ORIGINATIONS
MARKET MONITOR

BLACK KNIGHT

NOVEMBER 2022 REPORT

ORIGINATIONS MARKET MONITOR

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NOVEMBER 2022 OVERVIEW

Each month the Black Knight 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 more comprehensive and timely sense of monthly market trends than previously available.

Rate lock activity fell 21.5% in November, dropping for the eighth consecutive month, despite a pullback in interest rates, amid continued affordability concerns. The benchmark 30-year mortgage finished the month at 6.58%, down 48 basis points from October. At ~330 basis points above the same point in the prior year, interest rates remained a significant hurdle alongside higher home prices.

Overall lock volumes are down 39% over the last three months and 68% off last year's levels. Cash-out refinances, which had shown initial resilience when interest rates first began to rise, fell 18.4% from October and are now down ~86% from last year. Rate/term refinances fell 17.1% and remain down more than 93% from the same month in 2021. Refis remained at record lows but edged upward to 15% of this month's lock volume due to an even sharper decline in purchase locks.

Purchase lending, which accounted for 85% of volume, fell 22.1% from October and more than 50% from last year. Using purchase lock counts instead of dollar volume, to exclude the impact of record-breaking home price growth, the number of loans locked in November was 27% below pre-pandemic levels.

The share of locks with adjustable rates fell to 10% in November from 13% in the prior month, as the modest decline in interest rates pushed borrowers back toward fixed loan products.

In producing the Originations Market Monitor, Black Knight aggregates and reports the latest available monthly rate lock data drawn from the company's **Optimal Blue PPE** — the most widely used product and pricing engine in the industry. Optimal Blue provides additional market insight by way of its market-leading hedging platform. For more information on gaining access to Black Knight's secondary-focused solutions and data assets, please call 844-474-2537 or email **AskBlackKnight@bkfs.com**.
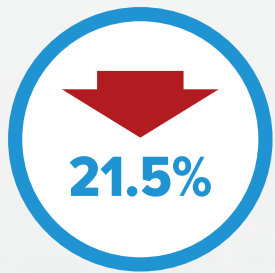
# NOVEMBER 2022 *NATIONAL RATE LOCK METRICS*

Here, we look at November's national origination numbers to give a high-level overview of the month's activity. This information is drawn from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

NOVEMBER *NATIONAL STATS*

RATE LOCK VOLUME

21.5%

Locks decreased across all loan categories, led by a **22.1%** decrease in purchases
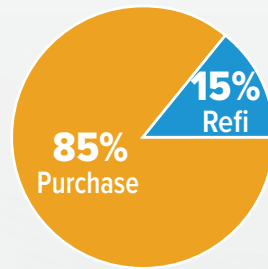
MARKET MIX

85% Purchase
15% Refi

A sharp drop in purchase locks allowed refi share of the market mix to edge up slightly in November

AVERAGE LOAN AMOUNT

$331K

The average loan amount fell by **$6K** in November

MONTH-END CONFORMING RATE

6.58%

Our Optimal Blue Mortgage Market Indices tracked a 48 BPS drop in 30-year rate offerings throughout November

Despite rates pulling back nearly half a point in November, lock volumes fell across the board, due to a never-ending inventory shortage, the Thanksgiving holiday weekend and nearly nonexistent refi incentive left in the market

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NOVEMBER 2022 TOP 20 METROPOLITAN AREAS

Here, we look at November's top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.

	Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount ($)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
	NATIONAL	100.0%	-21.5%	331,490	6.684	721	82	85%	15%
1	New York-Newark-Jersey City, NY-NJ-PA	4.7%	-18.4%	479,111	6.636	733	77	85%	15%
2	Dallas-Fort Worth-Arlington, TX	3.7%	-18.8%	361,456	6.563	724	82	90%	10%
3	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.6%	-19.5%	471,338	6.528	731	83	88%	12%
4	Chicago-Naperville-Elgin, IL-IN-WI	3.0%	-25.9%	282,571	6.847	726	83	91%	9%
5	Los Angeles-Long Beach-Anaheim, CA	2.9%	-22.2%	589,577	6.665	727	73	76%	24%
6	Atlanta-Sandy Springs-Roswell, GA	2.7%	-18.3%	325,782	6.655	705	81	81%	19%
7	Phoenix-Mesa-Scottsdale, AZ	2.7%	-13.5%	380,614	6.633	723	80	92%	8%
8	Houston-The Woodlands-Sugar Land, TX	2.7%	-15.3%	314,293	6.466	717	84	85%	15%
9	Miami-Fort Lauderdale-West Palm Beach, FL	2.2%	-21.6%	413,165	6.852	721	77	82%	18%
10	Seattle-Tacoma-Bellevue, WA	2.1%	-24.6%	536,610	6.698	739	80	88%	12%

