

Nearly 1/3 of homeowners still plan to tap into home equity despite rising interest rates

Though mortgage interest rates haven't been this high since 2002, half of homeowners who considered a loan against their home in the past year are moving forward, according to new research from Point. While inflation continues to impact American households, these findings shed light on the financial needs of homeowners today as they battle rising interest rates and ongoing economic uncertainty.

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With interest rates in the news so much — and with the true cost of a loan increasing significantly in the last six months — it's telling that so many homeowners are still eager to tap into their home equity or feel as if they have no other good choices. Higher consumer debt levels and inflation mean homeowners need more access to cash, but homeowners are often unaware of all available options. And the vast majority of U.S. homeowners are sitting on an asset holding a lot of their wealth — but it's not liquid.

Eddie Lim,
CEO and Co-founder of Point



61%

of homeowners have considered taking out a HELOC or refinancing their home over the past 12 months.

35%

of homeowners are no longer pursuing a refinance due to rising interest rates.

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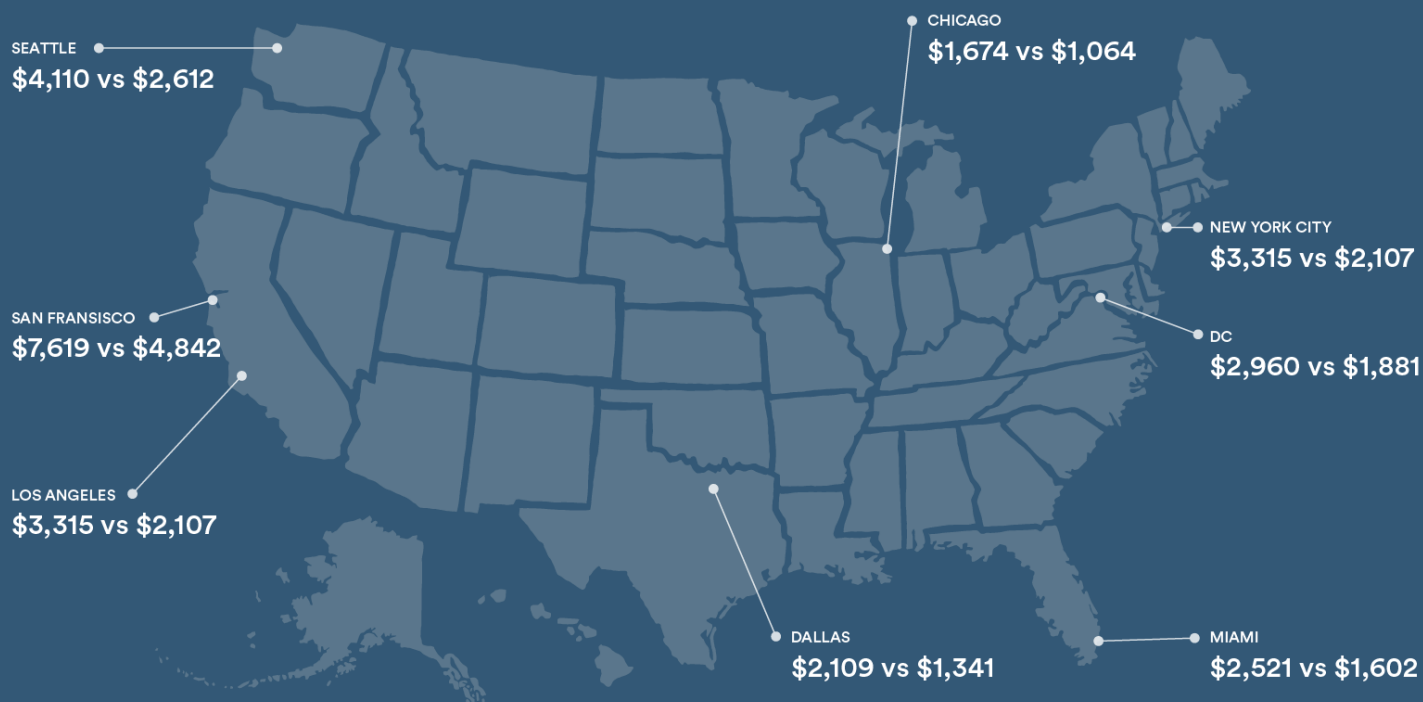
the amount of home equity that exists as of the second quarter of 2022, according to the St. Louis Fed.

Monthly mortgage costs

The average U.S. mortgage today will cost \$250,000 more over the lifetime of the loan than it would have just twelve months ago based on rising mortgage rates.

Average mortgage cost

2022	2021
\$1,907	\$1,212



*Based on average home values as reported by Zillow Home Value Index for August 2022

Without access to home equity, how are homeowners making up the difference?

Many homeowners holding off on taking out a loan are looking at other ways to access the funds. For those holding off on securing a HELOC or refinance, they are considering the following:

- 39% Cutting back on expenses
- 34% No other options
- 23% Personal loan
- 19% Increasing credit card debt
- 18% Home equity investment
- 14% Selling your home
- 5% Foreclosing on your home

What would homeowners do with \$50,000?

Those with more equity are more likely to use the funds for home improvement or investing, and those with less equity would focus on paying off debt.

- 39% Home improvement projects
- 31% Pay off existing debt
- 10% Invest it
- 6% Start a business
- 5% Use for educational
- 4% Use it to travel