

Household Debt and Credit in the US and New Jersey

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QUARTERLY REPORT ON HOUSEHOLD DEBT AND CREDIT

August 2012

FEDERAL RESERVE BANK OF NEW YORK
RESEARCH AND STATISTICS GROUP • MICROECONOMIC STUDIES

Representative Panel and Household Matching

- Unique sample design generating a longitudinal quarterly panel of individuals and households from 1999-2012.
- Universe: entire US Population with credit files (~240 million individuals per quarter, aged 18 and older.)
- Sample selection: random 5% using last 4 digits of SSN + All household members
- Household matching: based on home address
- Representative sample of US individuals and households (about 40 million individuals per quarter)

Main Features of FRBNY CCP

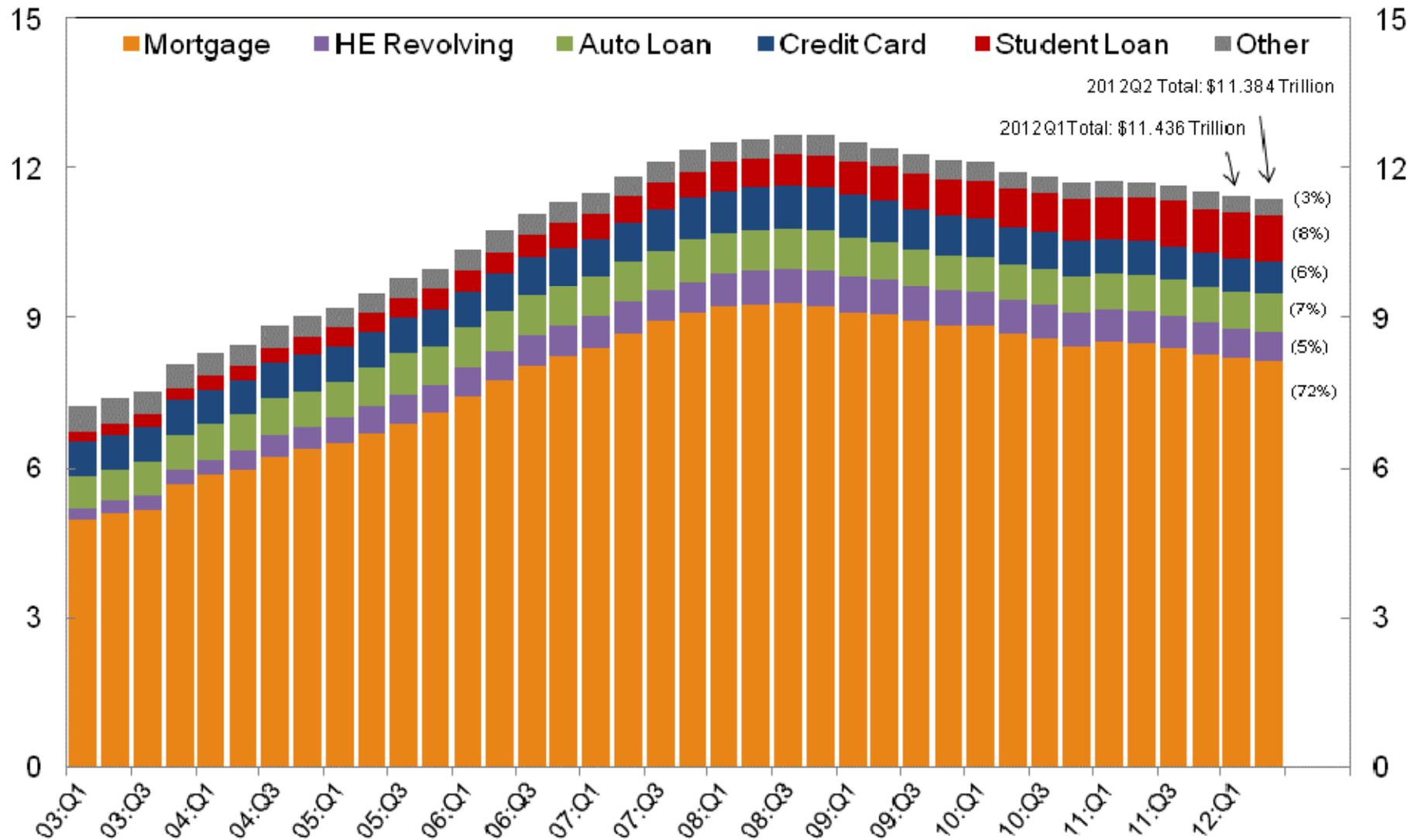
- Longitudinal information on all individual mortgages: first mortgages, closed-end seconds, HELOCs
 - Individual mortgage account variables: opening date, origination amount, current balance, credit limit, delinquency status, individual/joint account, term/monthly payment, GSE loan, narrative codes detailing credit events such as foreclosure
 - No LTVs
- Consumer level information on auto loans, credit cards, student loans
 - Consumer-level auto loan, credit card, student loan data: Total Balance/Number of accounts by Delinquency Status, origination amount and credit limit
- Public record information
 - Public record information on bankruptcies, collections, tax liens
- Individual characteristics
 - Borrower characteristics: birth year, geographic location (state, zipcode, census block)

THE NATION

Total Debt Balance and its Composition

Trillions of Dollars

Trillions of Dollars



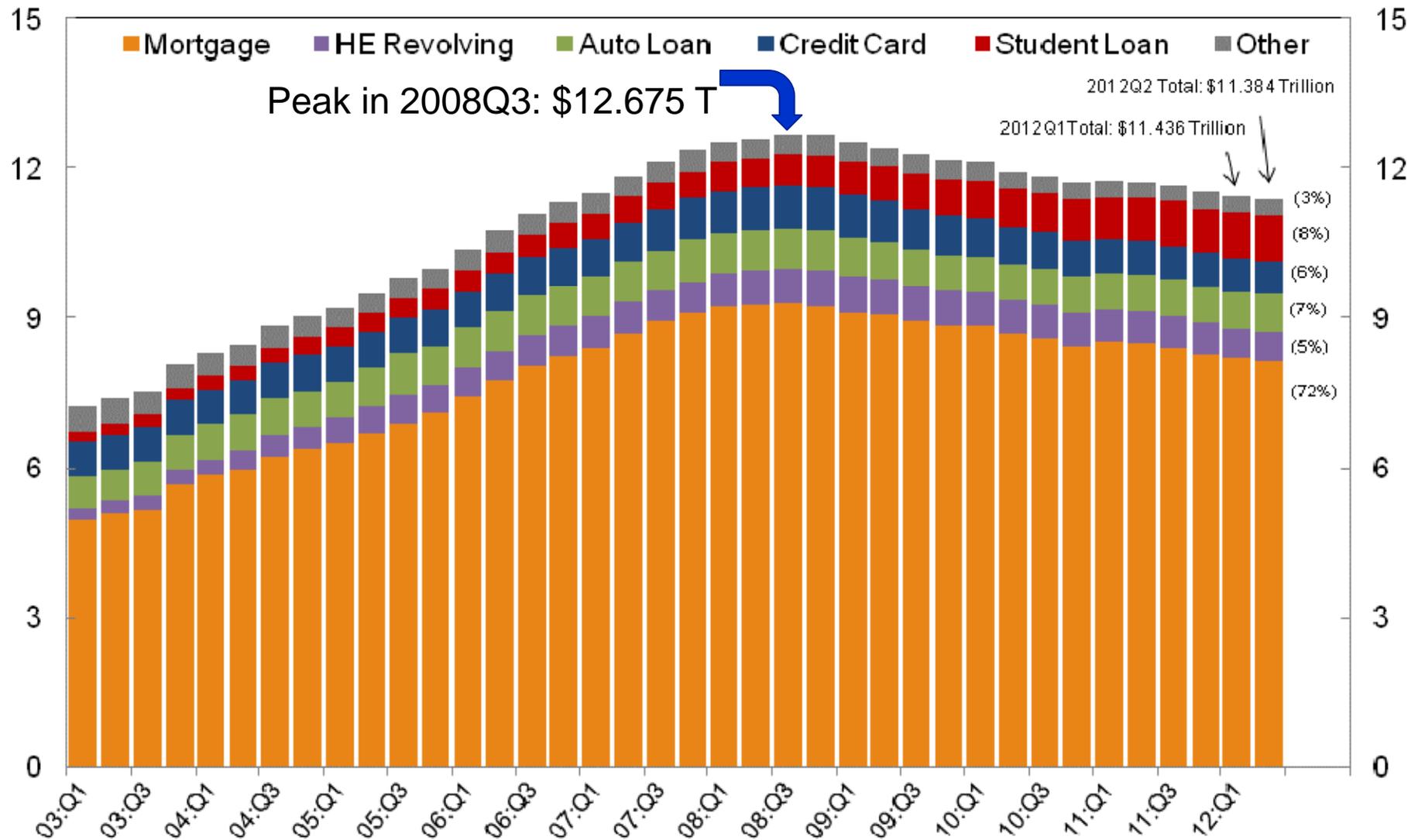
Source: FRBNY Consumer Credit Panel/Equifax

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Total Debt Balance and its Composition

