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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Q2 2024 mortgage default risk increases slightly for GSE acquisitions

Home price appreciation continued to surpass 5% annually in Q2

SEATTLE – SEPTEMBER 3, 2024 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the second quarter (Q2) 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 2.13% for loans acquired in Q2 of 2024, compared to 2.09% for loans acquired during Q1 2024, driven primarily by the projected slowing of home price appreciation. Borrower risk for the quarter improved, with less-risky purchase loans continuing to make up the bulk of originations, at about 87% of total volume, compared to refinance loans, which are less attractive to buyers in this higher interest rate environment.

“Until interest rates decline, we’re likely to see refinance volume remain low – which strengthens underwriting and borrower risk in our index,” said Jonathan Glowacki, a principal at Milliman and co-author of the MMDI. “The increases we’re seeing in default rates are economic in nature, primarily driven by home price appreciation, which, while it remained strong in Q2, is projected to slow.”

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 Q2 2024 have been restated since the last publication and adjusted due to actual home price appreciation exceeding forecasts. During Q2, home price appreciation surpassed 5%, and forecasts project home prices to grow at approximately 2% annually.

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>.

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