ORIGINATIONS
MARKET MONITOR

JUNE 2023 REPORT

ORIGINATIONS MARKET MONITOR

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JUNE 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.

Rate lock volumes edged lower by 1% month over month, with conforming loans gaining share mainly at the expense of non-conforming loan products. The benchmark 30-year mortgage finished the month 6 basis points (bps) higher at 6.78%.

Overall lock volumes are down 12% over the last three months, 36% below last year's levels. Purchase lock volumes are down 11% from the end of March and 31% below the volume of the same month in 2022. Cash-out refinances fell 16% over the past three months and are 63% below the same month last year. Rate/term refinances decreased 32% over the three-month period and 44% from the same month in 2022. Refi share of lock volume dipped to 11.6%, a new low for this cycle.

Demand for ARM loans dipped slightly to 7.38% of total locks. Jumbo rates increased disproportionate to conforming, resulting in nonconforming locks (including jumbo and expanded guidelines) claiming a smaller share of the pipeline. The average purchase price rose for the seventh consecutive month, to $457K, with an average loan amount remaining flat at $360K.

Credit quality of conforming, FHA and VA borrowers improved slightly in the month, suggesting a tightening of credit standards in an uncertain economy.

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.
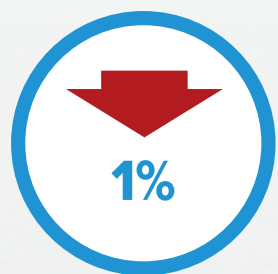
JUNE 2023 NATIONAL RATE LOCK METRICS

Here, we look at June'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.

JUNE NATIONAL STATS

RATE LOCK VOLUME

**1%**

Purchase locks fell 1%, cash-outs 1% and rate/term refis 17%.

MARKET MIX

12% Refi
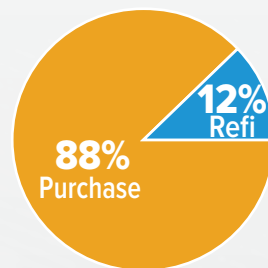
88% Purchase

Purchase locks made up 88.4% of the month's market mix – a record high.

Purchase loans continue to claim a larger share of the origination pipeline as refinance opportunities dwindle

AVERAGE LOAN AMOUNT

$360K

The average loan remained flat in June, while the average purchase price on locked loans hit $457K.
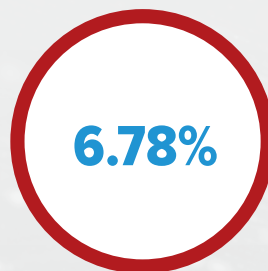
MONTH-END CONFORMING RATE

6.78%

Our Optimal Blue Mortgage Market Indices tracked a 6 bps rise in 30-year rate offerings.

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JUNE 2023 TOP 20 METROPOLITAN AREAS

Here, we look at June'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%	-1.3%	$360,276	6.639	730.18	81.18	88%	12%
1	New York-Newark-Jersey City, NY-NJ-PA	4.9%	14.2%	$530,253	6.628	741.38	76.15	88%	12%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.9%	-9.7%	$508,458	6.498	742.72	81.95	93%	7%
3	Chicago-Naperville-Elgin, IL-IN-WI	3.8%	8.3%	$326,564	6.804	737.32	81.65	92%	8%
4	Dallas-Fort Worth-Arlington, TX	3.5%	-4.5%	$385,319	6.571	732.33	81.48	93%	7%
5	Phoenix-Mesa-Scottsdale, AZ	2.7%	-7.7%	$417,393	6.555	728.34	80.26	89%	11%
6	Houston-The Woodlands-Sugar Land, TX	2.7%	-0.4%	$329,120	6.414	724.78	84.36	94%	6%
7	Los Angeles-Long Beach-Anaheim, CA	2.5%	-1.9%	$689,112	6.821	740.73	71.92	80%	20%
8	Boston-Cambridge-Newton, MA-NH	2.4%	0.7%	$578,465	6.577	749.66	75.77	93%	7%
9	Atlanta-Sandy Springs-Roswell, GA	2.4%	-4.1%	$358,340	6.587	716.86	81.51	85%	15%
10	Seattle-Tacoma-Bellevue, WA	2.0%	3.4%	$583,702	6.703	745.55	78.92	91%	9%