Trillions of Dollars

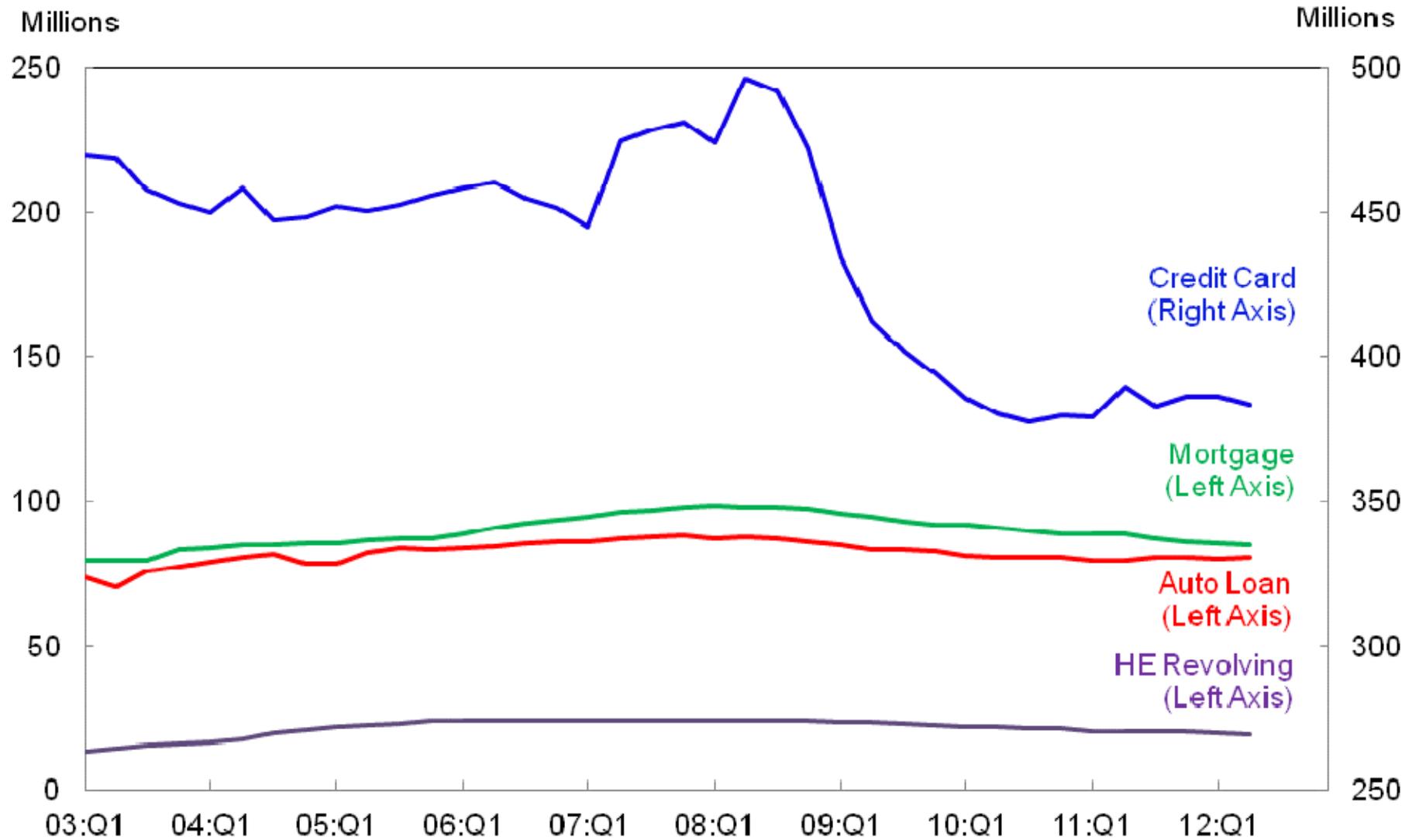
Trillions of Dollars



Source: FRBNY Consumer Credit Panel/Equifax

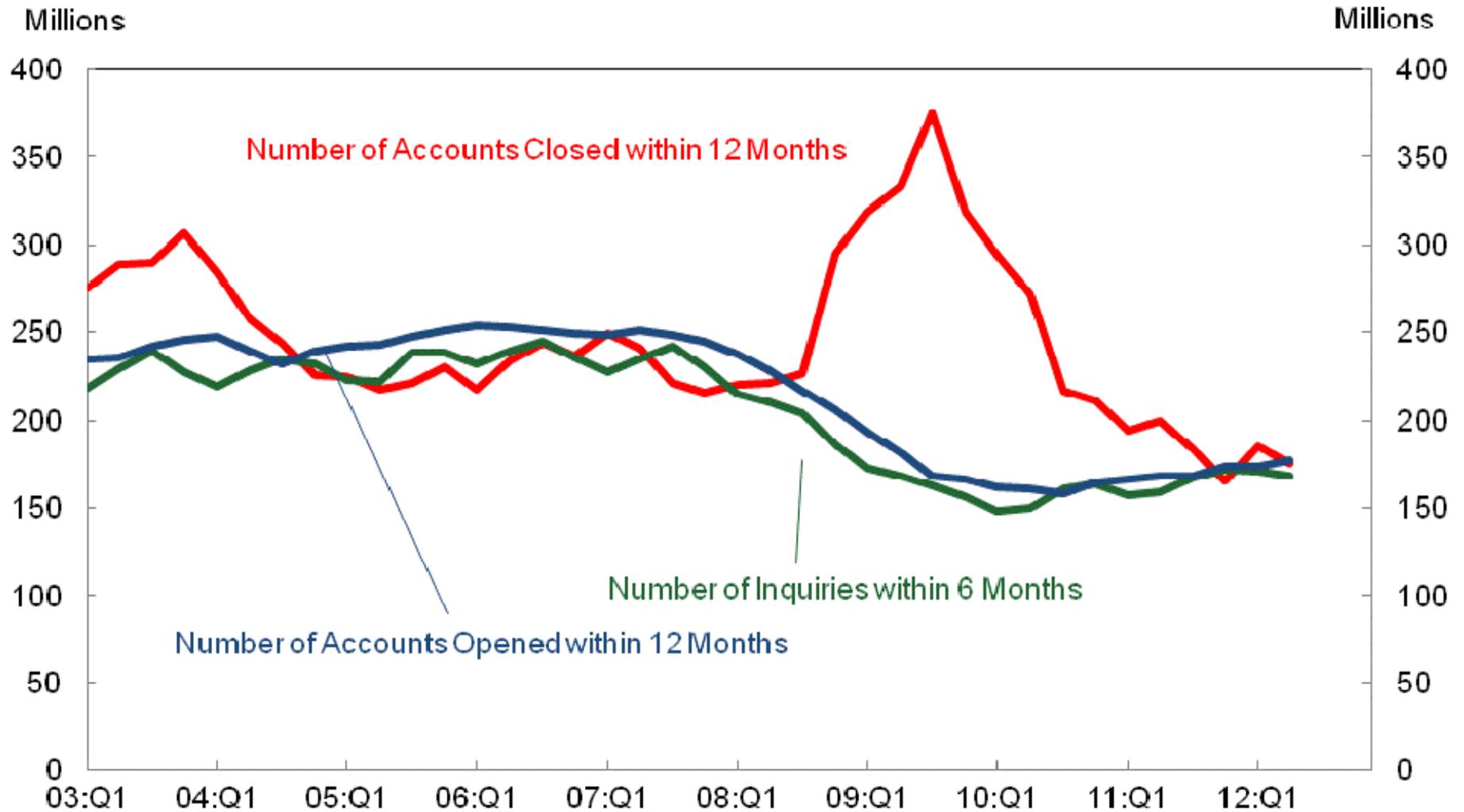
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Number of Accounts by Loan Type



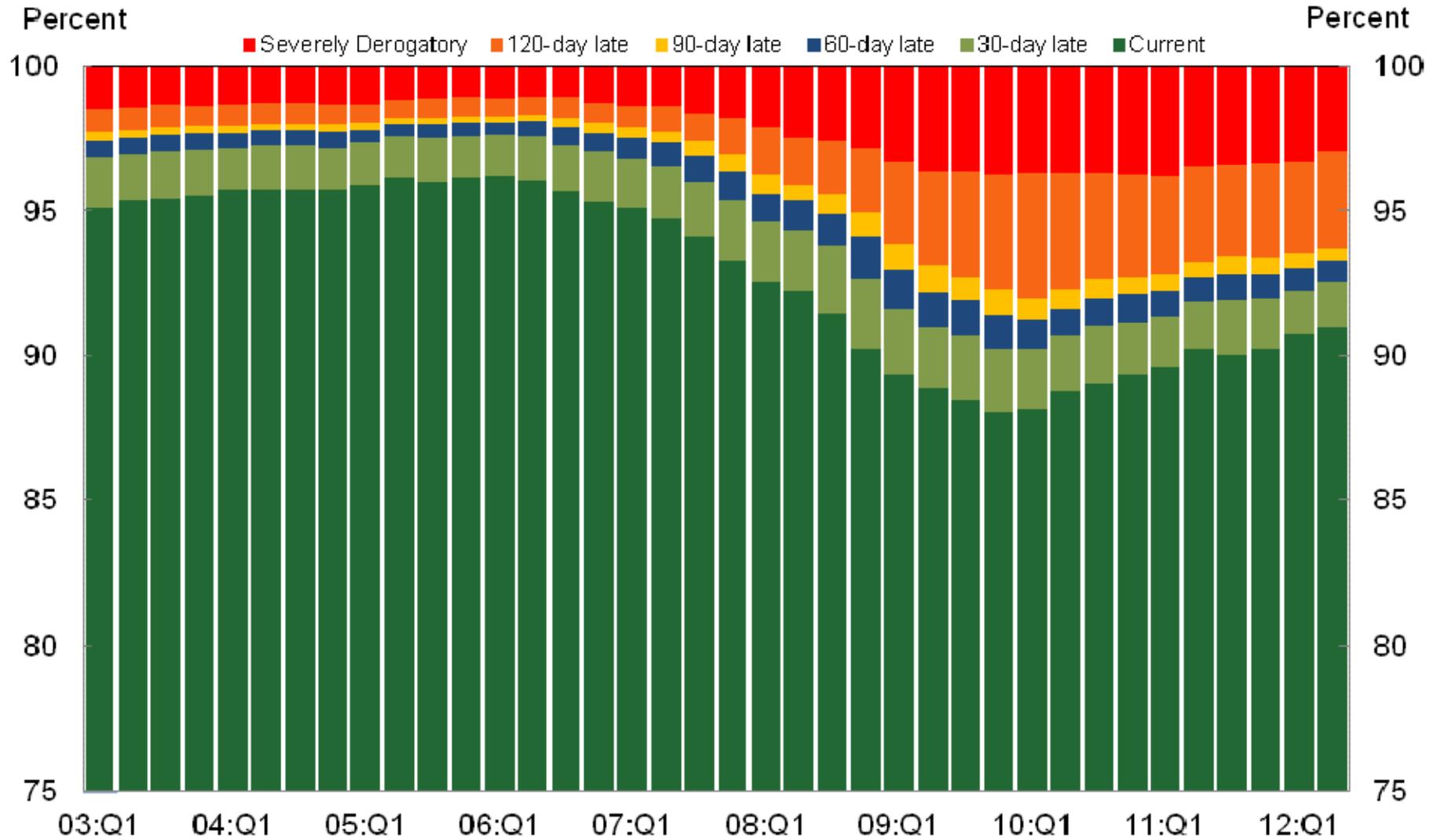
Source: FRBNY Consumer Credit Panel/Equifax
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Total Number of New and Closed Accounts and Inquiries



