ORIGINATIONS
MARKET MONITOR

MAY 2023 REPORT

BLACK KNIGHT®

ORIGINATIONS MARKET MONITOR

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MAY 2023 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.

Overall rate lock volumes increased 14% month over month, with most of the change attributable to May having two more business days than April. Adjusting for the difference, daily production volume in May was up a more modest 4%. The benchmark 30-year conforming mortgage finished the month 27 basis points (bps) higher at 6.72% after holding between 6.38% and 6.50% in the first half of the month. Though jumbo rates remained elevated relative to conforming rates, nonconforming locks (including jumbo and expanded guidelines) grew market share relative to all other products in May.

While purchase locks rose from April, they also dipped to their lowest level yet relative to 2018/2019 averages as rates rose late in the month. Purchase loans have made up the majority of origination activity for much of the last year, making this a likely harbinger of both slowing home sales as well as purchase mortgage origination volumes on the horizon.

Demand for ARM loans ticked up slightly to 8.41%, as borrowers sought refuge in such products from rates rising yet again in the last days of the month. Economic uncertainty in the market has spreads between 10-year Treasury yields and 30-year mortgage rates remaining historically wide, and that uncertainty seems to be trickling down to tightening credit standards across the board, likely driving the rises seen in down payments and credit scores among recent originations.

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 — one of the most robust and capable product and pricing engines 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.

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MAY 2023 *NATIONAL RATE LOCK METRICS*

Here, we look at May'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.

MAY *NATIONAL STATS*

RATE LOCK VOLUME

14%

Purchase locks were up 15%, cash-outs +7% and rate/term refis +13%.

MARKET MIX

88% Purchase

12% Refi
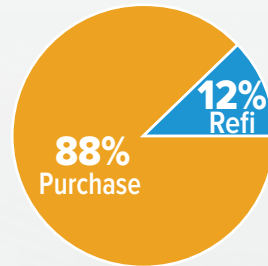
Purchase locks made up 88% of the month's market mix – a record high.

Rate lock volume increased 14% month-over-month due to a favorable calendar comparison, but daily production was up a more modest 4%.

AVERAGE LOAN AMOUNT

$360K

The average loan amount rose $5K in May, while the average purchase price on locked loans hit $454K.

MONTH-END CONFORMING RATE

6.72%

Our Optimal Blue Mortgage Market Indices tracked a 27 bps rise in 30-year rate offerings.

MAY 2023 TOP 20 METROPOLITAN AREAS

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Here, we look at May'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%**	**14.1%**	**$359,810**	**6.472**	**729.07**	**81.45**	**88%**	**12%**
1	Washington-Arlington-Alexandria, DC-VA-MD-WV	4.2%	16.8%	$520,611	6.298	742.97	82.60	92%	8%
2	New York-Newark-Jersey City, NY-NJ-PA	4.2%	24.8%	$517,715	6.424	742.59	76.12	86%	14%
3	Dallas-Fort Worth-Arlington, TX	3.7%	9.6%	$384,723	6.428	729.16	82.57	92%	8%
4	Chicago-Naperville-Elgin, IL-IN-WI	3.4%	10.9%	$316,401	6.636	736.20	82.48	92%	8%
5	Phoenix-Mesa-Scottsdale, AZ	2.9%	11.9%	$413,719	6.453	729.73	80.41	88%	12%
6	Houston-The Woodlands-Sugar Land, TX	2.7%	10.0%	$331,676	6.269	723.57	84.68	94%	6%
7	Los Angeles-Long Beach-Anaheim, CA	2.5%	9.2%	$719,934	6.692	740.87	72.11	77%	23%
8	Atlanta-Sandy Springs-Roswell, GA	2.4%	8.4%	$358,594	6.437	715.69	81.85	85%	15%
9	Boston-Cambridge-Newton, MA-NH	2.4%	37.7%	$572,040	6.384	748.31	75.59	92%	8%
10	Miami-Fort Lauderdale-West Palm Beach, FL	2.0%	6.5%	$452,913	6.713	728.40	77.70	85%	15%