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11	Denver-Aurora-Lakewood, CO	2.1%	-21.8%	471,340	6.591	737	79	86%	14%
12	Boston-Cambridge-Newton, MA-NH	2.0%	-29.2%	509,322	6.456	737	78	91%	9%
13	Austin-Round Rock, TX	1.7%	-12.4%	411,550	6.341	739	80	90%	10%
14	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-20.7%	317,454	6.616	724	82	88%	12%
15	Riverside-San Bernardino-Ontario, CA	1.7%	-14.3%	431,379	6.516	713	79	81%	19%
16	Tampa-St. Petersburg-Clearwater, FL	1.4%	-20.4%	346,989	6.667	722	81	86%	14%
17	San Antonio-New Braunfels, TX	1.3%	-12.2%	312,453	6.401	718	86	91%	9%
18	Charlotte-Concord-Gastonia, NC-SC	1.2%	-26.2%	339,413	6.680	724	80	86%	14%
19	Nashville-Davidson--Murfreesboro--Franklin, TN	1.2%	-14.5%	372,258	6.682	726	81	86%	14%
20	Minneapolis-St. Paul-Bloomington, MN-WI	1.2%	-32.4%	324,757	6.682	738	82	89%	11%

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NOVEMBER 2022 *MARKET RATE INDICES*

