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OPTIMIZE YOUR ADVANTAGE

MARKET ADVANTAGE

MORTGAGE DATA REPORT
AUGUST 2024

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Welcome to the Optimal Blue Market Advantage,
a complimentary monthly data report that provides clarity on mortgage origination activity.

OVERVIEW AUGUST 2024

Key findings, which are drawn from direct-source mortgage lock data, include:

- **Refinance volume spikes and purchase volume falls:** Refinances now account for 26% of total production, the highest level since March 2022, when the Federal Reserve began increasing interest rates. Rate-and-term refinance volume more than doubled in August, rising 109% MoM, while cash-out refinances also saw a more modest increase of 8%. Purchase volume fell by 10% MoM.

- **Mortgage rates decline:** 30-year mortgage rates trended downward in August across all loan types, with the biggest shift in FHA rates, which fell by 40 bps to 6.13%, and the smallest shift occurring in conforming rates, which fell by 31 bps to 6.37%.

- **Narrowed spreads provide more refinance incentive:** The 10-Year Treasury yield decreased by 18 bps to 3.91%, with the spread between the 10-Year Treasury and the 30-year conforming mortgage rate narrowing by 13 bps to 246 bps. This marks a significant improvement in the spread, which has fallen by over 50 bps from the same period last year.

- **Purchase counts reflect persisting challenges for homebuyers:** Despite the increase in refinance activity, purchase lock counts – a key indicator of housing market conditions – dropped 16% YoY due to continued affordability and inventory challenges. Purchase locks are down 45% over August 2019.

- **2024 FHA and purchase borrowers' credit scores at highest in seven years:** Throughout 2024, monthly average credit scores have been higher than average for FHA borrowers (675.3), as well as for borrowers seeking purchase loans (736.4), than any other month dating back to January 2018, when Optimal Blue started tracking the data. The average credit score across all production in August 2024 was 731.

- **Loan amount and purchase price:** The average loan amount rose from $369.1K to $372.4K, while the average purchase price fell from $471K to $465.5K.

Each month, the Optimal Blue Market Advantage mortgage data report reviews a series of key market indicators to provide early insight into U.S. mortgage trends. Leveraging lender rate lock data from the Optimal Blue PPE – the mortgage industry's most widely used product, pricing, and eligibility engine – the Market Advantage provides a view of early-stage origination activity. Unlike self-reported survey data, mortgage lock data is direct-source data that accurately reflects the in-process loans in lenders' pipelines. For more information on Optimal Blue's secondary marketing solutions, contact Sales@OptimalBlue.com.

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.

Refinance locks reached highest market share since The Fed began hiking rates in March 2022.
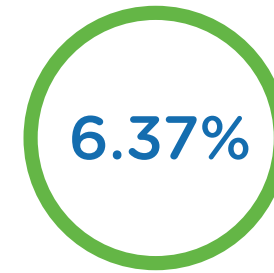
1%

RATE LOCK VOLUME

Rate lock volume rose roughly 1% MoM in August, driven by a surge in refi activity in response to downward rate movement that compensated for a seasonal decline in purchase lending.
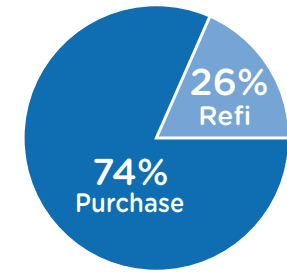
$372K

AVERAGE LOAN AMOUNT

The average loan amount rose from $369K to $372K, while the average purchase price fell from $471K to 466K.

6.37%

MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming rate ended August at 6.37%, down 31 basis points from July.

MARKET MIX

26% Refi

74% Purchase

Refi volume reached 26% of total production in August, the highest mark since March 2022, the same month The Fed began hiking interest rates.

TOP 20 METROPOLITAN AREAS

Here, we look at the top 20 metropolitan statistical areas (MSAs) by share of origination volume.
This information is drawn 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%	1.1%	$372,448	6.314	731	81	74%	26%
1 New York-Newark-Jersey City, NY-NJ-PA	4.9%	3.7%	$538,951	6.489	741	75	75%	25%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.9%	-1.9%	$525,078	6.262	741	83	75%	25%
3 Chicago-Naperville-Elgin, IL-IN-WI	3.7%	7.9%	$346,793	6.509	737	81	71%	29%
4 Dallas-Fort Worth-Arlington, TX	3.0%	-5.0%	$384,807	6.157	732	81	82%	18%
5 Los Angeles-Long Beach-Anaheim, CA	3.0%	12.2%	$747,338	6.614	745	72	62%	38%
6 Boston-Cambridge-Newton, MA-NH	2.5%	3.4%	$563,762	6.417	746	75	72%	28%
7 Atlanta-Sandy Springs-Roswell, GA	2.5%	-2.9%	$376,592	6.225	718	82	74%	26%
8 Houston-The Woodlands-Sugar Land, TX	2.4%	3.7%	$337,432	6.020	723	85	88%	12%
9 Phoenix-Mesa-Scottsdale, AZ	2.3%	1.6%	$429,390	6.172	732	80	78%	22%
10 Seattle-Tacoma-Bellevue, WA	2.0%	5.4%	$612,555	6.408	751	76	79%	21%

