

# **Indebted to COVID: How The Onset and Continuation of the COVID-19 Pandemic Affected Borrowing for Real Assets**

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# Outline

- Expenditures and Assets
- Trends Real Assets
  - ▶ Auto Loans
  - ▶ Mortgage Rates
- Supporting and Underlying Data Trends
  - ▶ Home Values
  - ▶ Car Ownership Rates
- Final Thoughts



# Disclaimer

- This presentation provides a summary of research results. The information is being released for statistical purposes, to inform interested parties, and to encourage discussion of work in progress. The presentation does not represent an existing, or a forthcoming new, official BLS statistical data product or production series.



# Here are the keys to your new (or used)...



# Why Look at Asset and Liability Data from 2018-23?

- Prior to 2020, the percentage of Consumer Units (CUs) reporting making payments on their vehicles and/or mortgages (owned-home) was on the rise, even if mean balances for autos were too.
- The onset of the COVID-19 pandemic in that year along with inflationary pressure starting in early 2021 changed borrowing patterns and the speed at which debt was being paid down.
  - ▶ Able to observe if this “shock” to the broader economy and country changed consumer behavior in making auto or mortgage payments



# Data Sources and Presentation

## ■ CE Integrated Data 2018-23

### ▶ Detailed Level Tabular Data

- Interview Tables
- Diary Tables

## ■ Average Annual and Quarterly Mean Data

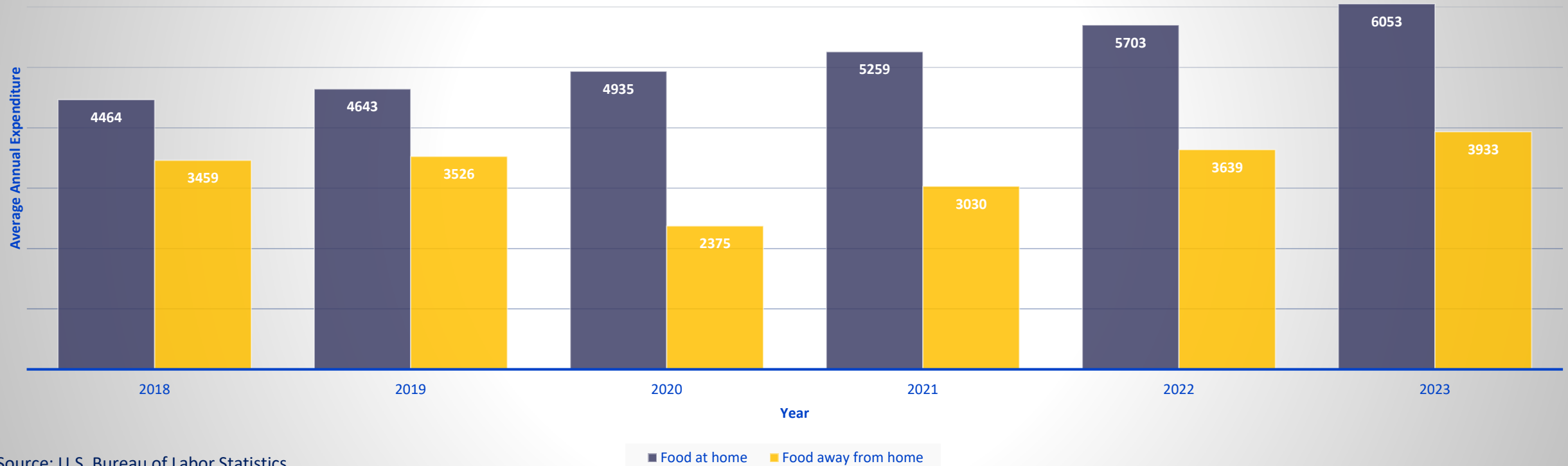


# Before Assets and Liabilities, there are Expenditures...

- We know that COVID had real effects on lifestyles and therefore expenditures, the next slides show a couple of examples on how spending behavior was affected for a select handful of expenditure categories.

