



# HOME EQUITY TRENDS REPORT

**Q3 2023**

DECEMBER 2023





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# Quarter at a Glance (YoY % change)

Tappable homeowner equity remained flat YoY at \$20.2T. Homeowners have accumulated significant amounts of tappable home equity – 86M consumers have tappable equity in their homes with a median equity of \$254K with 5.8M having \$1M+ available equity. Additionally, homeowners remain interested in home equity products to access affordable with capital. HELOC originations were down 28% from last year's high volumes, and Home Equity loan originations were down slightly by 3% YoY. Despite these dips, with the latest quarter's originations at 295K and 290K for HELOCs and home equity loans, respectively, HELOC volumes were comparative to pre-pandemic levels while home equity loan origination are well above levels seen between 2008 and 2021. Having a comprehensive understanding of industry dynamics in relation to the home equity market can help mortgage lenders identify homeowners who may turn to home equity lending products and how best to serve them. Utilizing tools that can identify how much equity a homeowner has in their property such as CLTV insights becomes critical in targeted campaigns.

## Total tappable home equity

**Current value** \$20.2T

**Definition** 80% of value of all residential properties less the sum of mortgage and home equity balances from homeowners with credit scores above 620



**YoY growth** → 0%

## Total home equity originations

**704K accounts**

The number of new first mortgage refinance, HELOC and HELOAN accounts opened in a quarter for all homeowners. Data is one quarter behind to account for reporting lag



↓ -33%

## Total outstanding home equity accounts

**11.3M accounts**

Total remaining home equity accounts include all active (open) HELOC and HELOAN accounts for all homeowners

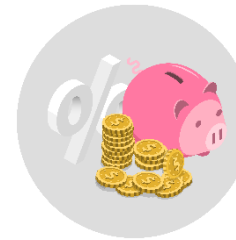


↑ 6%

## Homeowner non-mortgage debt

**\$737B / 94M homeowners**

Non-mortgage debt includes credit card and unsecured personal loan debt for all homeowners

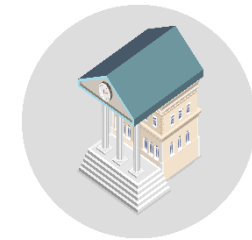


↑ 15%

## Number of accounts reaching End Of Draw (EOD) in the next 12 months

**400K accounts**

Number of all HELOC accounts reaching EOD that will be closed



↓ -11%

# Total Tappable Home Equity

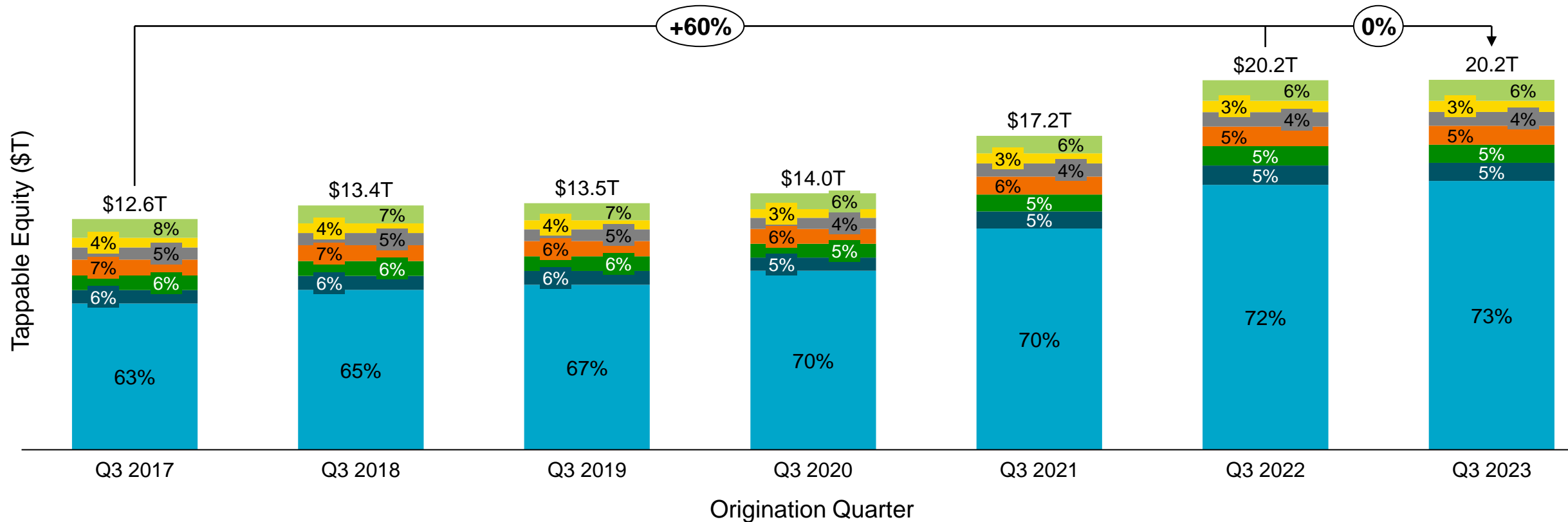


# Tappable home equity<sup>1</sup> remains flat YoY at \$20.2T in Q3 2023

Total Tappable Home Equity of U.S. Homeowners

620-659 660-679 680-699 700-719 720-739 740-759 760+

104M Homeowners in Q3 2023



VantageScore® 4.0 risk ranges

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

1. 80% of value of all residential properties less sum of mortgage and home equity balances from 620+

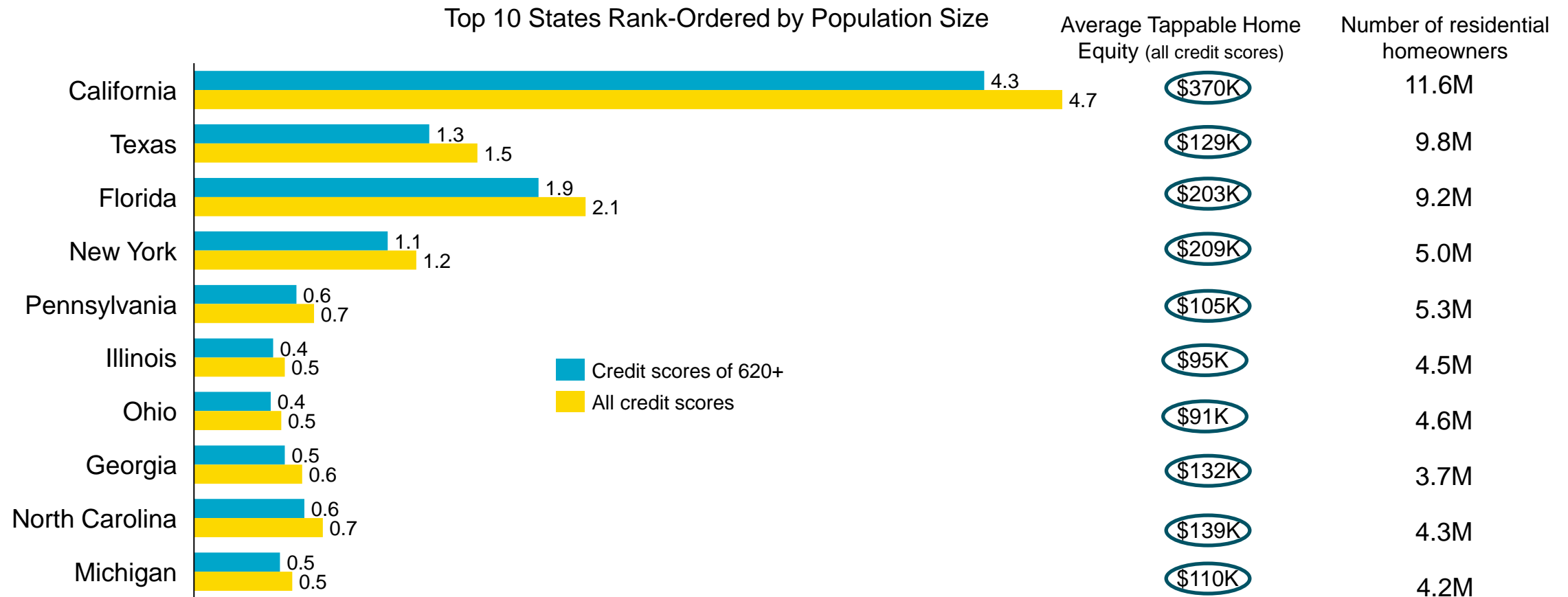
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Totals may not equal 100 due to rounding  
Source: TransUnion US consumer credit database



# While Texas is the second largest state by population size, it ranks sixth in the average amount of tappable home equity available

Total Tappable Home Equity of U.S. Homeowners, Q3 2023 (\$T)



Credit scores = VantageScore® 4.0

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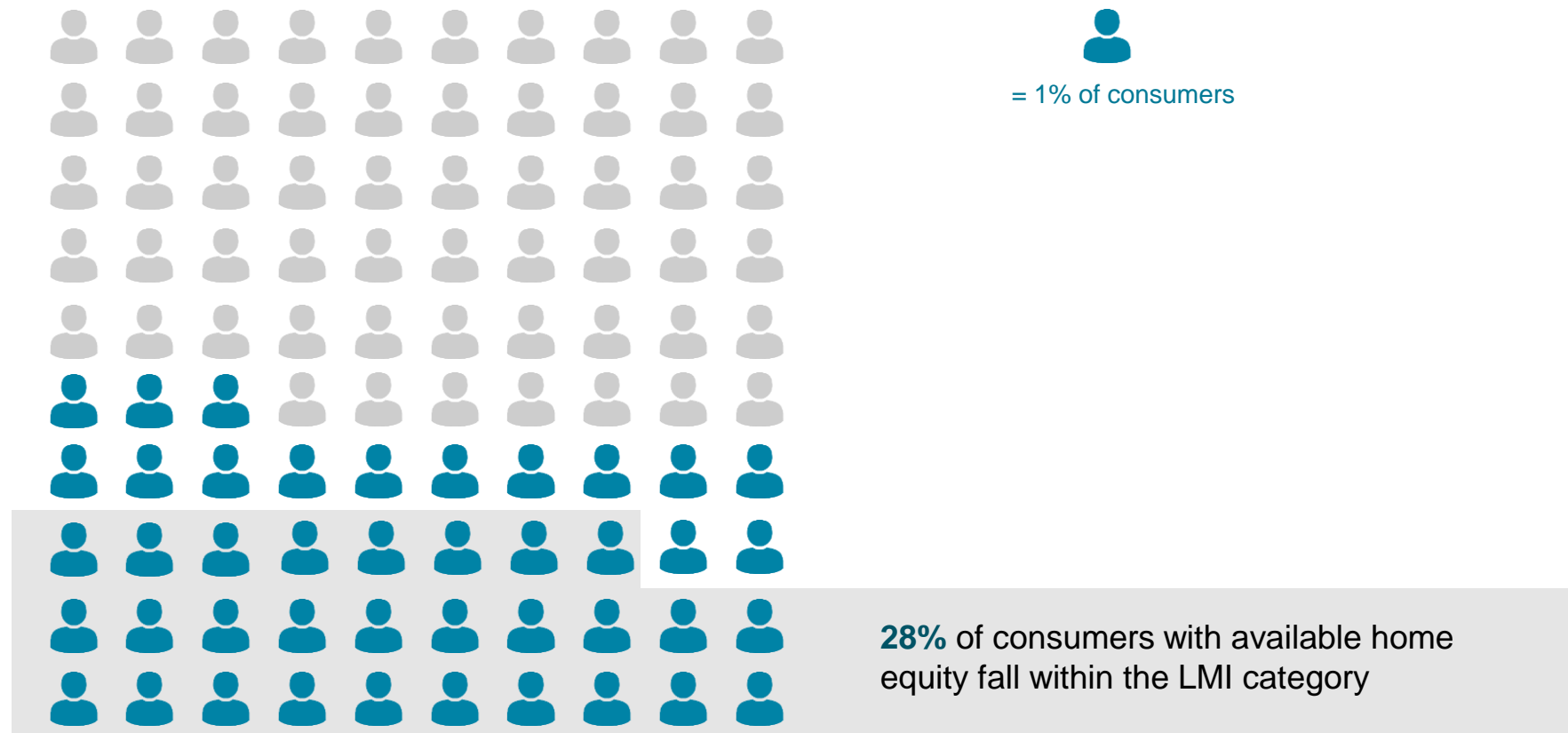
1. 80% of value of all residential properties less sum of mortgage and home equity balances from 620+  
 \*Total tappable home equity is \$22.1T when *all* homeowners (with scores below 620) are included

Source: TransUnion US consumer credit database



# Around 3 out of 10 LMI homeowners have tappable equity in their homes

LMI<sup>2</sup> Distribution of Consumers With Available Home Equity, Q3 2023



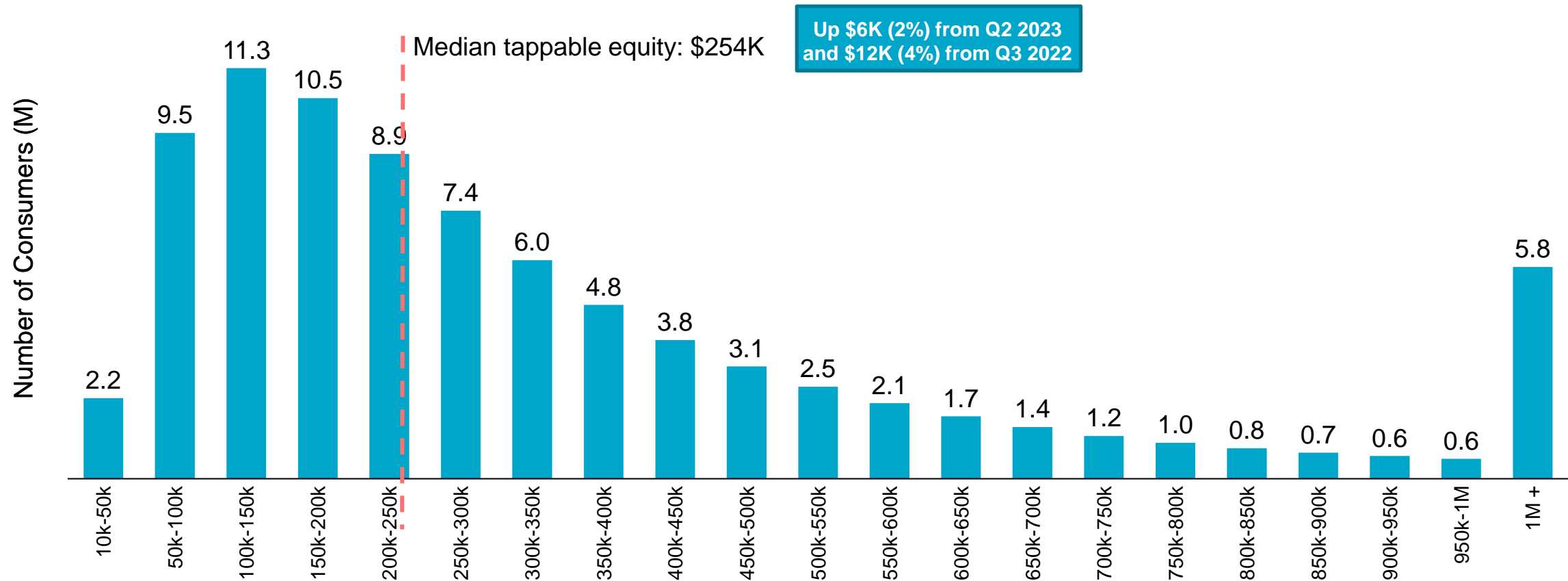
1. 80% of value of all residential properties less sum of mortgage and home equity balances from 620+  
\*Total tappable home equity is \$22.1T when all homeowners (with scores below 620) are included

2. LMI Includes those who qualify based on Income and/or LMI Tract using 2020 census data; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.

