



OPTIMIZE YOUR ADVANTAGE

MARKET ADVANTAGE

MORTGAGE DATA REPORT
SEPTEMBER 2024





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CONTENTS

- 3 National Rate Lock Metrics
- 4 Top 20 Metropolitan Areas
- 6 Market Rate Indices
- 7 30-Year to 10-Year Treasury Spread
- 8 Lock Volume by Loan Purpose
- 9 Mix of Business by Loan Product
- 10 Average Credit Scores
- 12 Purchase & Refi Pull-Through
- 13 Best Efforts to Mandatory Spread



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

NEW

Hear additional commentary and insights in the [Market Advantage podcast](#).

OVERVIEW SEPTEMBER 2024

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

- **Refinance volumes surge:** On an absolute basis, refinance production reached the highest level seen since January 2022. Rate-and-term refinance lock volume was up nearly 50% month-over-month (MoM) and 700% year-over-year (YoY). Cash-out refinance volume rose a more modest 6% MoM but was still up more than 50% YoY.
- **Mortgage rates fall across the board:** The Optimal Blue Mortgage Market Indices (OBMMI) 30-year conforming benchmark interest rate dropped 23 bps, while jumbo, FHA, and VA rates were down 22, 25, and 16 bps, respectively. The drop in mortgage interest rates did not directly correspond to the 50 bps FOMC rate cut because an anticipatory market had already priced a reduction in rates leading into September.
- **Conventional and VA production grew market share:** The share of conforming loan production rose roughly .5% to 54.4%, and the share of non-conforming production – including jumbo and non-QM loans – rose .25% to 12.6%. The share of FHA loans fell roughly 1% to 18.7%, while VA rose .2% to 13.7%.
- **Average borrower credit increased across the board:** The credit scores of rate-and-term refinance borrowers rose an average of 6 points to 737. The average conventional borrower credit score rose to 757, the highest since December 2020.
- **Average loan amounts and home prices rose:** From August 2024 to September 2024, the average loan amount increased from \$372.4K to \$383.7K. The average home purchase price ticked up \$10K to \$475.8K after falling the previous two months.

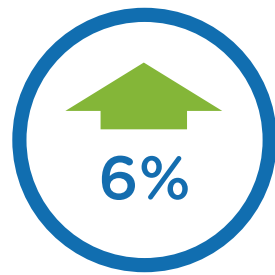
Each month, the Optimal Blue [Market Advantage](#) mortgage data report reviews a series of key market indicators to provide early insight into U.S. mortgage trends. Leveraging lender rate lock data from the Optimal Blue PPE – the mortgage industry’s most widely used product, pricing, and eligibility 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](#).



Rate-and-Term Refinance Locks Surge 700% Over Previous Year Following the FOMC's September Interest Rate Reduction.



RATE LOCK VOLUME

Rate lock volume rose roughly 6% MoM in September, driven by the continued surge in refi activity.



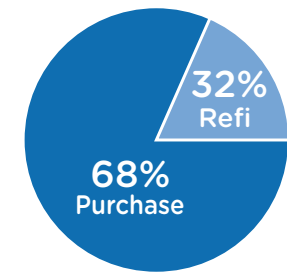
AVERAGE LOAN AMOUNT

From August 2024 to September 2024, the average loan amount increased from \$372.4K to \$383.7K. The average home purchase price ticked up \$10K to \$475.8K after falling the previous two months.



MONTH-END CONFORMING RATE

The benchmark [Optimal Blue Mortgage Market Indices](#) 30-year conforming interest rate dropped 23 bps, while jumbo, FHA, and VA rates were down 22, 25, and 16 bps, respectively.



MARKET MIX

Refi volume reached 32% of total production in September. On an absolute basis, refinance production reached the highest level seen since January 2022.

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%	6.0%	\$383,728	6.020	733.08	80.42	68%	32%
1 New York-Newark-Jersey City, NY-NJ-PA	4.6%	0.6%	\$552,932	6.194	742	75	69%	31%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.2%	13.4%	\$544,039	5.932	745	81	69%	31%
3 Chicago-Naperville-Elgin, IL-IN-WI	3.6%	4.8%	\$352,803	6.228	740	80	62%	38%
4 Dallas-Fort Worth-Arlington, TX	3.1%	11.0%	\$397,453	5.905	733	82	76%	24%
5 Los Angeles-Long Beach-Anaheim, CA	2.8%	0.6%	\$781,863	6.292	743	73	57%	43%
6 Boston-Cambridge-Newton, MA-NH	2.7%	14.8%	\$575,449	6.084	750	74	62%	38%
7 Atlanta-Sandy Springs-Roswell, GA	2.5%	5.9%	\$378,382	5.922	720	81	67%	33%
8 Phoenix-Mesa-Scottsdale, AZ	2.4%	10.7%	\$436,800	5.931	733	80	71%	29%
9 Seattle-Tacoma-Bellevue, WA	2.3%	19.6%	\$617,800	6.106	751	76	66%	34%
10 Houston-The Woodlands-Sugar Land, TX	2.2%	-0.2%	\$343,094	5.799	727	85	82%	18%

