



ORIGINATIONS MARKET MONITOR



AUGUST 2023 REPORT



ORIGINATIONS MARKET MONITOR

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AUGUST 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 volumes decreased for the third consecutive month, falling 1.5% in August. The benchmark 30-year mortgage peaked above 7.25% – the highest level in more than 20 years – before settling to finish the month 19 basis points (bps) higher at 7.07%, the first time rates have ended a month over 7% since October 2022.

Overall lock volumes are down 9.5% over the last three months and 24.5% below the comparable period a year ago. Purchase lock volumes fell 9.6% over the three months and 19.6% from August 2022.

Cash-out refinance volume dipped 6.4% over the past three month and is 55% below the same month last year. Rate/term refinances decreased 13.5% over the three-month period and 18.6% from the same month in 2022. Refi share of lock volume remained at 12%.

Demand for ARM loans slipped to 6.56% of total locks as jumbo rates finished the month at 7.46%. The average purchase price fell for the second consecutive month to \$450K, with an average loan amount falling to \$352K.

Credit quality of conforming and FHA borrowers remains strong, but scores appear to have plateaued. The average score for a conforming loan edged lower by 1 point to 753, while FHA increased 2 points to 671 and VA remained steady at 712.

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.

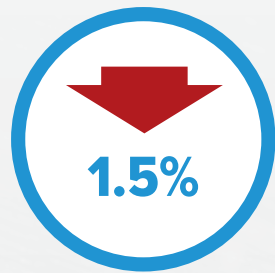


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AUGUST 2023 NATIONAL RATE LOCK METRICS

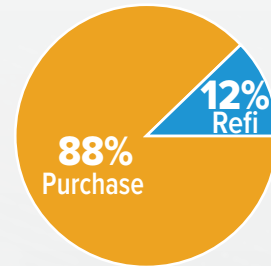
Here, we look at August's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight [Optimal Blue PPE](#). Click on the chart to view its contents in high resolution.

AUGUST NATIONAL STATS



RATE LOCK VOLUME

Purchase locks fell 1.9% while cash-outs rose 0.3% and rate/term refis rose 1.9%



MARKET MIX

Purchase locks continue to make up the overwhelming majority of activity



AVERAGE LOAN AMOUNT

The average loan amount fell \$6K in August, while the average purchase price on locked loans was down to \$450K



MONTH-END CONFORMING RATE

The [Optimal Blue Mortgage Market Indices](#) tracked a 19 bps rise in 30-year rate offerings

Rate lock volumes continued to fall amid seasonal headwinds as interest rates hit a multi-decade high



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AUGUST 2023 TOP 20 METROPOLITAN AREAS

Here, we look at August'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%	-1.5%	\$351,980	6.998	729.32	80.55	88%	12%
1 New York-Newark-Jersey City, NY-NJ-PA	4.9%	-2.8%	\$516,109	7.066	740.43	75.46	86%	14%
2 Dallas-Fort Worth-Arlington, TX	3.6%	-1.0%	\$374,482	6.886	731.92	81.60	92%	8%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.5%	-10.4%	\$497,546	6.893	740.40	82.17	92%	8%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.3%	-6.6%	\$309,308	7.141	735.12	80.91	92%	8%
5 Phoenix-Mesa-Scottsdale, AZ	2.7%	5.2%	\$406,092	6.868	728.55	80.23	89%	11%
6 Houston-The Woodlands-Sugar Land, TX	2.6%	-6.8%	\$316,850	6.728	724.63	83.60	93%	7%
7 Atlanta-Sandy Springs-Roswell, GA	2.6%	1.5%	\$354,229	6.929	716.81	79.97	84%	16%
8 Los Angeles-Long Beach-Anaheim, CA	2.5%	1.5%	\$652,680	7.235	742.14	70.66	83%	17%
9 Boston-Cambridge-Newton, MA-NH	2.0%	-4.7%	\$540,309	7.064	745.11	75.46	90%	10%
10 Seattle-Tacoma-Bellevue, WA	1.9%	-11.7%	\$566,208	7.066	746.66	78.11	92%	8%



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AUGUST 2023 TOP 20 METROPOLITAN AREAS