Source: TransUnion US consumer credit database

# 86M consumers have tappable equity in their homes with a median equity of \$254K and ~6M consumers had \$1M+ available equity

Tappable Home Equity Distribution, Q3 2023 (85.9M consumers)



1. 80% of value of all residential properties less sum of mortgage and home equity balances from 620+ and at least \$10K equity in property

Source: TransUnion US consumer credit database

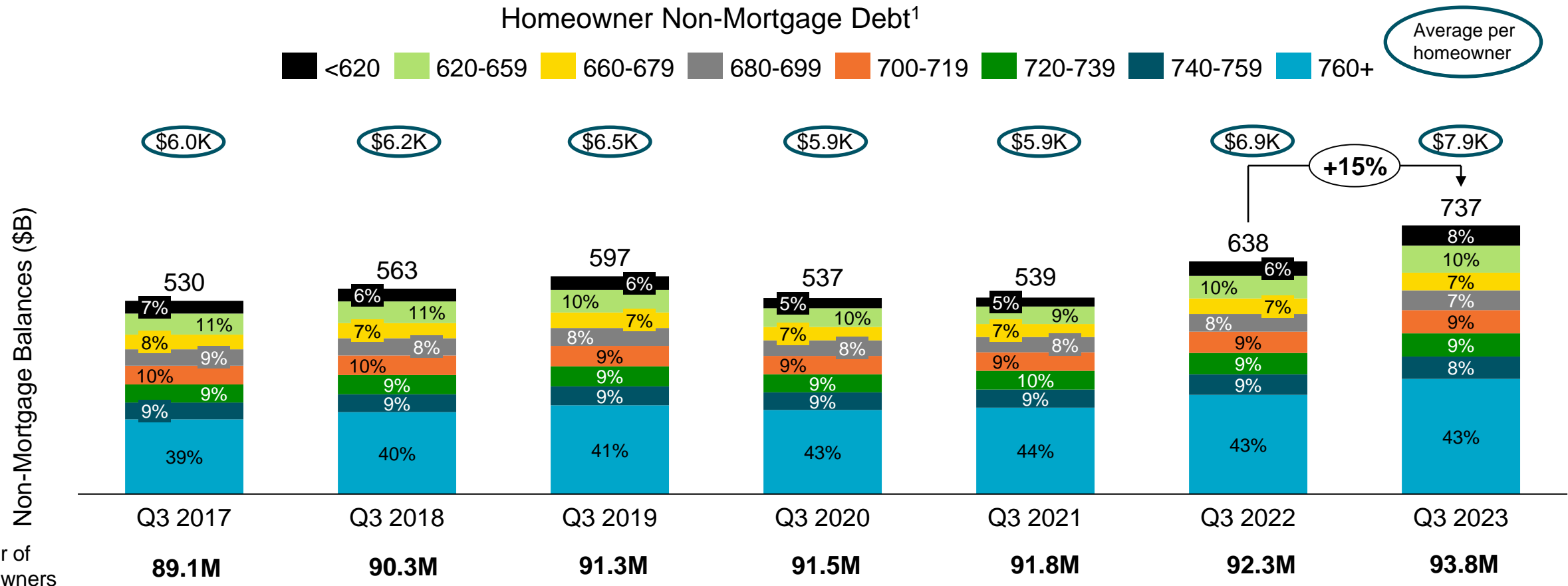




# Homeowner and Residential Property Insights



# Homeowners had \$737B in non-mortgage debt in Q3 2023 up by 15% YoY with an average of \$7.9K per homeowner



VantageScore® 4.0 risk ranges  
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

1. Non-mortgage debt includes credit card and unsecured personal loan debt for all homeowners

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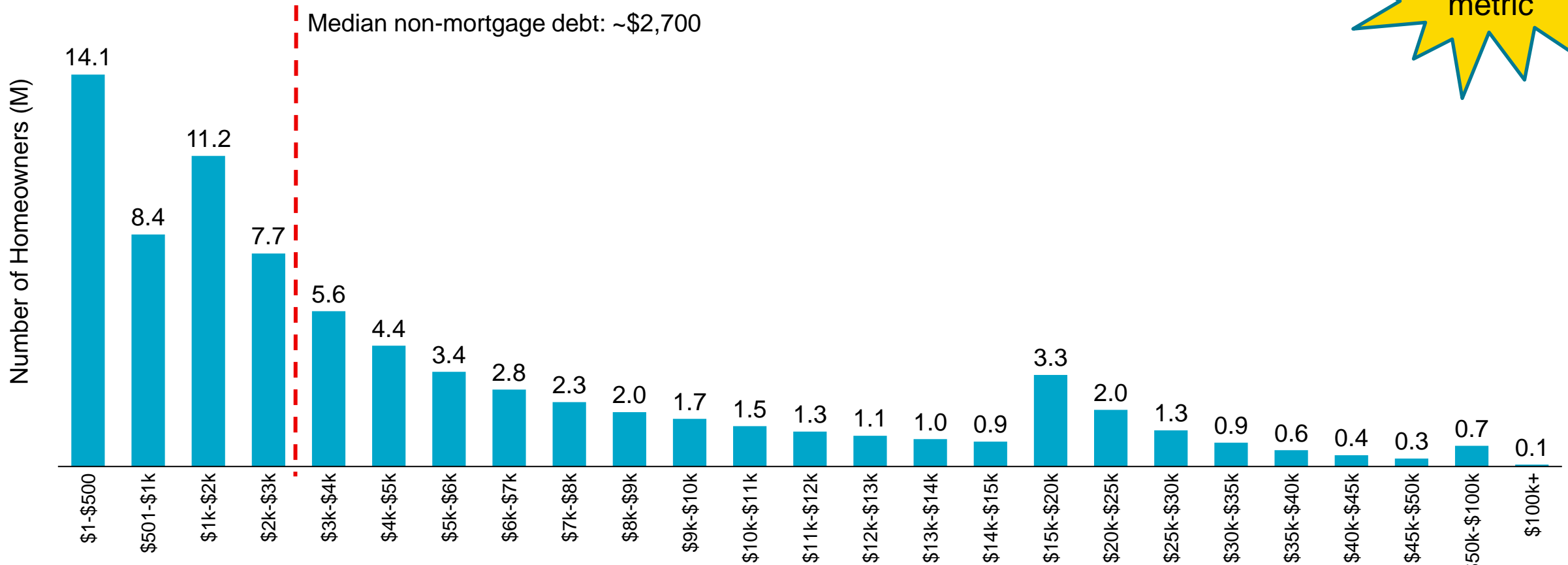
Source: TransUnion US consumer credit database



# Around 15 million homeowners have at least \$10K in non-mortgage debt

Non-Mortgage Debt of Residential Homeowners with Positive Non-Mortgage Debt  
Q3 2023 (79M homeowners)

Median non-mortgage debt: ~\$2,700



1. Non-mortgage debt includes credit card and unsecured personal loan debt for all homeowners

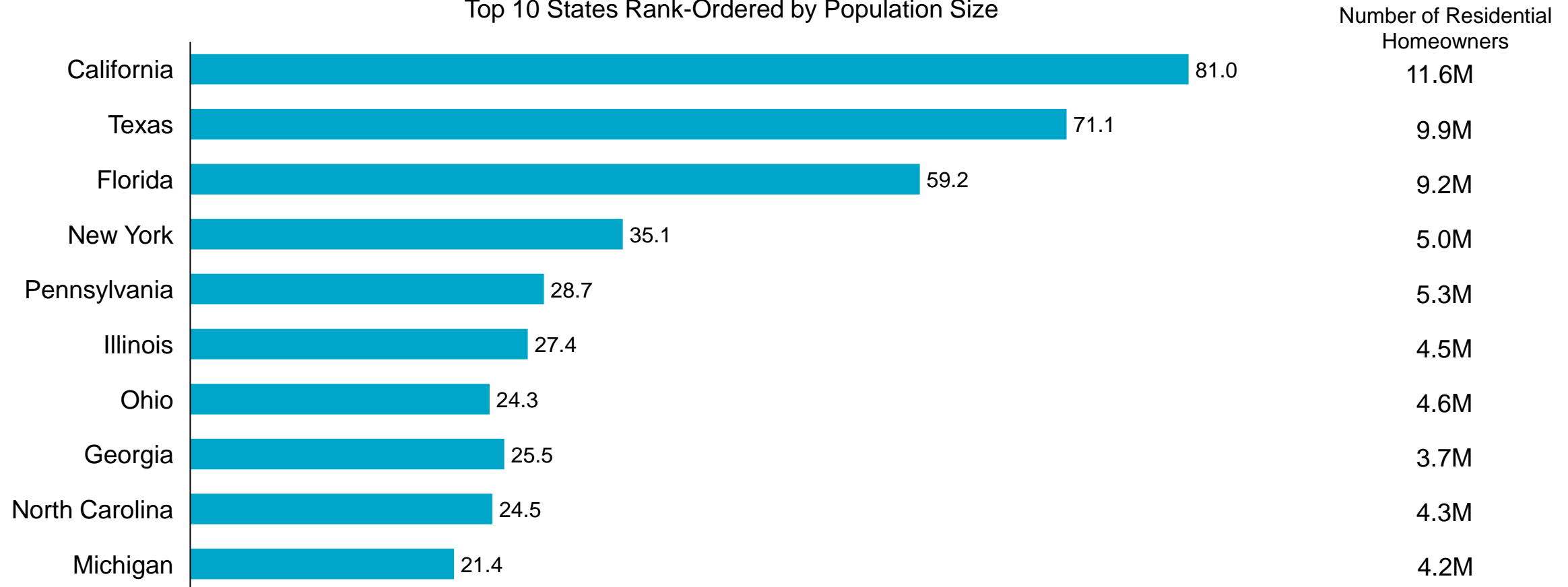
Source: TransUnion US consumer credit database



# The top 10 states by population size make up more than half (54%) of the total homeowner non-mortgage debt in the country

Homeowner Non-Mortgage Debt by State, Q3 2023 (\$B)

Top 10 States Rank-Ordered by Population Size

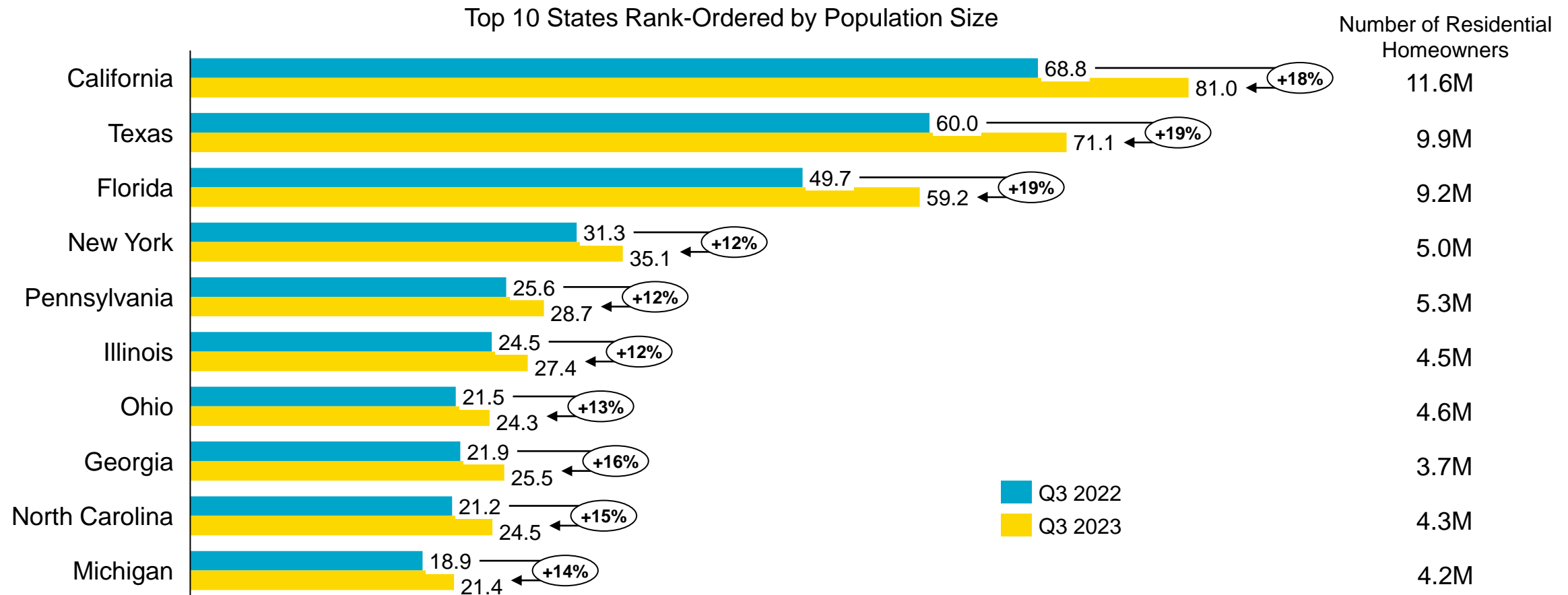


1. Non-mortgage debt includes credit card and unsecured personal loan debt for all homeowners

Source: TransUnion US consumer credit database

# Non-mortgage debt increased by double-digit percentages across each of the top 10 states by population size

Homeowner Non-Mortgage Debt<sup>1</sup> by State, Q3 2022 & Q3 2023 (\$B)

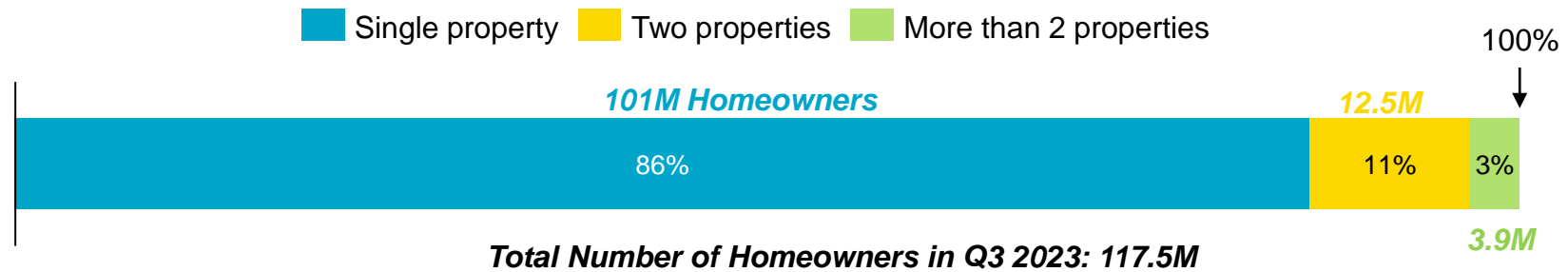


1. Non-mortgage debt includes credit card and unsecured personal loan debt for all homeowners

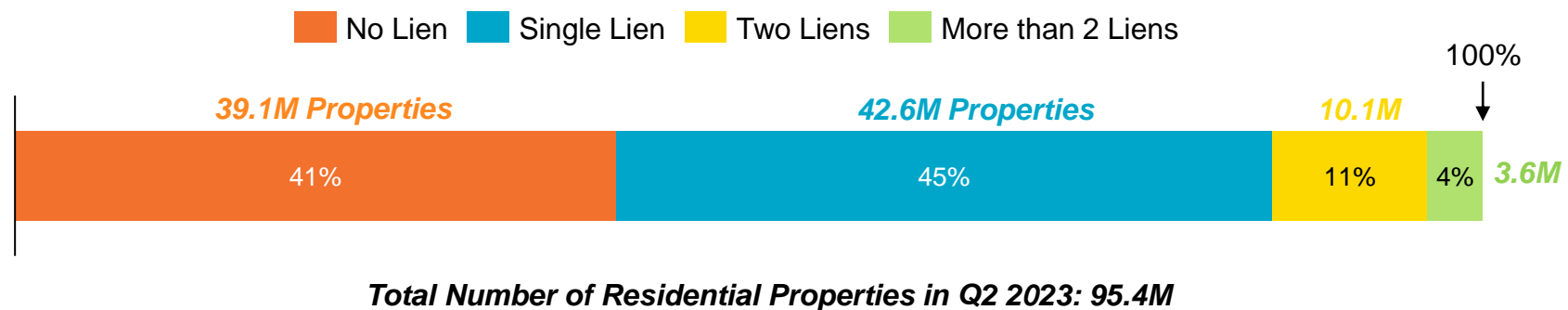
Source: TransUnion US consumer credit database