TOP 20 METROPOLITAN AREAS

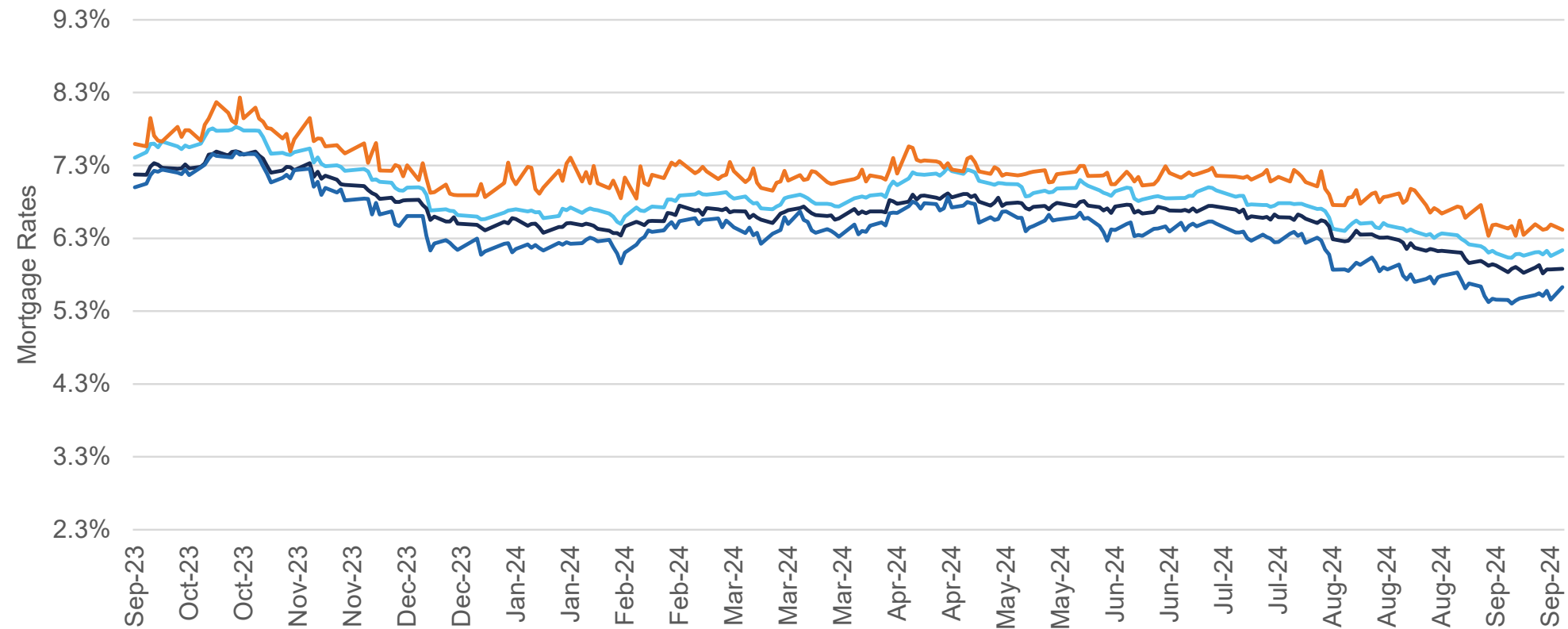
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NATIONAL	100.0%	6.0%	\$383,728	6.020	733.08	80.42	68%	32%
11 Denver-Aurora-Lakewood, CO	1.9%	20.6%	\$511,383	5.831	744	78	67%	33%
12 San Francisco-Oakland-Hayward, CA	1.7%	27.8%	\$843,339	6.215	761	69	55%	45%
13 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.6%	0.2%	\$374,996	6.107	734	80	70%	30%
14 Riverside-San Bernardino-Ontario, CA	1.5%	0.6%	\$504,909	5.996	721	80	67%	33%
15 Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	13.2%	\$361,441	6.048	750	81	75%	25%
16 Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	6.0%	\$520,559	6.135	728	77	67%	33%
17 San Diego-Carlsbad, CA	1.3%	5.9%	\$749,050	6.044	753	75	56%	44%
18 Austin-Round Rock, TX	1.3%	-0.2%	\$411,694	5.565	744	80	85%	15%
19 Baltimore-Columbia-Towson, MD	1.2%	9.0%	\$412,751	6.038	739	82	71%	29%
20 Charlotte-Concord-Gastonia, NC-SC	1.2%	-1.4%	\$398,079	5.973	738	80	68%	32%

