

Black Knight Originations Market Monitor: Despite Rates Holding Steady Near Historic Lows in May, Locks Down Across All Mortgage Products, Particularly Rate/Term Refinances

- [Inventory challenges](#) in the real estate market appear to be putting downward pressure on purchase lending, while refinance activity continues to be constrained despite historically low interest rates
- Overall rate lock volume was down 4.7% in May, with declines seen across purchase locks (-3.4%) as well as both cash-out (-3.4%) and rate/term (-8.2%) refinance locks
- The average loan amount in May was up \$6,000 to \$316,500 – likely a function of a growing jumbo share of lending alongside home price appreciation
- Though the number of high-quality refi candidates grew from 12 to over 14 million from March through May – a 15% increase – actual refinance rate locks dropped by 27% over the same period
- On an annual basis, whereas both cash-outs (+32%) and purchase loans (+42%) were up from last May, rate/term refinance lending was down 45% year-over-year
- As such, the refinance share of the market mix dropped again in May, accounting for just 44% of origination activity
- Black Knight's [OBMMI daily interest rate tracker](#) showed May's month-end average conforming 30-year rate at 3.15%, down 2 basis points (BPS) from April and down 7 BPS since the end of February

JACKSONVILLE, Fla. – June 14, 2021 – Today, [Black Knight, Inc.](#) (NYSE:BKI) announced the release of its latest Originations Market Monitor report, looking at mortgage origination data through May 2021 month-end. Leveraging daily rate lock data from Black Knight's Optimal Blue PPE – mortgage lending's most widely used pricing engine – the Originations Market Monitor provides the industry's earliest and most comprehensive view of origination activity.

“Though interest rate offerings trended downward across all mortgage products in May, overall rate locks were still down across the board,” said Black Knight Secondary Marketing Technologies President Scott Happ. “The severity of shortages in for-sale inventory seems to be a key driver behind the 3.4% decline in purchase locks from April, but the dip in refinance locks seems to have more to do with borrower psychology. Certainly, February's rise in rates drained some of the excitement in the market, but despite significant increases in refinance incentive since then, refinance activity simply hasn't rebounded as expected.”

The month's pipeline data showed that overall rate locks were down 4.7% from April, with a more pronounced 8.2% decline in rate/term refinance locks. The refinance share of the market mix dropped again in May, accounting for just 44% of the month's origination activity. On an annual basis, only rate/term refinance lending is down from last April (-45%), whereas both cash-outs (+32%) and purchase loans (+43%) are up year-over-year.

“As interest rates declined from March through May, refinance incentive rose by 15%,” Happ continued. “This brought the number of high-quality refi candidates in the market to over 14 million as of the end of May, but rate lock volume has failed to keep pace. Refinance rate locks are instead down 27% over the same time frame, decelerating in what would otherwise be a time of expected acceleration.”

Each month’s Originations Market Monitor provides high-level origination metrics for the U.S. and the top 20 metropolitan statistical areas by share of total origination volume. Much more detail on May’s origination activity can be found in the full [Black Knight Originations Market Monitor Report](#).

About Black Knight

Black Knight, Inc. (NYSE:BKI) is an award-winning software, data and analytics company that drives innovation in the mortgage lending and servicing and real estate industries, as well as the capital and secondary markets. Businesses leverage our robust, integrated solutions across the entire homeownership life cycle to help retain existing customers, gain new customers, mitigate risk and operate more effectively.

Our clients rely on our proven, comprehensive, scalable products and our unwavering commitment to delivering superior client support to achieve their strategic goals and better serving their customers. For more information on Black Knight, please visit www.blackknightinc.com/.

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