



ORIGINATIONS
MARKET MONITOR



ORIGINATIONS MARKET MONITOR

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MARCH 2024 OVERVIEW

Each month, the Optimal Blue [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 comprehensive and timely view into origination activity.

Despite the potential buyer pool being somewhat limited to borrowers with higher credit, rate lock volume showed steady month-over-month growth of 17% in March as the spring buying season got underway.

Key findings, reflecting month-over-month changes in mortgage lock data, include:

- **Unprecedented credit scores:** March recorded the highest average borrower credit score for purchase loans at 737 since tracking commenced in January 2018. Similarly, in February and March 2024, FHA borrower credit scores reached recent highs of 677 and 676, respectively. VA borrower credit scores reached their peak since February 2021, and conforming loan borrower credit scores achieved their highest mark since January 2021.
- **Spring rate lock activity surge:** March saw a notable 17% increase in rate lock volume, driven by a 17% rise in purchase locks. While refinances comprised a small share of lock volume, rate/term activity rose 19% and cash-out activity rose 11%, aided by an improving rate environment.
- **Interest rates tick down:** The Optimal Blue Mortgage Market Indices (OBMMI) 30-year benchmark rate decreased by 15 bps to 6.74%, signaling an improving rate environment conducive to both purchase and refinance transactions. The OBMMI jumbo index saw the largest rally, dropping 27 bps to 7.07%.
- **Year-over-year comparison:** Despite strong month-over-month gains, March purchase lock counts were down 24% from the same period in 2023. This year-over-year decline is likely due to the Easter holiday weekend falling in March this year and April last year. April and May figures will be a better indicator of whether the market is turning a corner.
- **Market share adjustments:** FHA lending saw its fourth straight month-over-month decline in market share, falling 0.72% to capture a 19% share of total lock volume. FHA volume had seen relatively consistent growth from 2021–2023, with market share growing from 9% to a peak of 23% in November 2023 before the recent stretch of declines.
- **Loan amounts and prices increase:** The average loan amount rose by \$8,000 to \$367.3K, and the average home purchase price increased \$9,700 to \$463.8K.

In producing the Originations Market Monitor, Optimal Blue aggregates and reports the latest available monthly rate lock data drawn from the Optimal Blue PPE – the most widely used product, pricing, and eligibility engine in the industry. Optimal Blue provides additional market insight by way of its market-leading hedging platform.

For more information on Optimal Blue's secondary marketing solutions, contact Sales@OptimalBlue.com.





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MARCH 2024 NATIONAL RATE LOCK METRICS

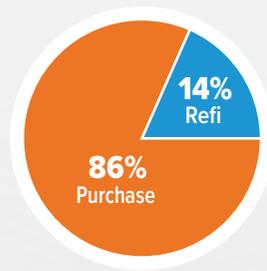
Here, we look at national origination numbers to give a high-level overview of the month's activity. This information is drawn from the [Optimal Blue® PPE](#).

MARCH NATIONAL STATS



RATE LOCK VOLUME

Month over month, rate lock activity climbed 17%, driven by a 17% rise in purchase locks. Rate/term refi volume climbed 19% and cash-out refi volume rose 11%.



MARKET MIX

The refi share of the market dropped 36 bps month over month.



AVERAGE LOAN AMOUNT

Month over month, the average loan amount rose from \$359.3K to \$367.3K. The average home purchase price rose from \$454.1K to \$463.8K.



MONTH-END CONFORMING RATE

Our [Optimal Blue Mortgage Market Indices](#) tracked a 15-bps drop in 30-year rate offerings, month over month.

Spring homebuying activity ramped up in March with rate lock volumes rising 17% from February.





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MARCH 2024 TOP 20 METROPOLITAN AREAS

Here, we look at the top 20 metropolitan statistical areas (MSAs) by share of origination volume. This information is derived from daily rate lock data 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%	16.7%	\$367,292	6.712	732	81	86%	14%
1 New York-Newark-Jersey City, NY-NJ-PA	4.6%	23.6%	\$543,301	6.825	744	76	83%	17%
2 Washington-Arlington-Alexandria, DC-VA-MD-WV	4.1%	27.7%	\$536,501	6.661	746	82	91%	9%
3 Dallas-Fort Worth-Arlington, TX	3.7%	10.9%	\$390,913	6.632	735	82	90%	10%
4 Chicago-Naperville-Elgin, IL-IN-WI	3.6%	27.2%	\$335,952	6.884	740	82	90%	10%
5 Atlanta-Sandy Springs-Roswell, GA	2.7%	10.1%	\$375,106	6.661	724	82	85%	15%
6 Phoenix-Mesa-Scottsdale, AZ	2.6%	1.3%	\$424,032	6.603	734	81	88%	12%
7 Houston-The Woodlands-Sugar Land, TX	2.6%	17.3%	\$338,096	6.479	724	84	92%	8%
8 Los Angeles-Long Beach-Anaheim, CA	2.6%	16.0%	\$736,008	6.947	747	72	77%	23%
9 Boston-Cambridge-Newton, MA-NH	2.0%	34.0%	\$561,662	6.779	750	75	87%	13%
10 Seattle-Tacoma-Bellevue, WA	1.9%	12.3%	\$614,025	6.807	751	77	89%	11%





