ORIGINATIONS
MARKET MONITOR

optimalblue®

DECEMBER 2023 REPORT

ORIGINATIONS MARKET MONITOR

CONTENTS

DECEMBER 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.

December brought 43% month-over-month growth in rate/term refinance volume as falling rates created favorable tailwinds. Despite cash-out volume declining 9%, the total refinance share of locks rose to 19% in December – the highest level since April 2022. Purchase lock volume fell 23% in December.

VA volume saw the highest market share gain in December, rising 137 bps to finish the month at 11.8% of total volume. FHA refinance volume also ticked up in December, despite FHA total volume dropping 105 bps of market share to 21.5% of total volume. The GSE-eligible share rose 36 bps to 56.6% and nonconforming volume – inclusive of jumbo and non-QM – dropped 72 bps to 9.4%. The adjustable-rate mortgage share of locks continued to fall, dropping to 5.2% of total volume, indicating further fading of consumer interest in the product.

The Optimal Blue Mortgage Market Indices (OBMMI) 30-year conforming rate dropped 54 bps to finish the month at 6.57%. The OBMMI for jumbo, FHA, and VA loans fell 74 bps, 49 bps, and 67 bps, respectively. The spread between the 30-year conforming rate and the 10-year Treasury yield remained essentially flat in December.

The rise in rate/term refinance volume coincided with a drop of 8 points in the average credit score as borrowers with lower credit scores jumped on the opportunity to lower their monthly payments with VA and FHA refinances. Purchase and cash-out refinance credit scores ticked higher. The average loan amount rose to $349.5K from $347.4K, while the average purchase price saw another decline, falling from $438.3K to $435.9K.

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.
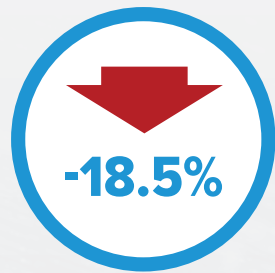
ORIGINATIONS MARKET MONITOR
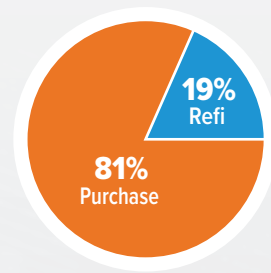
DECEMBER 2023 *NATIONAL RATE LOCK METRICS*

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

DECEMBER *NATIONAL STATS*

RATE LOCK VOLUME

-18.5%

Purchase locks dropped 23%, cash-out refis dropped 9%, and rate/term refis increased 43%.

MARKET MIX

19% Refi

81% Purchase

The refi share of the market increased from 14% to 19%.

> Driven by continued rate movement, rate/term refi volume increased significantly in December.

AVERAGE LOAN AMOUNT

$350K

The average loan amount increased from $347.4K to $349.5K, and the average purchase price declined from $438.3K to $435.9K.

MONTH-END CONFORMING RATE

6.57%

Our Optimal Blue Mortgage Market Indices tracked a 54-bps drop in 30-year rate offerings.

ORIGINATIONS MARKET MONITOR

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%	-18.5%	$349,524	6.724	724	81	81%	19%
1 New York-Newark-Jersey City, NY-NJ-PA	4.8%	-26.6%	$510,106	6.935	736	75	81%	19%
2 Dallas-Fort Worth-Arlington, TX	3.9%	-14.7%	$377,128	6.634	731	82	87%	13%
3 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	-23.0%	$492,971	6.645	734	82	85%	15%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.2%	-16.9%	$313,165	6.902	732	82	83%	17%
5 Houston-The Woodlands-Sugar Land, TX	2.9%	-22.7%	$323,153	6.513	720	84	91%	9%
6 Atlanta-Sandy Springs-Roswell, GA	2.8%	-14.5%	$347,921	6.690	707	82	78%	22%
7 Phoenix-Mesa-Scottsdale, AZ	2.8%	-13.3%	$406,329	6.597	726	81	83%	17%
8 Los Angeles-Long Beach-Anaheim, CA	2.5%	-15.5%	$685,633	7.022	736	73	74%	26%
9 Boston-Cambridge-Newton, MA-NH	2.0%	-20.7%	$503,941	6.852	739	75	80%	20%
10 Riverside-San Bernardino-Ontario, CA	1.8%	-4.7%	$466,318	6.616	715	81	81%	19%