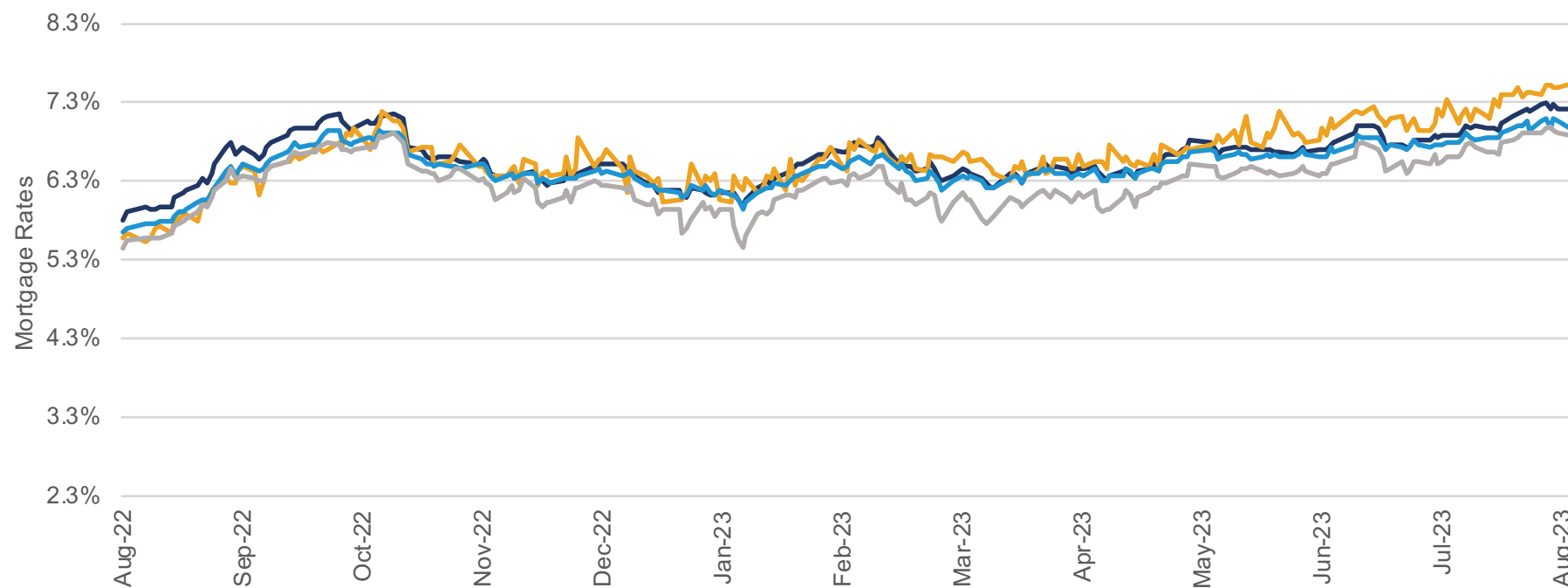
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11 Denver-Aurora-Lakewood, CO	1.8%	-3.7%	\$477,246	6.792	737.81	77.56	90%	10%
12 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	1.0%	\$344,336	6.992	732.03	80.01	90%	10%
13 Miami-Fort Lauderdale-West Palm Beach, FL	1.6%	-14.8%	\$477,236	7.066	732.86	76.09	88%	12%
14 Austin-Round Rock, TX	1.5%	-6.4%	\$410,061	6.618	740.57	78.40	93%	7%
15 Riverside-San Bernardino-Ontario, CA	1.5%	-4.3%	\$459,145	6.891	719.24	80.61	87%	13%
16 San Antonio-- New Braunfels, TX	1.4%	1.1%	\$315,637	6.331	719.35	87.18	91%	9%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	-9.1%	\$344,243	7.031	746.96	80.59	93%	7%
18 Tampa-St. Petersburg-Clearwater, FL	1.4%	-2.8%	\$355,246	6.926	730.90	79.58	89%	11%
19 Charlotte-Concord-Gastonia, NC-SC	1.2%	-3.6%	\$385,190	6.997	731.75	79.71	85%	15%
20 San Francisco-Oakland-Hayward, CA	1.2%	9.3%	\$744,288	7.098	754.26	71.69	90%	10%

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AUGUST 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.