MARKET RATE INDICES

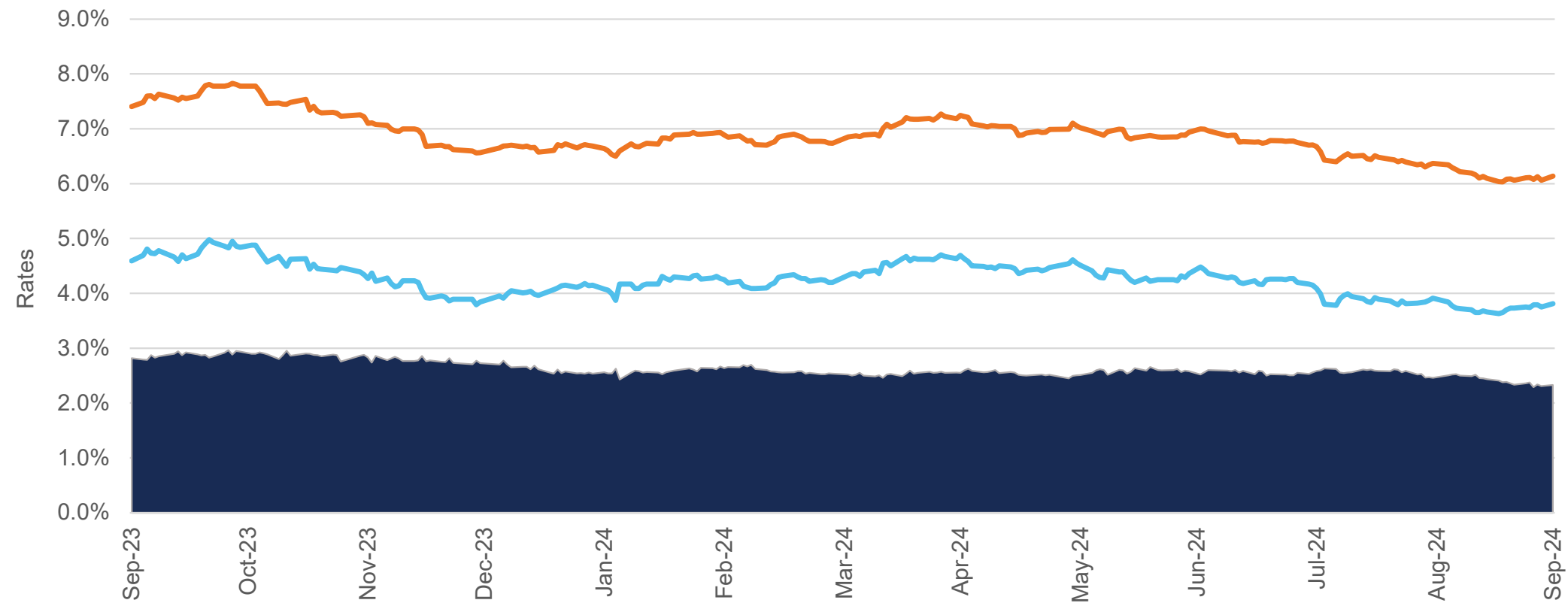
Pulling data from the Optimal Blue Mortgage Market Indices (OBMMI), the chart below shows average 30-year rates across various loan products.






Market Index		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.14%	(23 bps)	(80 bps)	(127 bps)
	30-Year Jumbo	6.42%	(22 bps)	(77 bps)	(118 bps)
	30-Year FHA	5.88%	(25 bps)	(78 bps)	(129 bps)
	30-Year VA	5.63%	(16 bps)	(83 bps)	(137 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](#).

