



Rate lock volume hasn't been this low since December 2019

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As mortgage interest rates crept back up in August after retreating the previous month, rate lock volume dipped to a four-year low.

Total lock volumes were down 8.9% from July, led by a 13.9% decline in rate/term refinance locks, according to **Black Knight**'s originations market monitor report. Rate/term refi locks dropped 94.5% year over year.

Cash-out refi locks fell by 8.9% from July and declined by 72.2% from the same period in 2021. While the purchase share of the market remained the same from July at 82%, volume fell by 14.3% from the previous month.

“Mortgage originators continue to feel the effects of interest rate and affordability challenges,” said Scott Happ, president of **Optimal Blue**, a division of Black Knight. “Facing headwinds of higher rates and a move into the traditionally slower purchasing months, rate lock volumes fell nearly 9% overall in August to their lowest level since December 2019,” he said.

The purchase lock count, which excludes the impact of soaring home values on volume, is down 30% from 2021 and off 16% from 2019, marking the second consecutive month the number of purchase locks fell below pre-pandemic levels.

Ahead of the **Federal Reserve**'s anticipated rate hike later this month, the 30-year conforming fixed-rate mortgage rates have been trending upward, closing out August at 5.8%, according to Black Knight's Optimal Blue OBMMI pricing engine.

The Fed is widely expected to raise interest rates for the fifth time following the **Federal Open Market Committee** (FOMC) meeting on Sept. 20 and 21, based on comments by Chairman Jerome Powell.

“History cautions strongly against prematurely loosening policy,” Powell said at the **Cato Institute** on Thursday, the last scheduled public appearance before the Fed’s meeting. “I can assure you that my colleagues and I are strongly committed to this project and we will keep at it until the job is done.”

Rising interest rates continue to have “profound effects on home affordability, which returned to near 35-year lows to close out the month,” Happ said. While home prices saw the largest single-month decline since January 2011 at 0.77% in July from the previous month, compared to the same period last year, home prices rose 14.5%, according to Black Knight’s separate report.

The average purchase price among homes being financed fell by almost \$12,000 in August and is now down by more than more than \$43,000 since March. The average loan amount dropped \$4,000 to \$340,000 in August, marking the fifth consecutive decline as home prices fell month over month for the first time in three years.