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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: 2024 Q1 mortgage default risk increases slightly due to projected home appreciation decrease

Home price appreciation forecasted to grow 3% on an annualized basis

SEATTLE – JUNE 12, 2024 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the first quarter (Q1) 2024 results of the Milliman Mortgage Default Index (MMDI), which shows Milliman's latest monthly estimate of the lifetime serious delinquency rates (180 days +) of U.S.-backed mortgages.

Mortgage delinquency risk increased to 2.25% for loans acquired in the first quarter (Q1) of 2024, compared to 2.21% for loans acquired during Q4 2023, primarily due to the projected slowing, and slight decrease in some markets, of home price appreciation. Despite this, recent home price appreciation forecasts project home prices to grow at approximately 3% annually.

Looking at the components of default risk, in 2024 Q1, economic risk, measured by looking at historical and forecasted home prices, again increased quarter over quarter, from 0.74% in 2023 Q4 to 0.77% in 2024 Q1. Borrower risk remained level at 1.48% for the third straight quarter, as strong purchase loans continue to account for about 85% of total volume.

"During Q1 2024, purchase loans in our Mortgage Default Index had an average loan-to-value ratio below 80 and average FICO scores above 700, which translates to low borrower risk for these newer originations," said Jonathan Glowacki, a principal at Milliman and co-author of the MMDI.

The MMDI reflects a baseline forecast of future home prices. When reviewing quarter-over-quarter changes in the MMDI, it is important to note that the MMDI values for Q1 2024 have been restated since the last publication and adjusted due to actual home price appreciation exceeding forecasts. For more information, 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

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