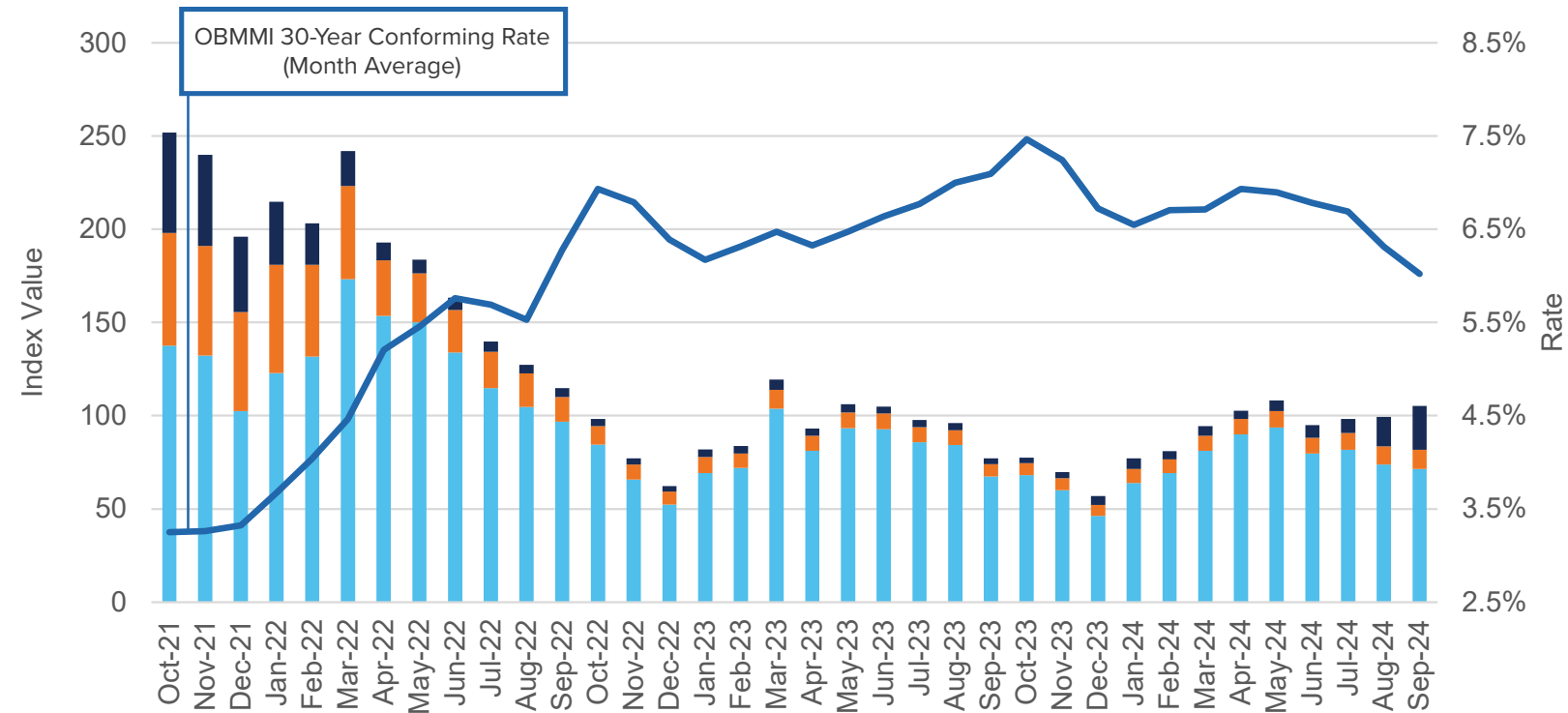






	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.81%	(10 bps)	(55 bps)	(78 bps)
	30-Year Conforming	6.14%	(23 bps)	(80 bps)	(127 bps)
	10-Year to 30-Year Spread	2.33%	(13 bps)	(25 bps)	(49 bps)

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](#).



