



MARKET ADVANTAGE

MORTGAGE DATA REPORT

MAY 2025

Welcome to the OPTIMAL BLUE MARKET ADVANTAGE

A Complimentary Monthly Report on Mortgage Origination and Secondary Market Activity

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MARKET ADVANTAGE MONTHLY PODCAST

Hear additional commentary and insights in the [Market Advantage podcast](#).

"The right way to deploy AI – especially in our industry, where the stakes are so high – is to do it in a very use-case-specific way, applying that same sort of discipline of delivering a high level of value and a very low level of risk for our clients."

— Joe Tyrrell

Episode Guest:
Joe Tyrrell
CEO, Optimal Blue



AI Strategic Outlook

Hear about the advantage of adopting AI solutions now to scale efficiently as volume returns.

Eliminating Human Bias

Learn how AI is revolutionizing ways to remove human bias from mortgage lending.



Optimal Blue Hosts:
Olivia DeLancey
Brennan O'Connell

MAY 2025 DATA

AI-Powered Mortgage Innovation With Joe Tyrrell

KEY FINDINGS: MAY 2025

+ Overall lock activity declines

Total mortgage rate lock volume fell 5.87% month-over-month (MoM), reflecting a more difficult rate environment.

+ Refinance activity drops sharply

Refinance share declined from 21% to 16% as rising rates further eroded borrower incentive. Rate-and-term refinances were down 44.4% MoM, while cash-out refis fell 10%.

+ Spring purchase demand underwhelms

Purchase activity was flat MoM, and purchase lock counts (which control for home price appreciation) were down 10% year-over-year (YoY).

+ Rates rise and spreads tighten

The OBMMI 30-year conforming fixed rate (the benchmark for the CME Mortgage Rate futures) rose 16 bps to 6.84%. The 10-year Treasury yield increased 26 bps to 4.41%, narrowing the OBMMI-Treasury spread to 2.44%, a 10 bps MoM contraction. This signal of rising secondary market pressure was reinforced by slight declines in two of the newly added metrics in this month's report: servicing valuations and the share of loans executed at the highest price.

+ Product mix shifts modestly

Conforming loan share rose to 51.9% (up 92 bps), and nonconforming share edged up to 16.4% (up 4 bps). Government-backed lending declined as FHA share fell to 19.7% (down 52 bps), VA dropped to 11.4% (down 48 bps), and USDA lending held steady at 0.7%.

+ Credit quality holds steady

The average FICO score and average debt-to-income (DTI) ratio held steady across various loan programs MoM.

+ Loan amounts trend lower

The average loan amount dipped slightly to \$386,460 from April's \$387,523. Average loan-to-value (LTV) ratio stood at 80.87%. Across the top 30 metropolitan statistical areas, average loan amounts ranged from a high of \$602,888 in metro New York to a low of \$385,597 in Raleigh, North Carolina.

+ ARM usage declines

Adjustable-rate mortgages accounted for 9.11% of lock volume, down from 10.3% in April.

+ FTHB share softens

First-time homebuyer (FTHB) share was 42% for conforming loans (down 1%), 68% for FHA (down 2%) and 48% for VA (up 1%). The decline in conforming and FHA FTHB share suggests affordability headwinds may be weighing more heavily on entry-level borrowers.

+ Non-QM lending edges up

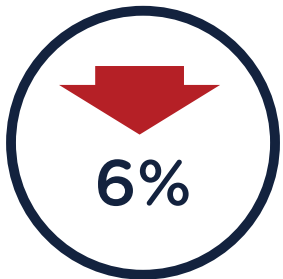
Loans locked under expanded guidelines (i.e., non-QM) represented 7.36% of May's volume, continuing a gradual upward trend as lenders and borrowers explore alternative qualification paths.

SECTION I

ORIGINATION DATA

This section provides a view of early-stage origination activity by reviewing lender rate lock data from the Optimal Blue® PPE – the mortgage industry’s most widely used product, pricing, and eligibility engine. Unlike self-reported survey data, Optimal Blue’s mortgage lock data is direct-source data that accurately reflects the in-process loans in lenders’ pipelines.

NATIONAL RATE LOCK METRICS



RATE LOCK VOLUME

Total rate lock volume fell 5.87% MoM, reflecting a more difficult rate environment.



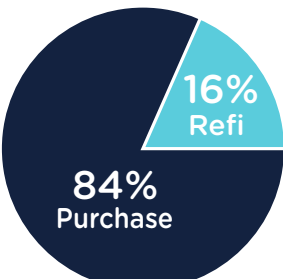
MONTH-END CONFORMING RATE

The benchmark Optimal Blue Mortgage Market Indices 30-year conforming interest rate rose 16 bps MoM to 6.84%.



AVERAGE LOAN AMOUNT

The average loan amount dipped slightly to \$386,460 from April's \$387,523.



MARKET MIX

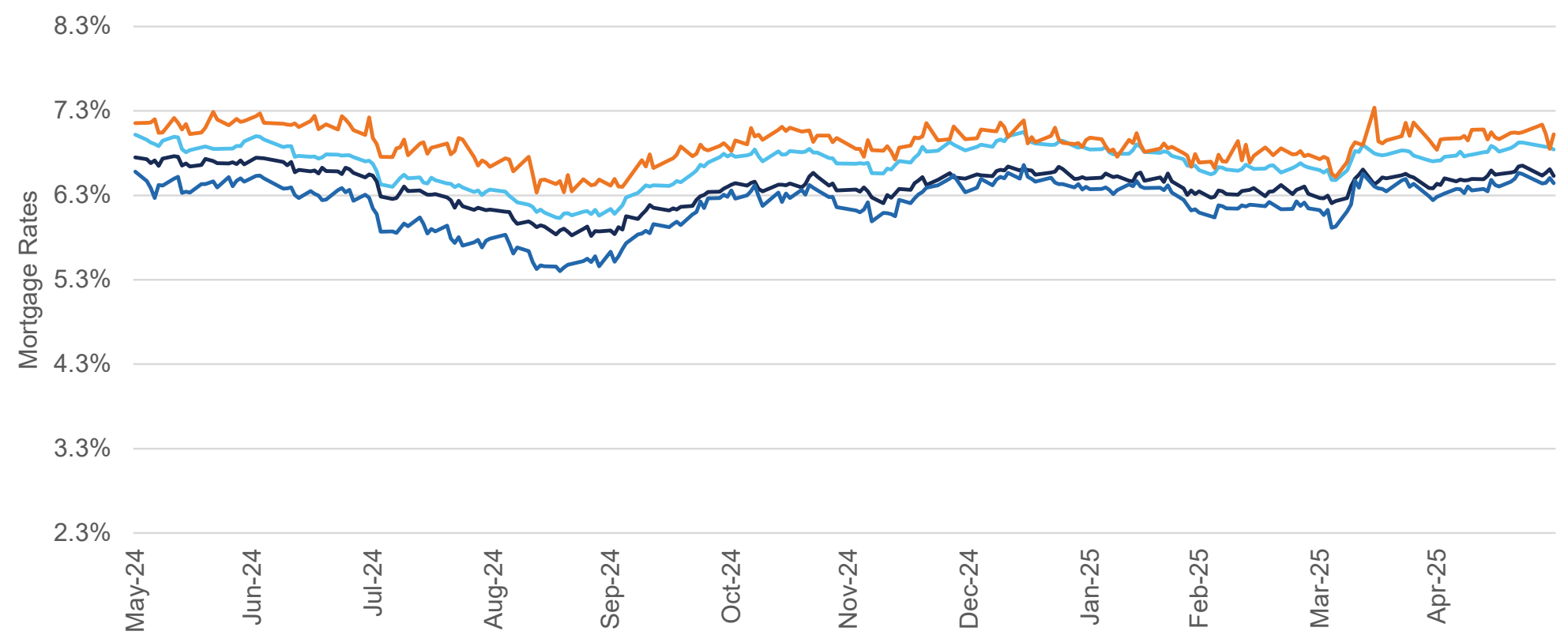
The refinance share of the market declined from 21% to 16% MoM as rising rates further eroded borrower incentive.

MARKET RATE INDICES

The **Optimal Blue Mortgage Market Indices (OBMMI)** are calculated from actual locked rates with consumers in the Optimal Blue PPE across approximately 35% of all mortgage transactions nationwide. OBMMI data includes mortgage points and seller concessions. It does not include borrower fees.

DID YOU KNOW?

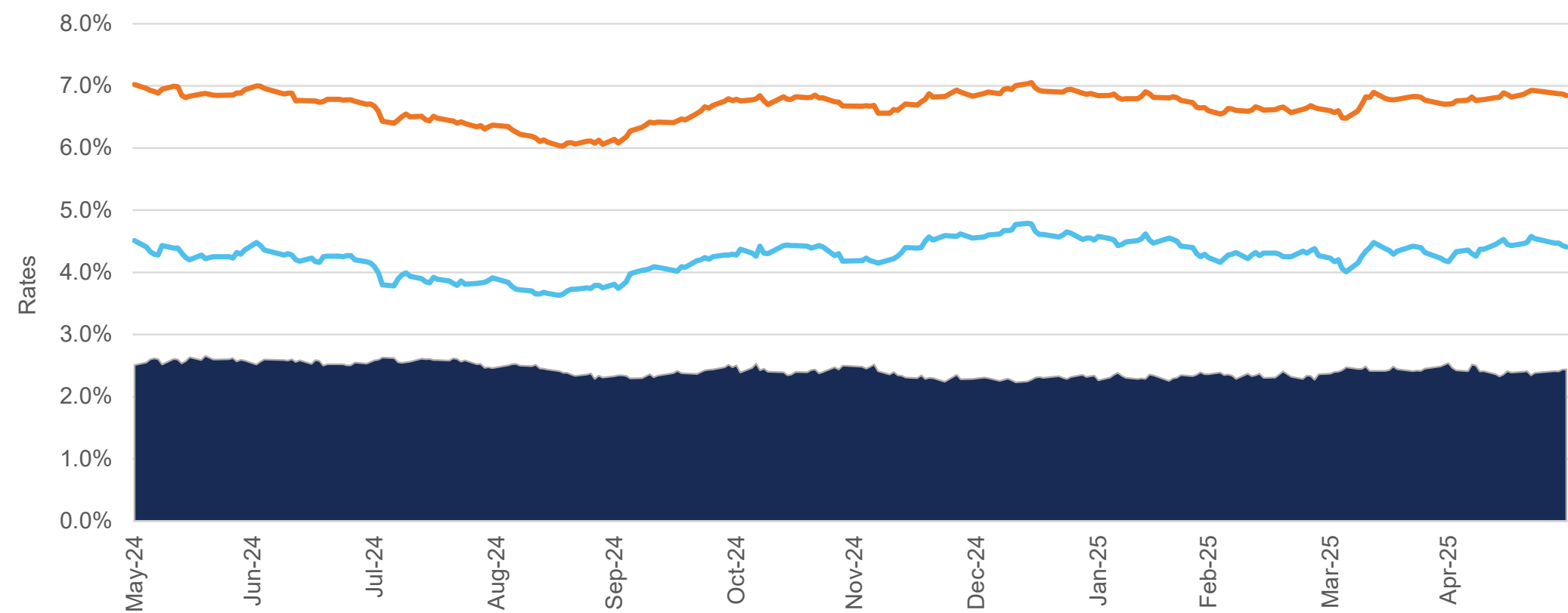
Optimal Blue's 30-year conforming fixed rate is the benchmark for the [CME Group Mortgage Rate futures](#).



