



## QUICK GUIDE

# Three Key Takeaways From TransUnion's Q2 2022 Home Equity Report

The home equity space is getting a lot of attention from homeowners and lenders alike. With refinance demand continuing to dwindle as a result of rising interest rates, mortgage lenders are seeking ways to grow, diversify and strengthen revenue. Lending and cross-selling to those within existing customer bases looking to tap into historic amounts of home equity is an intuitive avenue in today's market.

To capitalize on this opportunity, mortgage lenders should be apprised of the current state of the home equity market, and able to identify which consumers may turn to home equity lending products – and how to best serve them.

TransUnion's recently published **Q2 2022 Home Equity Report** examines the latest trends and metrics in the home equity space, including available home equity, originations, and metrics by geographic region, product and more.

Here are three key takeaways from the report:

## 1) Why should mortgage lenders care about home equity?

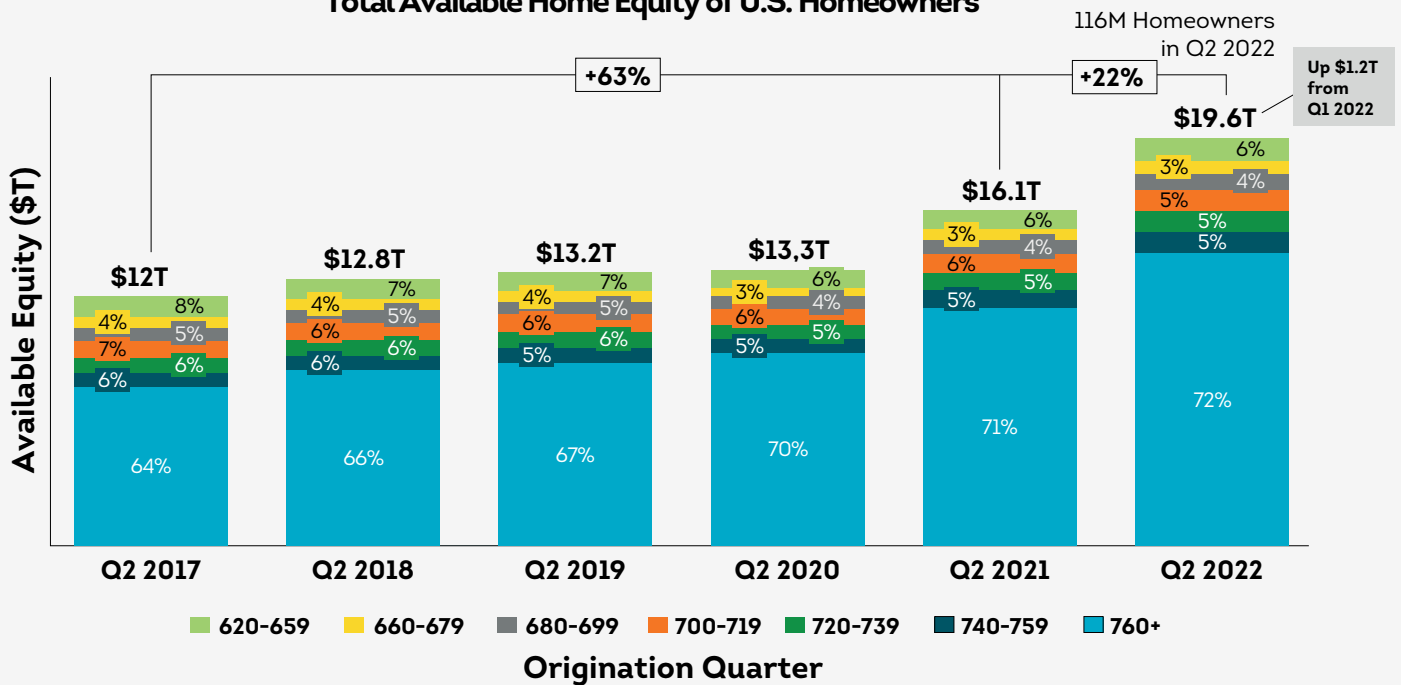
Engaging homeowners looking to access the accumulating capital within their record levels of home equity can prove quite profitable for mortgage lenders – as evidenced by these recent statistics:

- **Between Q2 2021 and Q2 2022**, overall available nation-wide home equity **increased by 22% to \$19.6T**
- **As of Q2 2022**, 84 million consumers now have available equity in their homes with a **median equity of \$236K**
- **The average amount of home equity extracted in Q2 2022 increased \$17K to \$199K** compared to Q1 2022
- **New HELOC and home equity loan volumes are up 41% and 29%**, respectively YoY in Q2 2022\*

Lenders can bolster growth by leveraging tools that can identify consumers in the market to utilize their available home equity and reach out to them with the right offers at the right time.