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11 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-6.7%	$370,631	6.365	734	80	78%	22%
12 Denver-Aurora-Lakewood, CO	1.7%	-2.4%	$489,115	6.151	741	77	73%	27%
13 Riverside-San Bernardino-Ontario, CA	1.6%	2.6%	$491,667	6.322	718	80	71%	29%
14 San Francisco-Oakland-Hayward, CA	1.4%	8.5%	$774,556	6.539	759	71	72%	28%
15 Austin-Round Rock, TX	1.4%	-3.3%	$416,751	5.755	742	81	85%	15%
16 Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	-5.0%	$483,123	6.382	723	75	74%	26%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	-3.5%	$354,127	6.351	746	81	82%	18%
18 San Diego-Carlsbad, CA	1.3%	29.5%	$744,591	6.365	749	75	69%	31%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	0.3%	$390,967	6.314	736	80	74%	26%
20 Tampa-St. Petersburg-Clearwater, FL	1.3%	-10.3%	$368,711	5.914	727	81	77%	23%

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.
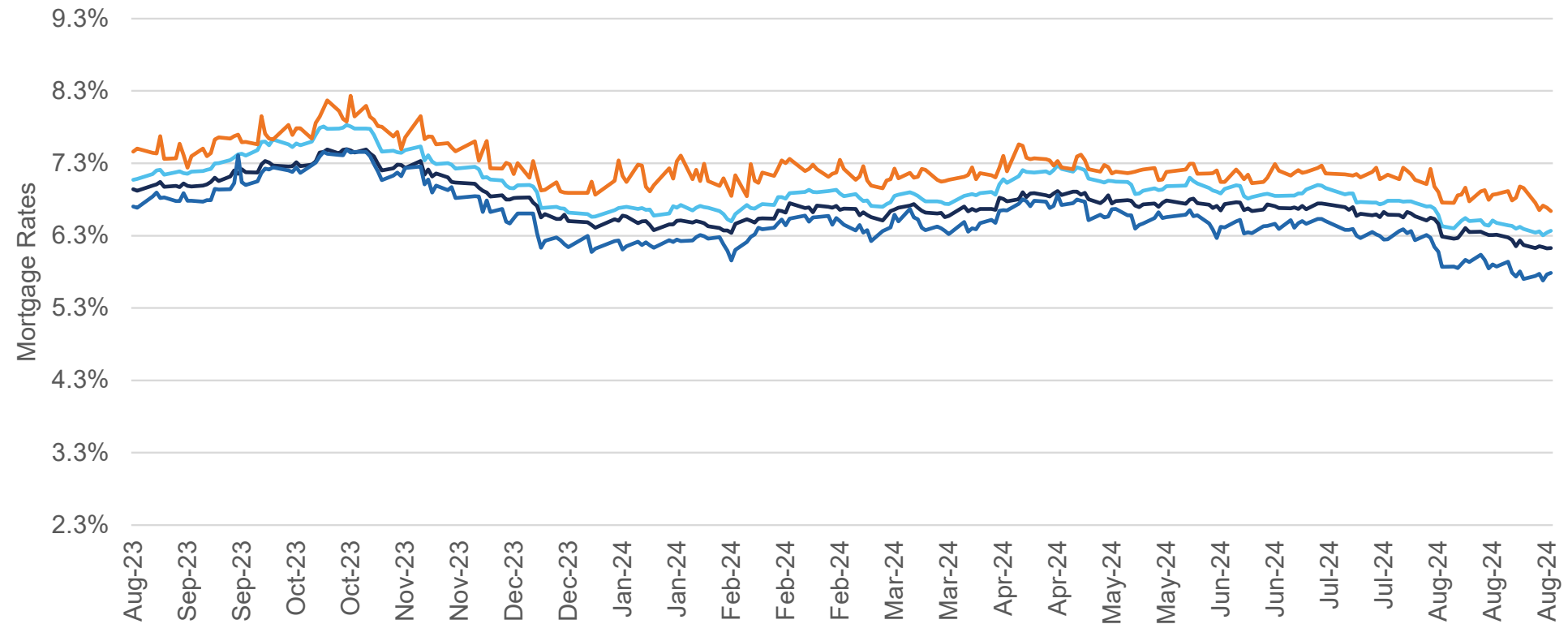
Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.37%	(31 bps)	(65 bps)	(70 bps)
30-Year Jumbo	6.64%	(34 bps)	(52 bps)	(82 bps)
30-Year FHA	6.13%	(40 bps)	(62 bps)	(81 bps)
30-Year VA	5.79%	(36 bps)	(80 bps)	(92 bps)