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MARCH 2024 TOP 20 METROPOLITAN AREAS

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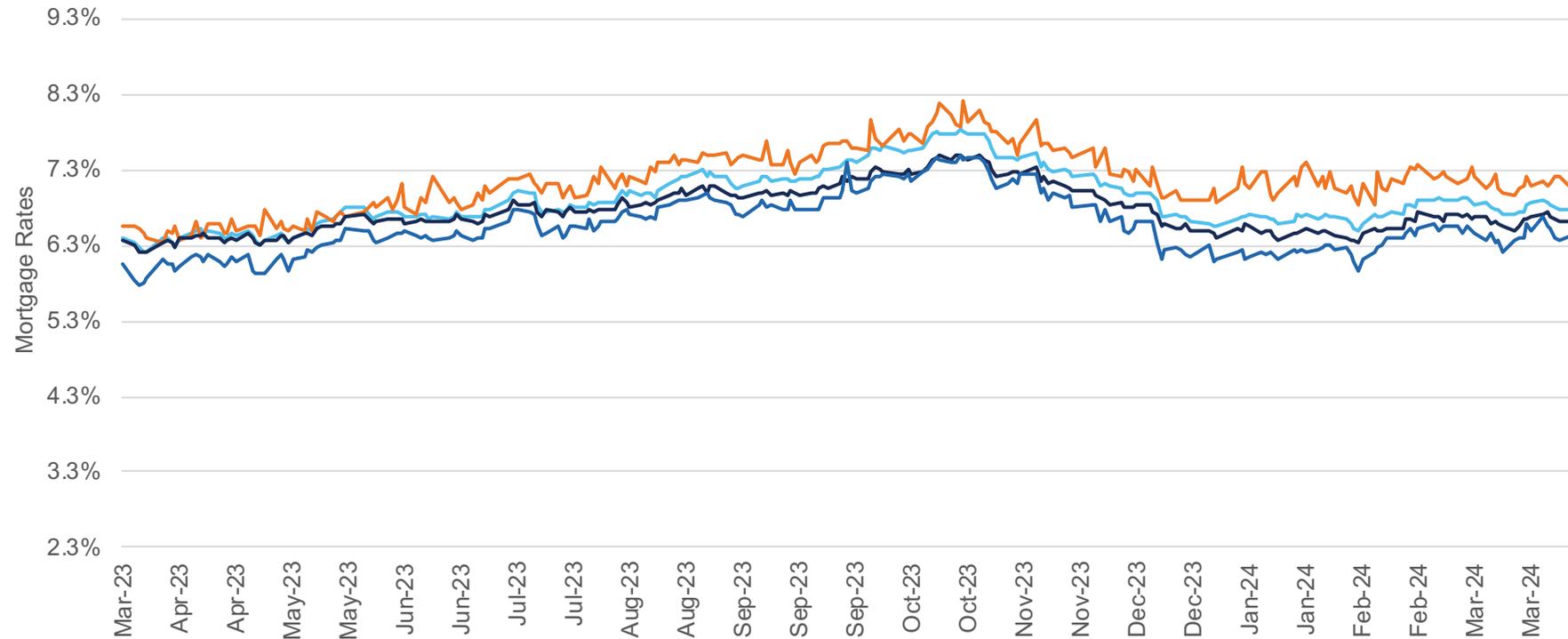
Metropolitan Statistical Area (MSA)	% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL	100.0%	16.7%	\$367,292	6.712	732	81	86%	14%
11 Denver-Aurora-Lakewood, CO	1.9%	12.6%	\$496,767	6.507	745	77	89%	11%
12 Miami-Fort Lauderdale-West Palm Beach, FL	1.7%	10.3%	\$475,446	6.738	734	76	84%	16%
13 Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.7%	24.2%	\$362,057	6.744	736	80	86%	14%
14 Austin-Round Rock, TX	1.6%	12.5%	\$429,115	6.341	744	80	93%	7%
15 Tampa-St. Petersburg-Clearwater, FL	1.5%	11.1%	\$368,396	6.462	729	82	89%	11%
16 Riverside-San Bernardino-Ontario, CA	1.4%	9.6%	\$471,469	6.591	727	80	83%	17%
17 Minneapolis-St. Paul-Bloomington, MN-WI	1.3%	32.6%	\$351,957	6.733	745	82	93%	7%
18 San Francisco-Oakland-Hayward, CA	1.3%	42.6%	\$788,677	6.836	759	71	85%	15%
19 Charlotte-Concord-Gastonia, NC-SC	1.3%	17.7%	\$396,854	6.708	735	81	85%	15%
20 San Antonio-New Braunfels, TX	1.3%	5.3%	\$312,655	5.944	720	88	92%	8%



