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Homeowner Equity Insights

Data Through Q1 2021

Introduction

The CoreLogic Homeowner Equity Insights report, is published quarterly with coverage at the national, state and Core Based Statistical Area (CBSA)/Metro level and includes negative equity share and average equity gains. The report features an interactive view of the data using digital maps to examine CoreLogic homeowner equity analysis through the first quarter of 2021.

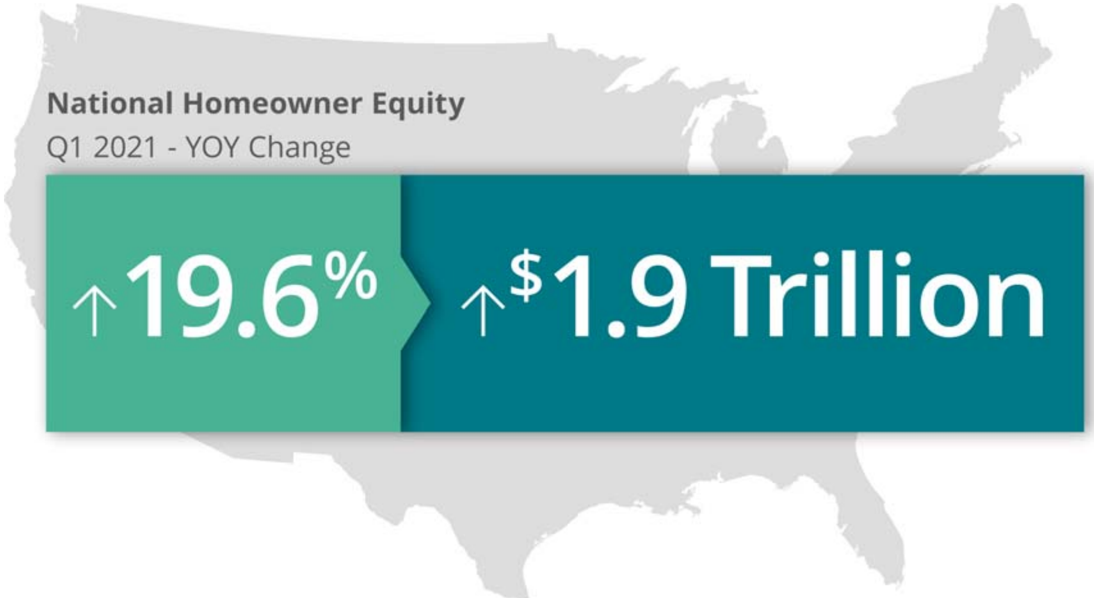
Negative equity, often referred to as being "underwater" or "upside down," applies to borrowers who owe more on their mortgages than their homes are worth. Negative equity can occur because of a decline in home value, an increase in mortgage debt or both.

This data only includes properties with a mortgage. Non-mortgaged properties (that are owned outright) are not included.

Homeowner Equity Q1 2021

CoreLogic analysis shows U.S. homeowners with mortgages (roughly 62% of all properties*) have seen their equity increase by a total of nearly $1.9 trillion since the first quarter of 2020, an increase of 19.6%, year over year.