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**.
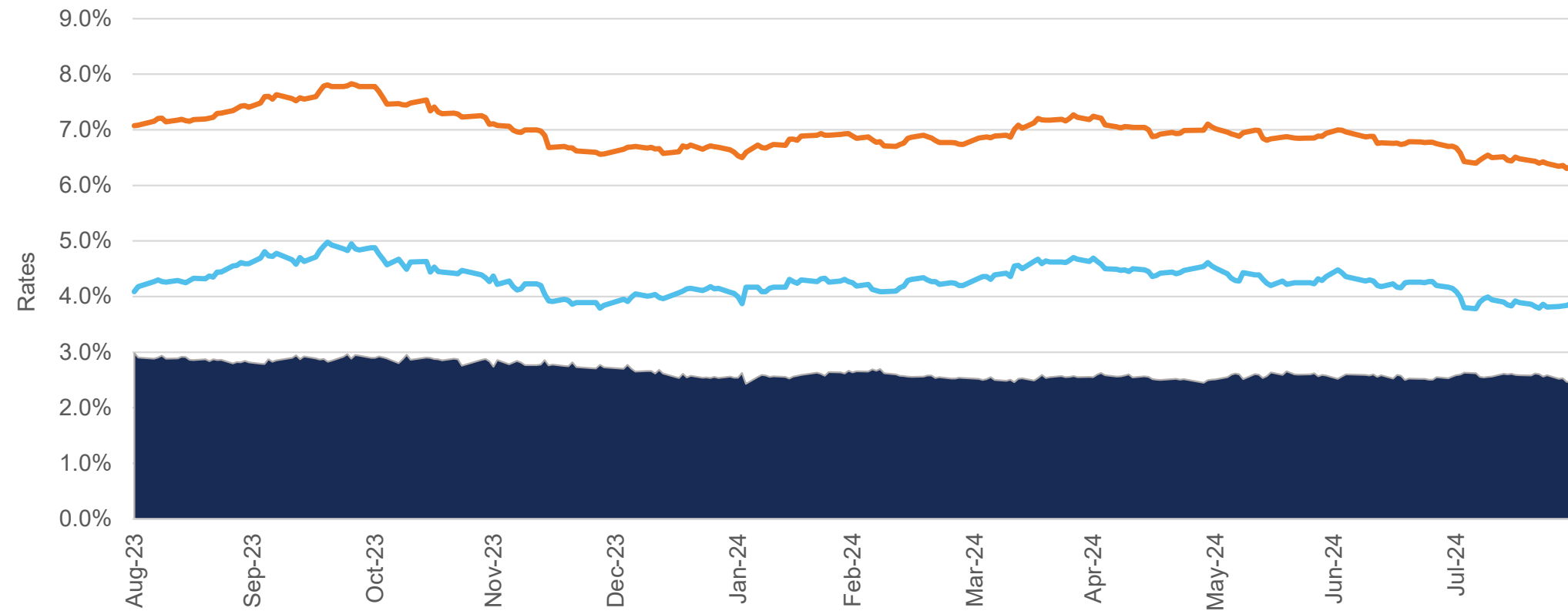
Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
10-Year Treasury	3.91%	(18 bps)	(60 bps)	(18 bps)
30-Year Conforming	6.37%	(31 bps)	(65 bps)	(70 bps)
10-Year to 30-Year Spread	2.46%	(13 bps)	(5 bps)	(52 bps)