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MARCH 2024 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.



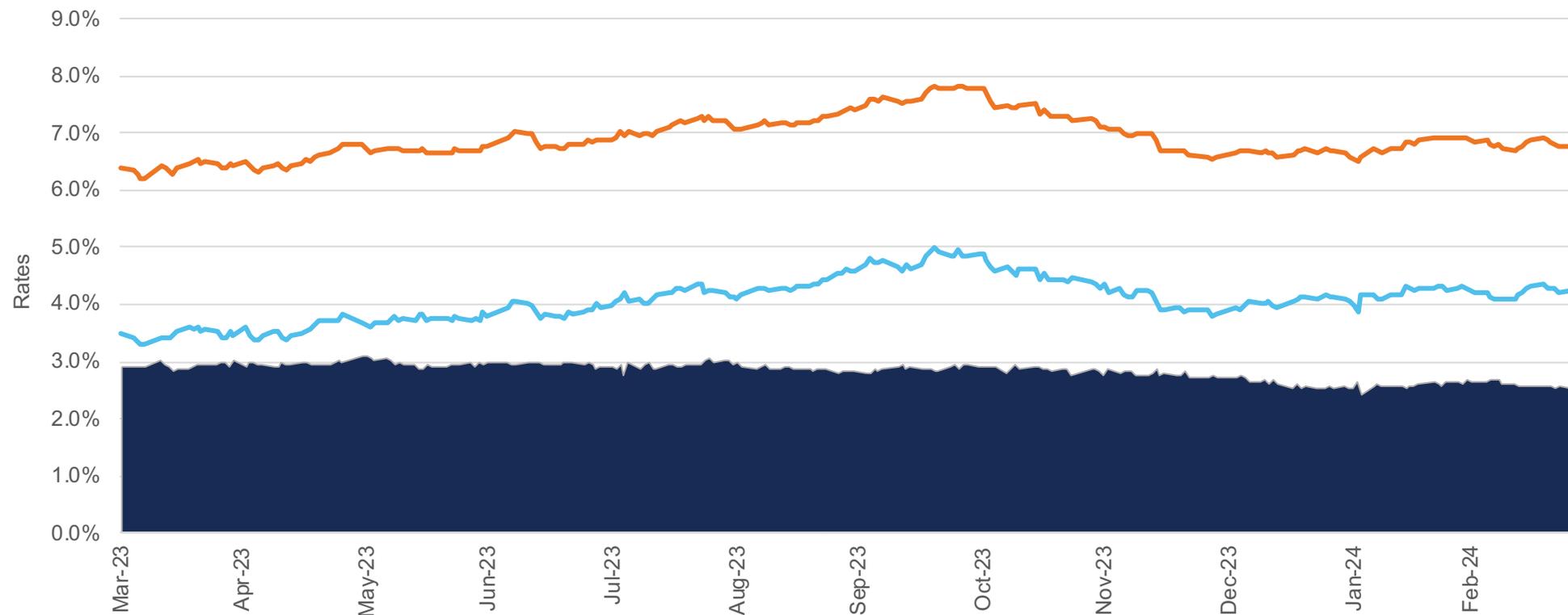
	Market Index	Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.74%	(15 bps)	17 bps	34 bps
	30-Year Jumbo	7.07%	(27 bps)	21 bps	51 bps
	30-Year FHA	6.57%	(8 bps)	16 bps	20 bps
	30-Year VA	6.32%	(18 bps)	20 bps	26 bps



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MARCH 2024 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](#).