# Selected Expenditures Before and During the COVID-19 Pandemic

Chart 1A: Food at and away from home expenditures 2018-23



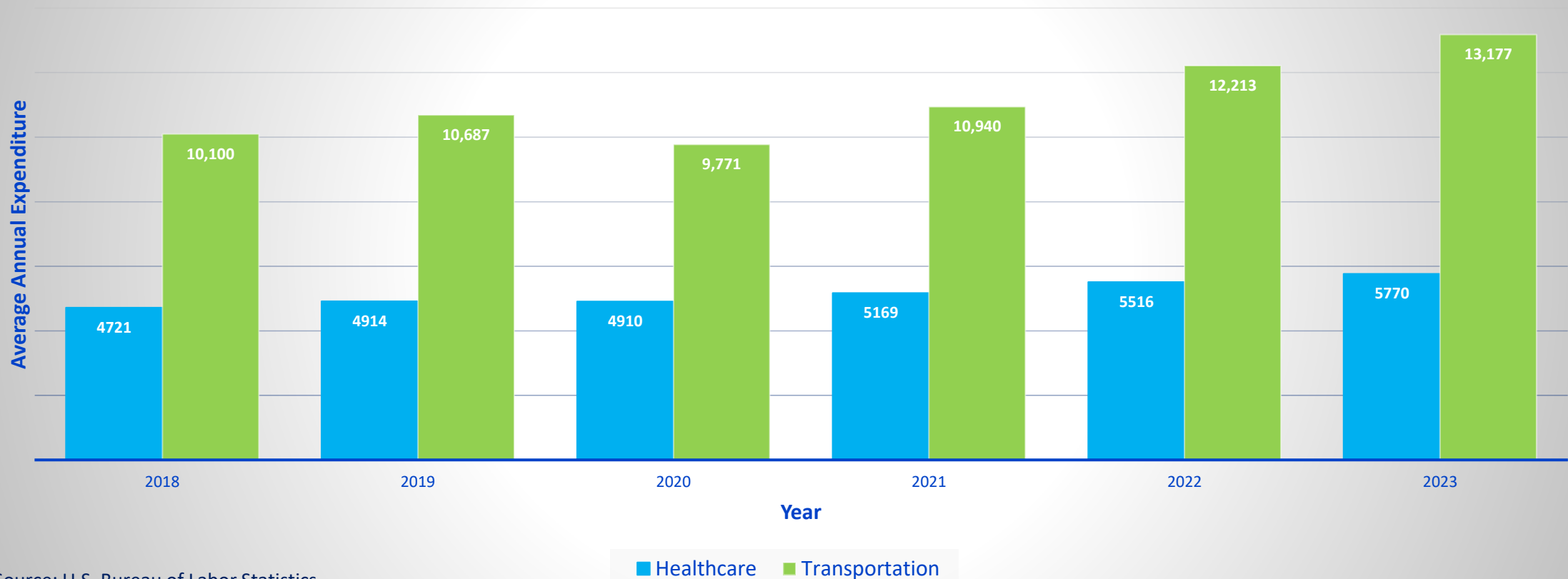
Source: U.S. Bureau of Labor Statistics





# Selected Expenditures Before and During the COVID-19 Pandemic

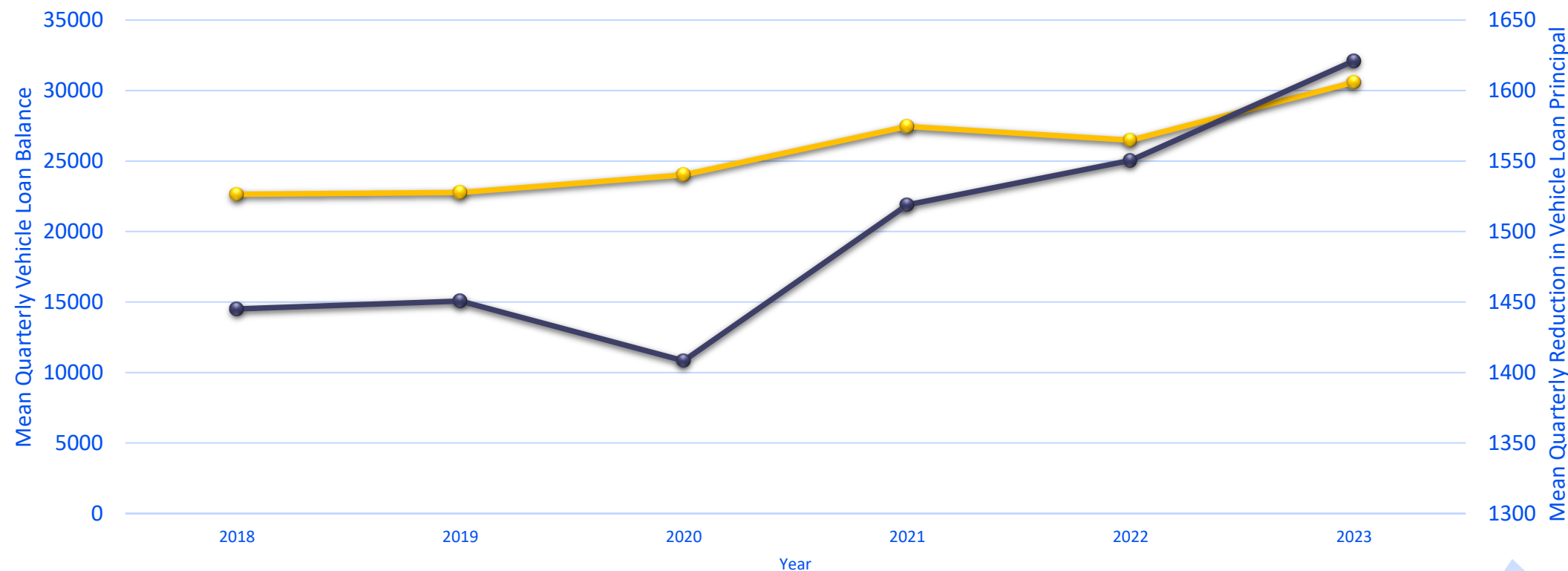
Chart 1B: Transportation and Healthcare Expenditures 2018-23



Source: U.S. Bureau of Labor Statistics

# Vehicle Loan Principal Payments and Outstanding Balances, What's the Difference?

Chart 2: Mean Quarterly Reduction in Vehicle Loan Principal and Vehicle Loan Balances, 2018-23