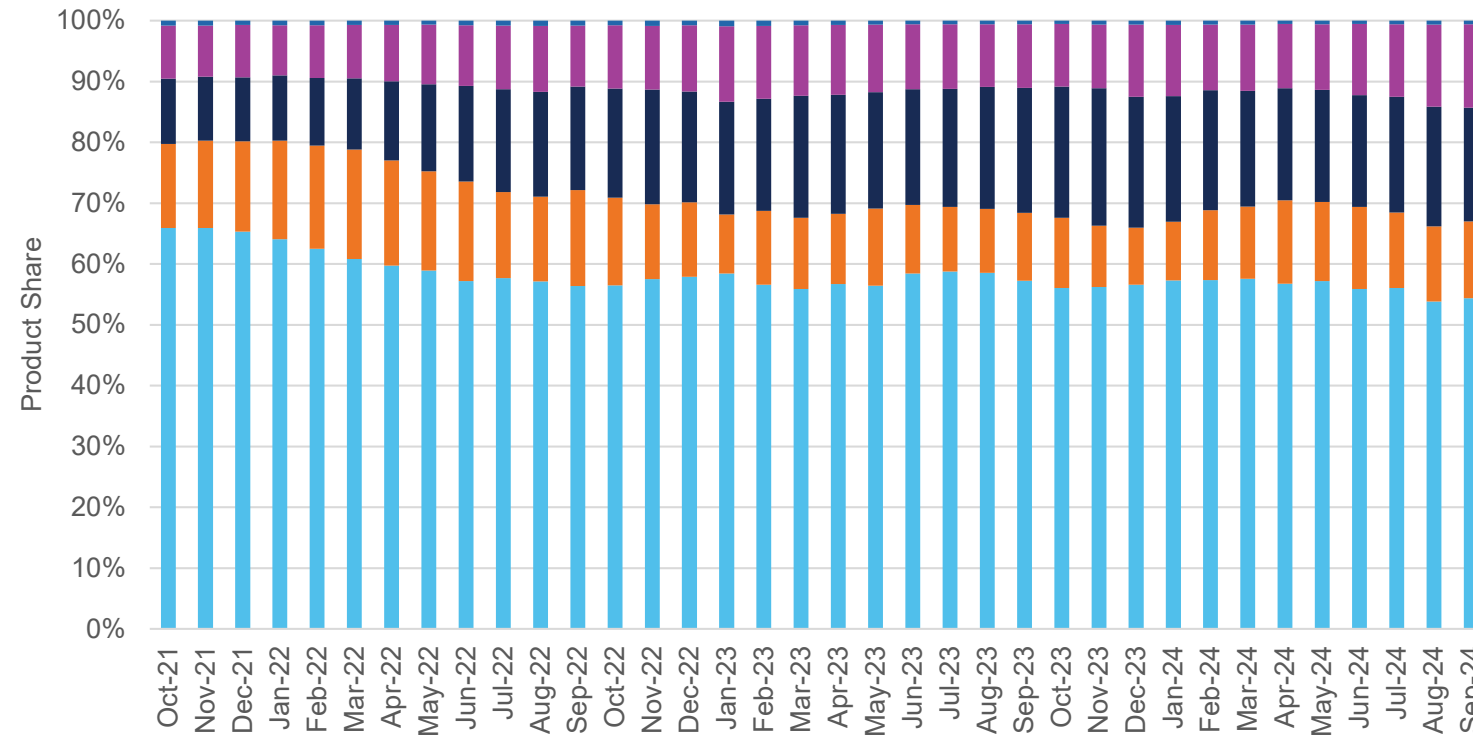
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	71	(3.3%)	(10.4%)	6.1%
	Cash-Out Refinance	10	6.4%	21.4%	54.7%
	Rate/Term Refinance	24	49.4%	250.8%	644.2%
	Total	105	6.0%	11.0%	36.5%
Refinance Share*		32%	653 bps	1614 bps	1941 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.

