Macro Roundup Artcile

Headline: Inflation Adjusted House Prices 1.9% Below 2022 Peak

Article Link: https://calculatedrisk.substack.com/p/inflation-adjusted-house-prices-19

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Tweet: Real house prices are 1.9% under the 2022 peak and 11% above the bubble peak. Affordability remains at levels last seen in the early 1980s when 30-year mortgage rates were over 14%. @calculatedrisk

Summary: For May: a year ago, the payment on a $500,000 house, with a 20% down payment and 6.43% 30-year mortgage rates, would be around $2,510 for principal and interest. The monthly payment for the same house, with house prices up 5.9% y/y and mortgage rates at 7.06% in May 2024, would be $2,835 - an increase of 13%. However, if we compare to three years ago, there is a huge difference in monthly payments. In May 2021, the payment on a $500,000 house, with a 20% down payment and 2.96% 30-year mortgage rates, would be around $1,678 for principal and interest. The monthly payment for the same house, with house prices up 26% over three years and mortgage rates at 7.06% in May 2024, would be $3,383 - an increase of 102%! Double!!!

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Primary Topic: Housing

Topics: GDP, Housing, Op-Ed/Blog Post

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