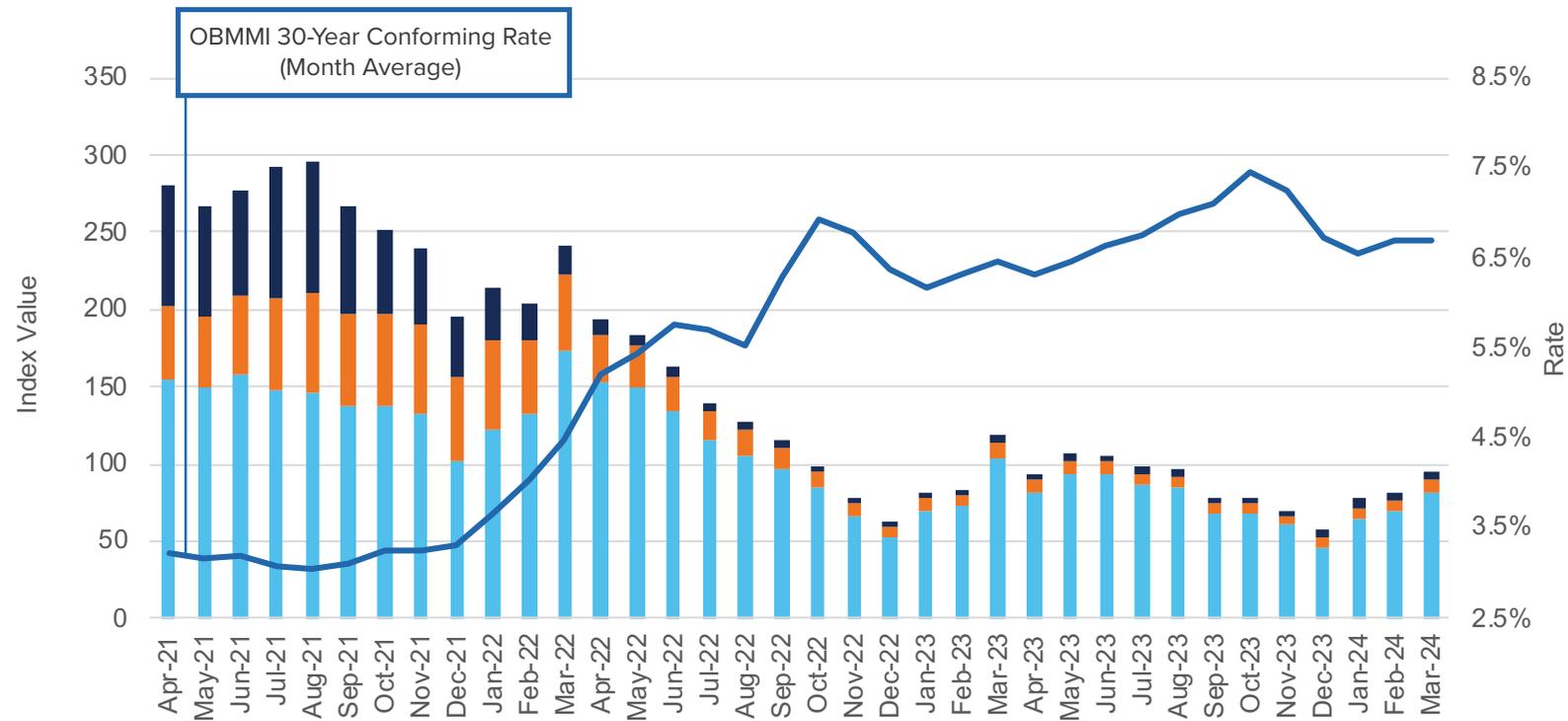
	Market Index	Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.20%	(5 bps)	36 bps	72 bps
	30-Year Conforming	6.74%	(15 bps)	17 bps	34 bps
	10-Year to 30-Year Spread	2.54%	(10 bps)	(19 bps)	(38 bps)



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MARCH 2024 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		81	17.2%	75.0%	(21.9%)
Cash-Out Refinance		8	10.7%	39.2%	(18.9%)
Rate/Term Refinance		5	19.0%	10.5%	(5.0%)
Total		94	16.7%	66.0%	(20.9%)
Refinance Share*		14%	(36 bps)	(442 bps)	113 bps