Market Index		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	6.84%	13 bps	24 bps	(18 bps)
	30-Year Jumbo	7.02%	19 bps	34 bps	(13 bps)
	30-Year FHA	6.53%	9 bps	18 bps	(22 bps)
	30-Year VA	6.45%	16 bps	35 bps	(14 bps)

30-YEAR TO 10-YEAR TREASURY SPREAD

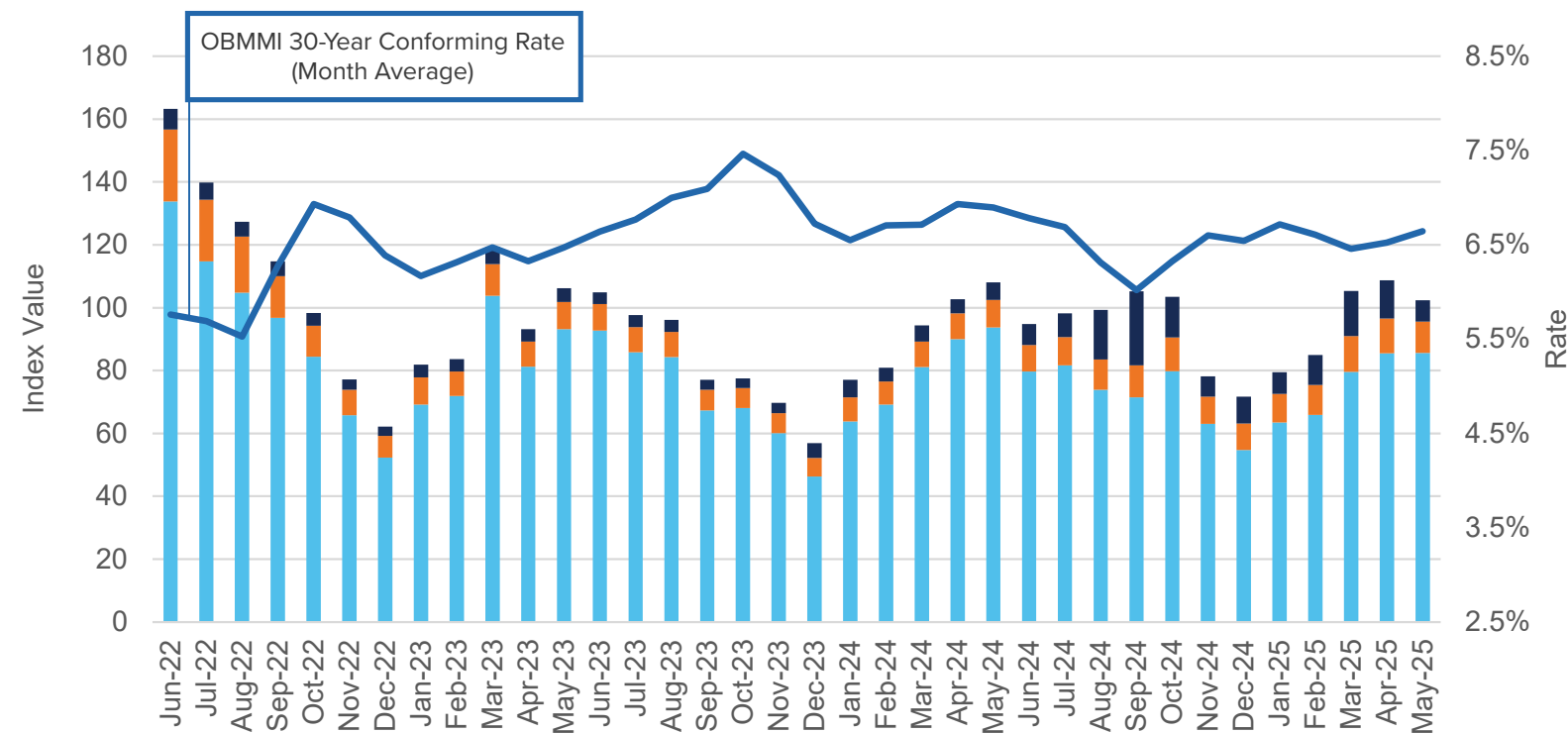
Mortgage rates are loosely tied to 10-year Treasury bond rates, but the spread between the two can vary. Spread indicates investor appetite and lender profit margin for mortgage-backed securities in relation to Treasury securities. Higher spreads indicate that investors require greater yield in comparison to Treasurys, which may result in higher mortgage rates being offered to consumers. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.



Market Index		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	10-Year Treasury	4.41%	24 bps	17 bps	(10 bps)
	30-Year Conforming	6.84%	13 bps	24 bps	(18 bps)
	10-Year to 30-Year Spread	2.43%	(11 bps)	7 bps	(8 bps)

LOCK VOLUME BY LOAN PURPOSE

Loan purpose indicates how a borrower will use mortgage financing: to purchase a property or refinance an existing mortgage. A cash-out refinance exchanges a portion of home equity for cash, while a rate/term refinance helps a consumer access a lower interest rate on an existing loan. This data is sourced from the [Optimal Blue PPE](#).

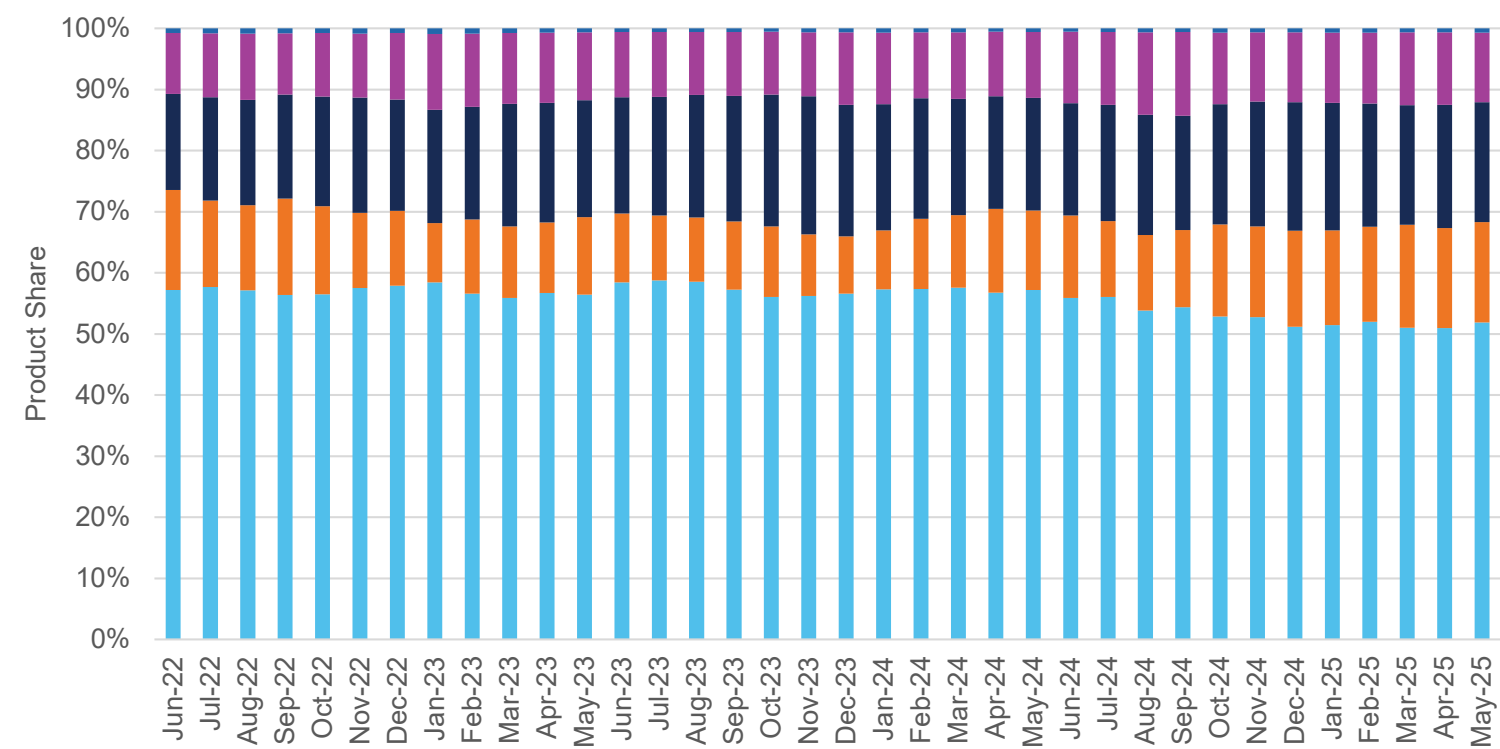


Market Volume Index (Total volume indexed to 100 in January 2018)		Current Value	1-Month % Change	3-Month % Change	12-Month % Change
	Purchase	86	0.2%	30.0%	(8.6%)
	Cash-Out Refinance	10	(10.0%)	4.5%	12.9%
	Rate/Term Refinance	7	(44.4%)	(28.7%)	20.7%
	Total	102	(5.9%)	20.5%	(5.3%)
Refinance Share*		16%	(504 bps)	(607 bps)	300 bps