ORIGINATIONS MARKET MONITOR

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%**	**-9.9%**	**$347,364**	**7.241**	**727**	**81**	**86%**	**14%**
11	Seattle-Tacoma-Bellevue, WA	1.8%	-15.9%	$555,361	6.746	741	78	85%	15%
12	Denver-Aurora-Lakewood, CO	1.8%	-7.2%	$450,928	6.443	734	77	83%	17%
13	Austin-Round Rock, TX	1.8%	-12.5%	$402,245	6.294	743	79	91%	9%
14	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	-24.3%	$330,919	6.734	727	81	84%	16%
15	Miami-Fort Lauderdale-West Palm Beach, FL	1.6%	-19.9%	$459,878	6.805	729	76	77%	23%
16	San Antonio-New Braunfels, TX	1.5%	-15.9%	$305,530	5.952	717	88	87%	13%
17	Tampa-St. Petersburg-Clearwater, FL	1.4%	-20.0%	$360,879	6.536	729	81	86%	14%
18	Nashville-Davidson--Murfreesboro--Franklin, TN	1.3%	-17.5%	$411,020	6.669	723	81	82%	18%
19	Baltimore-Columbia-Towson, MD	1.2%	-9.7%	$366,646	6.746	729	84	83%	17%
20	Minneapolis-St. Paul-Bloomington, MN-WI	1.2%	-21.9%	$338,766	6.607	740	81	85%	15%

ORIGINATIONS MARKET MONITOR

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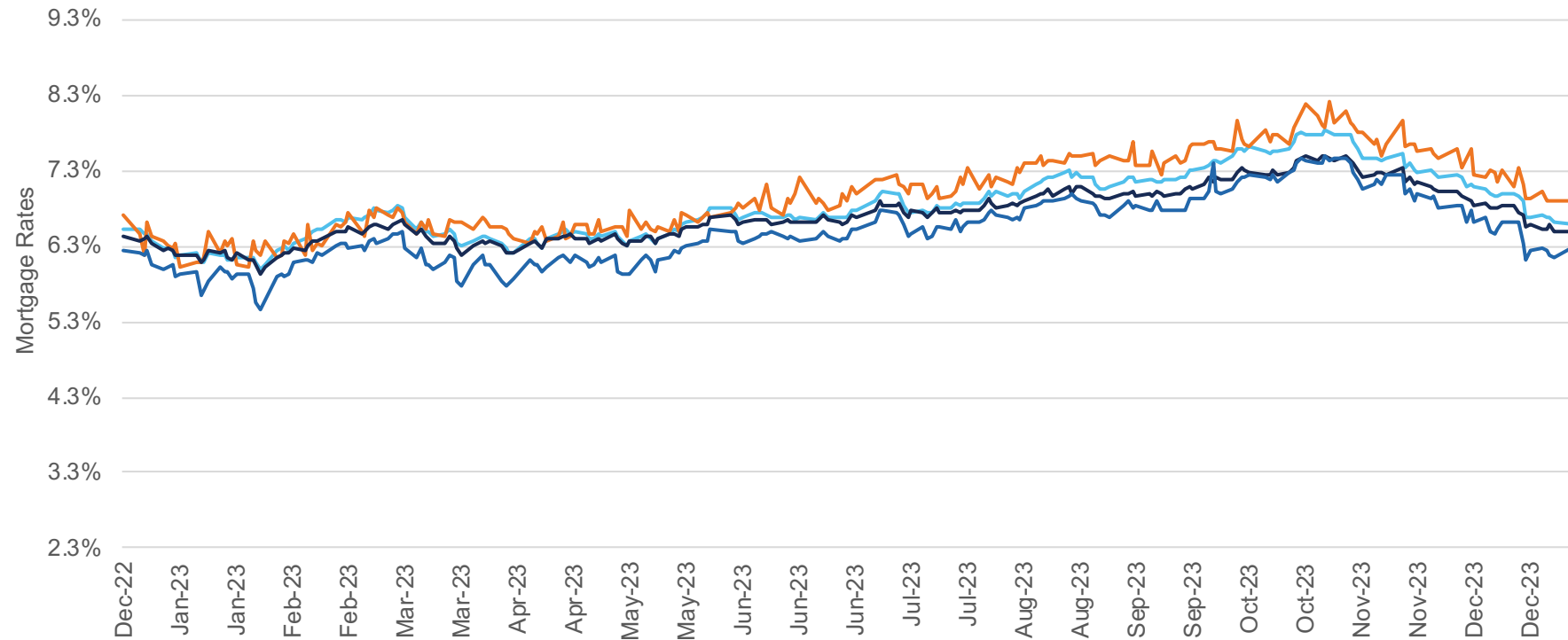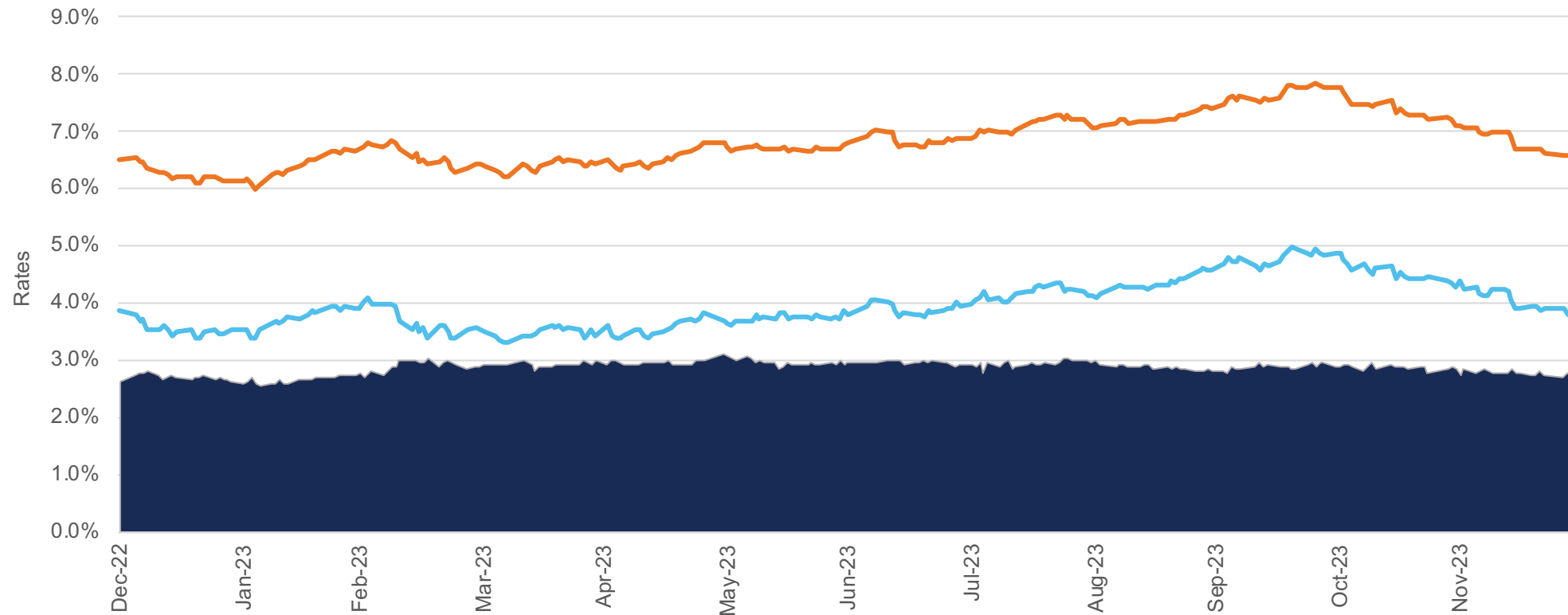