Pulling data from the Black Knight Optimal Blue Mortgage Market Indices (OBMMI), the chart below shows average 30-year rates across various loan products. Click on the chart to view its contents in high resolution.
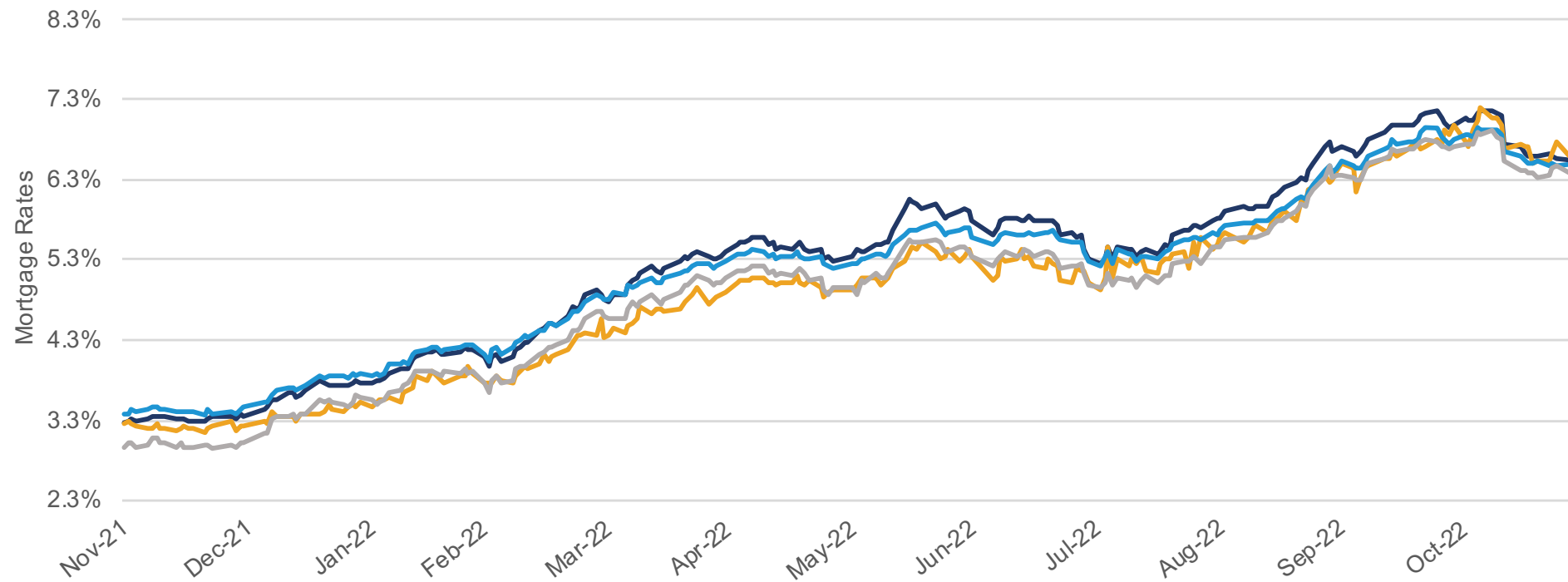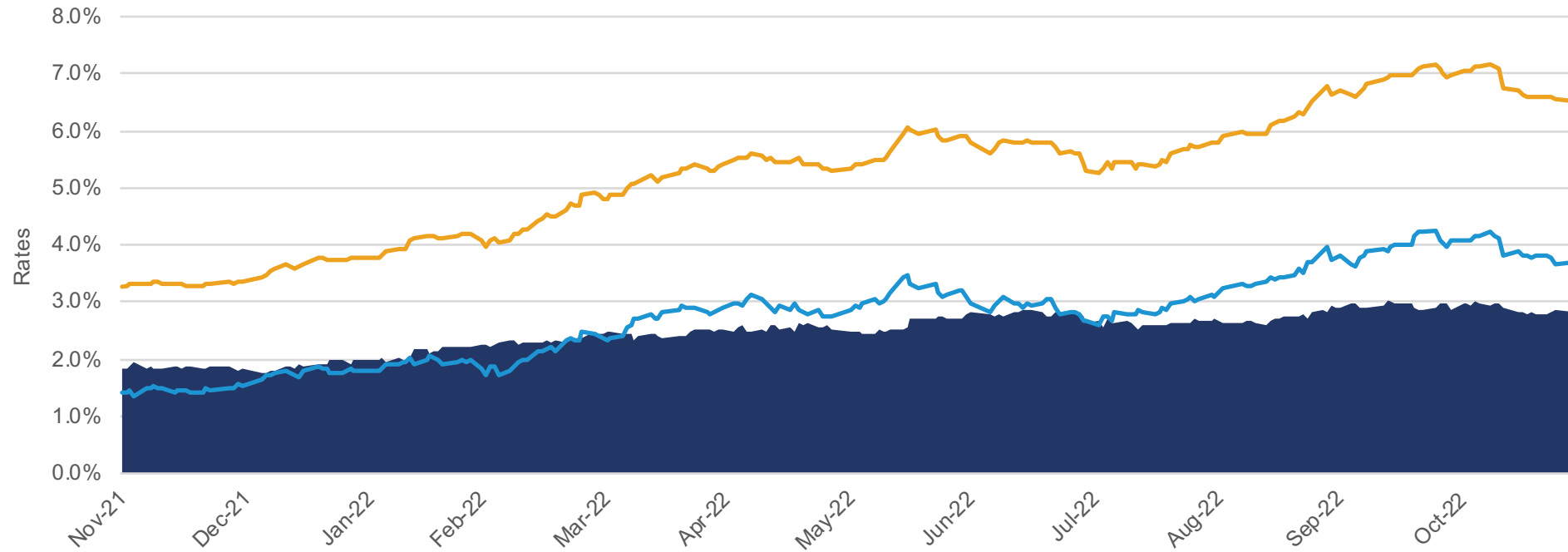

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.58%	(48 BPS)	78 BPS	331 BPS
30-Year Jumbo	6.50%	(28 BPS)	93 BPS	326 BPS
30-Year FHA	6.51%	(34 BPS)	86 BPS	313 BPS
30-Year VA	6.35%	(38 BPS)	90 BPS	339 BPS

NOVEMBER 2022 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.

