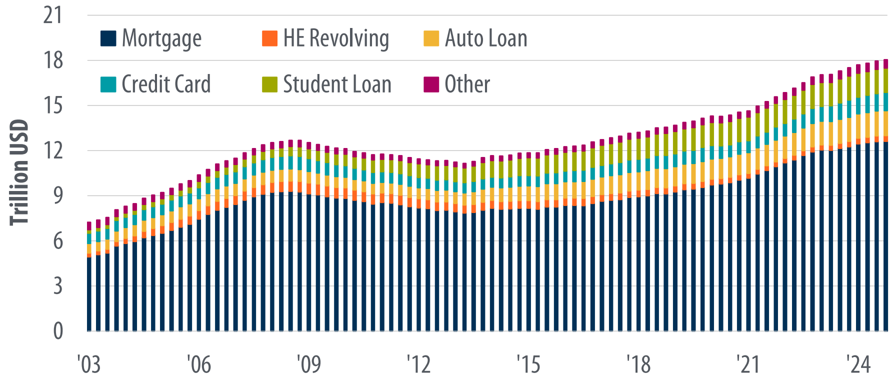
March 13, 2025

U.S. Household Debt in Q4 2024

In this week's "Three on Thursday," we explore the current state of indebtedness and financial health of U.S. households. Each quarter, the Federal Reserve Bank of New York provides a comprehensive overview of consumer borrowing and repayment trends, drawing from a nationally representative sample of Equifax credit reports. This data is thoroughly analyzed to estimate the total debt balances and delinquency rates across the country, offering valuable insights into how American households are managing their financial obligations. Curious about the latest trends? Dive into the three charts below to get a clearer picture of where things stood in the fourth quarter.

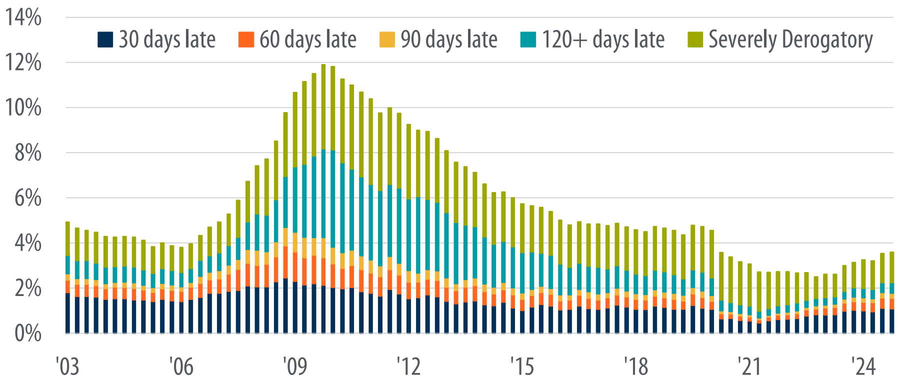
Composition of U.S. Household Debt



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q4 2024. **HE** stands for home equity.

Household debt balances grew by $93 billion in the fourth quarter of 2024, marking a 0.5% increase from the previous quarter, bringing the total to $18.04 trillion. Mortgage balances increased by $11 billion in Q4 2024, reaching $12.61 trillion, accounting for 70% of overall household debt. This has provided stability for households despite a higher interest rate environment, as 92.5% of these mortgage loans are fixed-rate, with an average rate of 4.2% as of Q3 2024. Additionally, non-housing debt balances increased by $73 billion in Q4 2024.

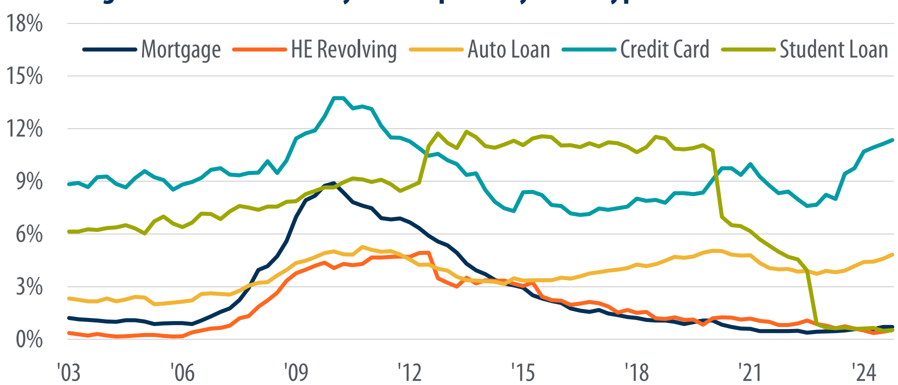
Delinquency Status of U.S. Household Debt



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q4 2024.

Aggregate delinquency rates increased slightly in Q4 2024, with 3.6% of outstanding debt in some stage of delinquency. Delinquency rates sat at the highest rate since the second quarter of 2020. In Q4 2024, 9.0% of credit card balances and 8.1% of auto loan balances transitioned into delinquency, indicating rising financial strain in these areas. Newly delinquent mortgages remained at 3.6% which is low by historical standards. The overall 3.6% delinquency rate is still relatively low, but is largely due to the impact of student loan forbearance, which has now ended.

Percentage of Balance 90+ Days Delinquent by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax, First Trust Advisors. Quarterly data Q1 2003 - Q4 2024. **HE** stands for home equity.

The share of credit card balances 90+ days delinquent rose in Q4 2024 to 11.4%, the highest since Q4 2011. Meanwhile, student loan delinquencies dropped from around 11% in 2012 to just 0.5% in 2024, thanks primarily to the CARES Act, which paused payments and set interest rates to zero. Although payments resumed in October 2023, delinquencies remained low due to an "onramp" period that allowed borrowers to delay payments without penalties until September 2024. Now that this has ended, the Federal Reserve Bank of New York believes missed student loan payments will likely begin appearing on this report beginning the first quarter of 2025.