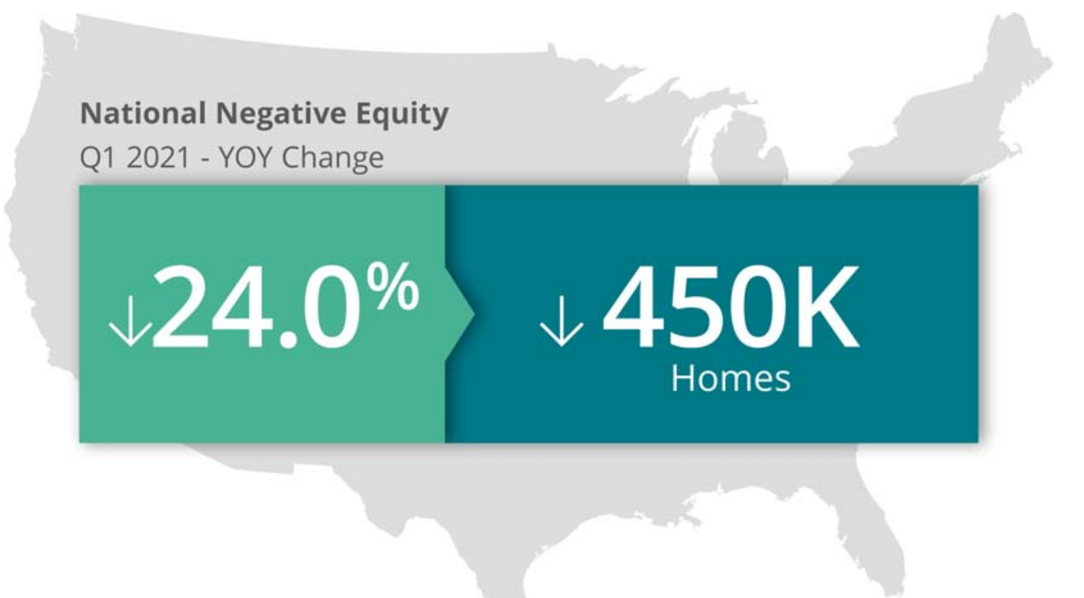
**Homeownership mortgage source: 2016 American Community Survey.*



Negative Equity Falls

In the first quarter of 2021, the total number of mortgaged residential properties with negative equity decreased by 7% from the fourth quarter of 2020 to 1.4 million homes, or 2.6% of all mortgaged properties. On a year-over-year basis, negative equity fell by 24% from 1.8 million homes, or 3.4% of all mortgaged properties, in the first quarter of 2020.

Because home equity is affected by home price changes, borrowers with equity positions near (+/- 5%) the negative equity cutoff are most likely to move out of or into negative equity as prices change, respectively. Looking at the first quarter of 2021 book of mortgages, if home prices increase by 5%, 195,000 homes would regain equity; if home prices decline by 5%, 260,000 would fall underwater.



COVID-19 Impact

While the coronavirus pandemic created economic uncertainty for many, the continued acceleration in home prices over the last year has meant existing homeowners saw a notable boost in home equity. The accumulation of equity has become critically important to homeowners deciding on their post-forbearance options. In contrast to the financial crisis, when many borrowers were underwater, borrowers today who are behind on mortgage payments can tap into their equity and sell their home rather than lose it through foreclosure. These conditions are reflected in a recent CoreLogic survey, with 74% of current homeowners with mortgages noting they are not concerned with owing more on their home than it is worth within the next five years.

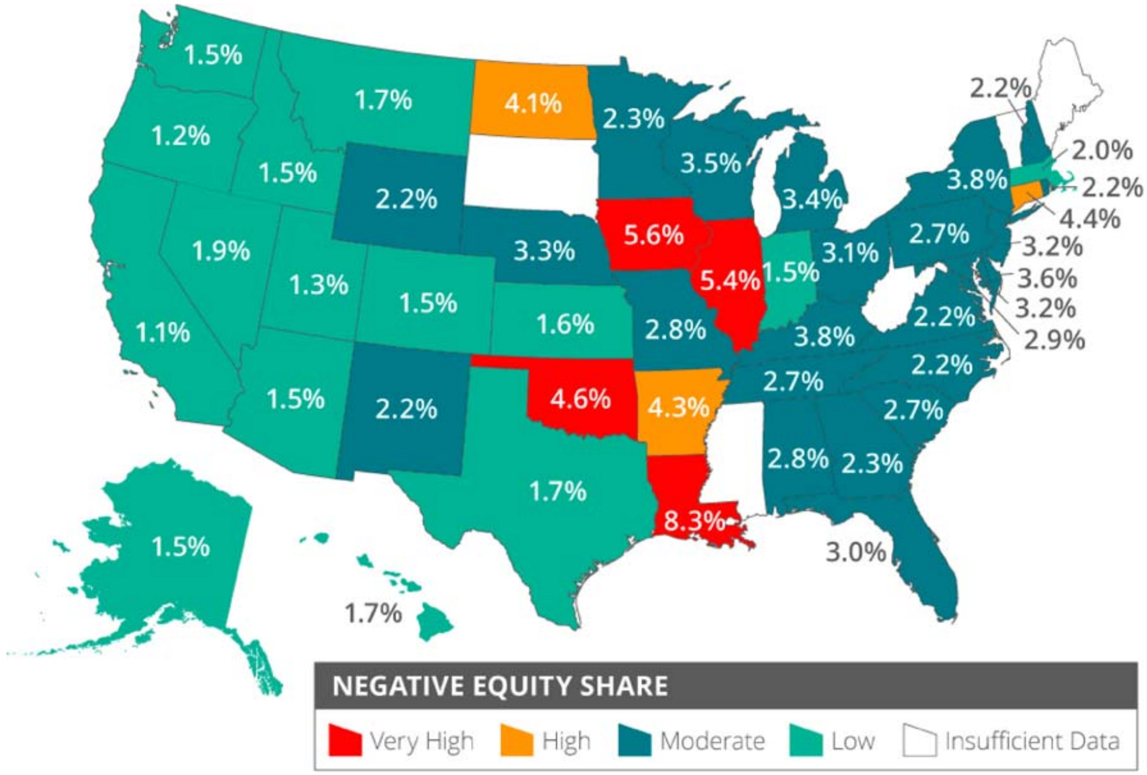
"Double-digit home price growth in the past year has bolstered home equity to a record amount. The national CoreLogic Home Price Index recorded an 11.4% rise in the year through March 2021, leading to a $216,000 increase in the average amount of equity held by homeowners with a mortgage. This reduces the likelihood of large numbers of distressed sales from homeowners who emerge from forbearance later in the year."