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.57%	(54 bps)	(84 bps)	5 bps
30-Year Jumbo	6.87%	(74 bps)	(73 bps)	16 bps
30-Year FHA	6.41%	(49 bps)	(77 bps)	(1 bps)
30-Year VA	6.12%	(67 bps)	(88 bps)	(13 bps)

DECEMBER 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	3.84%	(53 bps)	(75 bps)	(4 bps)
30-Year Conforming	6.57%	(54 bps)	(84 bps)	5 bps
10-Year to 30-Year Spread	2.73%	(1 bps)	(9 bps)	9 bps

ORIGINATIONS MARKET MONITOR

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.

OBMMI 30-Year Conforming Rate (Month Average)
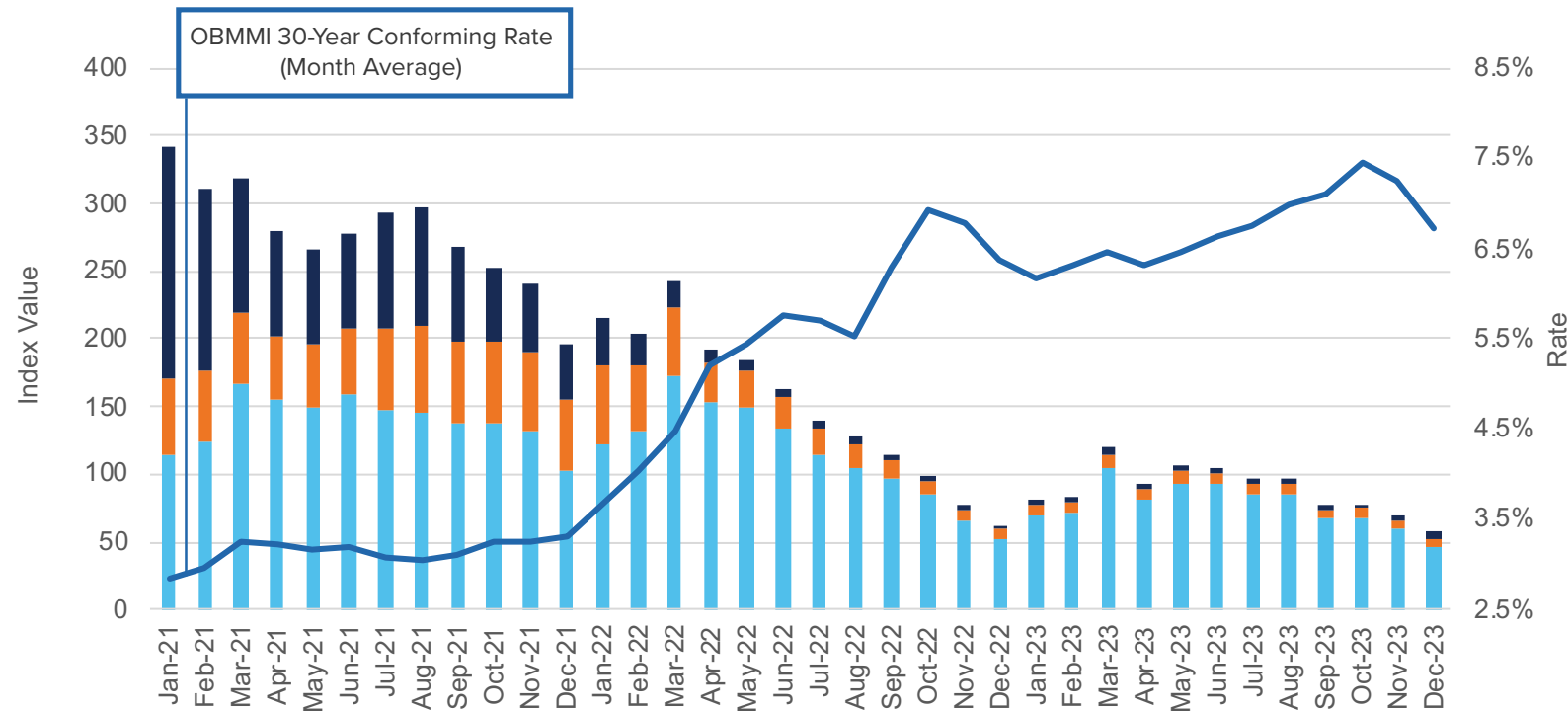
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
—	Purchase	46	(22.8%)	(31.2%)	(11.4%)
—	Cash-Out Refinance	6	(9.1%)	(11.4%)	(15.3%)
—	Rate/Term Refinance	5	42.8%	48.0%	59.8%
—	Total	57	(18.5%)	(26.2%)	(8.5%)
Refinance Share*		19%	460 bps	585 bps	269 bps