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Here, we look at June'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%**	**-1.3%**	**$360,276**	**6.639**	**730.18**	**81.18**	**88%**	**12%**
11	Denver-Aurora-Lakewood, CO	1.9%	-3.9%	$493,641	6.476	741.88	77.81	92%	8%
12	Miami-Fort Lauderdale-West Palm Beach, FL	1.8%	-8.9%	$455,081	6.865	727.85	77.23	85%	15%
13	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	-3.2%	$351,661	6.611	731.80	81.10	91%	9%
14	Austin-Round Rock, TX	1.6%	-2.2%	$434,048	6.311	742.06	80.30	93%	7%
15	Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	4.7%	$355,504	6.628	747.97	81.30	94%	6%
16	Riverside-San Bernardino-Ontario, CA	1.4%	-0.2%	$454,842	6.580	719.99	79.69	86%	14%
17	San Antonio-New Braunfels, TX	1.3%	-0.1%	$321,230	6.068	720.38	87.43	92%	8%
18	Tampa-St. Petersburg-Clearwater, FL	1.3%	-7.4%	$364,255	6.605	730.49	79.20	87%	13%
19	San Francisco-Oakland-Hayward, CA	1.3%	-15.6%	$769,944	6.772	755.31	72.06	86%	14%
20	Baltimore-Columbia-Towson, MD	1.2%	-5.6%	$378,669	6.612	733.38	84.84	91%	9%

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JUNE 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.
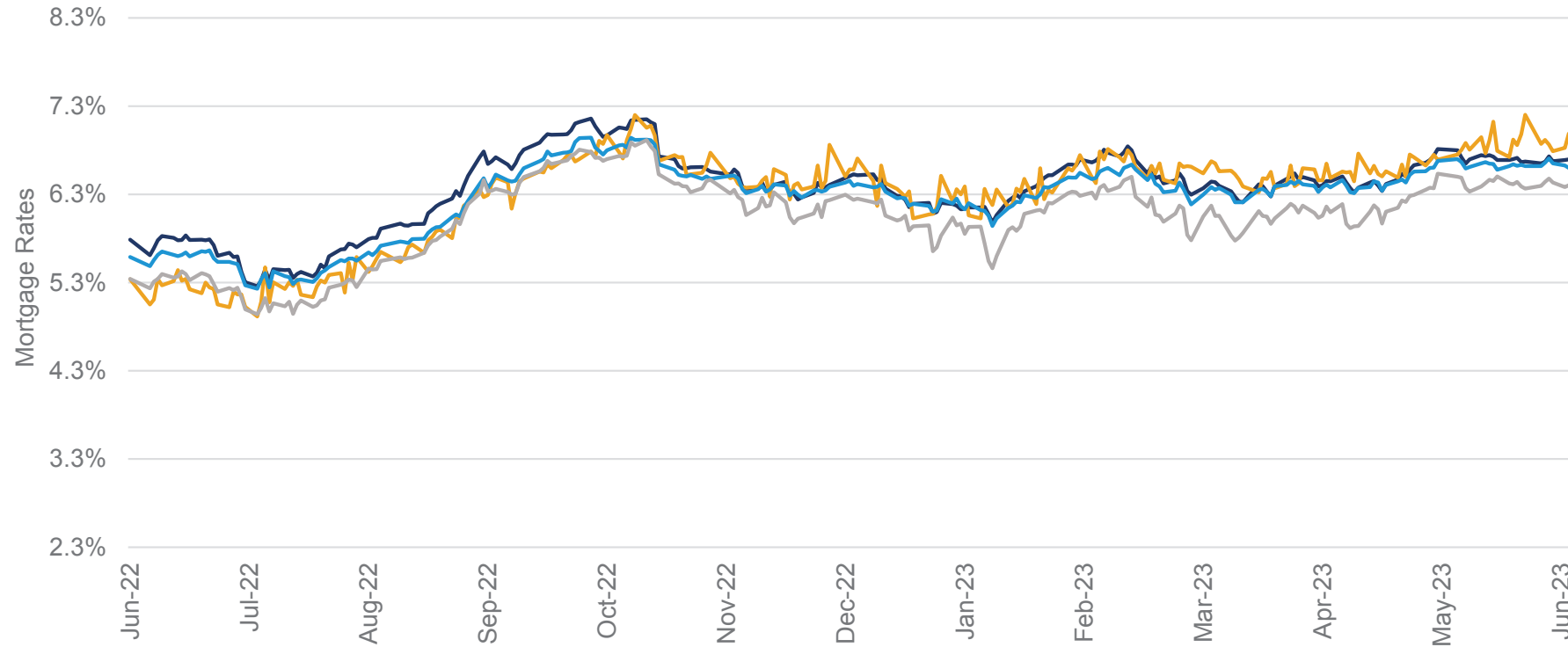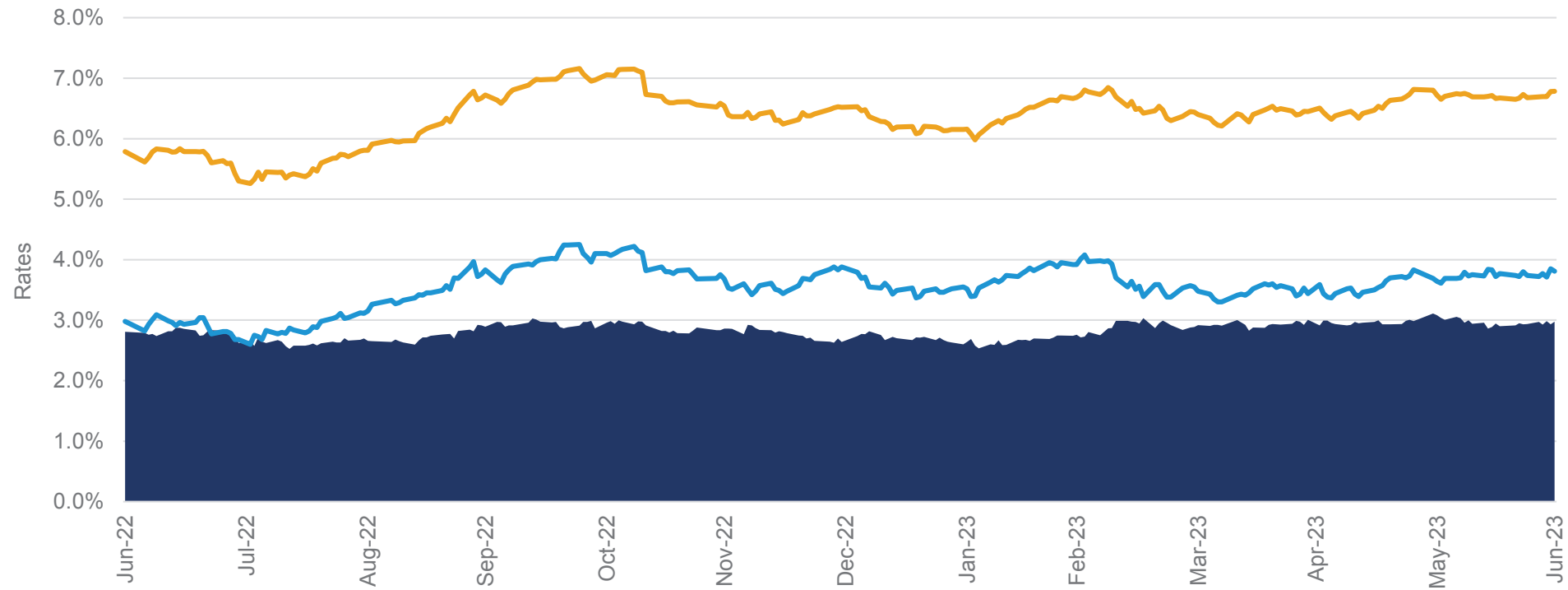

Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
30-Year Conforming	6.78%	6 BPS	39 BPS	100 BPS
30-Year Jumbo	6.99%	18 BPS	43 BPS	165 BPS
30-Year FHA	6.67%	0 BPS	29 BPS	108 BPS
30-Year VA	6.53%	4 BPS	47 BPS	119 BPS

JUNE 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	3.81%	17 BPS	33 BPS	83 BPS
30-Year Conforming	6.78%	6 BPS	39 BPS	100 BPS
10-Year to 30-Year Spread	2.97%	(11 BPS)	6 BPS	17 BPS

Here, we break down June'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.

OBMMI 30-Year Conforming Rate (Month Average)
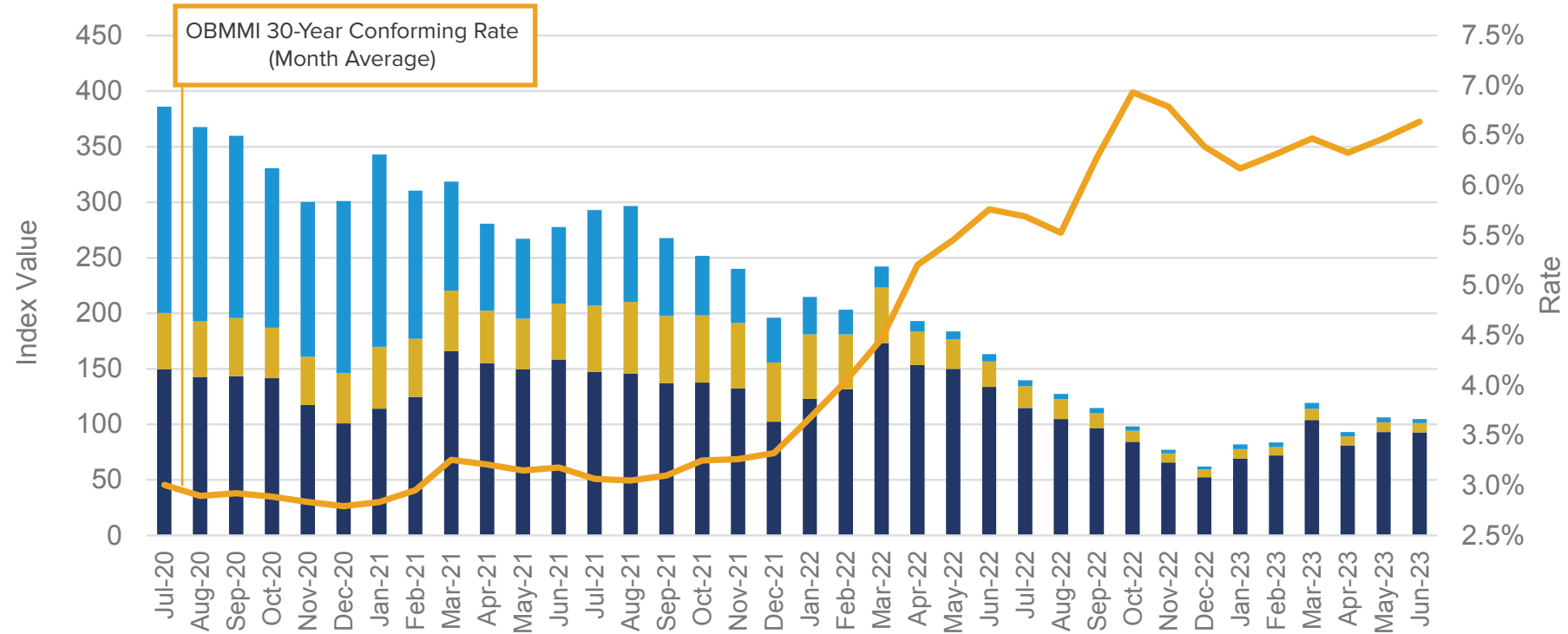
Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
——	Purchase	93	(0.6%)	(10.7%)	(30.7%)
——	Cash-Out Refinance	8	(1.4%)	(16.1%)	(63.0%)
——	Rate/Term Refinance	4	(16.8%)	(31.9%)	(43.9%)
——	Total	105	(1.3%)	(12.1%)	(35.8%)
Refinance Share*		12%	(67 BPS)	(141 BPS)	(645 BPS)

