

2021

Home Equity Report



Introduction

▲ **18.6%**

Increase in home values
nationwide on average.

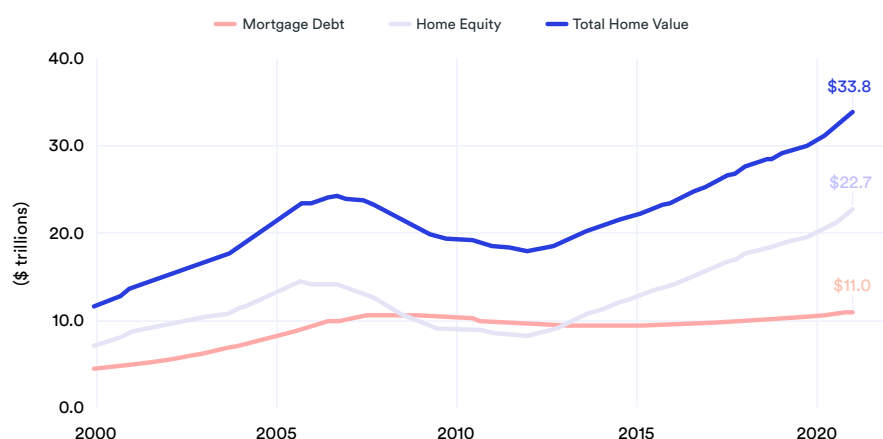
The recent bull market in residential real estate has drawn tremendous attention from homeowners, prospective home buyers and investors. Over the past year, U.S. home prices have been surging at the fastest pace in four decades.¹ As highlighted in a recent report by Unison,² the secular imbalance of strong demand and limited supply for homes, and the high cost of raw materials for new construction, among other factors, have contributed to the strong growth in home prices. With incredibly strong demand for homes and housing supply significantly below the historical average, buyers are paying a premium above the listing price, which is a signal that growth of supply is not meeting demand. Moreover, new residential construction per person in the U.S. has been steadily decreasing, resulting in homeowners investing in their current home and building up equity as a preferable alternative to relocation.

According to the S&P CoreLogic Case Shiller Home Price Index, home values nationwide increased by 18.6% on average in June compared to a year ago. Across the country, all but 4 states have each seen a leap in home prices of more than 10% since last year. As reported by the U.S. Census Bureau, the median sales price of houses in the U.S. reached \$374,900 in Q2 2021, compared to \$322,600 in the previous year.³

FIGURE 1

Housing Market Growth

Home Equity is home value minus mortgage debt



¹ Case-Shiller U.S. National Home Price Index, CoreLogic Real Estate Analytics Suite

² Unison Asset Performance Report 2021, https://contentimages.o-prod.unison.com/images/im/downloads/Unison_Asset_Performance_Final.pdf

³ Median Sales Price of Houses Sold for the United States, FRED, <https://fred.stlouisfed.org/series/MSPUS>

Millions of homeowners across the U.S. are benefiting from this unprecedented boom in home values. In Q1 2021, the total value of owner-occupied real estate jumped to \$33.8 trillion, which outpaced the gradual increase in household mortgage debt. As a result, home equity, namely the difference between the home value and the outstanding mortgage debt, has grown significantly over the last year.

Today, U.S. households are sitting on over \$22.7 trillion worth of home equity, after gaining \$2.7 trillion from a year ago.⁴

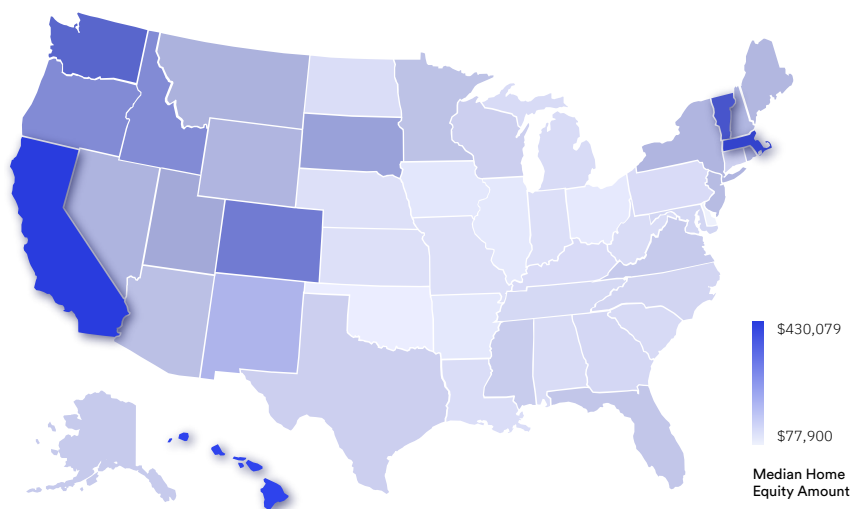
The question then arises: where in the country do homeowners sit on the highest home equity values?

