply for the seventh consecutive month, as the benchmark 30-year mortgage finished the month at 7.06%, up 34 basis points from September. All in, the 30-year rate has risen 379 basis points over the past twelve months, compounding affordability pressures created by soaring home prices.

Overall lock volumes are down 30% over the last three months and 61% off last year's levels. Cash-out refi, which had shown some initial resilience as interest rates rose 25.1% from September, are now down almost 84% from last year. Rate/term refinances fell 15.7%, after holding steady last month, and remain down almost 93% from the same month in 2021. Refis dropped to just 14% of lock volume, the lowest level on record.

Purchase lending, which accounts for 86% of volume, fell as well, with volumes down 12.8% from September and 38.7% from last year. Using purchase lock counts, instead of dollar volume to exclude the impact of record-breaking home price growth, the number of loans locked in October were 26% below pre-pandemic levels.

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**.

OCTOBER 2022 *NATIONAL RATE LOCK METRICS*

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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

OCTOBER NATIONAL STATS

RATE LOCK VOLUME

14.3%
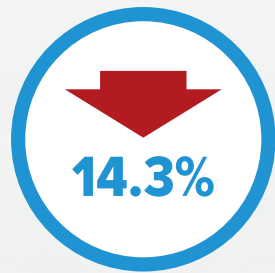
Locks decreased across the board led by a **25.1% decrease in cash-outs**

MARKET MIX

86% Purchase
14% Refi
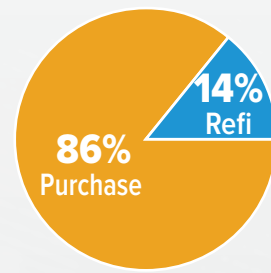
A sharp drop in cash-out locks pushed the refi share of the market mix to a new low in October

AVERAGE LOAN AMOUNT

$337K

The average loan amount fell by 9K in October

MONTH-END CONFORMING RATE

7.06%

Our Optimal Blue Mortgage Market Indices tracked a **34 BPS rise in 30-year rate offerings** throughout October

The combination of rising rates and lack of affordability has increased interest in ARM products, which accounted for 13% of the month's lock activity, up from 11% in September

OCTOBER 2022 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 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%	-14.3%	336,970	6.764	723	81	86%	14%
1	New York-Newark-Jersey City, NY-NJ-PA	4.5%	-16.1%	488,356	6.647	733	78	86%	14%
2	Dallas-Fort Worth-Arlington, TX	3.6%	-11.0%	376,376	6.691	725	82	90%	10%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.5%	-13.1%	486,420	6.577	734	83	90%	10%
4	Chicago-Naperville-Elgin, IL-IN-WI	3.2%	-7.4%	284,051	6.918	726	83	90%	10%
5	Los Angeles-Long Beach-Anaheim, CA	2.9%	-23.4%	625,331	6.775	731	74	80%	20%
6	Atlanta-Sandy Springs-Roswell, GA	2.6%	-9.3%	336,397	6.734	708	82	82%	18%
7	Phoenix-Mesa-Scottsdale, AZ	2.5%	-22.6%	385,650	6.766	724	79	84%	16%
8	Houston-The Woodlands-Sugar Land, TX	2.5%	-17.4%	317,296	6.584	720	83	92%	8%
9	Boston-Cambridge-Newton, MA-NH	2.2%	1.5%	534,293	6.364	743	77	90%	10%
10	Seattle-Tacoma-Bellevue, WA	2.2%	-19.7%	543,707	6.733	741	80	89%	11%