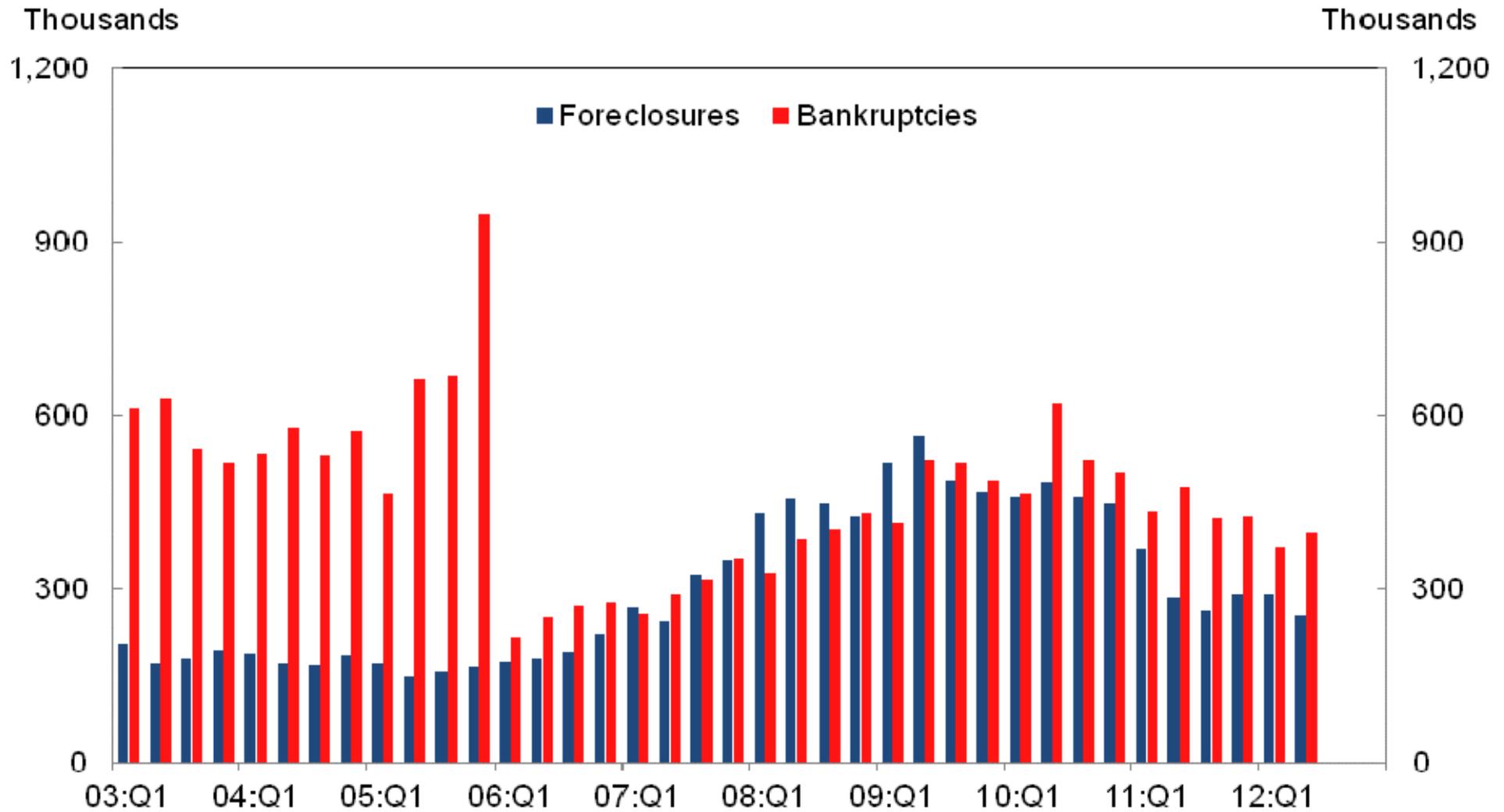
Source: FRBNY Consumer Credit Panel/Equifax
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Total Balance by Delinquency Status



Source: FRBNY Consumer Credit Panel/Equifax

Number of Consumers with New Foreclosures and Bankruptcies

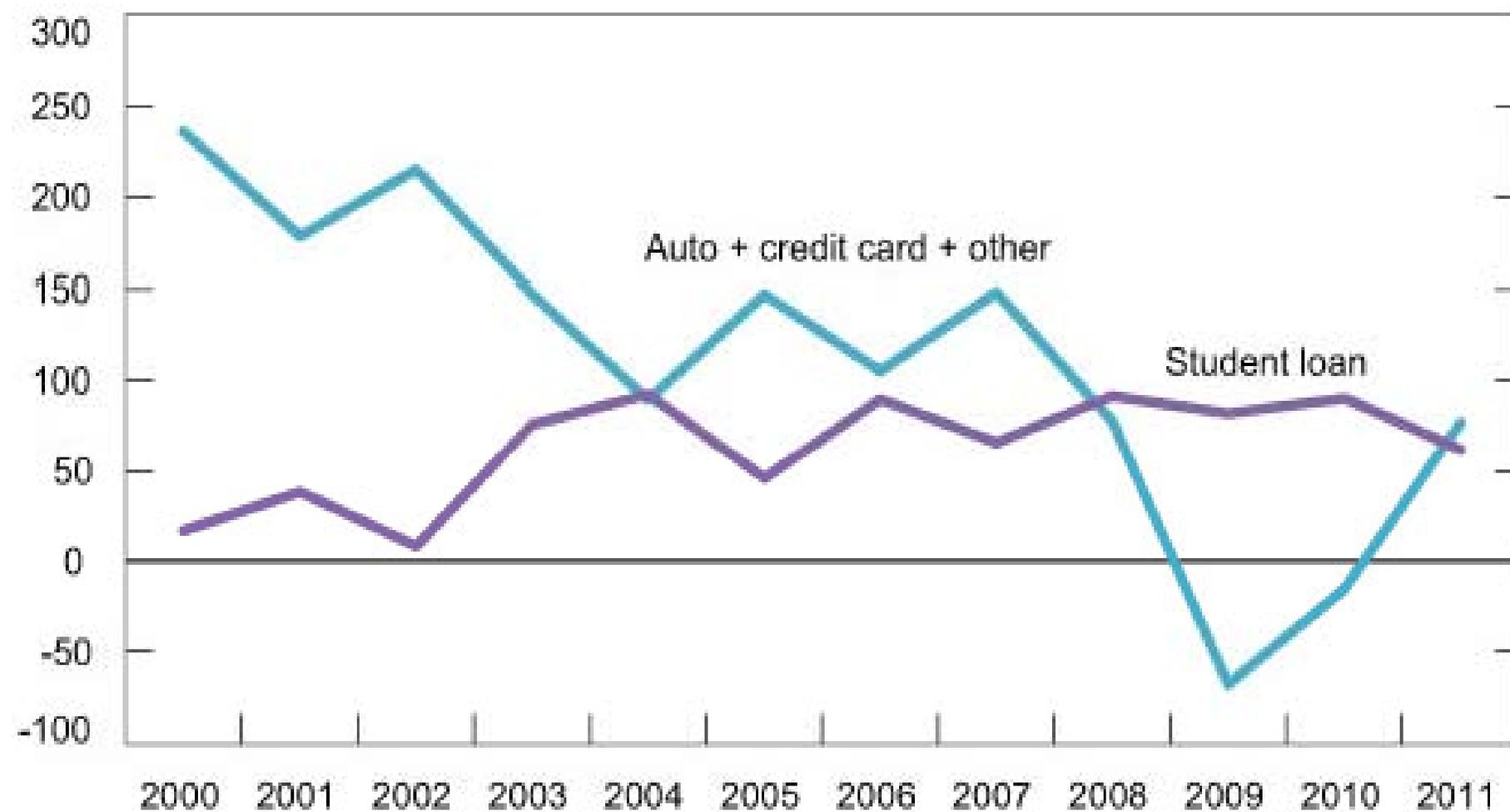


Source: FRBNY Consumer Credit Panel/Equifax

HOW HAS DEBT BEEN REDUCED?