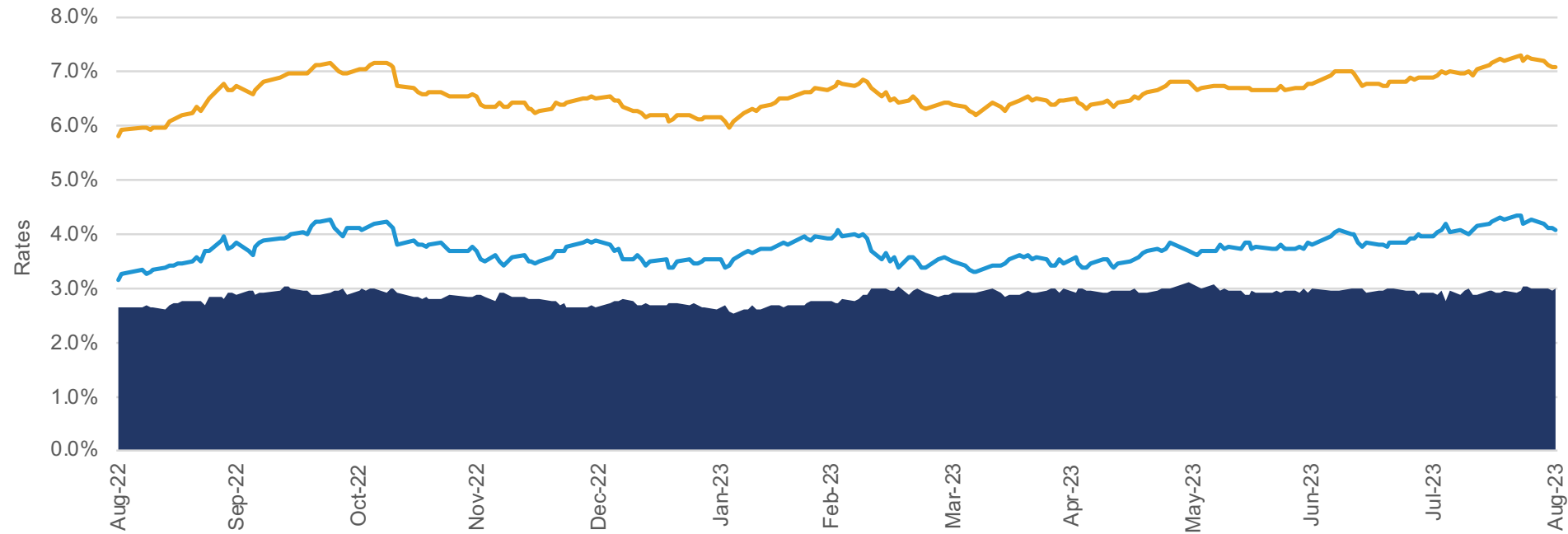





	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	7.07%	19 BPS	35 BPS	127 BPS
	30-Year Jumbo	7.46%	41 BPS	66 BPS	189 BPS
	30-Year FHA	6.94%	16 BPS	27 BPS	129 BPS
	30-Year VA	6.70%	8 BPS	22 BPS	125 BPS

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AUGUST 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.

