



An Update on the Home Affordability Index

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*If you are already working with an agent, this
is not meant as a solicitation for that business.*

The National Association of Realtors® (NAR) has just released the quarterly "Housing Affordability Index", and I want to share that information with you today.

The index has been tracked by NAR since 1970, and measures the purchasing power of buyers, and takes into account median home prices, median family income, and an average mortgage interest rate. The higher the index, the more purchase power a buyer has.

Earlier this year, the Housing Affordability Index (HAI) hit record highs, indicating that it was an amazing time to purchase.

The news this quarter is not as strong, although there's still plenty of reason to be optimistic.

Although July marked the fifth consecutive month of home prices higher than last years, the affordability index still indicates that housing remains with the reach of many Americans who may now be fearing they have missed the best time to buy.

With home prices up, you might assume that affordability is down. Actually, the index suggests that the national median-priced home is

actually a bit more affordable for a median family income this July as compared to last July.

Seems odd, doesn't it? Well, the index factors in mortgage rates ... and those are nearly a full percentage point lower this year. And incomes are up too, even if those gains have been modest.

The one area where affordability has not improved over last year is the western United States. In that region, prices have increased – causing the index to be less strong in this area. However, even in that area, families with median salaries can qualify to purchase median-priced homes.

What does a strong HAI mean to you? Sellers should take heart in seeing prices rise without pricing buyers out of the market. And while interest rates remain low (and the recent announcement from the Federal Reserve Bank indicates they likely will), this can continue to be a good time to purchase a home.

Ready to take advantage of the housing affordability index? I'm here to help! Just give me a call at 360-620-2690 or send an email to mollyells@windermere.com. I look forward to hearing from you!