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11	Seattle-Tacoma-Bellevue, WA	1.9%	10.3%	$575,427	6.513	745.47	78.32	88%	12%
12	Denver-Aurora-Lakewood, CO	1.9%	14.2%	$487,954	6.321	738.91	78.69	90%	10%
13	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	21.7%	$361,700	6.451	734.91	81.37	89%	11%
14	Austin-Round Rock, TX	1.6%	7.5%	$443,444	6.127	742.16	79.98	95%	5%
15	San Francisco-Oakland-Hayward, CA	1.5%	12.0%	$806,831	6.564	756.81	71.46	89%	11%
16	Riverside-San Bernardino-Ontario, CA	1.4%	1.4%	$453,998	6.360	717.64	80.22	84%	16%
17	Minneapolis-St. Paul-Bloomington, MN-WI	1.4%	32.5%	$358,752	6.460	745.30	82.48	92%	8%
18	Tampa-St. Petersburg-Clearwater, FL	1.4%	10.2%	$356,334	6.400	727.76	79.19	87%	13%
19	San Antonio-New Braunfels, TX	1.3%	6.9%	$316,950	5.956	721.34	87.32	91%	9%
20	Baltimore-Columbia-Towson, MD	1.3%	8.6%	$377,310	6.430	738.00	83.86	92%	8%

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MAY 2023 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.
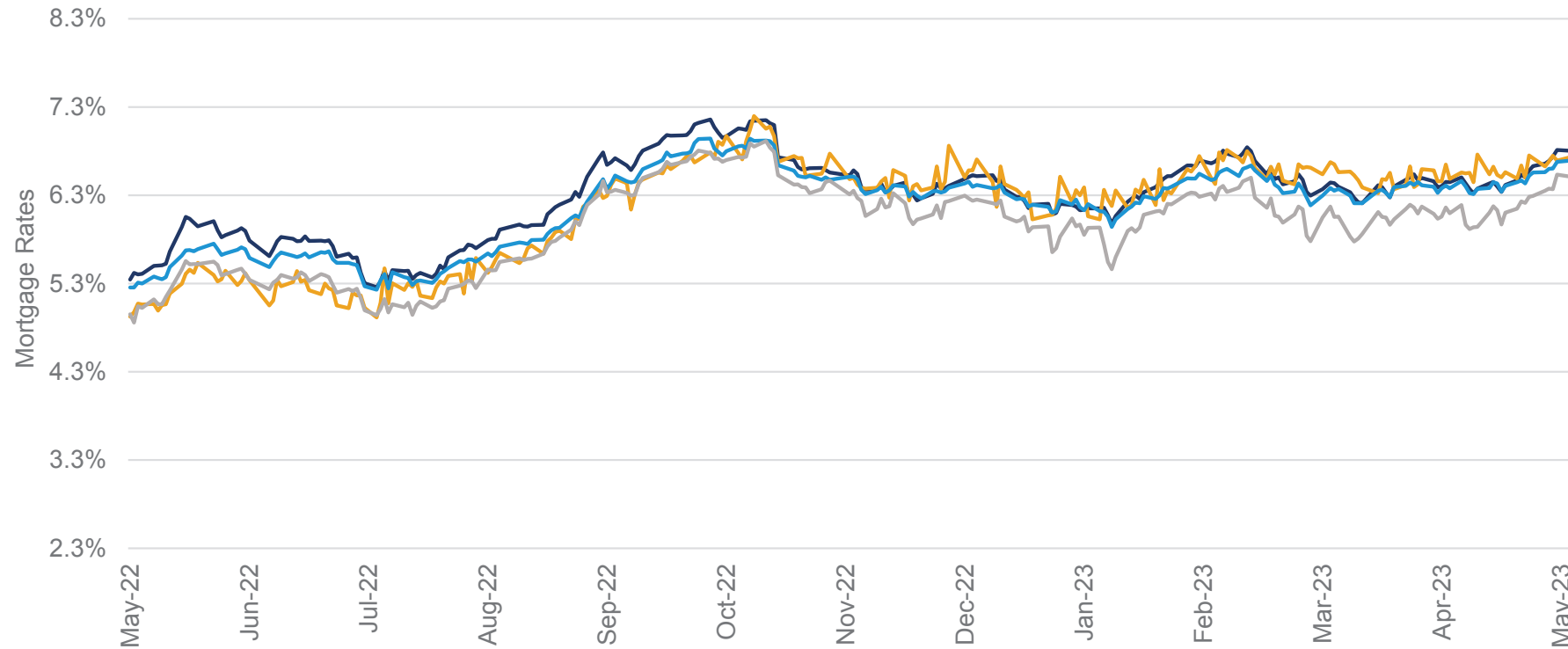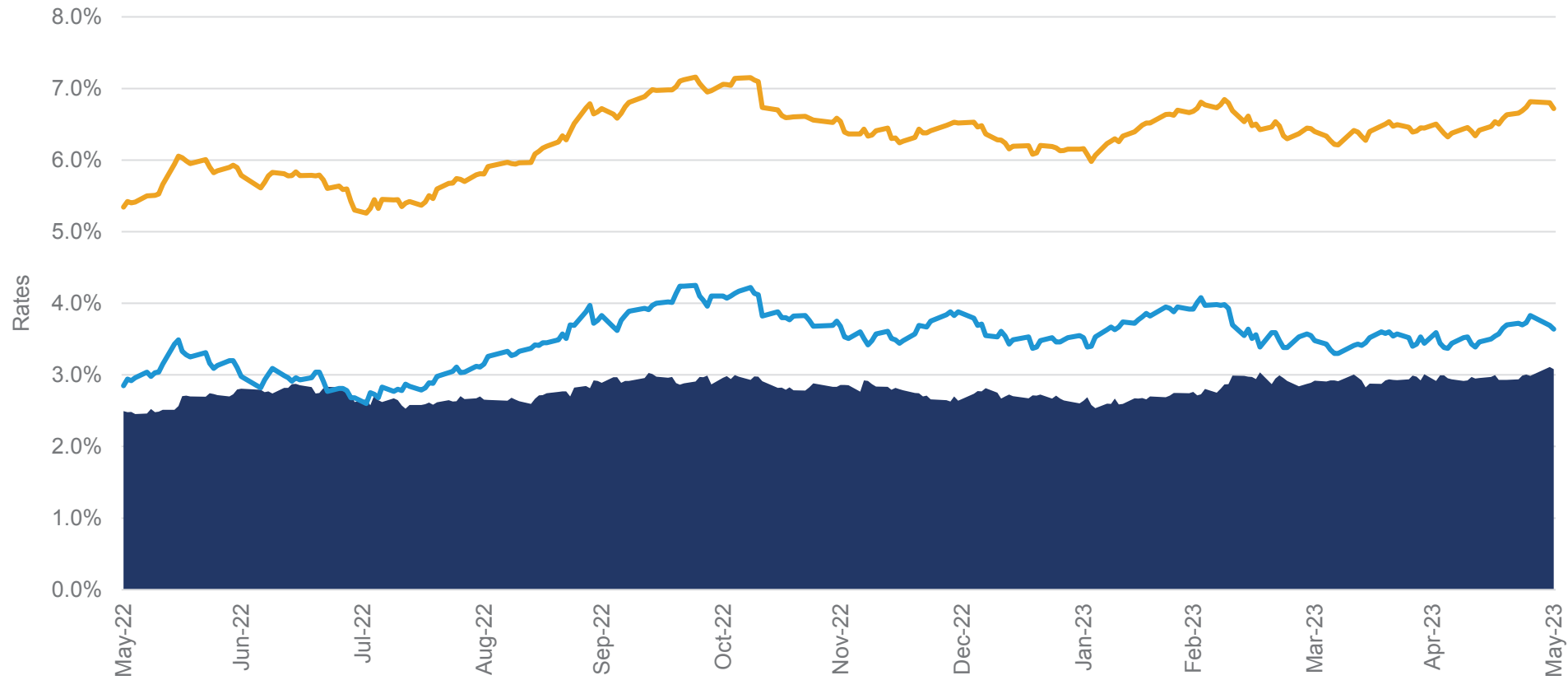

