



ORIGINATIONS MARKET MONITOR



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OCTOBER 2023 OVERVIEW

Each month, the Optimal Blue [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 comprehensive and timely view into origination activity.

Headwinds continued in October, with rates increasing 26 to 40 basis points month over month across various mortgage types. The steep mortgage rate increase pushed more borrowers toward adjustable-rate mortgage (ARM) loans in October, with the share of adjustable-rate locks rising to 7.9% from 6.8% in September.

Rate lock volume in October was virtually flat compared to September; however, when adjusting for the extra business day, volume was down 4%. Both purchase and refinance volumes continued to wane amid multi-decade rate highs. Purchase lock counts – which exclude the impact of rising/falling home prices and, as such, better represent housing activity – were down 23% year over year, and down 43% from pre-pandemic levels in 2019. The refinance share of lock volume remained at current cycle lows of 12%.

Conventional conforming volume fell to its lowest share of rate lock volume since March, while the FHA share hit its highest point since 2017. Non-agency and VA production finished October at 11.5% and 10.3%, respectively.

Although production trended lower nationally, certain warmer or more temperate geographies saw month-over-month growth. This can generally be attributed to less seasonality in these climates.

Both average loan amounts and purchase prices fell, while credit scores rose.

In producing the Originations Market Monitor, Optimal Blue aggregates and reports the latest available monthly rate lock data drawn from the Optimal Blue PPE – the most widely used product, pricing, and eligibility engine in the industry. Optimal Blue provides additional market insight by way of its market-leading hedging platform.

For more information on Optimal Blue's secondary marketing solutions and data assets, contact Sales@OptimalBlue.com.



OCTOBER 2023 NATIONAL RATE LOCK METRICS

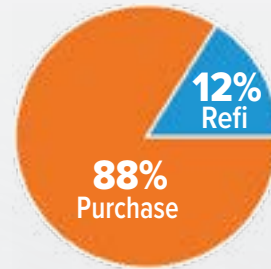
Here, we look at the national origination numbers to give a high-level overview of the month's activity. This information is drawn from the [Optimal Blue PPE](#).

OCTOBER NATIONAL STATS



RATE LOCK VOLUME

Purchase locks increased 1%, cash-outs were down 3%, and rate/term refis were down 6%.



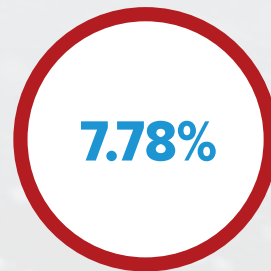
MARKET MIX

The refi share of the market mix saw a minor decrease to 12%.



AVERAGE LOAN AMOUNT

The average loan amount dropped slightly in October, and the average purchase price on locked loans fell to \$449K.



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 37-bps rise in 30-year rate offerings.

Rate headwinds continued in October, with lock volume remaining flat





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OCTOBER 2023 TOP 20 METROPOLITAN AREAS

Here, we look at the top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from the [Optimal Blue PPE](#).

Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	0.5%	\$352,537	7.465	729	80.58	88%	12%
1 New York-Newark-Jersey City, NY-NJ-PA	4.8%	-2.6%	\$513,920	7.612	740	75.20	86%	14%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.0%	5.9%	\$498,394	7.417	740	81.96	92%	8%
3 Dallas-Fort Worth-Arlington, TX	3.8%	8.9%	\$377,360	7.287	732	81.79	92%	8%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.2%	0.7%	\$310,446	7.649	737	81.42	93%	7%
5 Houston-The Woodlands-Sugar Land, TX	2.9%	7.3%	\$323,992	7.070	725	84.14	93%	7%
6 Los Angeles-Long Beach-Anaheim, CA	2.6%	2.8%	\$711,313	7.700	744	70.32	82%	18%
7 Atlanta-Sandy Springs-Roswell, GA	2.6%	1.6%	\$349,824	7.374	716	80.21	85%	15%
8 Phoenix-Mesa-Scottsdale, AZ	2.6%	1.3%	\$416,856	7.312	730	80.42	89%	11%
9 Boston-Cambridge-Newton, MA-NH	2.1%	-4.4%	\$514,264	7.611	744	75.32	91%	9%
10 Seattle-Tacoma-Bellevue, WA	2.0%	8.0%	\$588,745	7.543	747	78.33	91%	9%





