

Black Knight: Persistent Constraints in For-Sale Inventory Drive Home Prices Up a Record-Breaking 14.8% Annually in April, Making Housing Least Affordable Since Late 2018

- According to the Black Knight HPI, April saw the highest annual home price growth rate on record since Black Knight began tracking the metric in the mid-1990s
- We've now seen 17 consecutive months of home price increases, with the growth rate accelerating sharply in recent months as inventory challenges continue to put upward pressure on prices
- The number of active for-sale listings were down 53% in April from the same time last year and 60% off the 2017-2019 average for April, for a deficit of nearly 750,000 available homes for sale
- Black Knight's Collateral Analytics found just two months' worth of single-family inventory nationwide in March, the lowest supply on record and trending downward
- It now takes 20.5% of the median income to make monthly payments on the median-priced home, which roughly has been the tipping point between accelerating and decelerating home price growth in recent years
- Though still more affordable than the 25-year average (23.6%), housing has surpassed its 5-year average (20.1%) even with interest rates back below 3% and within ~25 basis points of all-time lows
- Based on today's income and home price levels, 30-year rates rising to 3.5% would push the payment-to-income ratio to 21.9%; 4% would take it to 23.2%; 4.5% would drive it to 24.7%

JACKSONVILLE, Fla. – June 7, 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. As constraints in residential for-sale inventory persist, this month's report looks at how recent and aggressive home price gains are impacting housing affordability. According to Black Knight Data & Analytics President Ben Graboske, a dwindling inventory of homes for sale is pushing home price growth rates to previously unseen levels.

"Home prices grew at 14.8% on an annual basis in April," said Graboske. "That's the highest annual home price growth rate we've ever seen – and Black Knight's been tracking the metric for almost 30 years now. Single-family homes saw the greatest gains, with prices up 15.6% from last April, also an all-time high, while condo prices are up 10%. Driving this growth are two key elements: historically low interest rates and – more acutely – the lack of available for-sale inventory. The total number of active listings was down 60% from the 2017 to 2019 average for April. It's not getting any better, either. Data from our Collateral Analytics group showed there was two months' worth of single-family inventory nationwide in March, the lowest share on record and trending downward. In fact, there were 26% fewer newly listed properties in April as compared to pre-pandemic seasonal

levels.

“Of course, such aggressive home price growth has had an impact on affordability levels, even with interest rates back under 3% and within roughly a quarter point of historic lows. Entering June, the share of the median income needed to make the monthly payments on the median-priced home had risen to 20.5%. While still more affordable than the 25-year average of 23.6%, housing has surpassed its 5-year average of 20.1% even with interest rates back below 3%. In recent years, 20.5% has roughly been the tipping point at which appreciation begins to decelerate, but given the severity of inventory shortages, home prices have – at least for now – continued to sharply accelerate even in the face of tightening affordability.”

The report also looks at example scenarios of how affordability would be affected if home prices continue to rise at their current rate in different mortgage rate environments. Should home price appreciation continue at its current rate and 30-year rates slowly rise to 3.5% by the end of 2022, the national payment-to-income ratio would hit 21.6% by the end of this year and 25% by 2022. This suggests that even if rates remain low over the next 18 months, the current rate of home price growth isn't sustainable. At 4% by the end of 2022, affordability would hit 22% by the end of this year and 26.7% by the end of 2022. If home values continued to rise at their current rate and 30-year rates rose to 4.5% by the end of next year – still historically low – the payment-to-income ratio would rise to 22.5% by the end of this year and climb above 28% by the end of 2022. However, this may not represent actual market behavior as rising rates and tightening affordability may ultimately result in deceleration of home price growth below today's levels. Much more detail can be found in Black Knight's April 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 on Black Knight, please visit www.blackknightinc.com/.

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