*Refinance share changes reflect inter-period delta



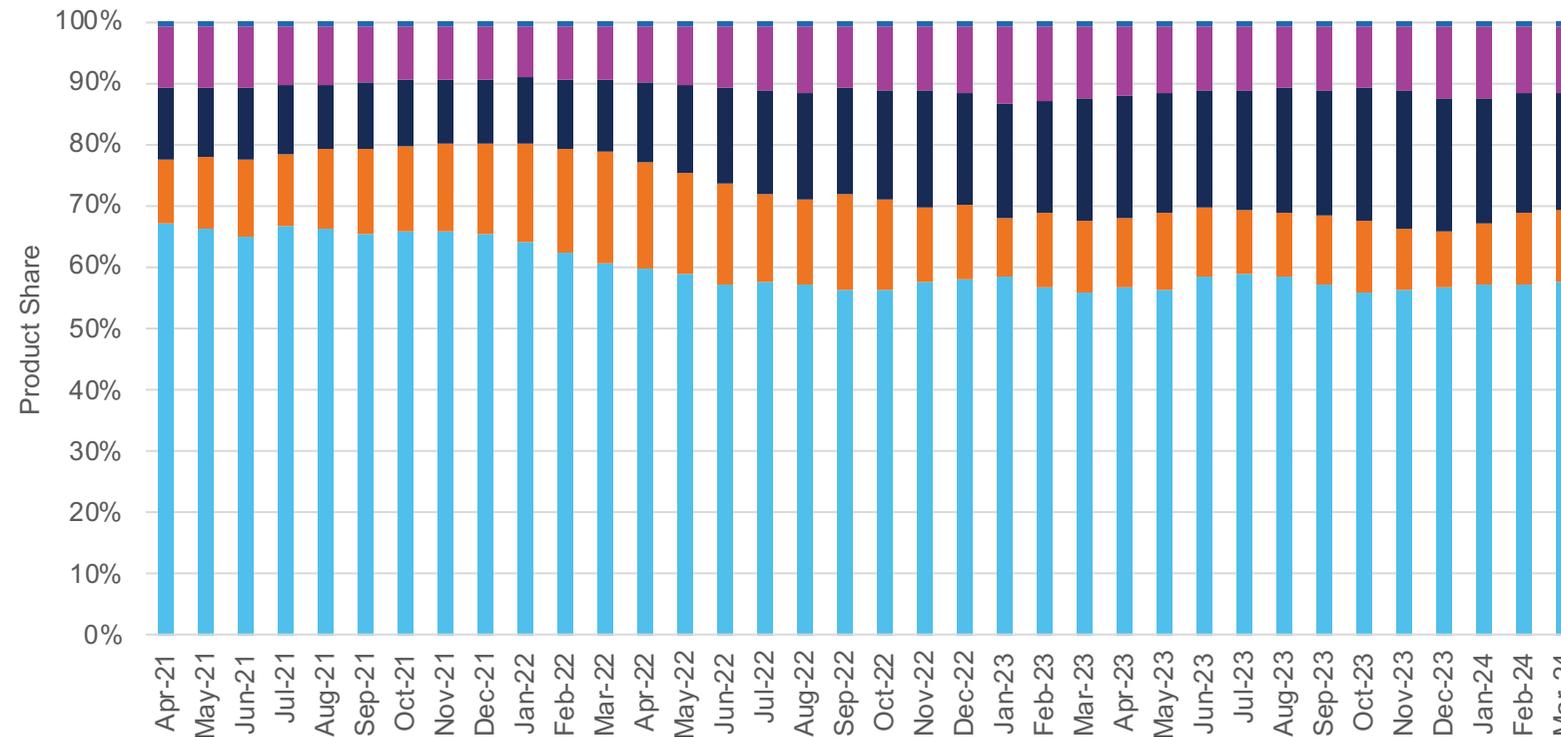


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MARCH 2024 MIX OF BUSINESS BY LOAN PRODUCT

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](#).