	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	3.75%	(35 BPS)	60 BPS	232 BPS
	30-Year Conforming	6.58%	(48 BPS)	78 BPS	331 BPS
	10-Year to 30-Year Spread	2.83%	(13 BPS)	18 BPS	99 BPS

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NOVEMBER 2022 *LOCK VOLUME BY LOAN PURPOSE*

Here, we break down November's rate lock volumes by loan purpose. This information is pulled from daily rate lock tracking data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
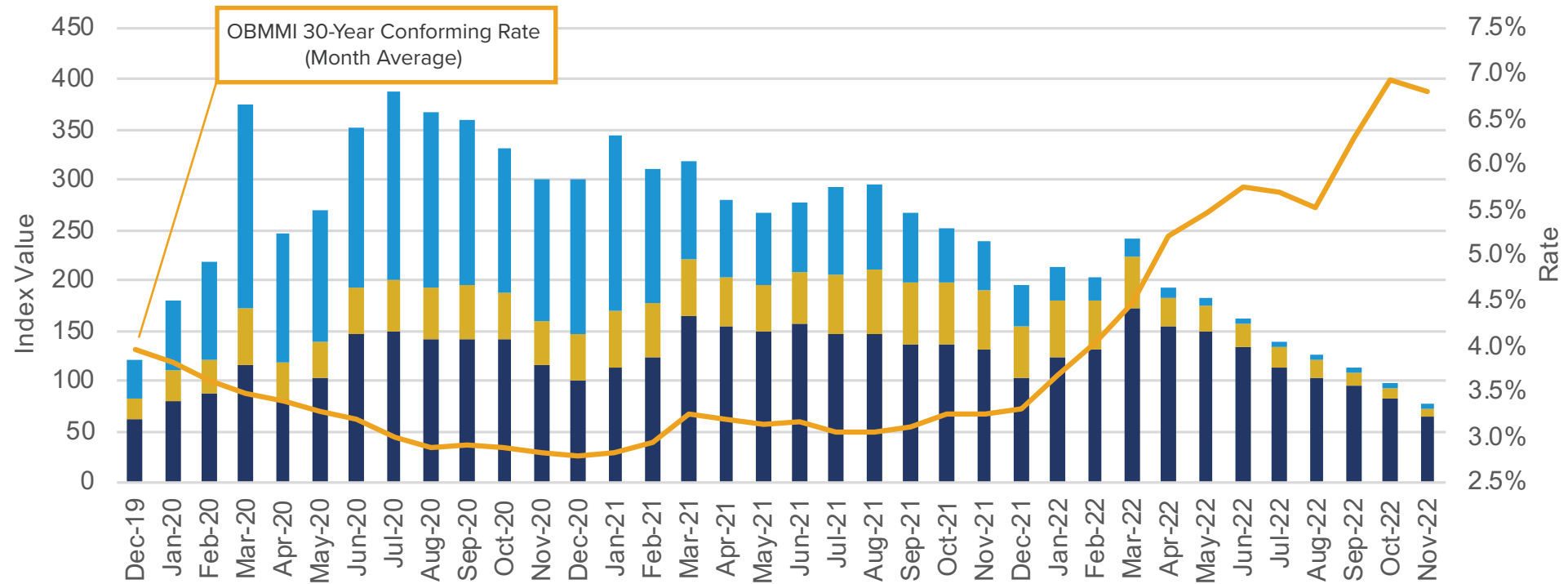

Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	66	(22.1%)	(37.2%)	(50.2%)
	Cash-Out Refinance	8	(18.4%)	(54.9%)	(86.3%)
	Rate/Term Refinance	3	(17.1%)	(30.2%)	(93.2%)
	Total	77	(21.5%)	(39.4%)	(67.8%)
Refinance Share*		15%	62 BPS	(304 BPS)	(3017 BPS)

