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# Is housing affordability improving? Two new reports say yes

Attom and MBA: Homeownership expenses are eating up less of households budgets and monthly mortgage payments are shrinking

September 26, 2024, 4:42 pm *By Jeff Andrews*

Elevated mortgage rates have strained housing affordability for more than two years. With rates now falling — and more downward movement

expected after the **Federal Reserve's** recent interest rate cut — two new reports suggest that affordability is getting better too.

The third-quarter 2024 housing affordability report from **Attom** says that falling mortgage rates, rising wages and slower home-price growth has made the expenses of buying and owning a home slightly more affordable.

When comparing median-priced homes and average national wages, homeownership expenses take up 33.5% of a typical household budget. That's a bit better than in the second quarter of 2024 but unchanged from a year ago.

Meanwhile, the newest Purchase Application Payment Index data from the **Mortgage Bankers Association** (MBA) shows that the national median mortgage payment by applicants fell by 5.2% between July and August. Median payments for both **Federal Housing Administration** (FHA) loans and conventional loans declined.

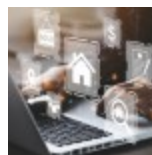
"Home affordability continues to show signs of easing, which lightens the pressure on house hunters struggling to find a place that fits their budget," Attom CEO Rob Barber said in a statement. "The cost of owning a home across much of the nation remains a tough go for average workers, exceeding levels preferred by banks and other lenders. But it is at least tracking in the right direction. That's mainly because of declining interest rates."

While the data shows some improvement, housing affordability is still quite strained. Single-family homes and condominiums remain less affordable than historical averages in 99% of the counties analyzed by Attom.

Home prices are still rising as well. Attom's report indicates that 63% of counties analyzed saw median home prices jump between the second and third quarters, while 85% of counties had higher median prices than a year ago.

Geographically, the Northeast and West remain the least affordable regions, as all but one of the

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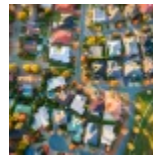
30 least affordable counties are in these areas. The counties where homeownership costs make up the highest percentage of average wages are Santa Cruz County, California (108.5%); Brooklyn, New York (108%); Maui County, Hawaii (103.6%); Marin County, California (100.6%); and San Luis Obispo County, California (97.5%).

Some of these areas, however, are showing signs of improvement. Among counties with a population of at least 1 million, the ones that experienced the largest quarterly declines in the percentage of wages taken up by housing costs are Orange County, Contra Costa County, Alameda County and Santa Clara County in California, as well as Travis County, Texas.

According to the MBA, the states with the lowest levels of affordability based on its payment application index are Idaho, Nevada, Arizona, Florida and Utah. Those rated most affordable are Louisiana, Connecticut, New York, Washington, D.C., and Alaska.

"Homebuyer affordability conditions improved for the fourth consecutive month, with lower mortgage rates, rising incomes, and slower home-price growth giving prospective buyers' budgets a much-needed boost," MBA associate vice president Edward Seiler said in a statement. "MBA expects that lower mortgage rates, coupled with increasing housing inventory, will entice additional homebuyers to enter the housing market."

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