



OPTIMIZE YOUR ADVANTAGE

MARKET ADVANTAGE

MORTGAGE DATA REPORT
OCTOBER 2024





OPTIMIZE YOUR ADVANTAGE

MARKET ADVANTAGE

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 OCTOBER 2024

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

- **Rates rise across the board:** The OBMMI 30-year conforming rate ended October at 6.79%, marking a 65 bps increase from September. FHA rates rose by 54 bps to 6.43%, while VA rates saw the largest increase, climbing 73 bps to 6.36%. The OBMMI jumbo index rate rose a more moderate 41 bps to end at 6.82%.
- **Purchase lock volume grows despite rate increases:** Purchase lock volume rose 12% MoM. Also significant, purchase lock counts – which are a key measure for market health that excludes the impact of HPA and volatile refi activity – rose 9% YoY, continuing a positive trend that started in September. This increase in purchase locks reflects ongoing demand.
- **Affordability concerns shift production mix:** Conforming loan share fell to its lowest point since tracking began in 2018, now representing 53% of volume. At the same time, FHA locks rose, accounting for one in five purchase transactions, as buyers sought more accessible financing options. Non-conforming loans also gained ground as borrowers leaned more heavily on non-QM and jumbo loans to adapt to affordability challenges.
- **Refinance demand softens:** The rise in rates dampened refinance interest, with rate-and-term refinance volume dropping 45% MoM. Cash-out refinance activity saw a slight 6% increase, but the overall refinance share declined to 23% of total volume. With the exception of August and September 2024, refinance levels were still higher than any other month since April 2022.
- **Credit quality declines in refinance sector:** Average credit scores remained high for purchase loans; however, refinance credit scores, particularly for rate-and-term refinances, saw a drop, with the average score declining by 6 points to 730.
- **Home prices trend upward while average loan amounts dip:** October saw a second consecutive month of home price increases, with the average purchase price rising from \$475.8K to \$482.4K. Meanwhile, the average loan amount fell by \$3.6K to \$380.1K.

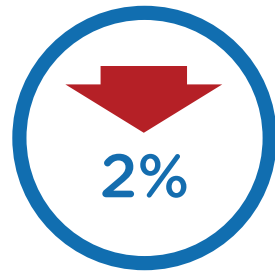
Each month, the Optimal Blue [Market Advantage](#) mortgage data report reviews a series of key market indicators to provide early insight into U.S. mortgage trends. Leveraging lender rate lock data from the Optimal Blue PPE – the mortgage industry’s most widely used product, pricing, and eligibility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



October Data Shows Resilience and Cracks in the Market as Rates Tick Up



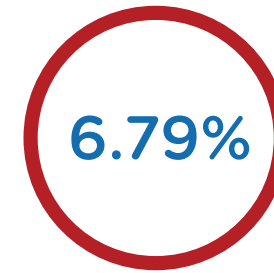
RATE LOCK VOLUME

Overall rate lock volume dropped 2% MoM. While purchase lock volume rose 12% MoM, rate-and-term refi demand dropped notably.



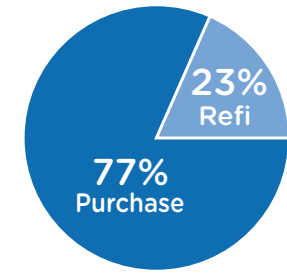
AVERAGE LOAN AMOUNT

Home prices increased for the second consecutive month, with the average purchase price rising from \$475.8K to \$482.4K and the average loan amount falling by \$3.6K to \$380.1K.



MONTH-END CONFORMING RATE

The benchmark [Optimal Blue Mortgage Market Indices](#) 30-year conforming interest rate increased 65 bps MoM to 6.79%. FHA and VA rates rose 54 bps and 73 bps, respectively, while jumbos rose 41 bps.



MARKET MIX

Rising rates prompted overall refi volume to drop to 23% of total production. Rate-and-term refi volume dropped 45% MoM and cash-out activity saw a slight 6% increase.

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%	-1.6%	\$380,069	6.327	732	80	77%	23%
1 New York-Newark-Jersey City, NY-NJ-PA	4.7%	-0.2%	\$557,061	6.462	744	75	77%	23%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	3.7%	-12.4%	\$533,218	6.289	744	81	81%	19%
3 Dallas-Fort Worth-Arlington, TX	3.4%	6.1%	\$406,317	6.205	732	82	83%	17%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.2%	-12.5%	\$340,354	6.529	736	81	79%	21%
5 Los Angeles-Long Beach-Anaheim, CA	2.8%	-0.5%	\$765,811	6.560	744	70	66%	34%
6 Boston-Cambridge-Newton, MA-NH	2.7%	-1.0%	\$575,892	6.444	747	75	80%	20%
7 Phoenix-Mesa-Scottsdale, AZ	2.5%	0.8%	\$438,946	6.180	736	80	80%	20%
8 Atlanta-Sandy Springs-Roswell, GA	2.4%	-3.9%	\$379,948	6.231	723	80	76%	24%
9 Houston-The Woodlands-Sugar Land, TX	2.2%	-1.1%	\$342,880	6.068	725	85	87%	13%
10 Seattle-Tacoma-Bellevue, WA	2.2%	-6.9%	\$625,614	6.443	749	77	79%	21%