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	NATIONAL	100.0%	-14.3%	336,970	6.764	723	81	86%	14%
11	Miami-Fort Lauderdale-West Palm Beach, FL	2.2%	-12.9%	422,089	6.953	722	78	84%	16%
12	Denver-Aurora-Lakewood, CO	2.1%	-10.9%	462,492	6.592	738	77	85%	15%
13	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-10.4%	323,514	6.697	724	82	89%	11%
14	Austin-Round Rock, TX	1.5%	-3.4%	449,590	6.519	741	79	89%	11%
15	Riverside-San Bernardino-Ontario, CA	1.5%	-20.0%	437,258	6.651	716	80	83%	17%
16	Tampa-St. Petersburg-Clearwater, FL	1.4%	-7.3%	334,979	6.689	721	80	85%	15%
17	Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	-12.5%	337,782	6.780	740	82	90%	10%
18	Charlotte-Concord-Gastonia, NC-SC	1.3%	-13.7%	353,671	6.762	724	80	87%	13%
19	Orlando-Kissimmee-Sanford, FL	1.2%	-1.8%	363,583	6.832	722	81	88%	12%
20	San Antonio-New Braunfels, TX	1.2%	-15.8%	311,325	6.533	721	85	89%	11%

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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.
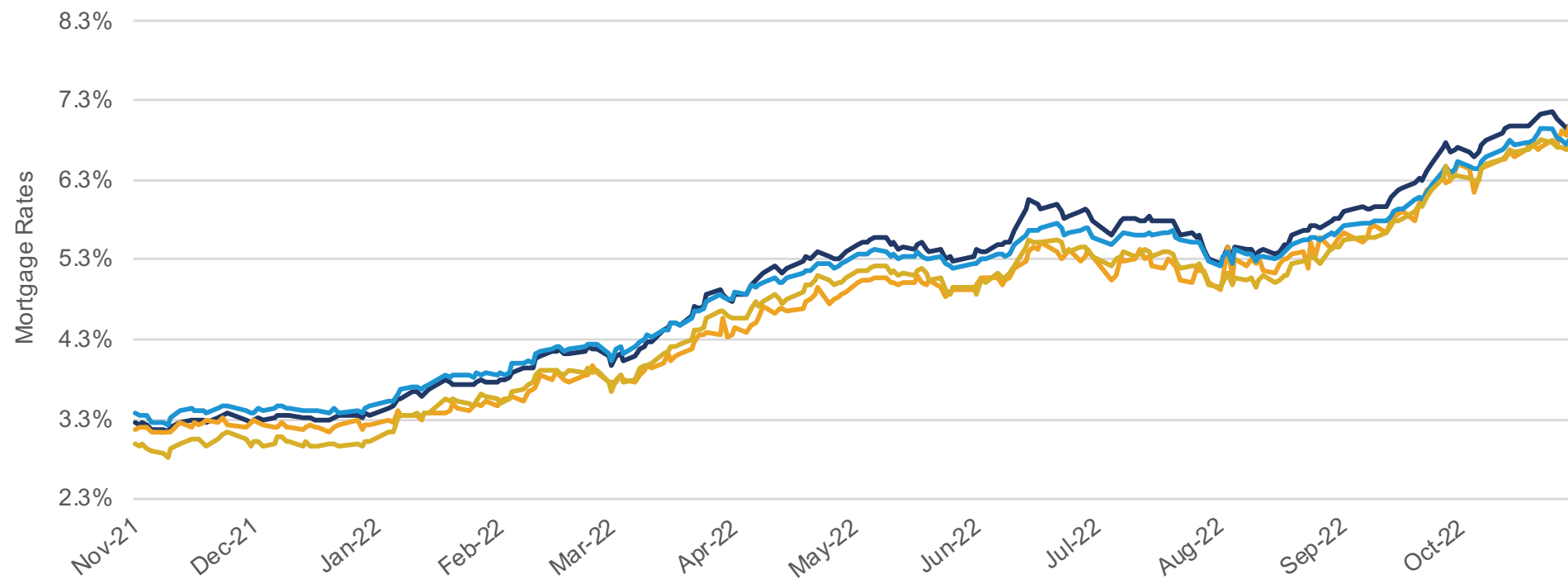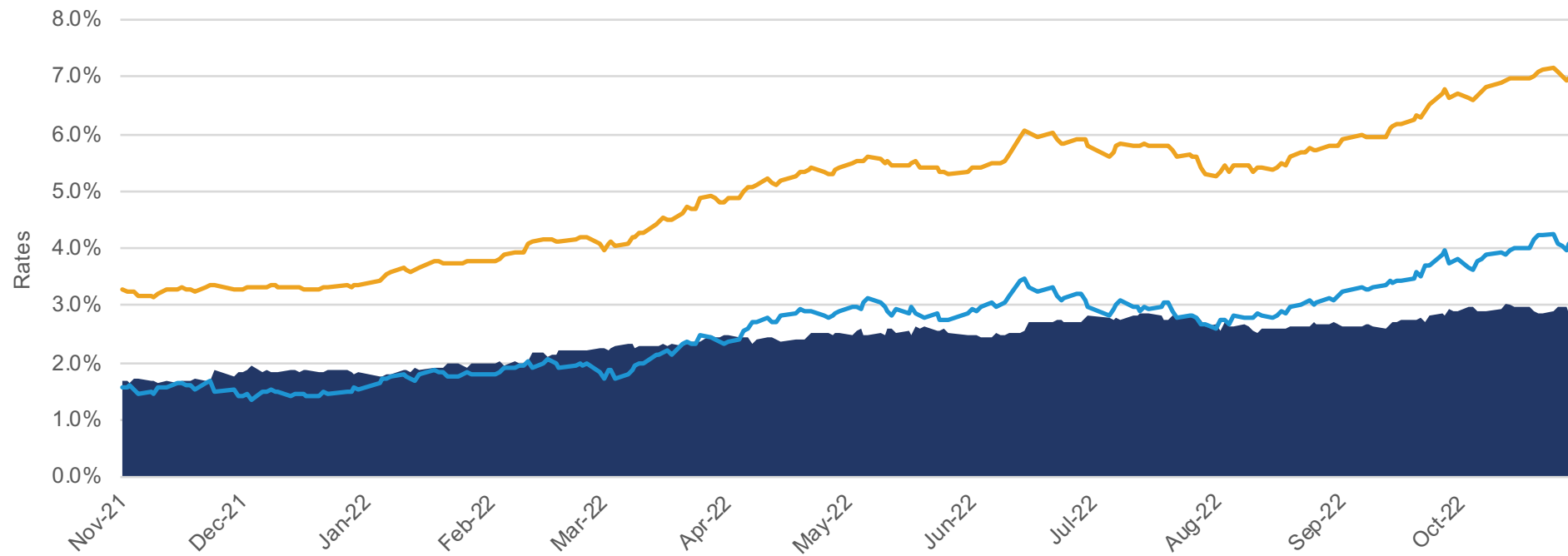