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Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-19.8%	\$353,180	7.093	729	80.57	87%	13%
11 Denver-Aurora-Lakewood, CO	1.8%	-0.2%	\$475,558	7.261	740	77.27	89%	11%
12 Austin-Round Rock, TX	1.7%	16.7%	\$406,730	6.933	741	80.40	95%	5%
13 Miami-Fort Lauderdale-West Palm Beach, FL	1.7%	-1.2%	\$472,951	7.455	726	77.46	84%	16%
14 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-4.9%	\$338,157	7.523	735	79.67	91%	9%
15 Tampa-St. Petersburg-Clearwater, FL	1.5%	11.4%	\$369,380	7.325	730	80.92	90%	10%
16 Riverside-San Bernardino-Ontario, CA	1.5%	-0.7%	\$473,802	7.155	722	80.15	90%	10%
17 San Antonio-New Braunfels, TX	1.3%	0.6%	\$300,989	6.615	719	86.76	90%	10%
18 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	-9.1%	\$337,527	7.403	742	81.51	91%	9%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	-3.9%	\$377,330	7.441	731	81.02	87%	13%
20 San Francisco-Oakland-Hayward, CA	1.2%	-3.2%	\$703,906	7.634	754	70.13	88%	12%

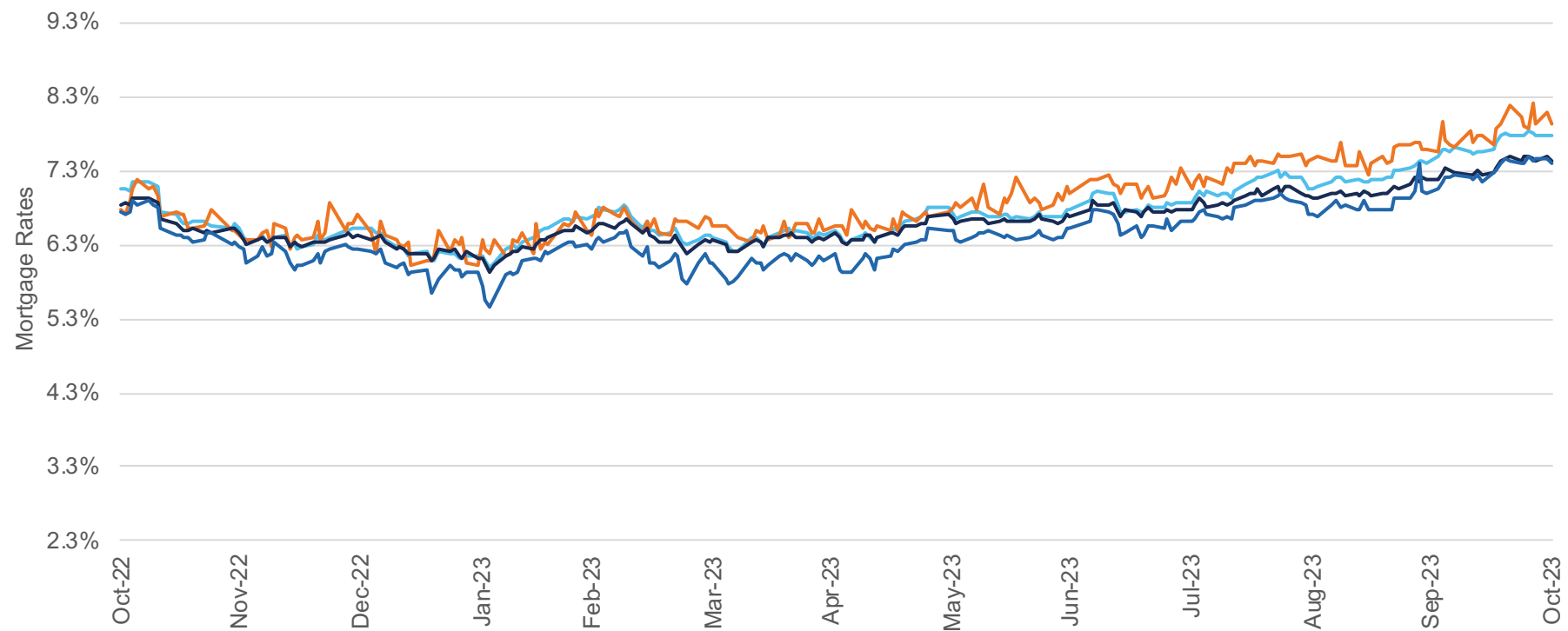








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OCTOBER 2023 MARKET RATE INDICES

Pulling data from the [Optimal Blue Mortgage Market Indices \(OBMMI\)](#), the chart below shows average 30-year rates across various loan products.



