

Macro Roundup Article

Headline: [Inflation Adjusted House Prices 3.0% Below Peak](#)

Article Link: <https://calculatedrisk.substack.com/p/inflation-adjusted-house-prices-30>

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Tweet: According to @calculatedrisk, real home prices are 3% under the recent peak. According to his affordability index the monthly payment for the same house is up 88% over the past two years.

Summary: Affordability was worse in September than in August, as house prices and mortgage rates both increased. In September 2023, houses were the least “affordable” since 1982 when 30-year mortgage rates were over 14%. We already know affordability will be even worse in October since mortgage rates have increased further. For September: a year ago, the payment on a \$500,000 house, with a 20% down payment and 6.11% 30-year mortgage rates, would be around \$2,427 for principal and interest. The monthly payment for the same house, with house prices up 4.0% YoY and mortgage rates at 7.20% in September 2023, would be \$2,822 - an increase of 16%. However, if we compare to two years ago, there is huge difference in monthly payments. In September 2021, the payment on a \$500,000 house, with a 20% down payment and 2.90% 30-year mortgage rates, would be around \$1,665 for principal and interest. The monthly payment for the same house, with house prices up 15.1% over two years and mortgage rates at 7.20% in September 2023, would be \$3,125 - an increase of 88%! Related: Higher For Longer and The 2024 Housing Outlook and America's Missing Empty Homes and With Housing, Millennials Have Much to Complain About

Primary Topic: Business Cycle

Topics: Business Cycle, Financial Markets, GDP, Housing, Op-Ed/Blog Post

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