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	7.06%	34 BPS	176 BPS	379 BPS
30-Year Jumbo	6.78%	29 BPS	175 BPS	358 BPS
30-Year FHA	6.85%	33 BPS	159 BPS	347 BPS
30-Year VA	6.74%	37 BPS	174 BPS	377 BPS

OCTOBER 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 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	4.10%	27 BPS	142 BPS	255 BPS
30-Year Conforming	7.06%	34 BPS	176 BPS	379 BPS
10-Year to 30-Year Spread	2.96%	7 BPS	34 BPS	124 BPS

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Here, we break down October'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.
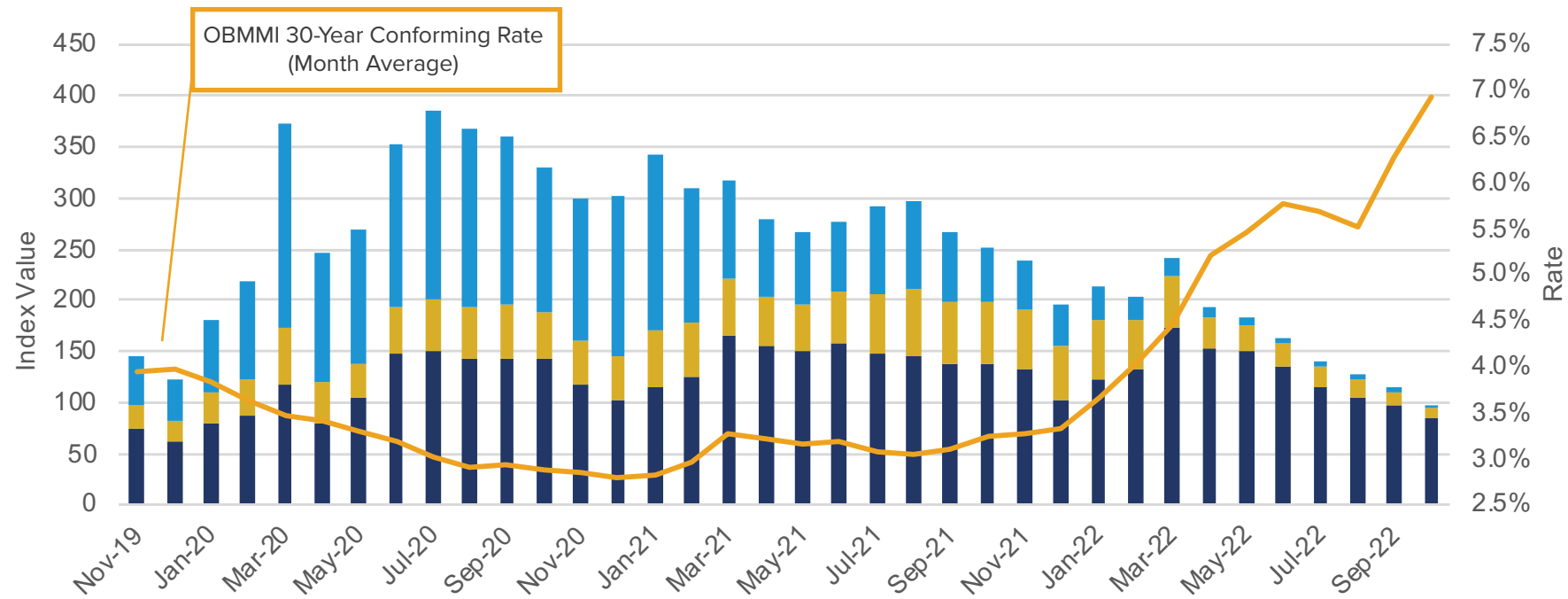

Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
———	Purchase	84	(12.8%)	(26.4%)	(38.7%)
———	Cash-Out Refinance	10	(25.1%)	(49.7%)	(83.6%)
———	Rate/Term Refinance	4	(15.7%)	(27.5%)	(92.6%)
———	Total	98	(14.3%)	(29.7%)	(61.0%)
Refinance Share*		14%	(152 BPS)	(386 BPS)	(3126 BPS)