Nonmortgage Debt Change Other Than Charge-Offs

Billions of dollars

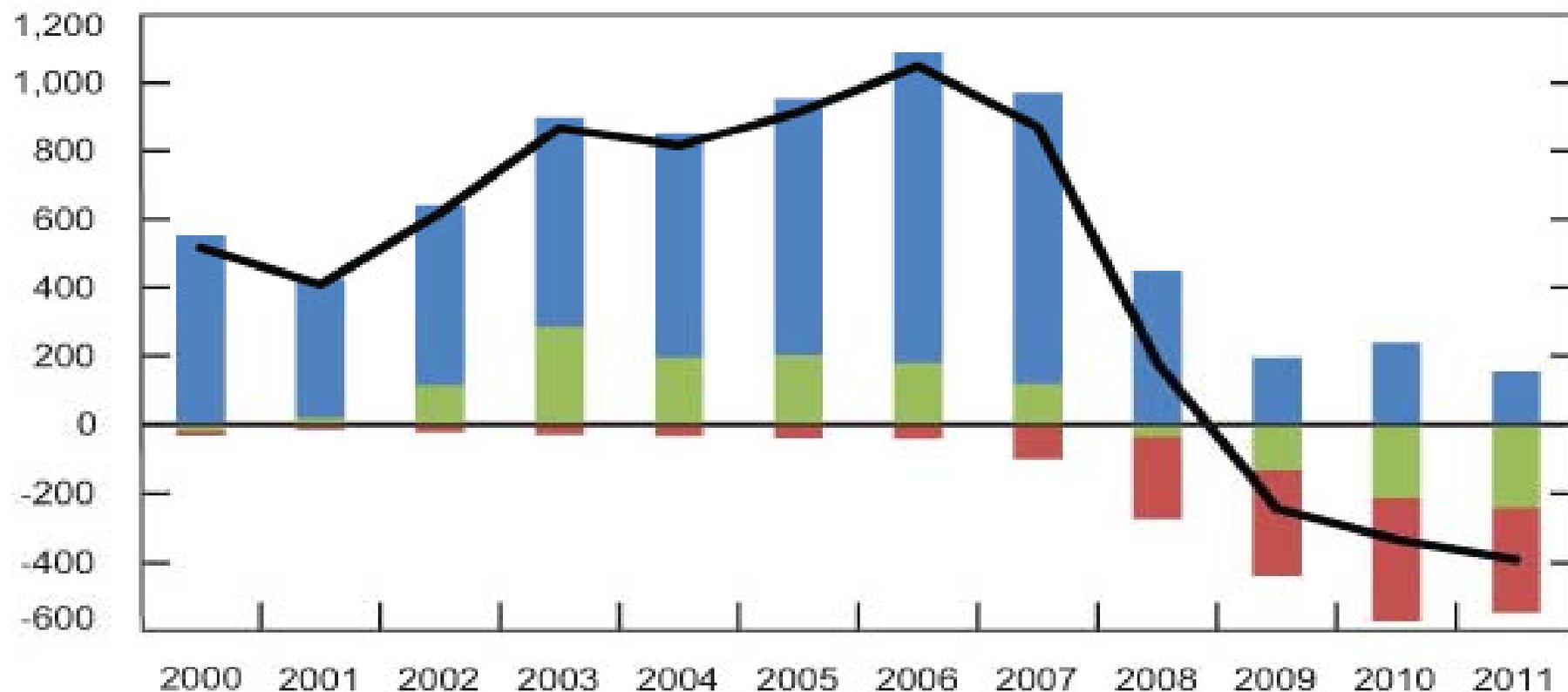


Source: FRBNY Consumer Credit Panel/Equifax.

Decomposition of Changes in Mortgage Balance

- First-lien amortizations, refinances, and junior-lien balance changes
- First-lien originations plus normal (non-charge-off) payoffs
- First- and second-lien charge-offs
- Change in mortgage debt

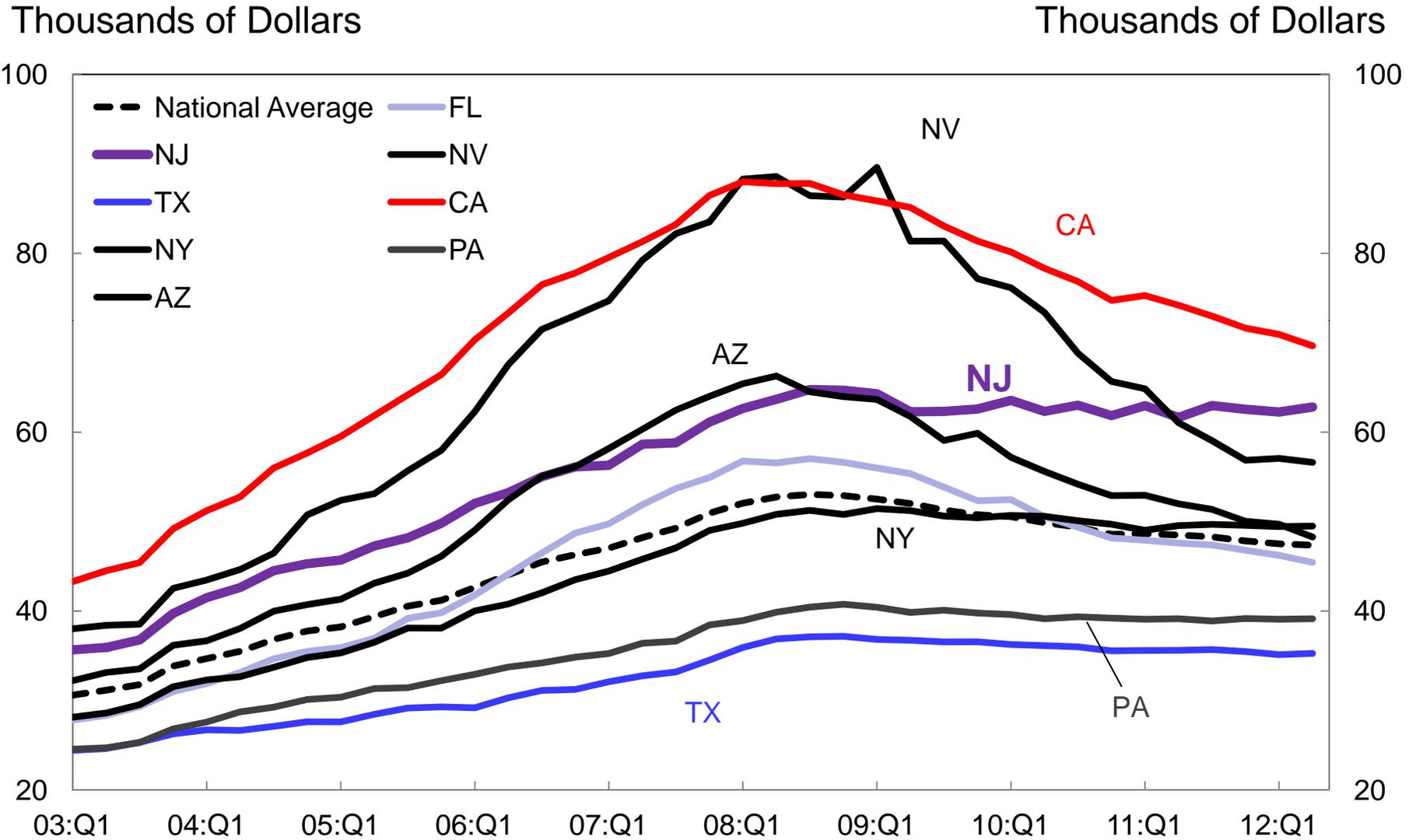
Billions of Dollars



Source: FRBNY Consumer Credit Panel/Equifax.