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.72%	27 BPS	4 BPS	138 BPS
30-Year Jumbo	6.80%	32 BPS	38 BPS	188 BPS
30-Year FHA	6.67%	29 BPS	18 BPS	141 BPS
30-Year VA	6.49%	39 BPS	24 BPS	154 BPS

MAY 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 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	3.64%	20 BPS	(28 BPS)	79 BPS
30-Year Conforming	6.72%	27 BPS	4 BPS	138 BPS
10-Year to 30-Year Spread	3.08%	7 BPS	32 BPS	59 BPS

MAY 2023 *LOCK VOLUME BY LOAN PURPOSE*

Here, we break down May'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.
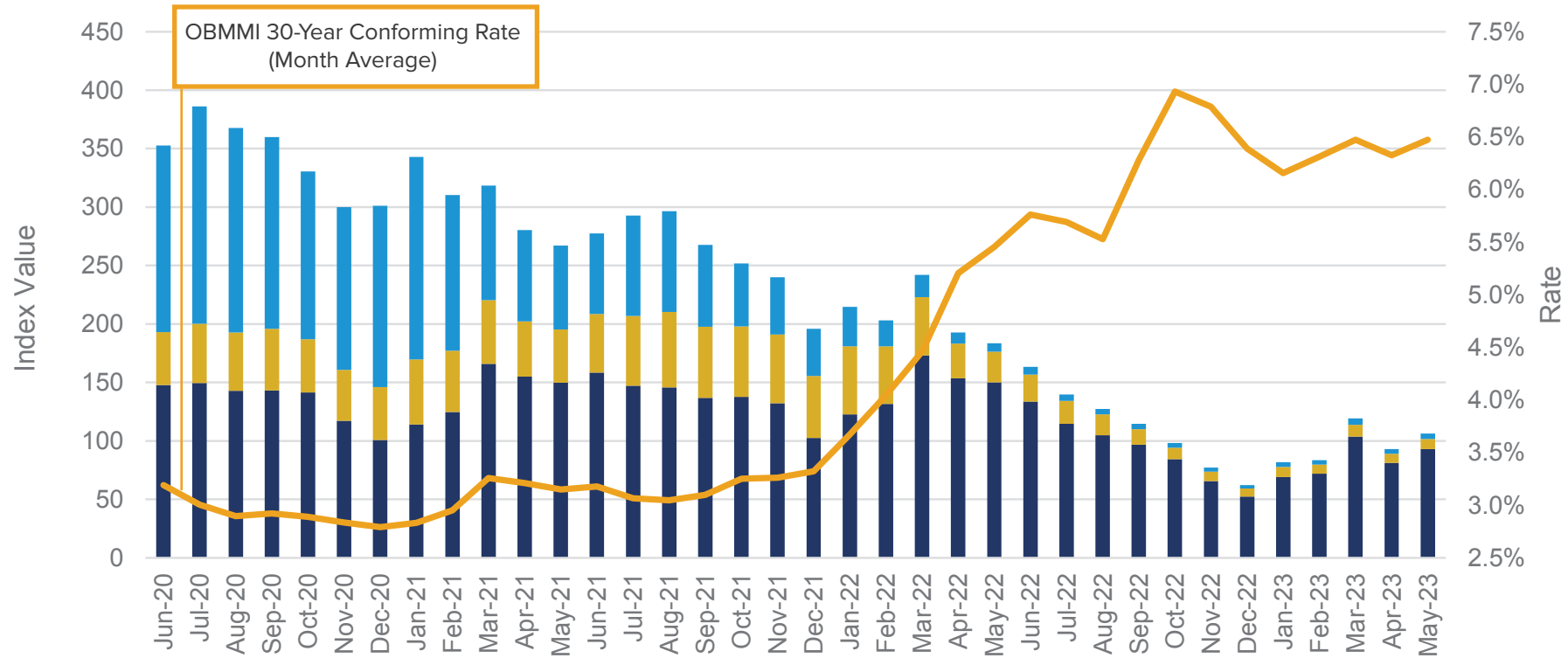

Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
———	Purchase	93	14.8%	29.5%	(37.9%)
———	Cash-Out Refinance	9	7.2%	11.2%	(67.4%)
———	Rate/Term Refinance	4	12.9%	10.9%	(38.7%)
———	Total	106	14.1%	26.9%	(42.1%)
Refinance Share*		12%	(56 BPS)	(175 BPS)	(603 BPS)

*Refinance share changes reflect inter-period delta

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MAY 2023 MIX OF BUSINESS BY LOAN PRODUCT

