Press Release

For more information:

Michelle Kersch
904.854.5043
michelle.kersch@bkfs.com

Mitch Cohen
704.890.8158
mitch.cohen@bkfs.com

Black Knight's Mortgage Monitor: Home Price Growth Slows Across Much of U.S.; Cooling Prices, Slight Interest Rate Reductions Help Affordability Hold Steady

- Home price appreciation slowed each month from March through May, the first three-month slide in nearly four years
- Though every state saw prices increase in May – typically one of the strongest months for home price appreciation – the average home gained just 0.93 percent in value, the lowest growth rate for any May in the last four years
- Two-thirds of both states and large metropolitan areas have seen slowdowns in rates of home price appreciation
- 32 states have seen price gains slow, while 18 have picked up speed, with California seeing three times the national average deceleration
- Cooling home prices, combined with a slight reprieve in interest rates, have been enough to hold affordability steady
- The monthly principal and interest payment required to purchase the average-priced home has increased by only $4 over the past two months as compared to a $138 increase through the first five months of 2018

JACKSONVILLE, Fla. – Aug. 6, 2018 – Today, the Data & Analytics division of Black Knight, Inc. (NYSE:BKI) released its latest Mortgage Monitor Report, based on data as of the end of June 2018. This month, Black Knight examined the slowdown in the rate of home price appreciation seen from March through May 2018, while also gauging the impact this slowdown and slightly lower interest rates have had on home affordability. As Ben Graboske, executive vice president of Black Knight's Data & Analytics division explained, what is being seen is not a matter of home prices falling, but rather a slowing in their continuing increase.

"In May – typically one of the strongest months of the year for home price growth – every state in the nation saw home prices increase," said Graboske. "However, the average monthly gain in value of less than one percent was the lowest for any May in the last four years. In addition, the annual rate of appreciation declined each month from March through May, the first three-month slowdown in almost four years. Thirty-two states, as well as 33 of the 50 largest metropolitan areas, have experienced slowdowns in appreciation over the same period. All that said, the annual rate of home price growth is still historically high at 6.3 percent, some 2.5 percentage points above long-term norms. For more than six years, we've been riding a wave of home price appreciation above the 25-year average. The question now is whether tightening affordability will end that streak and if more deceleration is on the horizon.

"On that front, the recent cooling of home price gains and slight reprieve in rising interest rates have combined to stabilize affordability in recent months. As rates have ticked down from 4.66 percent in late May to 4.52 percent in mid-July, the monthly principal and interest payment to purchase the average home has only increased by $4 per month – significantly less compared to the $138-per-month increase we saw over the first five months of 2018. Still, the $1,213 in principal and interest per month needed to buy the average home remains near a post-recession high. While that represents a nearly $500 per month increase from the bottom of the market in 2012, it's important to keep in mind that it's still roughly 13 percent less than was required back in 2006."

This report also looked at how rising short-term interest rates have impacted holders of outstanding adjustable-rate mortgages (ARMs), finding that 1.7 million such borrowers have seen their monthly mortgage payments increase by an average of $70 over the past 12 months. This subset of borrowers had been the beneficiary of downward reductions in their rates and payments following the financial crisis, but that's no longer the case. Increases to both the LIBOR and constant maturity Treasury rates have resulted in the average rate on a post-reset ARM rising by more than .5 percent over the past 12 months and nearly .75 percent over the past two years, pushing the average post-reset ARM interest rate to more than 4.5 percent. While this has not led to any measurable increase in post-reset ARM delinquencies, ARM loans are now prepaying at a 70 percent higher rate than their fixed-rate counterparts over the past 12 months. This is a trend that may continue as an estimated 1 million borrowers would face an additional payment increase upon their next reset if index values were to hold steady at today's rates.

As was reported in Black Knight's most recent First Look news release, other key results include:

Total U.S. loan delinquency rate:	3.74%
Month-over-month change in delinquency rate:	2.71%
Total U.S. foreclosure pre-sale inventory rate:	0.56%
Month-over-month change in foreclosure pre-sale inventory rate:	-4.51%
States with highest percentage of non-current* loans:	MS, LA, AL, WV, ME
States with lowest percentage of non-current* loans:	ND, ID, WA, OR, CO
States with highest percentage of seriously delinquent** loans:	MS, FL, LA, AL, AR

*Non-current totals combine foreclosures and delinquencies as a percent of active loans in that state.
**Seriously delinquent loans are those past-due 90 days or more.
Totals are extrapolated based on Black Knight's loan-level database of mortgage assets.

About the Mortgage Monitor
The Data & Analytics division of Black Knight manages the nation's leading repository of loan-level residential mortgage data and performance information on the majority of the overall market, including tens of millions of loans across the spectrum of credit products and more than 160 million historical records. The company's research experts carefully analyze this data to produce a summary supplemented by dozens of charts and graphs that reflect trend and point-in-time observations for the monthly Mortgage Monitor Report. To review the full report, visit: https://www.blackknightinc.com/data-reports/

# # #

SOURCE: BLACK KNIGHT, INC.