STATE-LEVEL ANALYSIS

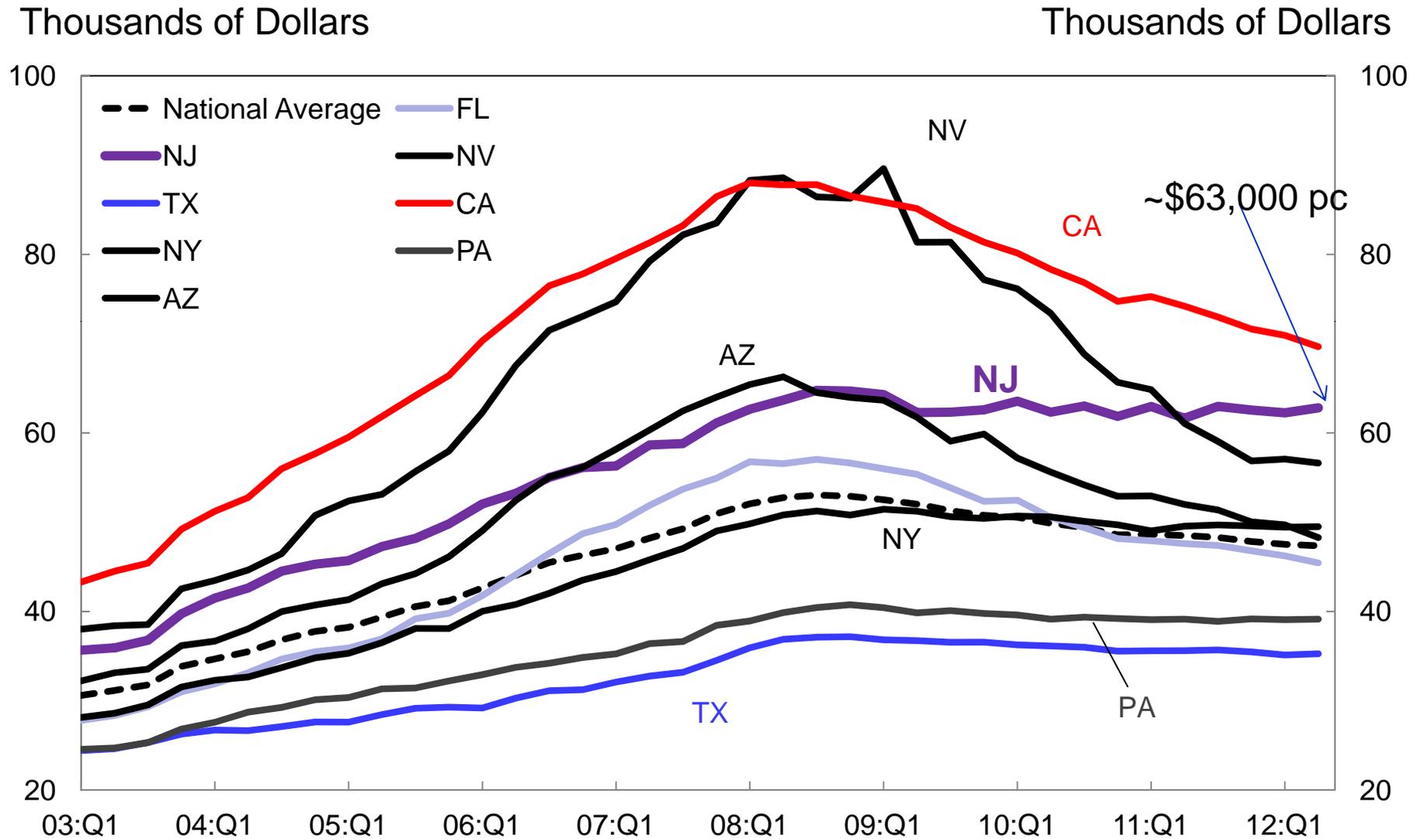
Total Debt Balance per Capita* by State



Source: FRBNY Consumer Credit Panel/Equifax

Note: Based on the population with a credit report

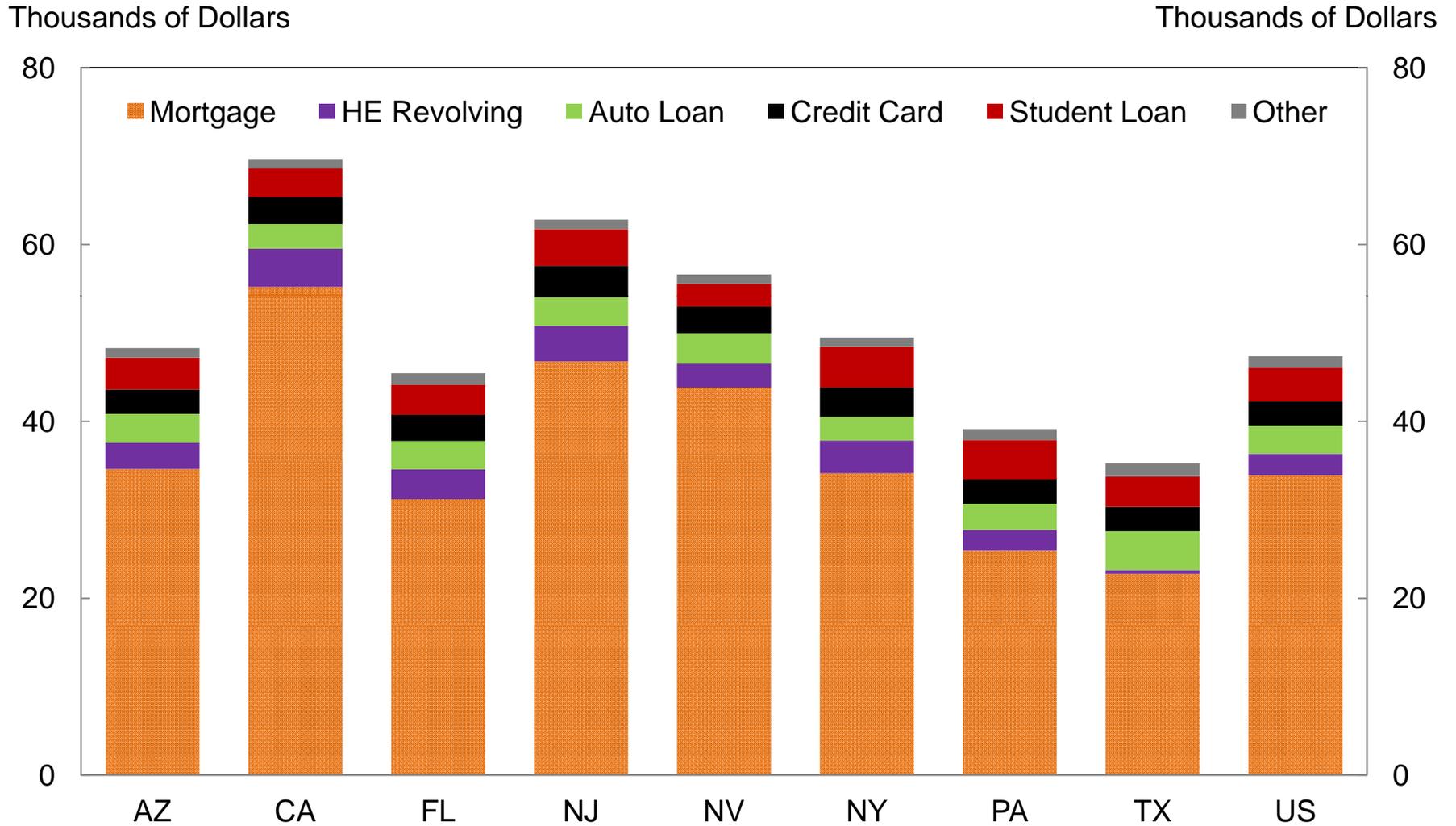
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Source: FRBNY Consumer Credit Panel/Equifax

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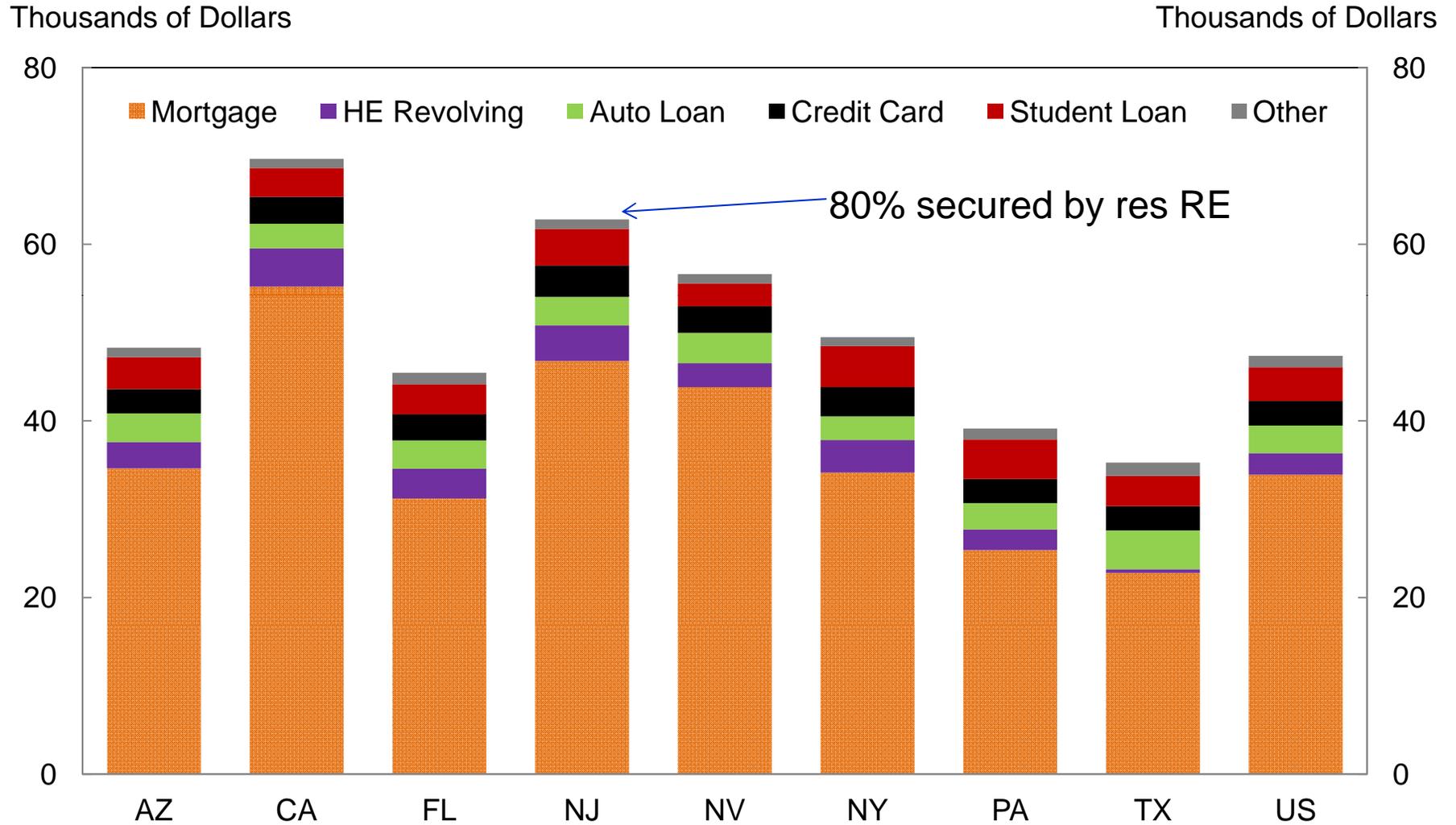
Composition of Debt Balance per Capita* by State (2012 Q2)



