Waiting for lower rates before buying a home?

Carefully consider the relationship between interest rates & home values.



The relationship between interest rates and home value appreciation is complex. When interest rates go down, demand for housing can rise, resulting in *rising* home values.

In addition, many current homeowners are already locked into 3-4% interest rates and hesitant to sell their homes. This can persistently constrain housing inventory, which may also drive up sale prices when demand outpaces supply.

So, if you wait for a .25% interest rate drop, but a home's value appreciates by just 3%, the result may be a similar (or higher) mortgage payment, unless you opt for a larger down payment.

EXAMPLE:

This chart illustrates the impact of declining interest rates and increasing home prices on principal and interest mortgage payments.

Home Value Appreciation	Today	3%	5%	7%	10%
Sale Price	$700,000	$721,000	$735,000	$749,000	$770,000
Loan Amount *(20% down)*	$560,000	$576,800	$588,000	$599,200	$616,000
Interest Rate **(APR)**	Principal & Interest Payment				
6.50% **(6.694% APR)**	**$3,540**	$3,646	$3,717	$3,787	$3,894
6.25% **(6.391% APR)**	$3,448	**$3,551**	$3,620	$3,689	$3,793
6.00% **(6.152% APR)**	$3,357	$3,458	**$3,525**	$3,593	$3,693
5.75% **(5.899% APR)**	$3,268	$3,366	$3,431	**$3,497**	$3,595
5.50% **(5.612% APR)**	$3,180	$3,275	$3,339	$3,402	**$3,497**

Mortgage loan amounts are based on 30-year fixed rate conforming, conventional loans with a 20% down payment. Interest rates and annual percentage rates (APR) are based on current market conditions as of 10/03/24 and are for informational purposes only, are subject to change without notice and may be subject to pricing add-ons related to property type, loan amount, loan-to-value, credit score and other variables.

Examples are provided for educational and illustrative purposes only. Principal and interest payment amounts do not include homeowners insurance or property taxes, which must be paid in addition to your loan payment. Your actual payment may be higher. This is an illustration and does not reflect your actual loan information, cost or the exact interest rate for which you may qualify. Please contact us for current interest rates. Your loan's interest rate will depend upon the specific characteristics of the loan transaction and your credit profile up to the time of closing. Estimated closing costs used in the APR calculation are assumed to be paid by the borrower at closing. If the closing costs are financed, the loan, APR and payment amounts will be higher. If the down payment is less than 20%, mortgage insurance may be required and could increase the monthly payment and APR. Speak with your mortgage consultant for more information regarding the content contained on this page.

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Contact us to answer any questions you may have about buying a home.



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