

Credit Union Trends Report

Executive Summary February 2024

TruStage's Chief Economist, Steven Rick, shares trends of lending volume and credit quality. Additional highlights this month include:

Economy

- Real home prices (inflation adjusted) increased only 0.7% in 2023, the second consecutive year of below 1% growth since 2010-2011 as rising interest rates negatively impacted the very interest rate sensitive housing market.
- We can expect real home price growth rates to remain very low or even negative for the next few years as nominal home price growth rates remain close to or below the rate of inflation of goods and services.
- The expected fall in real home prices during the next few years will help make housing more affordable to many households who are looking to purchase homes.
- Credit unions could therefore see mortgage loan originations grow 10% this year from admittedly a very low level in 2023.

Lending

- Credit union loan balances rose 0.3% in December, less than a third of the 1% pace reported in December 2022.
- Loan balances rose 6.7% in 2023, down from the 19.1% reported in 2022 and below the 7% long run average for two reasons.
- Credit unions now hold 15.2% of the consumer loan market, up from 14.7% one year ago and is the highest percentage on record.
- For 2024 we expect auto sales to rise from 15.5 million in 2023 to 16.3 million.
- Expect credit union loan growth to slow to 4% in 2024 as many large credit unions focus on building liquidity.

Members/Assets

- Personal savings rate (personal savings divided by disposable personal income) averaged 4.5% in 2022, below the 6% long run average, which has created a headwind for credit union deposit growth.
- Credit unions added 4.3 million memberships for all of 2023, the slowest pace since 2020.
- Membership slowdown is due in large part to the slowdown in credit union lending.

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Source: February 2024, CUNA Economics & Statistics and TruStage Economics. This report on key CU indicators is based on data from TruStage E&S's Monthly Credit Union Estimates, the Federal Reserve Board, and TruStage – Economics

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