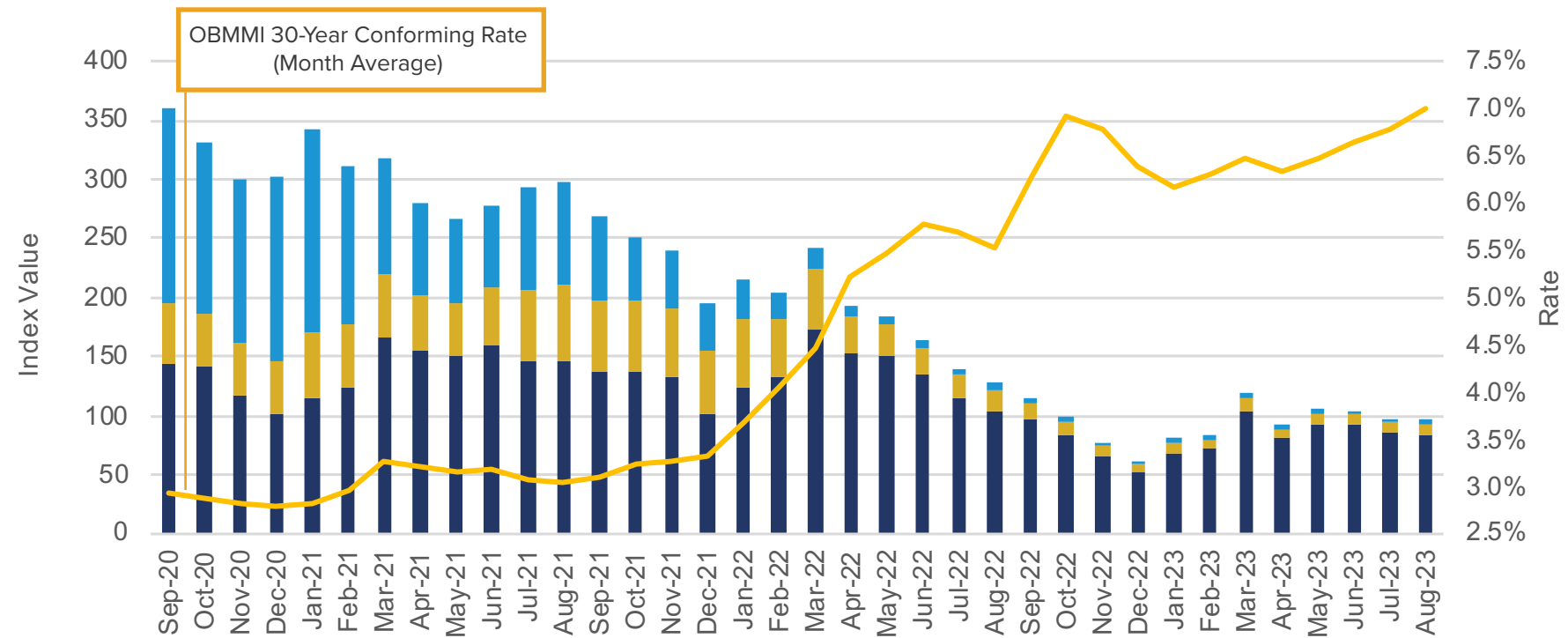






	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.09%	12 BPS	45 BPS	94 BPS
	30-Year Conforming	7.07%	19 BPS	35 BPS	127 BPS
	10-Year to 30-Year Spread	2.98%	7 BPS	(10 BPS)	33 BPS

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AUGUST 2023 LOCK VOLUME BY LOAN PURPOSE

Here, we break down August'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	(1.9%)	(9.6%)	(19.6%)
	Cash-Out Refinance	8	0.3%	(6.4%)	(55.2%)
	Rate/Term Refinance	4	1.9%	(13.5%)	(18.6%)
	Total	96	(1.5%)	(9.5%)	(24.5%)
Refinance Share*		12%	29 BPS	9 BPS	(541 BPS)