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**.
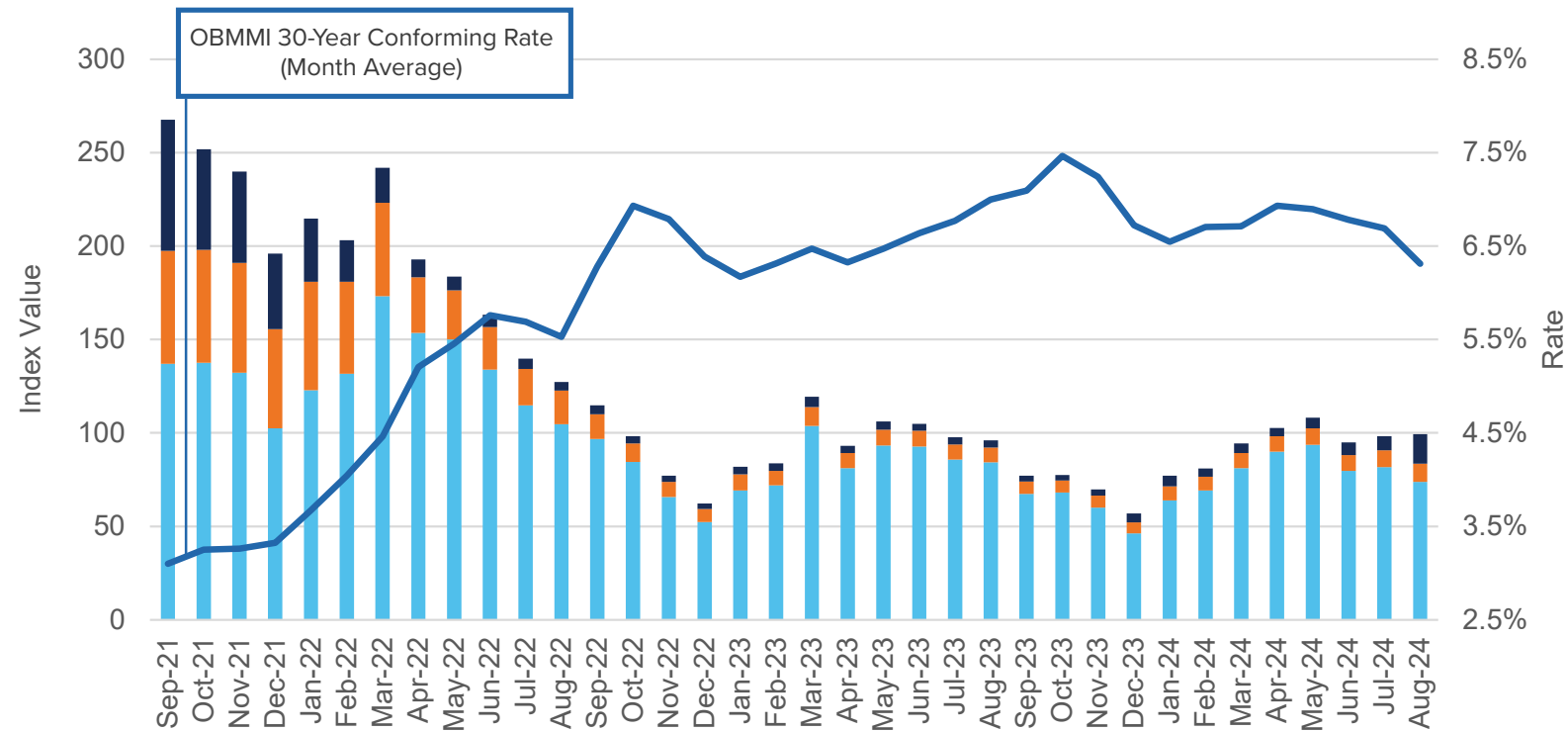
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
———	Purchase	74	(9.6%)	(21.1%)	(12.3%)
———	Cash-Out Refinance	10	7.8%	9.1%	20.1%
———	Rate/Term Refinance	16	109.2%	181.3%	309.6%
———	Total	99	1.1%	(8.2%)	3.3%
Refinance Share*		26%	880 bps	1223 bps	1323 bps

