



ORIGINATIONS MARKET MONITOR



SEPTEMBER 2022 REPORT



ORIGINATIONS MARKET MONITOR

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SEPTEMBER 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 9.9% in September, dropping sharply for the sixth consecutive month, as the market adjusts to rising interest rates and affordability concerns. The benchmark 30-year mortgage rate finished September at 6.72%, up 91 basis points from August. All in, the 30-year rate has soared 352 basis points over the past twelve months, fundamentally changing the mortgage originations market.

Overall lock volumes are now down 30% in the last three months and almost 60% off last year's levels. Refinances continued their decline, accounting for just 16% of the month's lock volume, and of what refinance originations there were, almost three quarters were cash-outs. However, cash-out locks – which had shown some resilience even as interest rates began to rise – dropped significantly as well, falling 26.2% from August, and are now down nearly 79% from last year. Rate/term locks – which had been falling precipitously in recent months – appeared to hit a floor, holding steady at 93.3% below the same month last year. This aligns with Black Knight data that shows roughly 90% of all active first lien mortgages have rates below 5% and the population of refinance candidates at an all-time low.

Purchase lending – while making up the vast majority of September activity – fell as well, with volumes down 7.6% from August and 29.4% from last year. Using purchase lock counts – as opposed to dollar volume – to exclude the impact of record-breaking home price growth, the number of loans locked remains 10.2% below 2019's pre-pandemic level.

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.

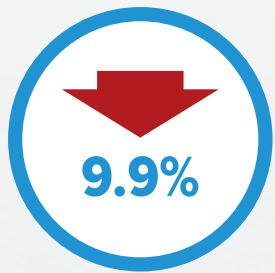


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SEPTEMBER 2022 NATIONAL RATE LOCK METRICS

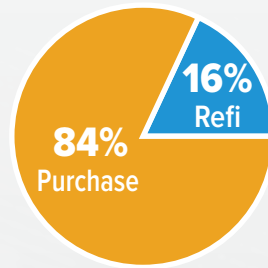
Here, we look at September's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.

SEPTEMBER NATIONAL STATS



RATE LOCK VOLUME

Locks decreased across all loan categories, led by a 26.2% decrease in cash-out refinances



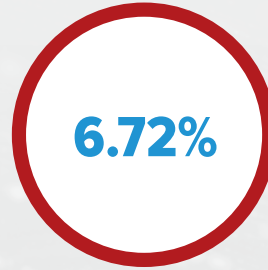
MARKET MIX

A sharp drop in cash-out locks pushed refi share of the market mix to a new low in September



AVERAGE LOAN AMOUNT

The average loan amount increased by 6K in September



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 91 BPS rise in 30-year rate offerings throughout September

"Interest rate and affordability challenges have fundamentally changed the mortgage origination market for the remainder of 2022 – and the foreseeable future"

Scott Happ, President
Optimal Blue, a division of Black Knight





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SEPTEMBER 2022 TOP 20 METROPOLITAN AREAS

Here, we look at September'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%	-9.9%	346,339	6.097	724	81	84%	16%
1 New York-Newark-Jersey City, NY-NJ-PA	4.6%	6.0%	501,288	6.022	736	77	85%	15%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.5%	-9.7%	486,922	5.883	735	83	88%	12%
3 Dallas-Fort Worth-Arlington, TX	3.5%	-3.2%	378,049	6.044	725	81	89%	11%
4 Los Angeles-Long Beach-Anaheim, CA	3.2%	-17.0%	637,488	6.126	731	73	79%	21%
5 Chicago-Naperville-Elgin, IL-IN-WI	2.9%	-11.9%	294,847	6.267	726	83	89%	11%
6 Phoenix-Mesa-Scottsdale, AZ	2.8%	-13.1%	402,626	6.097	723	79	81%	19%
7 Houston-The Woodlands-Sugar Land, TX	2.6%	-5.7%	325,648	5.984	721	84	90%	10%
8 Atlanta-Sandy Springs-Roswell, GA	2.5%	-12.8%	336,235	6.050	707	81	80%	20%
9 Seattle-Tacoma-Bellevue, WA	2.3%	-18.1%	573,886	6.050	738	80	88%	12%
10 Miami-Fort Lauderdale-West Palm Beach, FL	2.1%	-1.0%	437,405	6.281	725	76	79%	21%





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SEPTEMBER 2022 TOP 20 METROPOLITAN AREAS

Here, we look at September'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.

