NEWS RELEASE

ICE Mortgage Monitor: As Tappable Equity Hits Record High of $11.5T, 3 of 5 Mortgage Holders Have at Least $100K to Borrow Against

8/5/2024

- Even as outstanding mortgage debt hit an all-time high of $13.8T in June, rising home prices outpaced that growth, driving mortgage holder equity to its own new record high of $17.6T in Q2 2024

- Climbing equity has eased overall leverage in the market, with total mortgage debt equivalent to 44.1% of underlying home values, down from 44.6% in Q1 and the third lowest leverage ratio of the past 20+ years

- Tappable equity – the amount a borrower can access while maintaining a healthy 20% equity cushion – also hit a new peak in June at $11.5T, a +4% gain from Q1 and +9.2% year over year

- 32M mortgage holders have at least $100K in tappable equity; 4.6M have at least $500K, and nearly 1.2M have $1M or more, with higher equity holders tending to have lower first lien rates as well

- Borrowers with 760+ credit scores hold two-thirds of tappable equity; a similar share is held by those with sub-4% first lien rates, an inherent incentive to use second lien debt to tap equity, should the need arise

- Fewer than 325K homeowners are underwater nationwide, representing just 0.60% of active mortgages, with another 4.2% having less than 10% equity in their homes

- Texas, Florida, and Louisiana are worth watching as inventory grows and home prices soften in some areas, increasing the number of borrowers in negative equity positions

- Nationally, 84% of underwater mortgages were originated within the past 3.5 years; that share climbs above 97% in markets where prices have pulled back from recent highs

ATLANTA & NEW YORK--(BUSINESS WIRE)-- Intercontinental Exchange, Inc. (NYSE:ICE), a leading global provider of technology and data, today released its August 2024 **ICE Mortgage Monitor Report** , based on the company's industry-leading mortgage, real estate and public records data sets.

Though the ICE Home Price Index (HPI) has shown a general slowdown in the rate of home price growth through June – and in some locales, price declines driven by surplus inventory – mortgage holders' equity levels continue to hit new heights. As Andy Walden, ICE Vice President of Research and Analysis, explains, there is more outstanding mortgage debt today than at any point in history, but at the same time, overall market leverage remains near all-time lows.

"Outstanding mortgage debt, including both first and second liens, hit an all-time high in June, but growth in home prices has outpaced that gradual rise in debt," said Walden. "Total cumulative debt leverage – essentially a loan-to-value ratio for the entire mortgage market – is equivalent to 44.1% of underlying home values, the third lowest leverage ratio we've seen in the past 20-plus years. Rising home prices have also continued to build the fortunes of existing homeowners, pushing tappable equity – the amount a mortgage holder can leverage while retaining a healthy 20% equity cushion – to its highest level ever."

Nine out of ten of mortgage holders (48.5M) have some degree of tappable equity. A fair representation of the addressable market for second lien lending, tappable equity continues to be held primarily by higher credit score borrowers with low first lien interest rates. Two-thirds of such equity is held by mortgage holders with credit scores of 760 or higher, with a similar share held by those with first lien rates below 4%.

Three out of five (32M) mortgage holders have at least $100K in tappable equity; 4.6M have at least $500K, and 1.2M have $1M or more. Higher equity levels tend to correspond with lower first lien interest rates, as those borrowers, on average, were able to capitalize on record low interest rates while also buying into the market earlier at lower prices. The average first lien rate of borrowers without tappable equity is approximately 5.5%, nearly a full percentage point above those with up to $50K available to borrow against (4.45%). Borrowers with $50-$199K to borrow against have average first lien rates of just above 4%, while those with $500K or more to borrow against have average rates of around 3.75%.

"Home equity lending has been sluggish since interest rates began their climb higher early in 2022," Walden said. "As the Fed raised short-term lending rates, accessing equity became more expensive for homeowners, evidenced by the anemic growth in such lending despite record levels of available, tappable equity.

"Industry expectations that the Fed will soon begin easing short-term rates could gradually change that dynamic, given the more direct impact short term rates have on home equity rate offerings, and lenders would do well to prepare. The ability to originate and service home equity loans alongside first lien mortgages will be key – to say nothing of using data-driven portfolio analysis to identify potential second lien customers."

Fewer than 325K homeowners are underwater on their mortgages nationwide, putting just 0.60% of active loans in a negative equity position, with another 4.2% holding less than 10% equity in their homes. That said, Texas, Florida, and Louisiana are worth watching as inventory grows and home prices soften in some areas.

In Austin, for example, home prices are more than 15% off 2022 peaks, resulting in some 2.6% of mortgage holders owing more than their homes are currently worth. Similarly, in San Antonio, 2.7% of homes are underwater. Negative equity rates are also rising in Florida, as Cape Coral, Lakeland, North Port and Jacksonville – where inventories have surged and home prices are softening – have all seen an increase in negative equity. The same is true of New Orleans and Baton Rouge in Louisiana. Nationwide, 84% of underwater mortgages were originated within the past 3.5 years; that share climbs above 97% in areas like San Antonio, Austin, Cape Coral and North Port, where prices have pulled back from recent highs.

Much more information on these and other topics can be found in **this month's Mortgage Monitor.**

About Mortgage Monitor

ICE 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 ICE Home Price Index 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.

ICE'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.icemortgagetechnology.com/resources/data-reports**

About Intercontinental Exchange

Intercontinental Exchange, Inc. (NYSE: ICE) is a Fortune 500 company that designs, builds, and operates digital networks that connect people to opportunity. We provide financial technology and data services across major asset classes helping our customers access mission-critical workflow tools that increase transparency and efficiency. ICE’s futures, equity, and options **exchanges** -- including the **New York Stock Exchange** -- and **clearing houses** help people invest, raise capital and manage risk. We offer some of the world’s largest markets to trade and clear energy and environmental products. Our fixed income, **data services** and execution capabilities provide information, analytics and platforms that help our customers streamline processes and capitalize on opportunities. At **ICE Mortgage Technology** , we are transforming U.S. housing finance, from initial consumer engagement through loan production, closing, registration and the long-term servicing relationship. Together, ICE transforms, streamlines, and automates industries to connect our customers to opportunity.

Source: Intercontinental Exchange

Category: Mortgage Technology

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Source: Intercontinental Exchange