Here, we break down May'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.
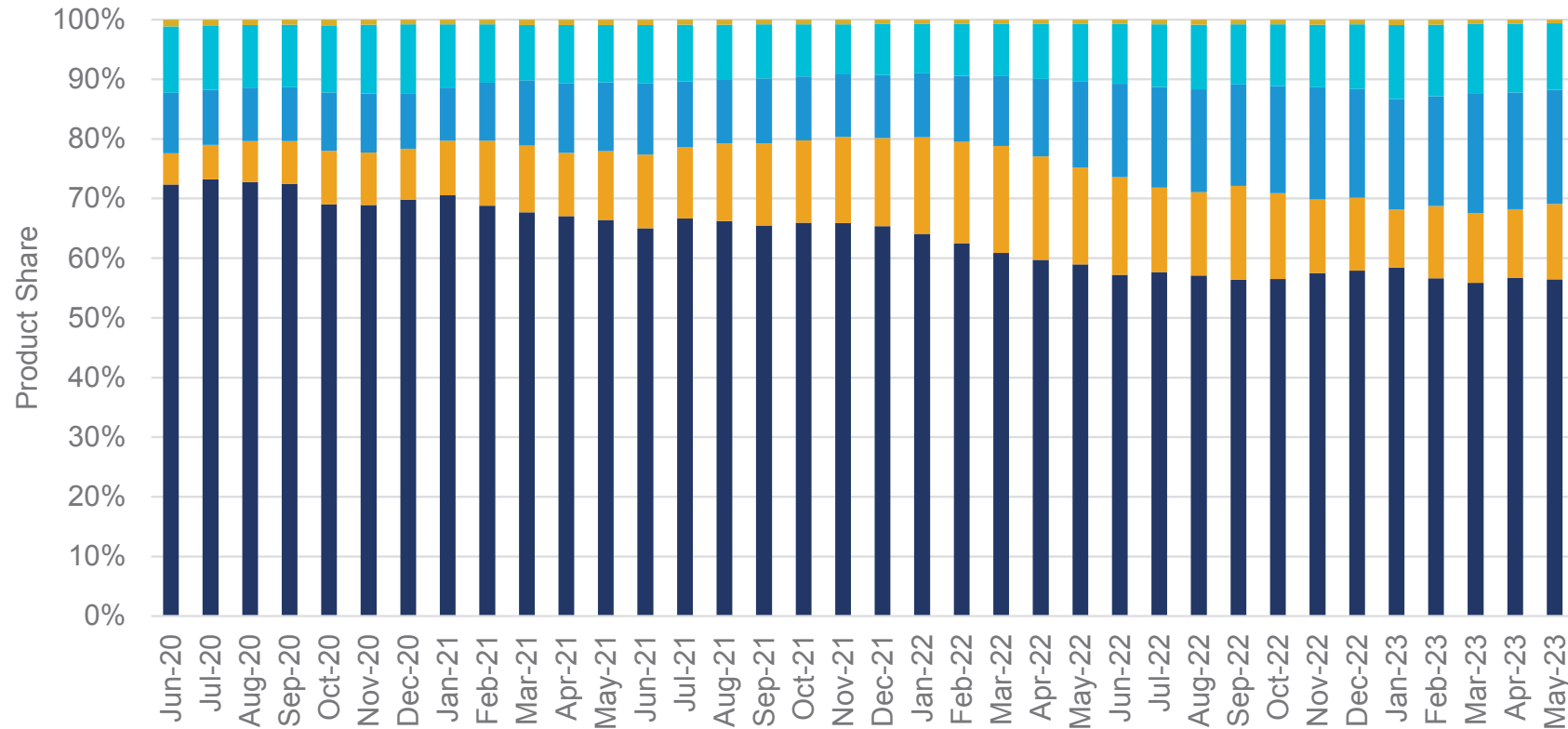

Loan Product Mix	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	56.5%	(23 BPS)	(13 BPS)	(249 BPS)
Nonconforming	12.6%	110 BPS	49 BPS	(363 BPS)
FHA	19.2%	(42 BPS)	76 BPS	481 BPS
VA	11.1%	(43 BPS)	(93 BPS)	133 BPS
USDA	0.6%	(3 BPS)	(19 BPS)	(2 BPS)