*Refinance share changes reflect inter-period delta

NOVEMBER 2022 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down November's rate lock volumes by loan product. This information is pulled from daily rate lock tracking data from the Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
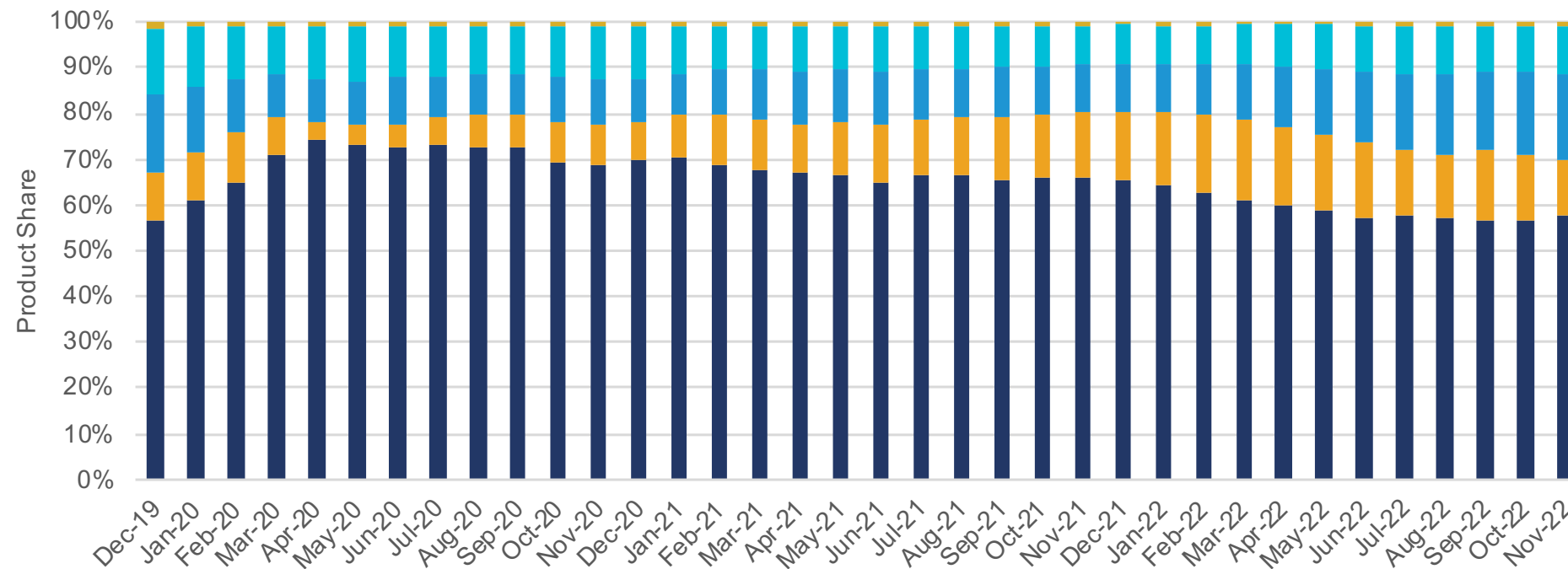
| Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
▬	Conforming	57.5%	99 BPS	38 BPS	(841 BPS)
▬	Nonconforming	12.3%	(206 BPS)	(164 BPS)	(207 BPS)
▬	FHA	18.9%	91 BPS	163 BPS	837 BPS
▬	VA	10.5%	10 BPS	(33 BPS)	207 BPS
▬	USDA	0.8%	6 BPS	(4 BPS)	4 BPS