*Refinance share changes reflect inter-period delta

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**.
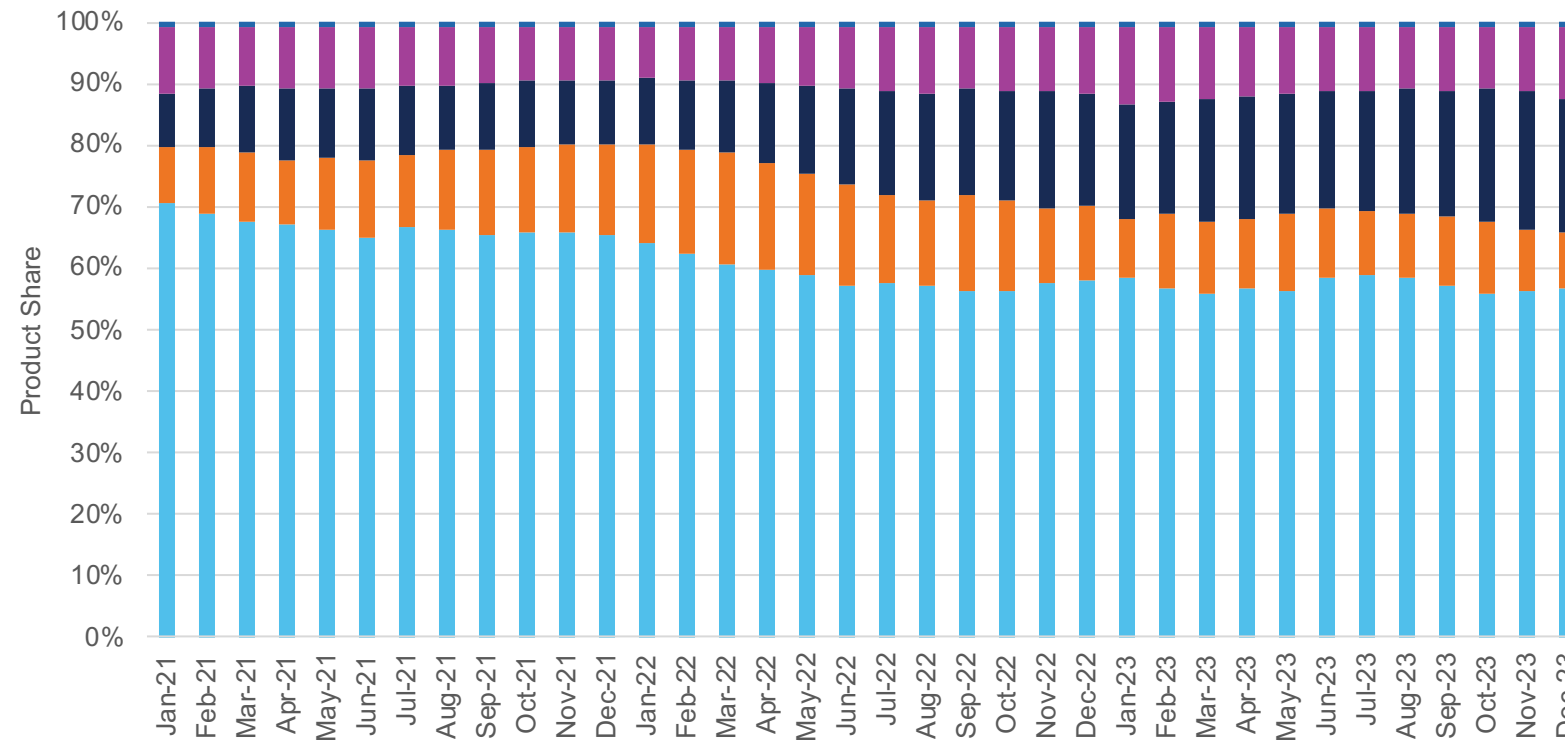
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	56.6%	36 bps	(68 bps)	(133 bps)
	Nonconforming	9.4%	(72 bps)	(175 bps)	(287 bps)
	FHA	21.5%	(105 bps)	94 bps	332 bps
	VA	11.8%	137 bps	143 bps	99 bps
	USDA	0.7%	4 bps	6 bps	(11 bps)