Source: U.S. Bureau of Labor Statistics

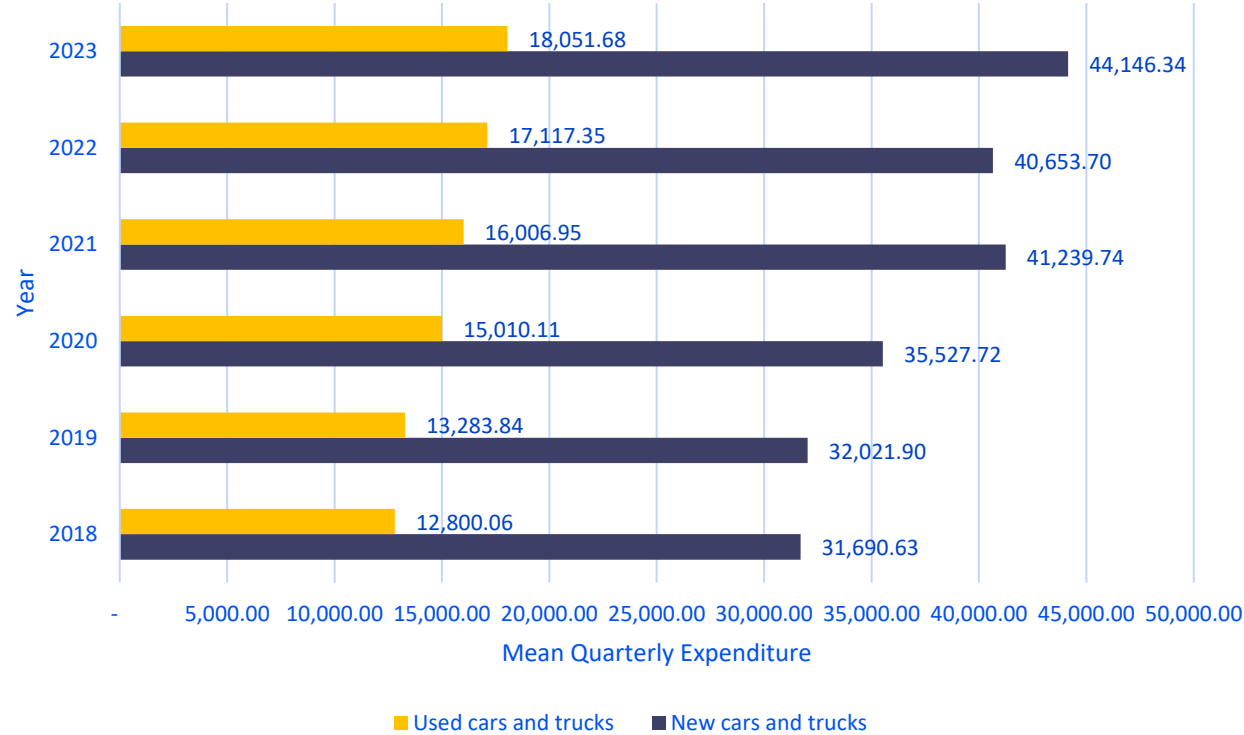
● Vehicle loan balance

● Reduction of vehicle loan principle



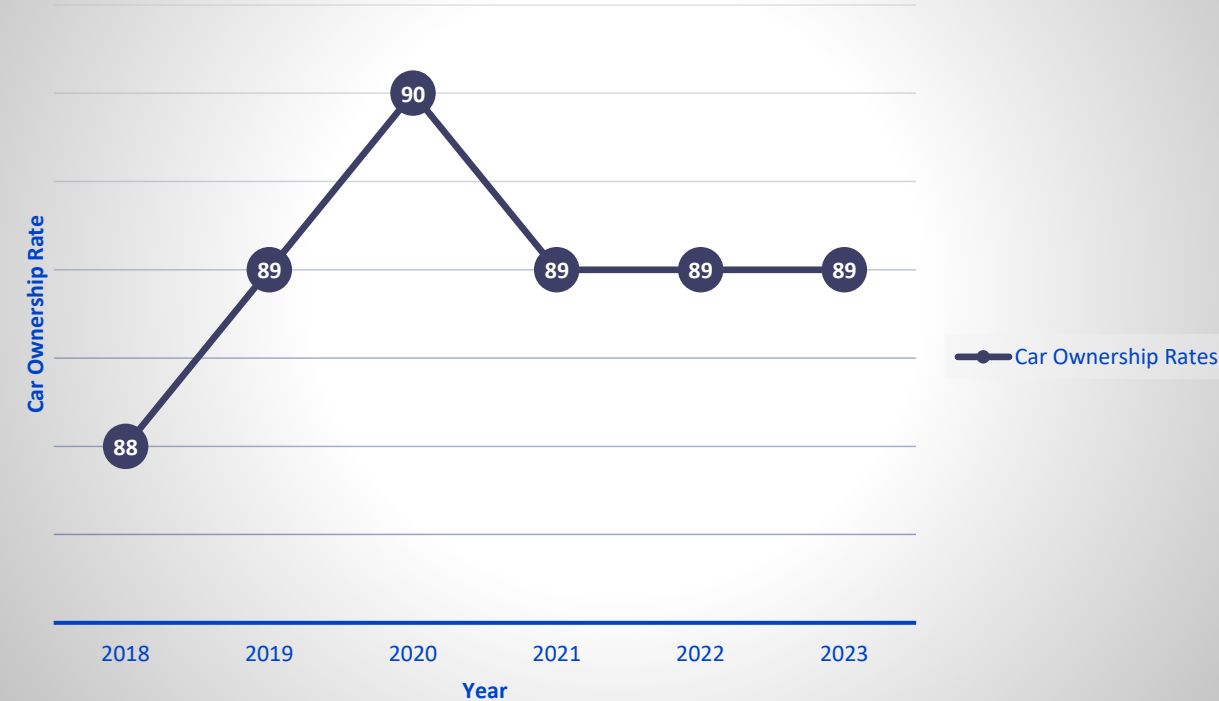
# Car Ownership Rates and Quarterly Mean Expenditures

