

Macro Roundup Article

Headline: [Inflation Adjusted House Prices 3.9% Below Peak](#)

Article Link: <https://calculatedrisk.substack.com/p/inflation-adjusted-house-prices-39>

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Tweet: [. @calculatedrisk reports affordability is at it's lowest point since 1982 when 30-year mortgage rates were over 14%. On his chart, lower is more affordable.](#)

Summary: I've put together my own affordability index using median income from the Census Bureau (estimated 2021 and 2022), assuming a 15% down payment, and used a 2% estimate for property taxes, insurance and maintenance. This is probably low for high property tax states like New Jersey and Texas, and too high for lower property tax states. For house prices, I used the Case-Shiller National Index, Seasonally Adjusted (SA). Here is what the index looks like (lower is more affordable like the FirstAm index): Affordability improved slightly in December as both mortgage rates and house prices declined. In October, houses were the least "affordable" since 1982 when 30-year mortgage rates were over 14%. Note that by this index, during the early '80s, homes were very unaffordable due to the very high mortgage rates. During the housing bubble, houses were at about the same level of unaffordability using 30-year mortgage rates, however, during the bubble, there were many "affordability products" that allowed borrowers to be qualified at the teaser rate (usually around 1%) that made houses seem more affordable.

Primary Topic: Business Cycle

Topics: Business Cycle, Factoid, GDP, Housing, Op-Ed/Blog Post, Sell-by Date

Permalink: <https://www.edwardconard.com/macro-roundup/calculatedrisk-reports-affordability-is-at-its-lowest-point-since-1982-when-30-year-mortgage-rates-were-over-14-on-his-chart-lower-is-more-affordable?view=detail>

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