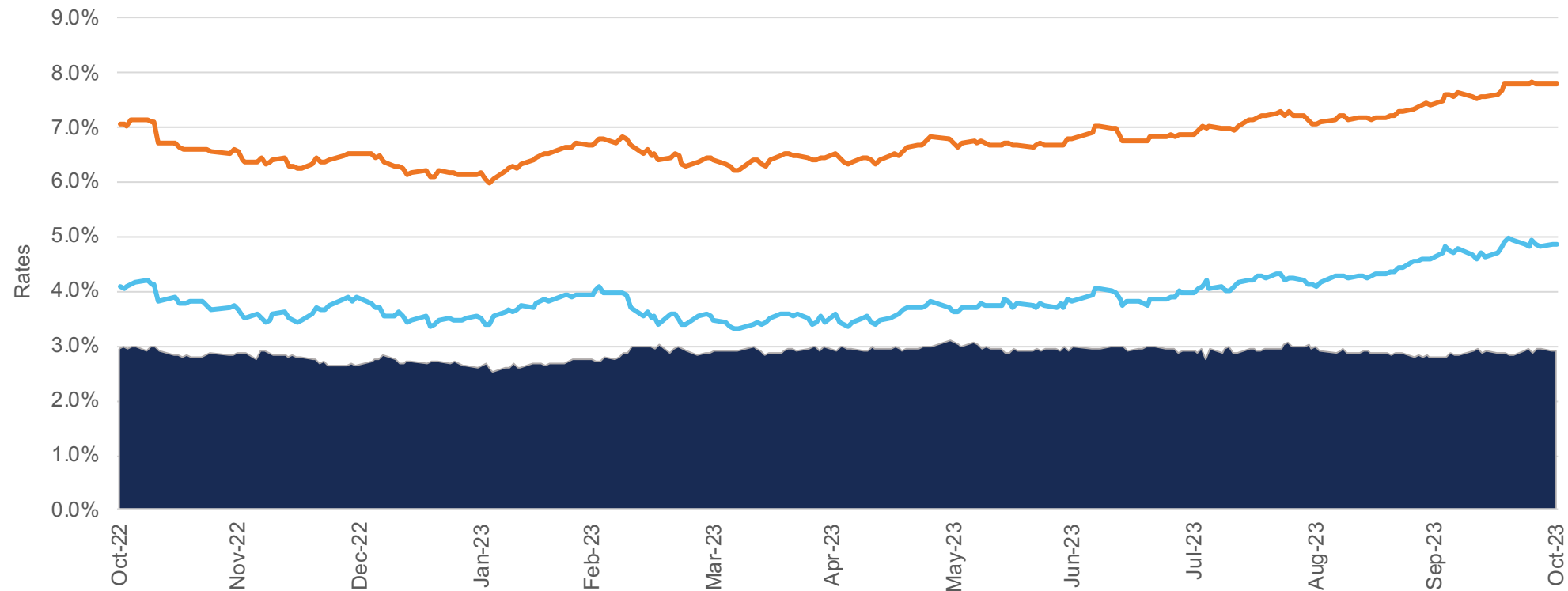
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	7.78%	37 bps	90 bps	72 bps
	30-Year Jumbo	7.94%	35 bps	89 bps	116 bps
	30-Year FHA	7.44%	26 bps	65 bps	58 bps
	30-Year VA	7.40%	40 bps	78 bps	66 bps



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OCTOBER 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 Optimal Blue's [secondary market hedging platform](#).