DECEMBER 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.
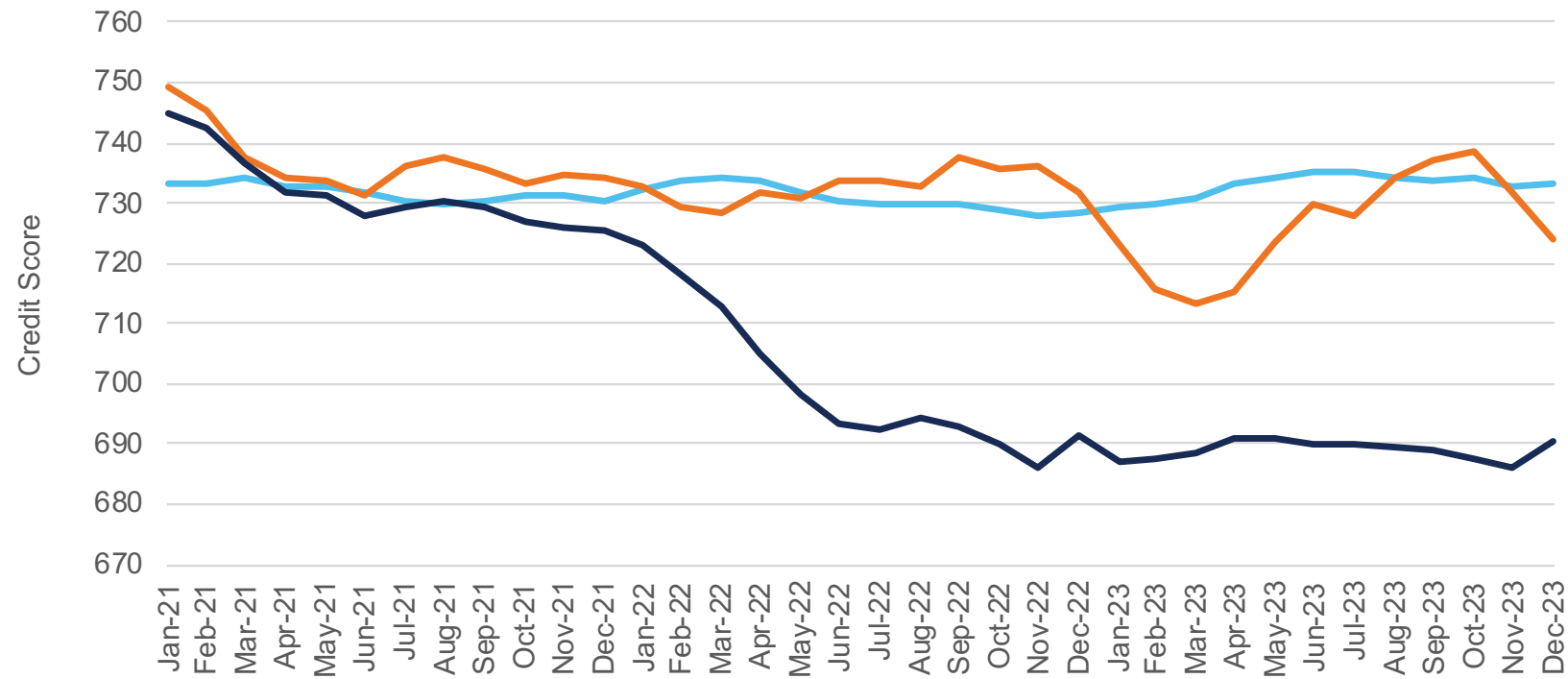
Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Purchase	733	1	0	5
Rate/Term Refi	724	-8	-13	-8
Cash-Out Refi	690	4	1	-1

DECEMBER 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.
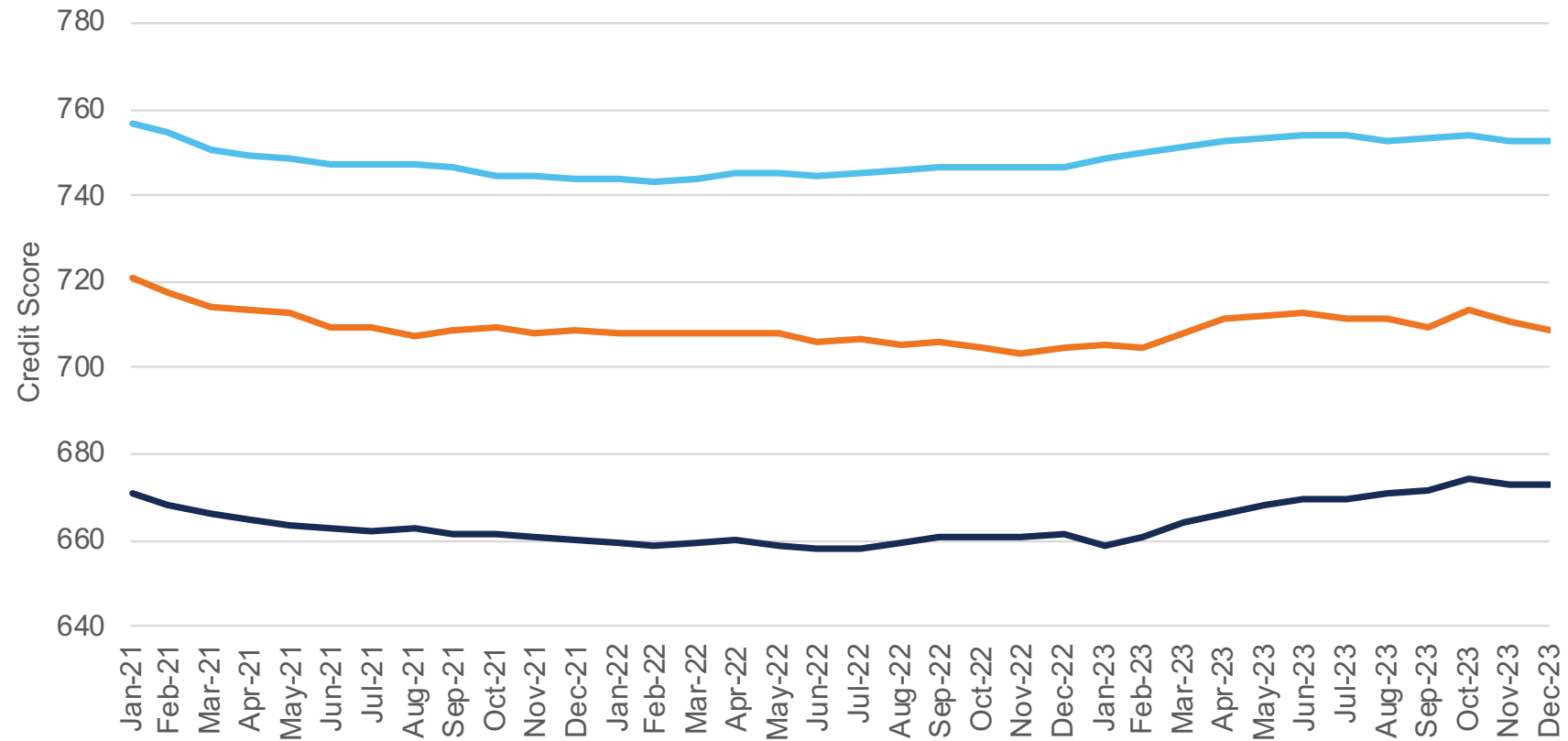
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
———	Conforming	752	0	-1	6
———	VA	709	-2	-1	4
———	FHA	673	0	1	11