*Refinance share changes reflect inter-period delta

MIX OF BUSINESS BY LOAN PRODUCT

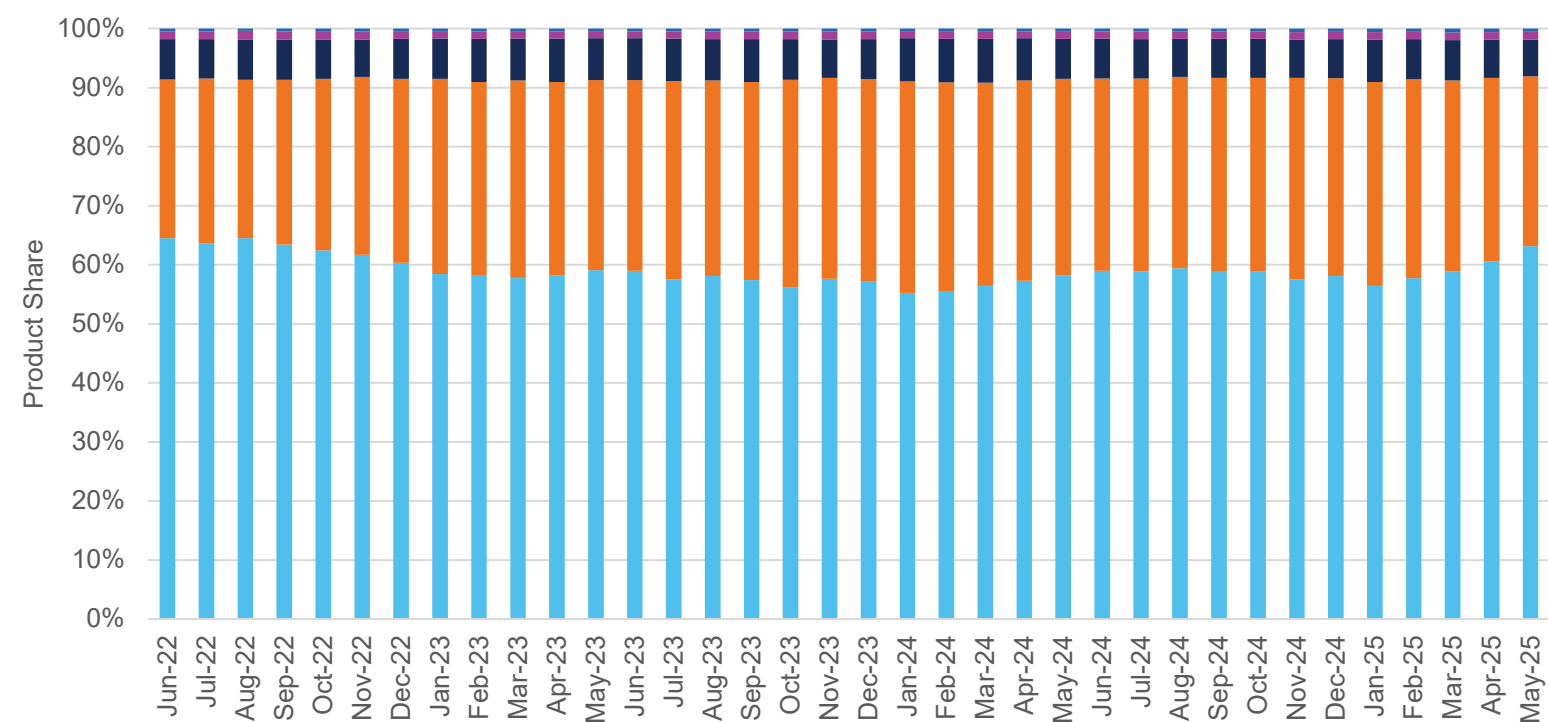
Loan product refers to the type of mortgage a consumer locks. Conforming (i.e., QM) loans meet the guidelines set by Fannie Mae and Freddie Mac, while nonconforming (i.e., non-QM) loans do not. FHA loans are insured by the Federal Housing Administration and allow for lower credit scores. VA loans are designed for military members and veterans, and they are guaranteed by the U.S. Department of Veterans affairs. USDA loans are backed by the U.S. Department of Agriculture to help low-to-moderate income buyers in rural areas. This data is sourced from the Optimal Blue PPE.



Loan Product Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	51.9%	92 bps	(14 bps)	(532 bps)
	Nonconforming	16.4%	4 bps	88 bps	339 bps
	FHA	19.7%	(52 bps)	(52 bps)	123 bps
	VA	11.4%	(48 bps)	(22 bps)	57 bps
	USDA	0.7%	4 bps	0 bps	12 bps

PROPERTY TYPE

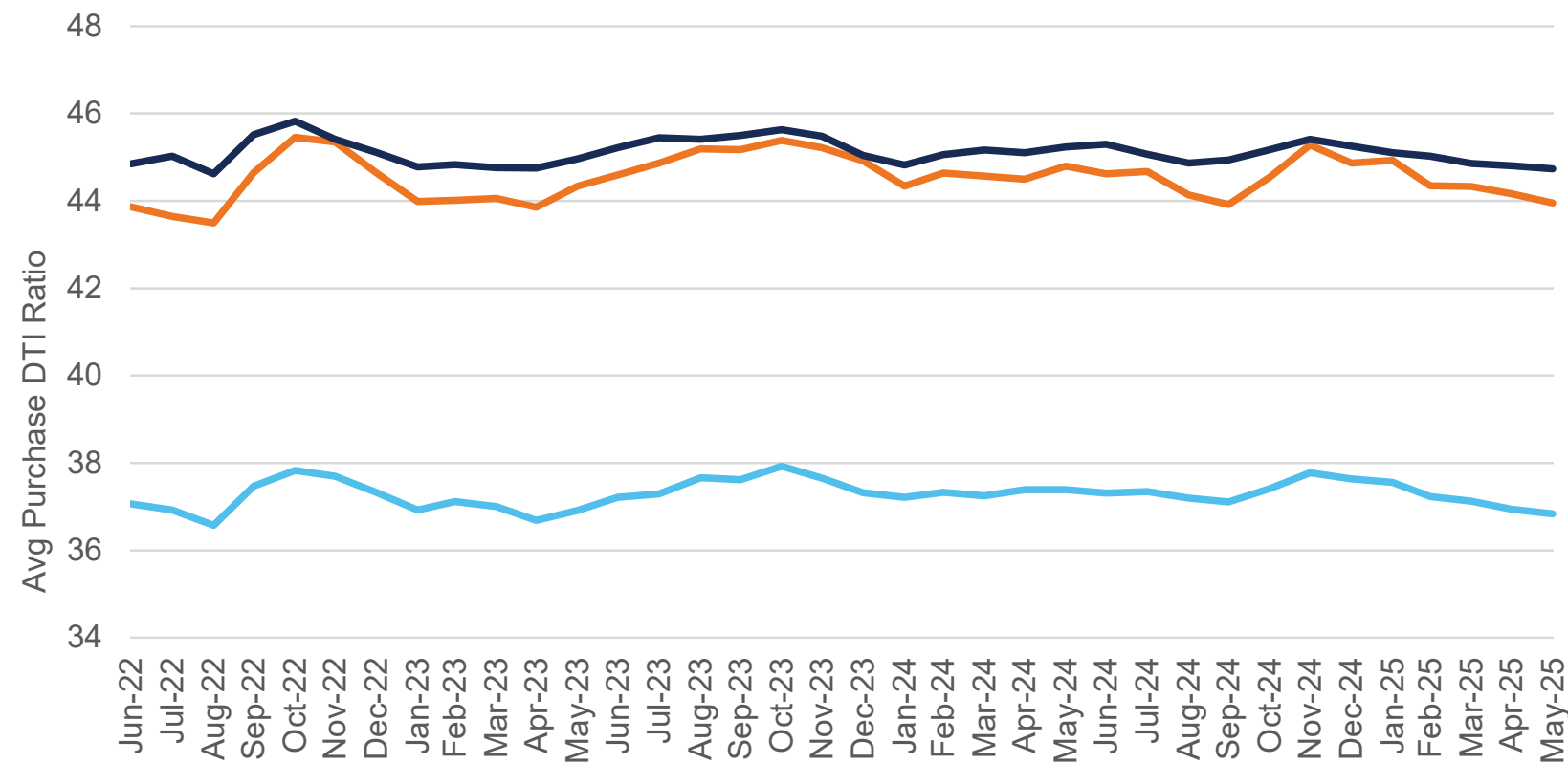
Property type is a classification of structure based on intended use and physical characteristics. *Planned unit development (PUD) includes new construction. This data is sourced from the Optimal Blue PPE.