*Refinance share changes reflect inter-period delta

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**.
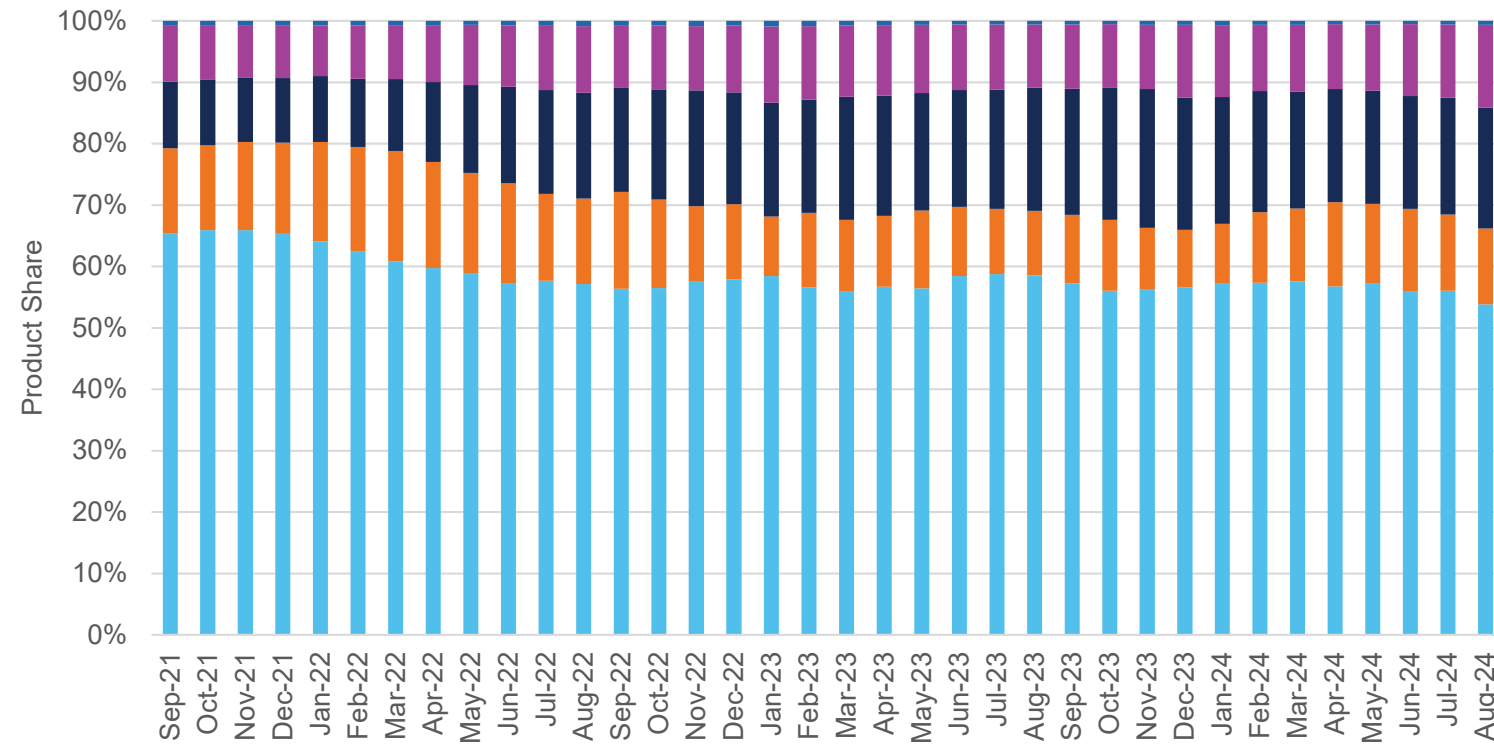
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	53.8%	(226 bps)	(337 bps)	(473 bps)
	Nonconforming	12.4%	(5 bps)	(68 bps)	182 bps
	FHA	19.7%	72 bps	129 bps	(34 bps)
	VA	13.5%	156 bps	271 bps	324 bps
	USDA	0.6%	3 bps	4 bps	1 bps