Source: FRBNY Consumer Credit Panel/Equifax
FEDERAL RESERVE BANK of NEW YORK

* Based on the population with a credit report

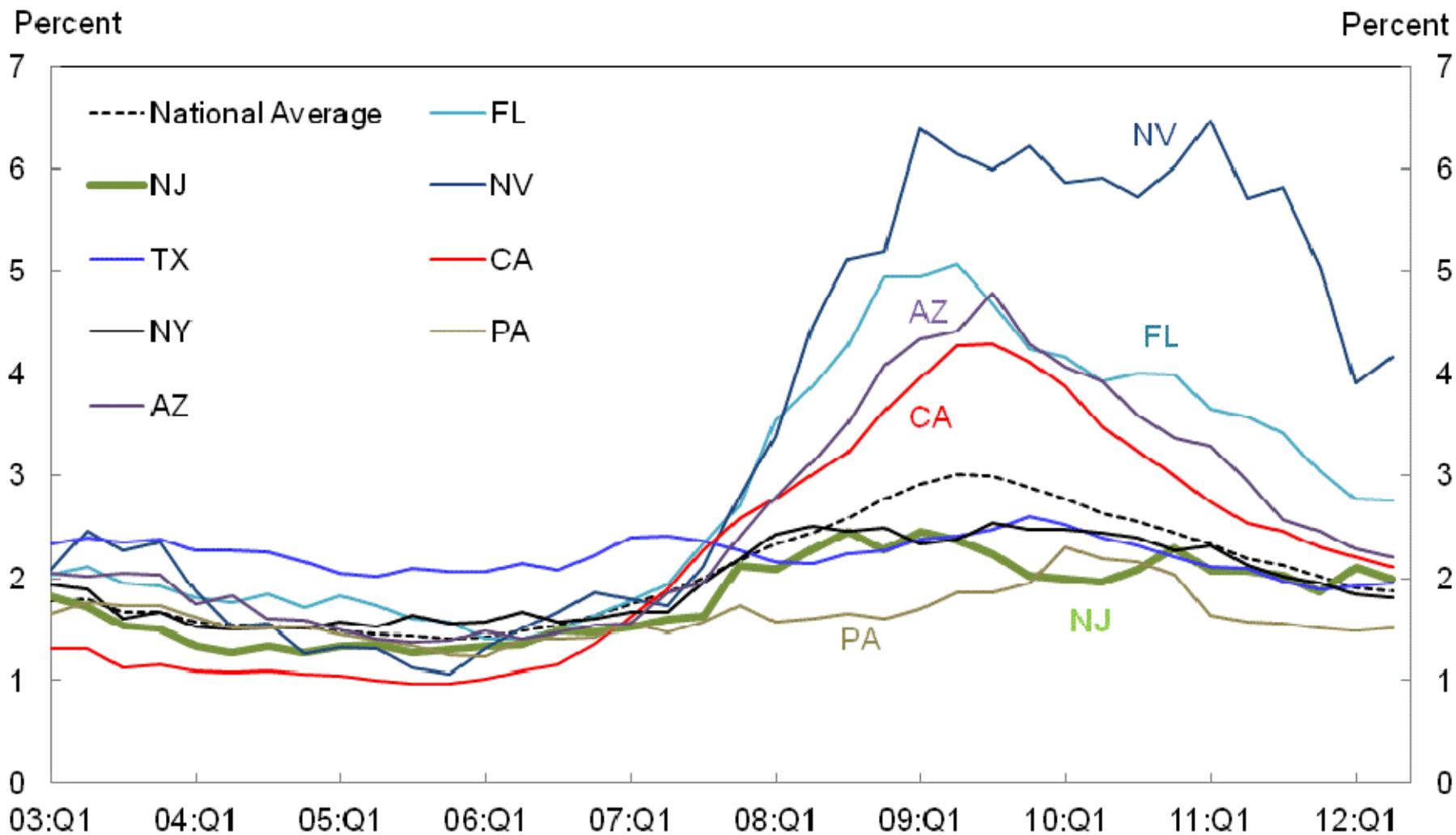
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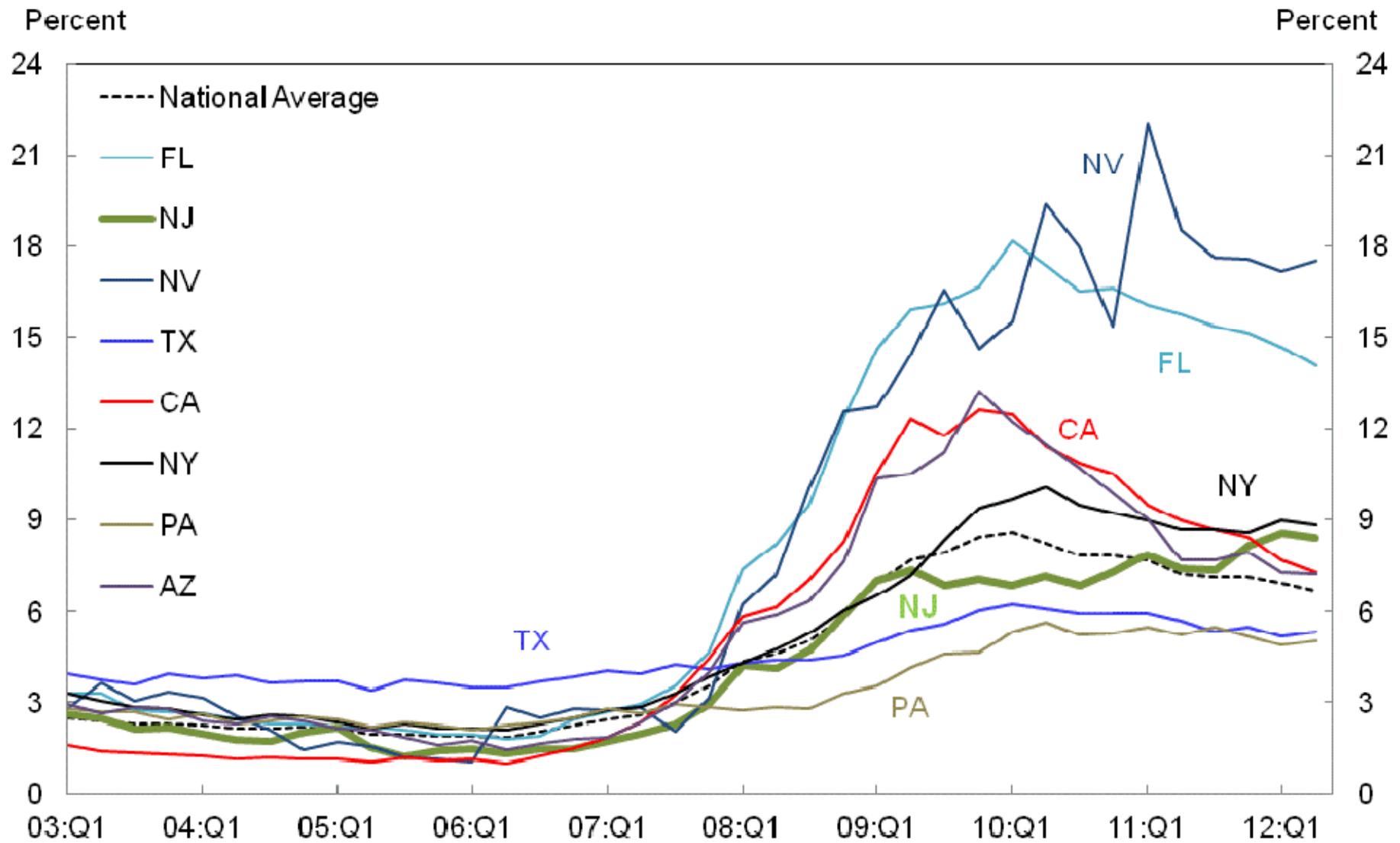
Quarterly Transition Rates into 30+ Days Late by State*