# 101M homeowners own a single property and 39M properties (41%) are free and clear with no lien

Total Residential Homeowners by Property Type, Q3 2023



Total Residential Properties by Lien Type, Q3 2023



# Combined Loan-to-Value Ratio (CLTV)

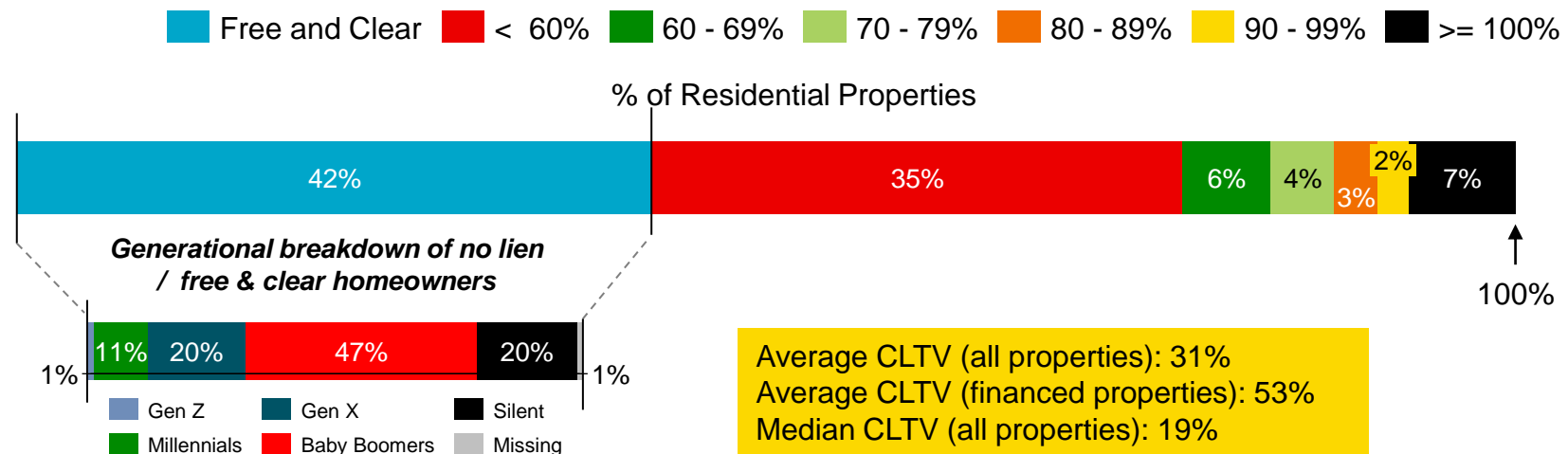


# While the average CLTV for all properties is 31%, this is 53% for financed properties due to the large proportion of free and clear homes (42%)

Current Combined Loan-to-Value Ratio, Q3 2023

Credit Score Tier	620-659	660-679	680-699	700-719	720-739	740-759	760+
Average CLTV (all properties)	31%	37%	37%	37%	41%	38%	30%
Average CLTV (financed properties)	58%	58%	57%	57%	57%	59%	50%
Median CLTV (all properties)	19%	34%	33%	34%	40%	36%	18%

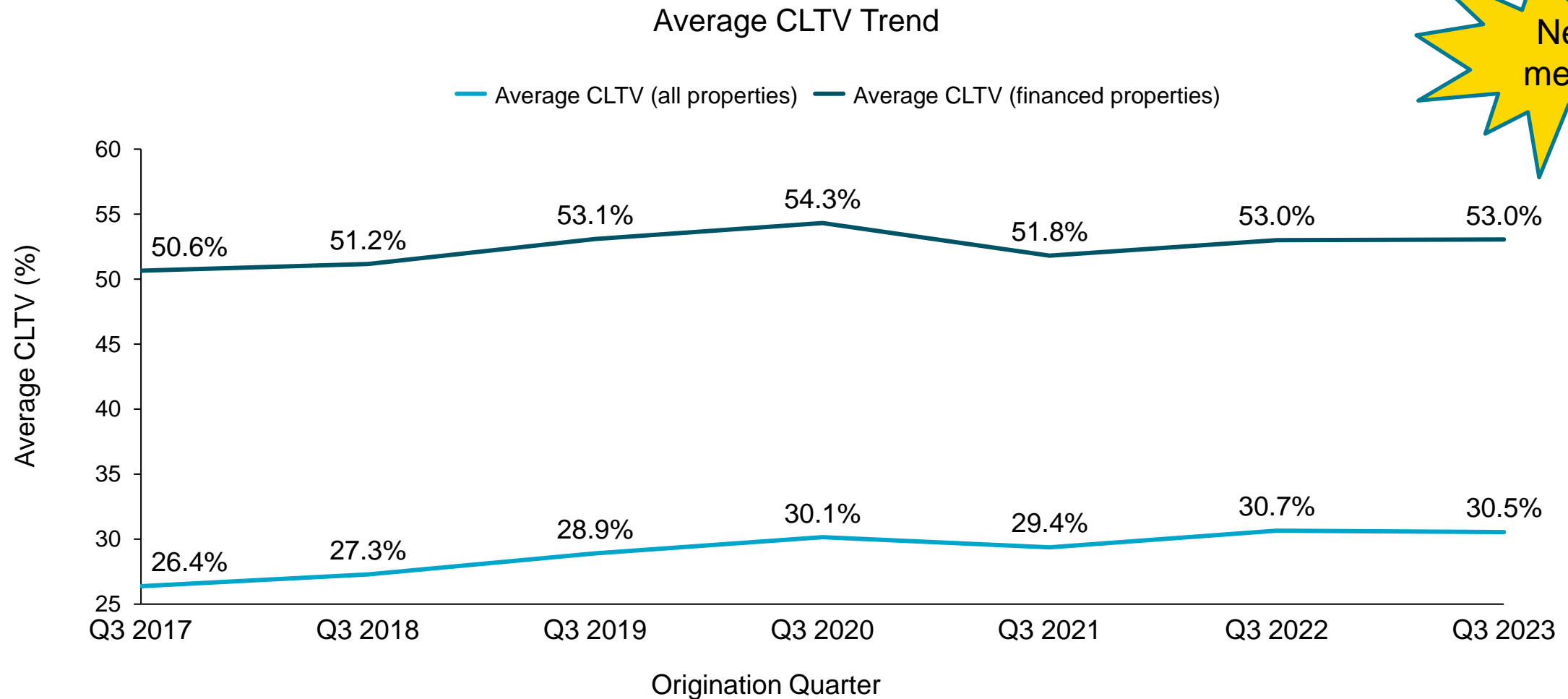
Distribution of Current Combined Loan-to-Value Ratio, Q3 2023



Source: TransUnion US consumer credit database



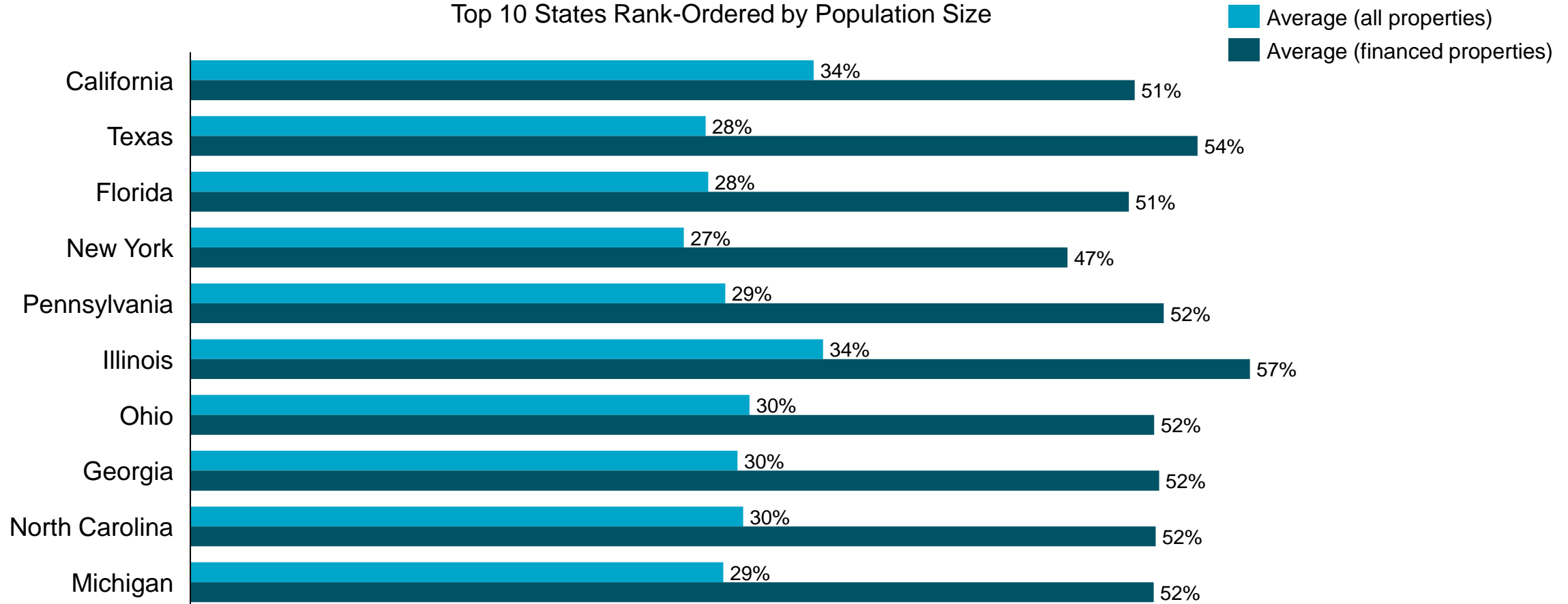
# Average CLTV for both financed and all properties increased from pre-pandemic levels



# The average CLTV range for financed properties across the top 10 states by population ranges between 47% and 57%

CLTV by State, Q3 2023 (%)

Top 10 States Rank-Ordered by Population Size



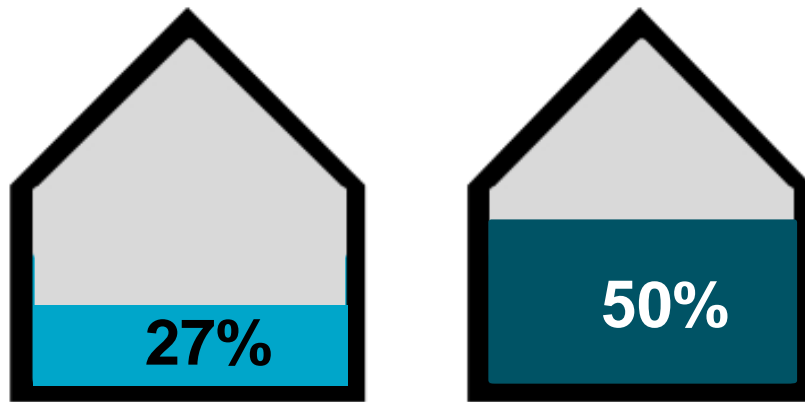
1. CLTV is the sum of all mortgage and home equity balances mapped to a property's AVM

Source: TransUnion US consumer credit database

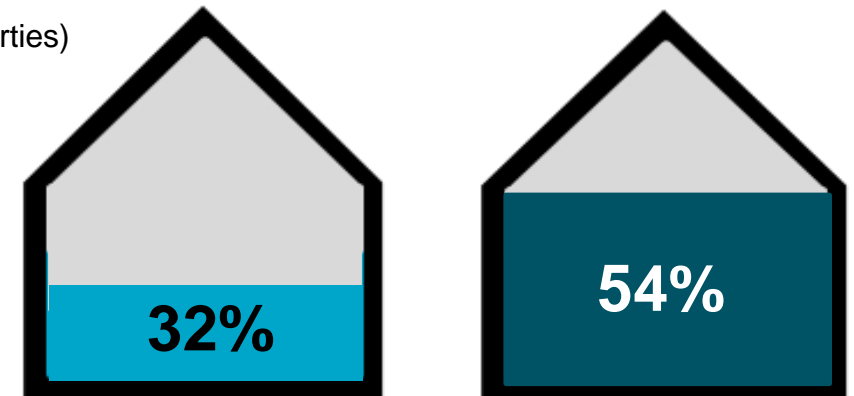
# Average CLTV for non-LMI homeowners is higher than for LMI homeowners

Current Combined Loan-to-Value Ratio by LMI<sup>2</sup> Distribution, Q3 2023

The average and median CLTV for properties linked to **LMI** homeowners



The average and median CLTV for properties linked to **non-LMI** homeowners



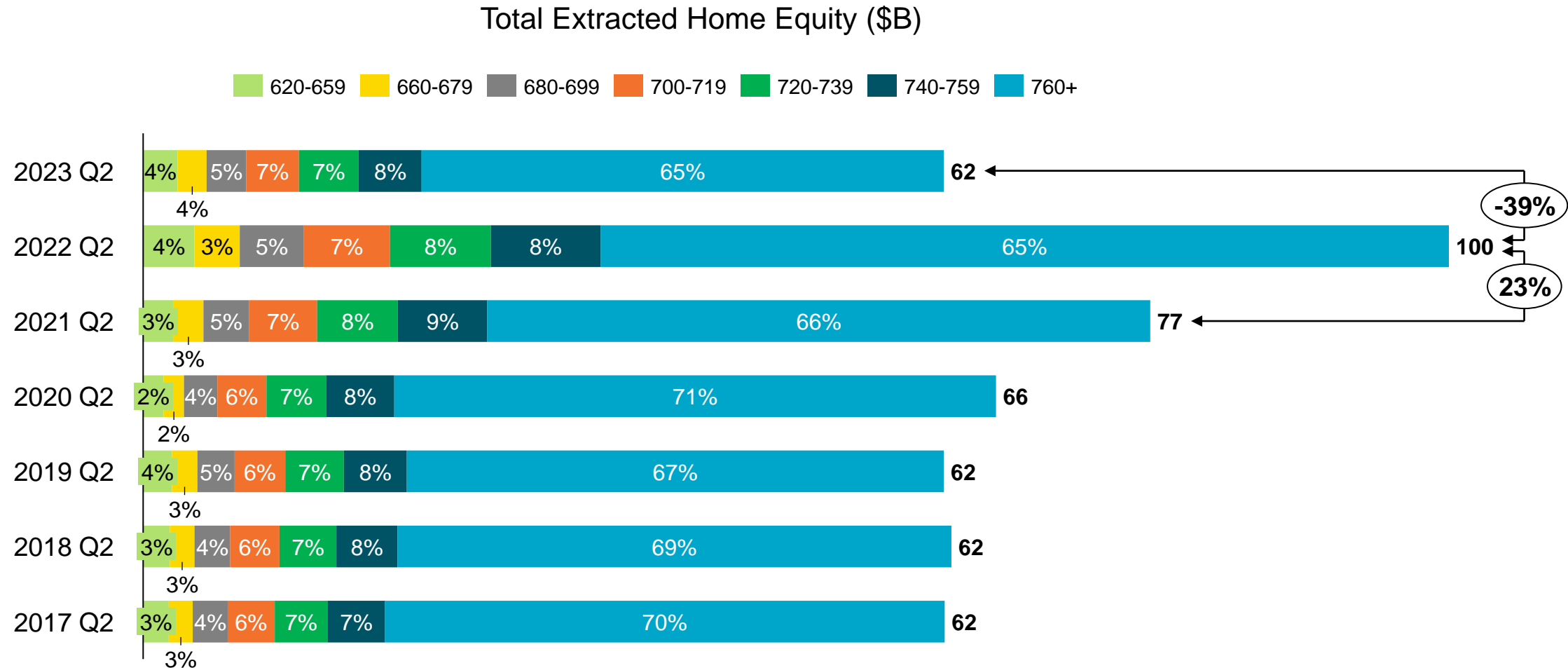
■ Average CLTV (all properties)  
■ Average CLTV (financed properties)

1. CLTV is the sum of all mortgage and home equity balances mapped to a property's AVM  
2. LMI Includes those who qualify based on Income and/or LMI Tract using 2020 census data; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.