*Refinance share changes reflect inter-period delta

Here, we break down June'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.
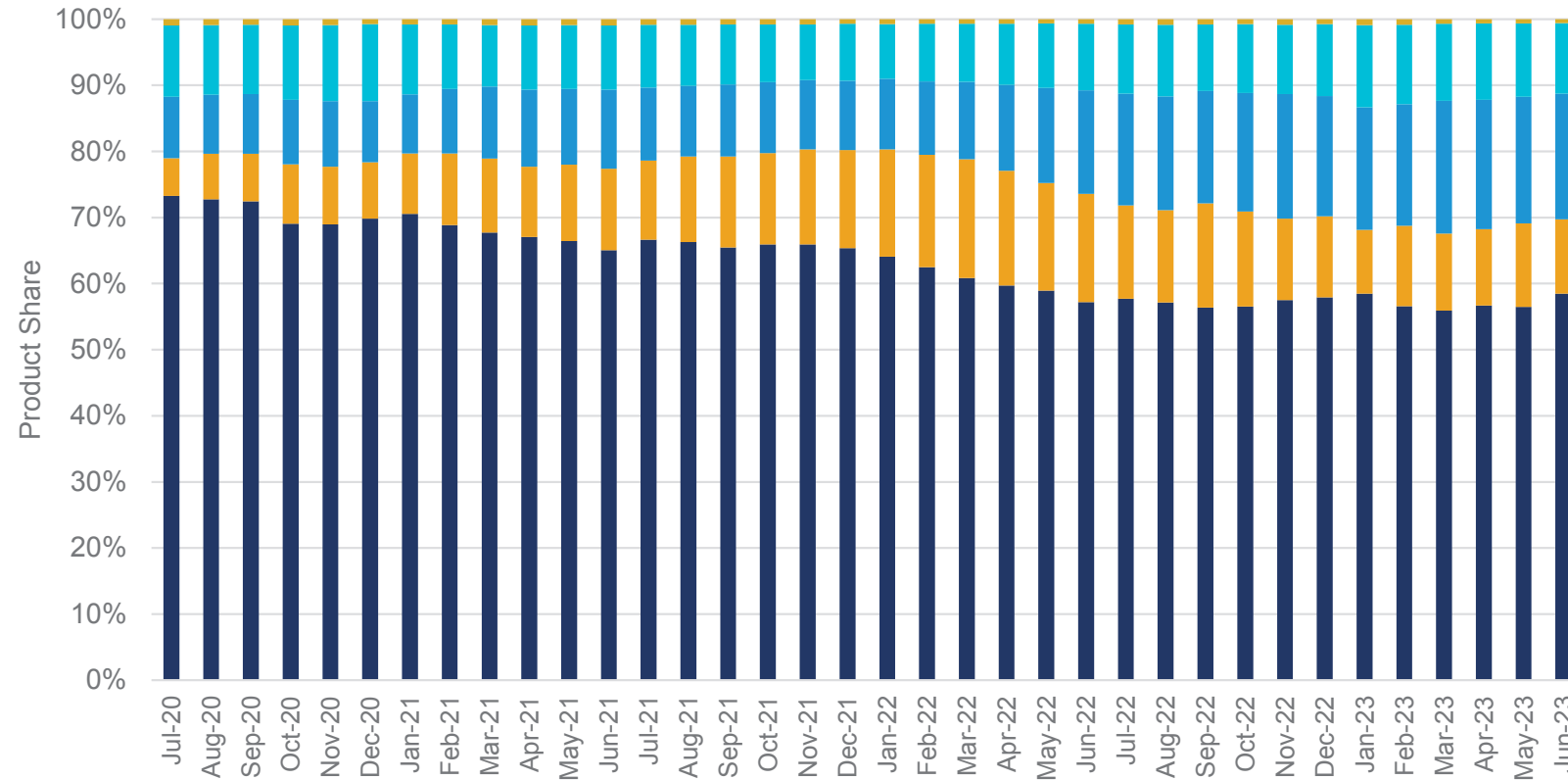

| Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
▬	Conforming	58.5%	199 BPS	257 BPS	125 BPS
▬	Nonconforming	11.3%	(139 BPS)	(44 BPS)	(511 BPS)
▬	FHA	19.0%	(12 BPS)	(103 BPS)	335 BPS