NOVEMBER 2022 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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
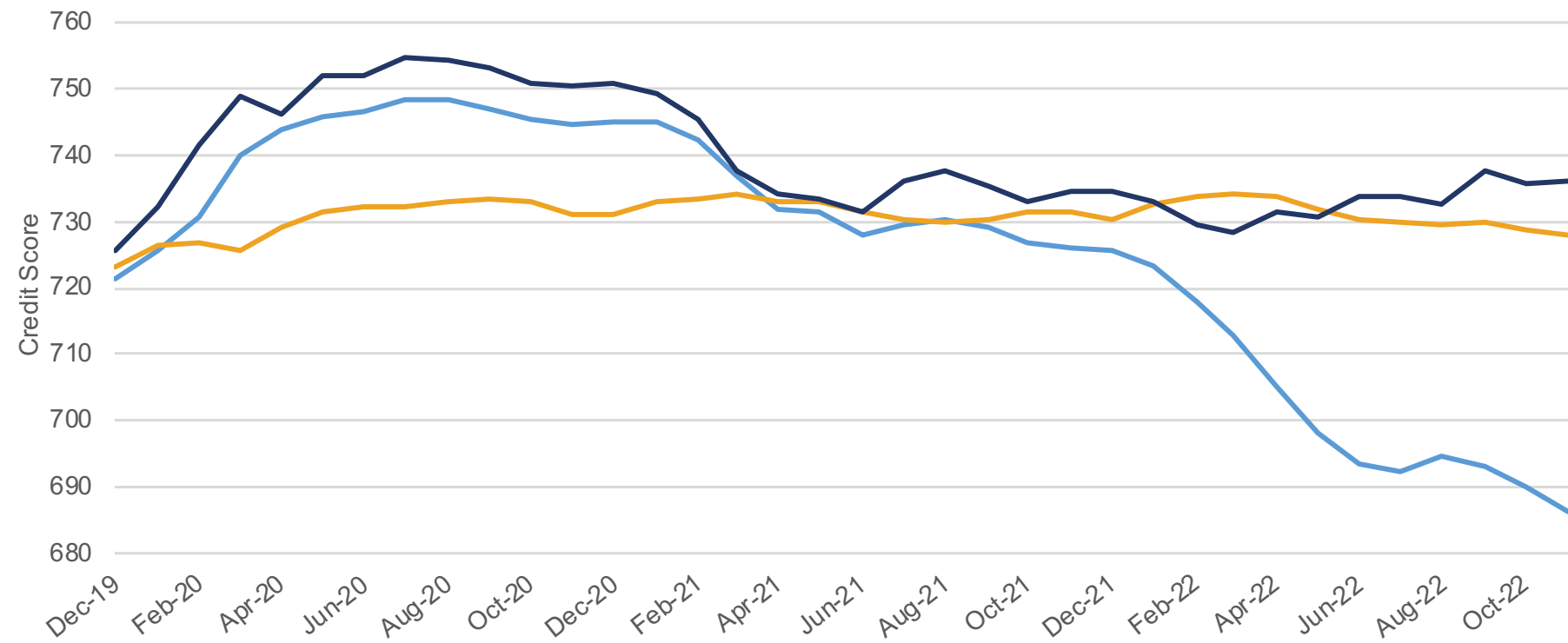
Credit Score by Purpose	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Cash-Out Refi	686	-4	-8	-40
Purchase	728	-1	-2	-3
Rate/Term Refi	736	0	3	1

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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
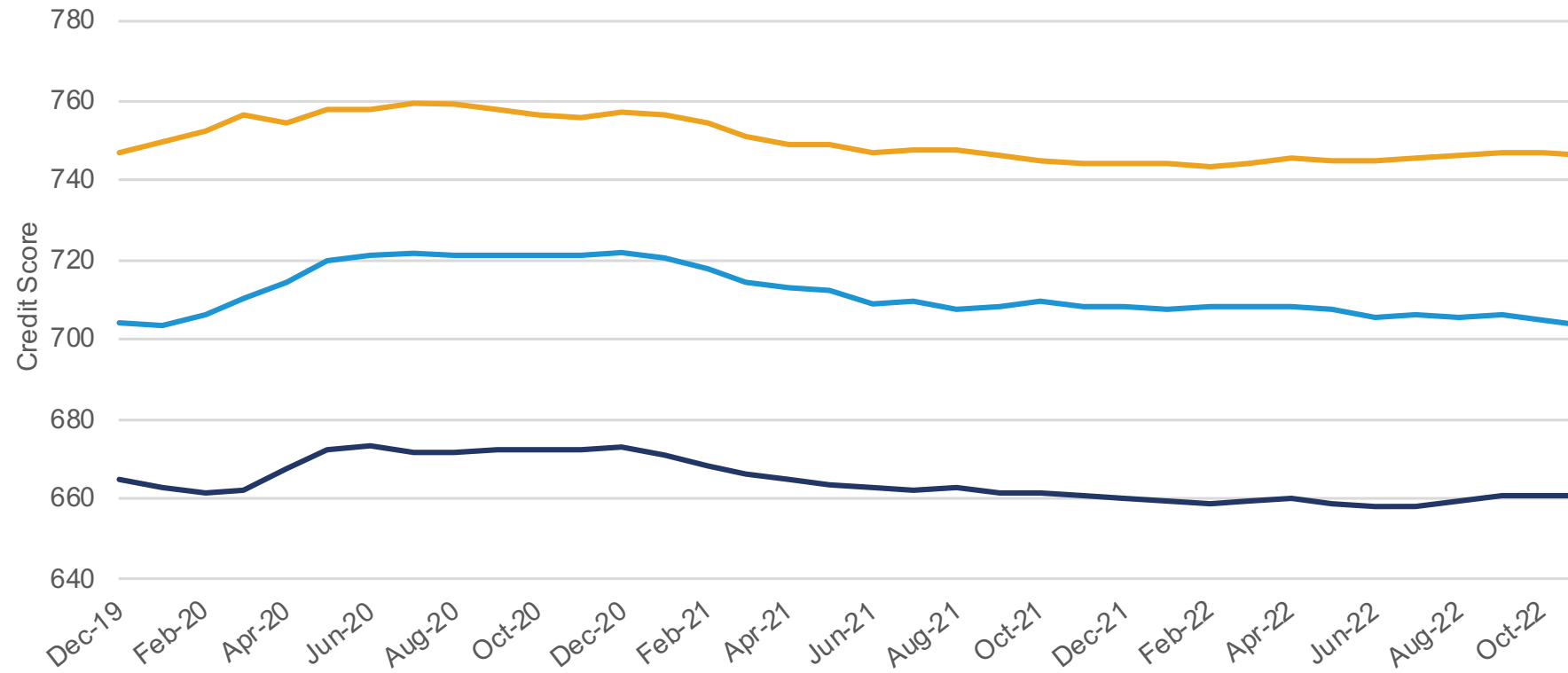

Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
——	FHA	661	0	2	0
——	VA	704	-1	-2	-5
——	Conforming	746	0	0	2

NOVEMBER 2022 *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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
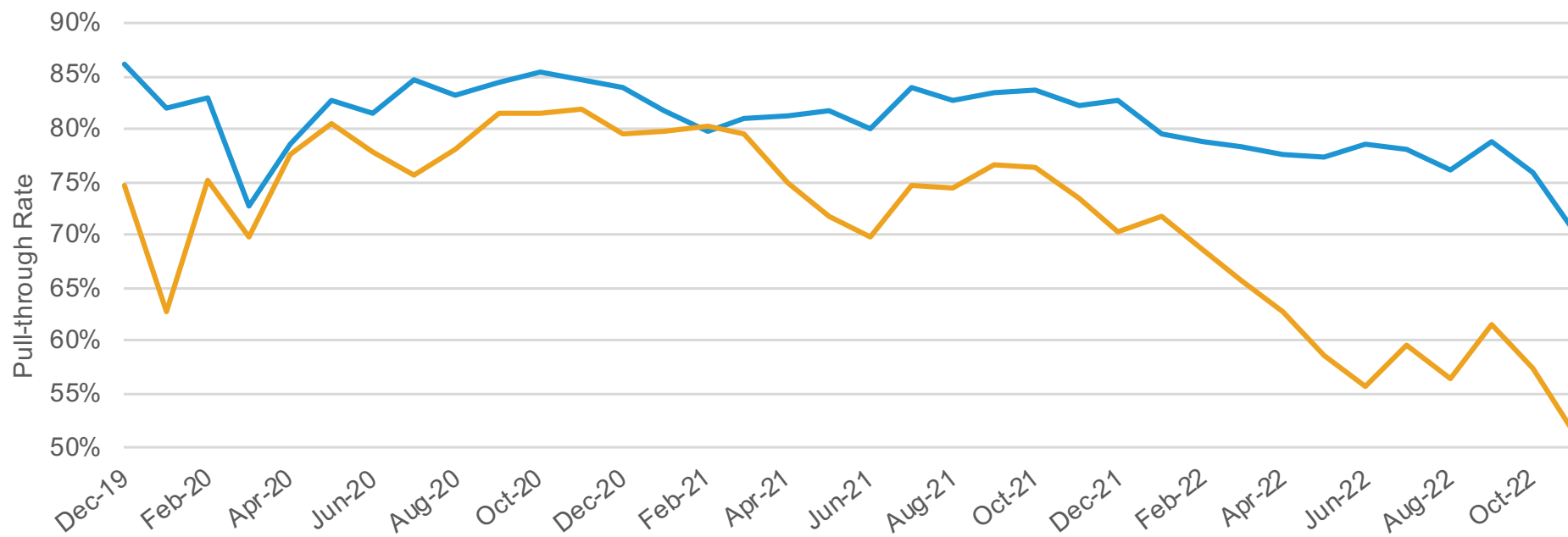
Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	70.3%	(560 BPS)	(592 BPS)	(1198 BPS)
Refinance Pull-Through	51.3%	(608 BPS)	(512 BPS)	(2214 BPS)