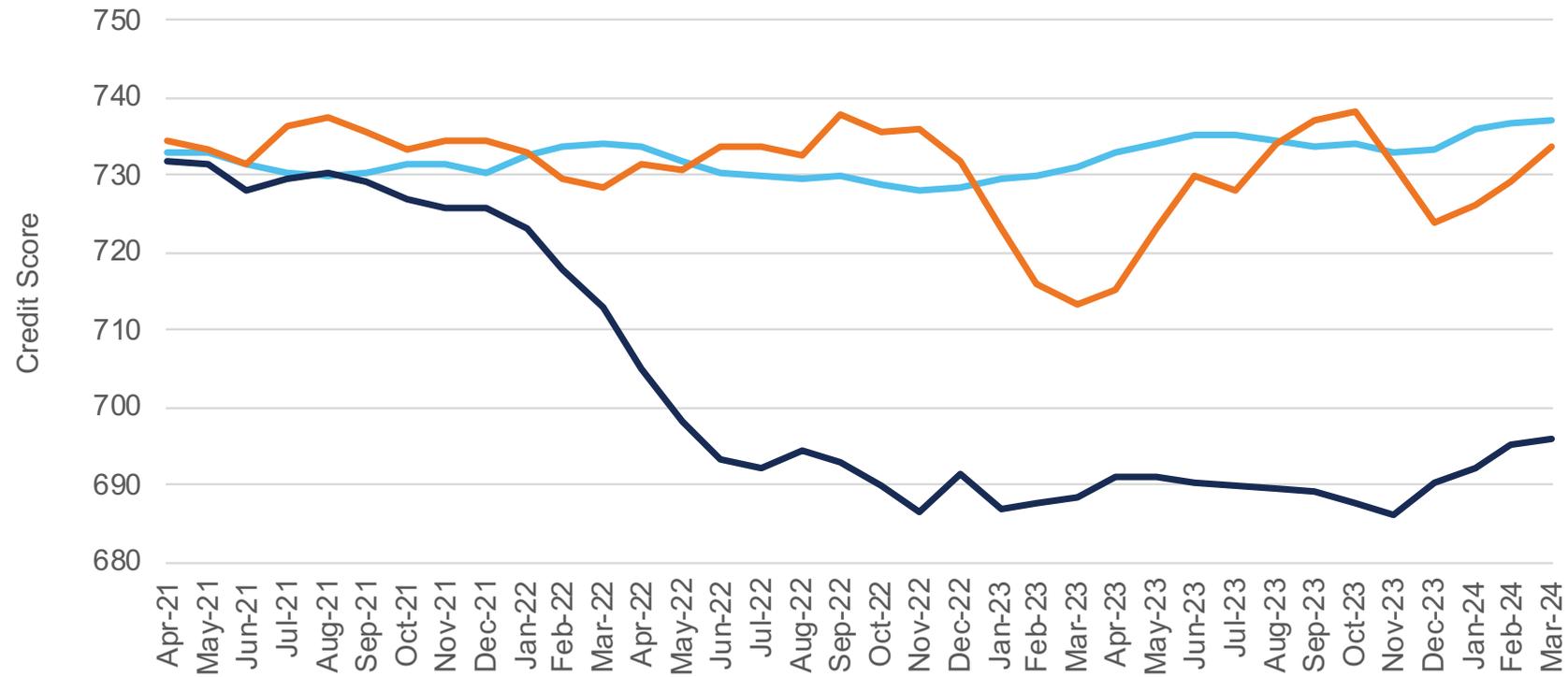
Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	57.6%	22 bps	102 bps	171 bps
	Nonconforming	11.8%	36 bps	245 bps	14 bps
	FHA	19.0%	(72 bps)	(251 bps)	(105 bps)
	VA	10.9%	15 bps	(95 bps)	(73 bps)
	USDA	0.6%	(1 bps)	(1 bps)	(7 bps)



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MARCH 2024 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](#).



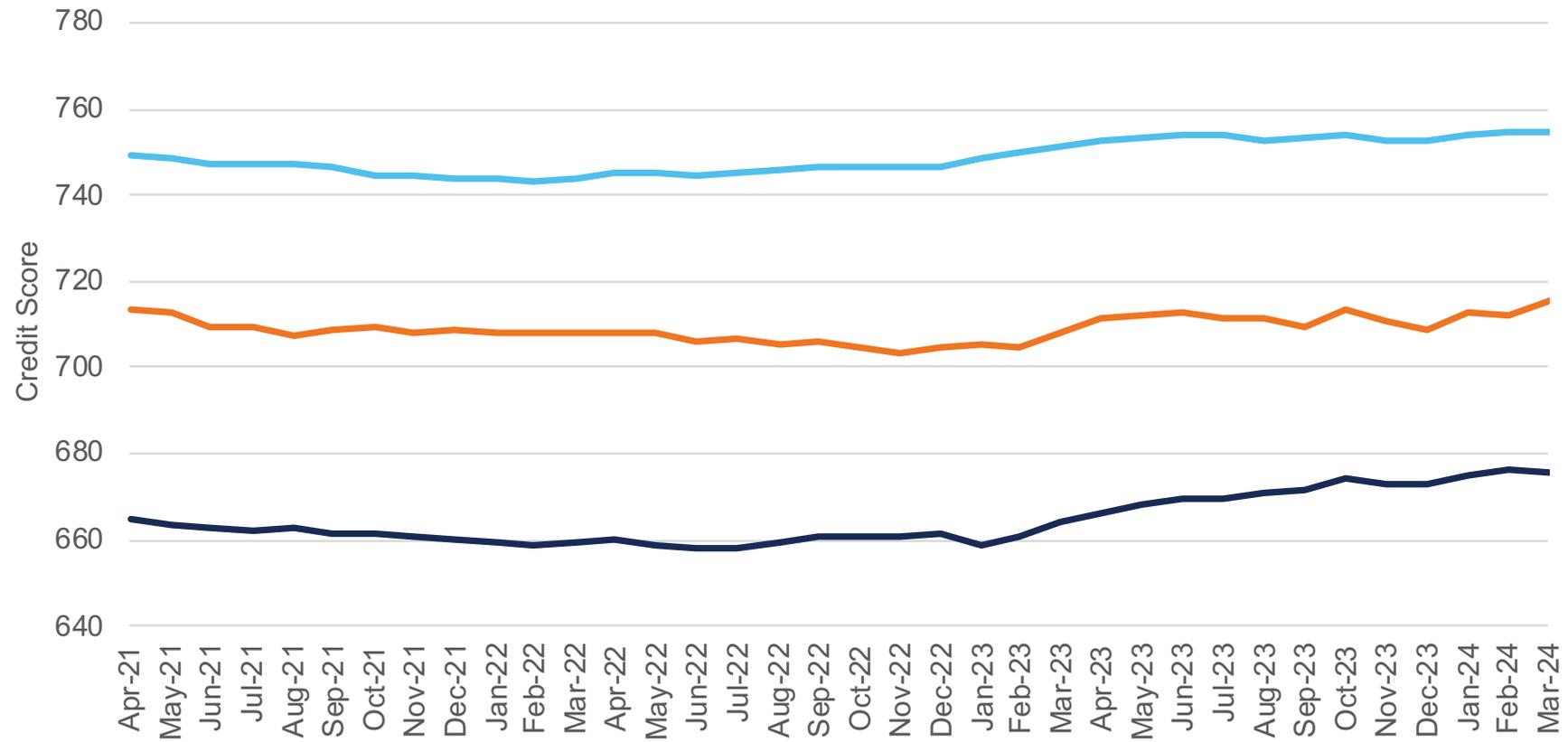
Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	737	0	4	6
	Rate/Term Refi	734	5	10	21
	Cash-Out Refi	696	1	6	8



