

IMPACT OF HIGH INTEREST RATES ON HOUSING PRICES

# U.S. Housing Market – National Trends

2022 -2023

# Summary of Interest Rates

US Weekly Interest Rate Averages (as of 3/16/23)

1. 30 year FRM – 6.6%
2. 15 year FRM – 5.9%

**Average 30-year fixed rate mortgage in the U.S.**

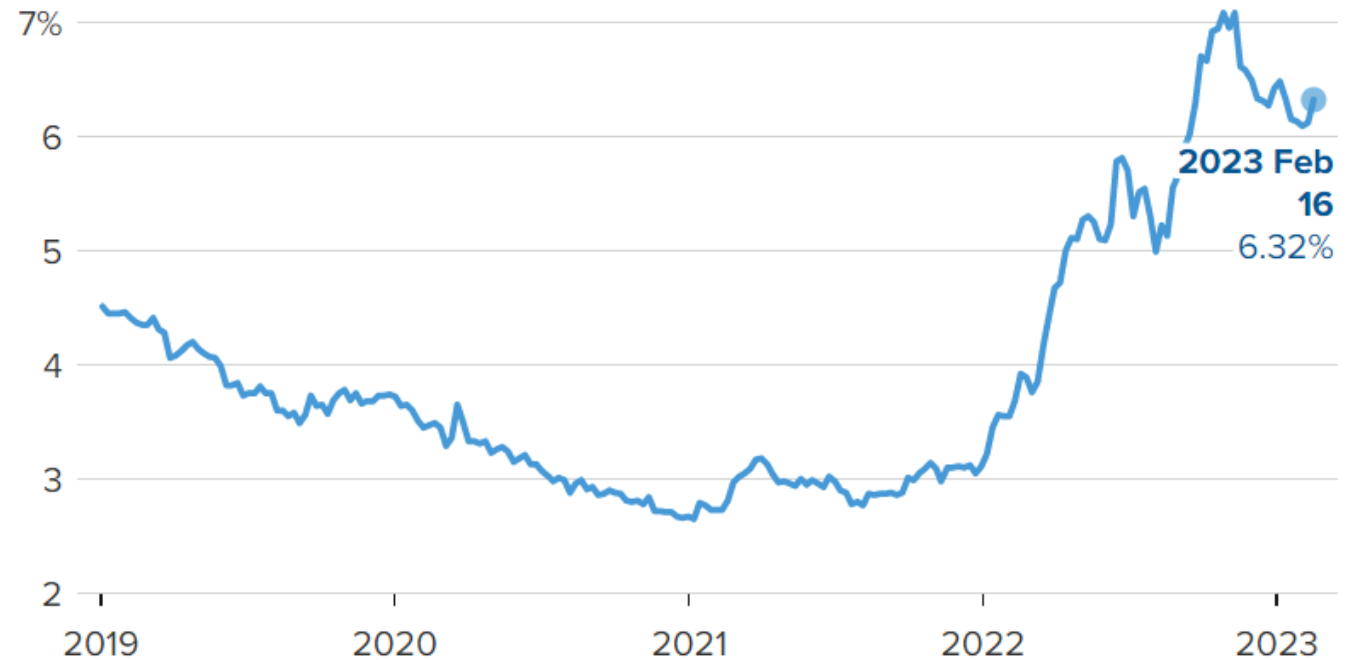
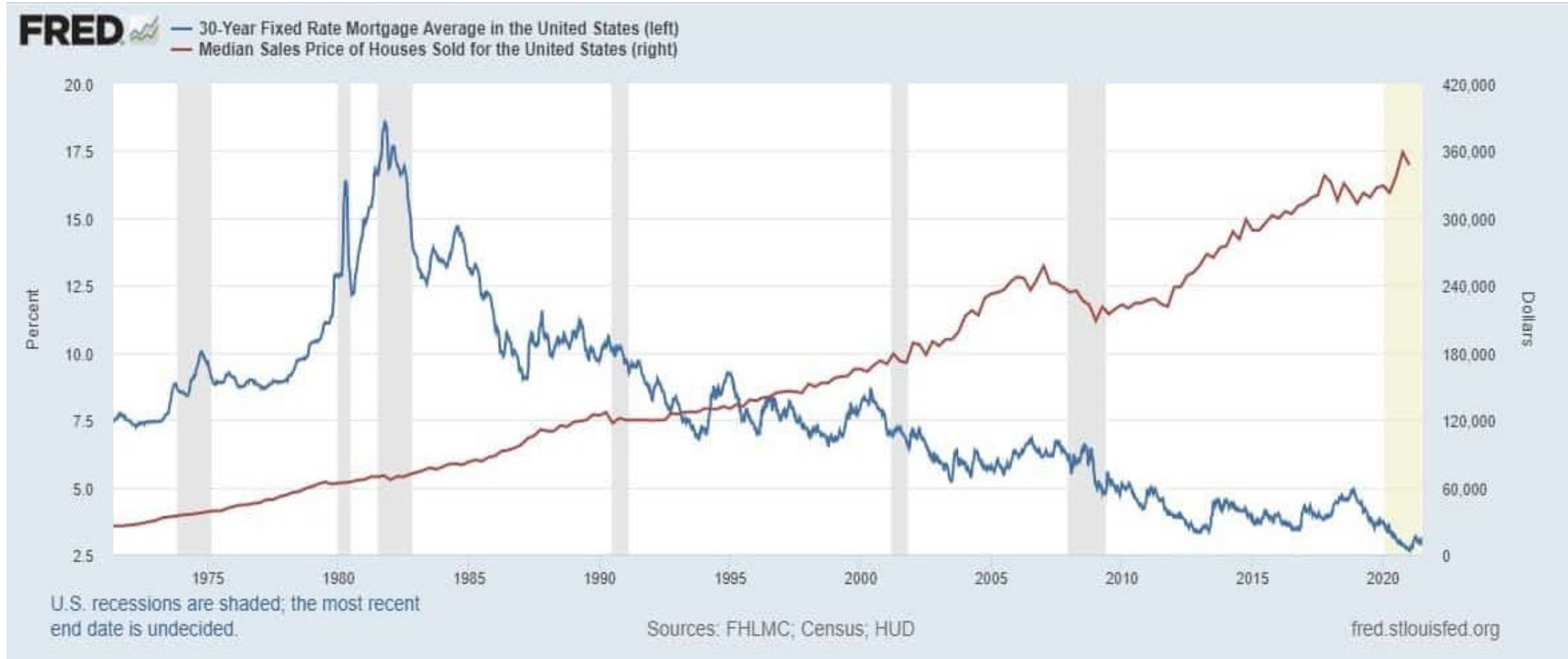