Source: FRBNY Consumer Credit Panel/Equifax

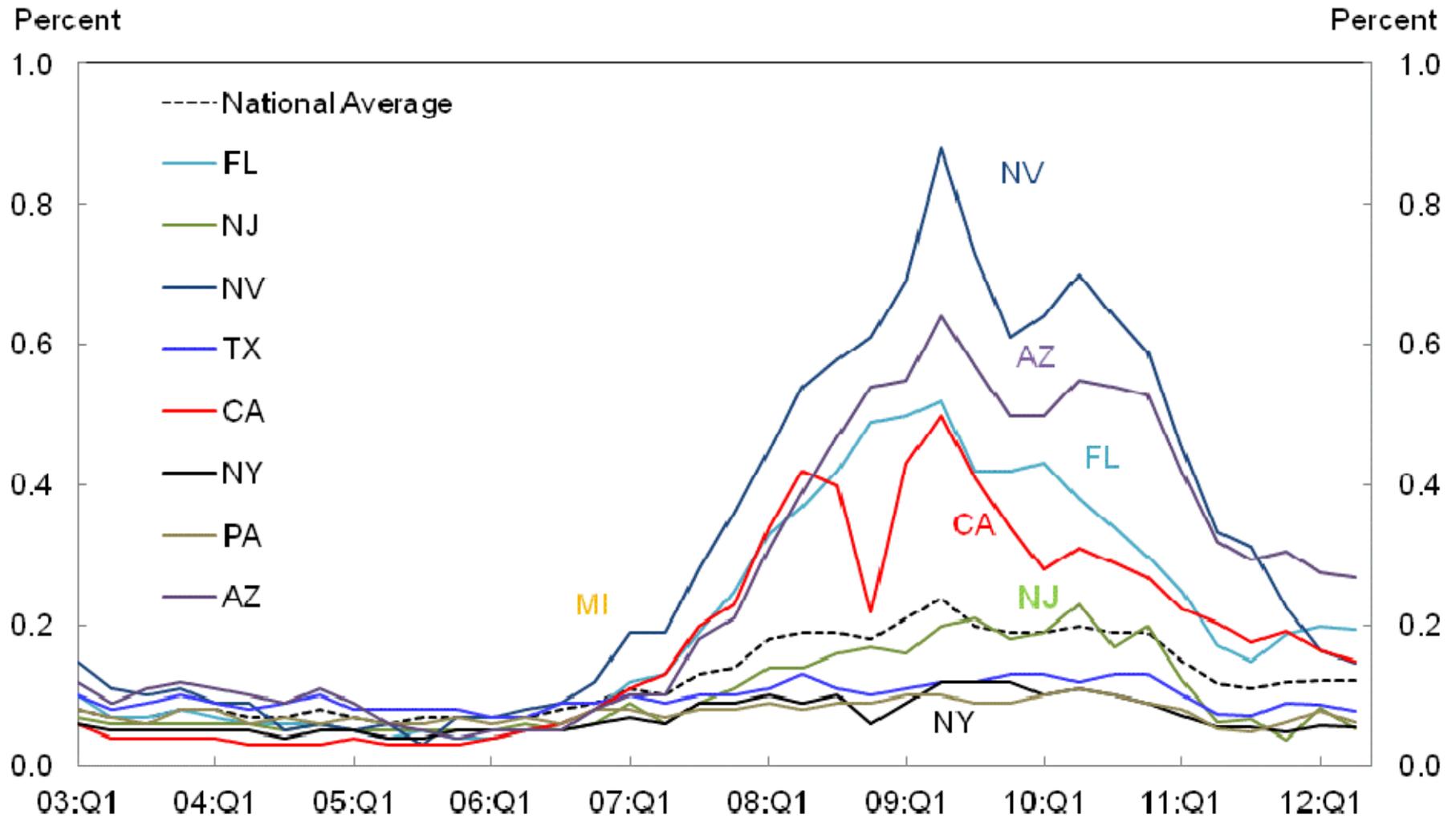
Note: *Four Quarter Moving Average, Rates from Current to 30+ Days Delinquent, All Accounts

Percent of Balance 90+ Days Late by State



Source: FRBNY Consumer Credit Panel/Equifax
 FEDERAL RESERVE BANK of NEW YORK

Percent of Consumers* with New Foreclosures by State



Source: FRBNY Consumer Credit Panel/Equifax
 FEDERAL RESERVE BANK of NEW YORK

* Based on the population with a credit report

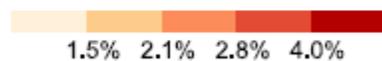
SUB-STATE LEVEL (JUST A TASTE)

