



What to know now that interest rates are on the rise

Source: Washington Post

If you've been house-hunting in recent years, you've really been

through it. Maybe you were waiting out the market, hoping the rocketing prices would start to flatten. Now, of course, they have — but between 2021 and 2022, mortgage rates have more than doubled, from less than 3 percent to nearly 7 percent.

The math on a 30-year, fixed-rate loan for a \$600,000 house with a 10 percent down payment tells the tale: At a 4.0 percent interest rate, the monthly payment would be \$2,500. At 7.0 percent, the payment is \$1,100 higher, at \$3,600.

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With the housing market correcting, is it better to buy or rent?

Source: Realtor.com

Potential homebuyers are always asking themselves whether it's better to rent or buy a home. Many are unsure which is better: to tolerate the steep rent increases for now, wait for prices to slow further, or to buy before mortgage rates go up even further.

With rents soaring, many tenants are giving homeownership another

look. If you purchase a home, you can mostly lock in your monthly housing payment over the long term. You may still face rising property taxes, but your housing payments are fairly fixed.

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Flood risks are having growing influence on homebuyers

Source: Zillow Research

As climate change increasingly becomes part of the homebuying conversation, areas with increased flood risk also are seeing an increase in mortgage denials and in would-be borrowers withdrawing their mortgage applications, even after controlling for income and property value, according to analysis by Zillow.

This new evidence suggests that while climate risks may not have dented demand for housing, those risks may be taking more of an active role in the decision-making of buyers and lenders. The rate of both denials and withdrawals in areas of high flood risk are higher than in 2017, and also higher than in areas at risk of other climate events.

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Higher mortgage rates mean smaller homes for many buyers

Source: Forbes

American home buyers are getting significantly less home for their money as mortgage rates hover at their highest level in 16 years, according to a report from Redfin.

The size of homes affordable on a \$3,000 monthly budget is down 9% over the last year from 1,647 square feet to 1,498 square feet, according to an average of the 50 largest metropolitan areas in the country analyzed by Redfin. The largest changes are in San Diego and San Jose, where attainable square footage is down 32% and 26%, respectively.

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Mortgage rates take a breather

Source: CNN

Mortgage rates retreated last week after rising for six weeks in a row. The 30-year fixed-rate mortgage averaged 6.66% in the week ending October 5, down from 6.70% the week before.

Freddie Mac said rates decreased slightly this week due to ongoing economic uncertainty, however, rates remain quite high compared to

just one year ago, meaning housing continues to be more expensive for potential homebuyers.

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Higher interest rates crush mortgage demand

Source: CNBC

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances increased to 6.75% from 6.52%, with points decreasing to 0.95 from 1.15 for loans with a 20% down payment.

Higher interest rates are making an already pricey housing market even more expensive, as homebuyers are turning more to adjustable-rate mortgages, which offer a lower interest rate. Higher rates are also impacting mortgage applications to purchase a home, which fell 13% for the week and were a steep 37% lower year over year.

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