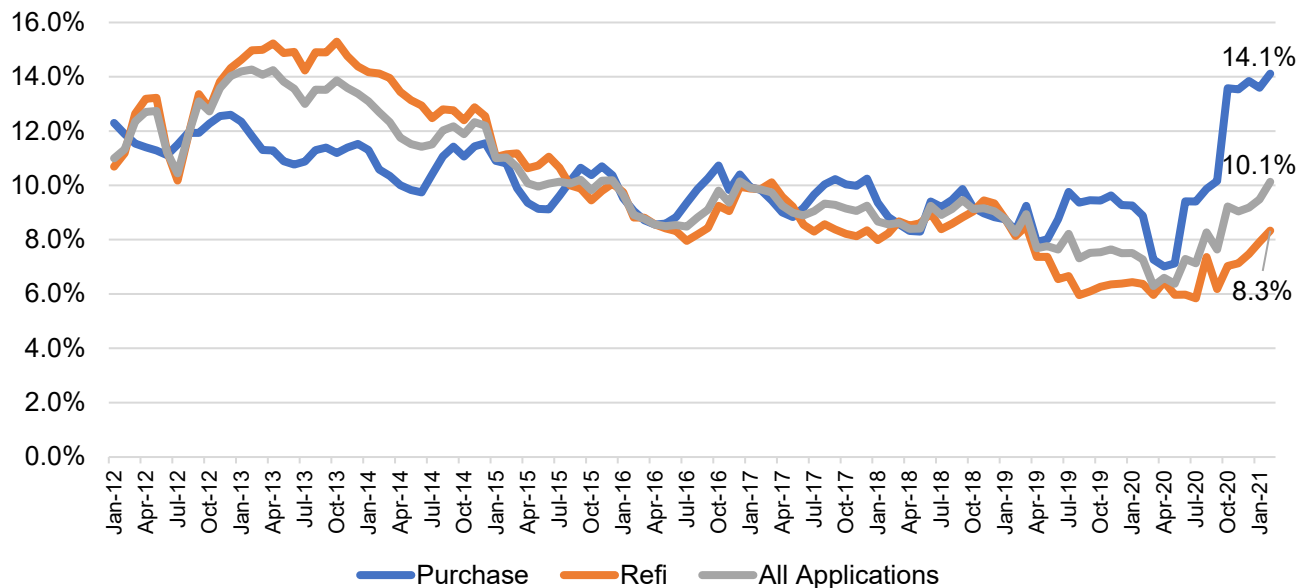


Chart of the Week - March 12, 2021
Share of Second Home and Investor Mortgages



Source: MBA Weekly Applications Survey

This week’s MBA Chart of the Week captures the share of mortgage applications to purchase or refinance a second home or investment property. In February 2021, 10.1 percent of all applications in the retail and consumer direct channels were for a non-primary residence. This was an increase from 9.5 percent the previous month. 2019 and 2020 saw annual averages of approximately 8 percent. Breaking down the categories, second-home transactions accounted for 3.6 percent of all applications and investment properties were 6.5 percent, totaling 10.1 percent. Average loan sizes as of February 2021 were \$430,000 for second homes and \$263,000 for investment properties.

Within purchase mortgages, the second home and investment property share was 14.1 percent of applications in February 2021, an increase from 13.6 percent in January and up from the annual averages of 9 percent in 2019 and 10 percent in 2020. Purchase activity in these property types has been increasing with the start of the spring buying season. Furthermore, demand is rising because of the rise in remote work and the desire to live further away from more densely populated urban areas. Refinancing of second homes and investment properties has also seen an increase – the result of homeowners taking advantage of record-low mortgage rates.

Recognizing that compositional measures are impacted by the mix of applications, we also examined the year-over-year trends in the number of applications for these loan categories. Second home applications were up 37 percent compared to February 2020 and investor applications were up 110.6 percent, while overall applications were up 26.8 percent, which highlights the fact that the pace of growth has been higher for second homes and investment properties.

Lenders were focused this week on announcements from Fannie Mae and Freddie Mac to limit the share of loans they could sell to the GSEs to 7 percent of their portfolios, well below the run -rate in the market at this time.

- Mike Fratantoni (mfratantoni@mba.org); Joel Kan (jkan@mba.org)