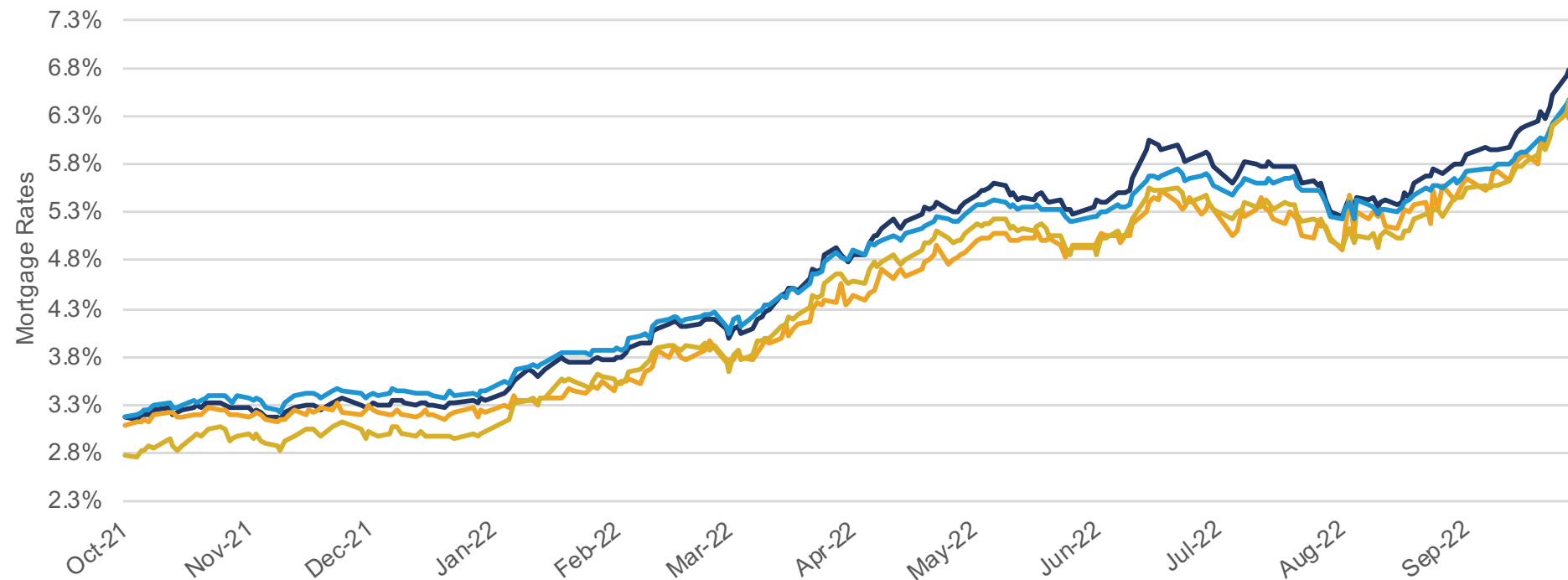
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-9.9%	346,339	6.097	724	81	84%	16%
11 Denver-Aurora-Lakewood, CO	2.0%	-13.4%	463,706	6.016	731	77	84%	16%
12 Boston-Cambridge-Newton, MA-NH	1.9%	-8.7%	516,955	5.895	737	78	89%	11%
13 Riverside-San Bernardino-Ontario, CA	1.6%	-9.2%	432,615	6.000	713	79	81%	19%
14 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-13.3%	320,403	6.094	726	82	88%	12%
15 San Francisco-Oakland-Hayward, CA	1.5%	-6.5%	800,443	5.949	749	72	84%	16%
16 Austin-Round Rock, TX	1.4%	-9.8%	427,068	5.943	740	78	88%	12%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	-11.9%	341,996	6.117	740	82	90%	10%
18 Tampa-St. Petersburg-Clearwater, FL	1.3%	-13.4%	355,197	5.950	722	80	83%	17%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	-9.8%	350,169	6.081	724	81	86%	14%
20 San Antonio-New Braunfels, TX	1.2%	-9.6%	323,961	5.860	719	85	88%	12%



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SEPTEMBER 2022 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.