▬	VA	10.7%	(42 BPS)	(96 BPS)	65 BPS
▬	USDA	0.6%	(5 BPS)	(14 BPS)	(14 BPS)

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JUNE 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.
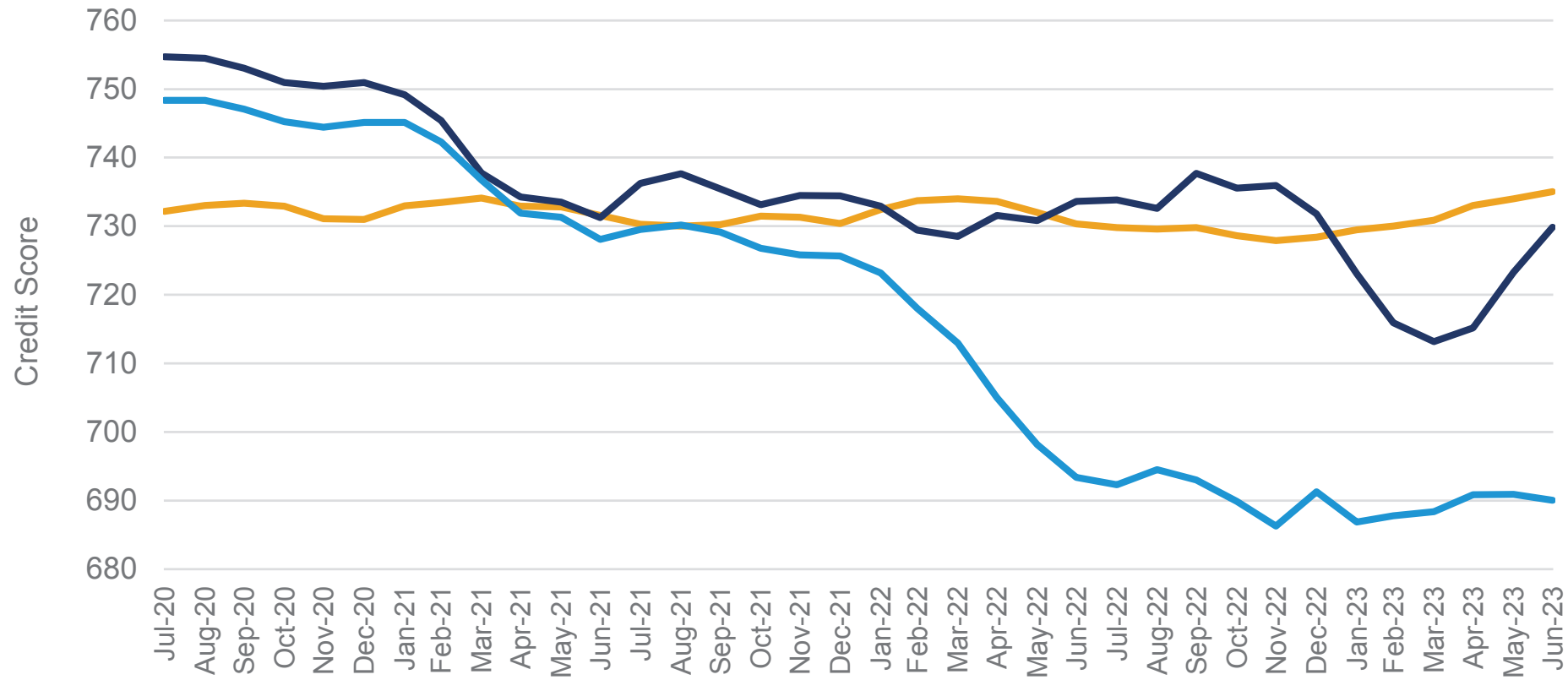
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Cash-Out Refi	690	-1	2	-3
	Purchase	735	1	4	5
	Rate/Term Refi	730	7	17	-4

