

## Mortgage Loan-to-Value Rising; Card Balances Bounce Back from Pandemic Lows

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Large bank mortgage origination volumes were flat in the second quarter of 2022 after declining sharply in the prior quarter. Rising mortgage rates have limited refinancing demand. This contrasts with 2021, which saw the largest annual volume of originations since 2012 accompanied by rapid house price increases. Mortgage origination loan-to-values (LTVs) are increasing to pre-pandemic levels, rising from 68 percent in fourth quarter 2021 to 75 percent in second quarter 2022. As refinance demand and originations fall, purchase loans constitute a greater share of new originations, which has pushed LTVs higher.

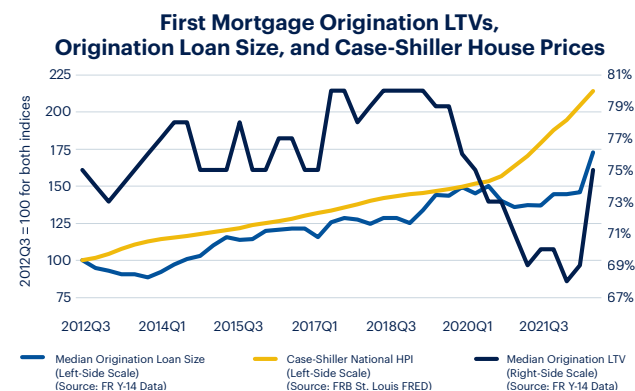
Credit card originations have fully recovered to historic norms. Furthermore, higher credit limits are being made available to new accounts compared with a year ago. Coupled with an overall increase in consumer spending, credit card balances grew 16 percent year over year. This was the fastest annual growth in at least 10 years, due in part to credit card balances that were near a pandemic low the year before.

Delinquency rates remain historically low for both first mortgage and credit cards, though credit card delinquency rates are trending upward. Lower delinquencies in mortgages reflect the very rapid house price appreciation recently, which could change as house prices moderate or even decline in certain areas.

For additional questions or feedback about this data and report, please email [Phil.LargeBankData@phil.frb.org](mailto:Phil.LargeBankData@phil.frb.org).

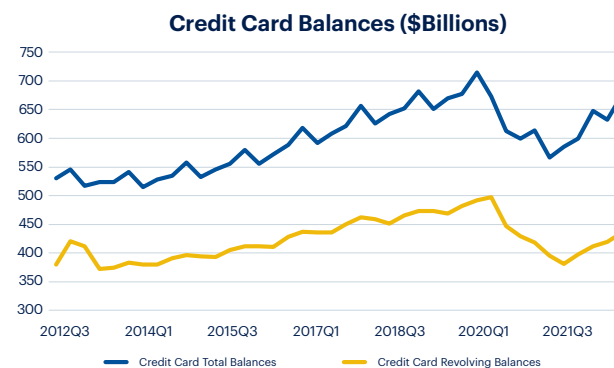
### LTVs Returning to Pre-Pandemic Levels

The first chart shows first mortgage LTV ratios, as well as indices of the national Case-Shiller House Price Index (HPI) and the median origination loan size of FR Y-14M firms (both indexed to 100 in third quarter 2012). The Case-Shiller HPI indicates house prices appreciated more quickly than loan sizes during the pandemic. This may be a result of a large increase in the number of rate refinances because of lower rates during the pandemic. This trend, however, changed significantly in the second quarter, and LTVs are rising toward pre-pandemic levels. Notably, rate refinances have declined with rising mortgage rates.



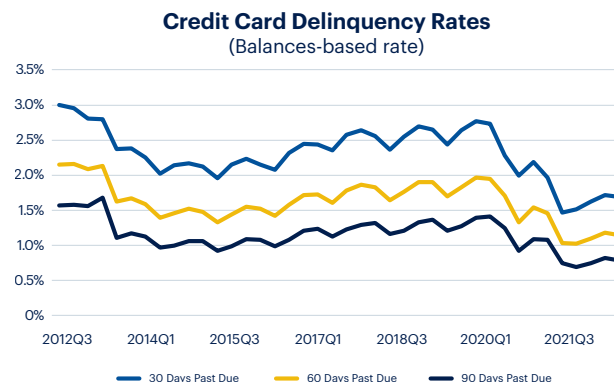
### Credit Card Annual Growth Hits 10-Year High

Credit card balances rose 16 percent on a year-over-year basis in second quarter 2022, bouncing back from near-pandemic lows in second quarter 2021. That was the fastest yearly card balance growth since the FR Y-14M data collection began in 2012 and far greater than the typical 4 percent annual growth from 2013 through 2019. New card originations are strong. Average credit card utilization averaged 20 percent before the pandemic but fell to a low of 17 percent in early 2021. With stronger consumer spending, card utilization has also begun to recover, hitting 18.5 percent in second quarter 2022.



### Credit Card Delinquencies Rising from Historic Lows

Credit card delinquency rates have increased modestly over the past year, though rates remain near their lowest level in the past 10 years, with fewer than 1 percent of balances reaching 90 days past due. While the share of customer accounts with revolving balances has risen in the last year, many customers are paying their balances in full. In the second quarter of 2022, 36 percent of card accounts paid off the full credit card balance, up from 33 percent three years ago before the start of the pandemic.



### Endnote

Note that historical data will be revised periodically for firms that have started or stopped reporting FR Y-14M data and the panel of published FR Y-14M reporters is adjusted. Therefore, historical values may change over time. Please see our [data methodology](#) for further details.

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