TOP 20 METROPOLITAN AREAS

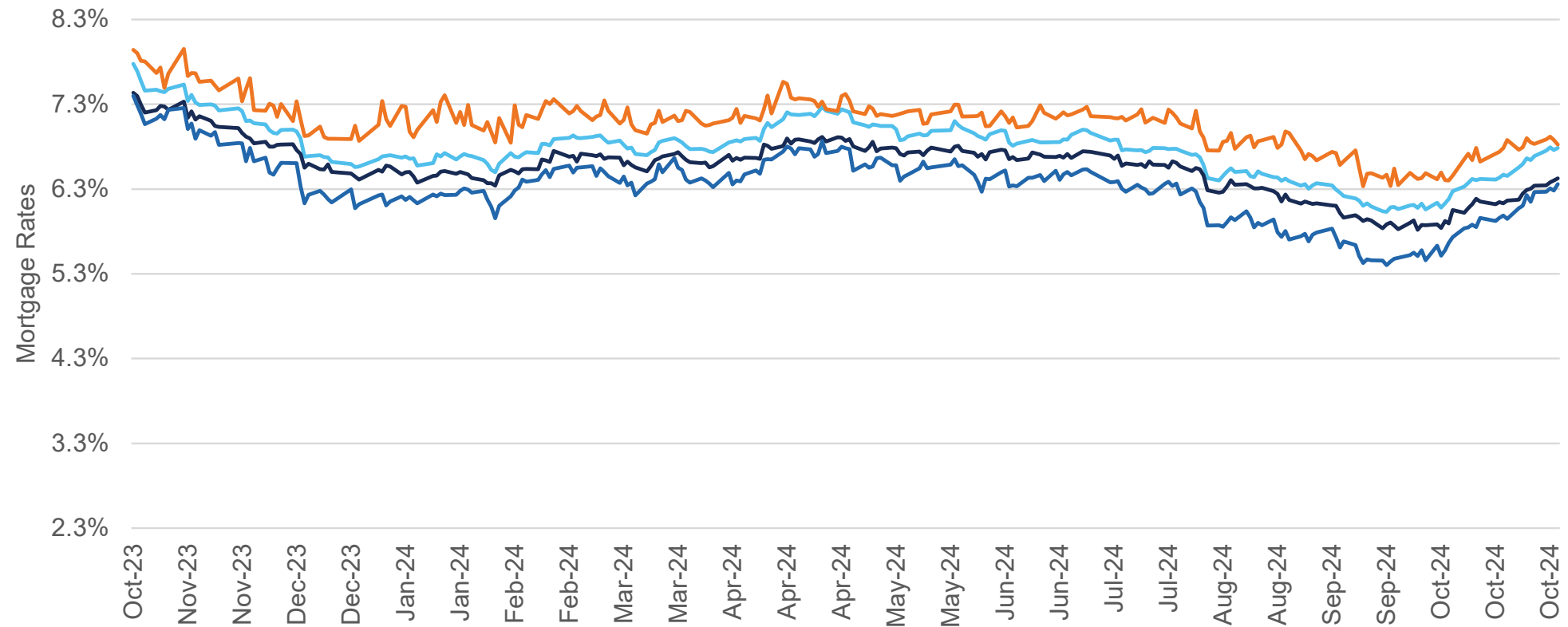
Here, we look at the top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is drawn from the [Optimal Blue® PPE](#).







Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	-1.6%	\$380,069	6.327	732	80	77%	23%
11 Denver-Aurora-Lakewood, CO	1.9%	-4.0%	\$506,391	6.131	742	78	75%	25%
12 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.8%	9.6%	\$375,133	6.400	736	79	81%	19%
13 San Francisco-Oakland-Hayward, CA	1.7%	-0.9%	\$841,340	6.448	759	70	69%	31%
14 Riverside-San Bernardino-Ontario, CA	1.6%	4.6%	\$493,696	6.166	724	80	76%	24%
15 Charlotte-Concord-Gastonia, NC-SC	1.4%	16.4%	\$400,973	6.286	738	80	78%	22%
16 Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	-0.5%	\$511,178	6.384	727	76	72%	28%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	-6.6%	\$354,601	6.410	747	81	83%	17%
18 Austin-Round Rock, TX	1.4%	4.6%	\$420,105	5.856	742	80	89%	11%
19 Baltimore-Columbia-Towson, MD	1.3%	7.1%	\$406,608	6.396	739	84	84%	16%
20 San Diego-Carlsbad, CA	1.2%	-7.5%	\$736,836	6.361	753	74	72%	28%