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**.
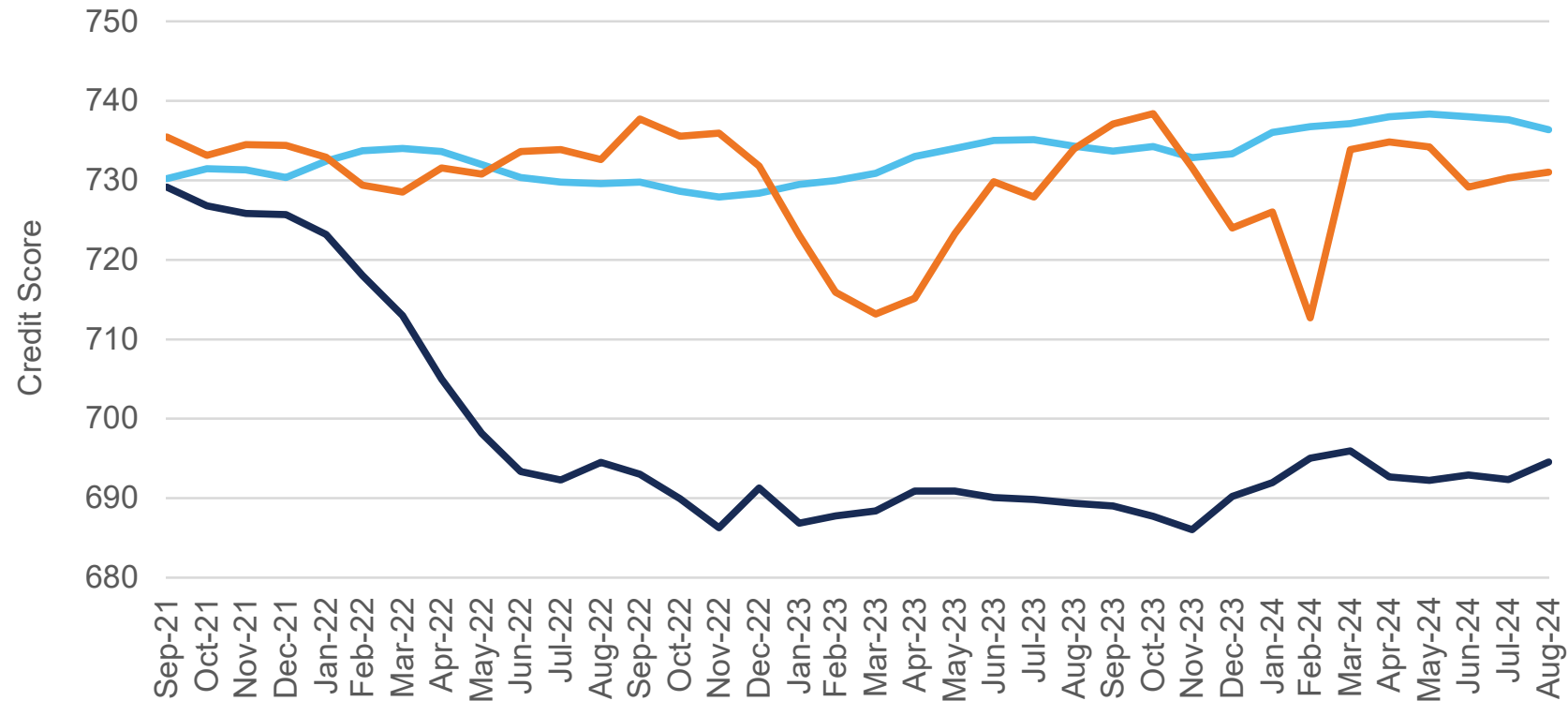
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	736	-1	-2	2
	Rate/Term Refi	731	1	-3	-3
	Cash-Out Refi	695	2	2	5