*Refinance share changes reflect inter-period delta

OCTOBER 2022 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 the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
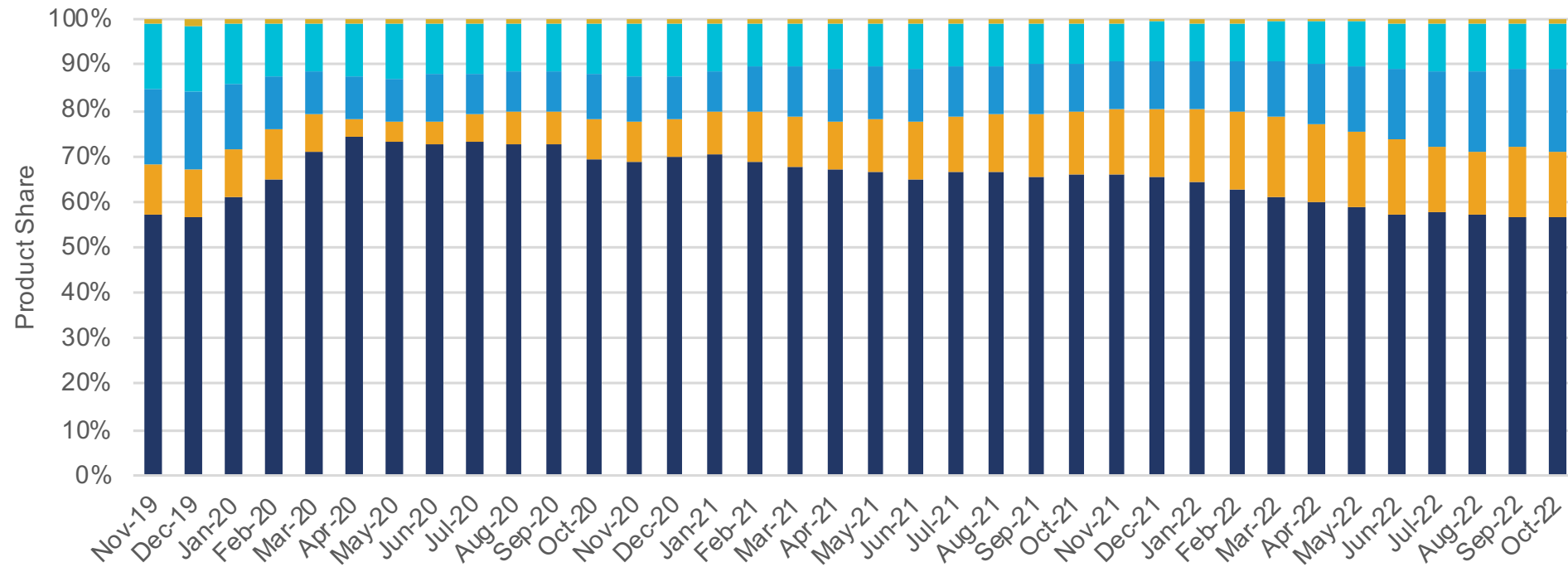
| Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	56.4%	(75 BPS)	(84 BPS)	(909 BPS)
Nonconforming	15.8%	178 BPS	(60 BPS)	199 BPS
FHA	17.0%	(21 BPS)	133 BPS	616 BPS
VA	10.0%	(78 BPS)	2 BPS	94 BPS
USDA	0.8%	(5 BPS)	9 BPS	(0 BPS)