*Refinance share changes reflect inter-period delta

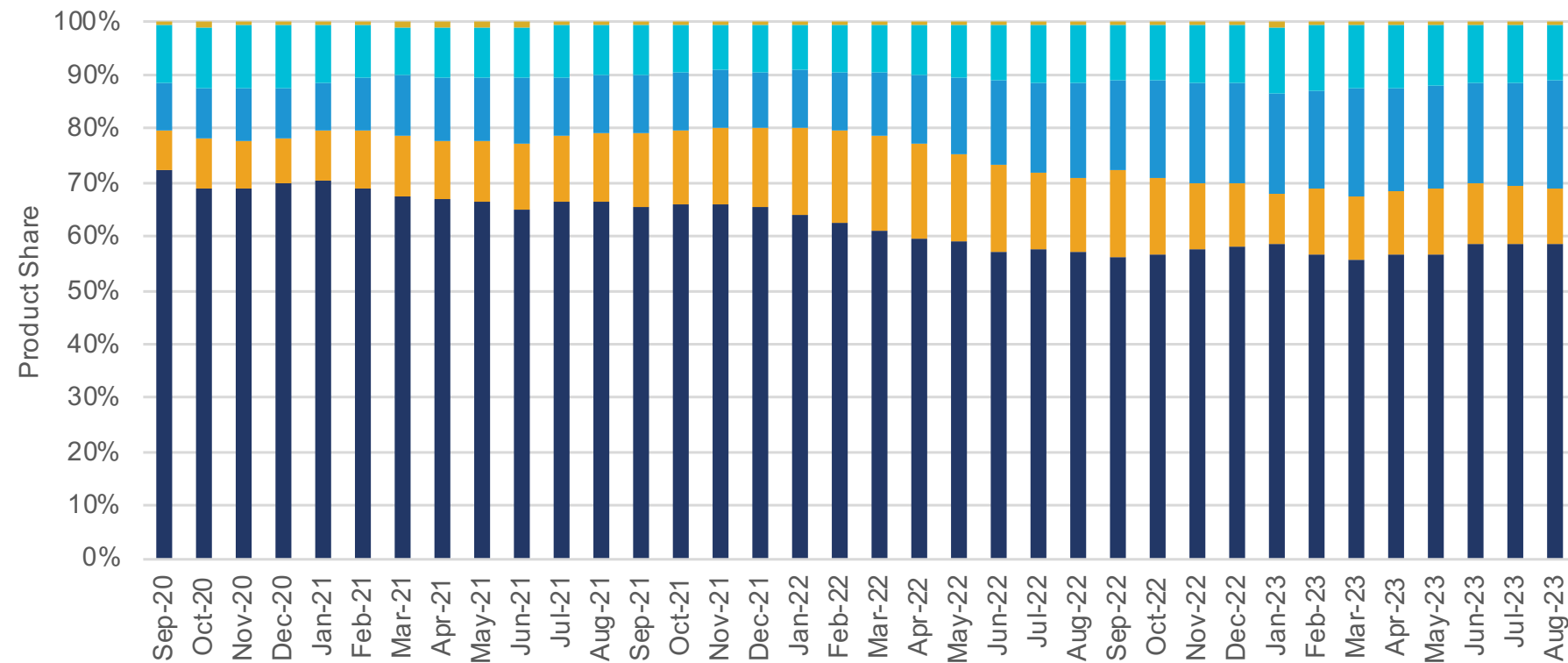







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AUGUST 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down August'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.