MAY 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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
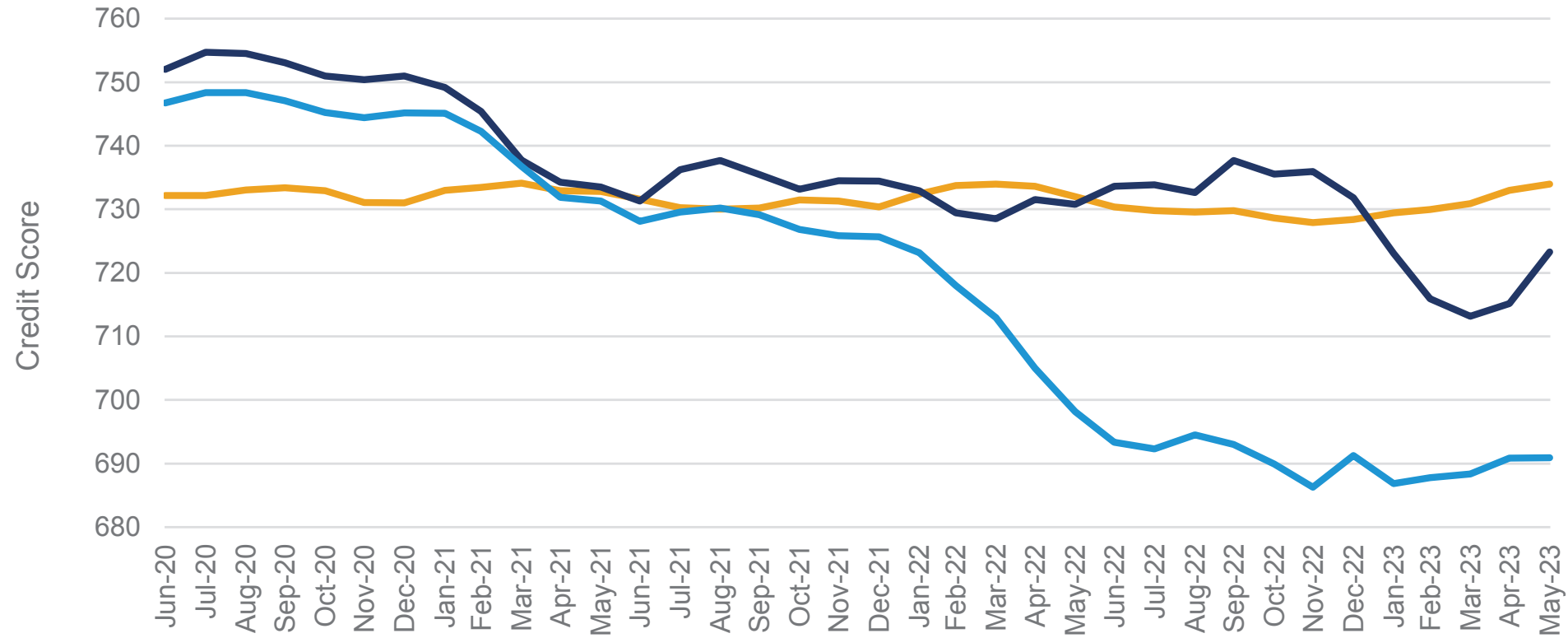
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	691	0	3	-7
	Purchase	734	1	4	2
	Rate/Term Refi	723	8	7	-8

MAY 2023 *AVERAGE CREDIT SCORES*

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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.
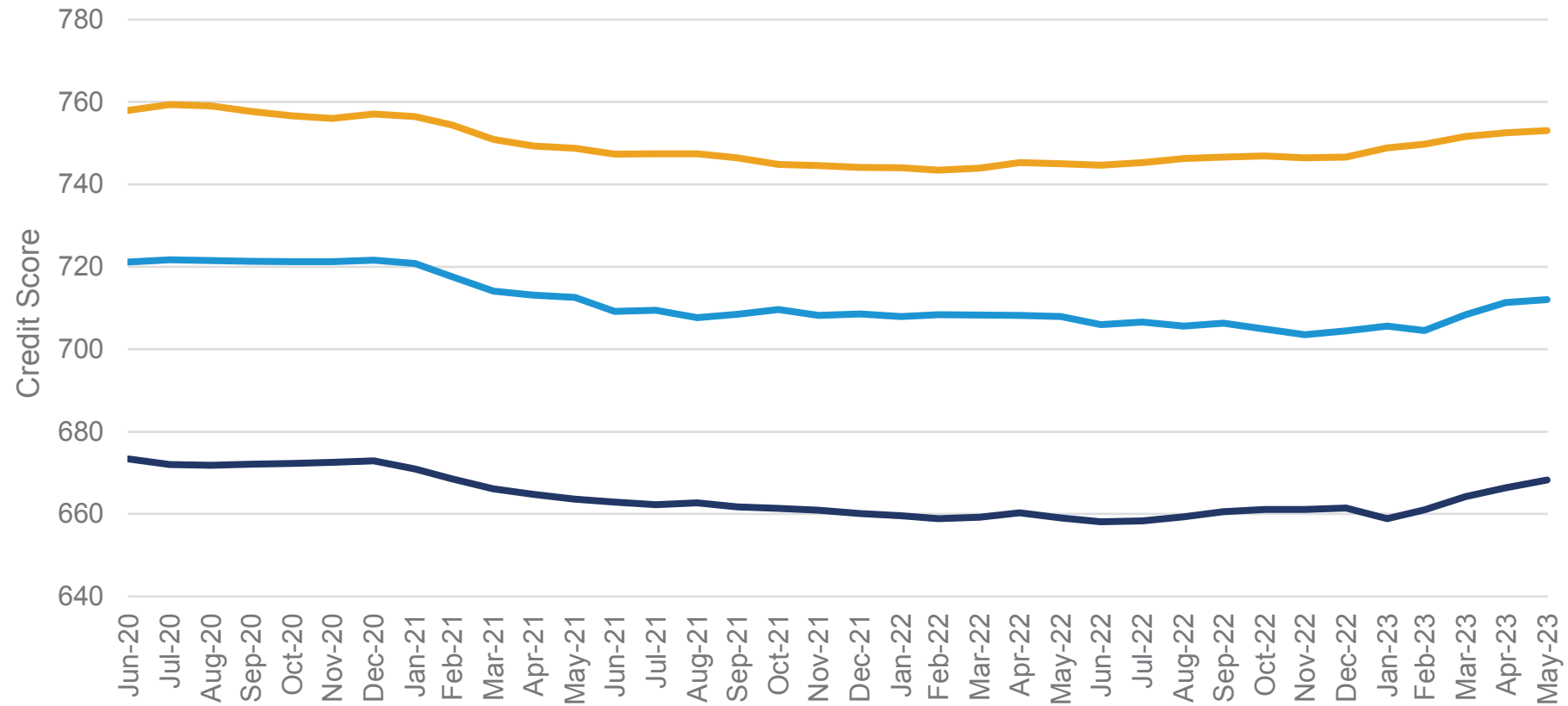
| Credit Score by Product	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	753	1	3	8
FHA	668	2	7	9
VA	712	1	7	4