ORIGINATIONS MARKET MONITOR

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.
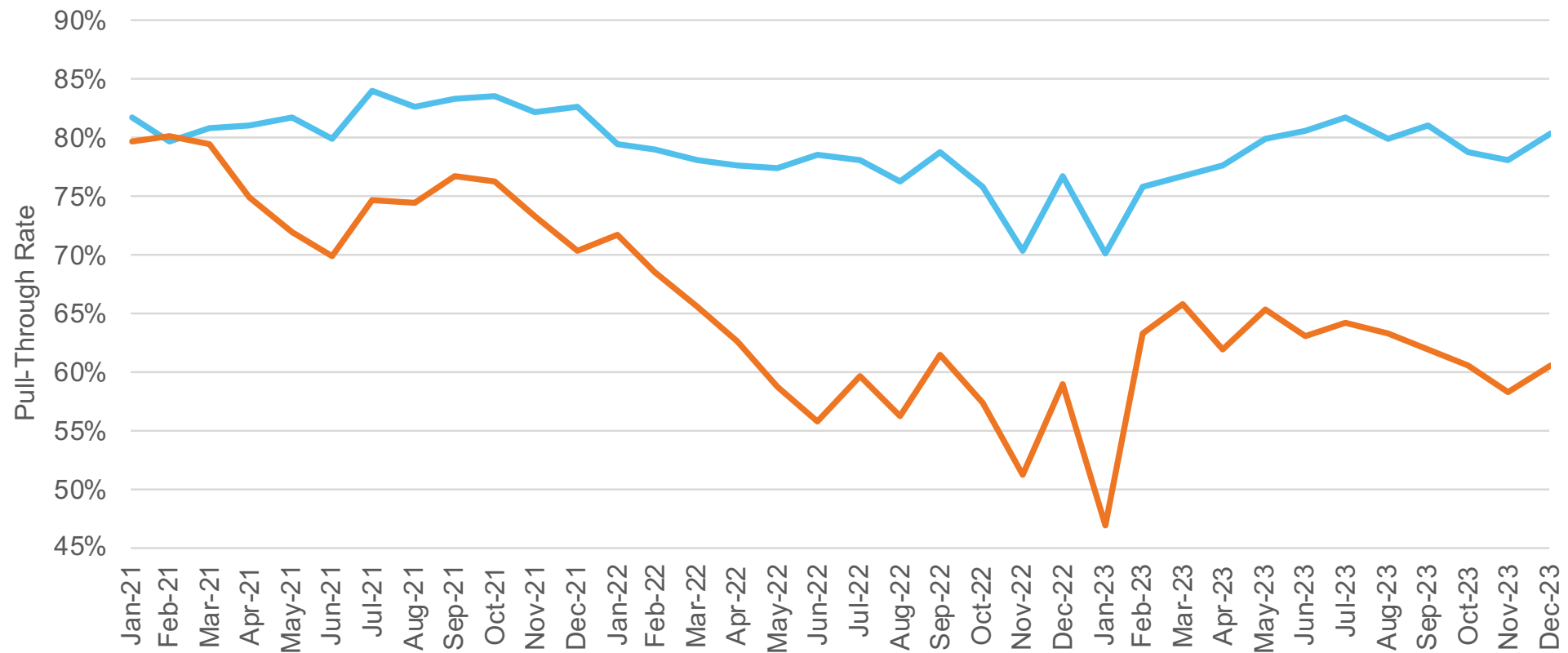
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	80.3%	231 bps	(84 bps)	353 bps
	Refinance Pull-Through	60.6%	236 bps	(134 bps)	166 bps