MARKET RATE INDICES

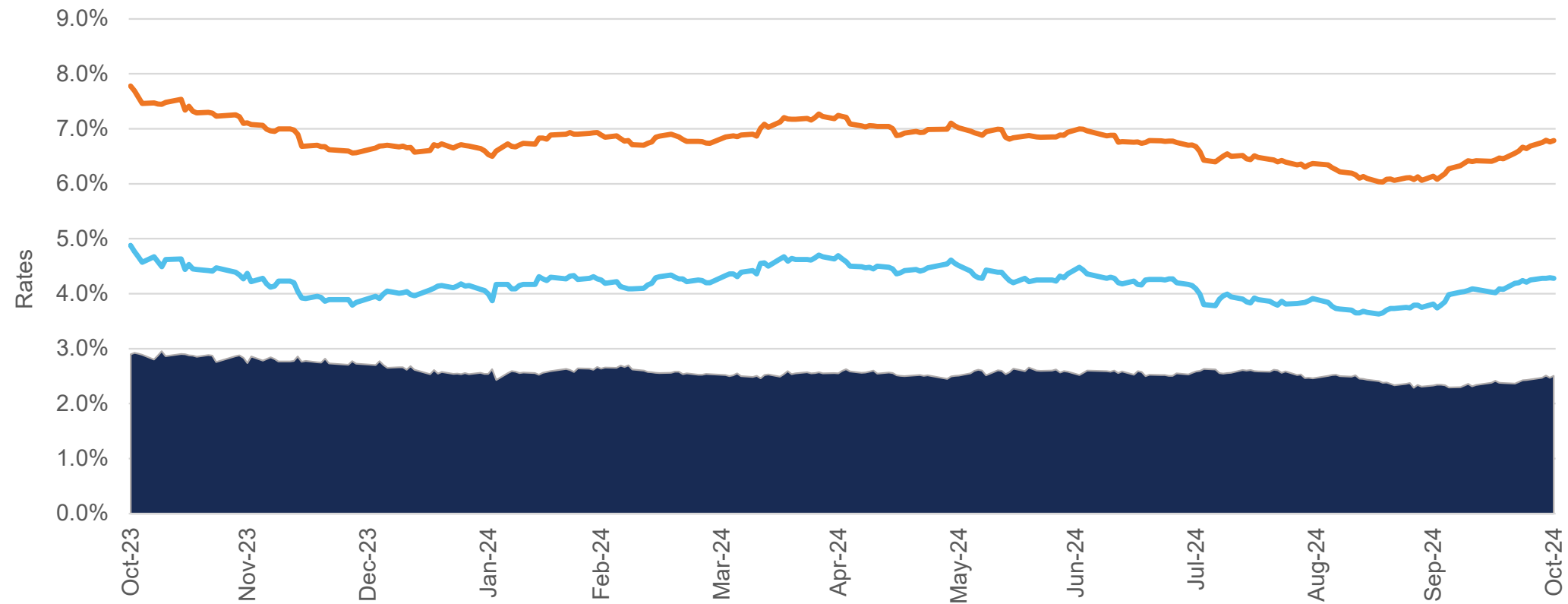
Pulling data from the Optimal Blue Mortgage Market Indices (OBMMI), the chart below shows average 30-year rates across various loan products.






Market Index		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.79%	65 bps	11 bps	(99 bps)
	30-Year Jumbo	6.82%	41 bps	(16 bps)	(112 bps)
	30-Year FHA	6.43%	54 bps	(11 bps)	(101 bps)
	30-Year VA	6.36%	73 bps	21 bps	(104 bps)

