

Black Knight: White-Hot Housing Market and Rising Rates Push Affordability Back to 5-Year Average; Low New Listing Volumes Further Constraining Inventory

- According to the repeat sales-based Black Knight Home Price Index, home prices were up 11.6% in February, the highest annual rate in more than 15 years
- Likewise, home sales data tracked by the company's Collateral Analytics group show a 15.9% year-over-year increase in the median single-family sales price in February
- Nearly three-quarters of the 100 largest U.S. markets saw annual home price growth of 10% or more, with 75% of ZIP codes rated either "Strong" or "Hot" based on underlying market metrics
- Sharp rises in both home prices and interest rates have driven affordability to its lowest point since mid-2019
- It now takes 20% of the median household income to make monthly payments on an average-priced home – back to the 5-year average but still stronger than the 20-year average of 23.4%
- Thus far in 2021, new listing volumes have failed to make up for the shortfall of 2020 and were down 16% and 21% year-over-year in January and February, respectively
- The 125,000 fewer listings over the first two months of 2021 compared to 2020 have pushed for-sale inventory 40% below last year's level and trending in the wrong direction

JACKSONVILLE, Fla. – April 5, 2021 – Today, the [Data & Analytics](#) division of [Black Knight, Inc.](#) (NYSE:BKI) released its latest [Mortgage Monitor Report](#), based upon the company's industry-leading mortgage, real estate and public records datasets. This month, with the U.S. housing market remaining extremely hot by any historical measure, the report looks at home price appreciation over the past year and how that's impacted affordability. According to Black Knight Data & Analytics President Ben Graboske, incredibly low levels of for-sale inventory, coupled with still historically low interest rates, continue to put upward pressure on home prices and tighten affordability.

"Our repeat sales-based Black Knight Home Price Index shows February's annual price appreciation at 11.6%, the fastest growth rate in more than 15 years," said Graboske. "Likewise, the daily home sales data tracked by our Collateral Analytics group found a nearly 16% year-over-year increase in the median sales price in February. Multiple years of constrained housing inventory and historically low interest rates have helped fuel this fire to the point where nearly 75% of the 100 largest U.S. markets have seen annual home price growth of 10% or higher. What's more, Collateral Analytics' Market Conditions Report shows the housing markets in 75% of ZIP codes rated either 'Strong' or 'Hot' based on underlying market metrics. Only 7% are characterized as 'Normal.'

"Of course, upward pressure on home prices has also served to tighten affordability, and with rates on the rise, affordability concerns are coming into sharper relief. It now takes 20% of the median income to make the

monthly payment on the purchase of an average-priced home, back up to the five-year average after several years of low interest rates mitigating the impact of rising prices on affordability. Housing is now the least affordable it's been – factoring in interest rates, home prices and income – since mid-2019. Any hopes of 2021 bringing an influx of homes to the market and lessening pressure on prices appear to be dashed for now, as new for-sale listings were down 16% and 21% year-over-year in January and February, respectively. Rather than an influx of homes on the market, we're now 125,000 fewer new listings in the hole compared to the first two months of 2020 and trending in the wrong direction. With higher interest rates and a continuing shortage of inventory, it will be important to keep a careful eye on both home prices and affordability metrics in the coming months.”

At the geographical level, Black Knight's affordability data shows that recent increases in 30-year rates, combined with sharply rising home prices, are starting to put pressure on some higher-priced markets. In Los Angeles for example, even with 30-year rates at 3.17% as they stand in late-March, it requires 43.6% of the median monthly income to make mortgage payments on the median-priced home purchase when putting 20% down – well over twice the national average. In both San Jose (39.6% of median income) and San Francisco (37.2%), home prices were on the verge of falling in late 2018 before interest rates dropped more than two points over the following two years, releasing some of the affordability pressures on those markets. It remains to be seen if they will reach a similar inflection point in the near future. Much more detail can be found in Black Knight's February 2021 [Mortgage Monitor Report](#).

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 covering 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 combined insight of the Black Knight HPI and Collateral Analytics' home price and real estate data provides one of the most complete, accurate and timely measures of home prices available, covering 95% of U.S. residential properties down to the ZIP-code level. In addition, the company maintains one of the most robust public property records databases available, covering 99.9% of the U.S. population and households from more than 3,100 counties.

Black Knight'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, Inc. (NYSE:BKI) is an award-winning software, data and analytics company that drives innovation in the mortgage lending and servicing and real estate industries, as well as the capital and secondary markets. Businesses leverage our robust, integrated solutions across the entire homeownership life cycle to help retain existing customers, gain new customers, mitigate risk and operate more effectively.

Our clients rely on our proven, comprehensive, scalable products and our unwavering commitment to delivering superior client support to achieve their strategic goals and better serving their customers. For more information

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