

For more information:

Michelle Kersch  
904.854.5043  
[michelle.kersch@bkfs.com](mailto:michelle.kersch@bkfs.com)

Mitch Cohen  
704.890.8158  
[mitch.cohen@bkfs.com](mailto:mitch.cohen@bkfs.com)

## **Black Knight: 550,000 Homeowners Regain Incentive to Refinance as Interest Rates Fall Slightly; Refinanceable Population Still Down Nearly 50 Percent from Last Year**

- The average interest rate on a 30-year fixed mortgage fell to 4.55 percent on Dec. 27, 2018, returning interest rate incentive to refinance to approximately 550,000 homeowners who could likely qualify
- 2.43 million homeowners with mortgages can now likely qualify under broad-based criteria and also reduce the interest rate on their first mortgage by at least 0.75 percent by refinancing
- While this represents a 29 percent increase from what had been a 10-year low, the total number of refinance candidates is still down by nearly 50 percent (2.3 million) from last year
- Through Q3 2018, refinances have accounted for just 36 percent of mortgage originations, making 2018 the most purchase-dominant market in 18 years
- As refinances have tended to significantly outperform purchase originations in recent years, the shift to a purchase market bears close watching moving forward

JACKSONVILLE, Fla. – Jan. 9, 2019 – Today, the [Data & Analytics](#) division of [Black Knight, Inc.](#) (NYSE:BKI) released its latest [Mortgage Monitor Report](#), based upon its industry-leading loan-level mortgage performance database. As mortgage interest rates have dropped from multi-year highs in recent weeks, the number of homeowners with mortgages who could likely qualify for and see at least a 0.75 percent interest rate reduction by refinancing has increased by approximately 550,000. Ben Graboske, executive vice president of Black Knight's Data & Analytics division, explained that although this number represents a relatively small share of outstanding mortgages, it is a sizeable increase from recent lows in the size of the refinanceable population.

“As recently as last month, the size of the refinanceable population fell to a 10-year low as interest rates hit multi-year highs,” said Graboske. “Rates have since pulled back, with the 30-year fixed rate falling to 4.55 percent as of the end of December. As a result, some 550,000 homeowners with mortgages who would not benefit from refinancing have now seen their interest rate incentive to refinance return. Even so, at 2.43 million, the refinanceable population is still down nearly 50 percent from last year. Still, the increase does represent a 29 percent rise from that 10-year low, which may provide some solace to a refinance market still reeling from multiple quarters of historically low – and declining – volumes.

“In fact, through the third quarter of 2018, refinances made up just 36 percent of mortgage originations, an 18-year low. And of course, as refinances decline, the purchase share of the market rises correspondingly. So now, in the most purchase-dominant market we've seen this century, we need to ask whether the shift in originations will have any impact on mortgage performance. The short answer, based on historical trends, is that it certainly bears close watching. Refinances have tended to perform significantly better than purchase mortgages in recent years. When we take a look back and apply today's blend of originations to prior vintages, the impact becomes clear. A market blend matching today's

would have resulted in an increase in the number of non-current mortgages by anywhere from two percent in 2017 to more than a 30 percent rise in 2012, when refinances made up more than 70 percent of all lending. As today's market shifts to a purchase-heavy blend of lending, Black Knight will continue to keep a close eye on the data for signs of how – or if – this impacts mortgage performance moving forward.”

Leveraging the latest data from the Black Knight Home Price Index, the report also finds that flattening home price growth over the last four months has led to the slowest annual appreciation rates in nearly three years. While slowing has been observed across the majority of the country, western states – led by California – are seeing the most deceleration. The annual rate of appreciation in California has slowed from over 10 percent as recently as February 2018 to less than 5 percent as of October 2018, falling below the national average for the first time since the housing recovery began. Washington's decline has been similar, though it remains above the national average. Appreciation there has fallen from 12.4 percent annually in February to just 7.5 percent as of October.

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

Total U.S. loan delinquency rate:	3.71%
Month-over-month change in delinquency rate:	1.78%
Total U.S. foreclosure pre-sale inventory rate:	0.52%
Month-over-month change in foreclosure pre-sale inventory rate:	-0.22%
States with highest percentage of non-current* loans:	MS, LA, AL, AR, WV
States with lowest percentage of non-current* loans:	ID, CA, WA, OR, CO
States with highest percentage of seriously delinquent** loans:	MS, LA, AR, AL, TN

\*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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