Property Type Mix		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Single Family	63.2%	255 bps	542 bps	493 bps
	PUD*	28.8%	(228 bps)	(493 bps)	(448 bps)
	Condo	6.2%	(26 bps)	(55 bps)	(61 bps)
	Manufactured	1.3%	3 bps	7 bps	15 bps
	All Other	0.5%	(4 bps)	(1 bps)	1 bps

DEBT-TO-INCOME RATIO

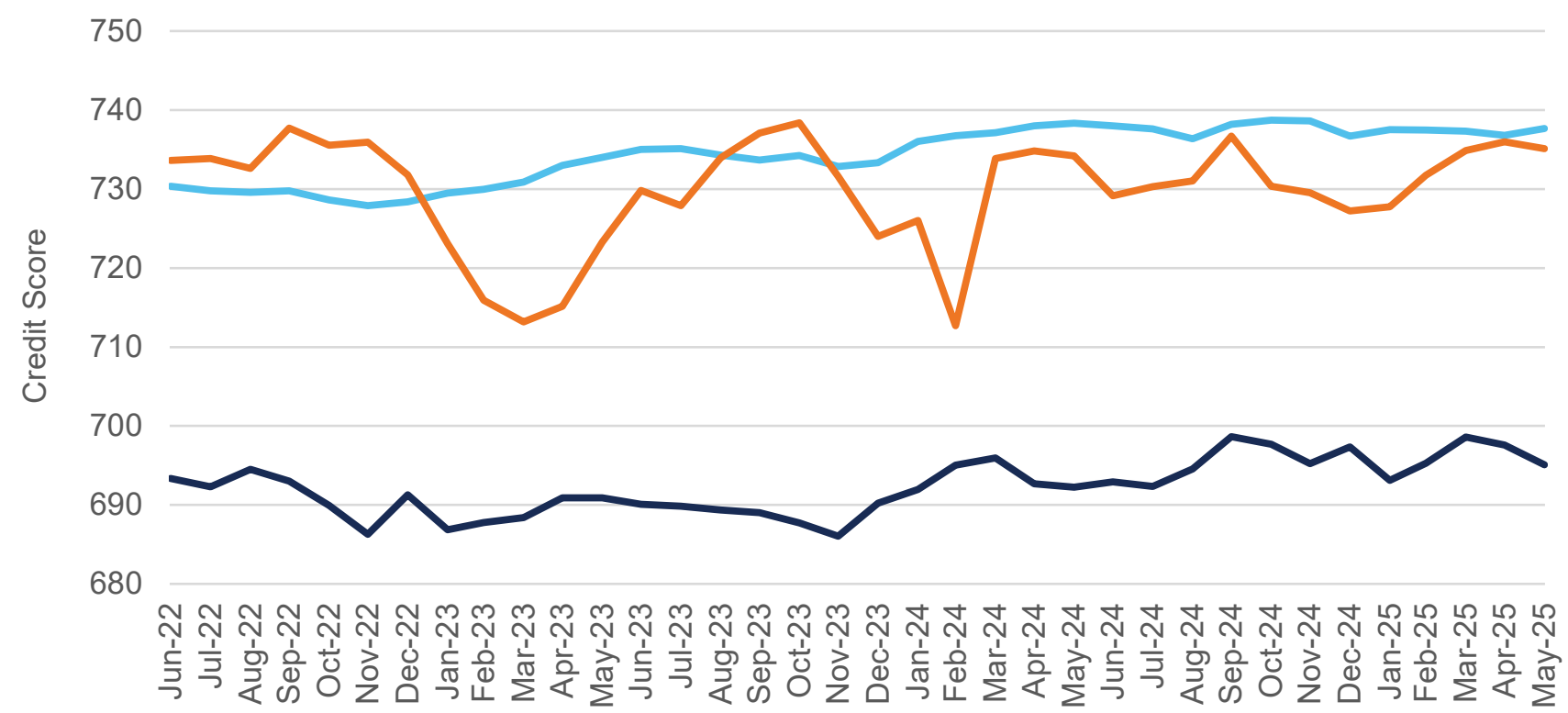
Debt-to-income ratio is considered an indicator of a borrower’s financial health, with lower DTI typically indicating greater financial flexibility. This data is sourced from the Optimal Blue PPE.



DTI Ratio by Product		Current Avg DTI Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	36.8	-0.1	-0.4	-0.6
	FHA	44.7	-0.1	-0.3	-0.5
	VA	43.9	-0.2	-0.4	-0.9

AVERAGE CREDIT SCORES BY LOAN PURPOSE

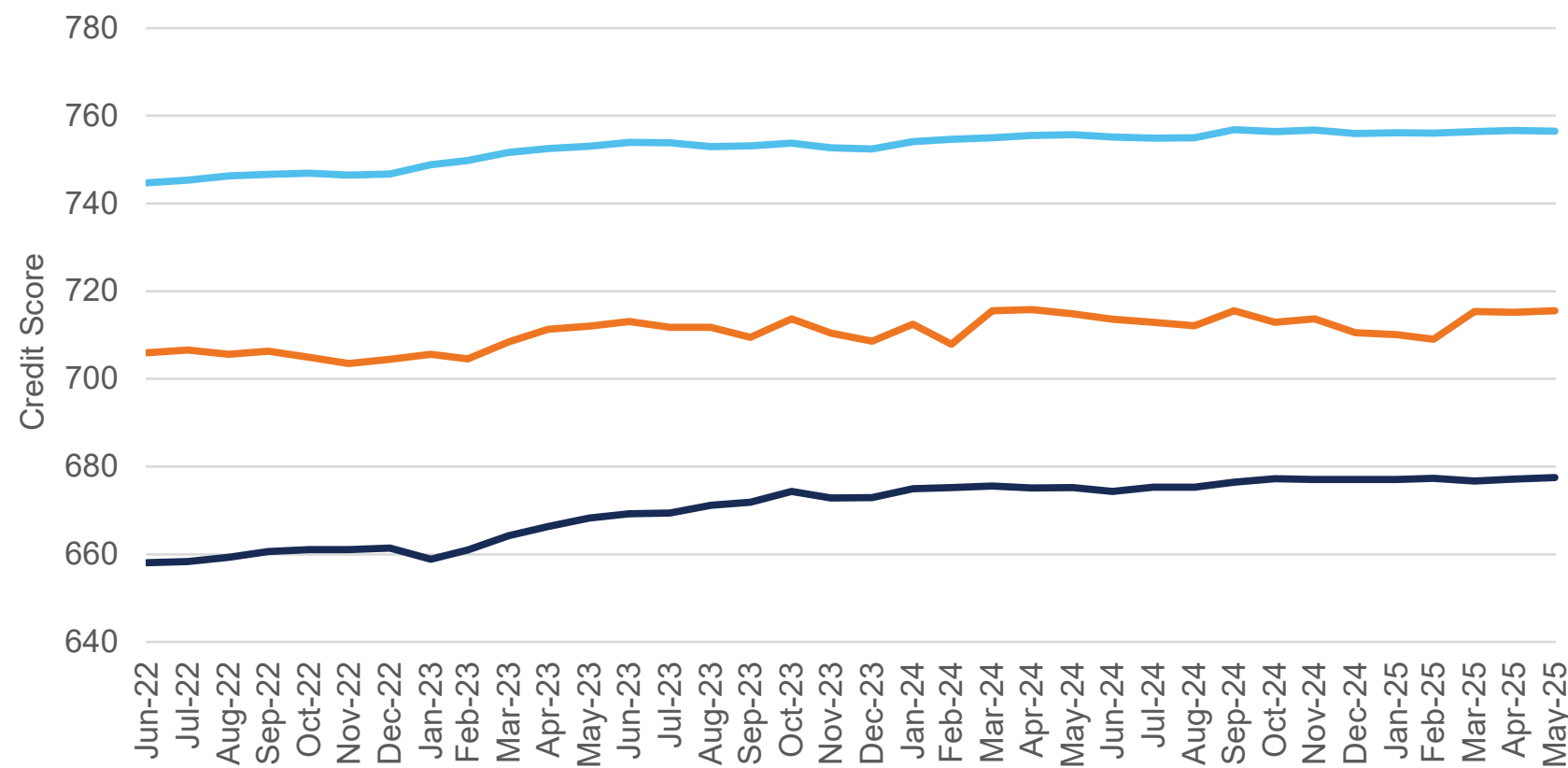
Credit score is considered an indicator of a borrower’s financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.



Credit Score by Purpose		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase	738	1	0	(1)
	Rate/Term Refi	735	(1)	3	1
	Cash-Out Refi	695	(2)	0	3