Chart: Gabriel Cortes / CNBC

Source: Freddie Mac [Primary Mortgage Market Survey](#) via FRED



# Home Prices vs Interest Rates since 1970



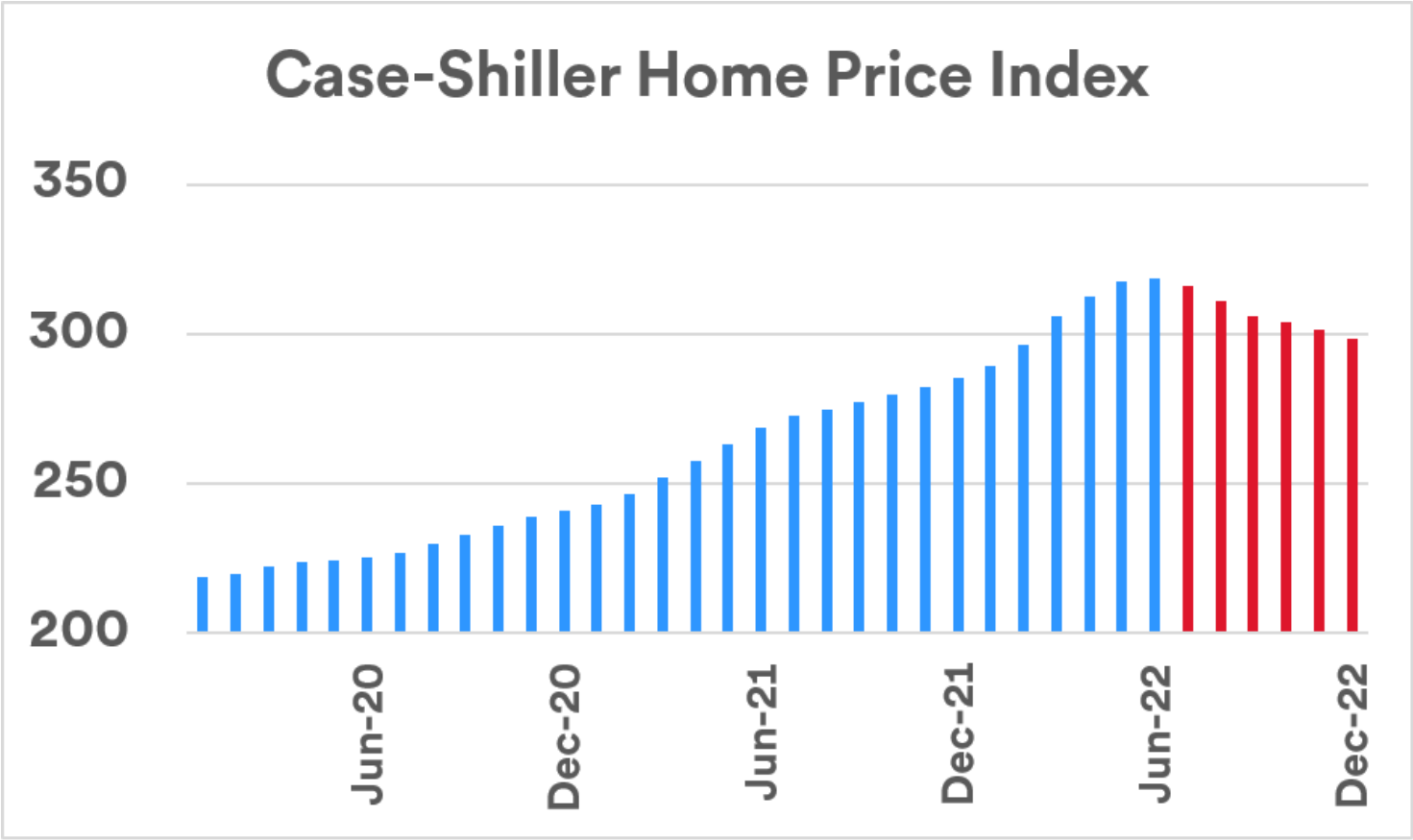
# U.S. Median House Price

VS

# Mortgage Rates Nationally

- Despite interest rates nearly doubling over the last two years, housing prices have not dropped as significantly as expected.
- **The average house price is down 6 percent since the June 2022 peak, according to the S&P Case-Shiller index of prices in 20 major US metro areas, and 3.5% in the index for the whole country.**
  - Recently-hot markets have taken bigger hits, as expected. In San Francisco, the CaseShiller index is down 12 percent, in Phoenix 8 percent. However, in metro Tampa, where prices rose 69 percent during Covid, prices are down only 3 percent.
- While prices appear to have peaked last summer, they still ended 2022 higher than they were at the end of 2021. The median U.S. home price has increased 42% since 2019.
- **Online housing marketplace Zillow now expects prices to rise slightly in 2023.**

# Average Housing Price Changes in 2022



# Possible Explanations

- Low housing inventory due to:
  - Low levels of new construction
  - High number of institutional investors buying residential properties to rent
  - Homeowners with existing low interest rates not Selling
  - Far fewer foreclosures as compared to 2008 housing crisis

# South Florida & Miami – Surging Against National Trends

- Despite a decline in housing value across the US, Miami home values rose 19.7% year over year.
- The average Florida home value is now \$377,816, up 14.2% over the past year.
- Single-family home median prices in Miami-Dade County increased 1.1 % year-over-year in December 2022, increasing from \$525,000 to \$530,900. Miami single-family median prices have risen for 133 consecutive months (11 + years).
- Existing condo median prices increased 5.5% year-over-year, from \$355,000 to \$374,500. Condo median prices have increased in 134 of the past 139 months.
- The strong outlook in the Florida and Miami home values is evidenced by the next influx of Florida residents.
- The MIAMI Association of Realtors (MIAMI) and the Multiple Listing Service (MLS) system showed that Miami-Dade County real estate recorded its second-best total home sales year ever in 2022, while annual condo sales ranked second-best in Miami's history.
- However, the rate of sales for luxury homes has dropped nearly 69% in Miami alone, and close to 45% nationally in the last 3 months, indicating a market cooling on the high end.

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