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.
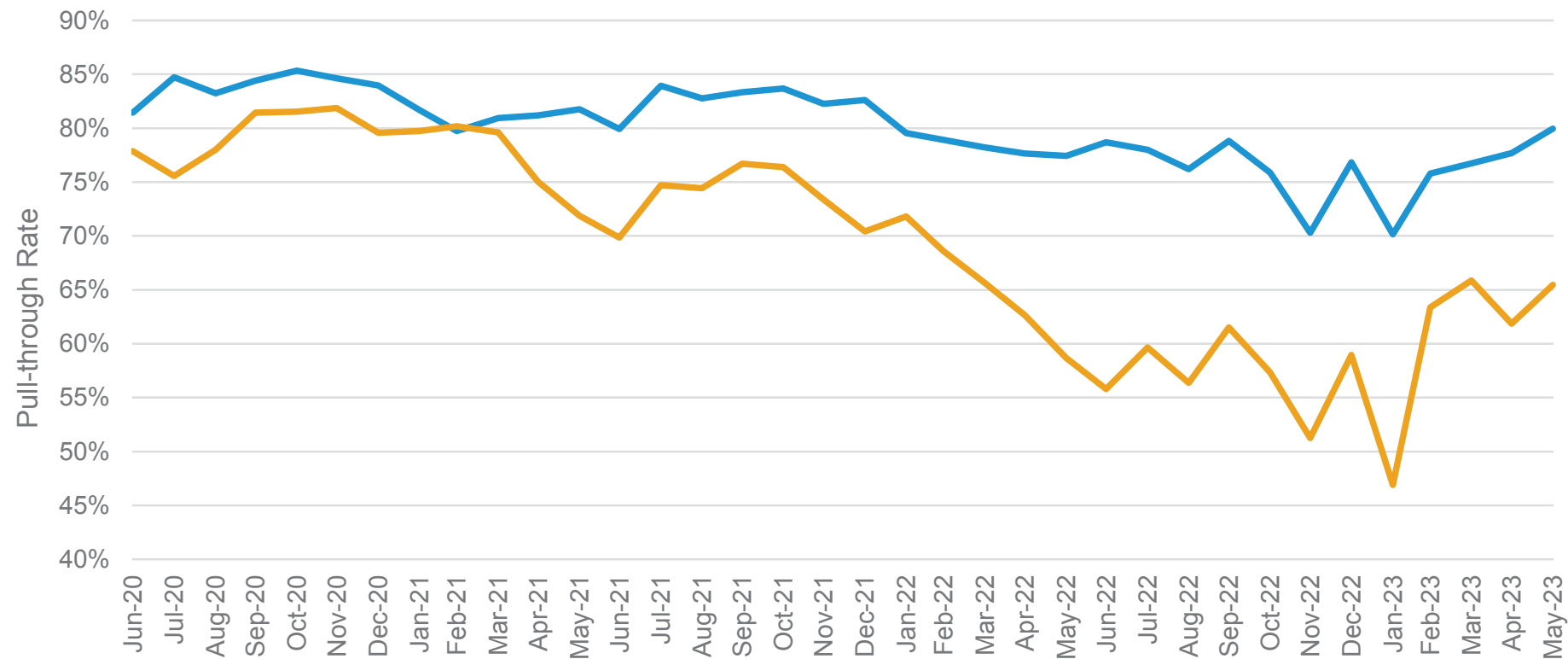
| Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
———	Purchase Pull-Through	79.9%	227 BPS	415 BPS	251 BPS
———	Refinance Pull-Through	65.5%	359 BPS	209 BPS	679 BPS

