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Tappable Homeowner Equity Skyrocketing

Posted By *Christina Hughes Babb* On September 8, 2021 @ 12:43 pm In Daily Dose,Data,Featured,News | [Comments Disabled](#)

Homeowners' equity is skyrocketing to unprecedented levels. That has several implications related to [expected en masse forbearance exits](#) ^[1], the near-future foreclosure landscape, and more—experts are analyzing the [Mortgage Monitor Report](#) ^[2] published this week by Black Knight .

One of the many housing market metrics recorded and analyzed in the report, available in full on the data-analytics company's blog, includes the national level of tappable homeowner equity—that is the amount available for mortgagors to borrow against while retaining at least 20% equity. Black Knight's Data and Analytics President Ben Graboske calls the Q2 growth, charted at 37% year over year, "astonishing," adding that it is the largest annual equity growth he has witnessed.



He attributes the historic gains to increasing home values.

"According to our Black Knight HPI, as of the end of June, home values had risen nearly 20% from the year before and 7.4% in Q2 alone. As a result, already at a record high of \$8.1 trillion at the end of Q1, U.S. homeowners with mortgages gained another \$1 trillion in tappable equity in the second quarter alone," Graboske said. "This is by far the strongest growth we've ever seen and equates to some \$173,000 in equity available to the average mortgage holder, a \$20,000 increase in just three months."

He explains how this growth potentially will be a lifesaver in a market on the precipice of [629,000 forbearance plans](#) ^[1] slated to be reviewed for extension or removal this month. And about 400,000 of those are set to reach their final plan expirations based on established allowable forbearance term lengths in September.

"A rising tide lifts all boats as they say, including homeowners in forbearance—whose ability to return to making payments when forbearance ends will likely be a key driver in the nation's overall COVID-19 economic recovery," Graboske said.

According to Black Knight, some 98% of homeowners in forbearance now have at least 10% equity in their homes.

"Even when we add in 18 months of forbore payments—including principal, interest, taxes and insurance—the share with less than 10% equity only climbs to 7%, about 135,000 homeowners," Graboske explained. "This is a drastically different dynamic than during the worst of the Great Recession, when more than 40% of all mortgage holders had less than 10% equity and 28% were fully underwater. Such strong equity positions should help limit the volume of distressed inflow into the real estate market as well as provide strong incentive for homeowners to return to making mortgage payments —even if needing to be reduced through modification."

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[1] expected en masse forbearance exits: <https://dsnews.com/daily-dose/09-03-2021/market-bracing-for-wave-of-forbearance-plan-expirations>

[2] Mortgage Monitor Report: <https://www.blackknightinc.com/data-reports/>

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