30-YEAR TO 10-YEAR TREASURY SPREAD

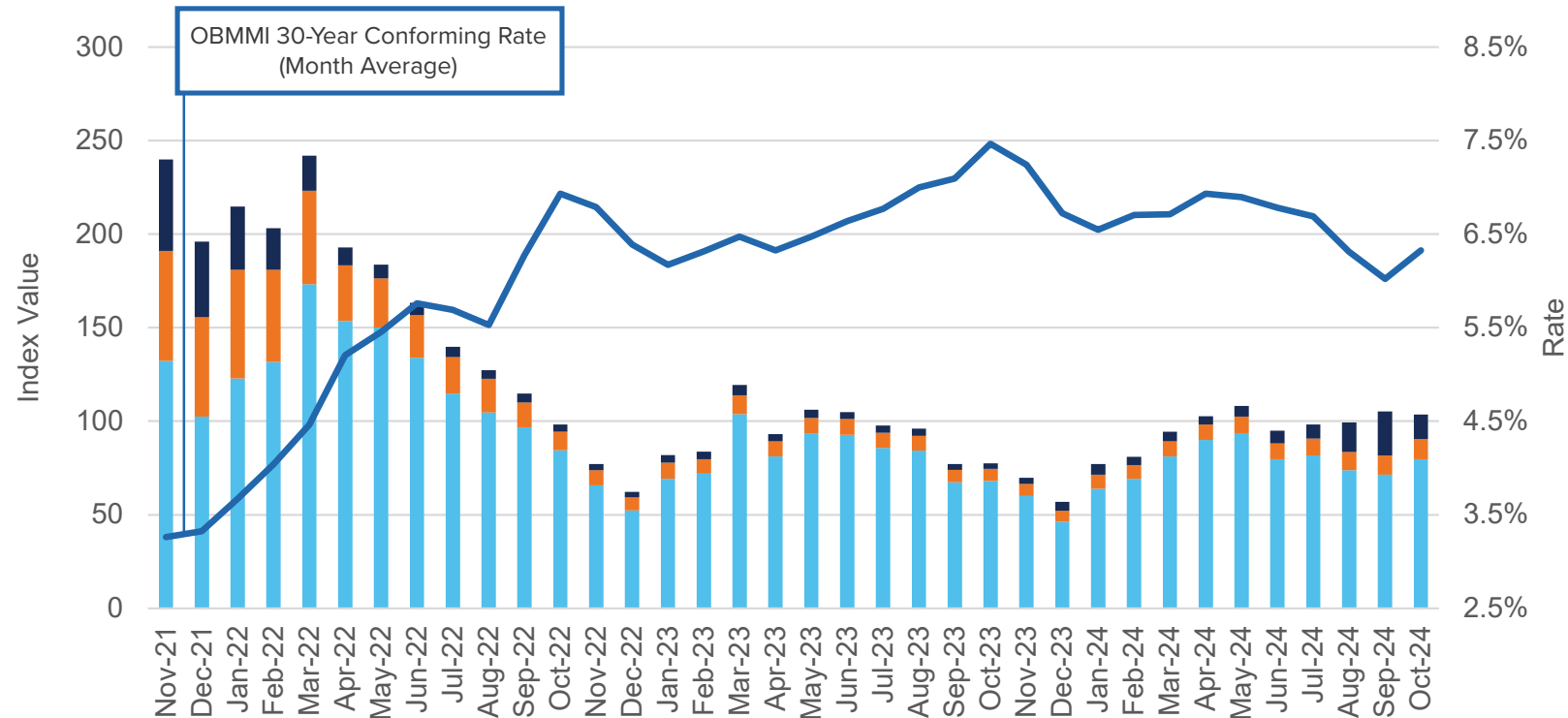
Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Below, we look at the current spread and trends over the past year. This information is pulled from Optimal Blue's [secondary market hedging platform](#).







	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.28%	47 bps	19 bps	(60 bps)
	30-Year Conforming	6.79%	65 bps	11 bps	(99 bps)
	10-Year to 30-Year Spread	2.51%	18 bps	(8 bps)	(39 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](#).