# Extracted Home Equity



# Total home equity extracted increased significantly between 2021 and 2022 as home prices skyrocketed and has since returned to pre-pandemic levels

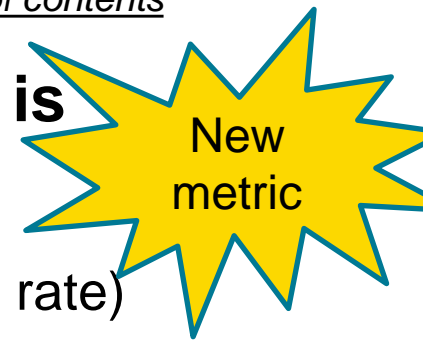


1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag

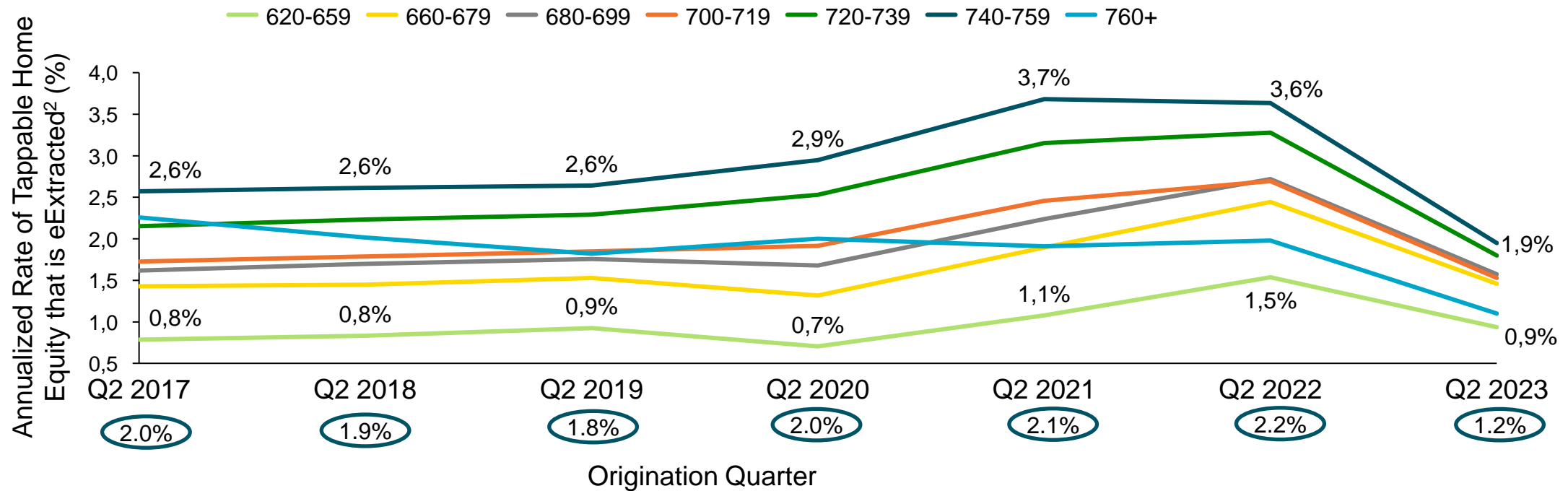
Source: TransUnion US consumer credit database



**On average, the annualized rate of tappable equity that is extracted is around 1.2% in the first quarter**



Proportion of Home Equity Extracted of Total Tappable Home Equity<sup>2</sup> (annualized rate)



Overall proportion extracted of tappable (620+)

VantageScore® 4.0 risk ranges

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

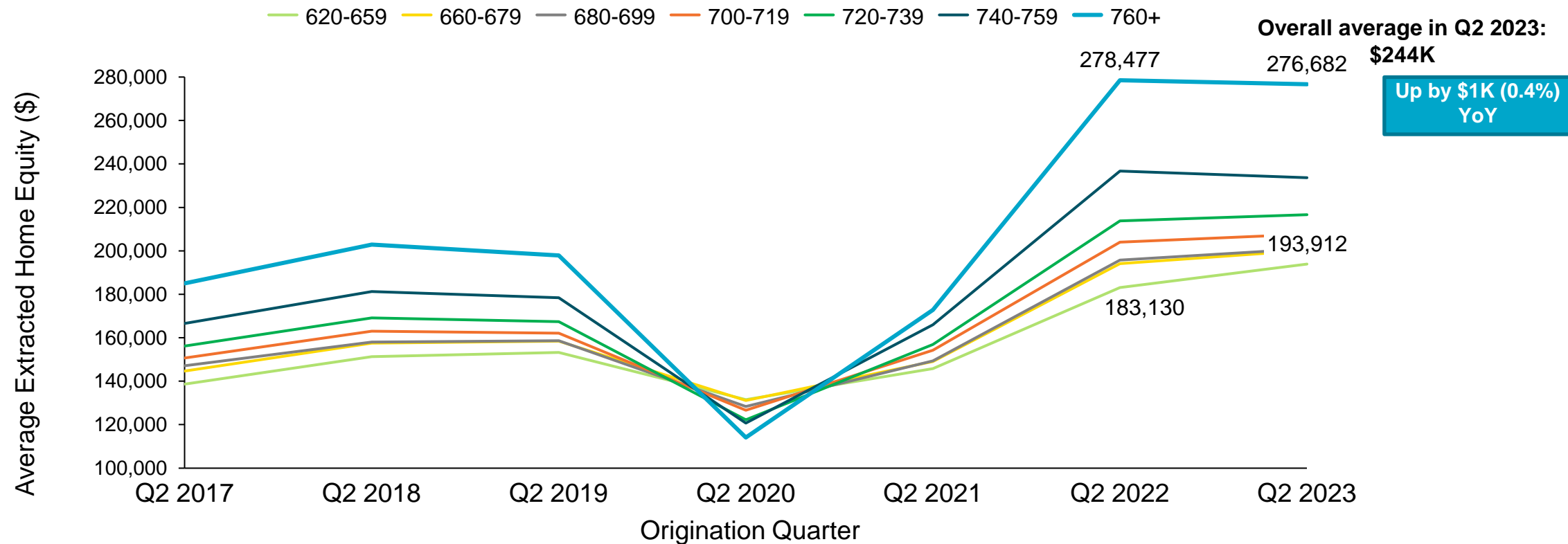
- Home Equity extracted is defined as follows: the total loan amount for HELOAN accounts, the credit limit amount for HELOC accounts and for cash-out and rate and term refi accounts, it is the difference between the newly opened mortgage loan amount and the current balance of the last closed mortgage account. Data is one quarter behind to account for reporting lag.
- Tappable equity extracted is mapped back to the previous quarters' total tappable equity to account for origination lag

Source: TransUnion US consumer credit database



# The overall average for home equity extracted remained flat over the last year in line with home price performance

Average Home Equity Extracted by Risk Tier



VantageScore® 4.0 risk ranges  
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

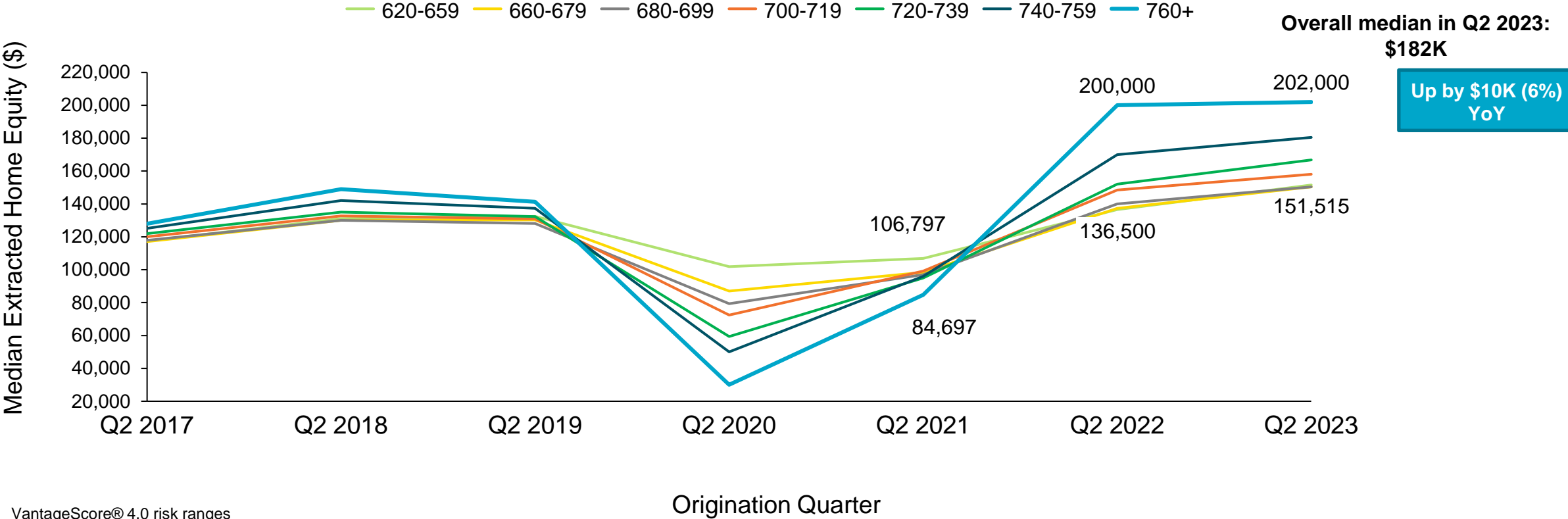
1. Home Equity extracted is defined as follows: the total loan amount for HELOAN accounts, the credit limit amount for HELOC accounts and for cash-out and rate and term refi accounts, it is the difference between the newly opened mortgage loan amount and the current balance of the last closed mortgage account. Data is one quarter behind to account for reporting lag.

Source: TransUnion US consumer credit database



# Overall median extracted home equity increased by 6% YoY primarily driven by increases from homeowners with credit scores less than 760

### Median Home Equity Extracted by Risk Tier



VantageScore® 4.0 risk ranges  
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

1. Home Equity extracted is defined as follows: the total loan amount for HELOAN accounts and mortgage purchases, the credit limit amount for HELOC accounts and for cash-out and rate and term refi accounts, it is the difference between the newly opened mortgage loan amount and the current balance of the last closed mortgage account. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database

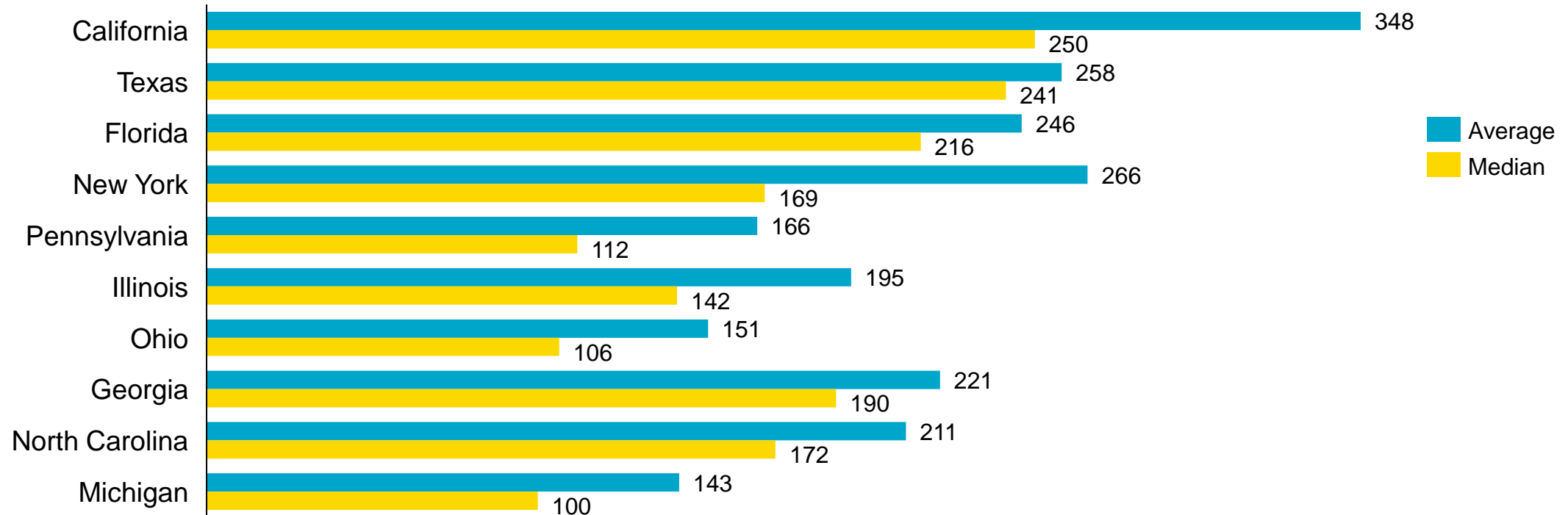




# Interestingly, New York has the second highest amount of equity extracted despite being only the fourth largest state by population size

Home Equity Extracted by State, Q2 2023 (\$'000)