JUNE 2023 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 Black Knight Optimal Blue PPE. Click on the chart to view its contents in high resolution.
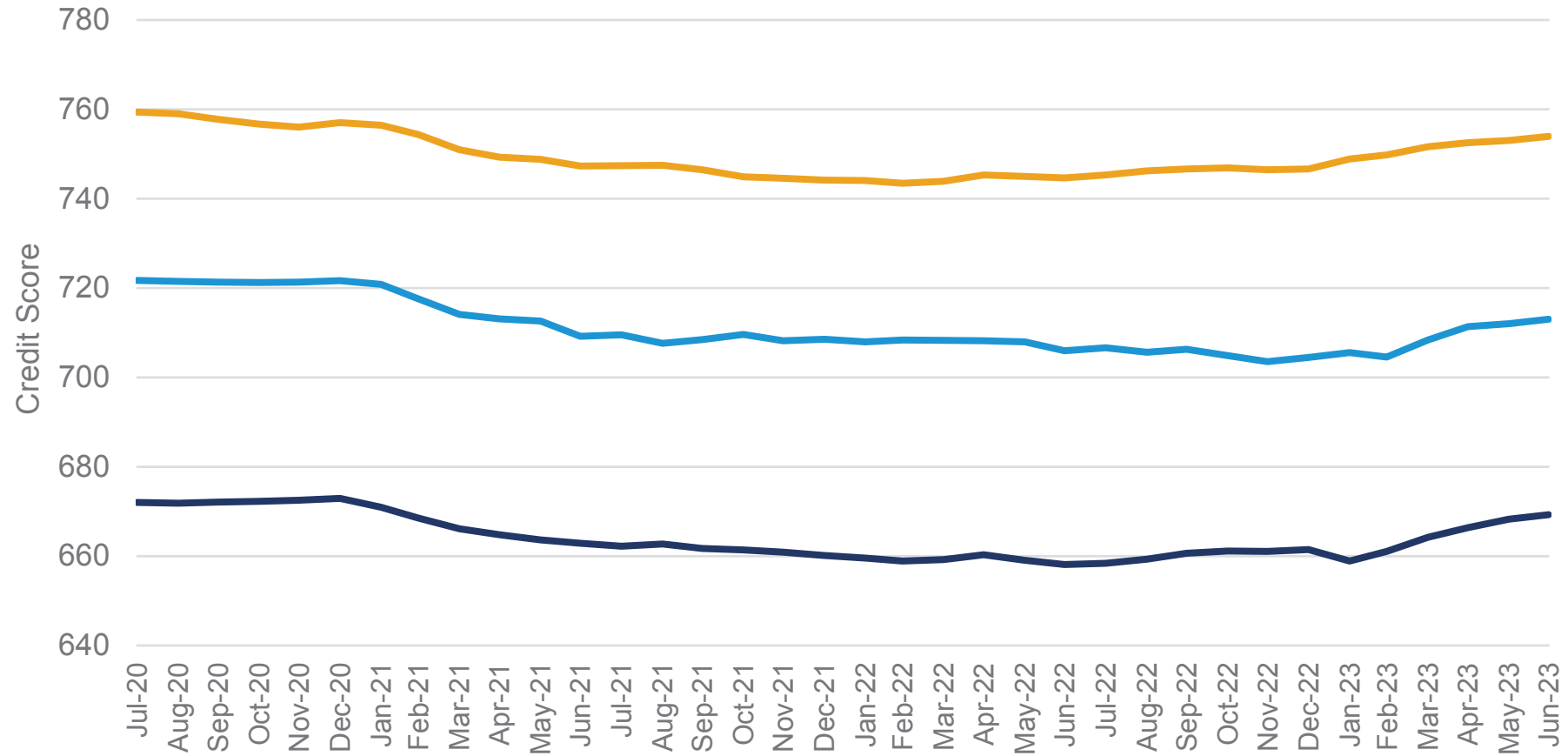
Credit Score by Product	Current Score	1-Month Delta	3-Month Delta	12-Month Delta
Conforming	754	1	2	9
FHA	669	1	5	11
VA	713	1	5	7