DECEMBER 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.
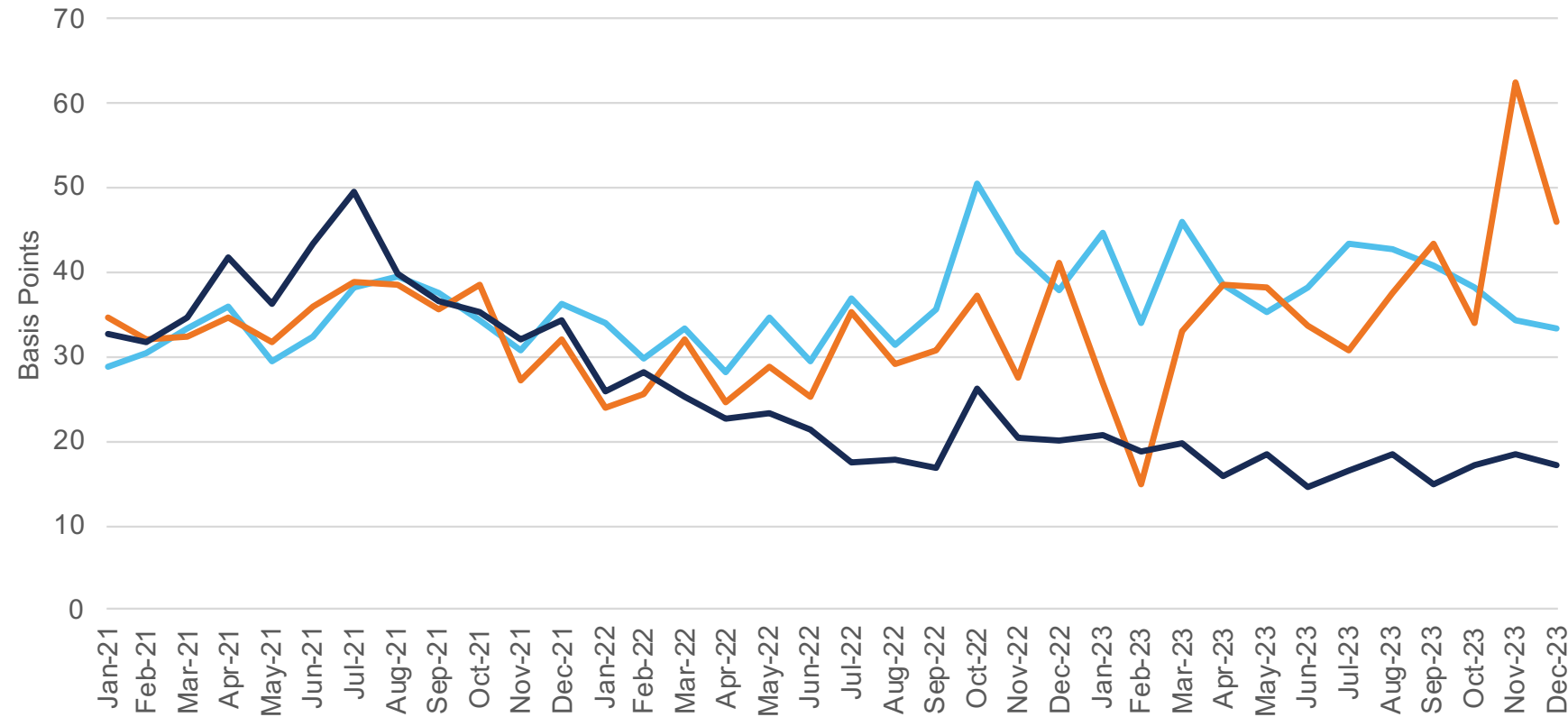
Best Efforts vs. Mandatory	Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	33 bps	(1 bps)	(8 bps)	(5 bps)
15-Year Conforming	46 bps	(17 bps)	3 bps	5 bps
30-Year Government	17 bps	(1 bps)	2 bps	(3 bps)