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**.
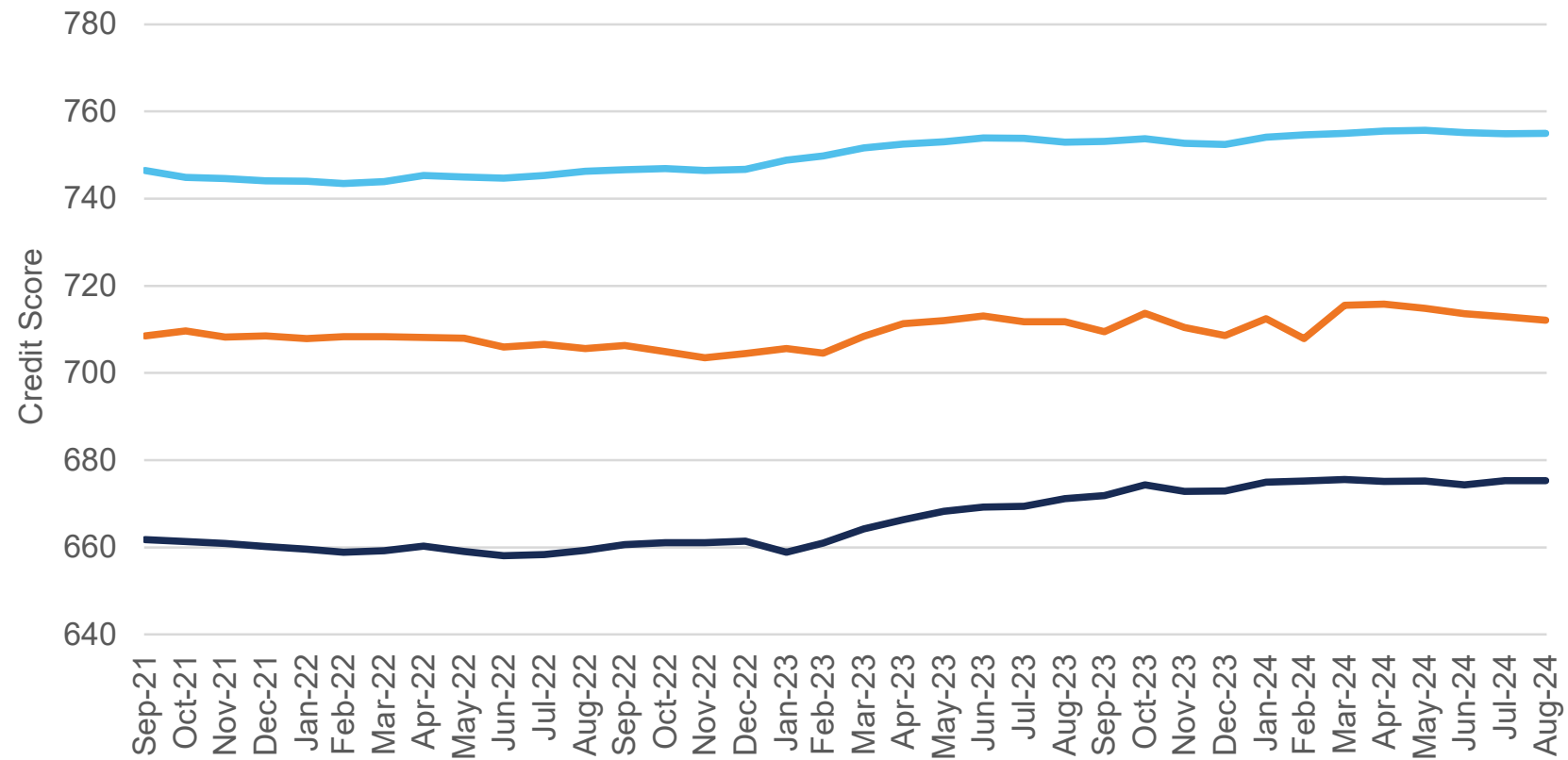
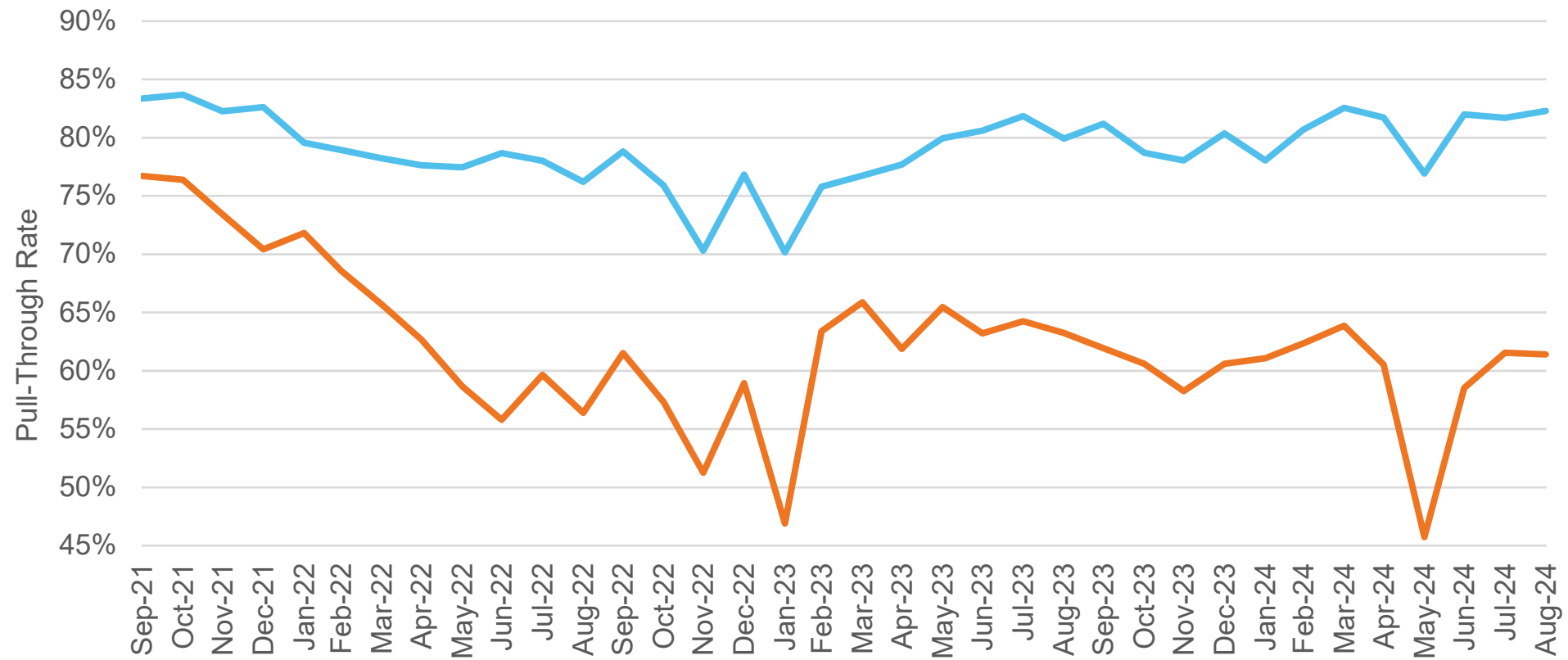| Credit Score by Product	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	755	0	-1	2
VA	712	-1	-3	0
FHA	675	0	0	4