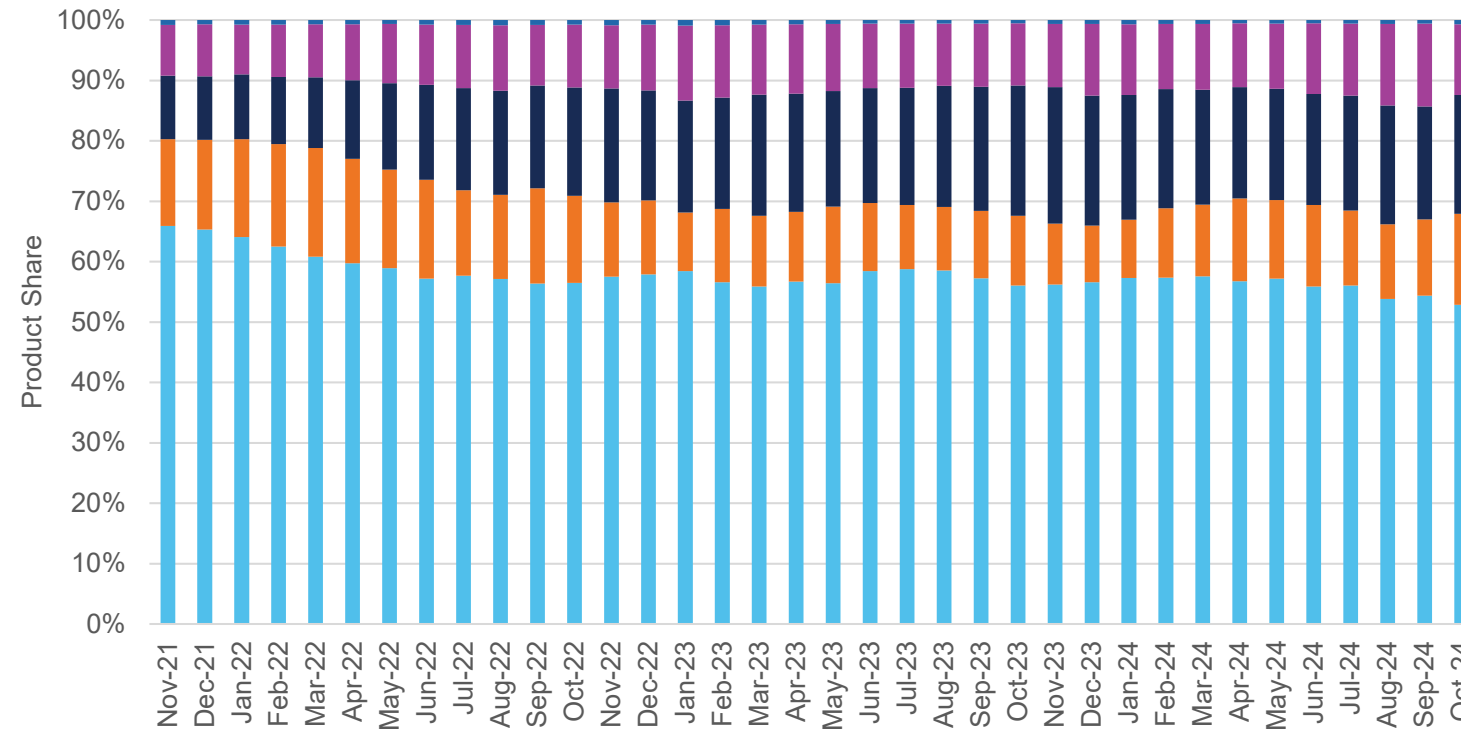
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	80	11.6%	(2.4%)	17.2%
	Cash-Out Refinance	11	5.6%	21.0%	68.6%
	Rate/Term Refinance	13	(45.1%)	71.6%	335.1%
	Total	104	(1.6%)	5.4%	33.6%
Refinance Share*		23%	(917 bps)	616 bps	1082 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](#).