Top 10 States Rank-Ordered by Population Size



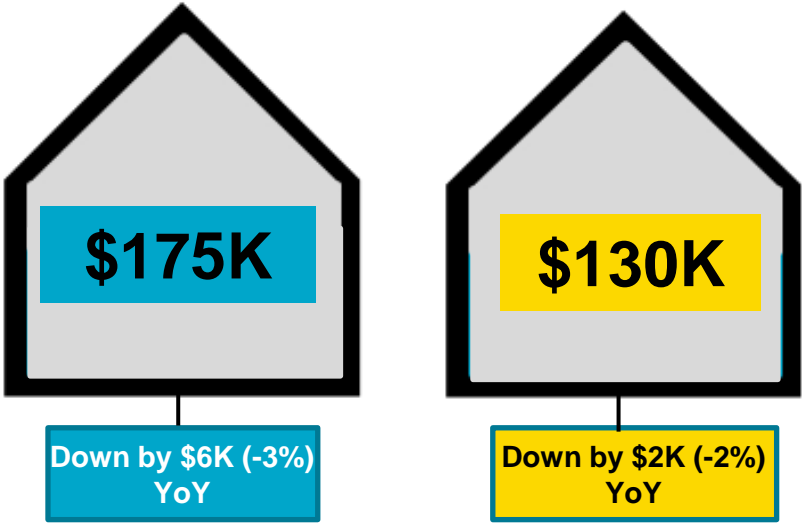
1. Home Equity extracted is defined as follows: the total loan amount for HELOAN accounts, the credit limit amount for HELOC accounts and for cash-out and rate and term refi accounts, it is the difference between the newly opened mortgage loan amount and the current balance of the last closed mortgage account. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database

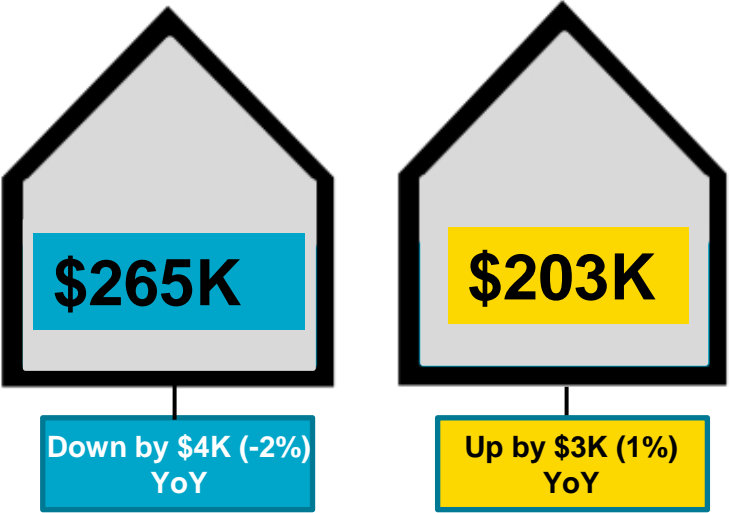
# LMI homeowners extract less equity from their homes compared to non-LMI homeowners

LMI<sup>2</sup> Distribution of Homeowners Who Extracted Home Equity, Q2 2023

The average and median Home Equity Extracted for **LMI** homeowners



The average and median Home Equity Extracted for **non-LMI** homeowners



■ Average extracted equity  
■ Median extracted equity

1. Home Equity extracted is defined as follows: the total loan amount for HELOAN accounts, the credit limit amount for HELOC accounts and for cash-out and rate and term refi accounts, it is the difference between the newly opened mortgage loan amount and the current balance of the last closed mortgage account. Data is one quarter behind to account for reporting lag

2. LMI Includes those who qualify based on Income and/or LMI Tract; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.

Source: TransUnion US consumer credit database

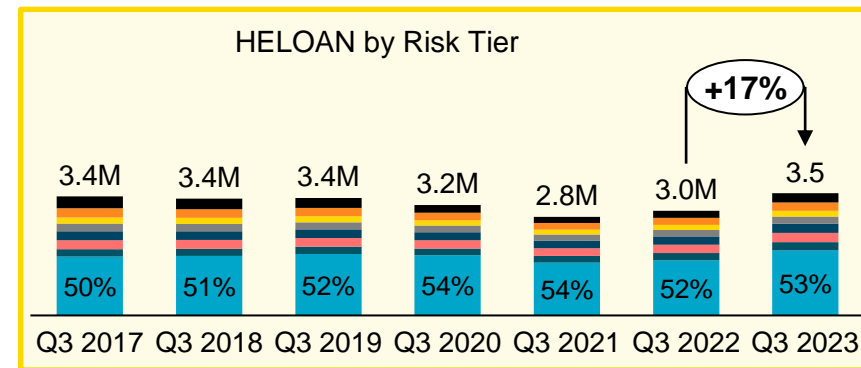
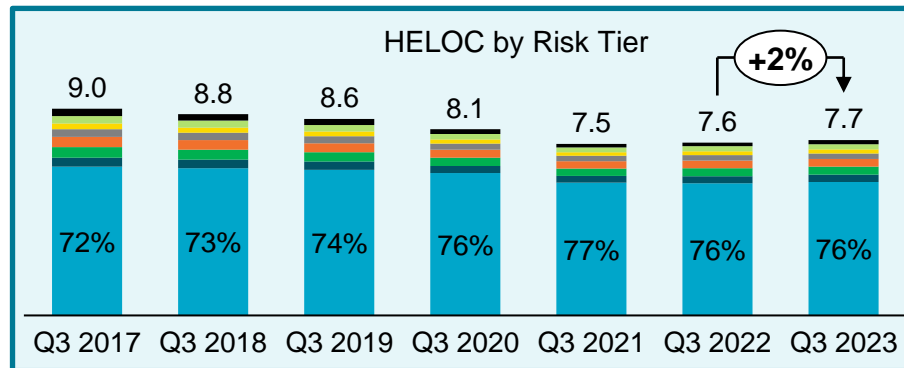
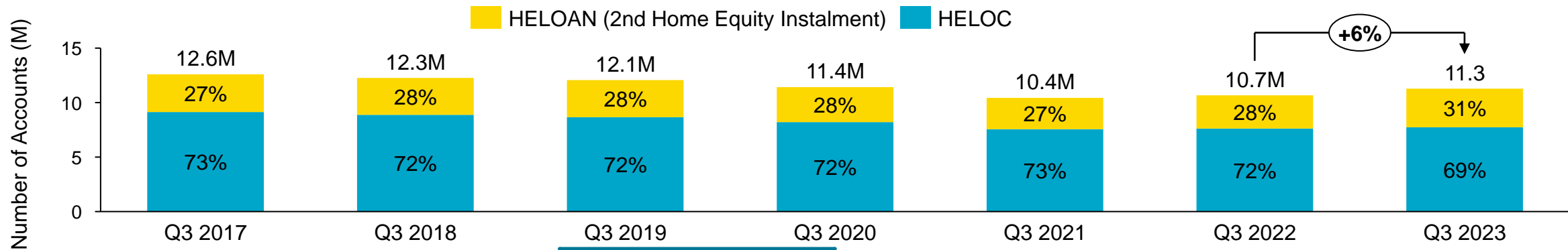


# Total Outstanding Home Equity Accounts



# Home Equity account volumes increased YoY for the fifth consecutive quarter as there are now more homeowners opening accounts than closing them

Outstanding Home Equity Accounts by Loan Type



- <620
- 700-719
- 620-659
- 720-739
- 660-679
- 740-759
- 680-699
- 760+

Origination Quarter

VantageScore® 4.0 risk ranges

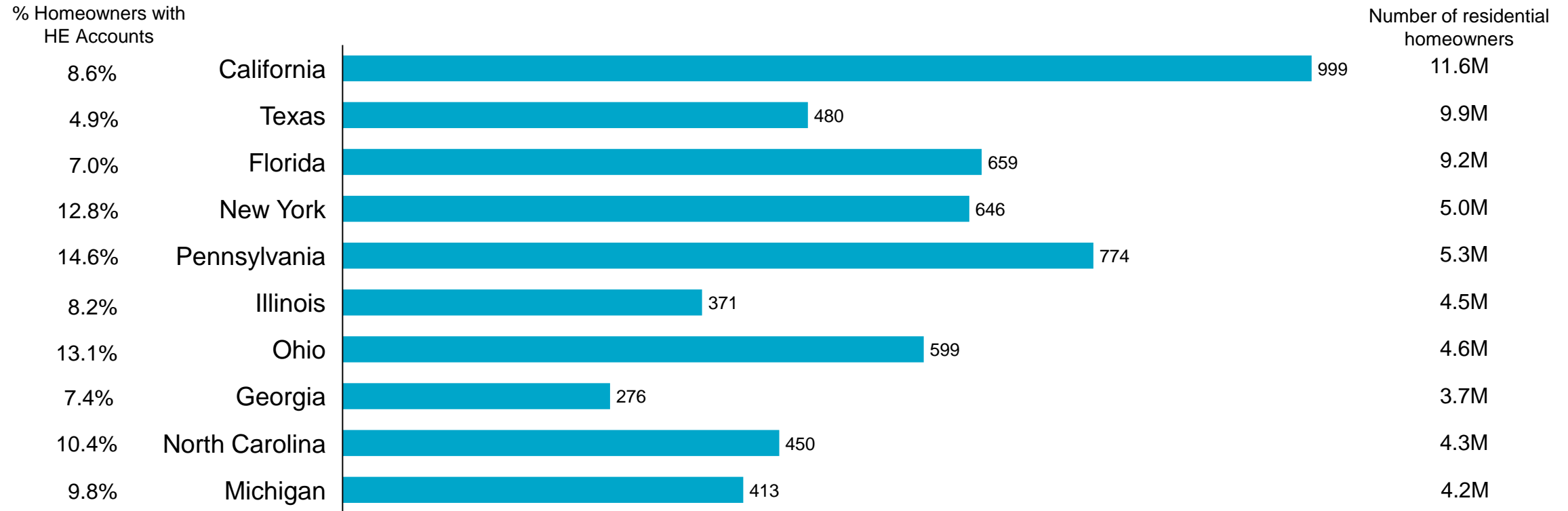
Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+



# While Pennsylvania is only the fifth largest state by population size, it has the highest percentage of homeowners with home equity accounts

Number of Outstanding Home Equity Accounts by State, Q3 2023 (%)

Top 10 States Rank-Ordered by Population Size



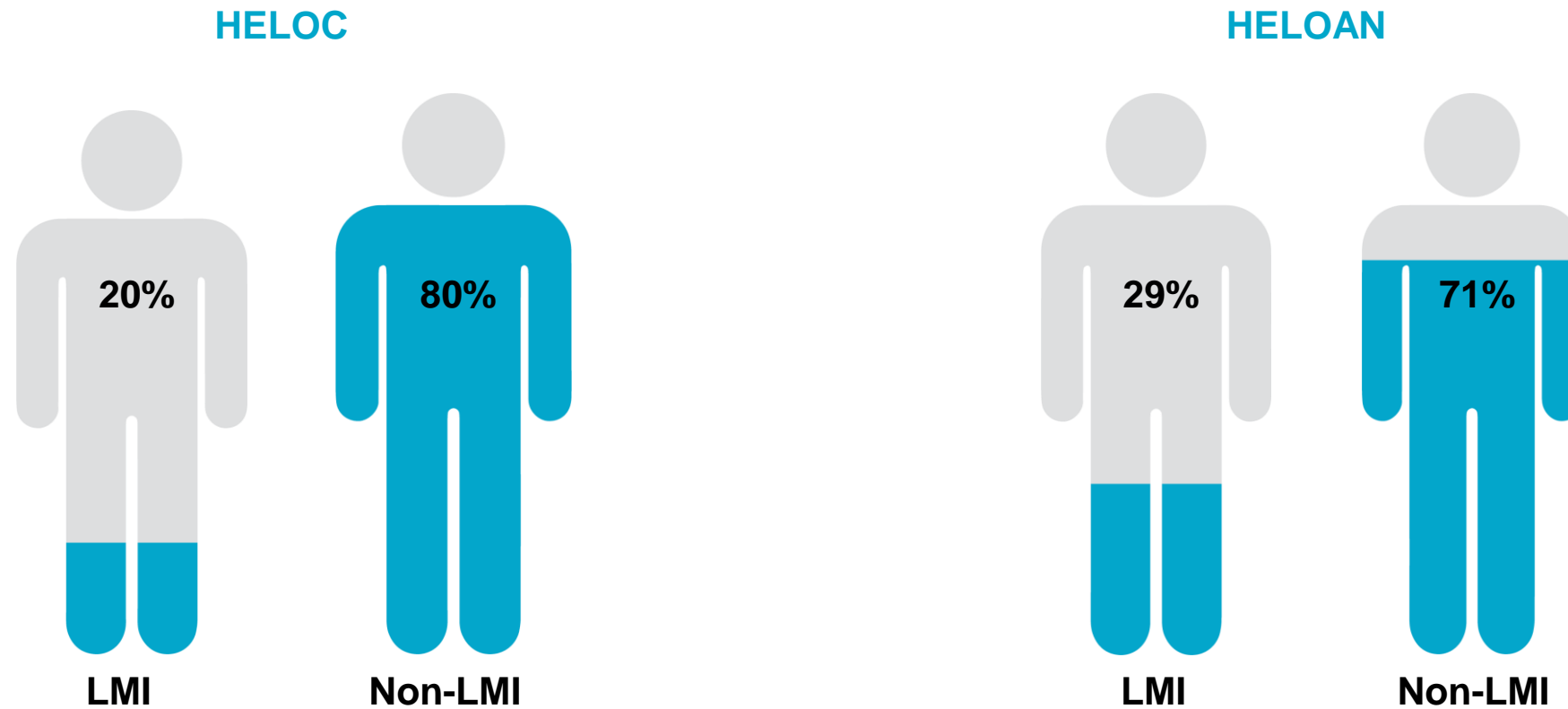
1. Total outstanding home equity accounts include all active (open) HELOC and HELOAN accounts

Source: TransUnion US consumer credit database



# More LMI homeowners have a HELOAN compared to the proportion that have a HELOC

LMI<sup>2</sup> Distribution of Homeowners With Outstanding Home Equity Accounts, Q3 2023



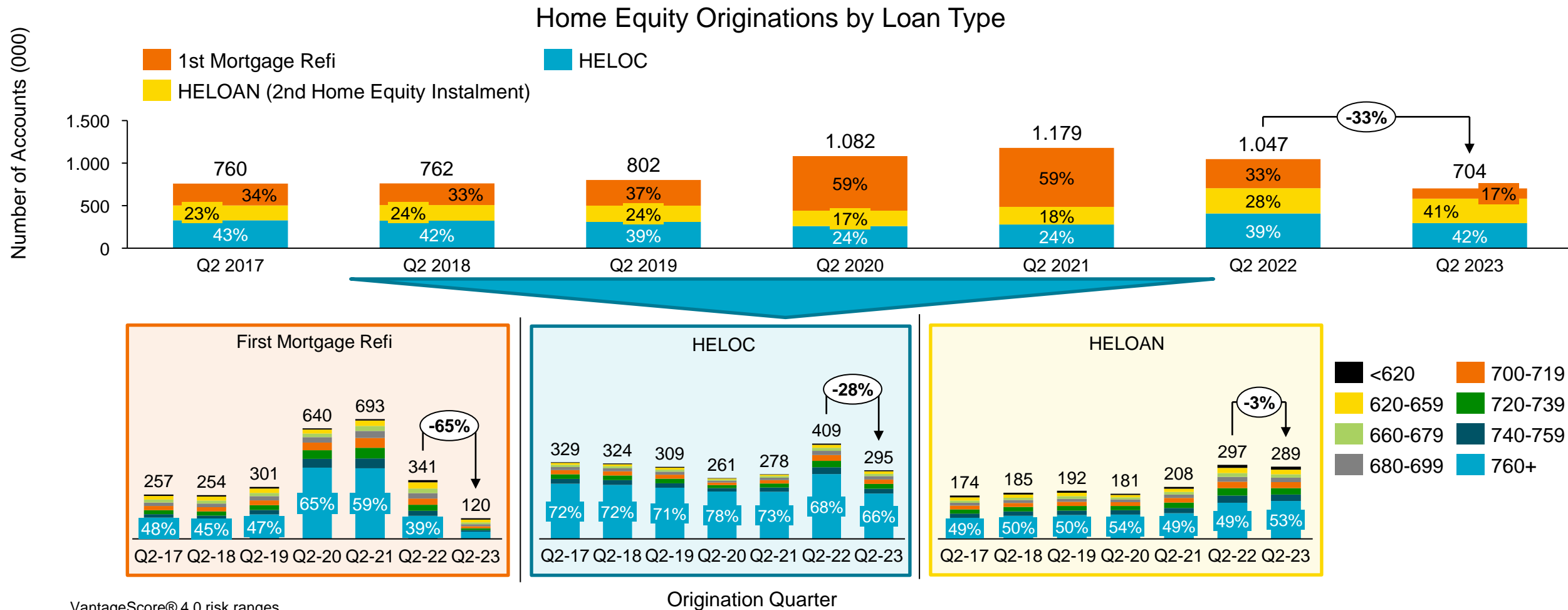
1. Total outstanding home equity accounts include all active (open) HELOC and HELOAN accounts  
2. LMI Includes those who qualify based on Income and/or LMI Tract; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.