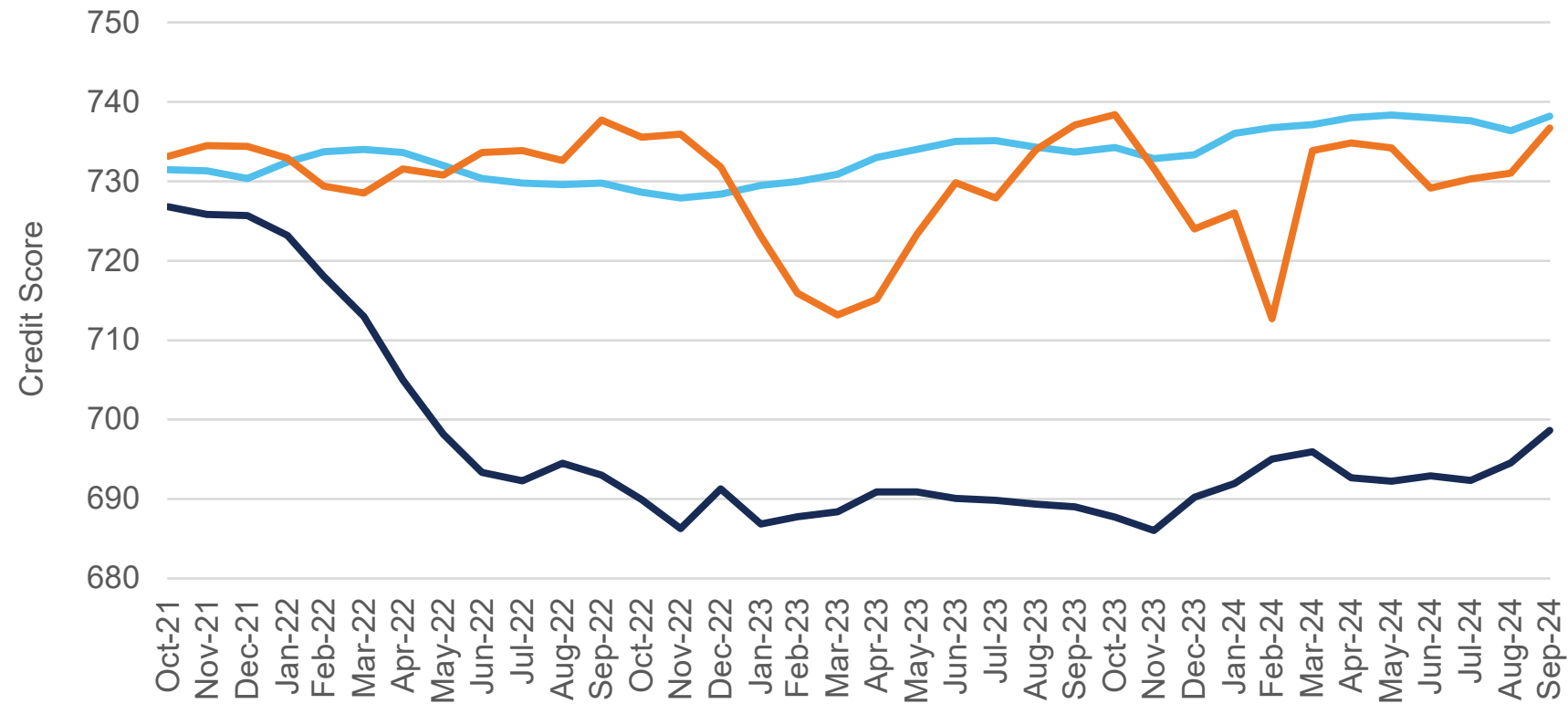


Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	54.4%	56 bps	(152 bps)	(288 bps)
	Nonconforming	12.6%	25 bps	(87 bps)	147 bps
	FHA	18.7%	(99 bps)	34 bps	(186 bps)
	VA	13.7%	20 bps	198 bps	328 bps
	USDA	0.6%	(2 bps)	7 bps	(1 bps)

AVERAGE CREDIT SCORES

Here, we look at average credit scores by loan purpose.

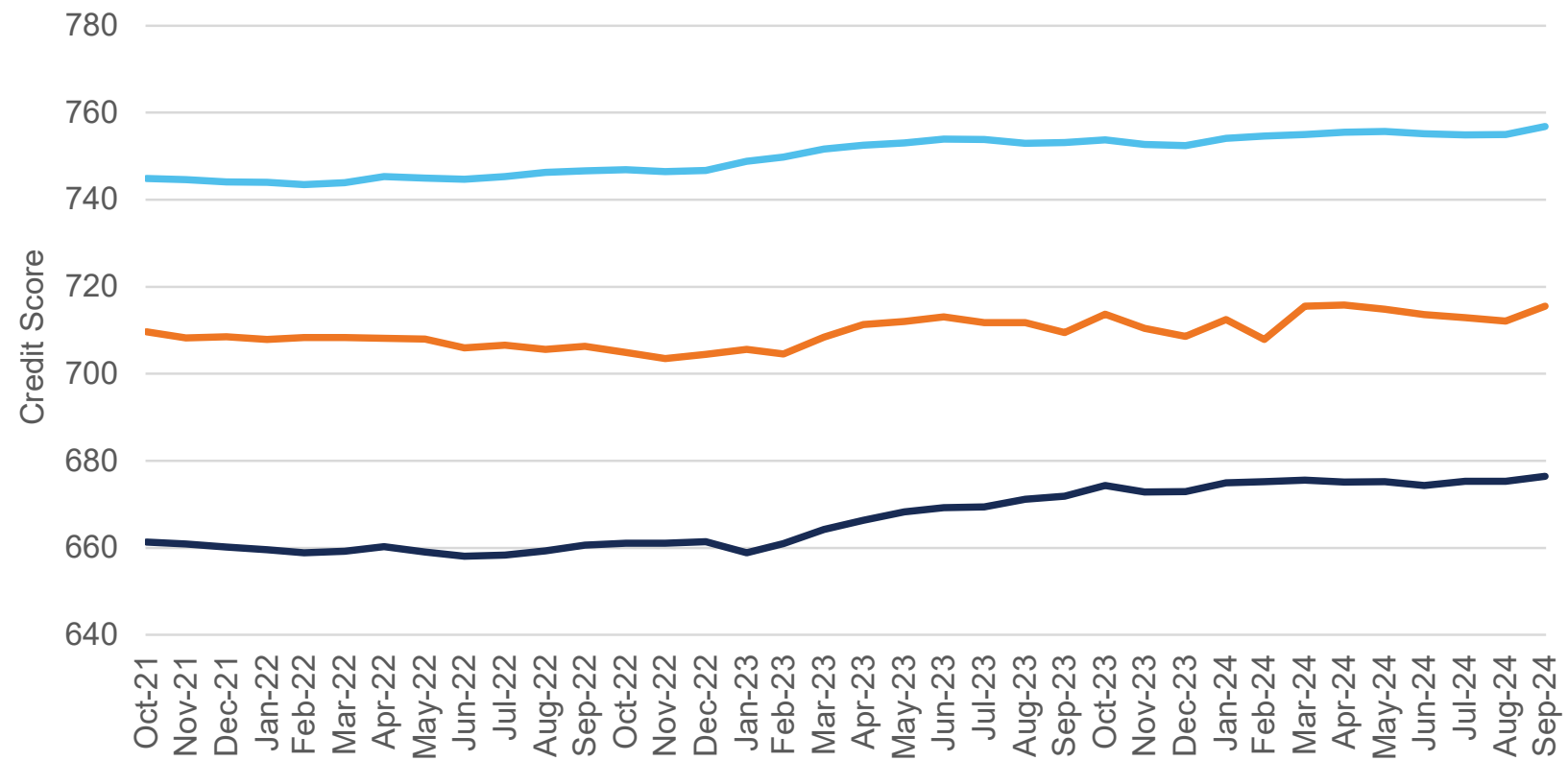
This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	738	2	0	5
	Rate/Term Refi	737	6	8	0
	Cash-Out Refi	699	4	6	10

