



Contact: Johnathan Glowacki
Milliman, Inc.
Tel: +1 262 641 3560
Johnathan.Glowacki@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Mortgage default risk increases slightly alongside decrease in home price appreciation

Purchase volume continues to decrease, but quality of loans remains strong

SEATTLE – DECEMBER 5, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the third quarter (Q3) 2023 results of the Milliman Mortgage Default Index (MMDI), which shows Milliman’s latest monthly estimate of the lifetime default risk of U.S.-backed mortgages.

Mortgage default risk increased to 3.10% for loans acquired in Q3 2023, compared to 3.03% for loans acquired during Q2 2023. A projected decrease in home price appreciation has caused the slight increase in default risk for 2023 Q3.

Looking at the components of default risk over 2023 Q3, the economic risk for GSE loans increased quarter over quarter, from 1.54% in 2023 Q2 to 1.64% in 2023 Q3. Borrower risk decreased from 1.51% in 2023 Q2 to 1.48% in 2023 Q3, with purchase loans making up the bulk of originations at about 89% of total volume. Underwriting risk remains low and is negative for purchase mortgages. About 70% of refinance originations were cash-out refinance.

“Purchase volume has been decreasing year-over-year, but the quality of loans from a risk perspective has continued to be strong, keeping the default risk of new loan originations low,” said Jonathan Glowacki, a principal at Milliman and co-author of the MMDI.

The MMDI reflects a baseline forecast of future home prices. For more on the MMDI, go to www.milliman.com/mmdi/. To access additional mortgage market thought-leadership, analytics, and technology go to <https://www.milliman.com/en/products/milliman-m-pire>.

About Milliman

Milliman is among the world's largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. Visit us at milliman.com.

###