AVERAGE CREDIT SCORES BY LOAN PRODUCT

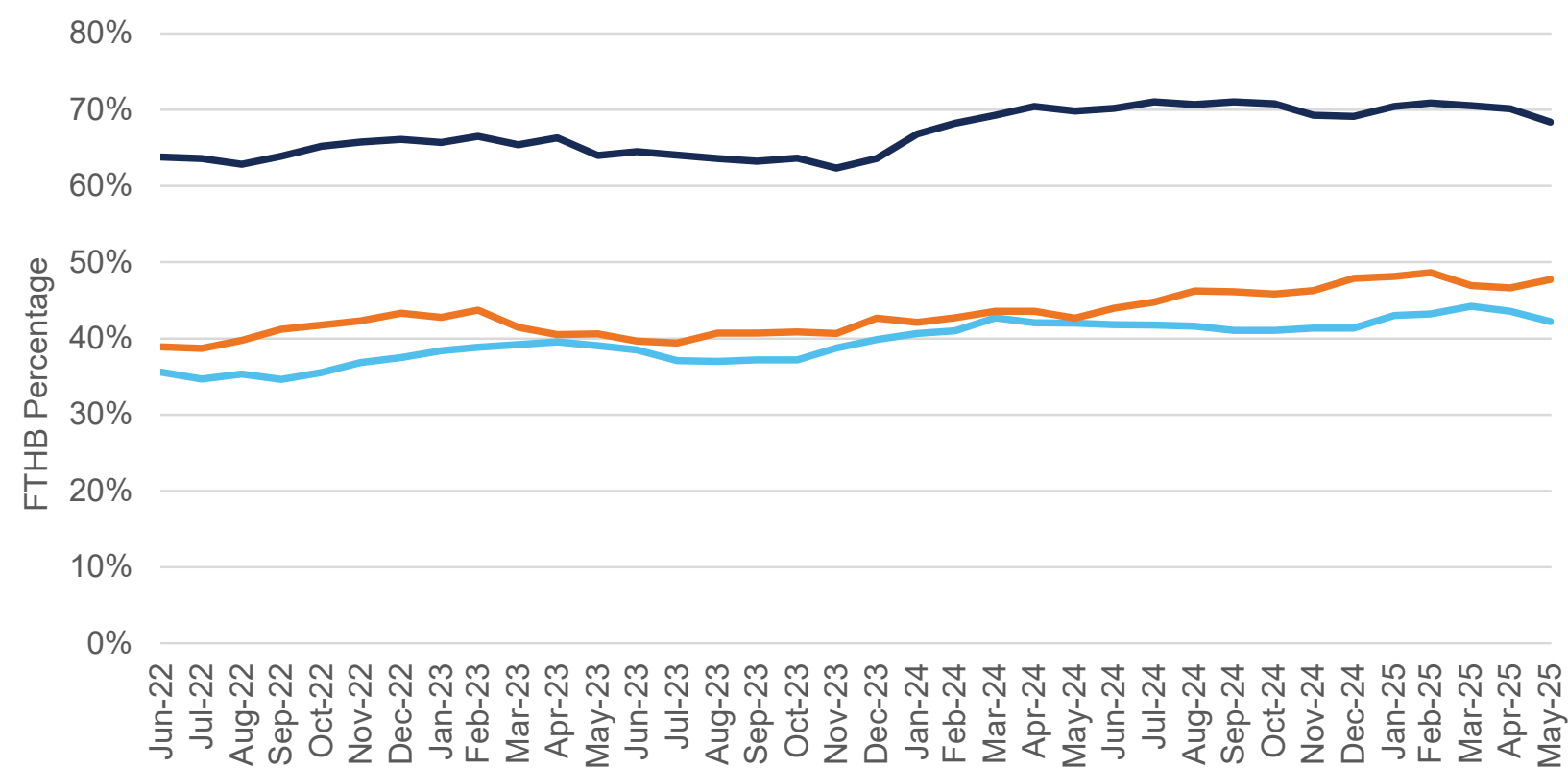
Credit score is considered an indicator of a borrower’s financial health, with higher credit scores indicating greater financial flexibility. This data is sourced from the **Optimal Blue PPE**.



Credit Score by Product		Current Score	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	757	0	0	1
	VA	716	0	7	1
	FHA	678	0	0	2

FIRST-TIME HOMEBUYER STATUS

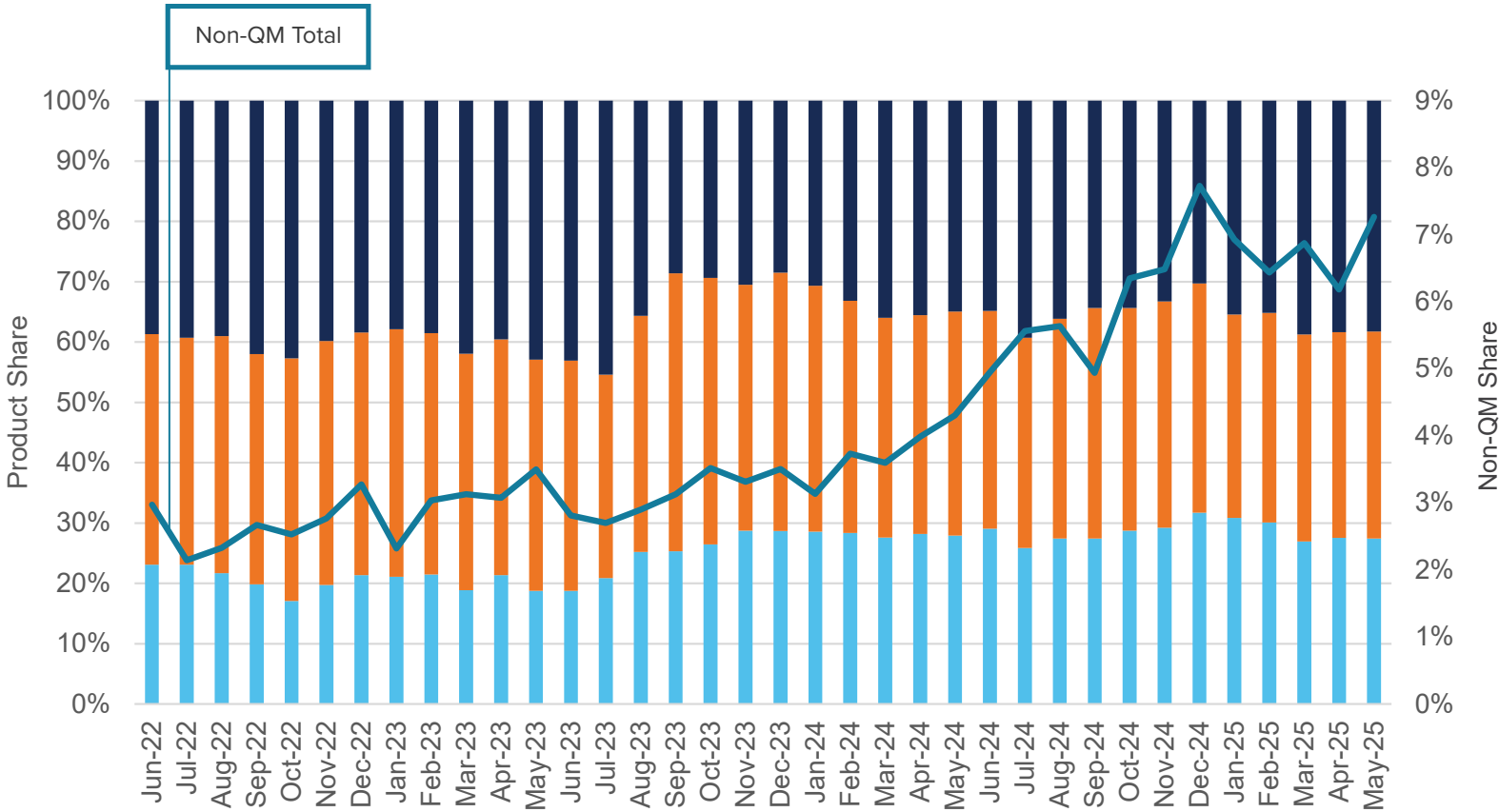
First-time homebuyers frequently take advantage of loan-level pricing adjustment (LLPA) relief and may qualify for lower rates. This data is sourced from the Optimal Blue PPE.



First-Time Homebuyer by Product		Current Ratio	1-Month Delta	3-Month Delta	12-Month Delta
	Conforming	42%	-1%	-1%	0%
	FHA	68%	-2%	-3%	-1%
	VA	48%	1%	-1%	5%

NON-QM LOAN PRODUCTS

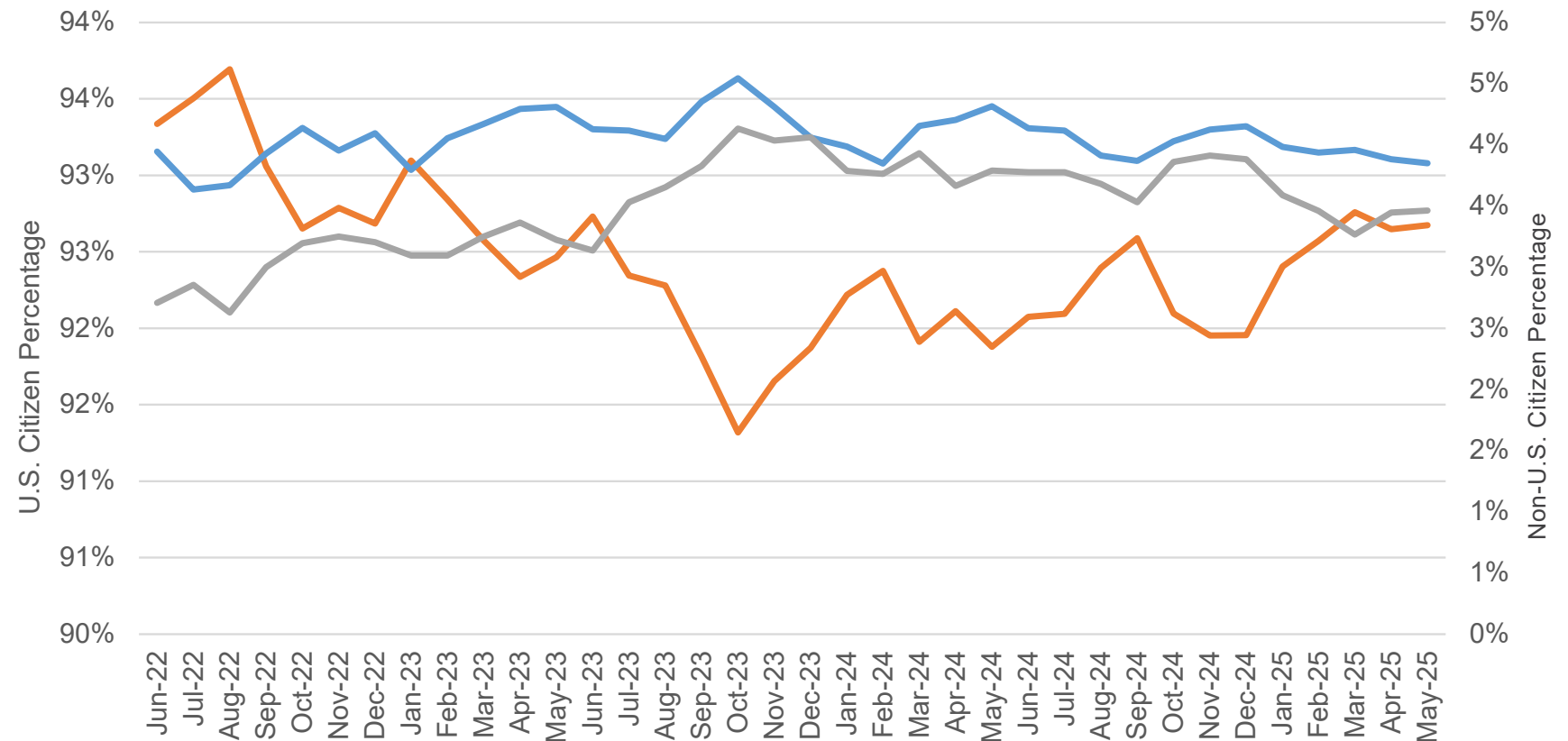
In contrast to agency-production loans, non-QM loans use different and/or more flexible criteria to verify borrower income. The categories below reflect ways lenders may verify income for borrowers who would not traditionally qualify for a conforming (i.e., QM) loan. This data is sourced from the Optimal Blue PPE.