# Total Home Equity Originations



# While overall home equity originations<sup>1</sup> have declined YoY due to the slowdown in first mortgage refi, HELOAN popularity continues to grows



VantageScore® 4.0 risk ranges  
 Subprime = 300–600, Near prime = 601–660, Prime = 661–720, Prime plus = 721–780, Super prime = 781+

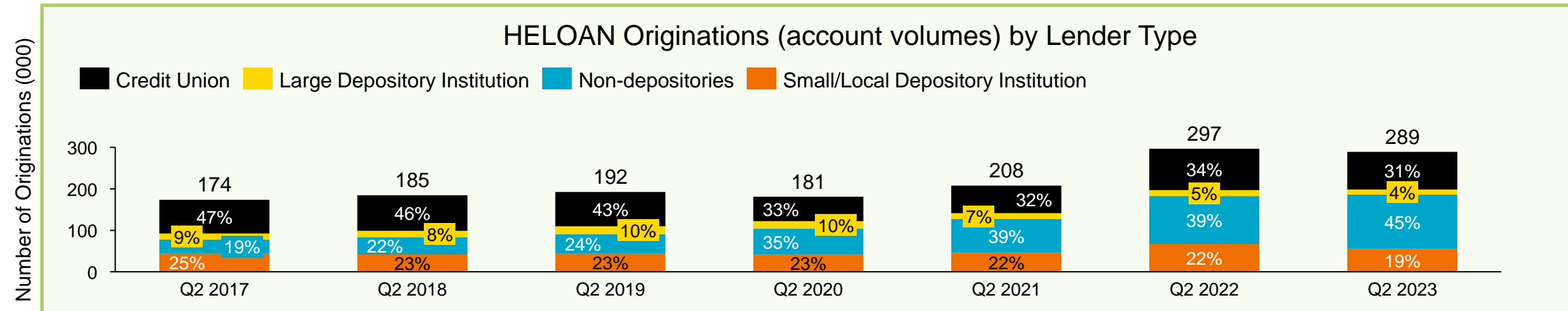
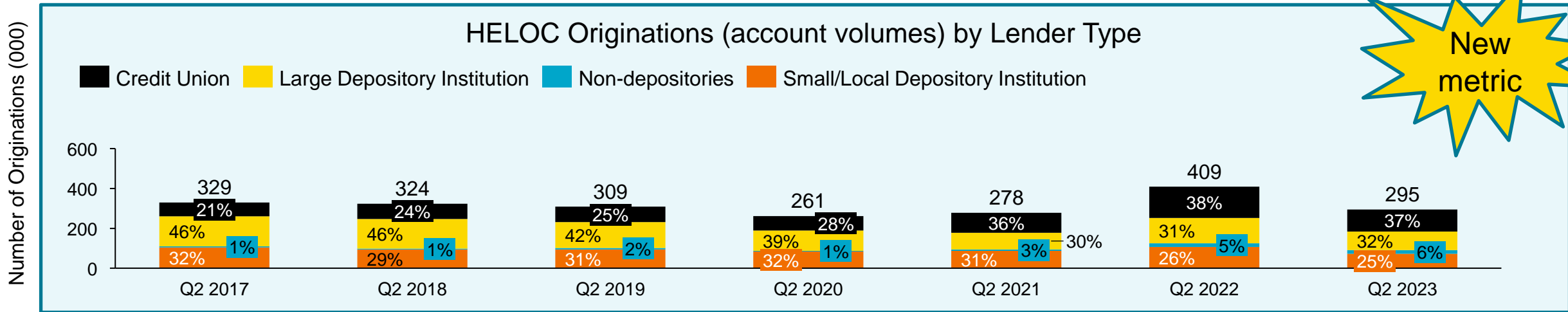
1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database





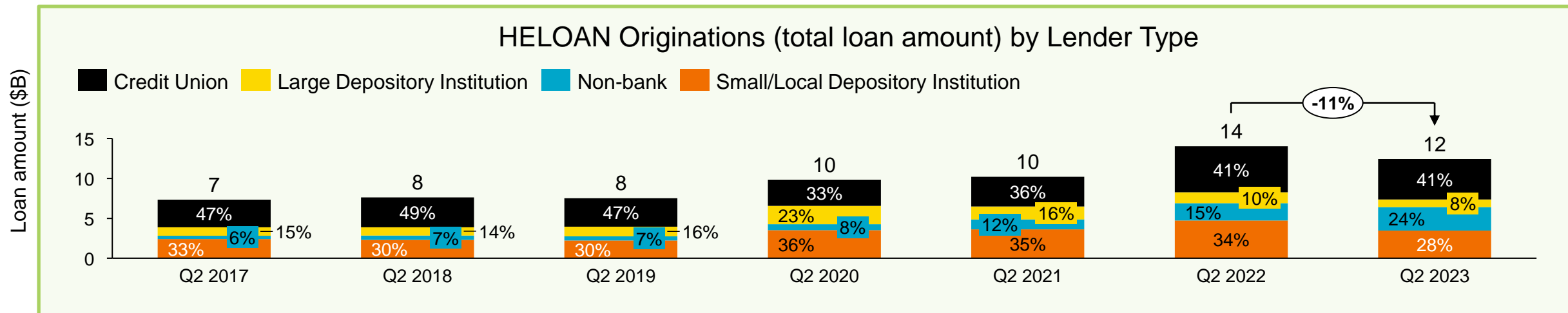
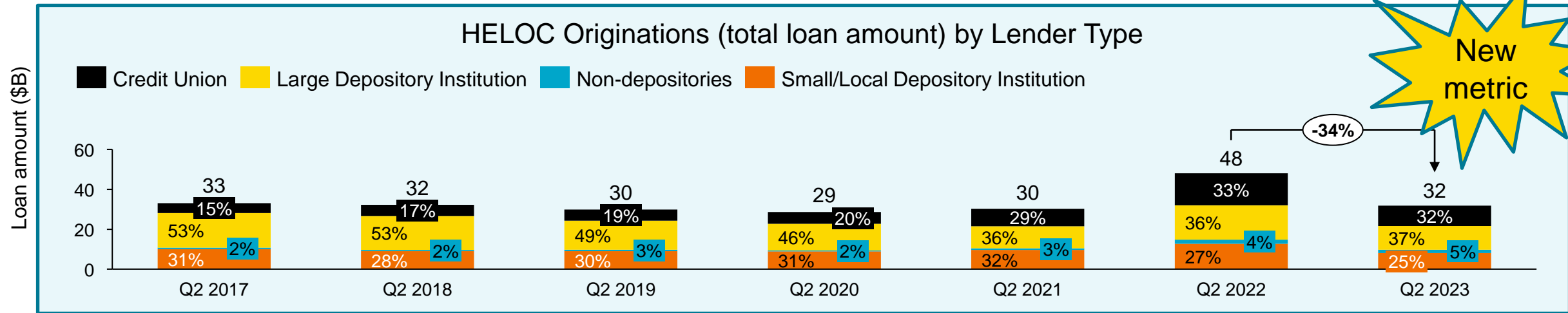
# Credit Unions dominate HELOC originations while Non-depositories dominate HELOAN originations with Non-depository lenders gaining share in both



1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database

# Large depositories originate the largest proportion of loan amounts for HELOCs; Credit Unions for HELOANS while Non-depository lenders gain share in both



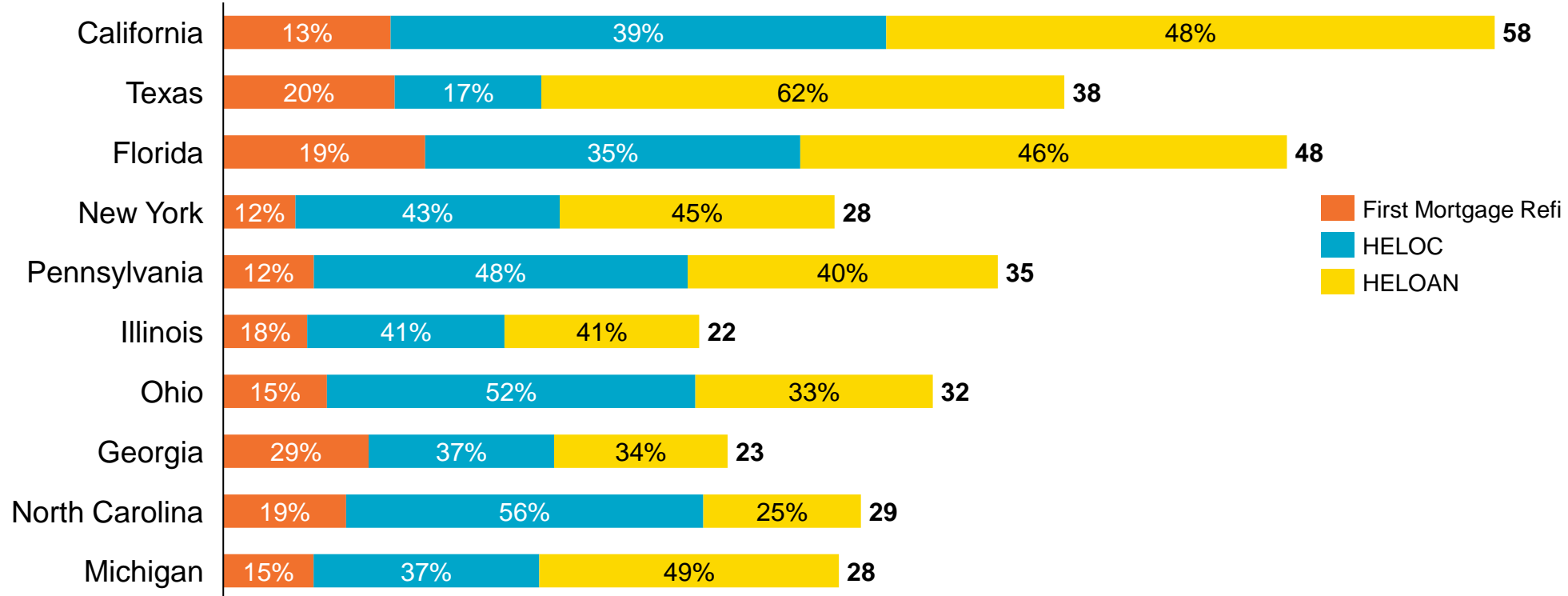
1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database

# HELOAN makes up the bulk of home equity originations across the top 10 states by population size

Number of Home Equity Originations by State, Q2 2023 ('000)

Top 10 States Rank-Ordered by Population Size



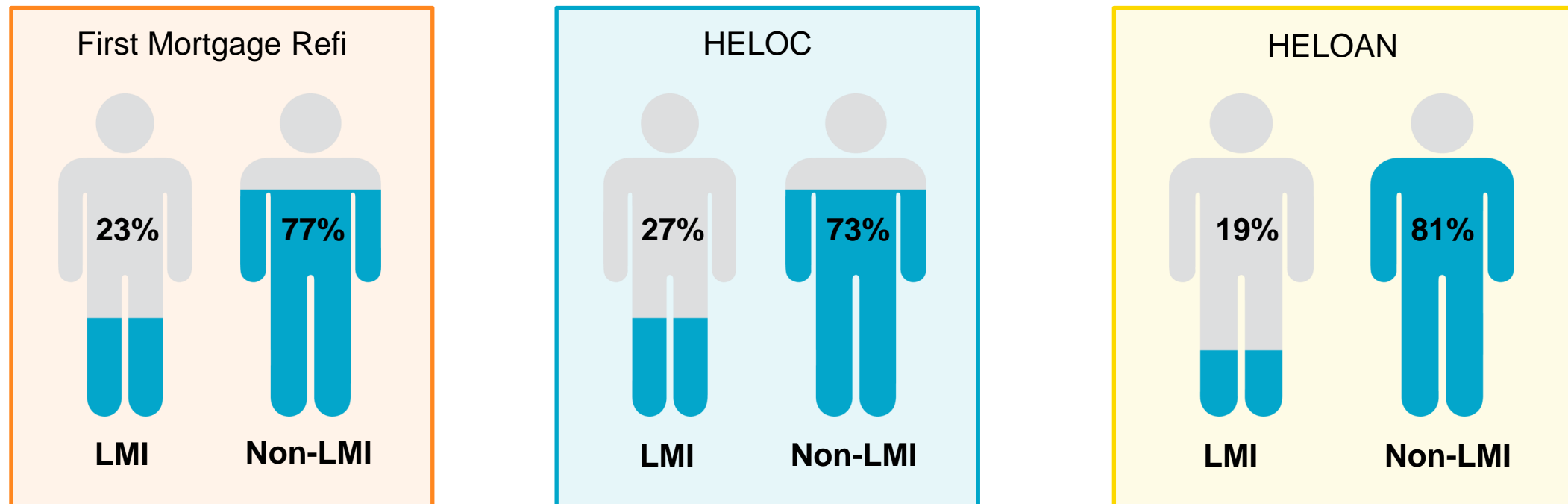
1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag

Source: TransUnion US consumer credit database



# The LMI proportion for HELOAN is higher than that of first mortgage refi and HELOC

LMI<sup>2</sup> Distribution of Consumers With New Home Equity Accounts, Q2 2023



Source: TransUnion US consumer credit database

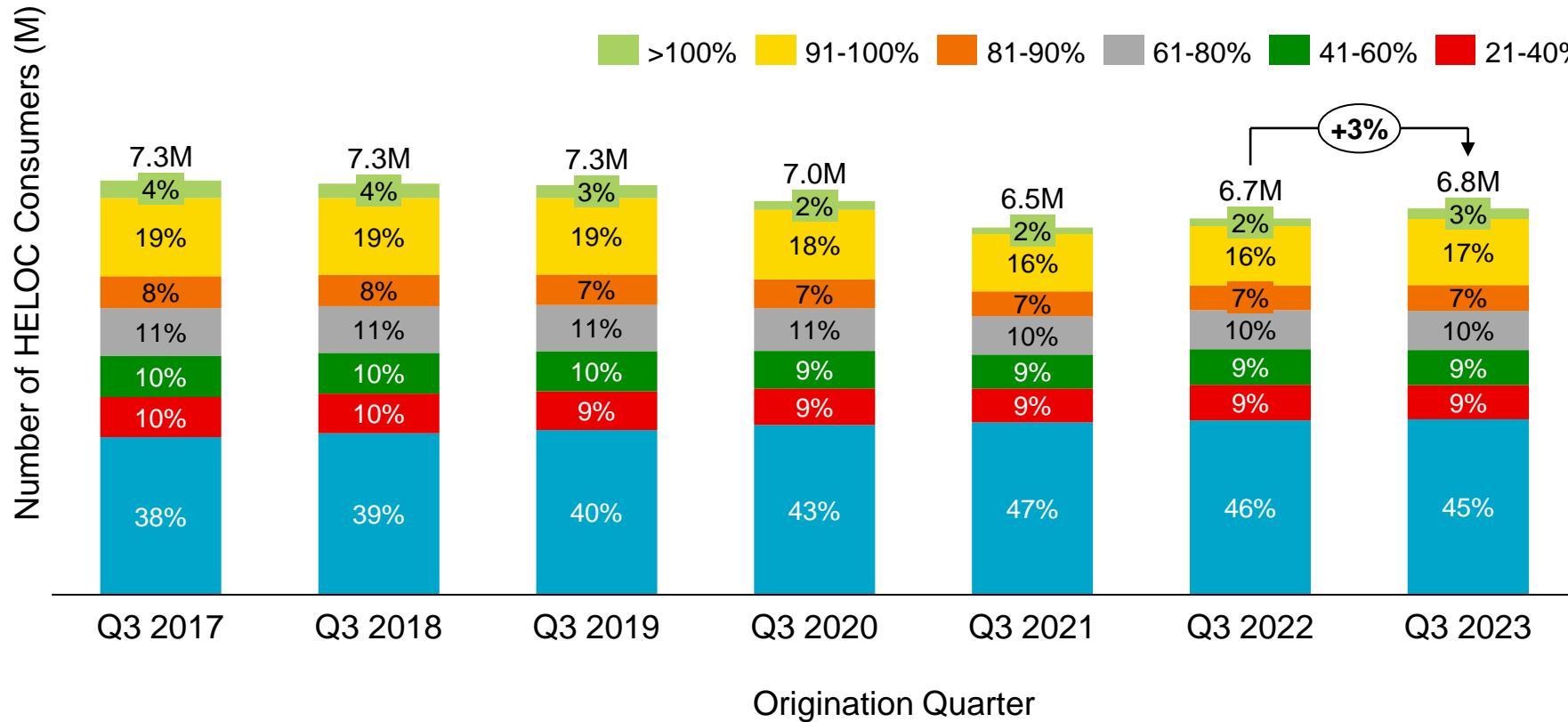
1. Number of new accounts opened in a quarter. Data is one quarter behind to account for reporting lag  
2. LMI Includes those who qualify based on Income and/or LMI Tract; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.

# HELOC Utilization



# 54% of consumers with HELOCs utilize more than 20% in 2023, down from 62% in 2017

Overall HELOC Account Utilization by % Utilized



Examples of how HELOC utilization could exceed 100%:

1. If a homeowner maxed out their credit line and missed a payment then the capitalized interest and late fee is added to the balance owed
2. A homeowner may have their credit line reduced below the balance owed because of financial circumstances or a reduction in property value

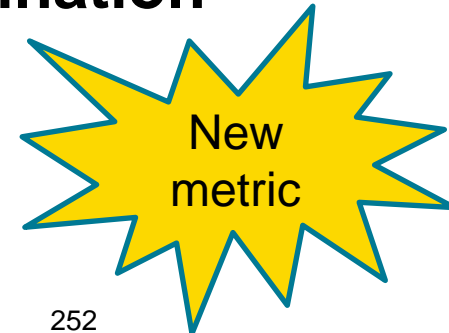
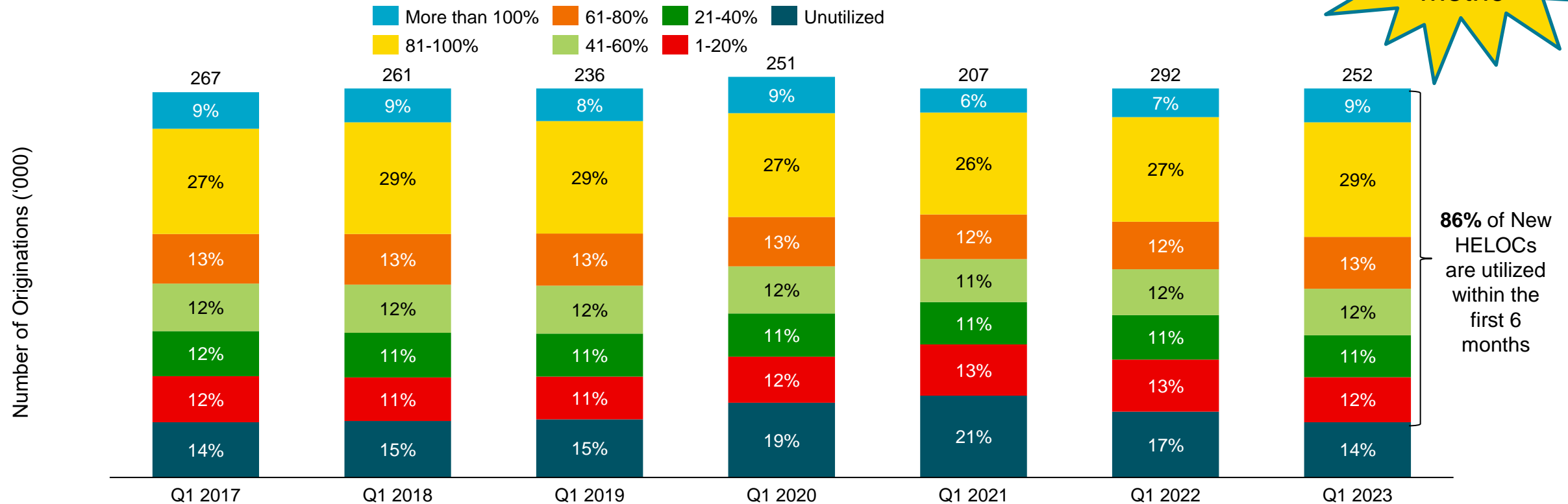
1. % of loan utilized by homeowners with a HELOC

Source: TransUnion US consumer credit database



# 86% of new HELOCs are utilized within the first 6 months of origination

HELOC Originations (account volumes) Utilized in the first 6 months by % Utilized



86% of New HELOCs are utilized within the first 6 months

**Notes:**

1. % of HELOC utilized by homeowners within the first 6 months from origination date.
2. HELOC utilization is the proportion of current balance to the credit limit.
3. Examples of HELOC utilization >100%: late fees/capitalized interest on maxed credit line, balance owed exceeding a modified credit limit.

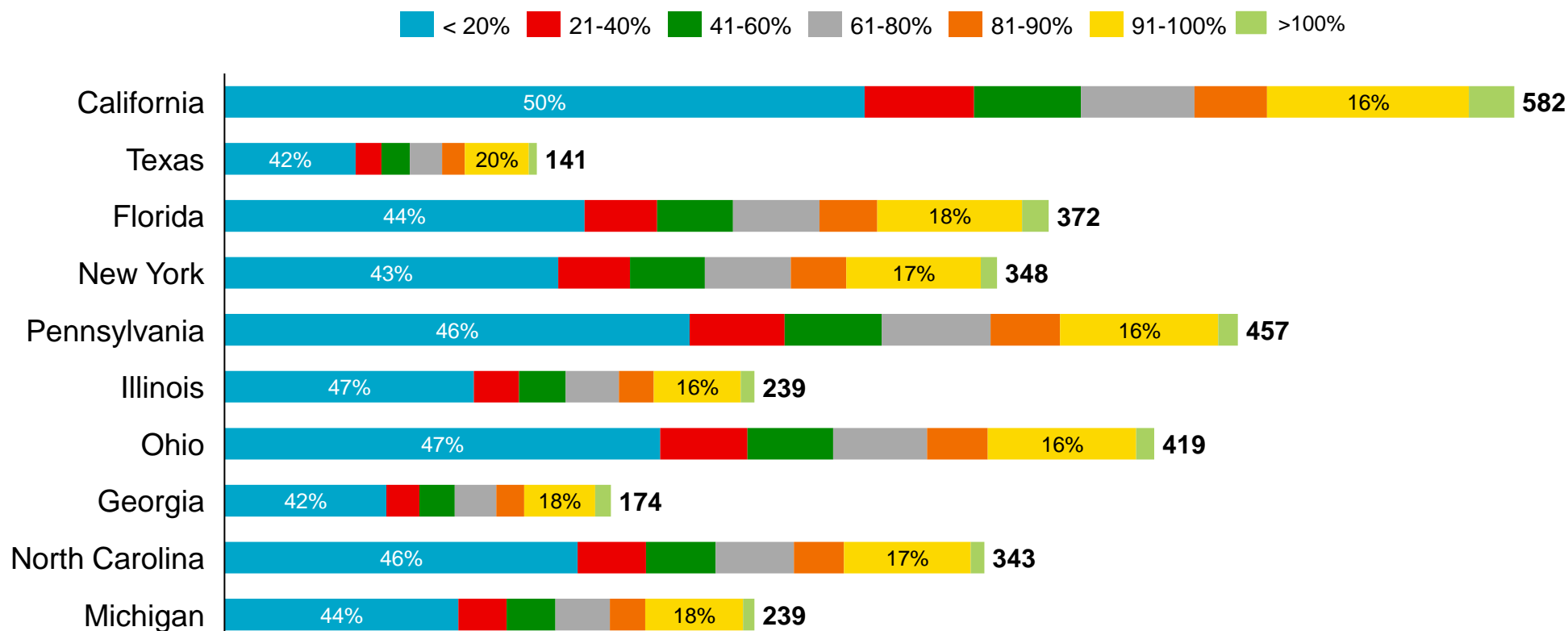
Source: TransUnion US consumer credit database



# While Texas is the second largest state by population size, it has the lowest number of HELOC accounts utilized

Homeowners Who Utilized Their HELOC by State, Q3 2023 ('000)

Top 10 States Rank-Ordered by Population Size



1. % of loan utilized by homeowners with a HELOC

Source: TransUnion US consumer credit database

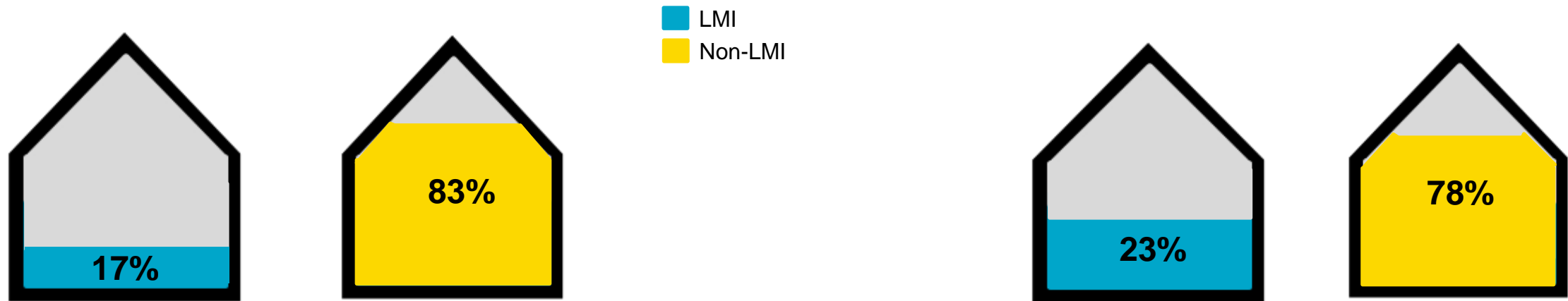


# LMI homeowners utilize less of the equity available in their HELOC accounts

LMI<sup>2</sup> Distribution of Homeowners Who Utilized Their HELOC, Q3 2023

Homeowners who utilized less than 20% of HELOC

Homeowners who utilized 100% or more of HELOC



1. % of loan utilized by homeowners with a HELOC

2. LMI Includes those who qualify based on Income and/or LMI Tract; Incomes modeled using Credit Vision Income Estimator; MSA Median Family Income and Tract Income based on FFIEC. This view includes all homeowners.