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.
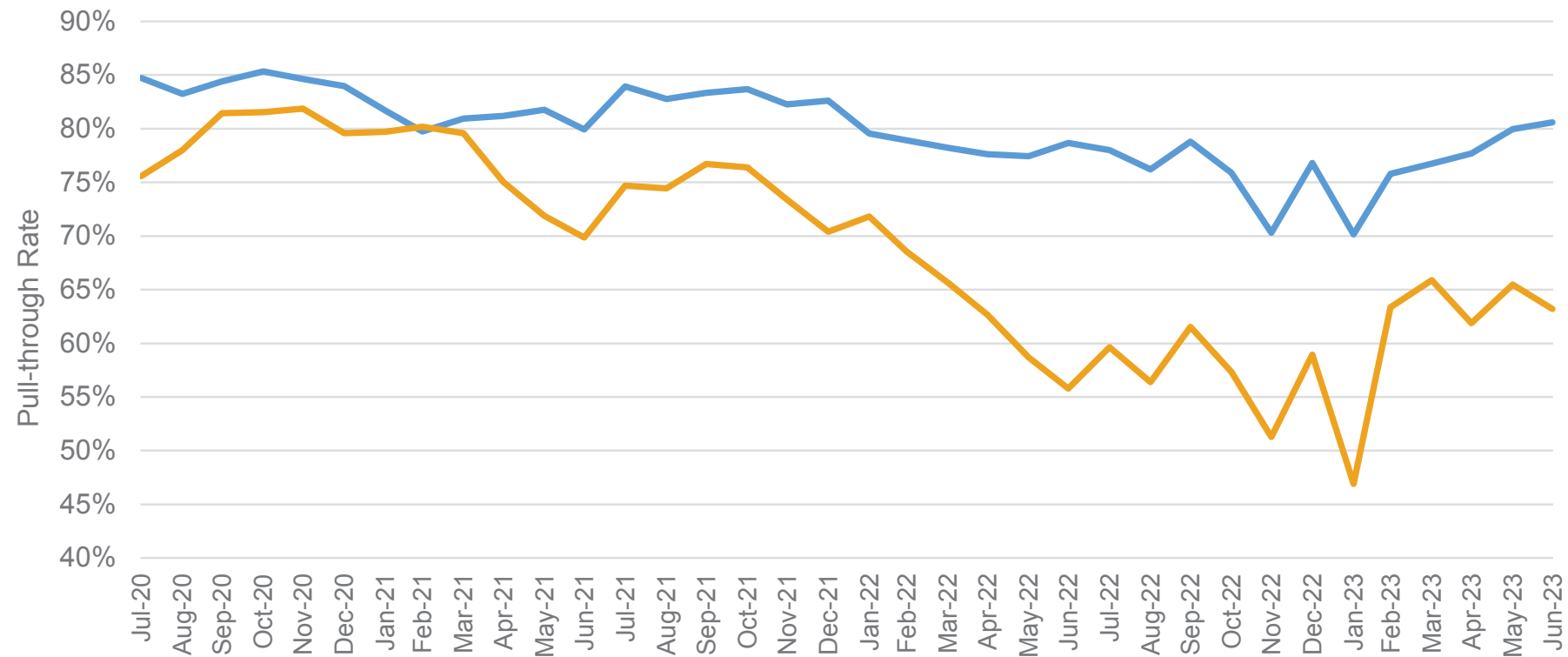
| Pull-Through Rate	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
Purchase Pull-Through	80.6%	64 BPS	385 BPS	191 BPS
Refinance Pull-Through	63.2%	(227 BPS)	(269 BPS)	740 BPS