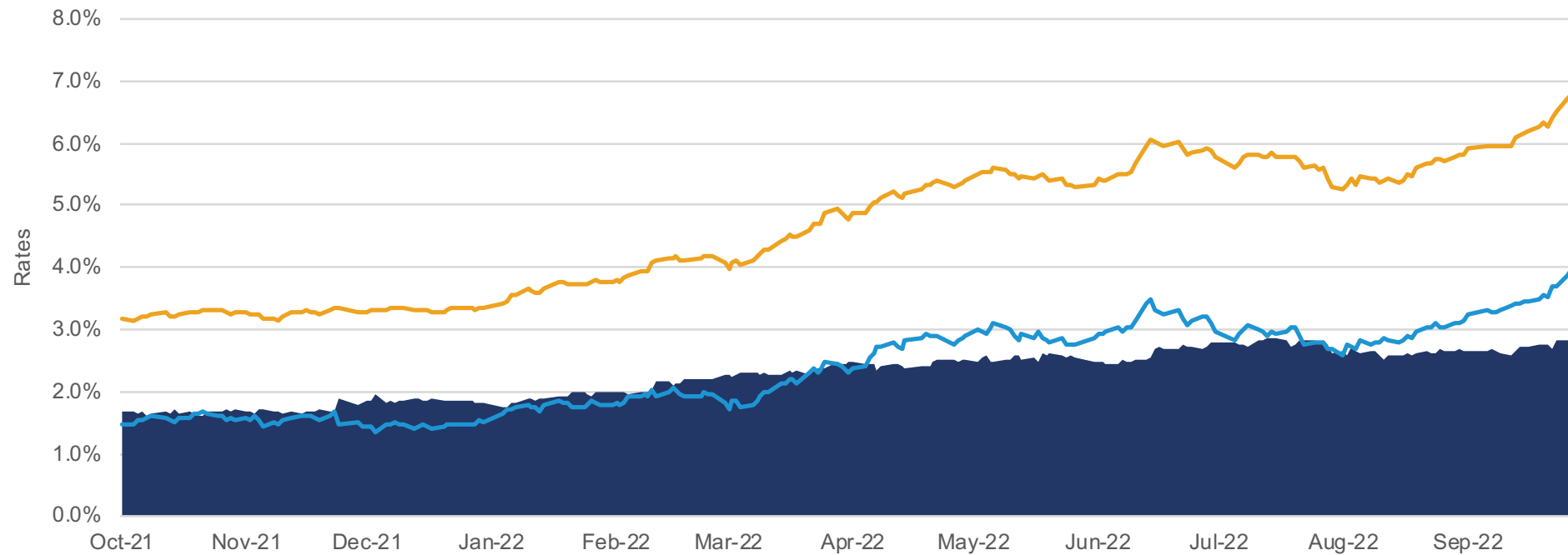
Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.72%	91 BPS	93 BPS	352 BPS
30-Year Jumbo	6.49%	92 BPS	115 BPS	332 BPS
30-Year FHA	6.52%	87 BPS	93 BPS	328 BPS
30-Year VA	6.36%	91 BPS	102 BPS	355 BPS






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SEPTEMBER 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.