AVERAGE CREDIT SCORES

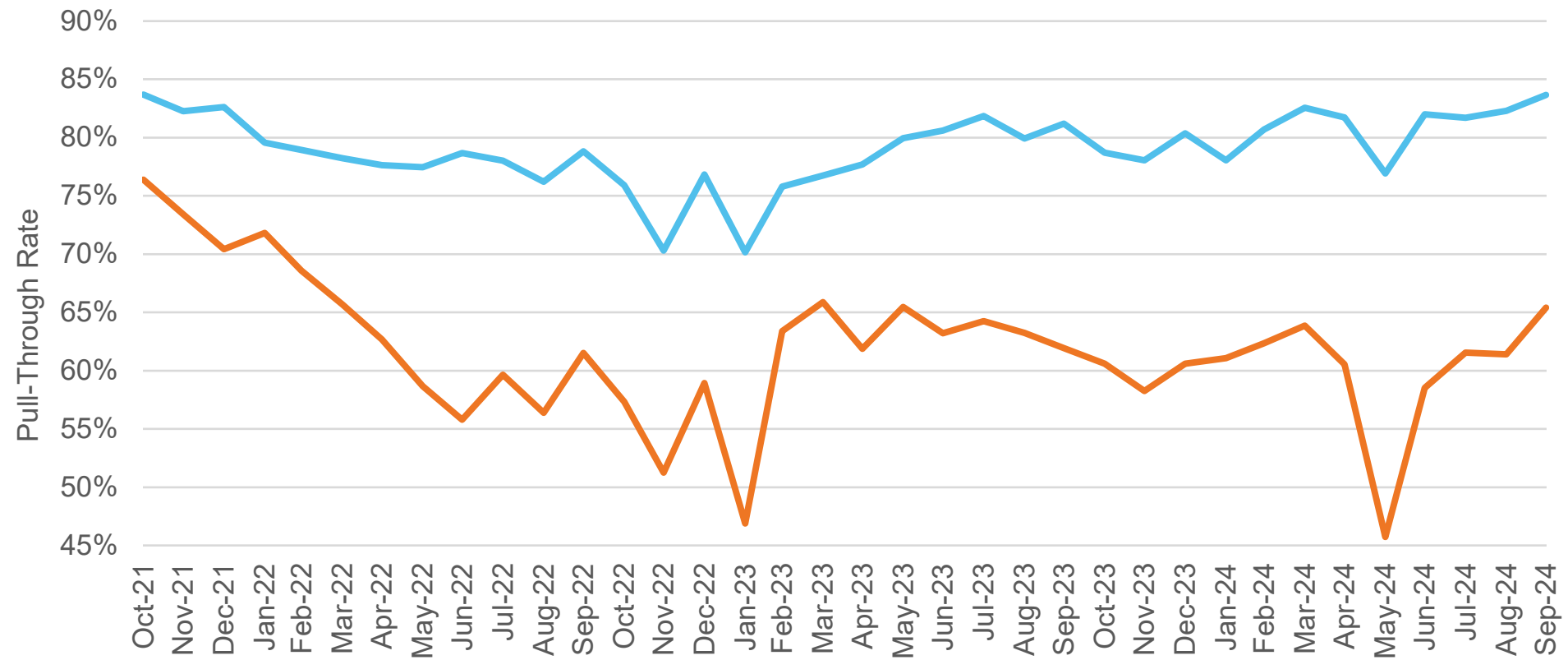
Here, we look at average credit scores for conforming, FHA, and VA loans. This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	757	2	2	4
	VA	716	4	2	6
	FHA	676	1	2	5