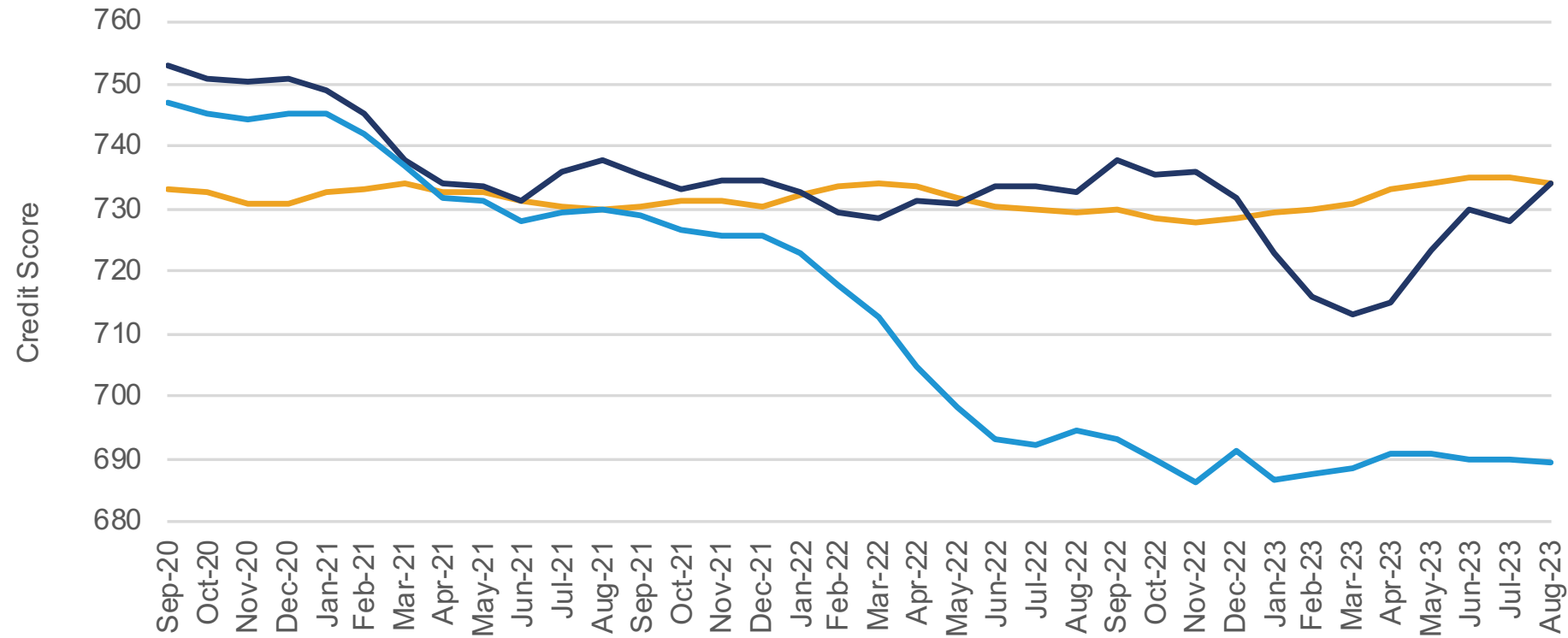


Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	58.6%	(20 BPS)	208 BPS	143 BPS
	Nonconforming	10.5%	(10 BPS)	(211 BPS)	(345 BPS)
	FHA	20.1%	65 BPS	89 BPS	283 BPS
	VA	10.3%	(36 BPS)	(83 BPS)	(56 BPS)
	USDA	0.6%	1 BPS	(3 BPS)	(26 BPS)

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AUGUST 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.