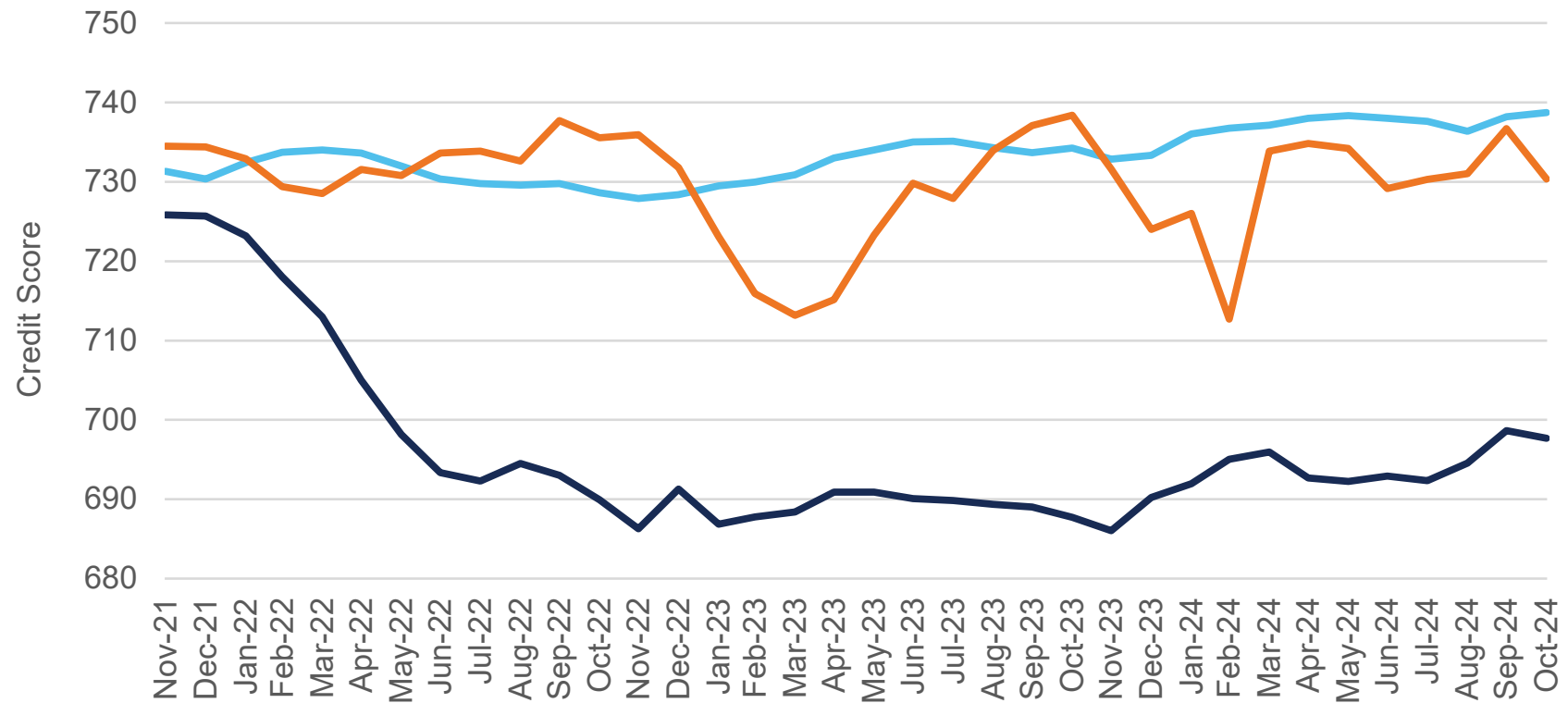


Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	52.8%	(153 bps)	(323 bps)	(324 bps)
	Nonconforming	15.1%	248 bps	268 bps	357 bps
	FHA	19.7%	95 bps	68 bps	(189 bps)
	VA	11.7%	(198 bps)	(22 bps)	144 bps
	USDA	0.7%	8 bps	9 bps	12 bps

AVERAGE CREDIT SCORES

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

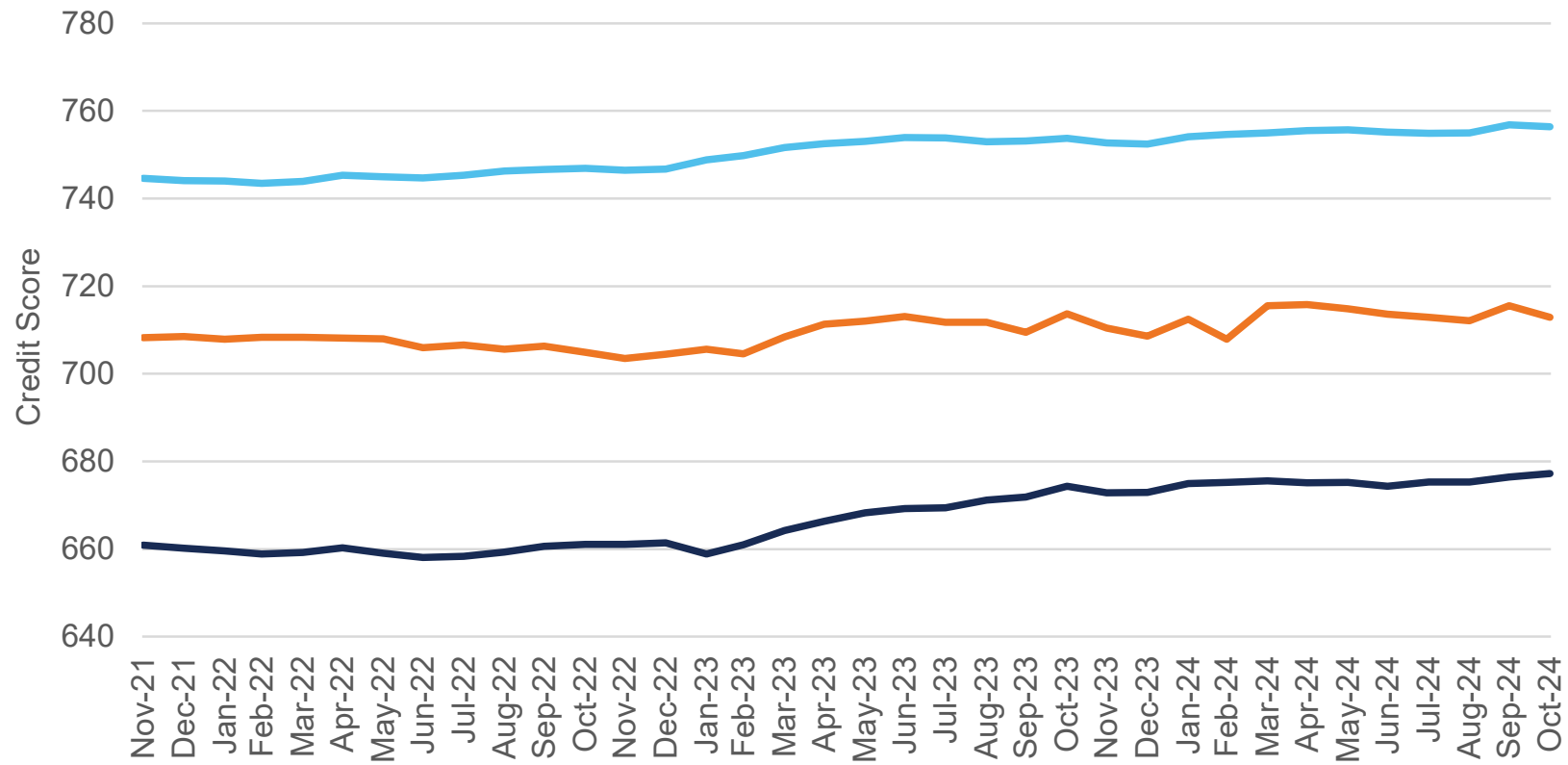
This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).






Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	739	1	1	4
	Rate/Term Refi	730	(6)	0	(8)
	Cash-Out Refi	698	(1)	5	10

AVERAGE CREDIT SCORES

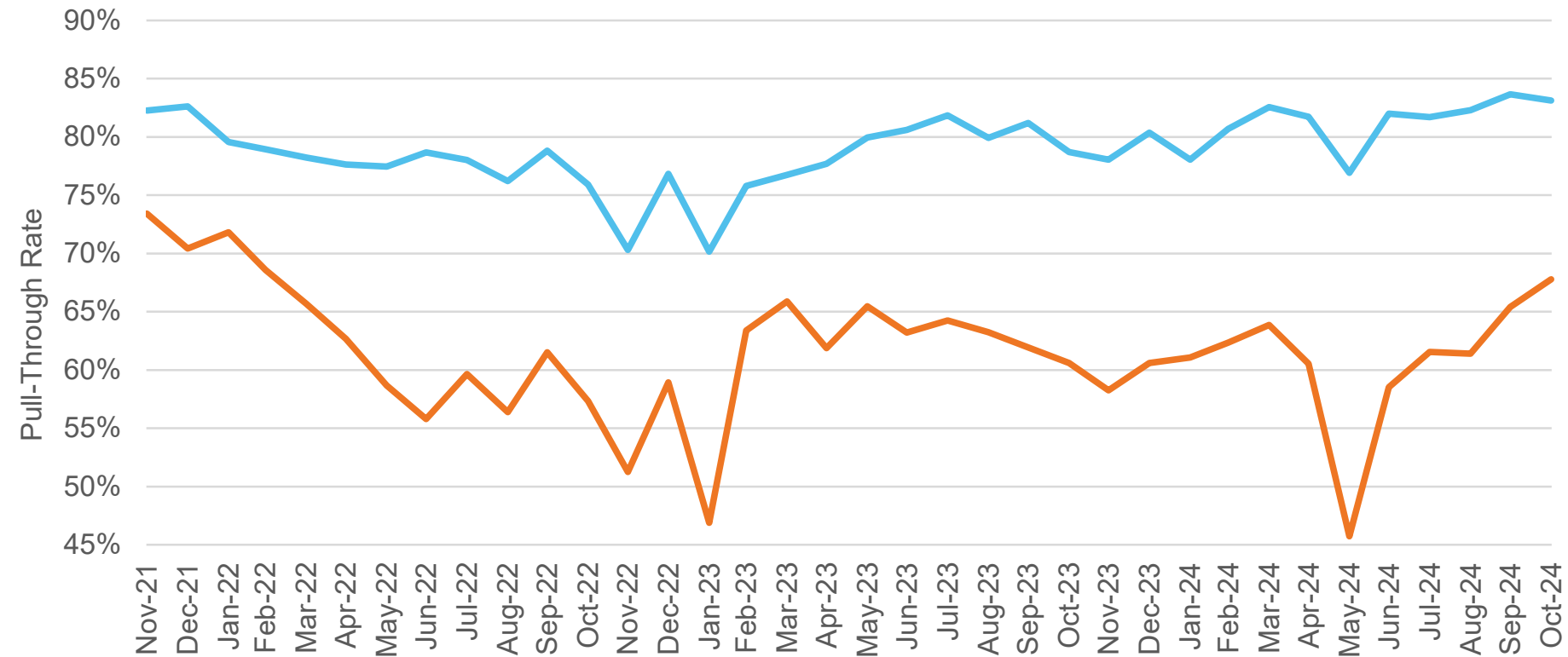
Here, we look at average credit scores for conforming, FHA, and VA loans. This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).





Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	757	2	2	4
	VA	713	(3)	0	(1)
	FHA	677	1	2	3

PURCHASE & REFI PULL-THROUGH

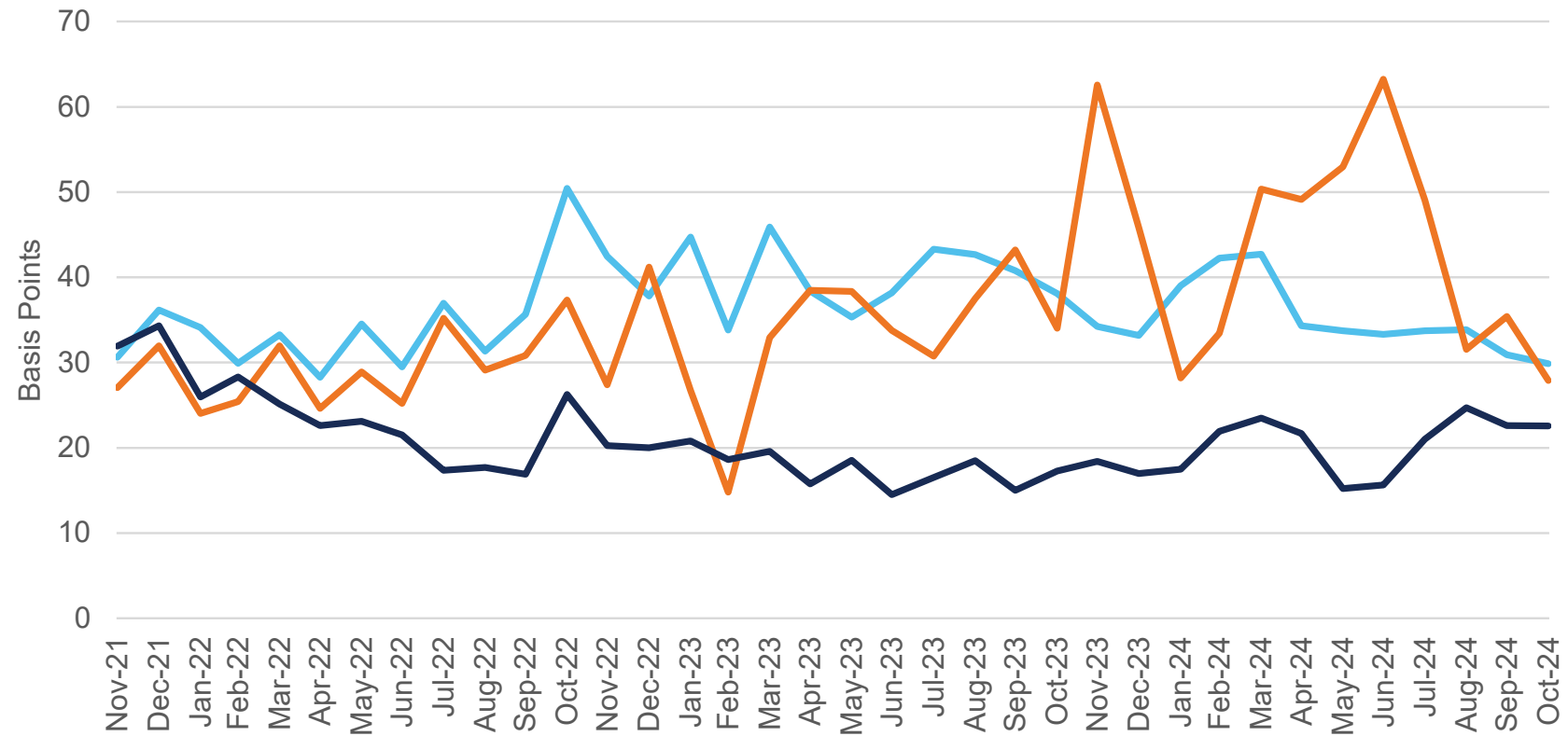
Below, we look at pull-through rates – the percentage of locks that become funded loans. This information is pulled from daily rate lock tracking data from the [Optimal Blue PPE](#).



Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	83.1%	(53 bps)	144 bps	442 bps
	Refinance Pull-Through	67.8%	239 bps	624 bps	718 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	30 bps	(1 bps)	(4 bps)	(8 bps)
—	15-Year Conforming	28 bps	(8 bps)	(21 bps)	(6 bps)
—	30-Year Government	23 bps	0 bps	2 bps	5 bps