Home equity values vary significantly across the country. Below is a heat map of the median home equity value across 50 states and DC. The highest median home equity values are seen in Hawaii, DC and California, more than quadruple those of typical homes found in states such as Illinois, Ohio and Oklahoma.⁵

FIGURE 2

Median Home Equity Value

Home Equity is home value minus mortgage debt



⁴ Balance Sheet of Households and Nonprofit Organizations, FRED, <https://fred.stlouisfed.org/release/tables?rid=52&eid=810090#snid=810123>

⁵ All home equity values in this report are estimated based on data from CoreLogic

Winners – Top 20 Metros



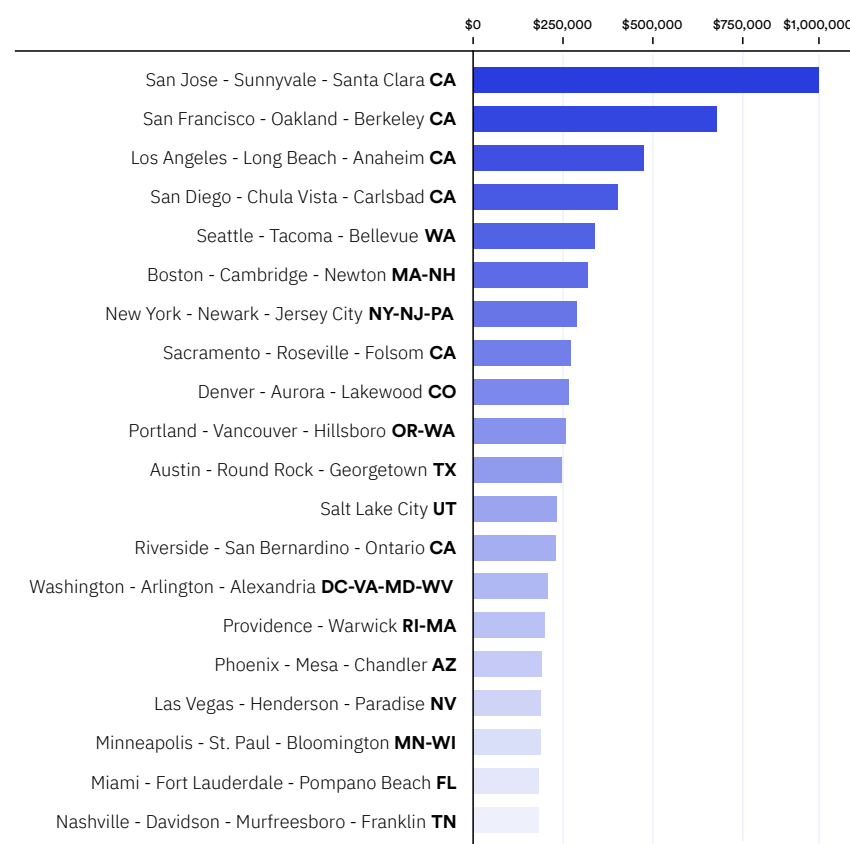
Let's dive deeper to look at the home equity values of the country's largest metropolitan areas. More than 58% of Americans live within the 50 largest metropolitan areas, which is based on market demographics data from S&P Global. Each of these metros has a population of at least one million as of 2021.⁶

California is absolutely unrivaled, claiming all top 4 major metropolitan areas with the most home equity. As of July 2021, the San Jose metropolitan area, home of Silicon Valley, boasts a whopping \$950,000 median home equity value and a median home value of \$1.33 million.⁷ The San Francisco metropolitan area, known for its high-tech fanfare and being the second largest financial center in the U.S., enjoys a \$681,000 median home equity value and a median home value of \$1.05 million.⁸

FIGURE 3

Top 20 Metros - Median Home Equity Value

Home Equity is home value minus mortgage debt



⁶ Market demographics data, retrieved in July 2021, S&P Capital IQ Pro.

