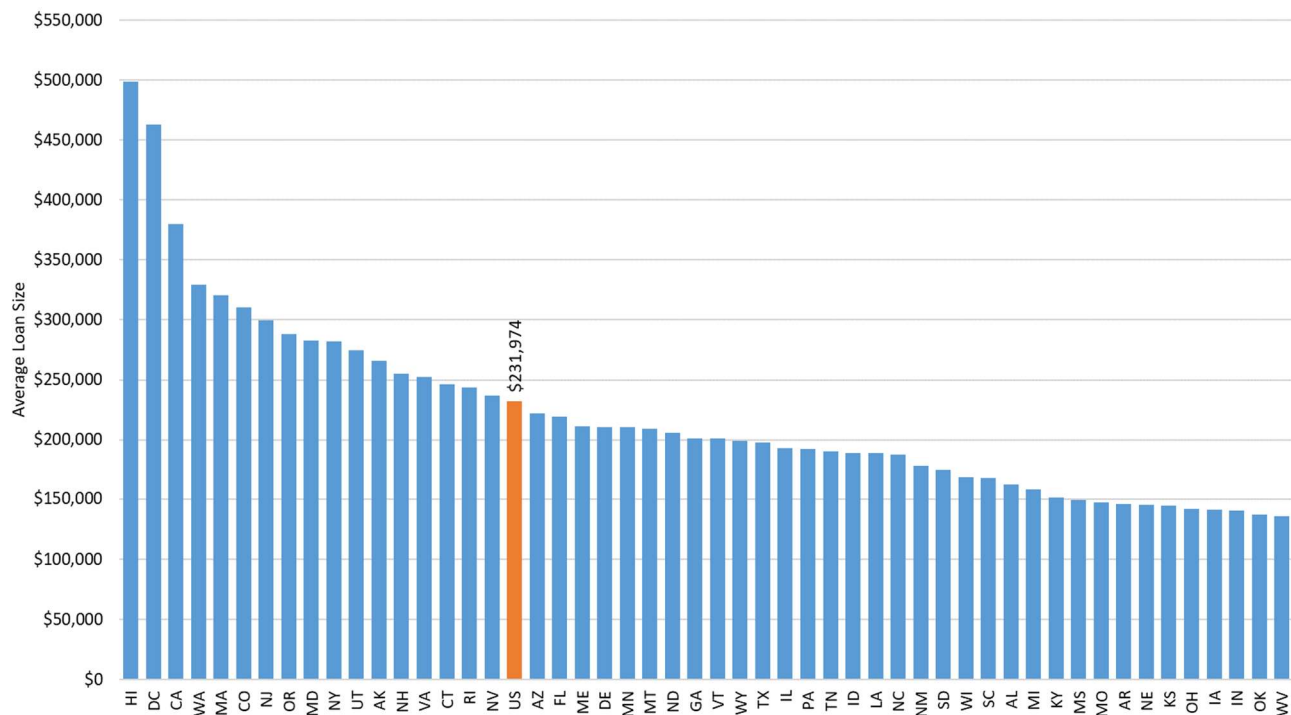


Chart of the Week: December 6, 2019

Average Loan Size to First-Time Homebuyers by State (\$)



Source: Fannie Mae Single-Family Loan Performance Data through Q3 2018; Freddie Mac Single Family Loan-Level Dataset through Q3 2018

On average, the size of a first-time homebuyer’s mortgage was \$231,974 in the first three quarters of 2018, based on loan acquisitions data from Fannie Mae and Freddie Mac. This represents a 4.2% increase over the average size of \$223,000 for mortgages to first-time homebuyers originated in 2017, and an acceleration from the 1.8% annual gain in 2016.

Across states, average loan sizes varied substantially due to broad differences in home price trends. First-time homebuyers in Hawaii took out the largest mortgages, averaging just shy of half a million dollars (\$498,711), whereas mortgages to first-time homebuyers in West Virginia were one-quarter of the size (\$135,311). In general, most average loan sizes concentrated around the lower end of the spectrum, with 34 of 54 states falling below the national average loan size (\$200,808). High-volume, high-price states like California, New York, Washington, New Jersey and Massachusetts drove the national average higher.

While we have seen more first-time homebuyers in the purchase market of late, we have also seen their characteristics change – they are older, have higher incomes, and as shown in the chart, are taking out larger mortgages. This is likely driven by tighter credit in previous years, accelerating home-price appreciation, and other household finance factors such as student loan debt accumulation.

This week’s analysis comes from a sample of single-family mortgages originated in 2018 and acquired by Fannie Mae and Freddie Mac, and excludes condos, co-ops, PUDs, and manufactured housing. First-time homebuyers are defined as those borrowers purchasing a property as their primary residence, and who had no sole or joint interest in a property in the 3 years prior to purchasing the mortgage.