

Macro Roundup Article

Headline: [The Housing Bubble and Mortgage Debt as a Percent of GDP](#)

Article Link: <https://calculatedrisk.substack.com/p/the-housing-bubble-and-mortgage-debt-76d>

Author(s)	Bill McBride
Publication	Calculated Risk
Publication Date	January 17, 2023

Tweet: [@calculatedrisk](#) notes that, despite the runup in home prices, household mortgage debt as a percent of GDP isn't at the elevated levels we saw during the housing bubble.

Summary: The graph shows household mortgage debt as a percent of GDP through Q3 2022 (based on the Fed's Flow of Funds report). The "bubble" is pretty obvious on this graph, and the sharp increase in mortgage debt was one of the warning signs. The blip up in Q2 2020 was related to the collapse in GDP rather than an increase in mortgage debt. The bottom line is there will be an increase in foreclosures over the next year (from record low levels), but there will not be a huge wave of distressed sales as happened following the housing bubble. Most homeowners have significant equity, were well qualified, and have a mortgage with low rates that they can afford. The distressed sales during the housing bust led to cascading price declines, and that will not happen this time.

Primary Topic: Business Cycle

Topics: Business Cycle, Factoid, GDP, Housing, Op-Ed/Blog Post, Sell-by Date

Permalink: <https://www.edwardconard.com/macro-roundup/calculatedrisk-notes-that-despite-the-runup-in-home-prices-household-mortgage-debt-as-a-percent-of-gdp-isnt-at-the-elevated-levels-we-saw-during-the-housing-bubble?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2023/01/McBride-Mortgage-DEbt-Percent-of-US-GDP-.png>