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MARCH 2024 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](#).



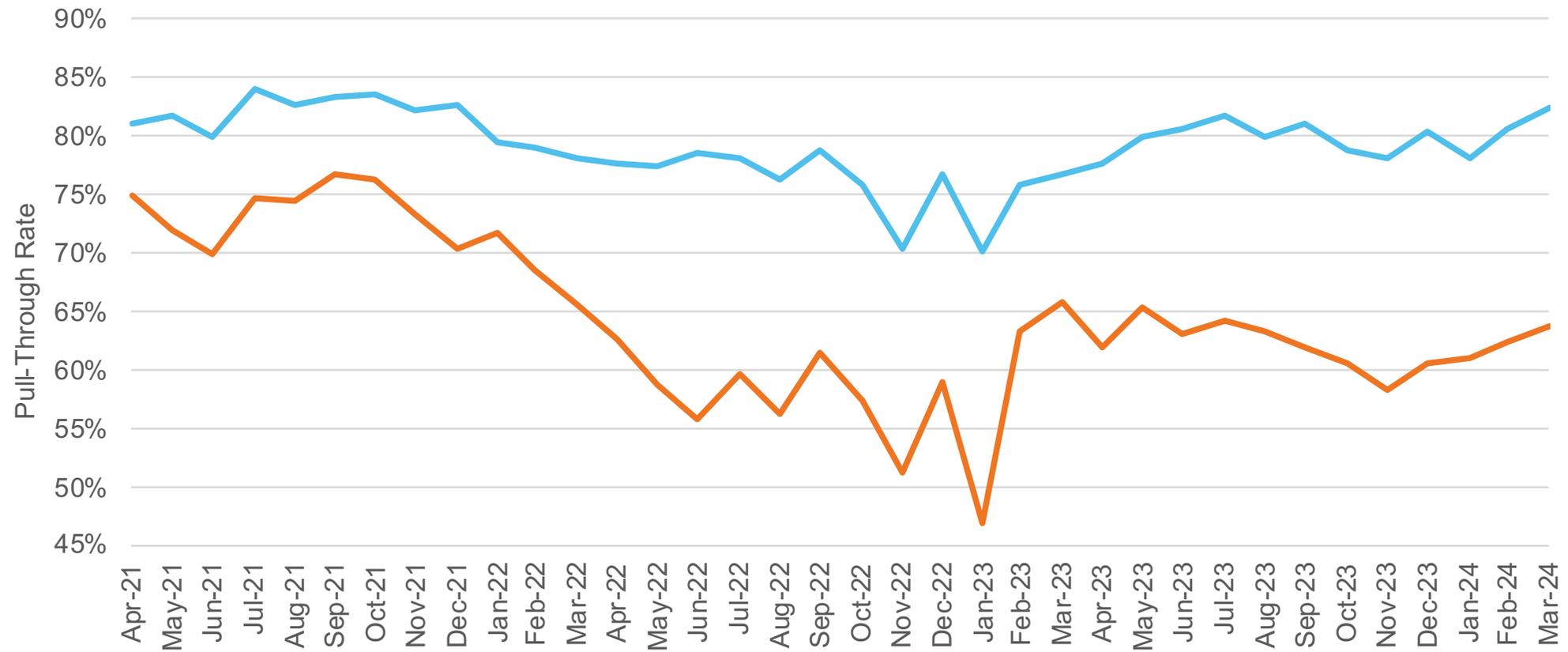
Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	755	0	3	3
	VA	716	3	7	7
	FHA	676	-1	3	11



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MARCH 2024 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](#).



