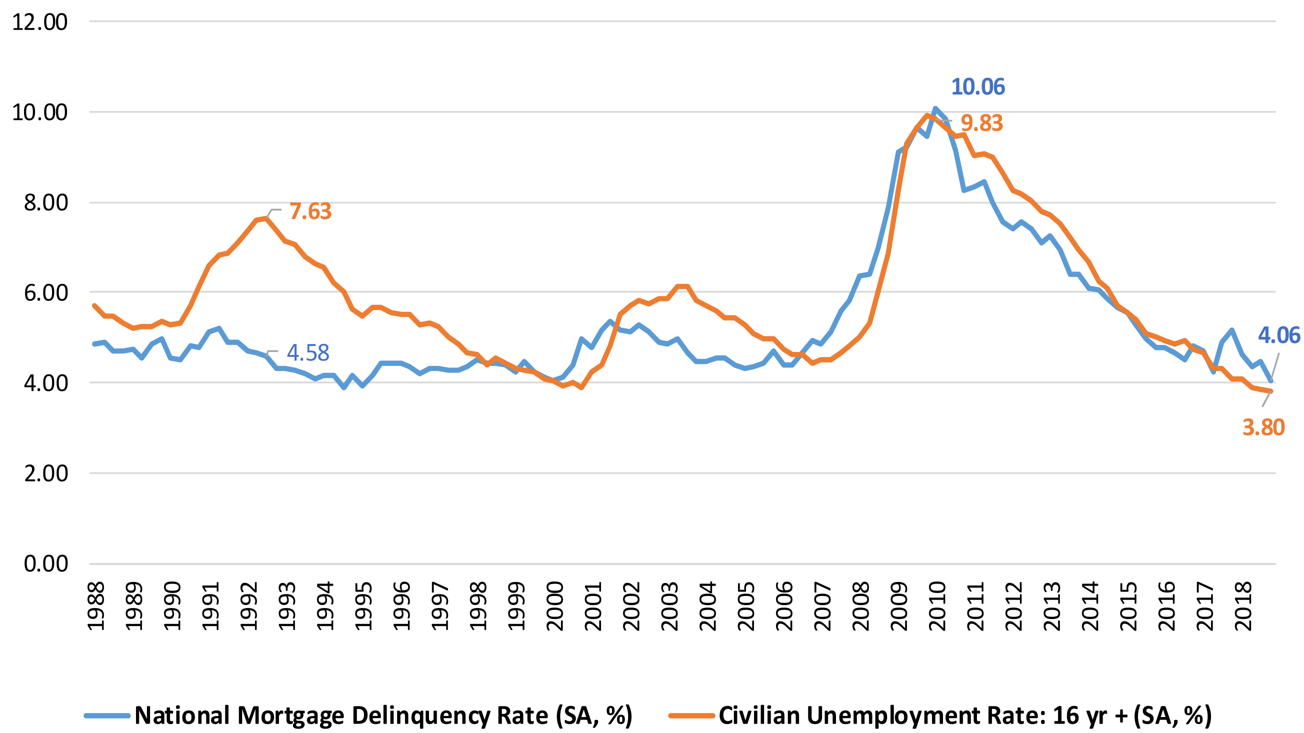
RESEARCH AND ECONOMICS

Chart of the Week: February 22, 2019

Mortgage Delinquency Rate and Unemployment Rate
Seasonally Adjusted, percent



Source: MBA's National Delinquency Survey; www.mba.org/nds; U.S. Bureau of Labor Statistics (BLS)

Last week, MBA Research released fourth quarter of 2018 results of its National Delinquency Survey (NDS). The delinquency rate for mortgage loans on one-to-four-unit residential properties was 4.06 percent – down 41 basis points from the previous quarter, 111 basis points from the fourth quarter of 2017 and at its lowest level since the first quarter of 2000.

In this week's chart, we show the relationship between the unemployment rate, supplied by the U.S. Bureau of Labor Statistics (BLS), and the mortgage delinquency rate for all loans over a 30-year period.

Nine years ago (the first quarter of 2010) during the aftermath of the Great Recession, the unemployment rate reached 9.83 percent, and the mortgage delinquency rate was at its peak of 10.06 percent. Fast forward to last year's fourth quarter, the unemployment rate was 3.80 percent and nearing 50-year lows, and the mortgage delinquency rate (4.06 percent) was at an 18-year low.

The close tracking between unemployment and mortgage delinquency rates from the period 1988-2008 appears less pronounced than from 2008-2018. For example, the unemployment rate reached 7.63 percent in the third quarter of 1992, while the mortgage delinquency rate was relatively low in comparison, at 4.58 percent. Possible factors influencing this change include differences in mortgage product mix and criteria, borrower behavior and recession severity.

- Anh Doan (adoan@mba.org); Joel Kan (jkan@mba.org); Marina Walsh (mwalsh@mba.org)