Non-QM Market		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	Investor/DSCR	27.5%	(9 bps)	(263 bps)	(46 bps)
	Bank Statement	34.3%	23 bps	(43 bps)	(283 bps)
	All Other	38.2%	(14 bps)	306 bps	329 bps

BORROWER CITIZENSHIP

Borrowers may be subject to different eligibility and verification requirements based on their citizenship status. Citizenship data provides additional insight into demographics of homebuyers in America. This data is sourced from the Optimal Blue PPE.



Citizenship Status		Current Value	1-Month Delta	3-Month Delta	12-Month Delta
	U.S. Citizen	92.7%	3 bps	10 bps	80 bps
	Perm. Resident	3.8%	(3 bps)	(9 bps)	(46 bps)
	Non-Perm. Resident	3.5%	1 bps	0 bps	(33 bps)

TOP 20 METROPOLITAN AREAS

Reviewing metropolitan statistical area by share of origination volume provides insight into regional economic trends, including local housing markets, overall stability of a region, and competitive landscape. This data is sourced from the Optimal Blue® PPE.

Metropolitan Statistical Area		% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL		100.0%	-5.9%	\$386,460	6.644	732	81	84%	16%
1	New York-Newark-Jersey City, NY-NJ-PA	4.8%	-4.5%	\$602,888	6.774	749	73	81%	19%
2	Washington-Arlington-Alexandria, DC-VA-MD-WV	3.8%	-3.5%	\$563,312	6.642	744	82	88%	12%
3	Chicago-Naperville-Elgin, IL-IN-WI	3.5%	-10.2%	\$362,358	6.869	742	80	88%	12%
4	Dallas-Fort Worth-Arlington, TX	3.2%	-10.0%	\$403,316	6.429	732	82	89%	11%
5	Boston-Cambridge-Newton, MA-NH	2.8%	-3.0%	\$631,196	6.726	750	74	87%	13%
6	Atlanta-Sandy Springs-Roswell, GA	2.5%	-7.5%	\$380,446	6.626	724	81	82%	18%
7	Tampa-St. Petersburg-Clearwater, FL	2.5%	-12.9%	\$791,459	6.875	744	71	72%	28%
8	Houston-The Woodlands-Sugar Land, TX	2.4%	-8.3%	\$342,224	6.290	723	85	89%	11%
9	Phoenix-Mesa-Scottsdale, AZ	2.3%	-11.2%	\$445,645	6.398	735	80	86%	14%
10	Seattle-Tacoma-Bellevue, WA	2.0%	-2.6%	\$634,411	6.677	749	76	89%	11%

TOP 20 METROPOLITAN AREAS

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Metropolitan Statistical Area		% of Lock Volume	MoM Change	Avg Loan Amount (\$)	Avg Rate	Avg Credit Score	Avg LTV	Purchase	Refi
NATIONAL		100.0%	-5.9%	\$386,460	6.644	732	81	84%	16%
11	Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1.9%	-1.0%	\$397,787	6.750	740	79	86%	14%
12	Denver-Aurora-Lakewood, CO	1.7%	-12.2%	\$504,411	6.374	743	77	86%	14%
13	Minneapolis-St. Paul-Bloomington, MN-WI	1.5%	-0.4%	\$381,617	6.766	749	81	90%	10%
14	Miami-Fort Lauderdale-West Palm Beach, FL	1.4%	-6.3%	\$531,224	6.622	728	76	76%	24%
15	San Francisco-Oakland-Hayward, CA	1.4%	-8.3%	\$864,550	6.813	759	69	80%	20%
16	Riverside-San Bernardino-Ontario, CA	1.4%	-5.5%	\$499,927	6.400	721	81	81%	19%
17	Charlotte-Concord-Gastonia, NC-SC	1.3%	-14.8%	\$418,807	6.627	736	80	83%	17%
18	Baltimore-Columbia-Towson, MD	1.3%	0.1%	\$409,230	6.774	740	84	88%	12%
19	Tampa-St. Petersburg-Clearwater, FL	1.2%	-2.1%	\$381,384	6.378	727	82	85%	15%
20	Austin-Round Rock, TX	1.2%	-14.0%	\$432,082	6.228	742	81	90%	10%

SECTION II

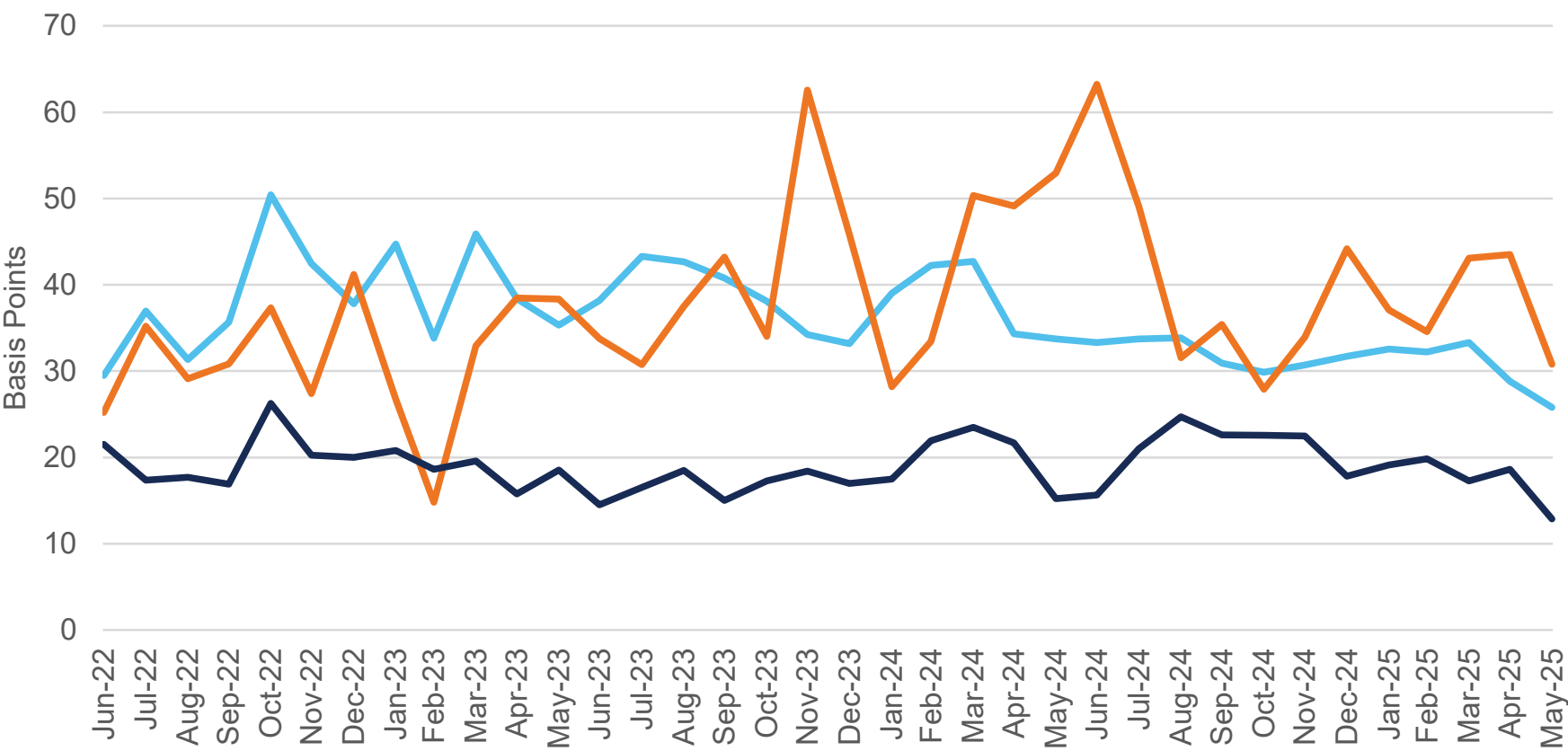
SECONDARY MARKET DATA

The secondary market is where most mortgages are purchased and sold between originating entities and investors. These exchanges provide liquidity to keep home financing accessible and affordable for borrowers.

Once a mortgage is locked, a lender is exposed to interest rate risk until the loan is sold into the secondary market. The data in this section, sourced from the **CompassEdge** hedging and loan trading system, provides insight into how lenders are hedging this risk, as well as their strategies for selling loans. These activities are directly tied to mortgage lending profitability and thus, the rates and products offered to consumers.

