



## Delinquencies Post Fifth Month of Improvement

The national delinquency rate posted its fifth consecutive decline in January, retreating to the **lowest level since the start of the pandemic**. CoreLogic says 5.6 percent of all mortgages were at least 30 days past due during the month, including those loans in foreclosure. This was an increase of 2.1 points compared to the 3.5 percent rate in January 2021. The rate has been declining since August 2020.

The early stage delinquency rate, the percentage of loans 30 to 59 days past due, is now lower than the pre-pandemic rate in January 2020, 1.3 percent versus 1.7 percent. The next most adverse bucket, loans 60 to 89 days past due, is down from 0.6 percent to 0.5 percent.

The rate of serious delinquencies, those loans more than 90 days past due including loans in foreclosure, remains elevated. It was 3.8 percent in January versus 1.2 percent a year earlier. However, it is also down a half point compared to last August.

Loans in the process of foreclosure are restrained due to the foreclosure moratorium. **The foreclosure inventory is 0.1 percent lower than in January 2020, at 0.3 percent.**

"While delinquency rates are higher than we would like to see, they continue to decline," said Frank Martell, president and CEO of CoreLogic. "At the same time, foreclosure rates remain at historic lows. This is a good sign and considering the improving picture regarding the pandemic and climbing employment rates, we are looking at the potential for a strong year of recovery."

The rate at which loans transitioned from current to 30 days past due was 0.7 percent in January. A year earlier the rate was 0.6 percent. Frank Nothaft, CoreLogic's chief economist noted that that this was the lowest transition rate in 12 months, another hopeful sign that family finances may be improving. "Further, the transition from 30- to 60-day delinquency **was the lowest since last March and is likely to decline further with strong job growth,**" he said. "The consensus view among economists is that the 2021 economy will expand at the fastest rate since 1984."

All U.S. states and nearly all metro areas logged increases in annual overall delinquency rates in January, with tourist-dependent Hawaii and Nevada posted the largest, up 4.2 and 4.1 percentage points, respectively. Odessa, Texas was hardest hit among metro areas with an annual increase of 9.7 percentage points. The area is still recovering from significant job losses in the oil industry.



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