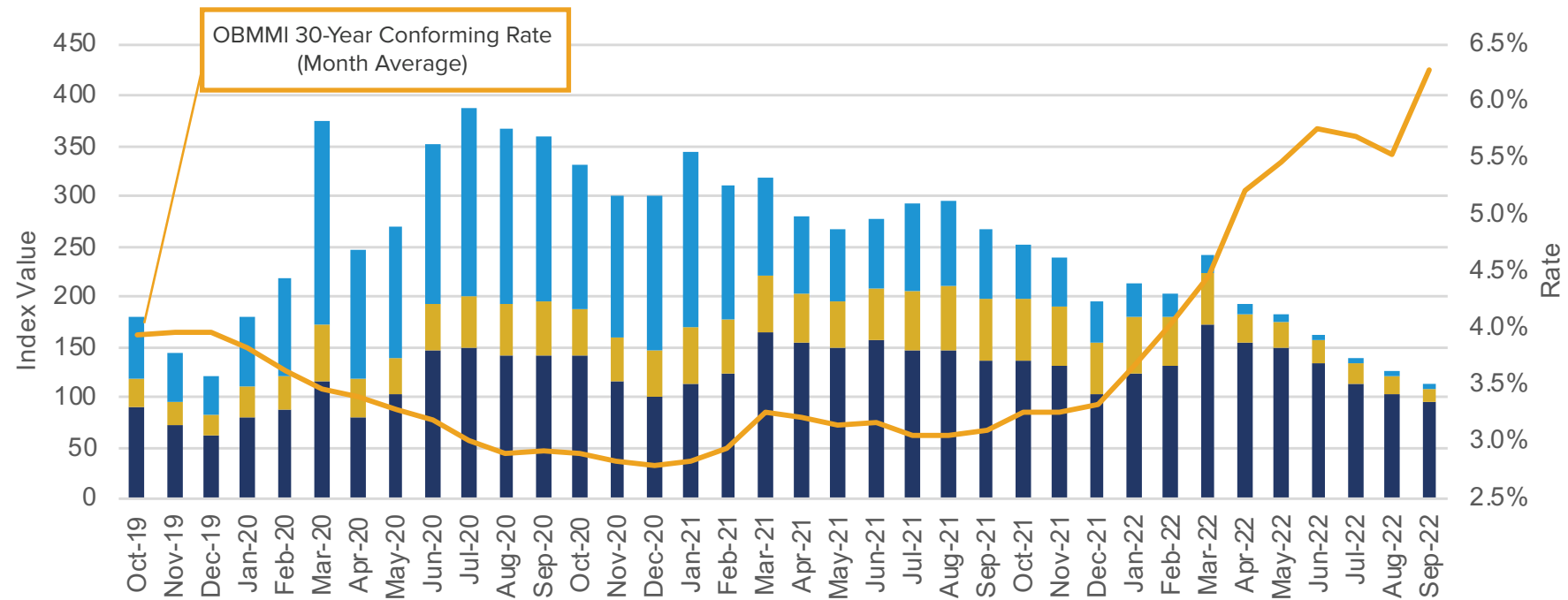
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.83%	68 BPS	85 BPS	231 BPS
	30-Year Conforming	6.72%	91 BPS	93 BPS	352 BPS
	10-Year to 30-Year Spread	2.89%	23 BPS	8 BPS	121 BPS







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SEPTEMBER 2022 LOCK VOLUME BY LOAN PURPOSE

Here, we break down September'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	97	(7.6%)	(27.7%)	(29.4%)
	Cash-Out Refinance	13	(26.2%)	(42.2%)	(78.2%)
	Rate/Term Refinance	5	(0.1%)	(28.6%)	(93.3%)
	Total	115	(9.9%)	(29.8%)	(57.2%)
Refinance Share*		16%	(214 BPS)	(241 BPS)	(3321 BPS)

