

Black Knight: Home Prices Hit New Record Highs in 60% of Major Markets as Annual Growth Rate Rises, Boosting Homeowner Equity Levels

- The Black Knight Home Price Index (HPI) hit an all-time high in June, this time on both seasonally adjusted (SA) and unadjusted levels, with nearly every major market experiencing month-over-month growth
- Prices have now reached new peaks in 30 of the 50 largest markets, with several northeastern metros currently 5-8% above 2022 highs
- Home prices rose by +.67% (SA) month-over-month in June, while after slowing for 14 consecutive months, the annual growth rate rose to +0.8% in June, up from a revised +0.2% in May
- Broadly speaking, annual growth is strongest among Midwest and Northeast markets, while West Coast and pandemic boom markets continue to see prices run below last year's levels
- Despite overall outstanding mortgage debt surpassing \$13T for the first time ever, home price growth has also pushed homeowner equity levels back to within 3% of 2022 peaks
- Total mortgage holder equity topped \$16T again in June, with tappable equity – the amount that can be accessed while retaining a 20% equity stake – climbing to \$10.5T, within \$434B (4%) of 2022 peaks
- While the number of underwater homeowners is up nearly 70% from last year, it remains 52% below 2019 levels, with just 344K (0.65%) of mortgage holders nationwide currently owing more than their home is worth

JACKSONVILLE, Fla. – Aug. 7, 2023 – Today, the [Data & Analytics](#) division of [Black Knight, Inc.](#) (NYSE:BKI) released its August 2023 [Mortgage Monitor Report](#), based on the company's industry-leading mortgage, real estate and public records data sets. This month's report looks again at the reheating housing market nationwide, with home prices hitting new peaks at the national as well as local levels, and no end in sight to the constrictive lack of for-sale inventory driving the price increases. As Black Knight Vice President of Enterprise Research Andy Walden explains, backward-looking annual home price growth rates are beginning to inflect driven by the seasonally adjusted monthly increases the Black Knight Home Price Index (HPI) has been tracking in near real time as 2023 has progressed.

"We've been noting for some months that the recent rate of home price gains would have a lagging, but significant, impact on the annual rate of appreciation," said Walden. "Well, June marked that inflection point. Not only has the Black Knight HPI reached a new record high – on both seasonally adjusted and non-adjusted bases – but 60% of major markets have done so as well. After slowing for 14 straight months, the annual growth rate jumped back to 0.8% in June, up from just 0.2% in May, amid widespread growth that saw annual rates of appreciation inflect and begin to trend higher in more than 80% of markets. Rising home prices have boosted homeowner equity levels as well, which had been retreating from their 2022 highs not very long ago. In fact, despite total outstanding mortgage debt topping \$13T for the

first time in history, much of the decline in equity we'd tracked since last year's peak has since been recovered.

"Overall mortgage-holder equity is now back above \$16T, with some \$10.5T of that being 'tappable,' or available for the homeowner to borrow against while still maintaining a relatively conservative 20% equity stake. The average mortgage holder has some \$199K in tappable equity available to them; down somewhat from 2022's historic highs but still a historically large amount regardless. In terms of negative equity, or 'underwater borrowers,' it's a nearly nonexistent phenomenon in today's market – just 344K homeowners currently owe more on their homes than the properties are worth. Yes, it's true that is a 70% jump from this time last year – which may sound ominous – but everything is relative. There are less than half as many underwater homeowners than there were in 2019 before the onset of the pandemic, with only 3.9% having less than 10% equity, down from 6.6% in 2019."

Strong equity positions are one component of today's historically strong mortgage performance, but this month's report also quantifies the savings associated with recent refinance waves, which continue to pay dividends in terms of both performance and overall economic benefit. While affordability for prospective homebuyers is nearly the worst it's been in 37 years, low interest rates locked in during the COVID era continue to keep payments down for existing homeowners, contributing to low delinquency levels. Despite the average unpaid principal balance of existing mortgages hitting an all-time high in June (\$242K), the average interest rate on those loans sits at just 3.94%. Existing homeowners who have benefitted from \$42B in cumulative savings through refinance in the past three years are now also benefitting from strong income growth as well. Further, existing homeowners need just 21% of the median household income to make the average monthly P&I payment – as opposed to more than 36% for prospective homebuyers in today's market. The small relative share of income needed for existing homeowners to meet their mortgage obligations, along with the strong credit quality of today's mortgage holders and an acute focus on loss mitigation by the industry at large, are all contributing to today's 16-year low in seriously delinquent mortgages.

Much more information on these and other topics can be found [in this month's Mortgage Monitor](#).

Note: beginning with this month's report, the naming convention of the Mortgage Monitor has changed to reflect month of release as opposed to traditional McDash monthly mortgage performance data aggregation. As Black Knight has added larger, more varied, and timely data sets – including McDash Flash, which pushes performance data closer to real time – the former naming schema failed to reflect the currency of the information used for analysis.

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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