Chart 3A: Mean Quarterly Expenditures for New and Used Cars and Trucks: 2018-23



Source: U.S. Bureau of Labor Statistics

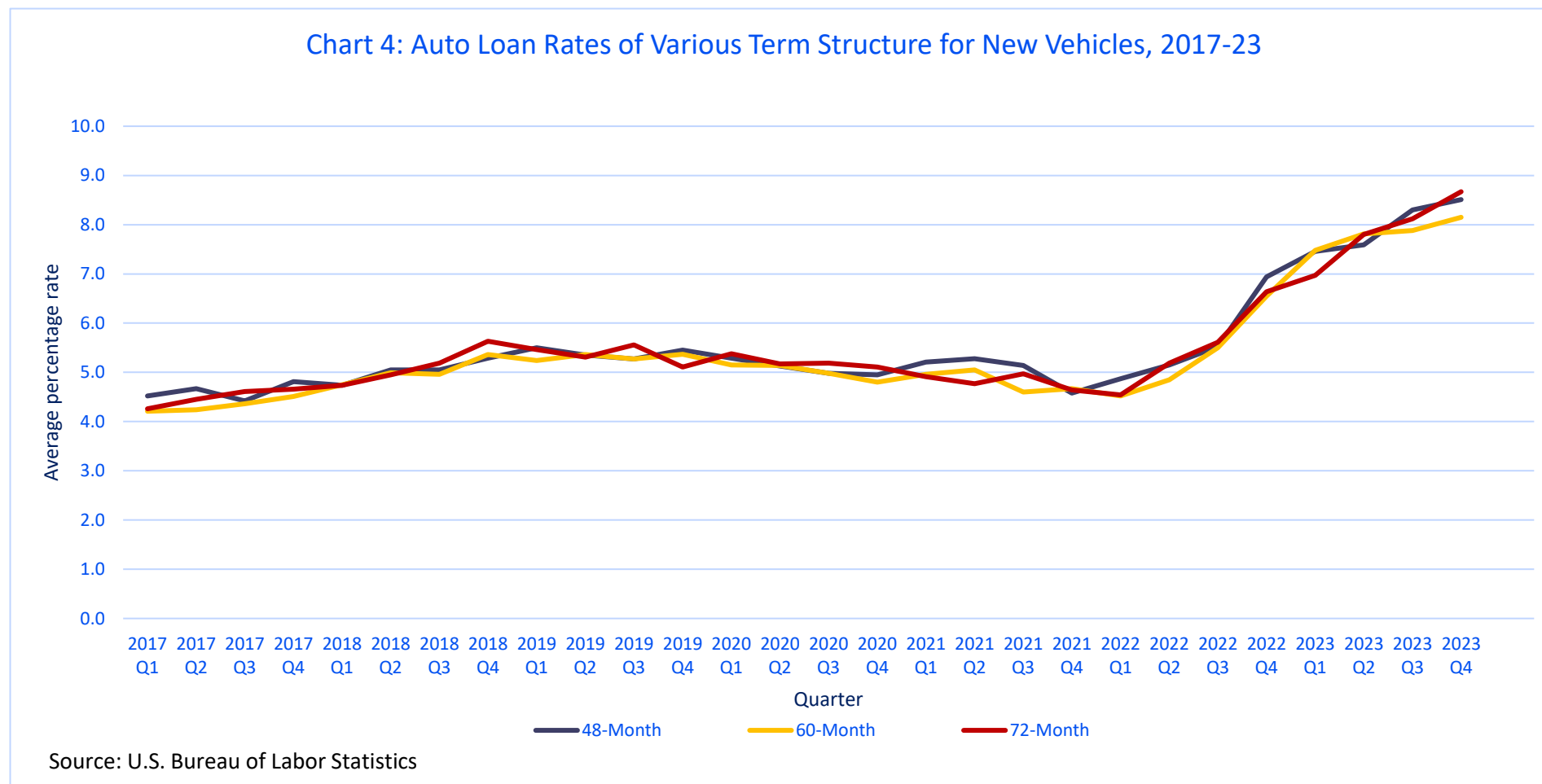
Chart 3B: Rate of Vehicle Ownership (At Least One Vehicle Owned or Leased) 2018-23



