



Has the 2024 Market Become More Affordable?

BY PETER MILLER, CTW FEATURES

“Affordability” is a relative term, whether rates rise or fall.

For example, the National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) has tracked affordability levels since 2012. It provides a useful and consistent way to measure consumer buying power. It assumes that the model mortgage borrower will pay 28% of their gross monthly income for housing costs such as mortgage principal, mortgage interest, property

taxes, and property insurance (PITI). The HOI also assumes that a property will be financed with a fixed-rate mortgage and 10% down.

These are reasonable assumptions for model mortgage borrowers, however, not all borrowers fit the mold.

For instance, a larger down payment translates into a lower monthly mortgage cost because less principal is outstanding, but not all homebuyers purchase with 10% down.

The National Association of Realtors (NAR) reports in its

2023 Profile of Home Buyers and Sellers that the typical first-time buyer purchased with 8% down. The average loan-to-value (LTV) ratio for the huge FHA program was 94.68% in FY2023. That translates into a typical down payment of just over 5%.

Another problem is that down payments have gotten larger in recent years. In December 2019 the typical existing home sold for \$274,500, according to NAR. In January 2024 that typical price was \$379,100. Ten percent down grew from \$27,450 to \$37,900. That's a big jump, especially when you also consider the need to pay closing costs, moving, etc.

It's not just that real estate prices have increased. Prices, in general, have risen since 2019, the year before Covid struck. You can see such increases by looking at consumer debt levels.

According to the Federal Reserve Bank of New York, between the third quarter of 2019 and the fourth quarter of 2023, auto debt increased from \$1.31 trillion to \$1.61 trillion. Student loan balances

grew from \$1.5 trillion to \$1.6 trillion. Credit card debt increased from \$.88 trillion to \$1.13 trillion. That's more than half a trillion dollars in additional household debt. Tack on steeper housing costs, and it's little wonder that affordability is a major issue for home buyers.

There are ways around the affordability problem.

Buy a less expensive home and reduce the need for a large mortgage. Get help from down payment assistance programs (DPAs) to lower upfront cash needs. Shop for mortgage financing to get the best rates and terms.

In buyer markets, look for so-called “seller contributions” from owners to offset closing costs. Have a budget to hold down spending and reduce outstanding bills. And check your credit reports for free at AnnualCreditReport.com to ensure that no incorrect or outdated information is pushing down credit scores.

Email your real estate questions to Mr. Miller at peter@ctwfeatures.com.

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2222 E Walker Lane, Holladay

9 BD | 10 BA | 9,275 SF | 1 AC | \$7,495,000

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3162 E Eagle View, Sandy

8 BD | 12 BA | 16,150 SF | \$5,990,000

Discover an unparalleled mountain retreat in Sandy. This expansive 16,150 square foot estate luxuriously spreads over 2.42 acres, offering seven bedrooms, 12 bathrooms, and a bevy of exquisite amenities.



8178 Newbury Grove Lane, Cottonwood Heights

5 BD | 5 BA | 5,218 SF | \$1,749,000

Exquisite near-new Craftsman style home meticulously upgraded for quality with all main floor living.

587 E Mash Farm Circle, Murray

4 BD | 5 BA | 5,308 SF | \$1,569,000

Exquisite (new build) custom home, boasting unspoiled mountain vistas.

7258 W Summit Top Lane, Herriman

4 BD | 3 BA | 4,137 SF | \$1,199,999

Embrace modern sophistication on 0.24 acres of serenity.



1892 E Ashley Mesa Lane, Sandy

5 BD | 4 BA | 3,240 SF | 0.22 AC | \$875,000

Immaculate two-story in a quiet and highly desirable Sandy neighborhood.

9118 S Meadow Lily Lane, West Jordan

5 BD | 3 BA | 2,981 SF | 0.33 AC | \$799,000

Welcome home to suburban living in this immaculate West Jordan Rambler.

91 & 93 W Ryker Ln (Units 7, 8), Midvale

3 BD | 3 BA | 1,684 SF | \$474,900 & \$479,900

New C Street townhome boasts premium architectural elements in a great location.

1789 Wide River Drive, St. George

2 BD | 2 BA | 1,190 SF | 0.06 AC | \$348,000

Escape to St. George with this incredibly clean and charming Sun River 55+ community home.



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