NOVEMBER 2022 *BEST EFFORTS TO MANDATORY SPREAD*

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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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.
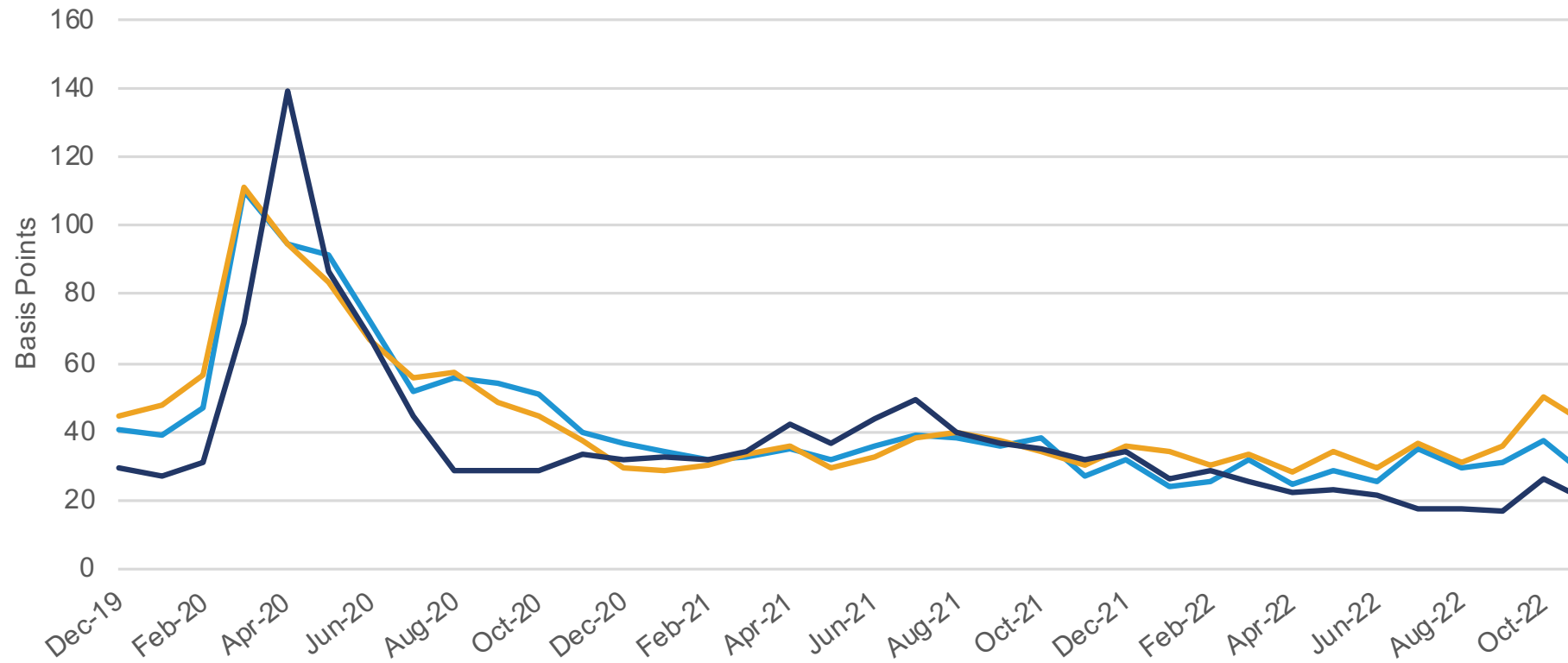
Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
——	30-Year Conforming	42 BPS	(8 BPS)	11 BPS	12 BPS
——	15-Year Conforming	27 BPS	(10 BPS)	(2 BPS)	0 BPS
——	30-Year Government	20 BPS	(6 BPS)	3 BPS	(12 BPS)