*Refinance share changes reflect inter-period delta

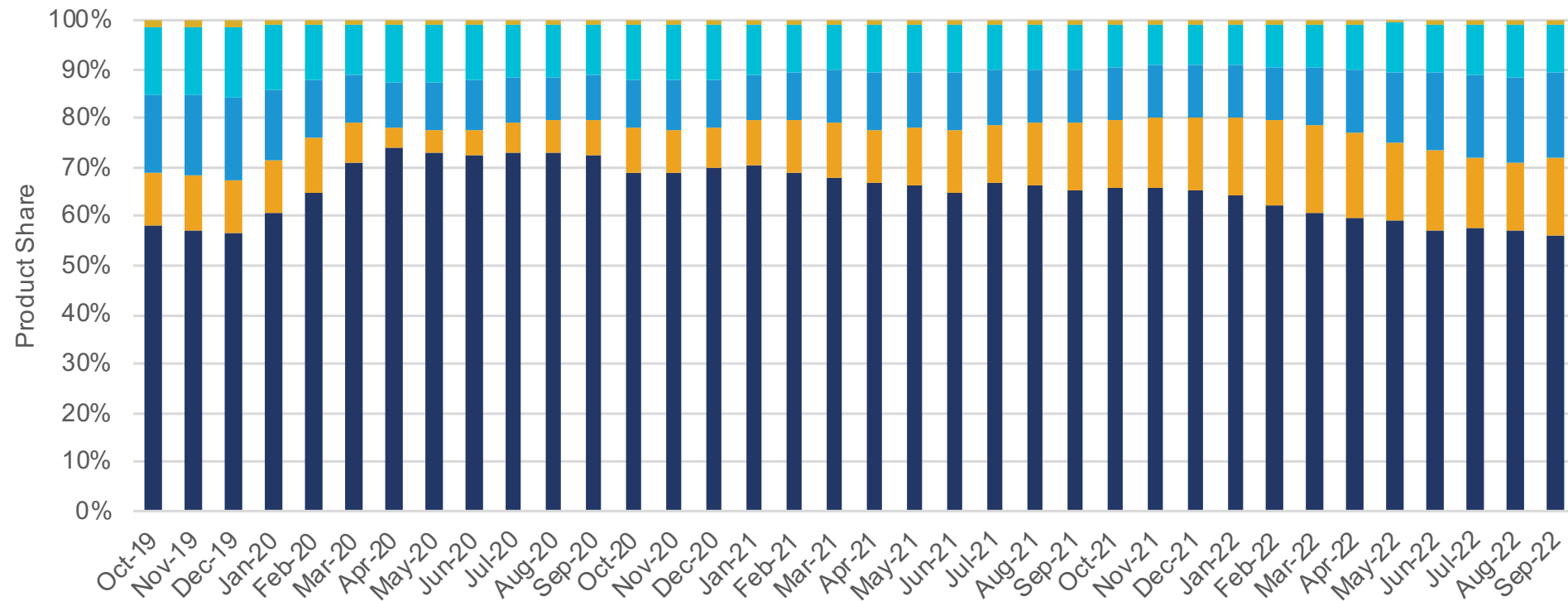


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SEPTEMBER 2022 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down September'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.



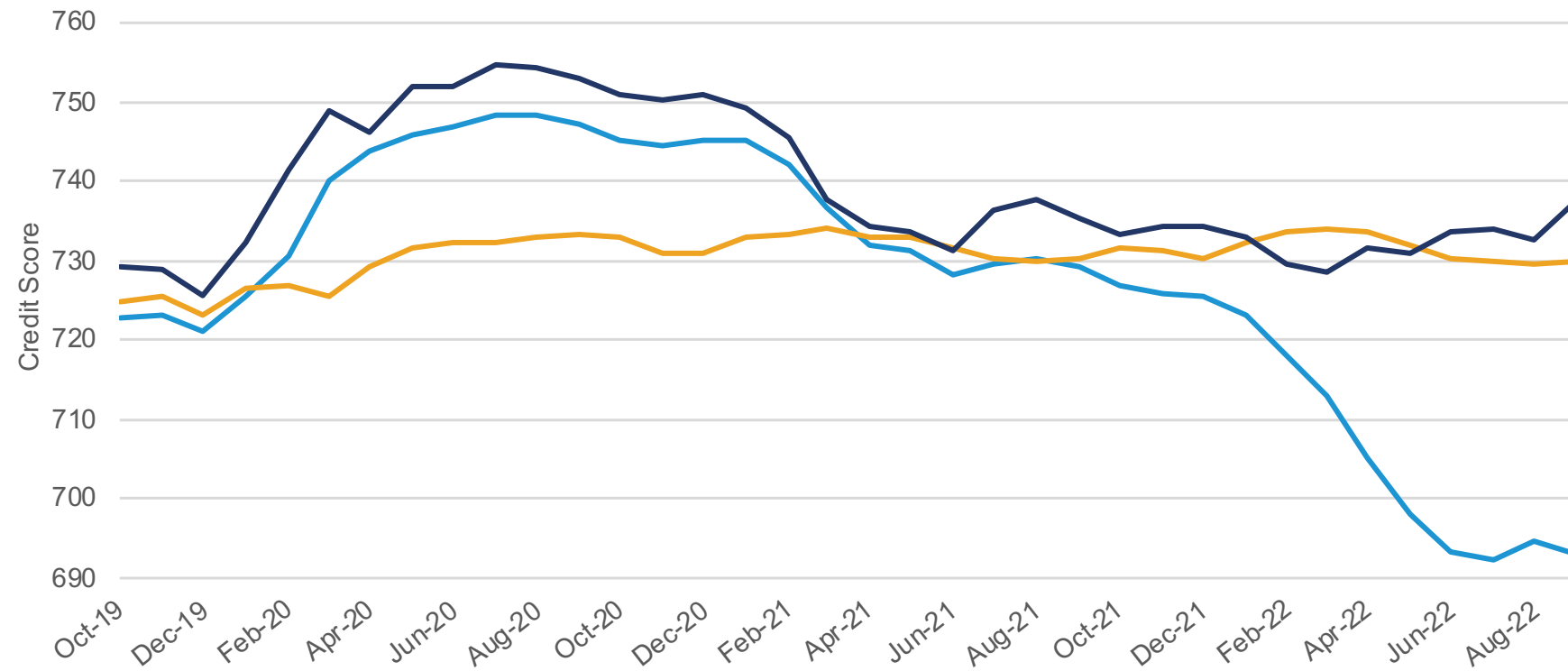
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	56.4%	(75 BPS)	(84 BPS)	(909 BPS)
	Nonconforming	15.8%	178 BPS	(60 BPS)	199 BPS
	FHA	17.0%	(21 BPS)	133 BPS	616 BPS
	VA	10.0%	(78 BPS)	2 BPS	94 BPS
	USDA	0.8%	(5 BPS)	9 BPS	(0 BPS)