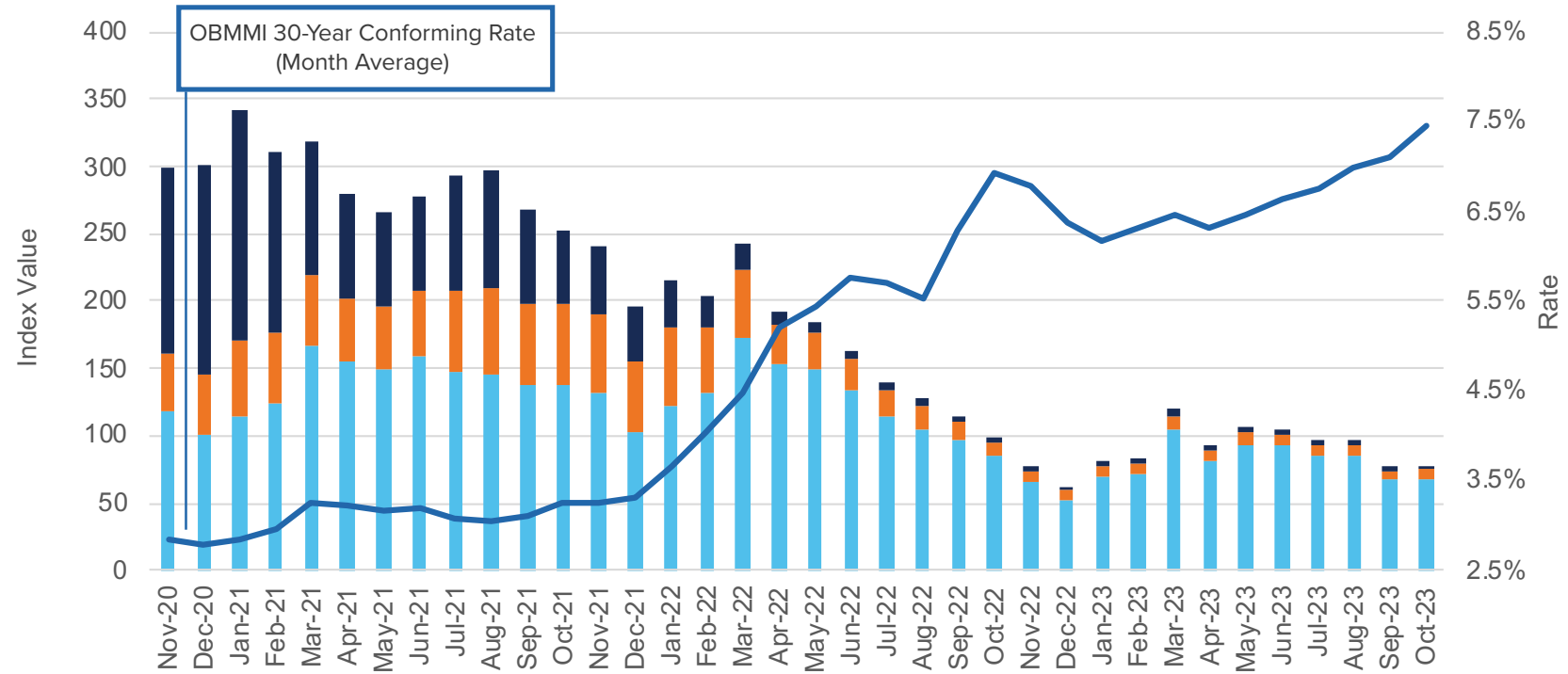
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.88%	29 bps	91 bps	78 bps
	30-Year Conforming	7.78%	37 bps	90 bps	72 bps
	10-Year to 30-Year Spread	2.90%	8 bps	(1 bps)	(6 bps)



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OCTOBER 2023 LOCK VOLUME BY LOAN PURPOSE

Here, we break down the rate lock volumes by loan purpose.
This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
Purchase		68	1.1%	(20.7%)	(19.4%)
Cash-Out Refinance		6	(3.1%)	(19.8%)	(35.1%)
Rate/Term Refinance		3	(6.1%)	(21.3%)	(25.3%)
Total		77	0.5%	(20.6%)	(21.2%)
Refinance Share*		12%	(57 bps)	6 bps	(199 bps)

