THE PROPERTY BRIEF

Summary of RFQ: A county in search of builders



The $13 trillion lock-up

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American homeowners are rich in housing equity. Their cheap mortgages make much of it costly to touch.

$13.2trn	$11.6trn	83%
Accessible home equity	At below-market mortgage rates	Of locked-in equity is extremely rate-locked

First American estimates, second quarter of 2026. "Accessible" assumes a maximum 80% combined loan-to-value ratio.

An ocean of equity

The United States is sitting on a remarkable store of housing wealth. First American estimates that homeowners could theoretically borrow against $13.2trn of home equity while retaining a 20% equity cushion. That is a record, up 1.5% from a year earlier. The stock climbed from roughly $6trn in the second half of 2020 to more than $10trn by 2022. But a house is not a current account: accessing the money requires new debt, a sale or both.

The golden handcuffs

The obstacle is less a shortage of collateral than the price of replacing existing debt. An estimated $11.6trn—88% of accessible equity—belongs to borrowers with mortgage rates below the prevailing 30-year fixed rate of 6.49% used in the report. Refinancing the entire mortgage to release cash may mean forfeiting a very cheap first loan. The apparent wealth is therefore not the same thing as immediately deployable spending power.

The handcuffs are tightest for those furthest from market rates. Fully 83% of the locked-in equity—approximately $9.6trn—belongs to borrowers whose existing rate is more than 1.5 percentage points below the prevailing rate. Another 4% is severely locked (1.0–1.5 points), 5% moderately locked (0.5–1.0) and 8% only lightly locked (up to 0.5). The distinction matters: a borrower just below market rates confronts a different financial calculation from one paying 3%.

A tentative release, not a flood

Lock-in is easing around the edges. Although total accessible equity rose 1.5% year on year, the below-market-rate pool fell 2%. Within that pool, the amount in the extreme-lock category declined 4%, while the amount classified as lightly locked rose 25%. This is evidence of a modest shift in the composition of mortgage debt, not proof that households are withdrawing large sums of equity or suddenly putting homes up for sale.

Where the money is stuck

The national average obscures enormous differences. In some states, nearly every accessible-equity dollar is attached to an unusually cheap mortgage. In others, more borrowers have rates closer to today's market, making refinancing relatively less punitive.

SHARE OF ACCESSIBLE EQUITY HELD BY BELOW-MARKET-RATE BORROWERS

MOST LOCKED-IN	SHARE	LEAST LOCKED-IN	SHARE
South Dakota	**98.0%**	Connecticut	**74.6%**
Washington	**93.3%**	Massachusetts	**76.7%**
Wisconsin	**92.4%**	Rhode Island	**77.7%**
Colorado	**92.0%**	Florida	**82.0%**
Minnesota	**91.9%**	Georgia	**82.6%**

California dominates the market-value ranking: locked-in accessible equity per property totals about $899,400 in San Jose, $596,900 in San Francisco, $553,100 in Los Angeles and $513,600 in San Diego. Honolulu follows at $436,700. These are estimates of locked-in equity per property, not the amounts owners have borrowed.

Three routes out of the trap

There is no single way to unlock this capital. The least expensive route depends principally on the gap between a borrower's existing mortgage rate and the cost of new credit.

HELOC	Draw a line of credit against the house while keeping the first mortgage; rates can be variable and repayments can rise.
Home-equity loan	Receive a lump sum through a second mortgage without refinancing the original loan; adds a second payment and borrowing cost.
Cash-out refinance	Replace the first mortgage with a larger loan; may suit owners whose original rate is near current rates, but costly for deeply locked-in borrowers.

What it means for property markets

The report points to a plausible constraint on housing turnover: owners reluctant to surrender low-rate mortgages have a reason to stay put, even when they possess substantial equity. That may restrict resale supply and delay moves, while encouraging some households to improve their existing homes instead. Lenders offering second-lien products may find demand where conventional cash-out refinancing makes little sense. These are market implications, not effects quantified by the report.

THE BOTTOM LINE The $13.2trn figure describes potential borrowing capacity, not a reservoir of cash poised to enter the economy. Until financing costs fall substantially—or households accept the cost of a second loan—much of America's housing wealth may remain impressive on paper and stubbornly illiquid in practice.

SOURCE & CAVEAT Genaro Villa, First American Economics, "The $13.2 Trillion Question", 28 October 2026, pp. 1–8. Estimates use modelled property values and mortgage balances, capped at 80% combined loan-to-value; they do not establish each owner's underwriting eligibility or actual cash withdrawn. Analysis and implications above are identified separately from reported measurements.

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