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SEPTEMBER 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.



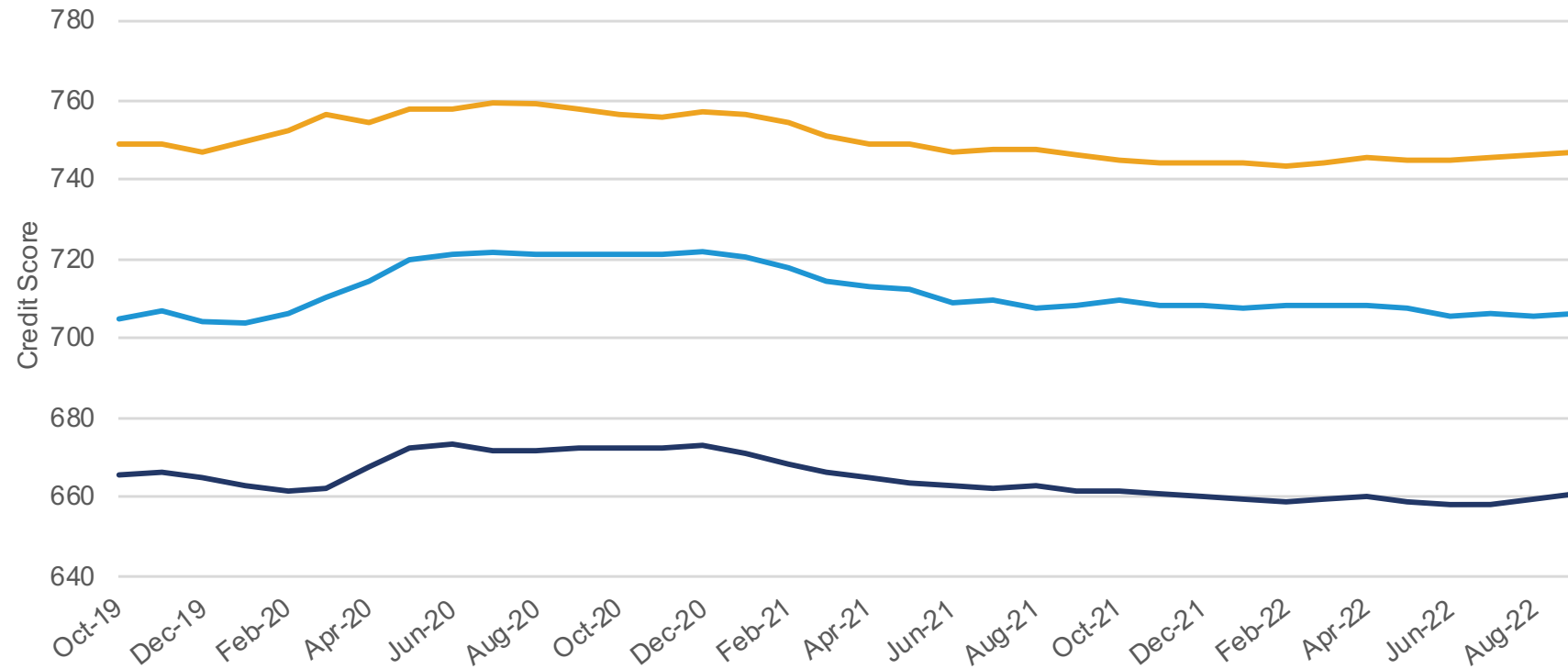
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	693	-2	0	-36
	Purchase	730	0	-1	0
	Rate/Term Refi	738	5	4	2