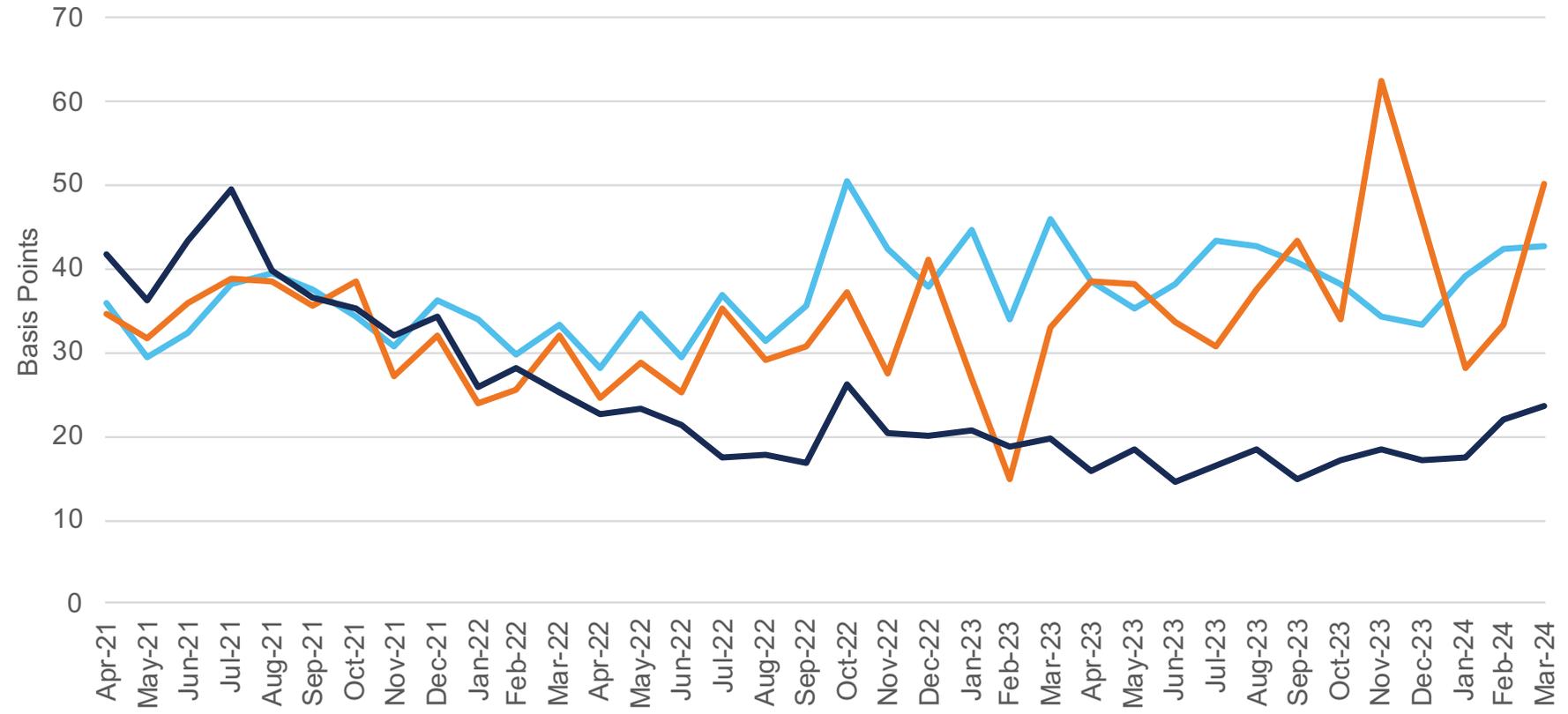
Pull-Through Rate		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	82.6%	187 bps	221 bps	581 bps
	Refinance Pull-Through	63.9%	152 bps	326 bps	(202 bps)



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MARCH 2024 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	43 bps	0 bps	10 bps	(3 bps)
	15-Year Conforming	50 bps	17 bps	5 bps	17 bps
	30-Year Government	23 bps	2 bps	7 bps	4 bps