Source: U.S. Bureau of Labor Statistics

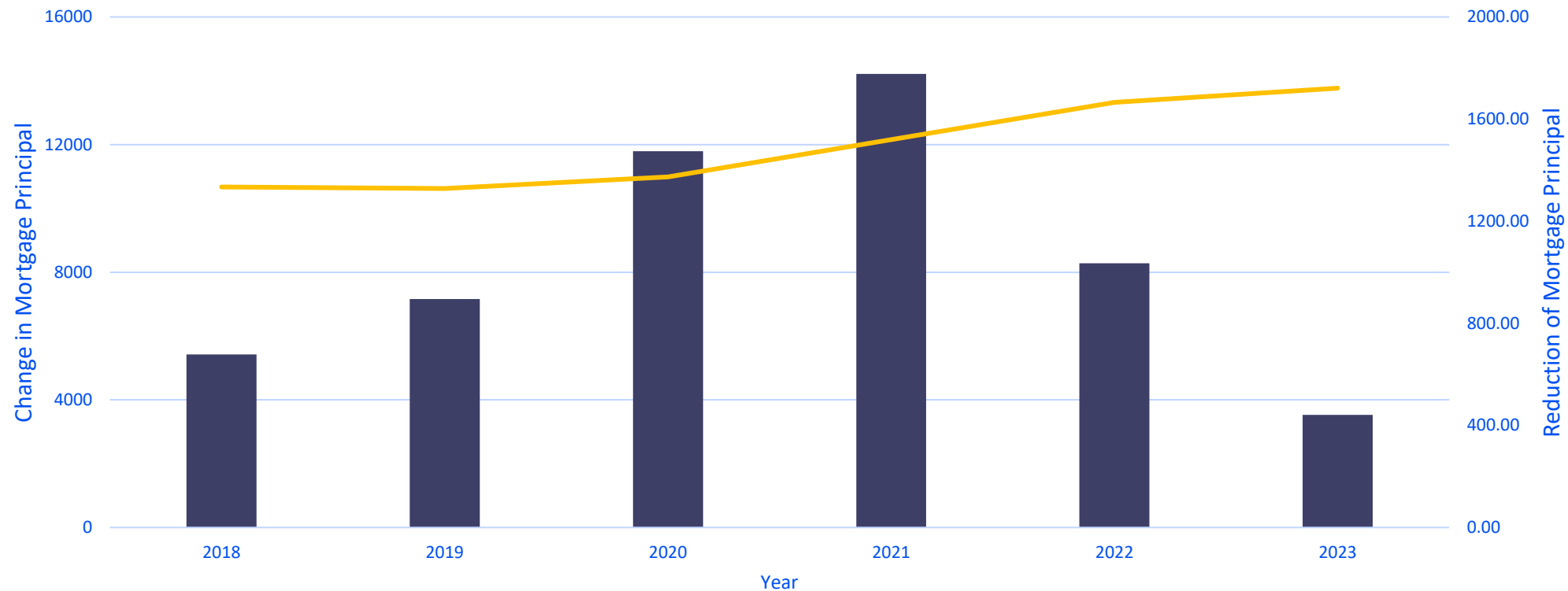


# Average Percentage Rates for Auto Loans of Various Term Structures.



# Reductions and Changes in Mortgage Principal

