

## Macro Roundup Article

**Headline:** [US Housing Market Crash Turns Not-So-Sweet 16](#)

**Article Link:** <https://www.gspublishing.com/content/research/en/reports/2023/10/10/361fd3d3-772a-4b50-9557-90279da8c323.html>

Author(s)	Roger Ashworth
Publication	Goldman Sachs
Publication Date	October 11, 2023

**Tweet:** A @GoldmanSachs analysis expects housing price growth to be positive in 2023 and 2024, as there is a low supply of existing homes that is expected to persist due to the mortgage lock-in effect. They don't see conditions at all analogous to 2006-2010.

**Summary:** Regardless of current credit standards, affordability remains challenging for the incremental home buyer. Exhibit 13 stacks up the median sale price of an existing home vs. a theoretically 'affordable' home price. This affordable home is calculated by assuming a borrower spends 25% of gross household income on a mortgage payment, uses a 15% down payment, and borrows the remainder with a 30-year fixed rate mortgage. Now that interest rates have reversed course and are now far higher, affordability for the incremental home buyer is more challenged than during the 2004-07 period. But, the limited supply of homes for sale remains very low and most of the mortgage market has mortgage rates far below current levels (Exhibit 14). As a result, we continue to expect home prices to rise at a slow pace over the medium term.

**Related Articles:** The "New Normal" Mortgage Rate Range and Could 6% to 7% 30-Year Mortgage Rates be the "New Normal"? and What Have We Learned About the Neutral Rate?

**Primary Topic:** Housing

**Topics:** Business Cycle, GDP, Housing, Other Source

**Permalink:** <https://www.edwardconard.com/macro-roundup/a-goldmansachs-analysis-expects-housing-price-growth-to-be-positive-in-2023-and-2024-as-there-is-a-low-supply-of-existing-homes-that-is-expected-to-persist-due-to-the-mortgage-lock-in-effect-they?view=detail>

**Featured Image**

**Link:** <https://www.edwardconard.com/wp-content/uploads/2023/10/GS-Housing-.png>