*Refinance share changes reflect inter-period delta



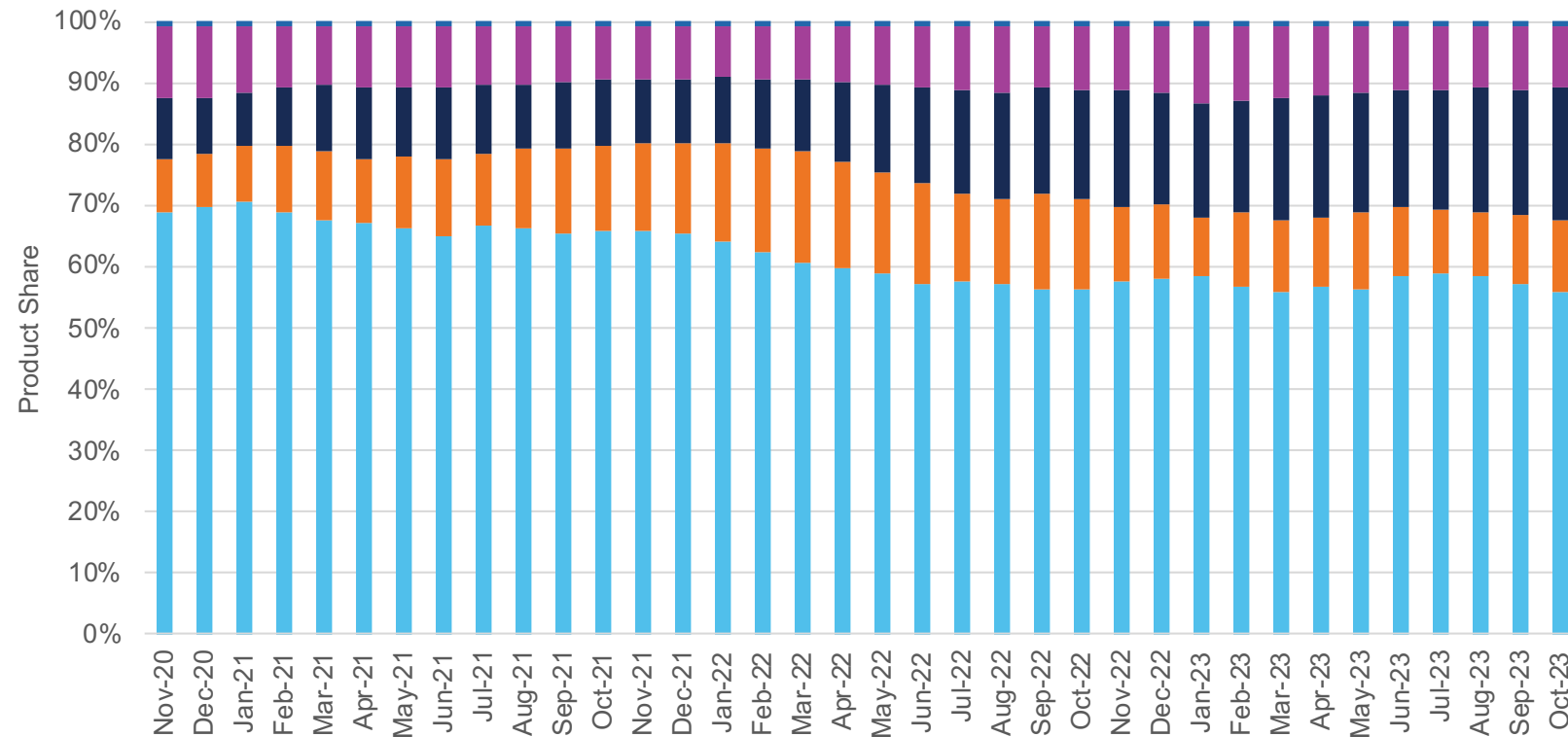







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OCTOBER 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down the rate lock volumes by loan product.

This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



