BLACK KNIGHT

Press Release

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Black Knight's Mortgage Monitor: Despite Continued Home Price Acceleration, Housing Remains More Affordable Than Long-Term Benchmarks

- Nationally, it requires 21.4 percent of the median income to purchase the median-priced home as of September 2017 compared to 24.2 percent from 1995-1999 and 26.2 percent from 2000-2003
- Interest rates have pulled back by 40 bps over the past six months, but most of that potential savings continues to be offset by accelerating rates of home price appreciation across most of the country
- Despite home prices accelerating and affordability remaining near post-recession lows, housing remains much more affordable than longer-term benchmarks (1995-2003)

JACKSONVILLE, Fla. -- Nov. 7, 2017 -- Today, the Data & Analytics division of Black Knight, Inc. (NYSE: BKI) released its latest Mortgage Monitor Report, based on data as of the end of September 2017. Given continued acceleration in the rate of home price appreciation observed across most of the country, Black Knight thought it pertinent to examine both the current state of home affordability as well as potential impacts of future home price and interest rate increases on the home affordability landscape.

"Rising home prices continue to offset the majority of would-be savings from recent interest rate declines, which has kept home affordability near a post-recession low," said Ben Graboske, Executive Vice President - Data & Analytics, Black Knight. "That being said, when viewing the market through a longer-term lens, affordability across most of the country still remains favorable to long-term benchmarks."

As of September, 21.4 percent of the median income nationwide was needed to purchase the median-priced home, just slightly behind the post-recession peak of 21.8 percent seen in July. But, even with the monthly payment needed to purchase the median-priced home up $100 from one year ago, the national "payment-to-income" ratio remains 2.8 percent below the 24.2 percent average in the late 1990s and 4.9 percent behind the 26.2 percent average from 2000-2003 prior to the run-up in home prices that eventually peaked in 2006.

"In looking at the affordability landscape across the country, we certainly see varying levels of affordability in each market compared to their own long-term benchmarks," Graboske explained. "But, by and large, the overall theme is that affordability in most areas, while tightening, remains favorable to long-term norms." When looking at state-level data, payment-to-income ratios in 47 of 50 states remain below their 1995-2003 averages. Only Hawaii, California, Oregon, and Washington, D.C., have higher payment-to-income ratios today than their longer-term benchmarks.

A question that certainly bears asking is how long the current rate of home price appreciation can continue. After all, according to the August Black Knight Home Price Index, the annual rate of home price appreciation has accelerated from 5.6 percent entering the year to over 6.2 percent as of August 2017. Under optimistic scenarios, most states remain below long-term benchmarks even with home prices rising at current rates for another year. However, under pessimistic scenarios -- including significant increases in the 30-year fixed interest rates -- affordability could surpass long-term norms in a number of states by this time next year.

In addition to affordability, Black Knight also took an in-depth look at the effect of recent hurricanes on mortgage performance and determined that Hurricanes Harvey and Irma have likely accounted for an increase of 135,800 past-due mortgages nationwide. The combined impacts of these two storms, which are being credited with a 27 bps rise in the national non-current rate – has already surpassed that of Hurricane Katrina in 2005 and is expected to increase further in October results, where the heaviest impact from Hurricane Irma is expected to be seen.

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

Total U.S. loan delinquency rate:	4.40%
Month-over-month change in delinquency rate:	11.85%
Total U.S. foreclosure pre-sale inventory rate:	0.70%
Month-over-month change in foreclosure pre-sale inventory rate:	-7.17%
States with highest percentage of non-current* loans:	MS, LA, FL, AL, TX
States with lowest percentage of non-current* loans:	WA, MN, OR, ND, CO
States with highest percentage of seriously delinquent** loans:	MS, LA, AL, AR, 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 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
Black Knight is a leading provider of integrated software, data and analytics solutions that facilitate and automate many of the business processes across the homeownership lifecycle.

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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