\*Data is one quarter behind to account for reporting lag

## Total Available Home Equity of U.S. Homeowners



Source: TransUnion US consumer credit database

VantageScore® 4.0 risk ranges

Subprime = 300-600, Near prime = 601-660, Prime = 661-720, Prime plus = 721-780, Super prime = 781+

<sup>1</sup>80% of value of all residential properties less sum of mortgage and home equity balances from 620+

\*Total available home equity is \$22T when all homeowners (with scores below 620) are included



### DID YOU KNOW?

Non-mortgage balances across US homeowners **increased 15%** from Q1 2022 to Q2 2022

## 2) What mortgage product is most attractive right now?

While overall mortgage originations decreased by 45% YoY, home equity originations remained steady, driven primarily by home equity line of credit (HELOC) and home equity installment loan (HELOAN). As mentioned above, HELOC and HELOAN originations increased by 41% (the highest volumes booked since the end of 2019) and 29%, respectively YoY, while first mortgage refi (cash-out refi) decreased by 23% YoY. As home equity levels are expected to continue rising nationwide, HELOCs and HELOANS are poised for continued growth in future quarters.

### HELOC



**41% YoY**

### HELOAN



**29% YoY**

### FIRST MORTGAGE REFI



**23% YoY**

### 3) Where is the opportunity?

To optimize efforts, lenders need to be armed with sophisticated data into when and where homeowners may be looking to take advantage of their home equity, and how much they may have available. For example, from the state-wide perspective, Texas is the second largest state by population size but is ranked fourth in terms of total available home equity. Another useful tool, combined loan-to-value ratio (CLTV), identifies how much equity a homeowner has in their property, and can help lenders fill get a better sense of how available home equity varies by geographic region. For example, the average CLTV for financed properties in California is 48%, indicating a higher level of home equity when compared to a state like Illinois with an average CLTV of 59%.



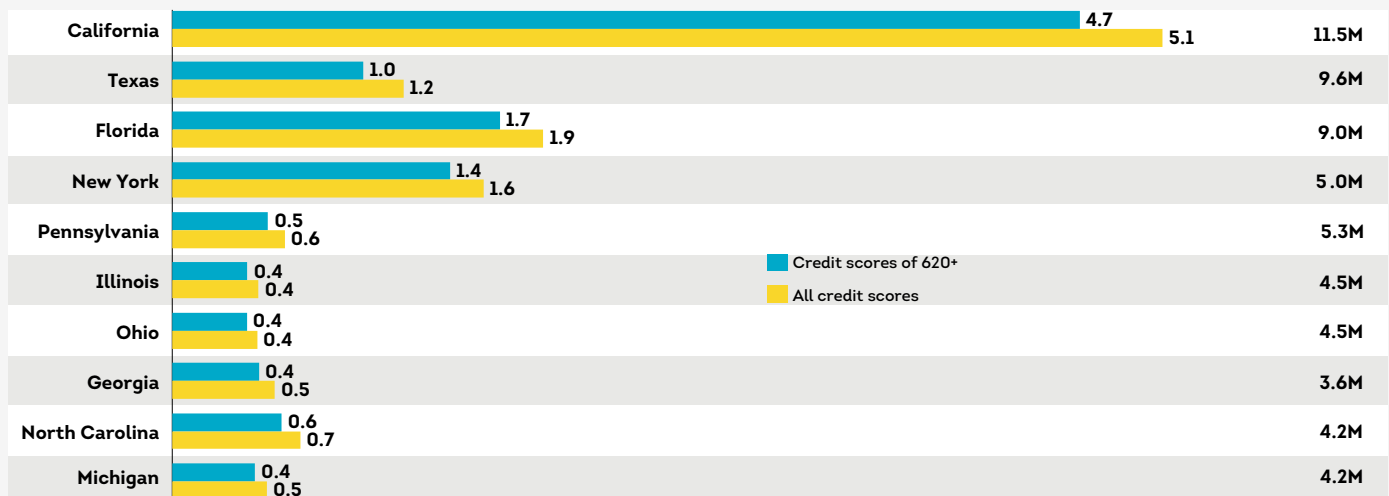
#### DID YOU KNOW?

An 11% increase in non-mortgage balances was observed for nationwide homeowners

#### Total Available Home Equity<sup>1</sup> of U.S. Homeowners, Q2 2022 (\$T)

##### Top 10 States Rank-Ordered by Population Size

Number of residential homeowners



Source: TransUnion US consumer credit database

<sup>2</sup>80% of value of all residential properties less sum of mortgage and home equity balances from 620+

\*Total available home equity is \$22T when all homeowners (with scores below 620) are included



#### CONTACT US

Utilizing tools that translate into cost-effective ways to generate leads, acquire new customers and boost revenues is critical to grow your business and maintain market share.

Contact us at [TU\\_Mortgage@transunion.com](mailto:TU_Mortgage@transunion.com)

View the full report to [learn more](#) about the state of the home equity market.