Q3 2022 Snapshot

FOR INDEPENDENT MORTGAGE BANKERS

CHANGE IN PRODUCTION VOLUME

-17.7%

Volume in Q3 of 2022 decreased by 17.7% from Q2 2022 and is down 39% from Q3 2021. Current market conditions, including high home prices and increasing interest rates, have pushed many homebuyers to the sidelines, leading to steep declines in production volume. Continued appreciation in home values coupled with increasing interest rates are pricing out more borrowers, creating a difficult environment to mitigate quarterly declines. However, production is slightly above highs previously seen before 2020.

CHANGE IN SECONDARY GAIN ON SALE (BPS)

-61 BPS

During Q3 2022, secondary margins decreased by an average of 61 basis points from Q2 2022. Secondary gain on sale dipped to all-time lows this quarter, dropping 14% from the previous low experienced in 2013.

CHANGE IN NET PRODUCTION INCOME (BPS)

-81 BPS

Net Production Income experienced one of its largest quarter-over-quarter drops in program history, decreasing by 81 basis points from the prior quarter. Lack of production and elevated expenses carried over from prior years when volume was much higher has resulted in one of the lowest program averages for net production income, at negative 61 bps.

AVEGAGE LOAN SIZE

-2.5%

For the first time since Q4 of 2019, the average loan size declined quarter-over-quarter. With high-LTV loans still gaining market share, this could be an indicator that home prices are starting to depreciate. Lower prices would allow more consumers to qualify, raising demand, and reversing the declines in production seen this year.

PURCHASE LOANS

+4%

Steadily increasing interest rates have made it less attractive to refinance, leading to further declines in the refinance share of total production. Purchase mix increased another 4% quarter over quarter and is now just above 89% of total market share.