

## **Black Knight: Tappable Equity Rises \$1 Trillion in Q2 2021 Alone to Hit All-Time High of \$9.1 Trillion; Quarter Also Sees Largest Volume of Cash-Out Refis in 15 Years**

- Driven by the red-hot housing market, tappable equity – the amount available to homeowners before reaching a maximum 80% combined loan-to-value (CLTV) ratio – surged nearly 40% from last year
- At \$9.1 trillion in total – yet another record high – the average mortgage holder now has \$173,000 in tappable equity available to them, an increase of \$20,000 from just the end of the first quarter
- Fewer than 3% of mortgage holders have less than 10% equity – the lowest share ever observed – with the overall weighted average CLTV now 46%, the lowest mortgage-to-value leverage on record
- Some 98% of borrowers in active forbearance have at least 10% equity, as compared to the Great Recession when 40% of all mortgage holders had less than 10% equity with 28% fully underwater
- Even when adding 18 months of deferred principal, interest, taxes and insurance payments onto the total debt amount, only 7% of borrowers in forbearance would have less than 10% equity in their homes
- More than \$63 billion in equity was withdrawn via 1.1 million cash-out refinances originated in the second quarter, the largest quarterly volume since mid-2007
- Overall, while mortgage originations fell by 5% from Q1, Q2 2021 marked the fourth consecutive quarter with over \$1 trillion in originations, and the fifth consecutive quarter with at least 2.2 million refinances

JACKSONVILLE, Fla. – Sept. 8, 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. With full Q2 data in and analyzed, this month’s report looks at incredible growth in the nation’s levels of tappable equity – the amount available for homeowners with mortgages to borrow against while still retaining at least 20% equity in their homes. According to Black Knight Data & Analytics President Ben Graboske, continued heat in the housing market drove tappable equity levels to never-before-seen heights in the second quarter of 2021.

“Tappable equity grew an astonishing 37% year-over-year in Q2 2021, driven by increasing gains in home values over the quarter,” said Graboske. “According to our Black Knight HPI, as of the end of June, home values had risen nearly 20% from the year before and 7.4% in Q2 alone. As a result, already at a record high of \$8.1 trillion at the end of Q1, U.S. homeowners with mortgages gained another \$1 trillion in tappable equity in the second quarter alone. This is by far the strongest growth we’ve ever seen and equates to some \$173,000 in equity

available to the average mortgage holder, a \$20,000 increase in just three months.

“A rising tide lifts all boats as they say, including homeowners in forbearance – whose ability to return to making payments when forbearance ends will likely be a key driver in the nation’s overall COVID-19 economic recovery. Some 98% of homeowners in forbearance now have at least 10% equity in their homes. Even when we add in 18 months of forbore payments – including principal, interest, taxes and insurance – the share with less than 10% equity only climbs to 7%, about 135,000 homeowners. This is a drastically different dynamic than during the worst of the Great Recession, when more than 40% of all mortgage holders had less than 10% equity and 28% were fully underwater. Such strong equity positions should help limit the volume of distressed inflow into the real estate market as well as provide strong incentive for homeowners to return to making mortgage payments – even if needing to be reduced through modification.”

In looking at Q2 origination data, the report also found signs that homeowners may be less hesitant to tap their stores of available equity. While mortgage originations fell by 5% from Q1, Q2 2021 marked the fourth consecutive quarter with over \$1 trillion in originations, and the fifth consecutive quarter with at least 2.2 million refinances, including 1.1 million cash-out refinances, the largest such quarterly volume in nearly 15 years. However, Black Knight retention data shows that cash-out refinances remain the hardest product to retain in a servicer’s portfolio. In addition, recent expansions and enhancements to the McDash mortgage performance database has given Black Knight greater visibility into the performance of banks vs. nonbanks, finding that the latter are proving much more successful retaining customers in general, but cash-out refinance customers particularly. Much more detail can be found in Black Knight’s July 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/](http://www.blackknightinc.com/).

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