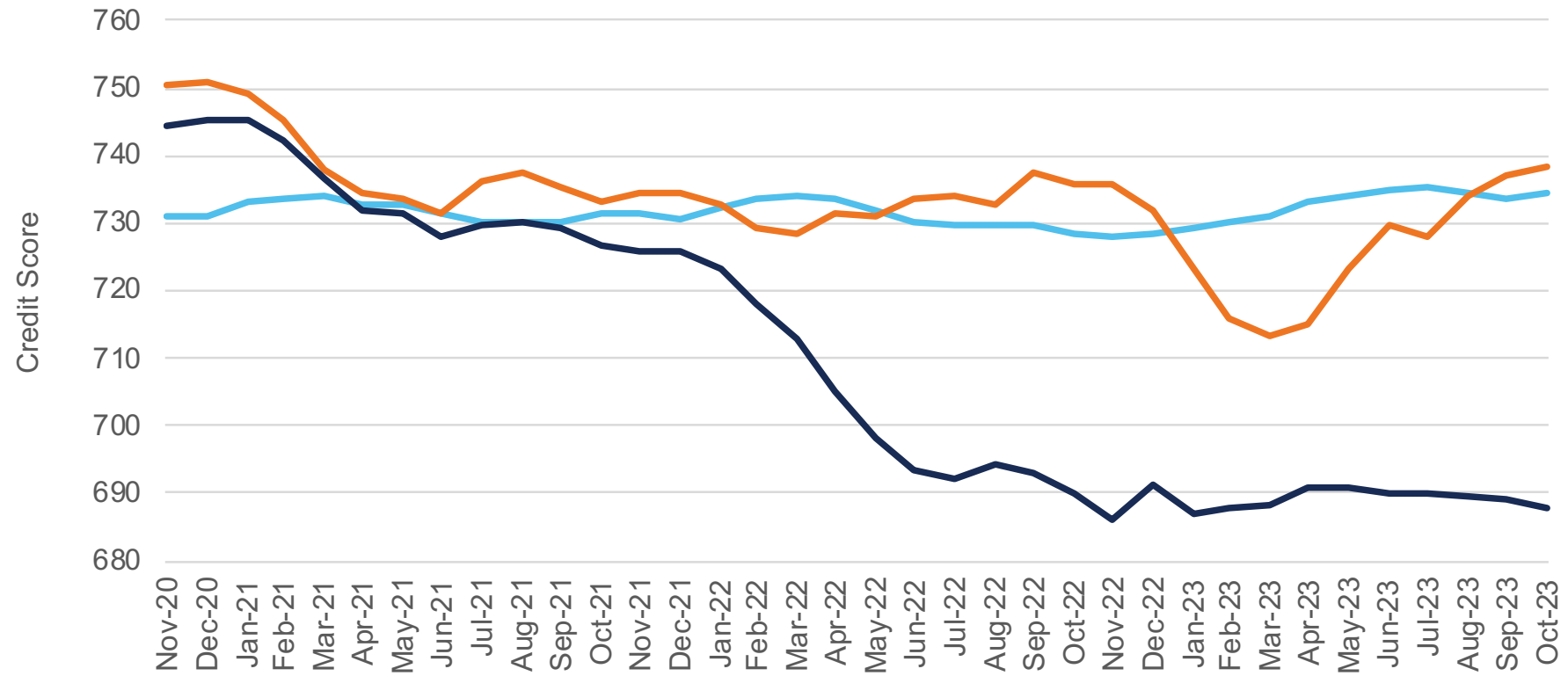
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	56.1%	(118 bps)	(267 bps)	(42 bps)
	Nonconforming	11.5%	39 bps	89 bps	(289 bps)
	FHA	21.6%	98 bps	216 bps	363 bps
	VA	10.3%	(14 bps)	(34 bps)	(10 bps)
	USDA	0.5%	(5 bps)	(4 bps)	(22 bps)



