



WHY LOWER INTEREST RATES DON'T ALWAYS MEAN BETTER HOUSING AFFORDABILITY

FACTORS AFFECTING AFFORDABILITY:

- Affordability hinges on the house-price-to-income ratio and mortgage rates.
- Realtors' Housing Affordability Index (HAI) measures if a typical family qualifies for a mortgage on a median-priced home.
- When interest rates go up, house prices often go down, which affects affordability in different ways.

IMPACT OF INTEREST RATES ON AFFORDABILITY:

- Larger-than-expected rate cuts may not always lead to improved affordability.
- While lower rates reduce mortgage payments, they can also fuel demand, driving up house prices and potentially offsetting affordability gains.

IMPACT ON HOMEOWNERS:

- Most existing homeowners have locked in low mortgage rates and remain largely unaffected by rate fluctuations.
- The impact of rising rates is more keenly felt by prospective homebuyers entering the market.

INDIRECT EFFECTS OF MONETARY POLICY:

- Monetary policy changes influence mortgage rates and house prices. Easier policies may lower rates but could also fuel demand, raising house prices.

CONCLUSION:

- Lower rates don't always ensure better affordability. Analyzing combined effects of rates and house prices is essential for a comprehensive understanding of affordability trends.

GET IN TOUCH



ANTHONY ANGELILLO

CEO/ Founder of Tag Lending Group
NMLS: 333323

Phone No. 305-503-8655
aangelillo@taglendinggroup.com

335 S Biscayne Blvd Suite 2809 Miami, FL 33131

SCAN NOW!

