Affordability dipped as home prices rose in March: NAR

Housing affordability dipped in March despite low mortgage rates and rising household incomes thanks to the median existing-home value climbing to $261,100, according to the National Association of Realtors latest monthly affordability index data.

Released Friday, the affordability index reached 152.7, meaning the typical family possessed 152.7 percent of the estimated income required to purchase a home. The index is down from the last two months but still higher than most of last year, according to NAR.

The average rate on a 30-year mortgage fell to 4.51 percent, the lowest it’s been in over a year and the median family income ticked up slightly to $77,711.

Regionally, homes were most affordable in the Midwest, followed by the Northeast, the South and finally the West, where homes were deemed the least affordable.

The index measures whether the typical family – defined as one earning the median family income as reported by the U.S. Census Bureau — could afford a median-priced existing single-family home.

A value of 100 means that the typical family has enough income to qualify for a mortgage on a median-priced home, assuming a 20 percent downpayment and that the payment to income ratio cannot exceed 25 percent of the median family income.

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