⁷ Median home values are based on automated valuation model (AVM) values from CoreLogic.

⁸ Median home values are based on automated valuation model (AVM) values from CoreLogic.

Home Equity is home value minus mortgage debt

Metropolitan Statistical Area	Median Home Equity Value	Median Home Value
San Jose - Sunnyvale - Santa Clara CA	\$950,271	\$1,327,615
San Francisco - Oakland - Berkeley CA	\$681,471	\$1,045,503
Los Angeles - Long Beach - Anaheim CA	\$475,135	\$744,447
San Diego - Chula Vista - Carlsbad CA	\$403,711	\$677,887
Seattle - Tacoma - Bellevue WA	\$337,919	\$586,495
Boston - Cambridge - Newton MA-NH	\$316,927	\$541,951
New York - Newark - Jersey City NY-NJ-PA	\$284,671	\$501,503
Sacramento - Roseville - Folsom CA	\$270,847	\$478,719
Denver - Aurora - Lakewood CO	\$266,239	\$487,900
Portland - Vancouver - Hillsboro OR-WA	\$258,815	\$456,900
Austin - Round Rock - Georgetown TX	\$244,479	\$395,519
Salt Lake City UT	\$233,087	\$419,839
Riverside - San Bernardino - Ontario CA	\$227,199	\$432,895
Washington - Arlington - Alexandria DC-VA-MD-WV	\$208,383	\$467,967
Providence - Warwick RI-MA	\$199,423	\$348,159
Phoenix - Mesa - Chandler AZ	\$188,671	\$336,895
Las Vegas - Henderson - Paradise NV	\$188,671	\$339,900
Minneapolis - St. Paul - Bloomington MN-WI	\$184,831	\$319,000
Miami - Fort Lauderdale - Pompano Beach FL	\$180,223	\$317,439
Nashville - Davidson - Murfreesboro - Franklin TN	\$180,223	\$312,319

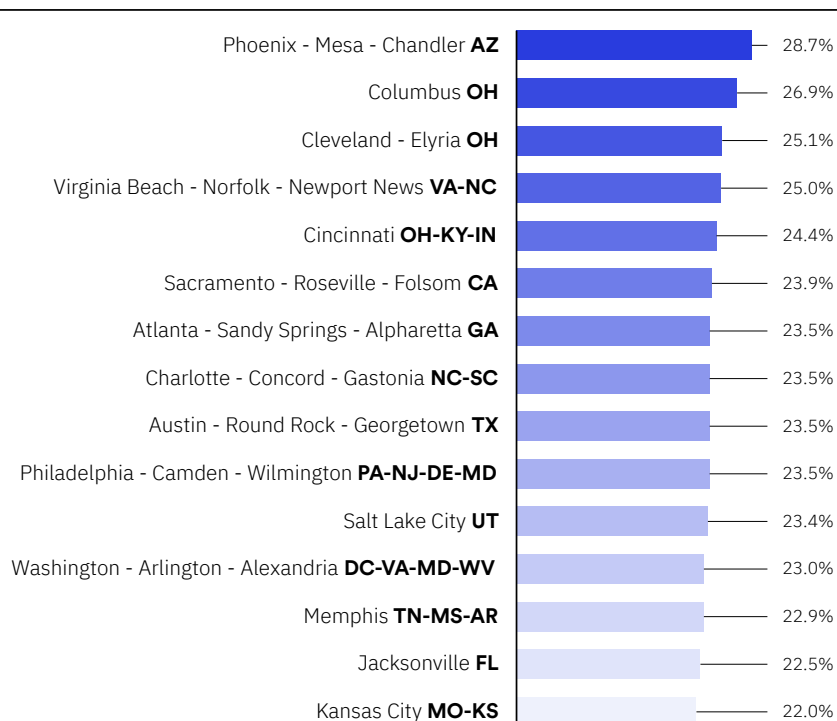
In July 2021, 49 of the 50 largest metros recorded an increase in median home equity values of over 10% from the previous year, with the exception of the Louisville/Jefferson County metro in Kentucky growing 9.7%. Homeowners across all these metros possess more home equity than ever before.

