



## How High Are Home Payments Today?



**Market Freeze Starts Today?**

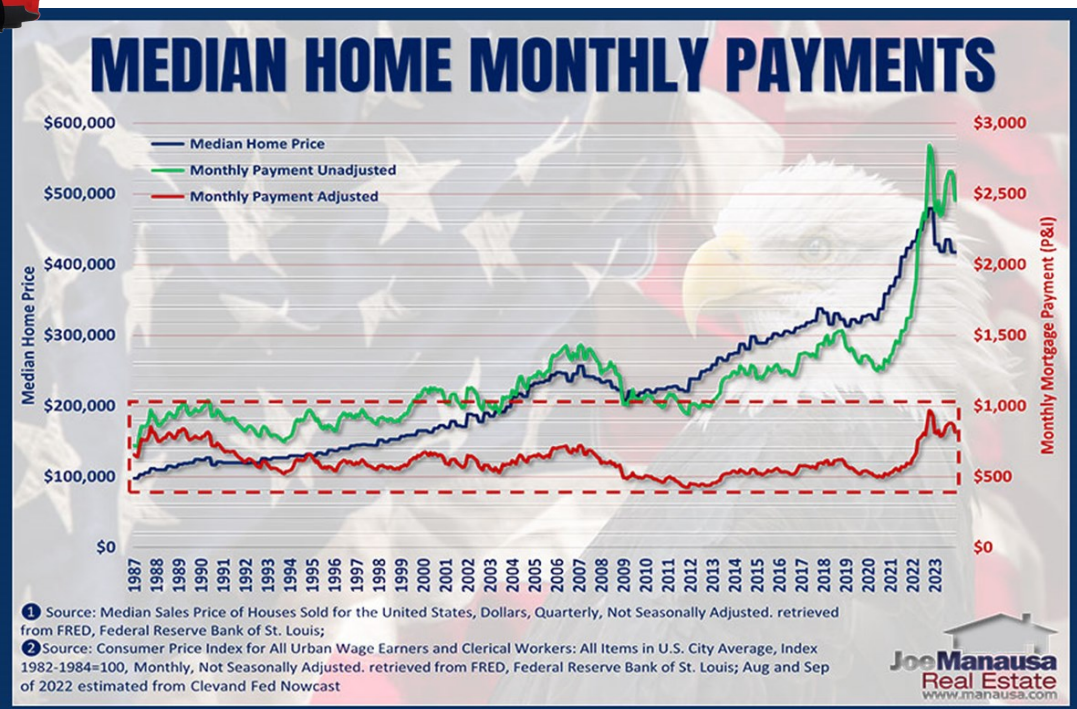


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Joe Manausa, MBA  
[info@manausa.com](mailto:info@manausa.com)  
 (850) 888-0888



When adjusted for wage inflation, today's mortgage payments are very high, but \$16.26 lower than in 1987 (when I graduated West Point).

The graph above holds important information for people who have not grasped the extent of the home affordability crisis today.

The blue line plots the median home price for the past 33 years, while the green line shows the estimated monthly mortgage payment for buyers purchasing a median-priced home financed at the prevailing 30-year fixed mortgage interest rate.

The red line plots the monthly payment adjusted to 1982-1984 dollars so that we can compare the relative affordability for the duration of our data.

When mortgage interest rates peaked last year, we saw a new 33+ year high

mortgage payment when adjusted for inflation. As rates have come back down from the high, affordability has improved, but we're still within \$16.26 of the all-time high.

### Why Home Affordability Tanked

The push to raise minimum wage in Florida (and other States) faster than other wage categories has skyrocketed the cost of most everything in our economy, including the materials and labor that are utilized when building new homes. Warning: The minimum wage is still going to push higher over the next few years.

New construction is not going to get any cheaper, so don't expect our builders to deliver inexpensive homes to house our growing population unless our local elected officials can come up with creative solutions to support builders and developers to build more homes.