Using LP and LPS data

2007
JAN

Percent in Foreclosure by County

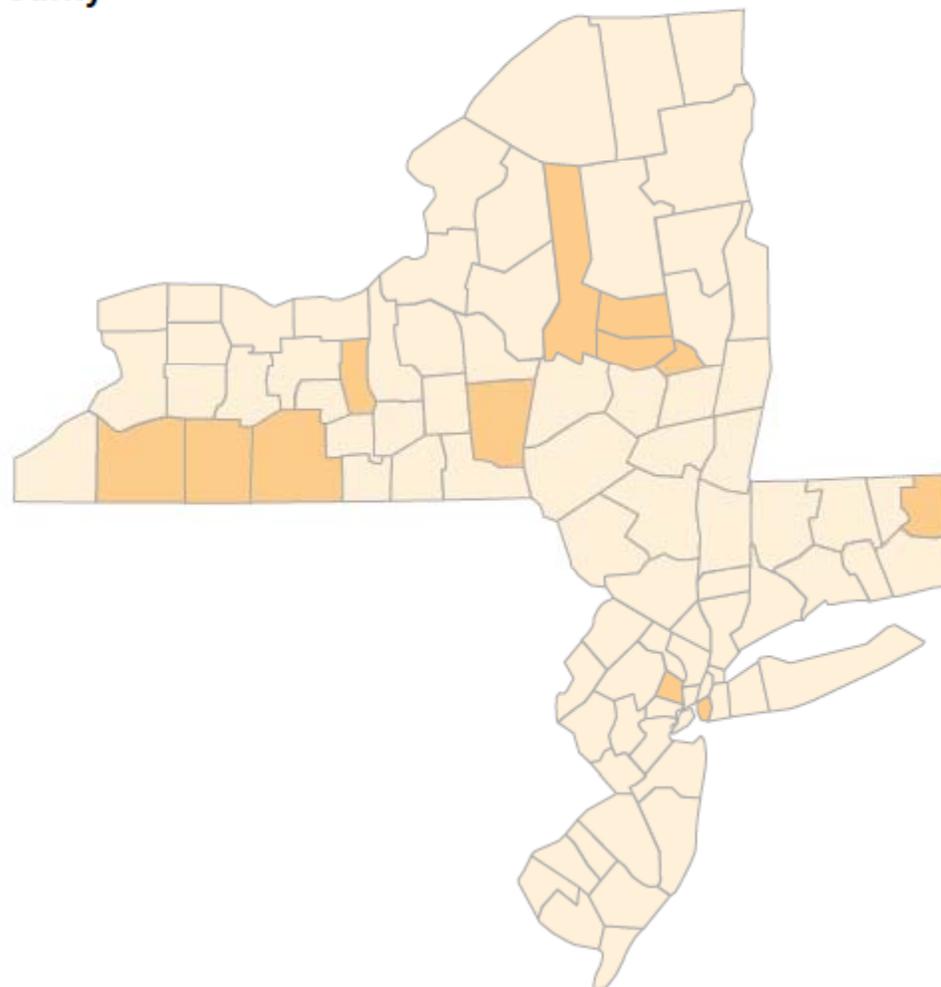
Quintiles *



| '07 | '08 | '09 | '10 | '11 | '12



reset

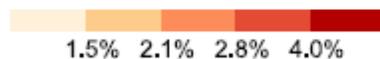


Source: LoanPerformance and LPS

2012
JUN

Percent in Foreclosure by County

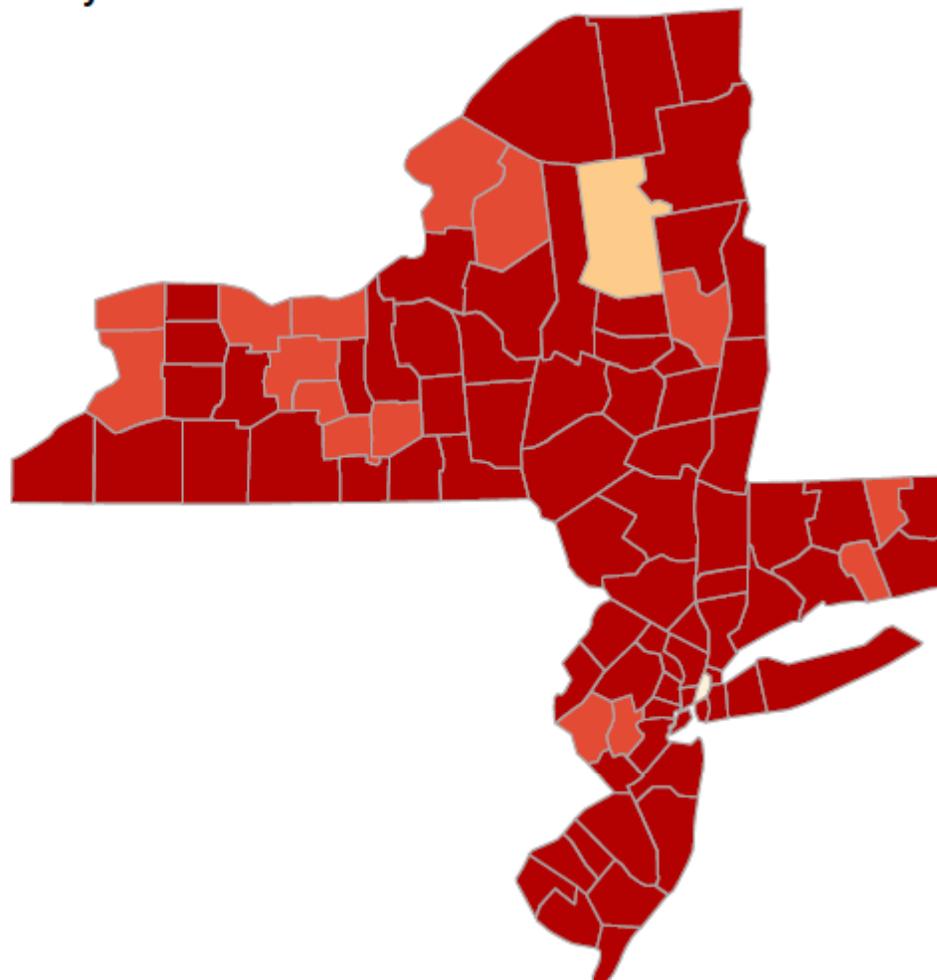
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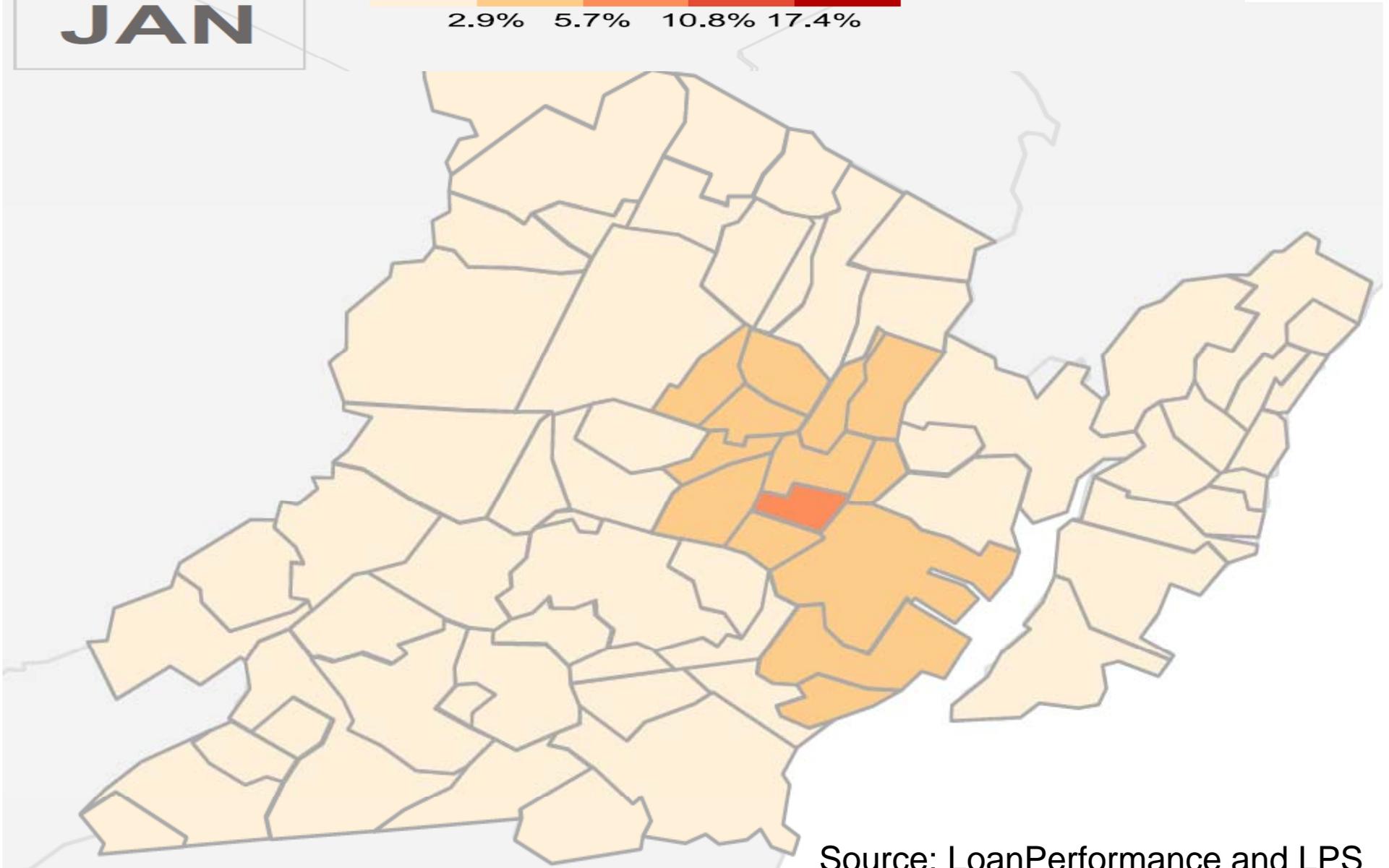


Source: LoanPerformance and LPS

**2007
JAN**

Percent in Foreclosure by Zip Code

Quintiles *

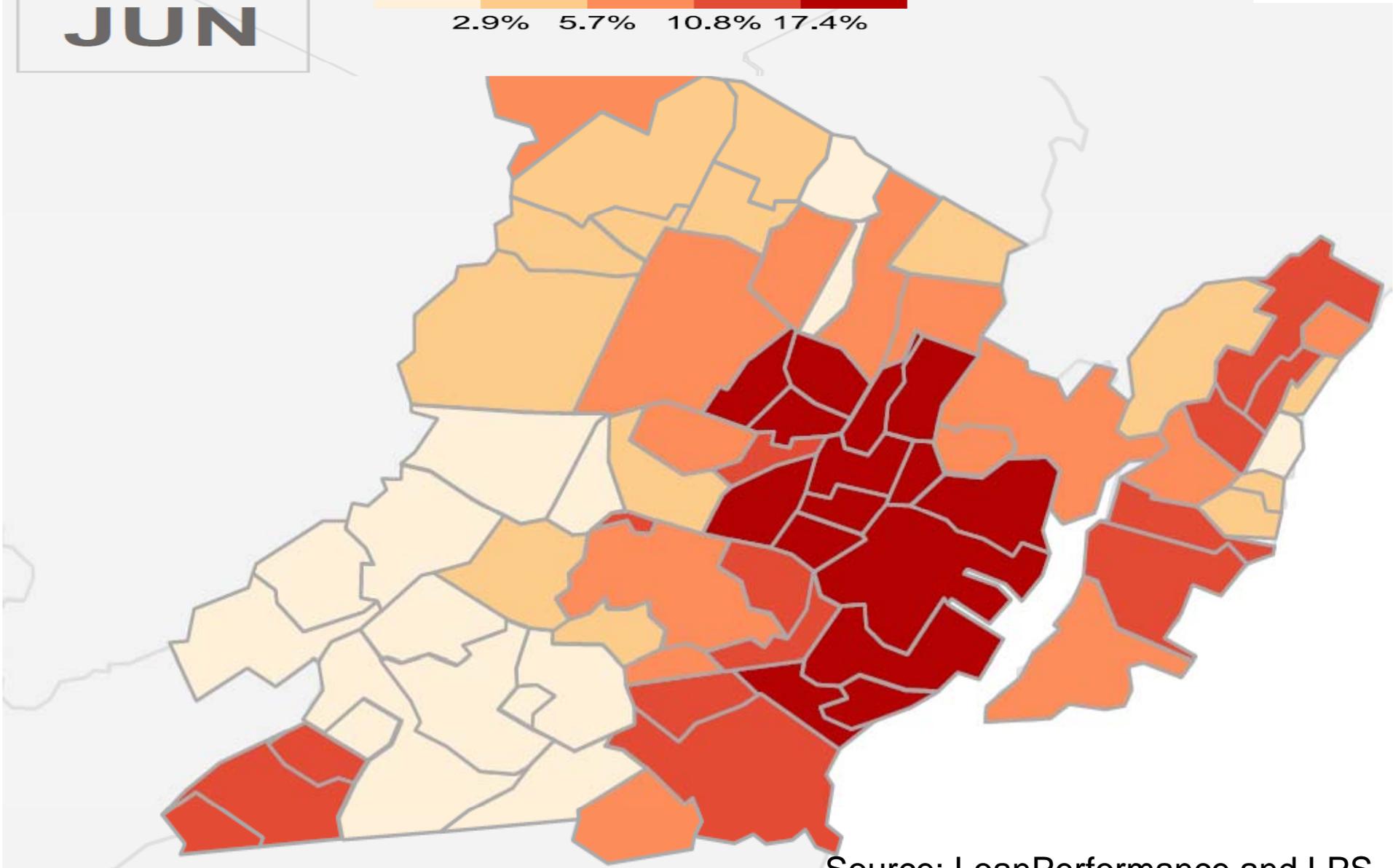


Source: LoanPerformance and LPS

**2012
JUN**

Percent in Foreclosure by Zip Code

Quintiles *



Source: LoanPerformance and LPS

-
- Intra-state foreclosure rates:
 - Essex County highest, 11.3% of mortgages
 - Hunterdon County lowest at 3.4%
 - Within Essex, Union and Hudson, Newark zip codes stand out
 - Millburn has lowest rates

Conclusions

- US households are reducing debt
 - Since 2008 Q3
 - Default plays a role, but so does pay-off
- NJ households paying off more slowly
 - State now number 2 in debt per capita (behind Calif)
 - Real estate debt dominates
- Serious delinquencies in NJ have remained high
 - Almost 9% of consumer debt is 90 DPD
 - Only Nevada, Florida and NY have higher rates
 - Nonetheless, foreclosure rates are below national average
- Most of these high rates are driven by pockets of mortgage distress
 - Especially in Newark

For More Information

<http://www.newyorkfed.org/householdcredit/>

<http://www.newyorkfed.org/regionalmortgageconditions/>

<http://www.newyorkfed.org/research/economists/haughwout/index.html>

END