PURCHASE & REFI PULL-THROUGH

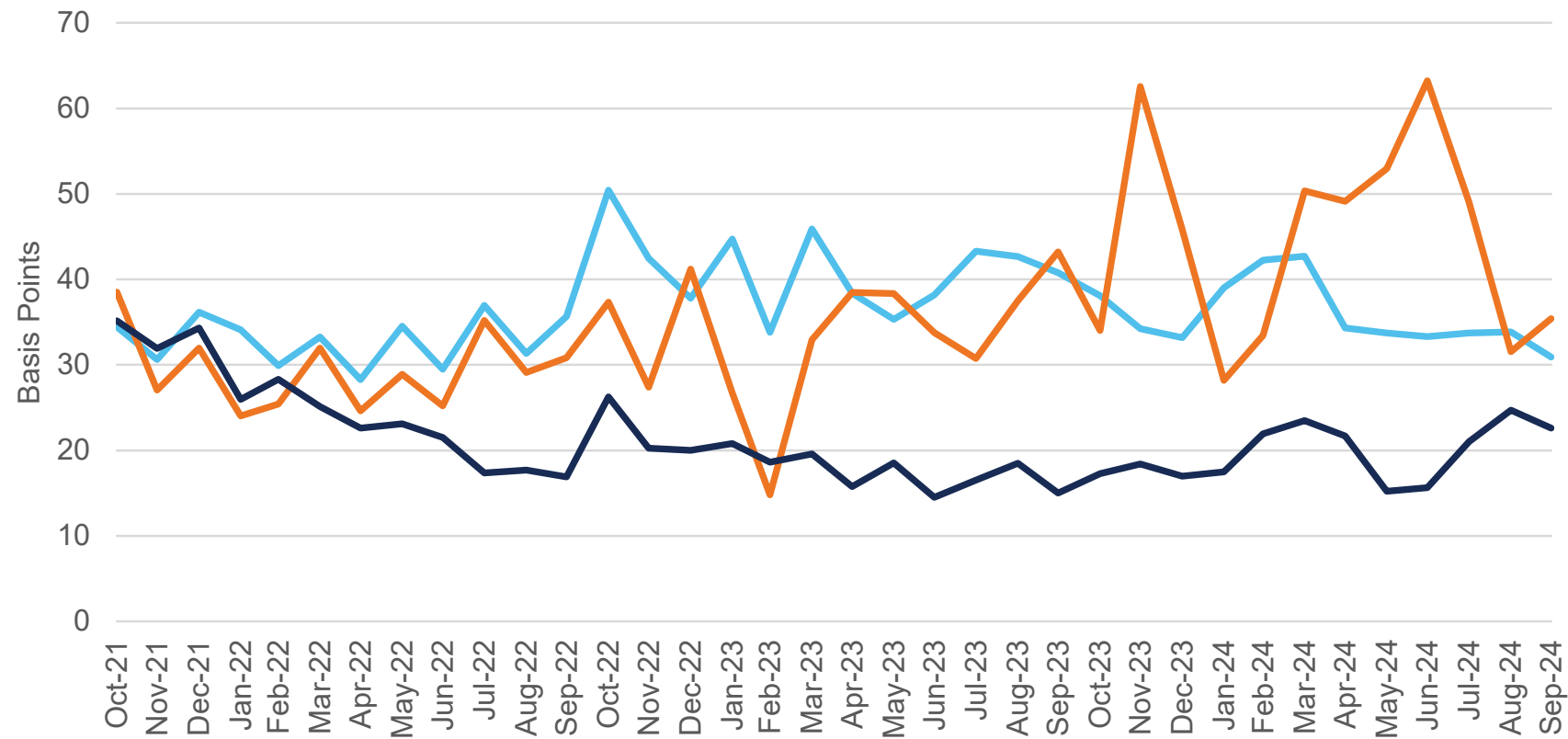
Below, we look at pull-through rates – the percentage of locks that become funded loans. This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
—	Purchase Pull-Through	83.7%	136 bps	166 bps	248 bps
—	Refinance Pull-Through	65.4%	401 bps	686 bps	345 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	31 bps	(3 bps)	(2 bps)	(10 bps)
—	15-Year Conforming	35 bps	4 bps	(28 bps)	(8 bps)
—	30-Year Government	23 bps	(2 bps)	7 bps	8 bps