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OCTOBER 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 [Optimal Blue PPE](#).



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	734	1	-1	6
	Rate/Term Refi	738	1	10	3
	Cash-Out Refi	688	-1	-2	-2

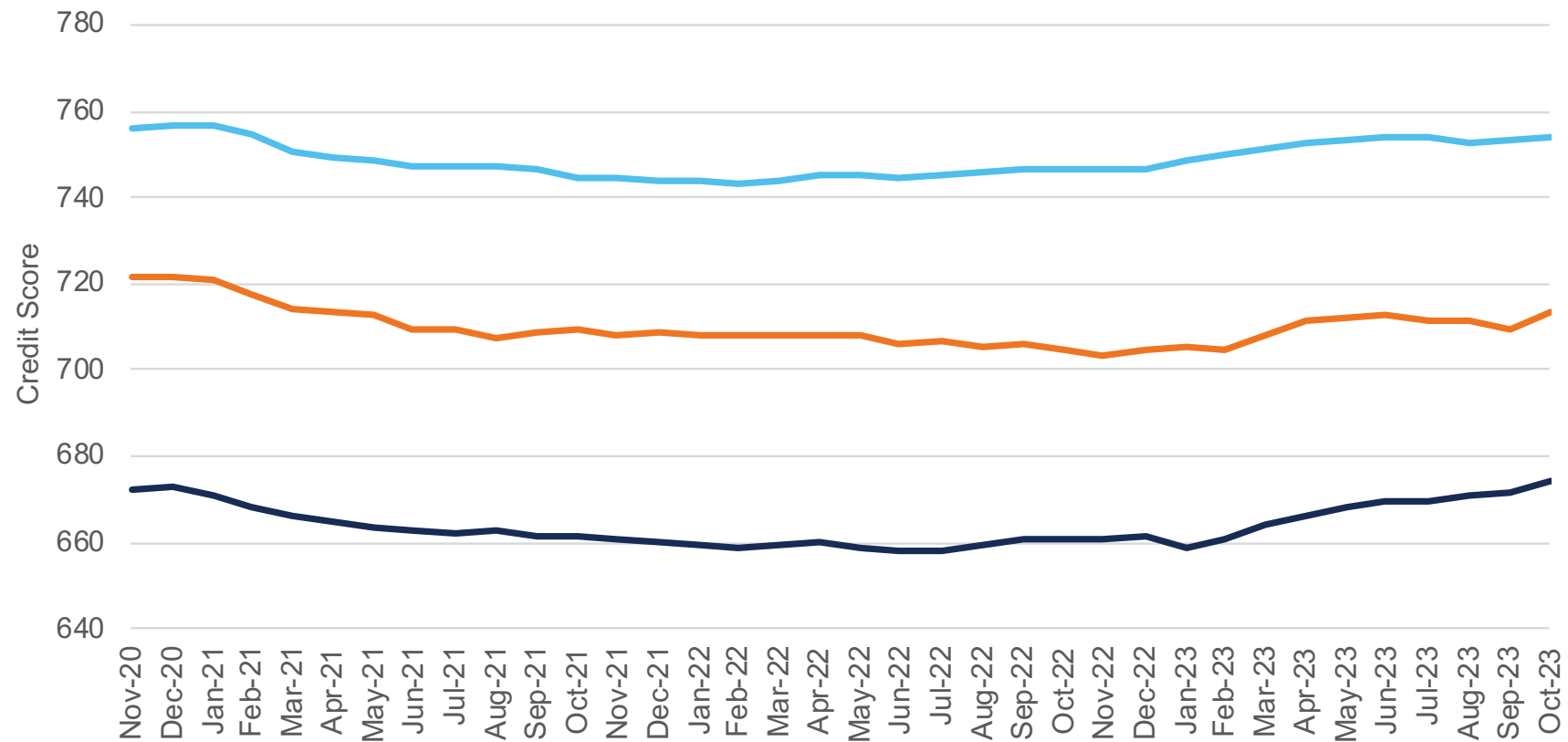







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OCTOBER 2023 AVERAGE CREDIT SCORES

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 [Optimal Blue PPE](#).



Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	754	1	0	7
	VA	714	4	2	9
	FHA	674	2	5	13

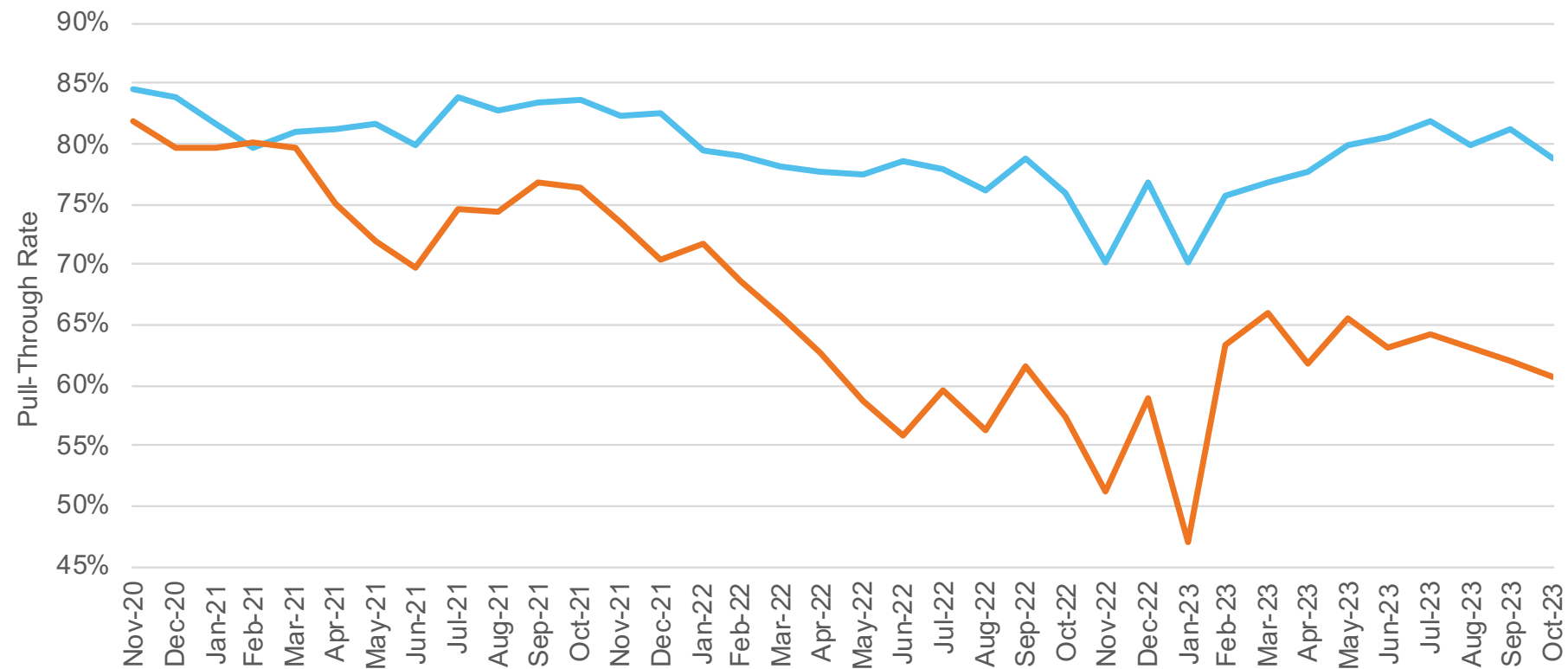






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OCTOBER 2023 PURCHASE & REFI PULL-THROUGH

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 [Optimal Blue PPE](#).



