



Mortgage rates are going up; buying a new home out of reach for many, report finds

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WASHINGTON (TND) — The U.S. economy is facing multiple headwinds right now with the war in Ukraine, a labor shortage, supply chain disruptions and more.

All of this is causing prices for just about everything to skyrocket and causing businesses to worry about what the future brings.

Buying a home is just one of the things that has become even more expensive.

“With inventory so limited, you’ve got prices continuing to increase because buyer’s demand is so very strong,” said M. Ryan Gorman, the CEO of Coldwell Banker Real Estate.

The average home price was more than \$375,000 in March, according to the National Association of Realtors. Freddie Mac also said Thursday that the average rate for a 30-year fixed-rate mortgage is 5.11%, meaning an average monthly payment is \$1,631 if locked in today.

That’s compared to the 3.22%, or \$1,301 per month, that it was at the beginning of the year — a 25.37% increase in three and a half months.

There’s no sign of a cool down as builders struggle to keep up with demand.

“We’re simply not building enough homes to meet the overall needs that we have in the economy. Probably 5 to 6 million more homes, if they were constructed today, could be sold and we’d come close to actually meeting demand,” Gorman said.

A survey by the Federal Reserve Bank of New York finds only 43.3% of renters believe that they’ll ever own a home. It’s the first time that number’s dropped below 50% in the survey’s history.

President Joe Biden focused on ways to fix supply chains during a trip to Oregon Thursday with things like the bipartisan infrastructure law but analysts in an S&P Global report point out its

\$1.2 billion investment isn't expected to go as far as intended because of the higher cost of construction and materials.

"Some of this is out of President Biden's control. It's the Fed, it's supply chains and the rest but I think the really frustrating thing here is that there are levers the president can pull," said Scott Lincicome, Director of General Economics and Trade at the Cato Institute.

Like lifting tariffs on construction materials or speeding up visa processing for immigrant workers. But even then, it's hard to determine where the economy is headed.

"When you have Russia and now lockdowns in China, it's just impossible to predict how this is all gonna play out," Lincicome said.

According to notes from the Federal Reserve this week, those are the same concerns of businesses across the country as the global and domestic economic outlook grows more uncertain by the week.