-Dr. Frank Nothaft
Chief Economist for CoreLogic

National Aggregate Value of Negative Equity: Q1 2021

The national aggregate value of negative equity was approximately $273 billion at the end of the first quarter of 2021. This is down quarter over quarter by approximately $8.1 billion, or 2.9%, from $281.1 billion in the fourth of 2020 and down year over year by approximately $13.3 billion, or 4.6%, from $286.3 billion in the first quarter of 2020.

Negative equity peaked at 26% of mortgaged residential properties in the fourth quarter of 2009, based on the CoreLogic equity data analysis which began in the third quarter of 2009.



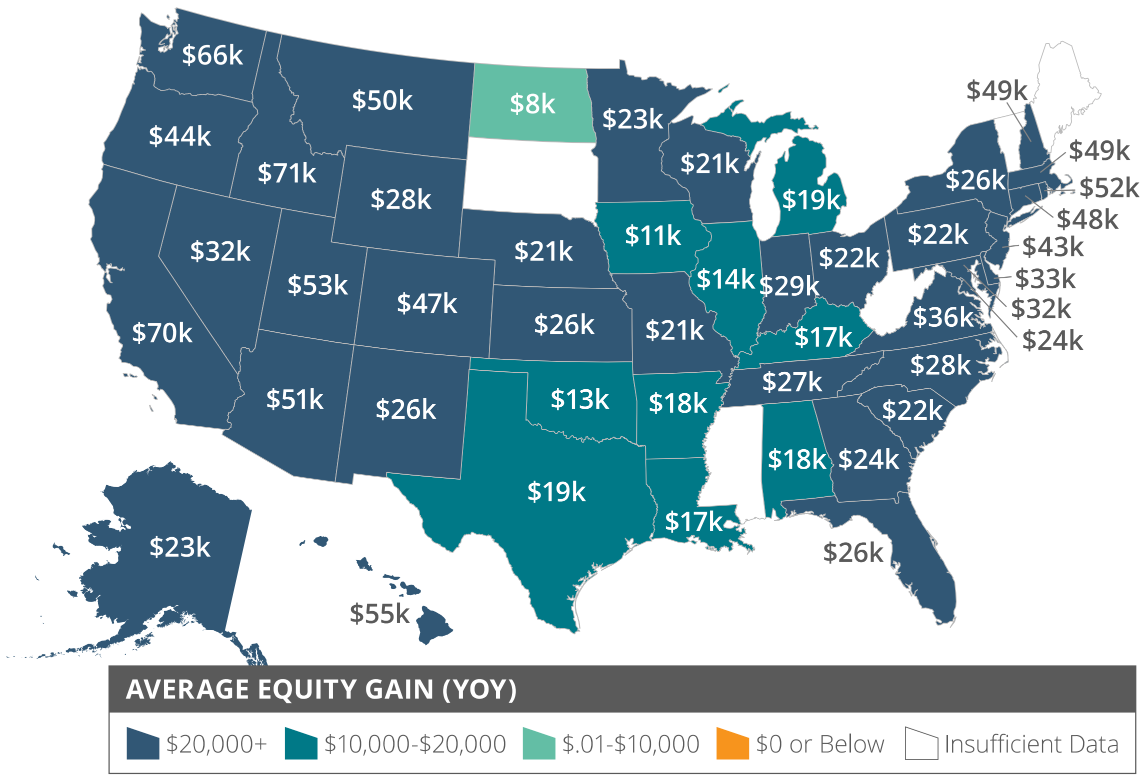
"Homeowner equity has more than doubled over the past decade and become a crucial buffer for many weathering the challenges of the pandemic. These gains have become an important financial tool and boosted consumer confidence in the U.S. housing market, especially for older homeowners and baby boomers who've experienced years of price appreciation."