OCTOBER 2022 *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.
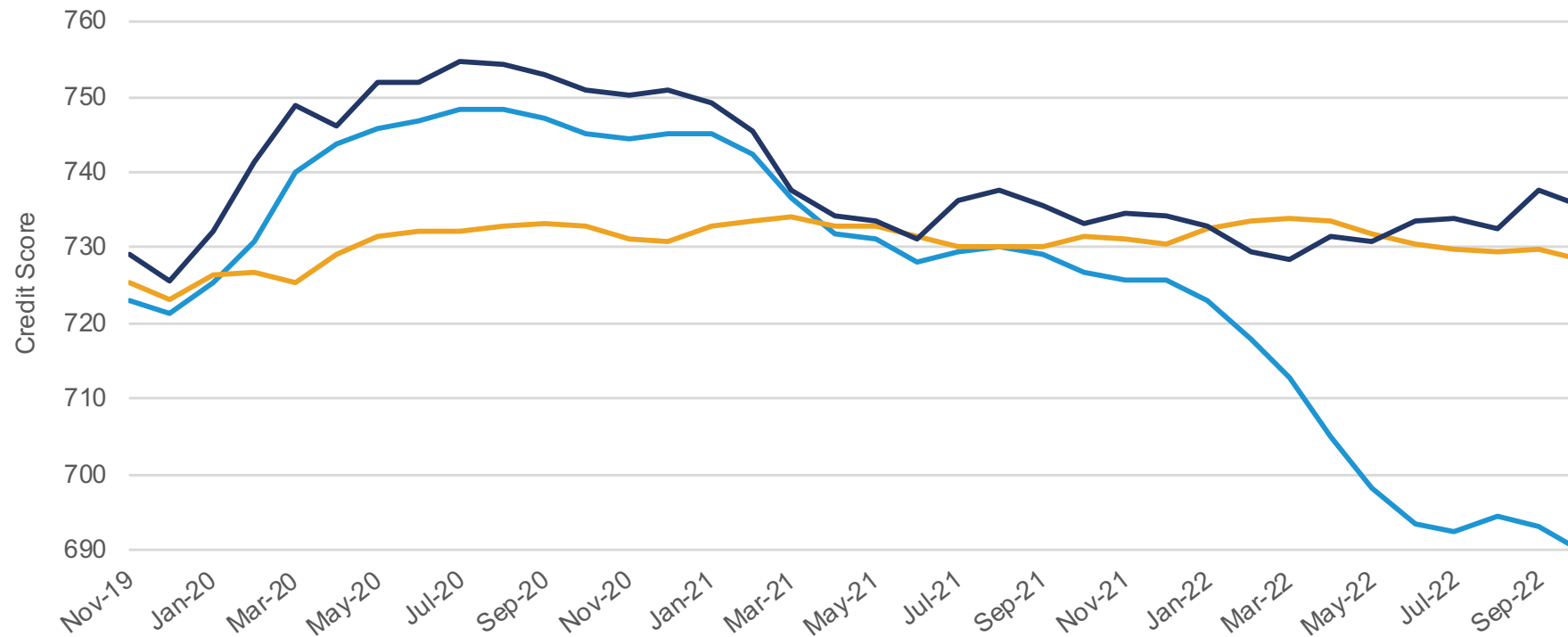
Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Cash-Out Refi	690	-3	-2	-37
Purchase	729	-1	-1	-3
Rate/Term Refi	736	-2	2	2

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OCTOBER 2022 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.
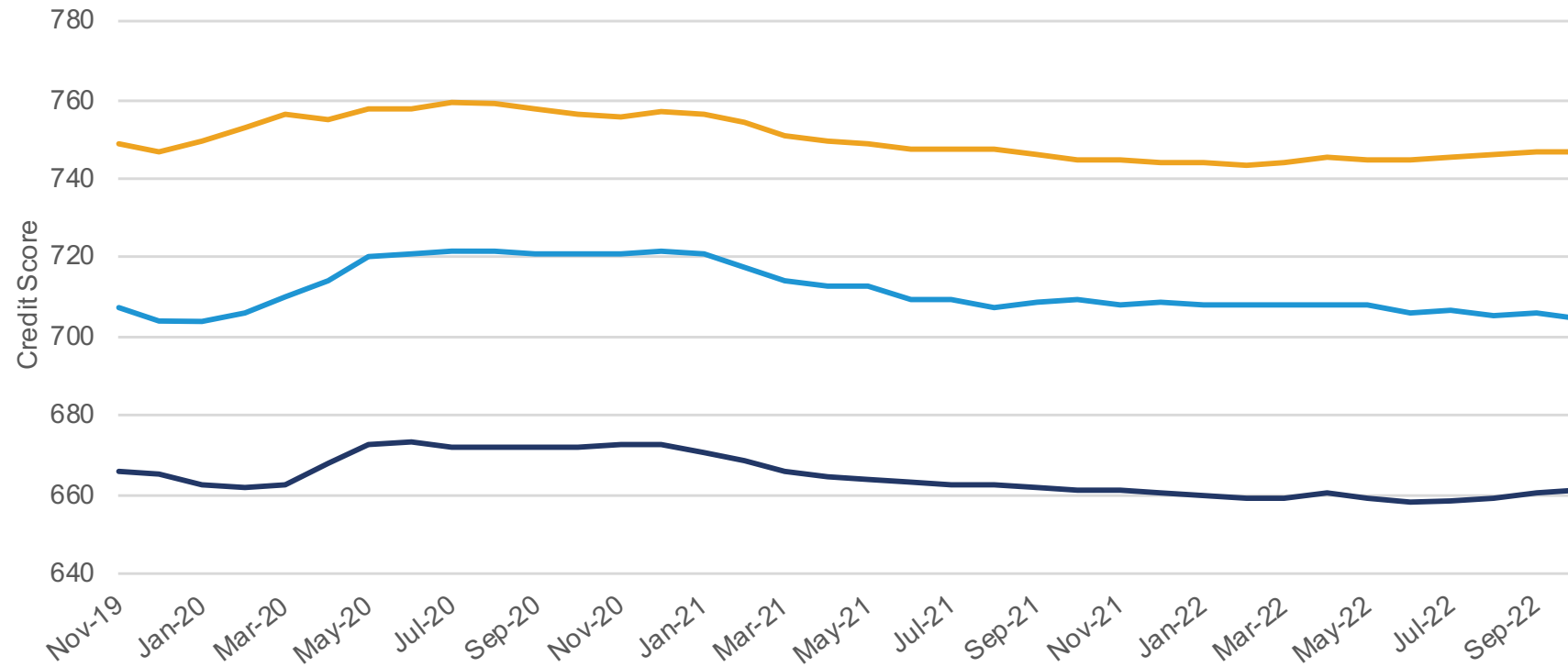
| Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	661	1	3	0
	VA	705	-1	-2	-5
	Conforming	747	0	2	2