Across the large metros, the Phoenix metro area experienced an unparalleled 28.7% leap in median home equity, with a value increase of \$42,000.

FIGURE 4

Growth in Median Home Equity

Home Equity is home value minus mortgage debt



Home Equity is home value minus mortgage debt

Metropolitan Statistical Area	Percentage Change in Median Equity	Value Change in Median Home Equity
Phoenix - Mesa - Chandler AZ	28.7%	\$42,112
Columbus OH	26.9%	\$24,448
Cleveland - Elyria OH	25.1%	\$17,216
Virginia Beach - Norfolk - Newport News VA-NC	25.0%	\$20,480
Cincinnati OH-KY-IN	24.4%	\$19,904
Sacramento - Roseville - Folsom CA	23.9%	\$52,224
Atlanta - Sandy Springs - Alpharetta GA	23.5%	\$27,392
Charlotte - Concord - Gastonia NC-SC	23.5%	\$27,072
Austin - Round Rock - Georgetown TX	23.5%	\$46,464
Philadelphia - Camden - Wilmington PA-NJ-DE-MD	23.5%	\$23,424
Salt Lake City UT	23.4%	\$44,160
Washington - Arlington - Alexandria DC-VA-MD-WV	23.0%	\$38,912
Memphis TN-MS-AR	22.9%	\$15,936
Jacksonville FL	22.5%	\$24,768
Kansas City MO-KS	22.0%	\$20,864

Driven by strong housing demand and tight supply, aided by government support and near rock-bottom mortgage interest rates, home prices have not taken a hit during the COVID-19 pandemic. As a result, there have not been many notable decreases in home equity values in large metropolitan areas. Based on CoreLogic data, the Nashville metro area experienced a transient decrease, also known as a drawdown, of 1%, as home values briefly stalled between the second and third quarters in 2020, though the home equity values soon recovered in the subsequent housing boom.

Home Equity is home value minus mortgage debt

Metropolitan Statistical Area	Decrease in Median Home Equity	Value of Decrease in Median Home Equity
Nashville - Davidson - Murfreesboro - Franklin TN	-1.1%	-\$1,664
Orlando - Kissimmee - Sanford FL	-0.5%	-\$640
Austin - Round Rock - Georgetown TX	-0.5%	-\$896
Atlanta - Sandy Springs - Alpharetta GA	-0.4%	-\$512
Tampa - St. Petersburg - Clearwater FL	-0.4%	-\$512
Birmingham - Hoover AL	-0.4%	-\$320
Louisville / Jefferson County KY-IN	-0.3%	-\$384
St. Louis MO-IL	-0.3%	-\$256
Jacksonville FL	-0.3%	-\$320
Detroit - Warren - Dearborn MI	-0.3%	-\$256

Outside the largest metropolitan areas, the spectrum varies further in terms of home equity changes.⁹ The California-Lexington Park metropolitan area in Maryland has seen the highest home equity increase, jumping 58% from a year ago.

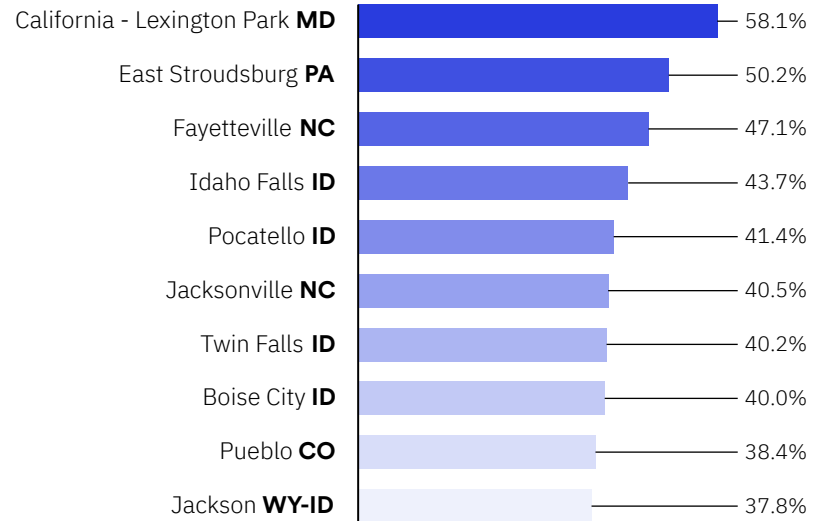
⁹ Based on CoreLogic data for metropolitan statistical areas with consistent property counts from July 2020 to July 2021