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SEPTEMBER 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.



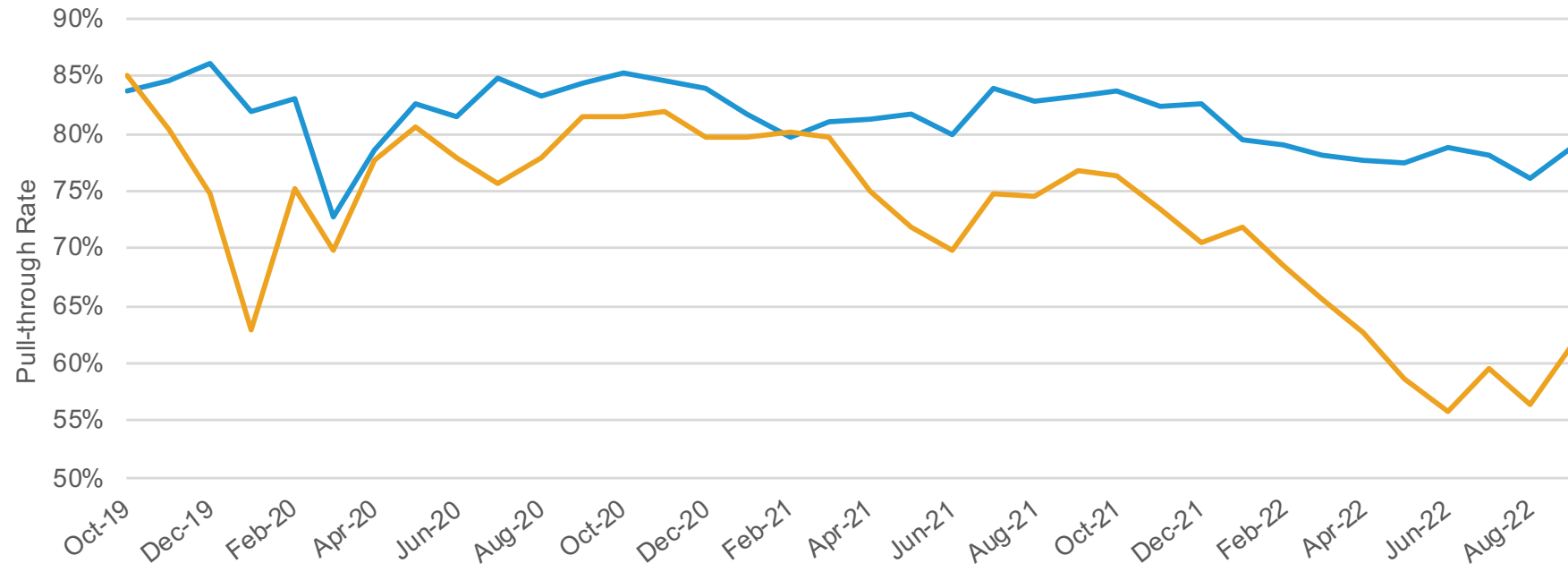
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	FHA	661	1	2	-1
	VA	706	1	0	-2
	Conforming	747	0	2	0





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SEPTEMBER 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.