BEST EFFORTS TO MANDATORY SPREAD

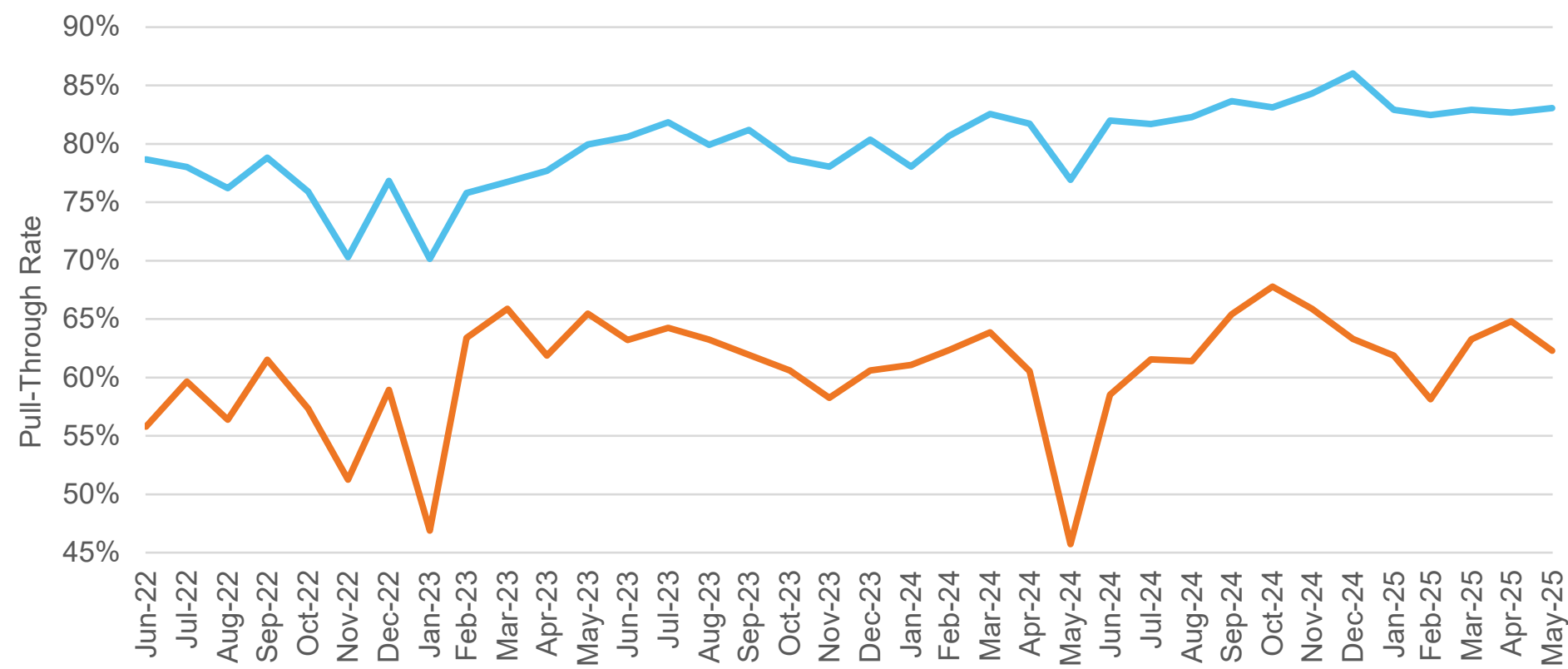
A lender will typically see greater yields by selling loans via mandatory delivery or participating in the secondary market, while best efforts delivery carries less risk. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.



Best Efforts vs. Mandatory		Current Spread	1-Month Delta	3-Month Delta	12-Month Delta
	30-Year Conforming	26 bps	(3 bps)	(6 bps)	(8 bps)
	15-Year Conforming	31 bps	(13 bps)	(4 bps)	(22 bps)
	30-Year Government	13 bps	(6 bps)	(7 bps)	(2 bps)

LOAN PULL-THROUGH

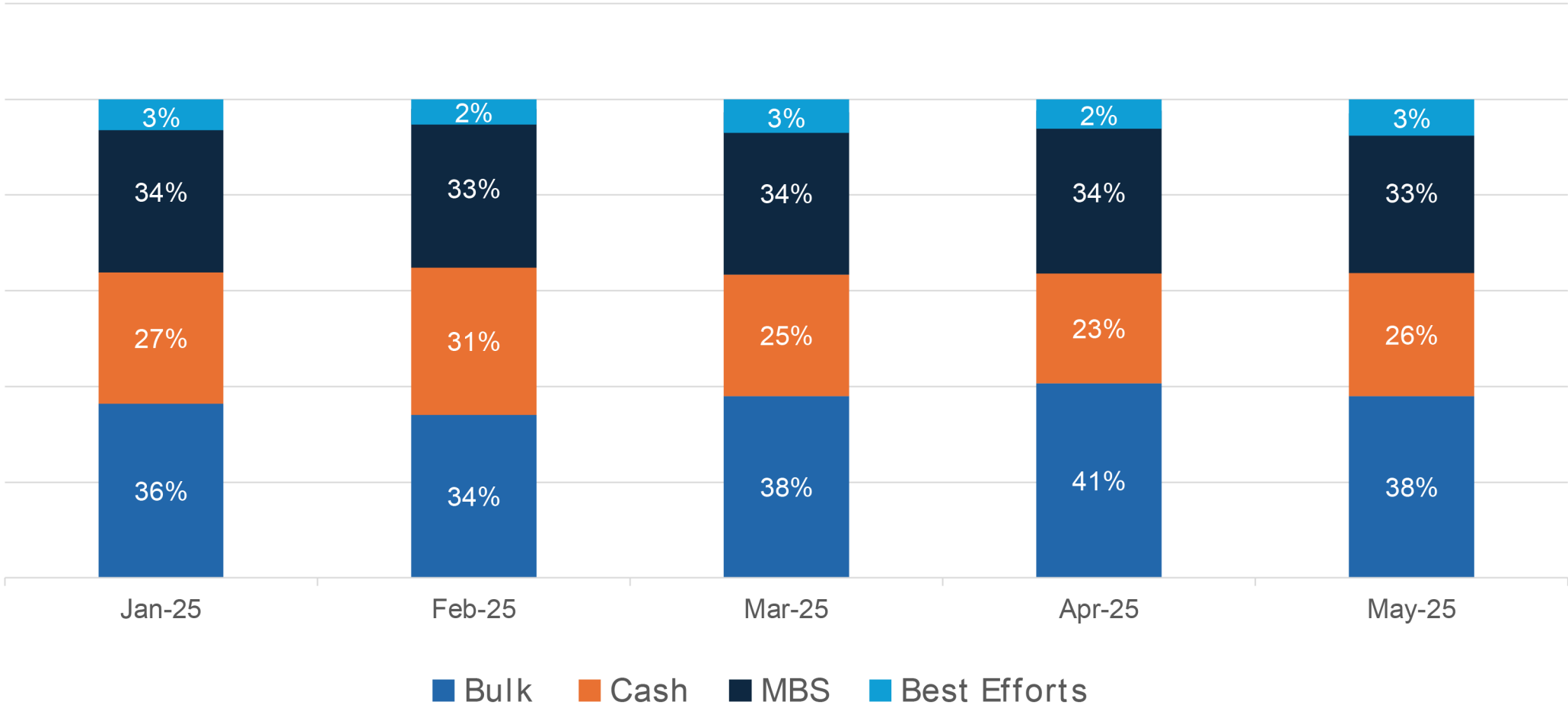
Pull-through indicates the percentage of loans locked that successfully close and fund, which is a measure of how effectively a mortgage lender converts loan applications into closed loans. Lower pull-through typically indicates greater cost for an originator, and thus, the need to compensate by increasing margin. Higher pull-through indicates lower origination cost and an opportunity to lower margin and thus, the rate offered to a consumer. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.



Pull-Through Rate by Purpose		Current Rate	1-Month Delta	3-Month Delta	12-Month Delta
	Purchase Pull-Through	83.1%	40 bps	59 bps	615 bps
	Refinance Pull-Through	62.3%	(255 bps)	413 bps	1656 bps

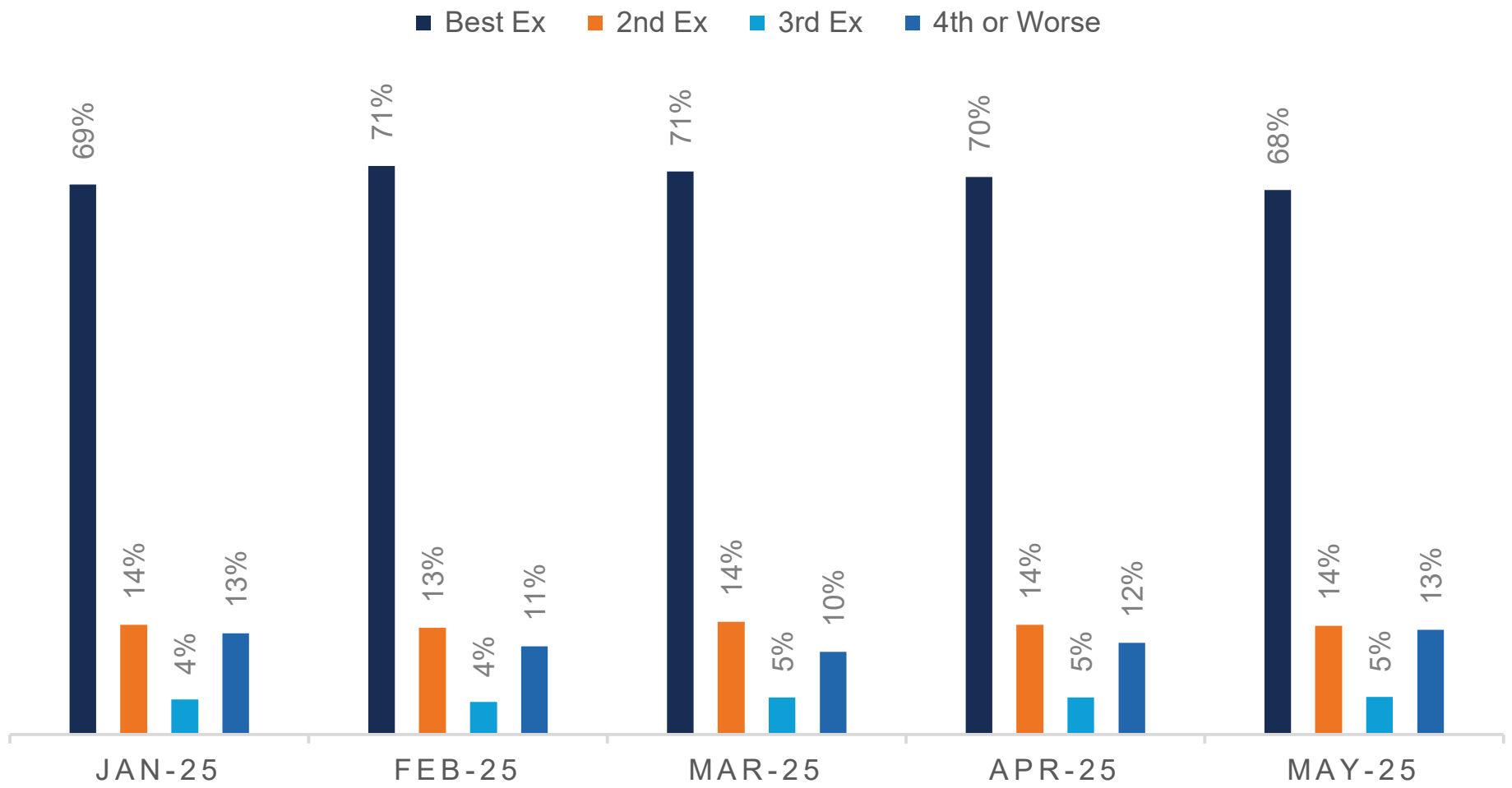
HEDGED LOAN SALE STATISTICS

When loans are funded and sold into the secondary market, a lender can leverage a variety of delivery methods to maximize profitability. These sale methods may provide insight into a lender’s profitability on a transaction, which can have downstream impacts on a lender’s front-end pricing strategy. This data is sourced from the CompassEdge hedging and loan trading platform.