FIGURE 5

Growth in Median Home Equity

Home Equity is home value minus mortgage debt



Home Equity is home value minus mortgage debt

Metropolitan Statistical Area	Percent Change in Median Home Equity	Value Change in Median Home Equity
California - Lexington Park MD	58.1%	\$34,816
East Stroudsburg PA	50.2%	\$37,264
Fayetteville NC	47.1%	\$12,864
Idaho Falls ID	43.7%	\$53,504
Pocatello ID	41.4%	\$39,567
Jacksonville NC	40.5%	\$15,360
Twin Falls ID	40.2%	\$50,703
Boise City ID	40.0%	\$78,592
Pueblo CO	38.4%	\$37,844
Jackson WY-ID	37.8%	\$289,792

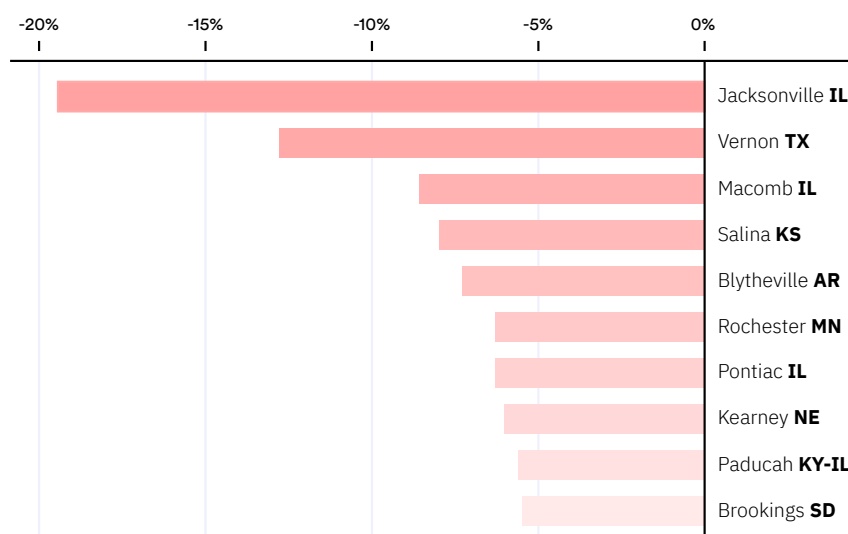
Losers – Top 20 Metros

While the aforementioned metropolitan areas have scored high spikes in home equity values over the past year, smaller metros have not all enjoyed the same housing frenzy. Jacksonville, IL has seen a 19.5% drop in median home equity, or a value decrease of \$15,000.

FIGURE 6

Percentage Growth in Median Home Equity

Home Equity is home value minus mortgage debt



Home Equity is home value minus mortgage debt

Metropolitan Statistical Area	Percent Change in Median Home Equity	Value Change in Median Home Equity
Jacksonville IL	-19.5%	-\$15,000.00
Vernon TX	-12.8%	-\$10,100.00
Macomb IL	-8.6%	-\$7,100.00
Salina KS	-8.0%	-\$10,300.00
Blytheville AR	-7.3%	-\$6,800.00
Rochester MN	-6.3%	-\$14,500.00
Pontiac IL	-6.3%	-\$6,200.00
Kearney NE	-6.0%	-\$11,400.00
Paducah KY-IL	-5.6%	-\$6,705.00
Brookings SD	-5.5%	-\$12,279.00

About Unison

Unison is a San Francisco-based company that is pioneering a smarter, better way to own your home. Until now, the only way to finance a home was by taking on debt. Through home co-investments, we help homeowners access their equity flexibly with no monthly payments or interest. We enhance home affordability, reduce debt, and deliver a less risky way for homeowners, investors, and society to think about their most important asset – the home.

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