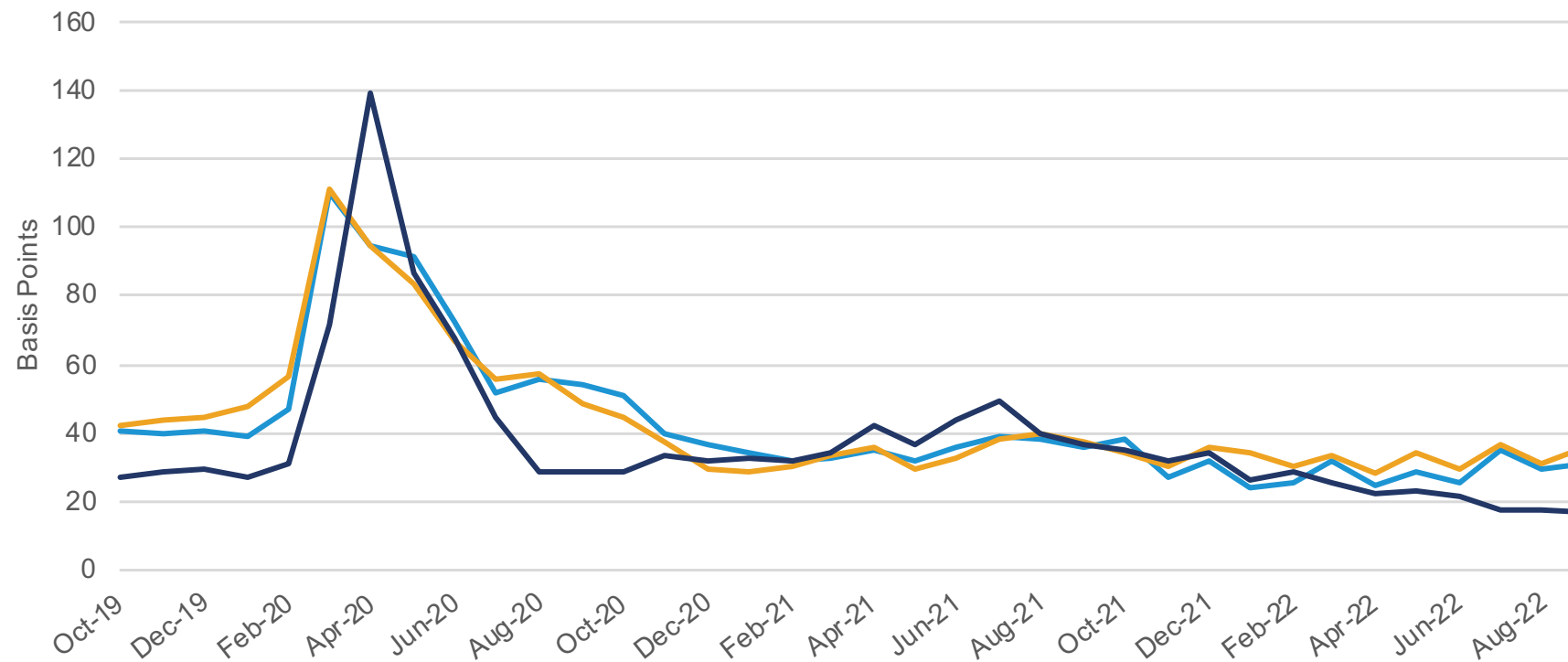
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	78.8%	260 BPS	13 BPS	(455 BPS)
	Refinance Pull-Through	61.5%	515 BPS	573 BPS	(1519 BPS)






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SEPTEMBER 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	36 BPS	4 BPS	6 BPS	(2 BPS)
	15-Year Conforming	31 BPS	2 BPS	6 BPS	(5 BPS)
	30-Year Government	17 BPS	(1 BPS)	(5 BPS)	(20 BPS)