Chart 5: Reduction and Change in Mortgage Principal (Owned Home), 2018-23



Source: U.S. Bureau of Labor Statistics

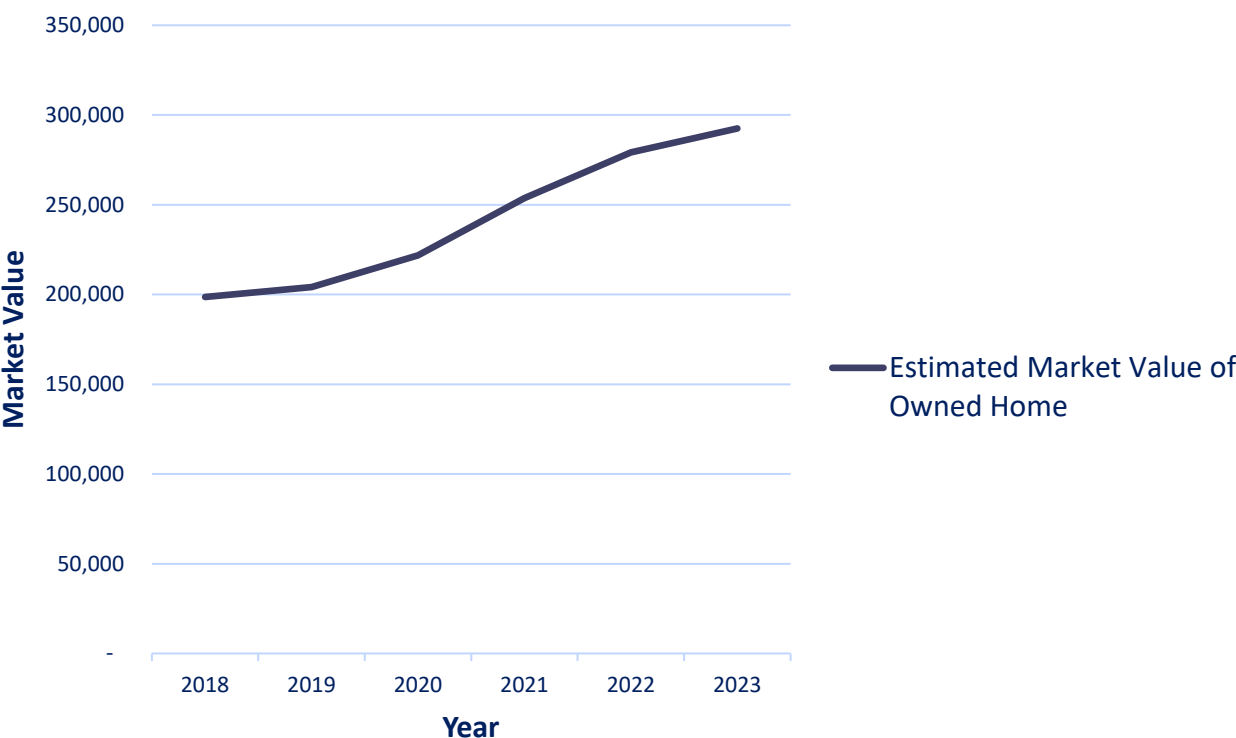
■ Change in Mortgage Principal (Owned Home)

