



NEWS RELEASE

ICE Mortgage Monitor: Record Levels of Tappable Equity, Fed Rate Cuts Could Spur Resurgence in Home Equity Withdrawals

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- As of the end of Q3 2024, U.S. mortgage holders held \$17.2T in equity, of which \$11.2T is 'tappable,' meaning it can be borrowed against with the homeowner maintaining a 20% equity stake in their home
- The average homeowner with a mortgage now has \$319K of equity in their home, of which \$207K is tappable
- Though Q3 withdrawals hit a two-year high – both collectively and individually among second lien products (\$27B) and cash-out refinances (\$21B) – the total represented just 0.42% of available tappable equity
- Borrowers have been withdrawing equity at less than half the 10-year average 0.92% extraction rate, with second lien products 26% below typical levels and cash-outs 69% below the norm
- The past 10 quarters have seen half the equity extraction to be expected in a 'normal' market, meaning \$476B has gone untapped and not flowed back through the broader economy
- In recent quarters, introductory rates on HELOCs have topped 9.5%, more than doubling the \$167 March 2022 monthly interest-only payment needed for a \$50K withdrawal to a high of \$413 in January 2024
- Recent Federal Reserve cuts to short-term interest rates – more directly tied to HELOC than 30-year mortgage offerings – have already made equity withdrawals modestly more affordable and attractive
- If both market expectations for an additional ~1.5 pp in additional Fed cuts and current spreads hold true, we

could see HELOC rate offerings in the low 7% range by the end of 2025

- That would drop the monthly payment needed to withdraw \$50K in equity back down below \$300; still notably higher than the historical average, but more than 25% below recent highs

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

This month's Mortgage Monitor dives deep into ICE's latest Q3 2024 homeowner equity data, reporting on both quarterly and annual growth in mortgage holders' housing wealth. Though 30-year interest rates remain volatile, recent and anticipated short-term rate cuts by the Federal Reserve have the potential to positively impact equity-based lending. As Andy Walden, ICE Vice President of Research and Analysis explains, though the cost to borrow against a homeowner's equity is notably higher than prior to the Fed's most recent tightening cycle, this dynamic is poised to change in the year ahead.

"While growth in total mortgage holder equity is slowing along with home prices, Q3's \$17.2T, up 5% from last year, represents another seasonally adjusted record high," said Walden. "Of that total, \$11.2T is available to homeowners with mortgages to borrow against while maintaining a 20% equity stake in their homes. On average, that works out to roughly \$207K in tappable equity per homeowner. And we did see a bump in equity withdrawals in Q3, with cash-out refi extractions rising on what had been downwardly trending 30-year rates and second-lien home equity products getting a boost from rate cuts late in the quarter."

In total, U.S. mortgage holders withdrew \$48B of home equity in the third quarter. This was the largest such equity withdrawal volume in the two years since the Federal reserve first initiated their latest tightening cycle. Both the \$27B equity withdrawn via second lien products and the \$21B withdrawn via cash-out refinances also marked their own individual two-year highs in Q3. Still, homeowners remain historically reluctant to borrow against their home equity. Just 0.42% of available tappable equity was withdrawn in Q3 2024, well below the 0.92% average extraction rate in the decade preceding the latest round of Fed increases.

"Despite a two-year high for equity withdrawals in the third quarter, homeowners are still tapping their housing wealth at less than half the rate they have historically," Walden added. "Second lien withdrawal rates are currently running more than a quarter below 'normal' and cash-out refi withdrawals are still down almost 70%. Over the past 10 quarters homeowners have extracted \$476B in equity, exactly half the extraction we'd expect to see under more normal circumstances. That equates to nearly a half a trillion untapped dollars that hasn't flowed back through the broader economy."

Elevated interest rates have been a deterrent to homeowner equity utilization in recent quarters, as 30-year mortgage rates climbed at times into the high 7% range, curtailing cash-out refinance activity, and the average introductory rate on second lien home equity lines of credit (HELOCs) rose above 9.5%. However, the Federal Reserve recently began to cut short term interest rates, to which HELOC rates are closely pegged, with additional cuts expected on the horizon. As Walden points out, this could make equity withdrawals both more affordable and more attractive.

“Since the Fed began its latest cycle of rate hikes, the monthly payment needed to withdraw \$50K via a HELOC more than doubled, from as low as \$167 per month back in March 2022 to \$413 in January of this year,” Walden said. “The market’s currently pricing in another 1.5 percentage points of cuts through the end of next year. If that comes to fruition, and current spreads hold, it’ll have positive implications for both new equity lending as well as for consumers with existing HELOCs, with the payment on a \$50K withdrawal falling back down below \$300 per month. While still notably above the 20-year average of \$210, that represents a more than 25% reduction from recent highs. Given borrowers’ recent sensitivity to even slight rate drops, this could serve to entice additional HELOC utilization, especially with mortgage holders sitting on record stockpiles of equity and locked into their current homes via low first lien rates.”

Based on the latest ICE Mortgage Futures as well as industry consensus forecasts, mortgage rates are not expected to see the full 1.5pp projected Fed rate decline flow through to 30-year offerings, which could tighten the spread between 30-year mortgage and HELOC rates and tip the needle toward equity utilization via HELOCs for a subset of mortgage holders.

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 ICE Valuation 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.

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Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 -- Statements in this press release regarding ICE's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of additional risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 8, 2024.

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