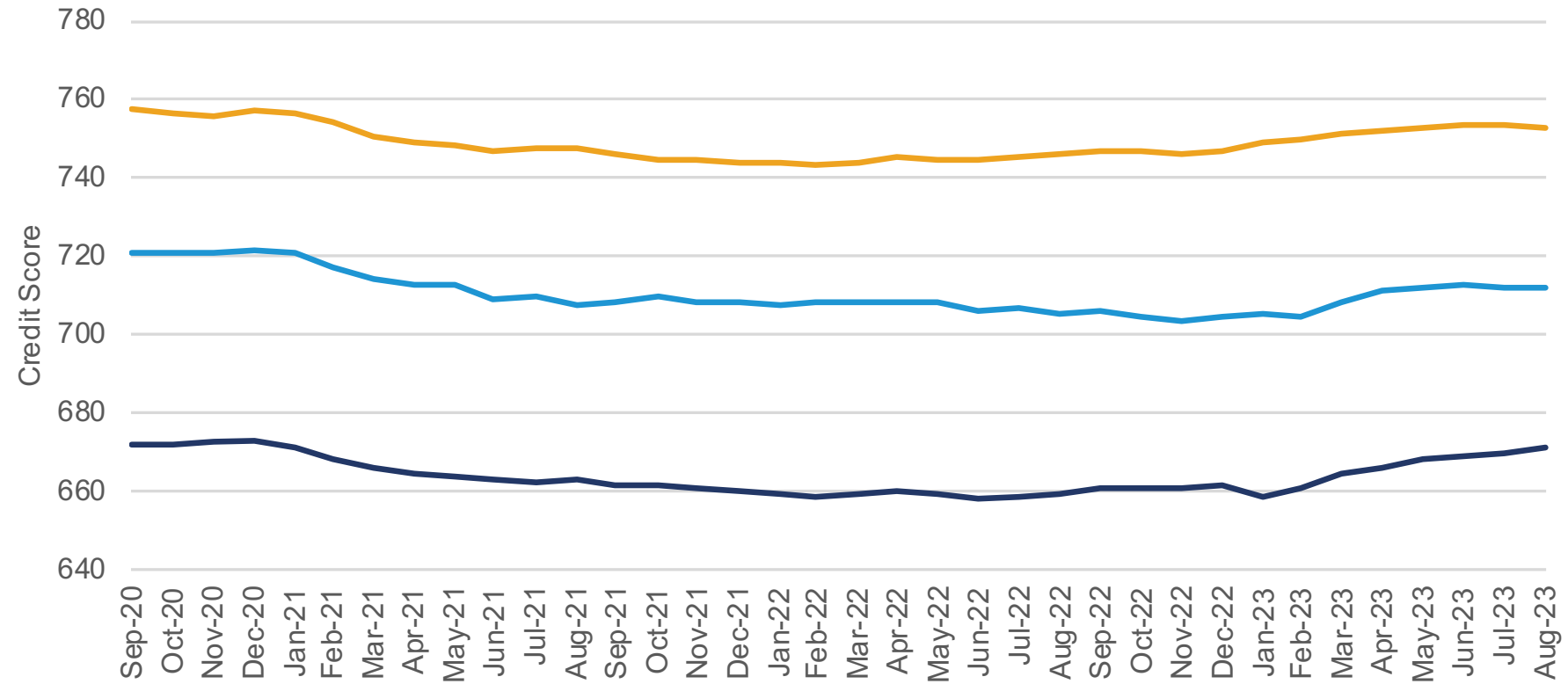





Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	689	-1	-2	-5
	Purchase	734	-1	0	5
	Rate/Term Refi	734	6	11	1

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AUGUST 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.

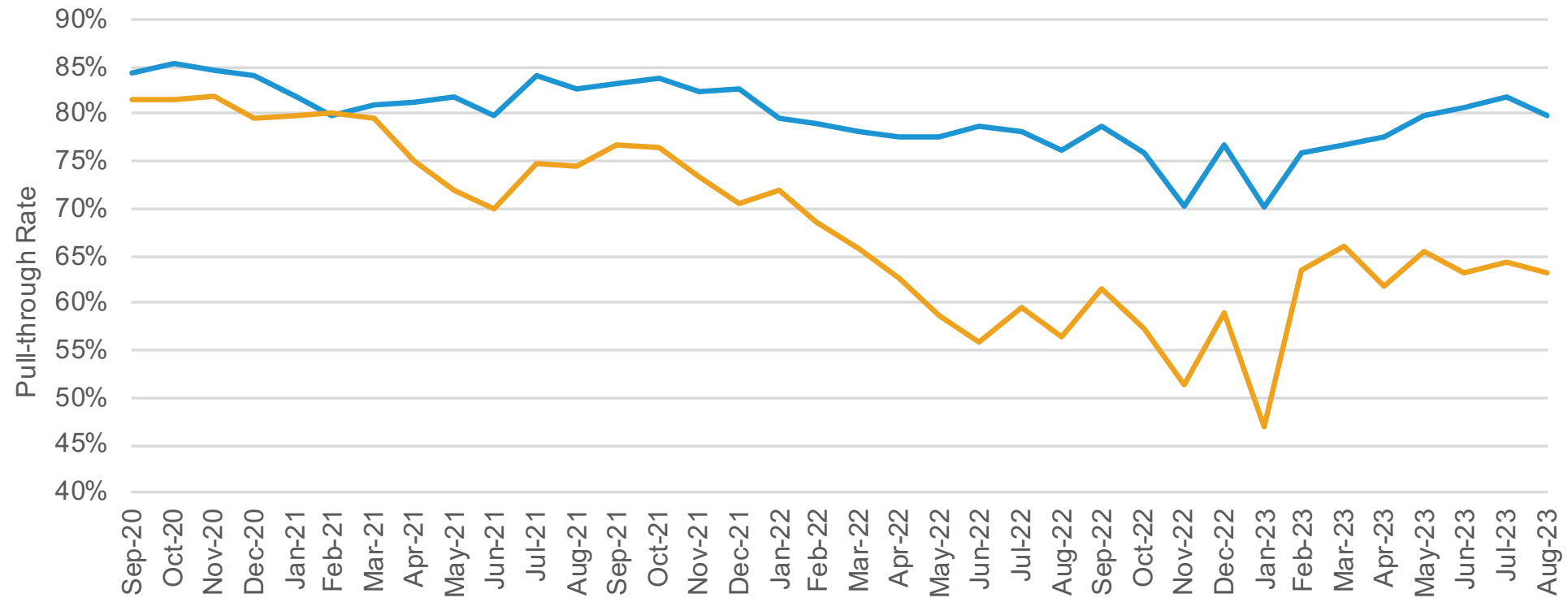




Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	753	-1	0	7
	FHA	671	2	3	12
	VA	712	0	0	6

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AUGUST 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.