-Frank Martell
President and CEO of CoreLogic

National Homeowner Equity

In the first quarter of 2021, the average homeowner gained approximately $33,400 in equity during the past year.

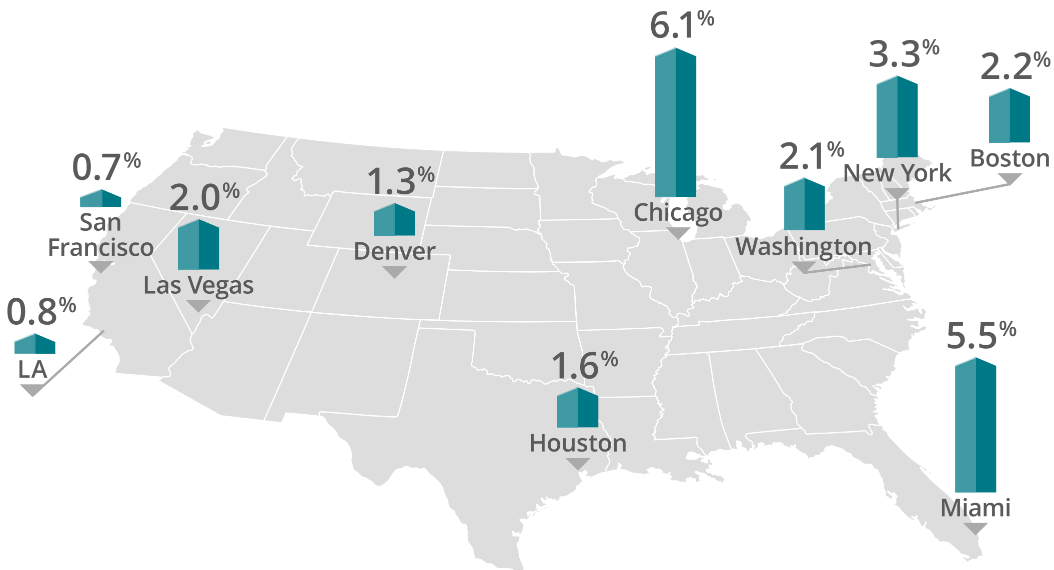
Idaho, California, and Washington experienced the largest average equity gains at $70,900, $69,600 and $65,800 respectively. Meanwhile, North Dakota experienced the lowest average equity gain in the first quarter of 2021 at $8,400.