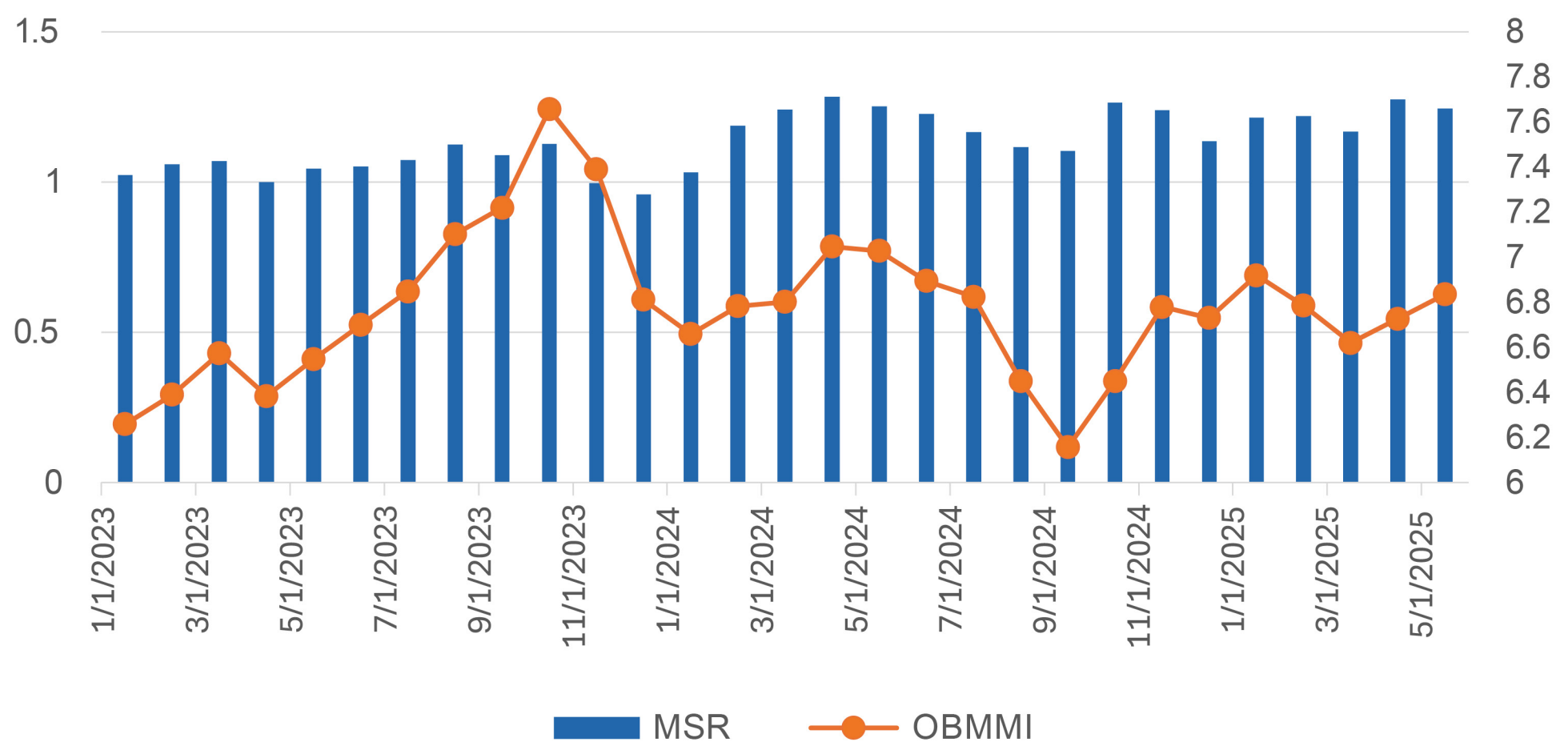
LOAN SALE BY PRICE

When loans are funded and sold into the secondary market, a lender typically sells to the best price, but other factors may impact execution. For example, a lender may not sell to the highest price due to eligibility concerns, underwriting or operational concerns, investor representative mix, or other reasons. If unable to sell to the highest price, there may be impacts to profitability expectations and the rate offered to borrowers. This data is sourced from the CompassEdge hedging and loan trading platform.



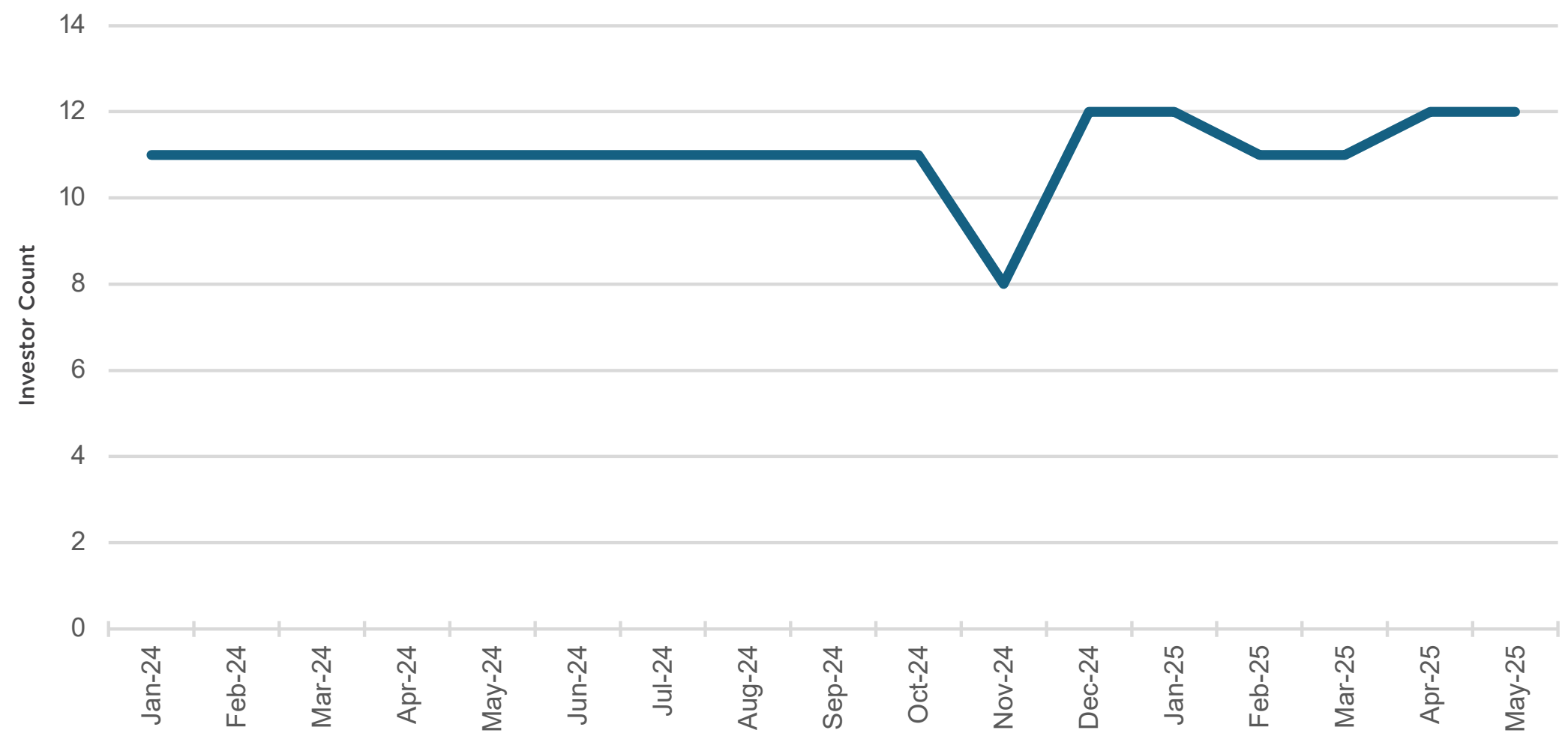
SERVICING RIGHTS & MARKET RATE INDICES

A mortgage servicing right (MSR) is a right to ancillary cash flows associated with servicing a mortgage. MSRs represent a significant component of a lender's margin and are commonly traded in the secondary market based on lender's economics or strategy. MSRs typically move counter to rate movement, and this asset can explain counterintuitive movement in mortgage rates compared to other fixed income rates. This data is sourced from the CompassEdge hedging and loan trading platform.



AVERAGE INVESTOR COUNT AT LOAN SALE

The number of investors bidding at time of loan sale is an indicator of demand. Fluctuations in this number can impact both expected and actual profitability for a lender, which can have a downstream effects on a lender’s front-end pricing. This data is sourced from the [CompassEdge](#) hedging and loan trading platform.





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