Realtor.com says inventory shortage driving up home prices, mortgage payments

This spring, people hoping to buy a home may be faced with a double whammy of rising house prices and growing mortgage payments.

The average price of a home for sale on Realtor.com has gone up by nearly 10 percent between 2017 and 2018, as a new report by News Corp.'s portal website indicates. At the same time, average mortgage payments rose nationally by approximately 13 percent a month–adding up to an extra $168 a month in mortgage payments for a median price home.

"Buyers can expect to see more of their paychecks go to their mortgage payments this year," said Danielle Hale, Realtor.com's chief economist, in a statement.

While monthly mortgage payments rose across the country, some cities saw a particularly dramatic jump–rising by $378 for a median priced home in San Francisco, $363 for one in Los Angeles, $242 in San Diego, $236 in Minneapolis and $213 in Atlanta. The biggest mortgage increase occurred in Seattle–rising $449 from an average payment on a median priced home of $2,343 in February 2017 to $2,792 in February 2018.

Somewhat surprisingly, New York City did not feature on the list of 20 cities with the largest mortgage increases.

The reason for the overall jump, Hale explained, comes from the longtime lull on the housing market in the period after the 2008-2009 recession.

5 tips to turn every listing presentation into a ‘yes'

Tom Ferry reinvents the listing presentation for maximum impact READ MORE

As a result, the houses that are on the market have continuously risen in price — first-time homebuyers are choosing from more expensive homes than they had been in the past.

“Tight inventory has limited options for buyers and sent home prices soaring in many markets,” Hale said. “Now, home buyers will also have to factor in higher mortgage rates.”

According to the study, rising home prices contributed to 64 percent of the overall jump in mortgage payments in the 20 cities.

“Despite mortgage rates still being historically low, the combination of higher prices and rising rates, will further challenge trade-up and first-time buyers, usually millennials or gen-‘X’ers,” Hale said. “They will have to borrow more money at a higher rate to close on a home in this market.”

Out of the cities analyzed, San Francisco, Los Angeles and Seattle had the highest median house

listing price–at $899,000, $723,972 and $527,470, respectively.

Email Veronika Bondarekno

Source: click here