OCTOBER 2022 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.
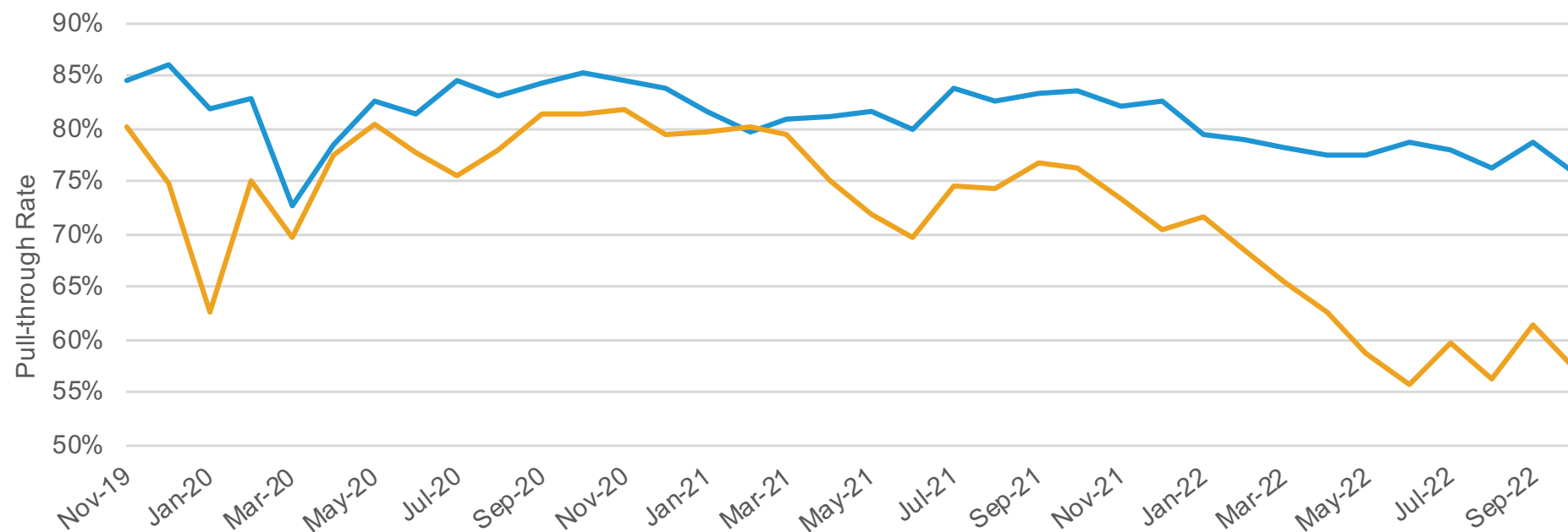

Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	75.9%	(291 BPS)	(212 BPS)	(779 BPS)
Refinance Pull-Through	57.3%	(419 BPS)	(230 BPS)	(1905 BPS)

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OCTOBER 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. 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.
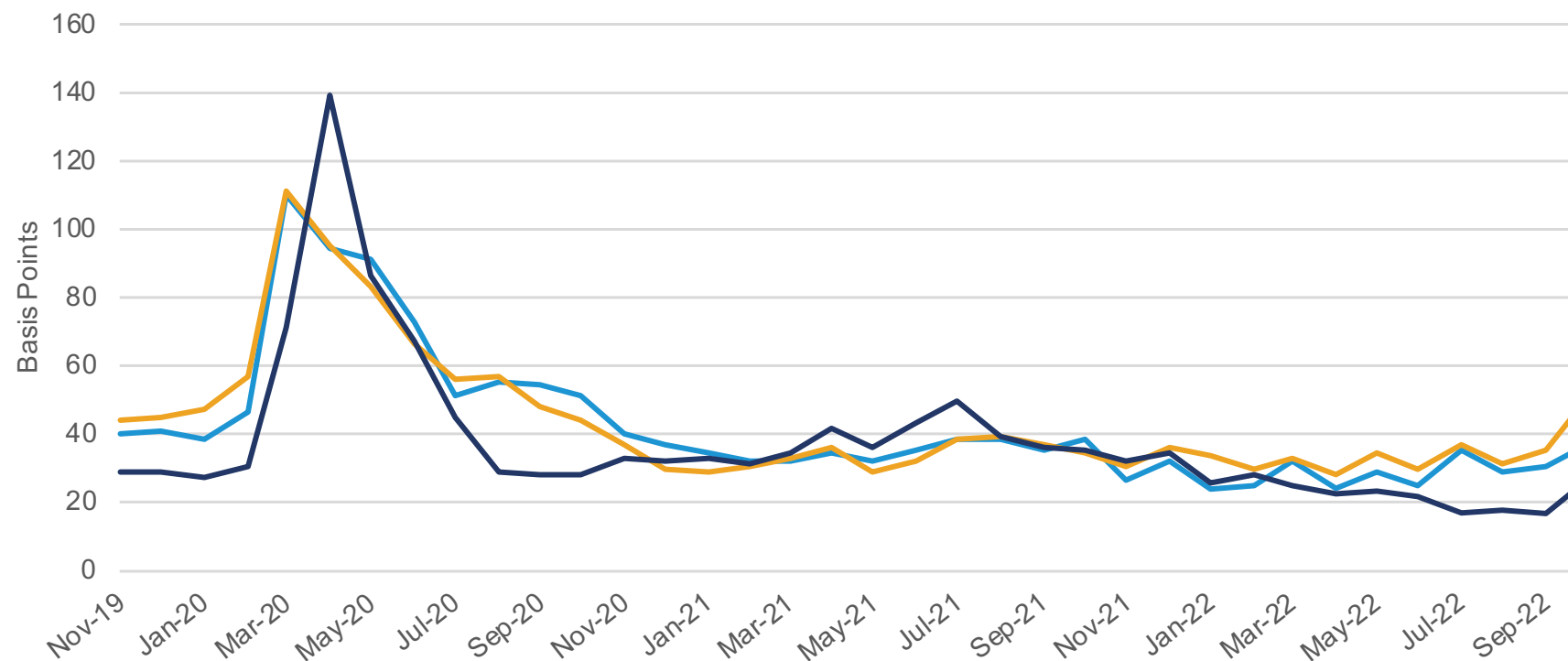
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	50 BPS	15 BPS	13 BPS	16 BPS
15-Year Conforming	37 BPS	7 BPS	2 BPS	(1 BPS)
30-Year Government	26 BPS	9 BPS	9 BPS	(9 BPS)