



Record Drop in Price Growth - Mortgage Monitor

It will be a few weeks before we get the next installment of the bellwether home price indices (Case Shiller and FHFA), but today's Mortgage Monitor from Black Knight has an earlier look at June's results.

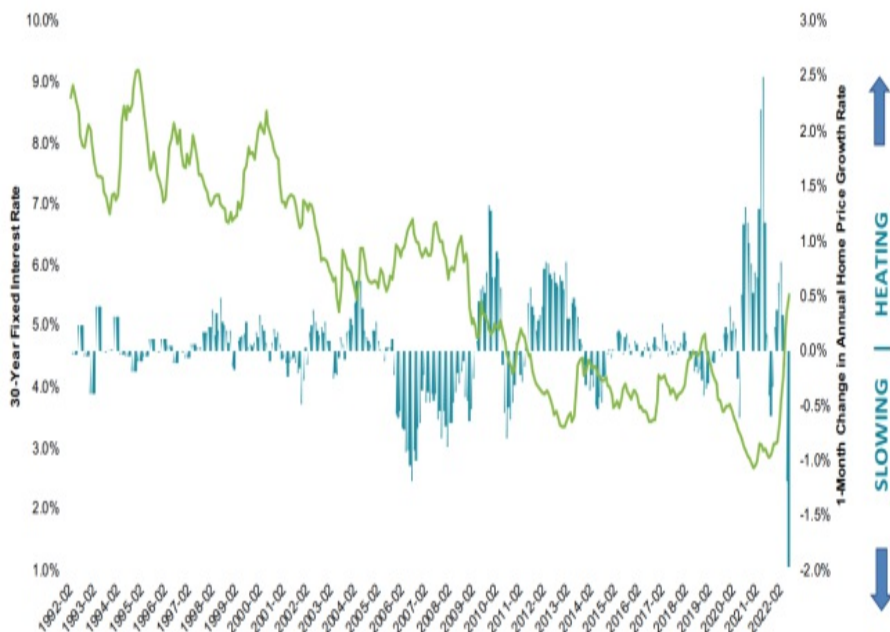
Much like FHFA and Case Shiller, Black Knight's data for May had shown year-over-year appreciation that still looked reluctant to move too far under 20%. 19.3% was the official tally (Case Shiller was still over 20% and FHFA had fallen to 18.3%).

Today's release shows a much sharper deceleration in June with the annual pace falling to 17.3%. While that's by far and away the largest decline since record-keeping began in the 1970s, there is at least one incredibly important caveat. Simply put, the price growth leading up to these declines also set records. As such, any remotely quick return to normalcy will end up producing huge declines.

Moreover, let's not overlook the fact that 17.3% is still a staggeringly high year-over-year appreciation rate. It didn't even break above 15% during the housing boom in the mid 2000s that contributed to the financial crisis.

BLACK KNIGHT HOME PRICE INDEX

■ 1-Month Change in Annual Home Price Growth Rate ■ 30-Year Fixed Interest Rate



Source: Black Knight Home Price Index (HPI)



Of course this is just the national average. Results vary widely by metro area, with several already more than 10% off their recent peak annual growth rate.



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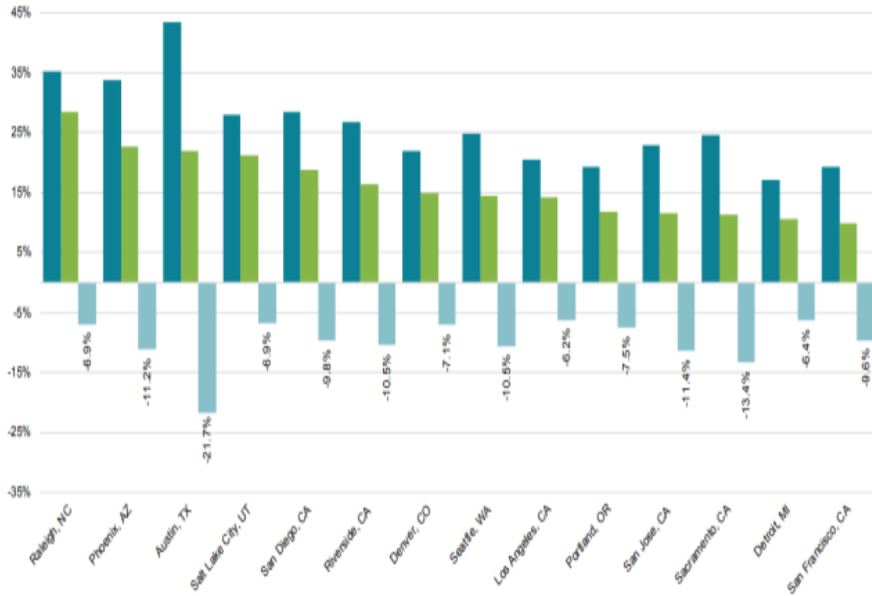
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MARKETS SEEING STRONGEST SLOWING IN HOME PRICE GROWTH (BLACK KNIGHT HOME PRICE INDEX - AMONG 50 LARGEST MARKETS)

