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## **Black Knight: Despite Slower Home Price Growth, Tappable Equity Surpasses \$6 Trillion for First Time; 44 Million Homeowners with Mortgages Now Have Tappable Equity**

- Tappable equity grew by \$256 billion in Q2 2018, bringing total growth for the year to \$636 billion
- There is now nearly three times as much tappable equity available than at the bottom of the market in 2012
- Even so, there was a noticeable slowing in equity growth from Q1 to Q2 2018, largely due to slowing home price growth in some of the nation's most equity-rich locations and price segments
- Although Q2 is typically the strongest quarter for home price gains, this year's appreciation was just 2.7 percent – the lowest second quarter gain in five years, after coming off a five-year high for first quarter growth
- Slowing price gains in the nation's most equity-rich markets drove the overall decline in equity growth
- The top 10 markets ranked by tappable equity accounted for 60 percent of equity growth in Q1 2018, but due to slowing home price gains, they made up just 33 percent of Q2 2018 growth
- Higher interest rates appear to continue negatively impacting home equity utilization

JACKSONVILLE, Fla. – Sept. 10, 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 July 2018. This month, Black Knight looked at full Q2 2018 data to revisit the nation's equity landscape. Despite the slowdown in the rate of home price appreciation seen throughout the second quarter, total tappable equity – the amount of equity available to homeowners with mortgages to borrow against before hitting a maximum 80 percent combined loan-to-value ratio – reached a record high. As Ben Graboske, executive vice president of Black Knight's Data & Analytics division explained, even though Q2 2018 experienced the fourth strongest quarterly gain in equity since the housing recovery began, the slowing in growth observed was noteworthy.

“As the second quarter came to a close, the total amount of tappable equity available to homeowners with mortgages surpassed the \$6 trillion mark for the first time in history,” said Graboske. “There is now \$636 billion more tappable equity available than at the start of 2018, and nearly three times as much compared to the bottom of the market in 2012. Despite the noticeable slowing in home price appreciation over the past four months that Black Knight has reported on recently, some 44 million homeowners now have equity that could be tapped via cash-out refinances or home equity lines of credit (HELOCs). Although total available equity broke an all-time record, we observed strong and unseasonable quarterly slowing in equity growth. While Q2's \$256 billion increase in tappable equity was the fourth strongest quarterly growth since the housing recovery began, the decline from Q1's \$381 billion was significant, particularly given that historically, Q1 and Q2 are responsible for the bulk of equity growth in any given year.

“After the strongest Q1 rise in home prices in five years, momentum shifted in the second quarter. Q2's 2.7 percent gain in home prices was the lowest second quarter gain in five years. This is made all the more notable by the fact that Q2

has historically been the strongest quarter for home price gains. Drilling down to a more localized geographic level, we see significant pullback in the rate of home price appreciation in the nation's 10 most equity-rich markets. This, in turn, pushed down overall equity growth nationwide. All in all, these markets accounted for over 60 percent of tappable equity growth in Q1, but due to slowing home price gains, that share fell to just 33 percent in Q2 2018. Results for California stand out: whereas home price gains nationally were higher in Q2 than Q1, in California, the average home price gain was down 43 percent. In the most expensive areas of the state, average price gains saw an incredible 80 percent quarterly decline.”

July's data also suggested that rising interest rates continue to negatively impact home equity utilization. While the \$65 billion in equity withdrawn via cash-out refinances or HELOCs was a seasonally expected increase from Q1 2018, this was down by more than three percent from the same period last year. At just 1.13 percent, it was also the lowest share of available equity withdrawn since Q1 2014; another period of rising rates. From Q1 to Q2 2018, the average interest rate on 30-year mortgages increased by more than 0.25 percent, while the average rate on a HELOC increased by 0.30 percent. At this time last year, 1.36 percent of available equity was being tapped. This suggests that rising interest rates may be suppressing home equity utilization by approximately 17 percent, resulting in homeowners tapping into \$13 billion less equity than they may have otherwise.

As was reported in Black Knight’s most recent [First Look](#) news release, other key results include:

Total U.S. loan delinquency rate:	3.61%
Month-over-month change in delinquency rate:	-3.35%
Total U.S. foreclosure pre-sale inventory rate:	0.57%
Month-over-month change in foreclosure pre-sale inventory rate:	0.73%
States with highest percentage of non-current* loans:	MS, LA, AL, WV, IN
States with lowest percentage of non-current* loans:	WA, ND, ID, OR, CO
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, FL, 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/>

### **About Black Knight**

Black Knight (NYSE:BKI) is a leading provider of integrated software, data and analytics solutions that facilitate and automate many of the business processes across the homeownership lifecycle.

As a leading fintech, Black Knight is committed to being a premier business partner that clients rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class software, services and insights with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight, please visit <http://www.blackknightinc.com/>.

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