— Reduction of Mortgage Principal



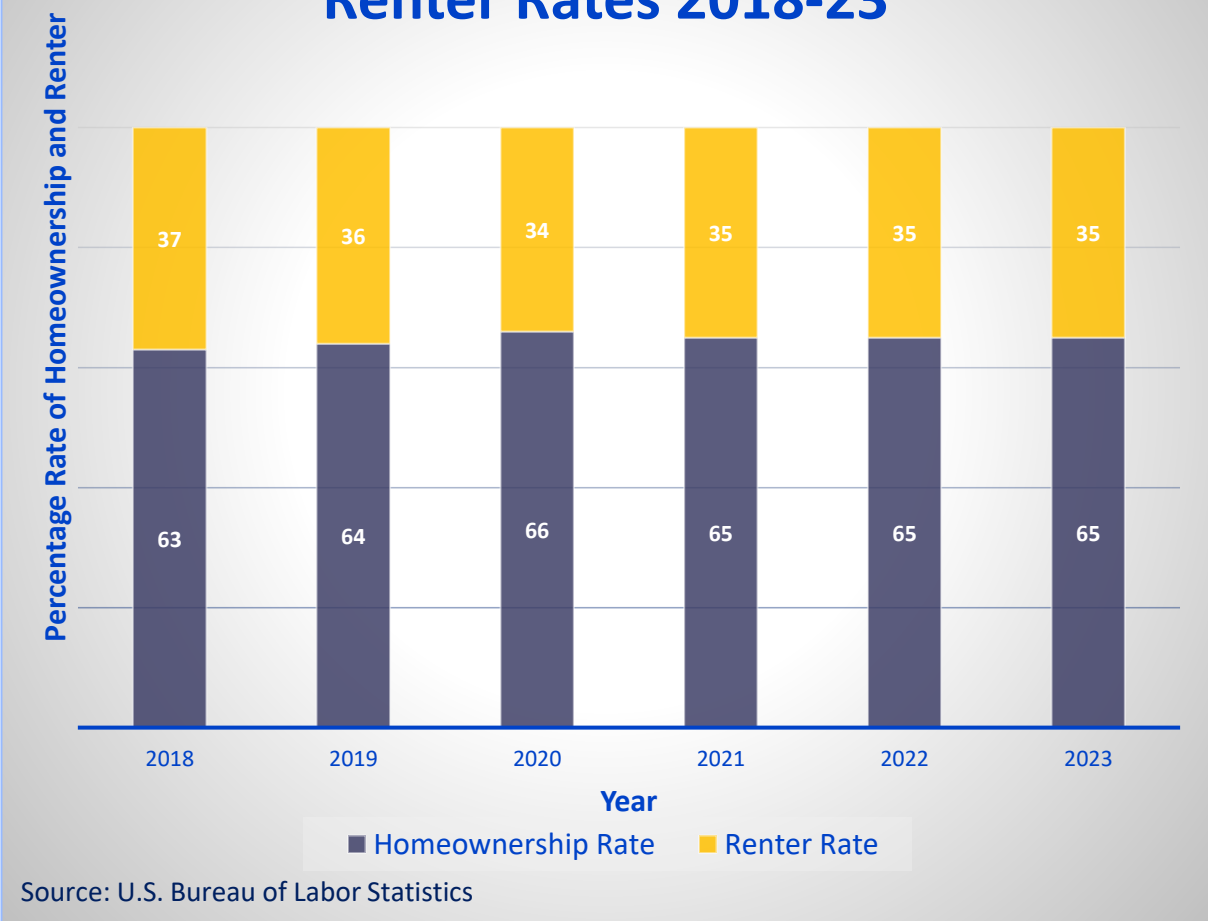
# Estimated Home Values and Home Ownership Rates

Chart 6A: Estimated Market Value of Owned Home, 2018-23



Source: U.S. Bureau of Labor Statistics

Chart 6B: Homeownership and Renter Rates 2018-23



Source: U.S. Bureau of Labor Statistics



# Summary

- What can we take away?
- The COVID-19 pandemic and subsequent inflationary cycle took its toll on an average CUs ability to pay outstanding debt obligations, especially for outstanding auto loans
- Contributing factors
  - ▶ General upward trends in vehicle transaction prices and average percentage rates on auto loans
  - ▶ General upward trends in homeownership rates, home values, 30- and 15-year fixed rate mortgages, etc.



# Contact Information

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