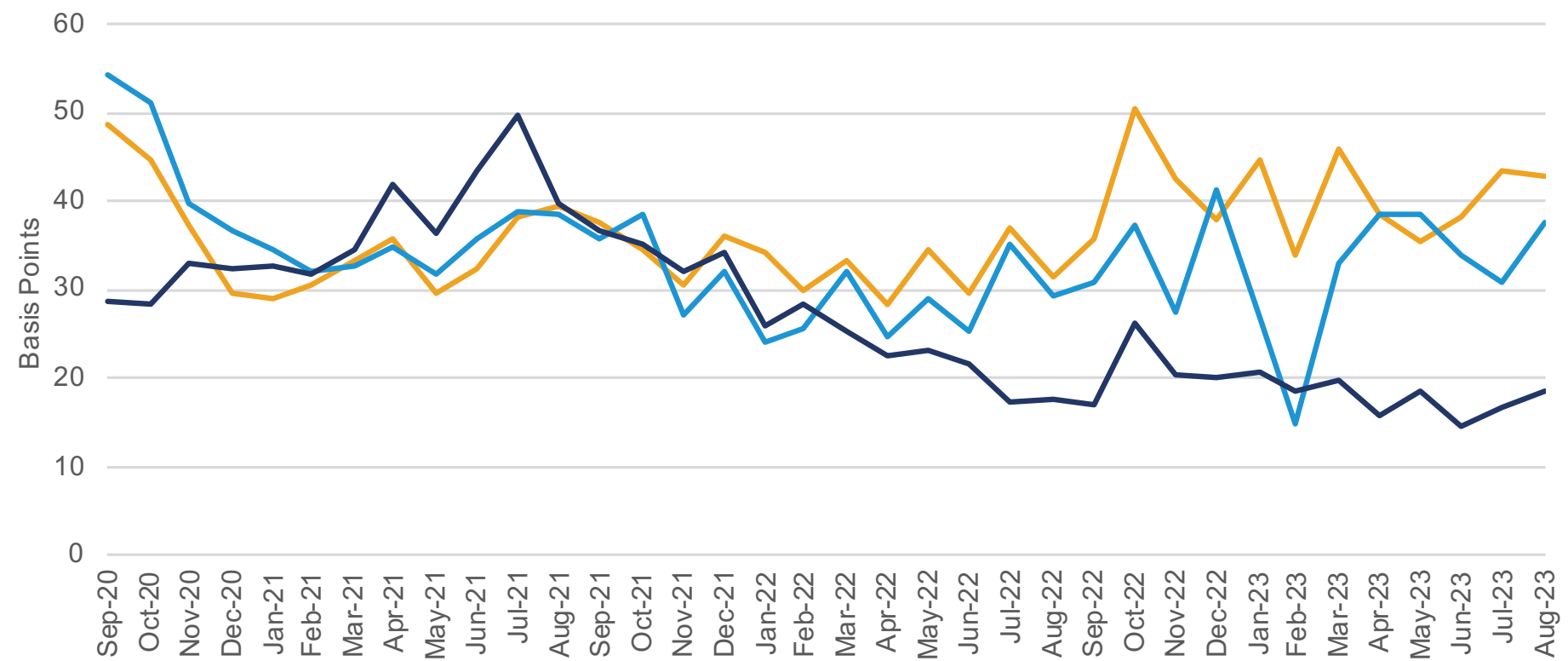





Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	79.9%	(192 BPS)	(2 BPS)	372 BPS
	Refinance Pull-Through	63.2%	(102 BPS)	(223 BPS)	685 BPS

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AUGUST 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	43 BPS	(1 BPS)	7 BPS	11 BPS
	15-Year Conforming	38 BPS	7 BPS	(1 BPS)	8 BPS
	30-Year Government	18 BPS	2 BPS	(0 BPS)	1 BPS



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