Source: TransUnion US consumer credit database

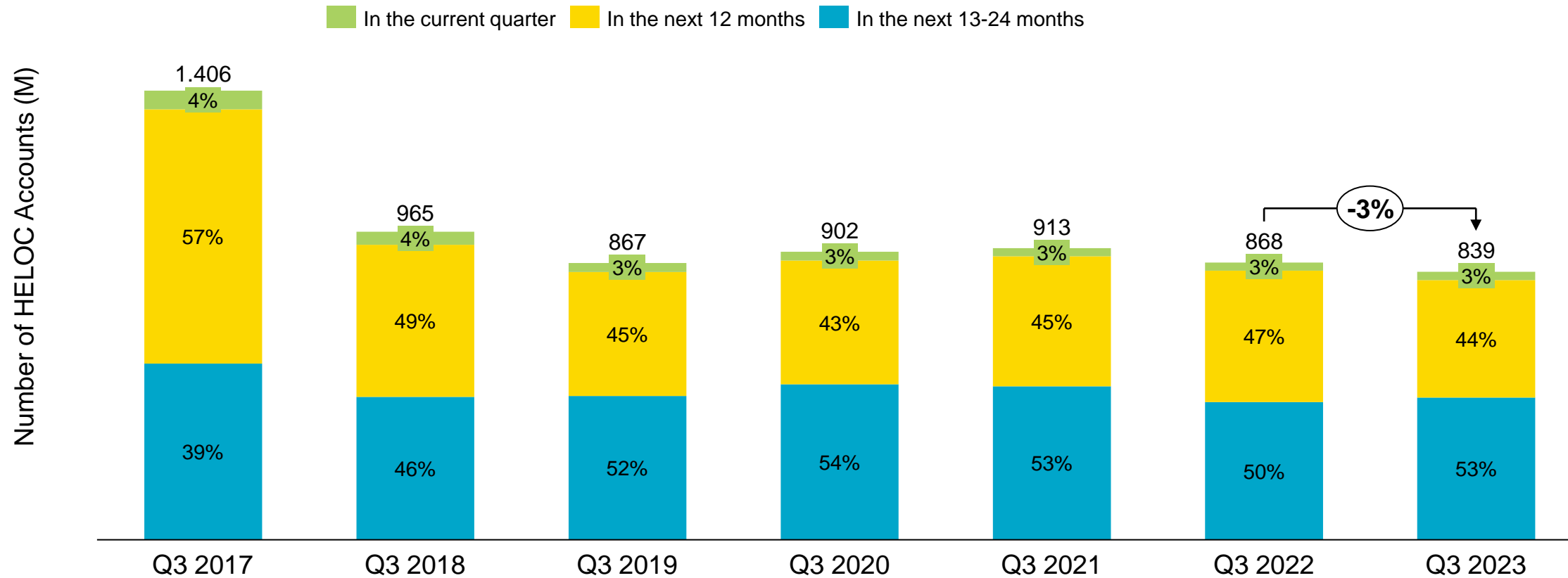


# HELOC Accounts at End of Draw (EOD)



# There are ~400K accounts reaching End Of Draw in the next 12 months indicating opportunity for mortgage lenders

### HELOC Accounts Reaching EOD



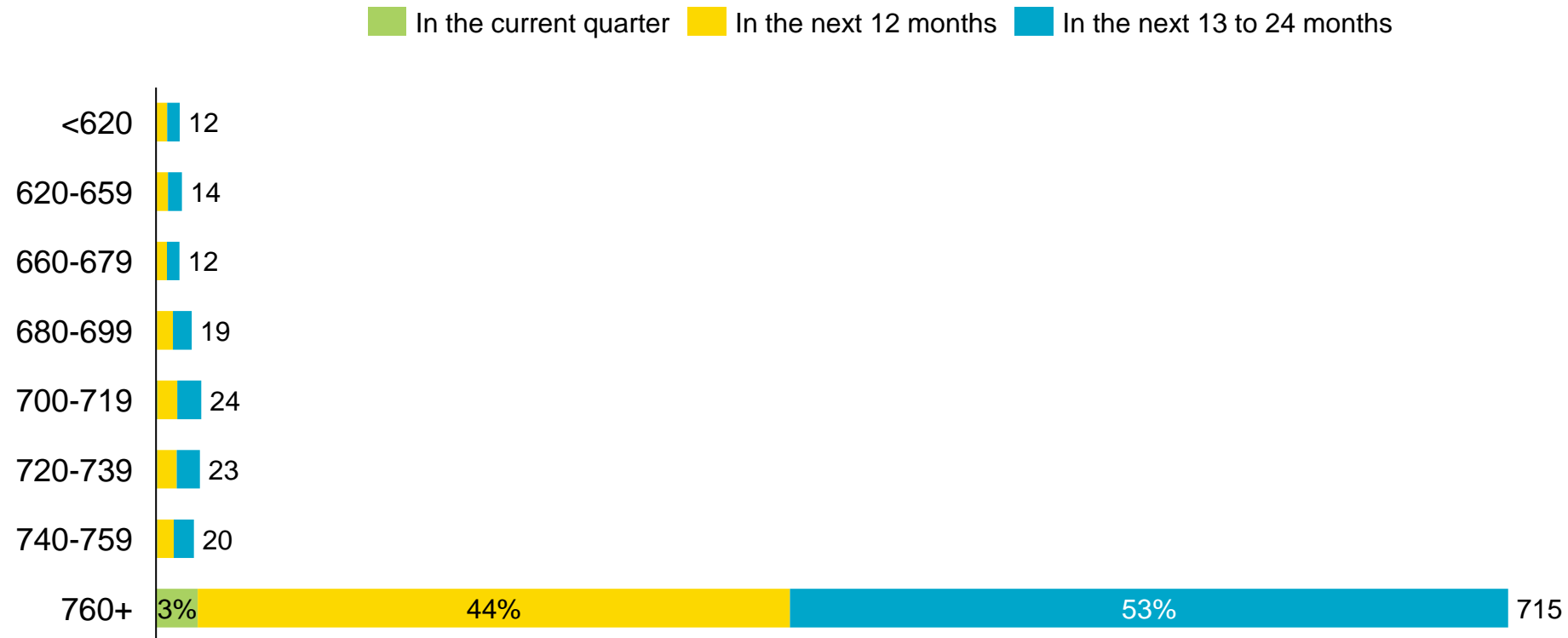
1. Number of HELOC accounts reaching EOD that will be closed

Source: TransUnion US consumer credit database



# In Q3 2023, ~26K HELOC accounts reached EOD and most accounts are predicted to reach EOD in the next 13 to 24 months

HELOC Accounts Reaching EOD by Risk Tier, Q3 2023 ('000)



1. Number of HELOC accounts reaching EOD that will be closed

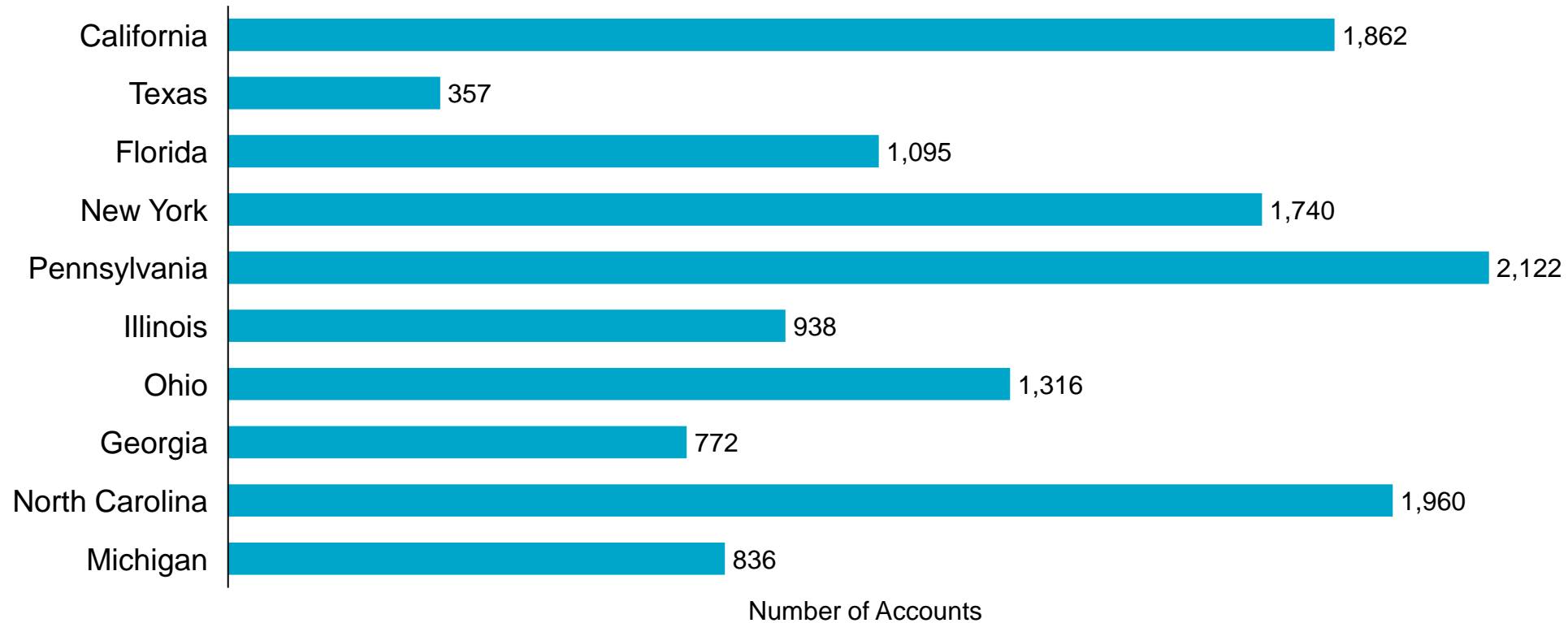
Source: TransUnion US consumer credit database



# Pennsylvania has the most HELOC accounts reaching EOD in the latest quarter

Number of HELOC Accounts Reaching EOD in Q3 2023 by State

Top 10 States Rank-Ordered by Population Size



1. Number of HELOC accounts reaching EOD that will be closed

Source: TransUnion US consumer credit database



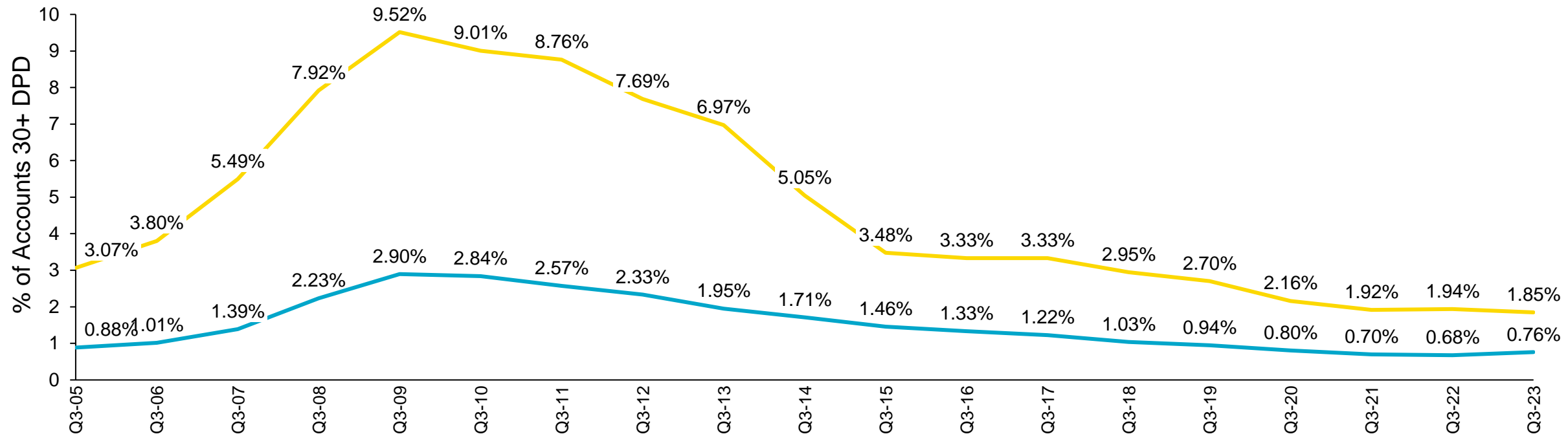
# Delinquency Rates: HELOC and Home Equity Loan



# Early-stage delinquencies for both Home Equity loans and HELOCs remain at all-time lows

30+ DPD Account Delinquency Rates

— HELOC — HELOAN



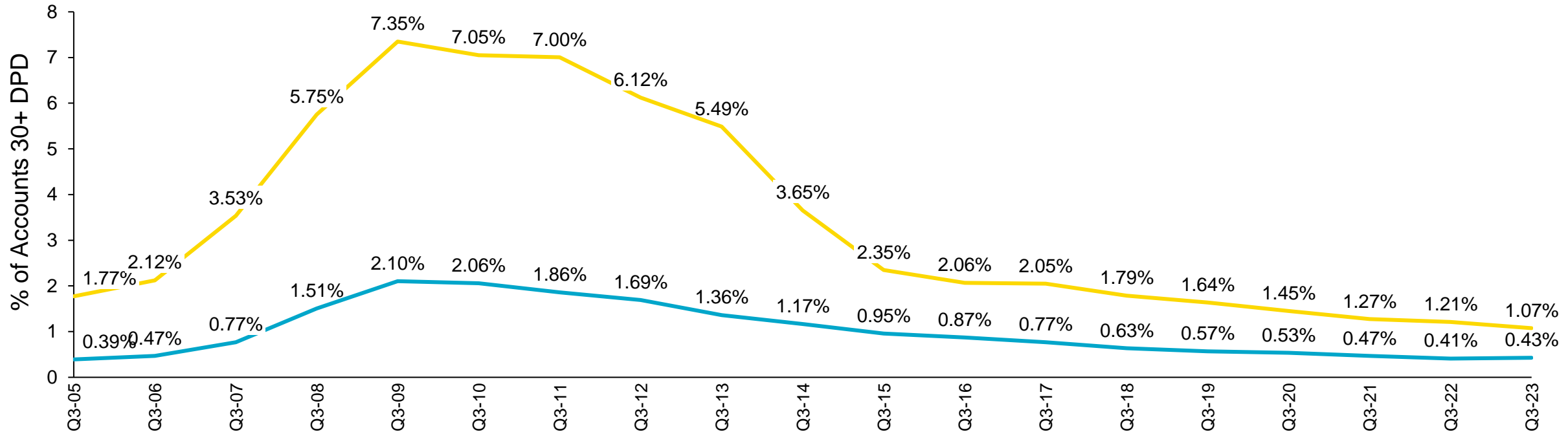
Source: TransUnion US consumer credit database



# Similar trends observed for mid-stage delinquencies

60+ DPD Account Delinquency Rates

HELOC HELOAN



Source: TransUnion US consumer credit database

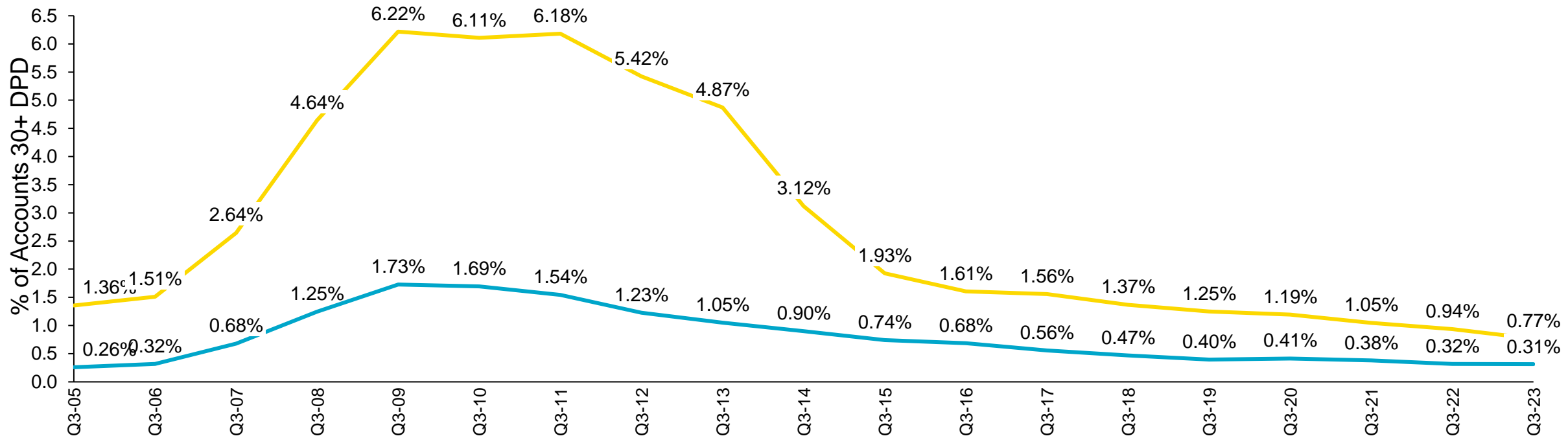




# Similar trends observed for late-stage delinquencies

90+ DPD Account Delinquency Rates

HELOC HELOAN



Source: TransUnion US consumer credit database



# TransUnion Solutions for Home Equity Lending

Through market-leading insights and analysis, TransUnion can help you create new and convert incoming home equity leads by identifying and qualifying consumers who are in-market, or likely to be in-market, for a home equity solution.

	PROACTIVE ENGAGEMENT	CONVERSION OPTIMIZATION
	<b>Create leads by marketing to the right consumer at the right time</b>	<b>Engage and convert leads entering your sales funnel through your existing channels</b>
<b>TransUnion solution</b>	<ul style="list-style-type: none"> <li>Consumer Prescreen with Propensity Scoring</li> <li>Invitation to Apply (iITA)</li> <li>Triggers</li> <li>FinLocker solutions</li> <li>HELOC End of Draw Model</li> </ul>	<ul style="list-style-type: none"> <li>Consumer Prequalification</li> <li>Application Prefill (FMO)</li> <li>Closed loop reporting</li> <li>Trended data analysis</li> </ul>
<b>Channel</b>	<ul style="list-style-type: none"> <li>Direct mail</li> <li>Email</li> <li>Outbound telemarketing</li> <li>Digital paid search and display</li> <li>Digital paid search and display</li> </ul>	<ul style="list-style-type: none"> <li>Lender's website</li> <li>Lender's call center</li> <li>Lender's POS/LOS</li> <li>Third-party applications</li> </ul>
<b>Business use cases</b>	<ul style="list-style-type: none"> <li>New customer acquisition</li> <li>Existing customer retention</li> <li>Line utilization</li> <li>Portfolio review</li> <li>Cross-sell to existing customers</li> </ul>	<ul style="list-style-type: none"> <li>Pre-qualify consumers</li> <li>Audience segmentation</li> <li>Performance monitoring</li> </ul>

## View online

To learn more, reach out to your TransUnion representative or email [TU\\_Mortgage@transunion.com](mailto:TU_Mortgage@transunion.com).