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JUNE 2023 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 the Black Knight secondary market hedging platform. Click on the chart to view its contents in high resolution.
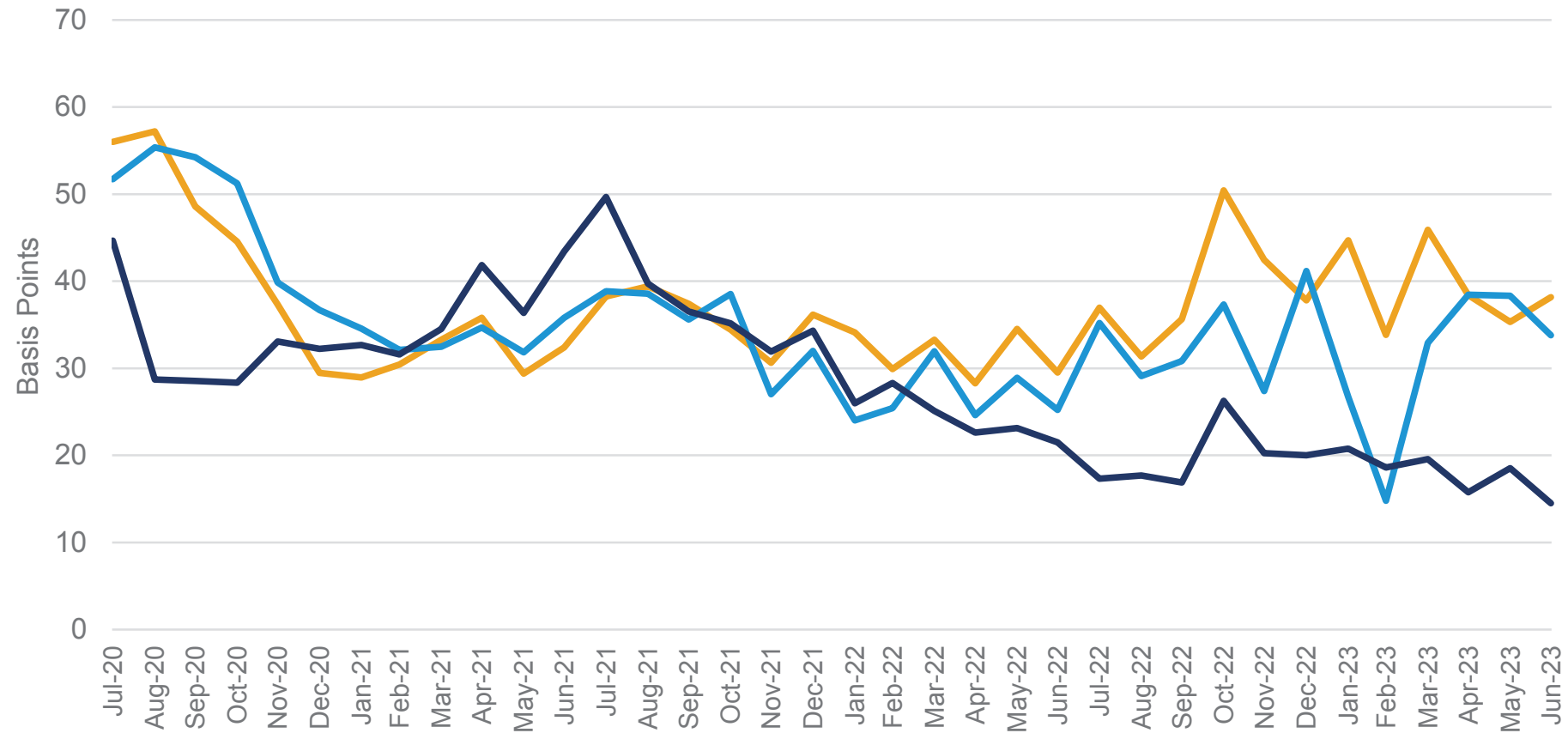
Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	38 BPS	3 BPS	(8 BPS)	9 BPS
	15-Year Conforming	34 BPS	(5 BPS)	1 BPS	9 BPS
	30-Year Government	15 BPS	(4 BPS)	(5 BPS)	(7 BPS)