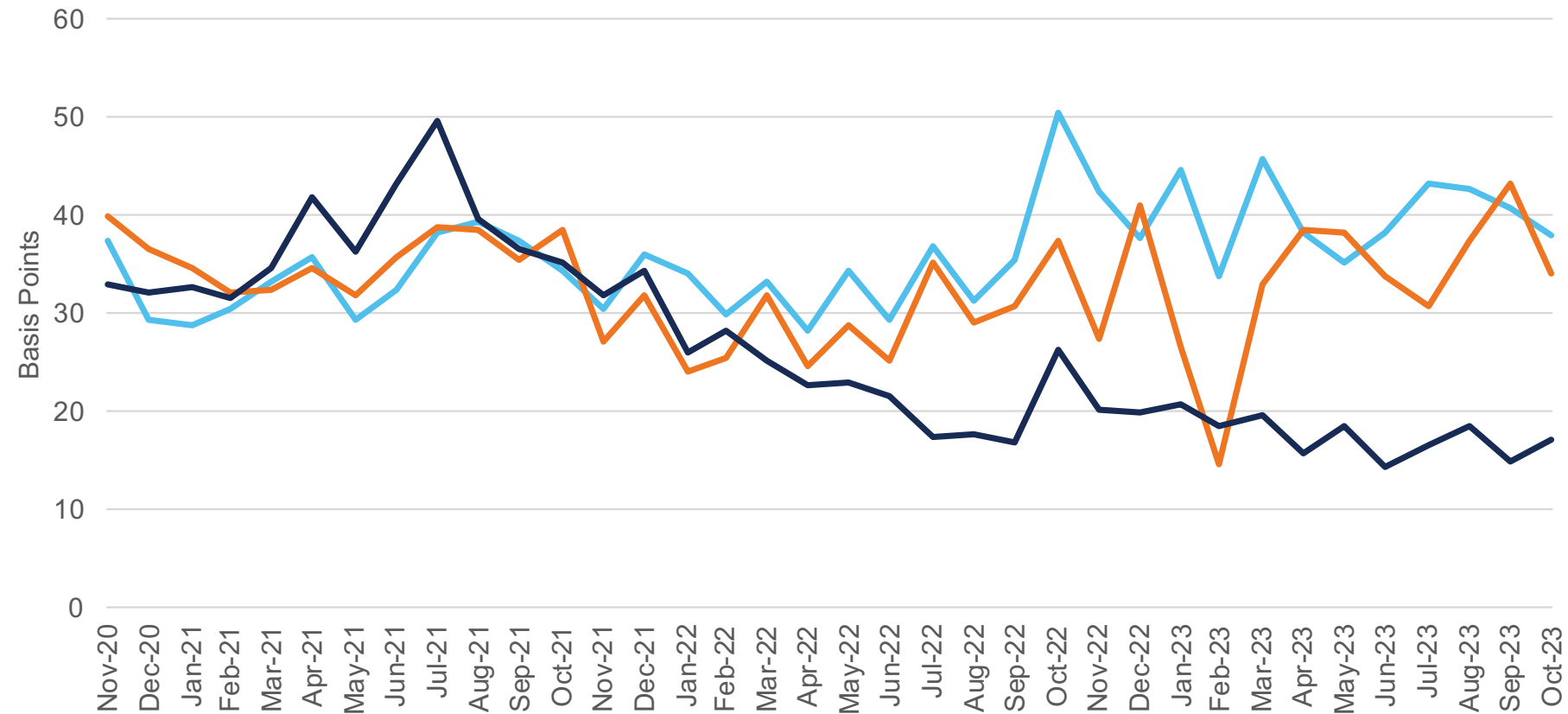
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	78.7%	(248 bps)	(315 bps)	281 bps
	Refinance Pull-Through	60.6%	(134 bps)	(364 bps)	327 bps



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OCTOBER 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 Optimal Blue's [secondary market hedging platform](#).



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	38 bps	(3 bps)	(5 bps)	(12 bps)
	15-Year Conforming	34 bps	(9 bps)	3 bps	(3 bps)
	30-Year Government	17 bps	2 bps	1 bps	(9 bps)

