Press Release

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Black Knight's Mortgage Monitor: Cash Transactions Account for Over 60 Percent of Low-Priced Home Sales; Rising Interest Rates May Stress Available Housing Inventory

- Q1 2016 cash sales have declined to 35 percent from 37 percent in Q1 2015 and a peak of 45 percent in Q1 2011
- Cash sales make up 62 percent of purchases in the lowest 20 percent of market value, but make up 30 percent of purchases in the top 20 percent of market value
- Mortgaged properties listed for sale down 22 percent from 2012; but up 10 percent among those current on loans
- Borrowers with low fixed interest rates less likely to list homes for sale; ARM borrowers 72 percent more likely to list than those with fixed rates

JACKSONVILLE, Fla. -- June 6, 2016 -- Today, the Data & Analytics division of Black Knight Financial Services, Inc. (NYSE: BKFS) released its latest Mortgage Monitor Report, based on data as of the end of April 2016. This month, Black Knight looked at the cash share of residential real estate transactions by core-based statistical areas (CBSAs), breaking each CBSA into five equal price tiers. While the data showed that overall cash sales are slowing, they still account for the bulk of transactions on homes in the lowest 20 percent of property values. As Black Knight Data & Analytics Senior Vice President Ben Graboske explained, there is significant disparity between high- and low-end markets nationwide in this regard.

"As the inventory of distressed properties has dried up nationwide, the overall share of cash sales has been on the decline as well," said Graboske. "From a peak of 45 percent of all real estate transactions back in Q1 2011, cash sales accounted for just 35 percent of home purchases in the first quarter of 2016. What's striking though, is the disparity between the high and low ends of the market. At the national level, cash sales made up approximately 30 percent of transactions on properties in the top 20 percent by value of their respective markets. For those in the lowest 20 percent of property values, over 60 percent of sales were cash transactions. While down significantly from its peak of 75 percent of all transactions at the bottom of the housing market, this is still quite high for cash sales, historically. The prevalence of cash sales at the low end of the market can likely be chalked up to two primary factors. First, negative equity is still higher than average among this segment of the market, resulting in increased distressed discounts for buyers. Second, lower-priced homes simply require less capital to purchase outright, making cash sales possible for more people."

Leveraging both loan-level mortgage performance and multiple listing service (MLS) data, Black Knight also examined the correlation between mortgage characteristics and the likelihood a property will be listed and/or sold. As Graboske explained, the data suggests that delinquent inventory, in particular, seems to be having a significant impact on available housing market inventory.

"We're now in the heart of the spring home buying season and, as has been true for several years, there are still reports of tight inventory. We found that the share of homes with mortgages listed for sale is down 22 percent since 2012 and down 5 percent from the same time last year. One driver is that while delinquent borrowers are still more than twice as likely to list their homes for sale, there are far fewer of these borrowers, as well as a much lower share of such homes listed for sale, than in 2012. On the other hand, listings from borrowers who are current on their mortgages are up 10 percent over the same time period. Also, people with adjustable-rate mortgages are more likely to list their homes than those with fixed rates, which is hardly surprising given that buyers often choose ARMs when they plan to stay in their homes for less time. Interestingly, borrowers with low fixed interest rates – 4.25 percent or below – are less likely to put their homes on the market than those with higher rates. This is something to keep an eye on if and when interest rates begin to rise. Should the trend hold true, rising interest rates could put an even greater strain on an already tight housing inventory."

Finally, Black Knight found that home equity lines of credit (HELOCs) have now seen annual delinquency rate increases in two of the past six months – the first such annual rises observed since June 2012. The increases are being driven almost entirely by an 87 percent spike in delinquencies among 2005 vintage HELOCs over the past 12 months, which ended their draw periods and began amortizing in 2015. The 2006 vintage – which began amortizing this year – accounts for approximately 17 percent of active HELOCs and 2007 another 18 percent, suggesting the trend will likely continue over the next two years as large volumes of draw expirations take place.

As was reported in Black Knight's most recent First Look release, other key results include:

Total U.S. loan delinquency rate:	4.24%
Month-over-month change in delinquency rate:	3.77%
Total U.S. foreclosure pre-sale inventory rate:	1.17%
Month-over-month change in foreclosure pre-sale inventory rate:	- 5.87%
States with highest percentage of non-current* loans:	MS, LA, NJ, NY, ME
States with lowest percentage of non-current* loans:	AK, SD, MN, CO, ND
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, AR, RI

*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 Financial Services' loan-level database of mortgage assets.

About the Mortgage Monitor
The Data & Analytics division of Black Knight Financial Services 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: http://www.BKFS.com/CorporateInformation/NewsRoom/Pages/Mortgage-Monitor.aspx

About Black Knight Financial Services, Inc.
Black Knight Financial Services, Inc. (NYSE: BKFS), a Fidelity National Financial (NYSE:FNF) company, is a leading provider of integrated technology, data and analytics solutions that facilitate and automate many of the business processes across the mortgage lifecycle.

Black Knight Financial Services is committed to being a premier business partner that lenders and servicers rely on to achieve their strategic goals, realize greater success and better serve their customers by delivering best-in-class technology, services and insight with a relentless commitment to excellence, innovation, integrity and leadership. For more information on Black Knight Financial Services, please visit www.bkfs.com.

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