■ Peak Home Price Growth Rate (Past 12-Months) ■ Current Home Price Growth Rate ■ Change

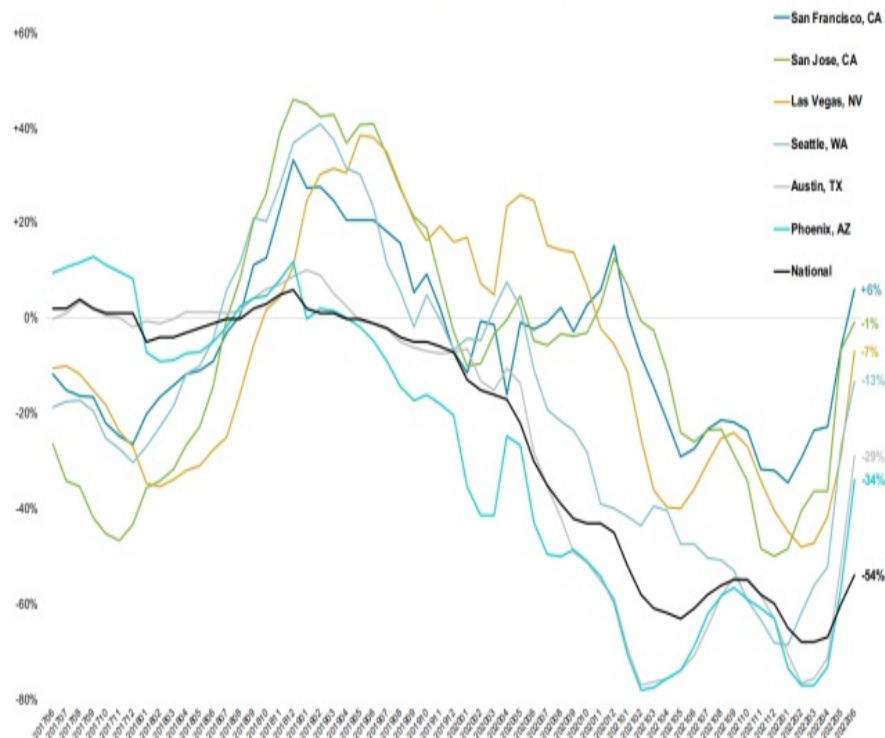


Source: Black Knight Home Price Index (HPI)



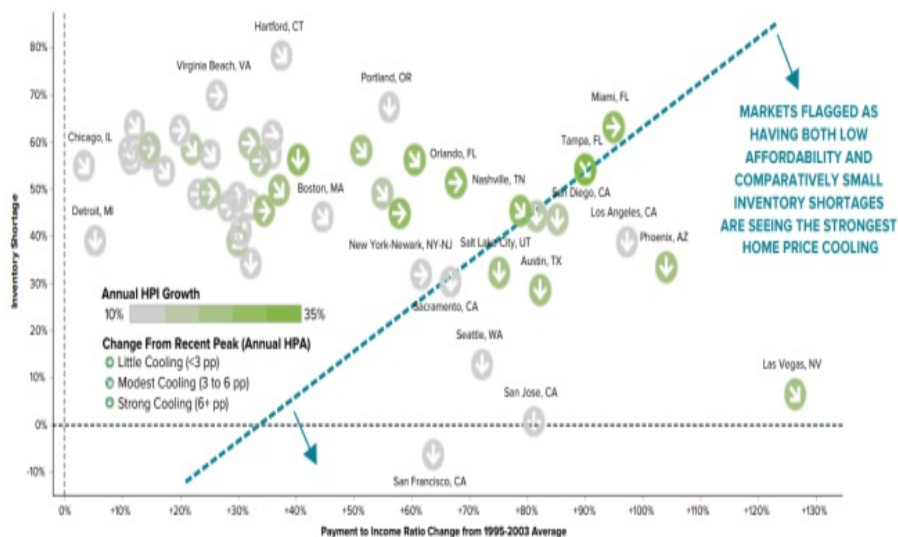
The price decline speaks to the broader issues of affordability, both due to rampant post-pandemic appreciation and the abrupt surge toward higher mortgage rates in 2022. The net affect, unsurprisingly, is noticeable shift in inventory levels in certain metro areas. Some are back to 2017-2019 levels while the national average is still down more than 50%.

SHORTAGE OF FOR SALE INVENTORY BY CBSA (% CHANGE FROM 2017-2019 SAME MONTH AVERAGE)



Markets with both low affordability and a comparatively higher amount of inventory are logically losing value the fastest (in the chart below, the downward arrows indicate the fastest cooling).

INVENTORY SHORTAGES VS. LACK OF AFFORDABILITY



Source: Black Knight, Census Bureau, Realtor.com, FHLMC PMMS, Moody's



The above represents only a few of the charts available each month as a part of the Mortgage Monitor. The entire report can be found here: https://www.blackknightinc.com/wp-content/uploads/2022/08/BKI_MM_June2022_Report.pdf