10 Select Metros Change

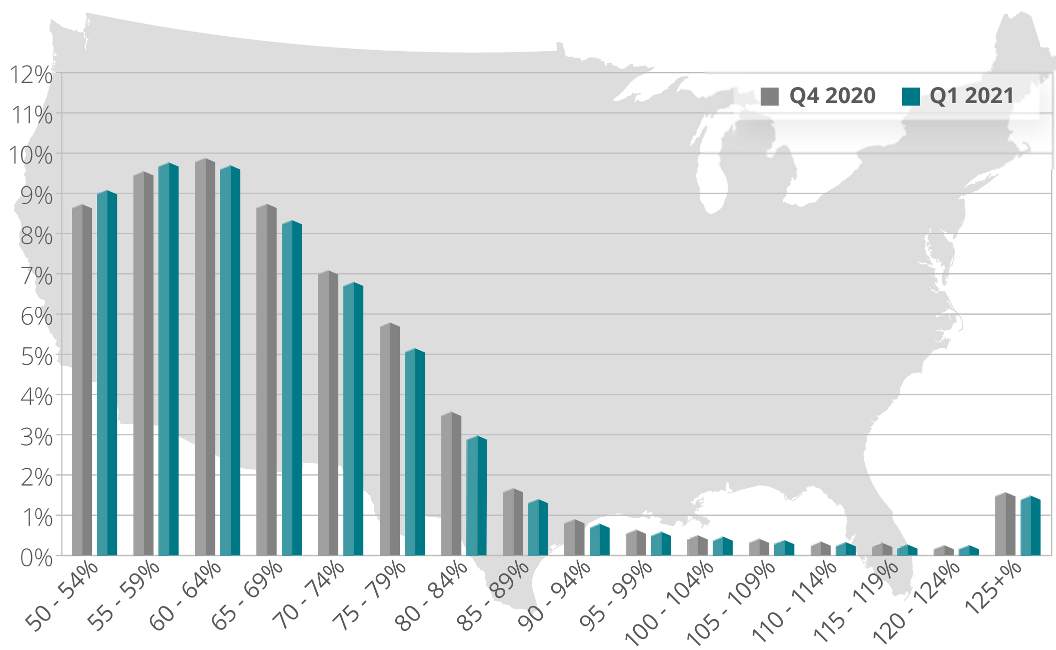
CoreLogic provides homeowner equity data at the metropolitan level. In this graphic, 10 of the largest cities, by housing stock, are depicted.

Negative equity has seen a recent decrease across the country. San Francisco-Redwood City-South San Francisco, CA, is the least challenged, with Negative Equity Share of all mortgages at 0.7%.



Loan-to-Value Ratio (LTV)

The graph represents National Homeowner Equity Distribution across multiple LTV Segments.



Summary

CoreLogic began reporting homeowner equity data in the first quarter of 2010; at that time, the equity picture for homeowners was rather bleak in the United States. Since then, many homes have regained equity and the outstanding balance on the majority of mortgages in this country are now equal to or in a positive position when compared to their loan balance.

CoreLogic will continue to report on homeowner equity as it continues to adjust in communities and states across the country. To learn more about homeowner equity, visit the CoreLogic Insights page on www.corelogic.com.

Methodology

The amount of equity for each property is determined by comparing the estimated current value of the property against the mortgage debt outstanding (MDO). If the MDO is greater than the estimated value, then the property is determined to be in a negative equity position. If the estimated value is greater than the MDO, then the property is determined to be in a positive equity position. The data is first generated at the property level and aggregated to higher levels of geography. CoreLogic uses public record data as the source of the MDO, which includes more than 50 million first- and second-mortgage liens, and is adjusted for amortization and home equity utilization in order to capture the true level of MDO for each property. Only data for mortgaged residential properties that have a current estimated value are included. There are several states or jurisdictions where the public record, current value or mortgage data coverage is thin and have been excluded from the analysis. These instances account for fewer than 5% of the total U.S. population. The percentage of homeowners with a mortgage is from the 2019 American Community Survey. Data for the previous quarter was revised. Revisions with public records data are standard, and to ensure accuracy, CoreLogic incorporates the newly released public data to provide updated results.

About the CoreLogic Consumer Housing Sentiment Study

3,000+ consumers were surveyed by CoreLogic via Qualtrics. The study is an annual pulse of U.S. housing market dynamics concentrated on consumers looking to purchase a home, consumers not looking to purchase a home, and current mortgage holder. The survey was conducted in April 2021 and hosted on Qualtrics.

The survey has a sampling error of ~3% at the total respondent level with a 95% confidence level.

Source: CoreLogic

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About CoreLogic

CoreLogic (NYSE: CLGX), the leading provider of property insights and solutions, promotes a healthy housing market and thriving communities. Through its enhanced property data solutions, services and technologies, CoreLogic enables real estate professionals, financial institutions, insurance carriers, government agencies and other housing market participants to help millions of people find, buy and protect their homes. For more information, please visit www.corelogic.com.

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