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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.
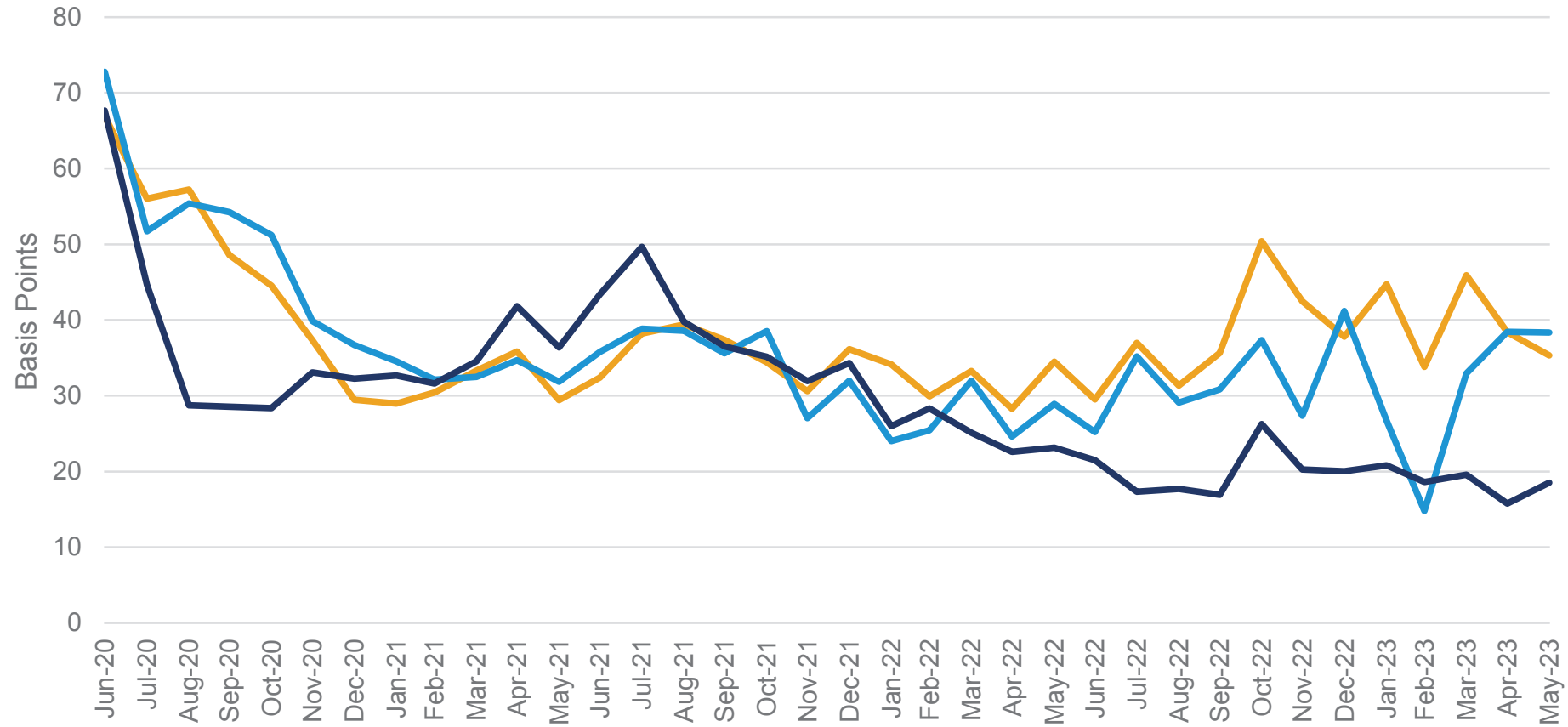
Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	35 BPS	(3 BPS)	1 BPS	1 BPS
	15-Year Conforming	38 BPS	(0 BPS)	24 BPS	9 BPS
	30-Year Government	19 BPS	3 BPS	(0 BPS)	(5 BPS)