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	82.3%	61 bps	539 bps	237 bps
Refinance Pull-Through	61.4%	(16 bps)	1567 bps	(185 bps)

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**.
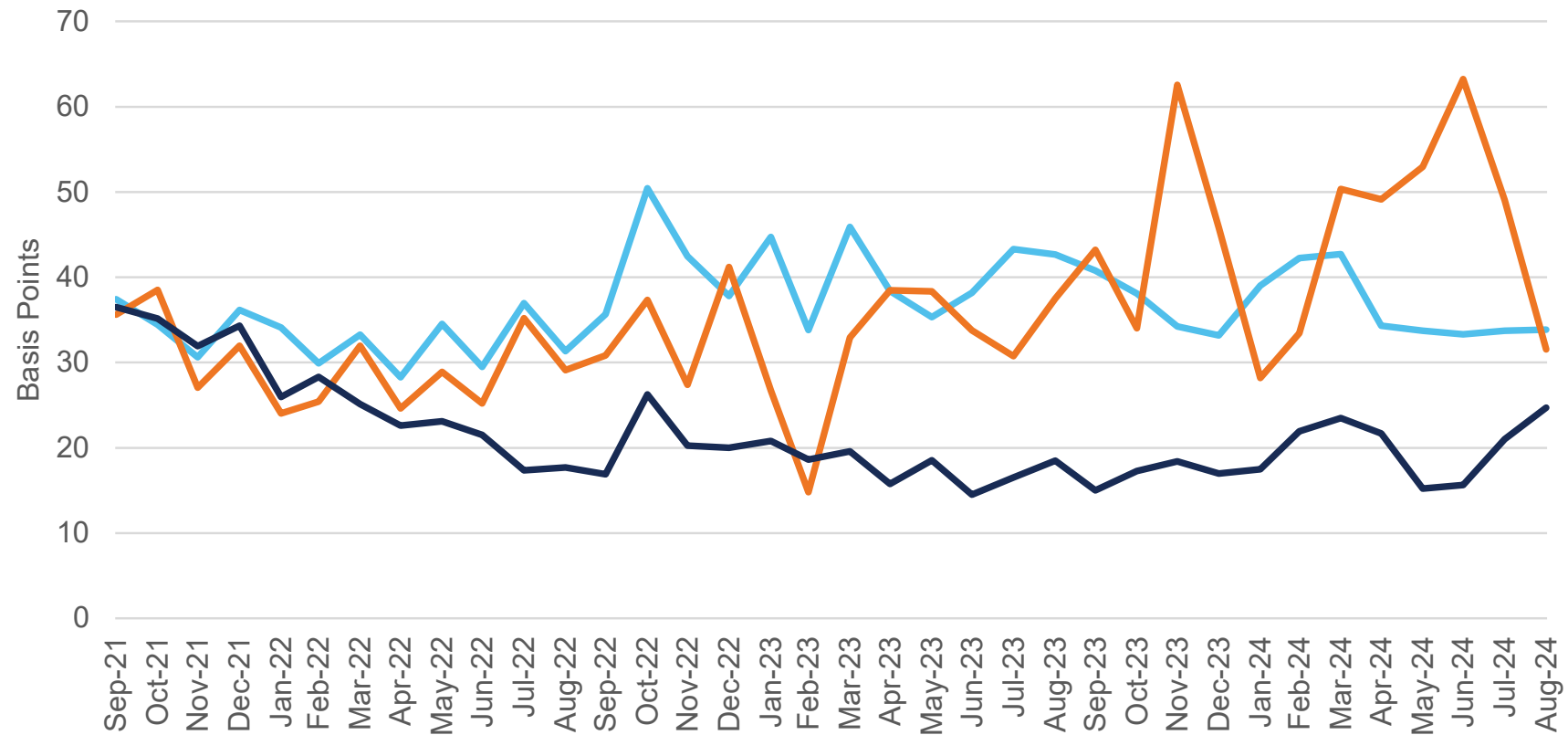
Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	34 bps	0 bps	0 bps	(9 bps)
	15-Year Conforming	32 bps	(18 bps)	(21 bps)	(6 bps)
	30-Year Government	25 bps	4 bps	9 bps	6 bps