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A 7% Mortgage Rate Has Put a Wet Blanket on Today's Housing Market

Let's start with the obvious: mortgage rates above 7% have put a wet blanket on much of the housing market.

Cash buyers are still writing offers, particularly for luxury properties. But for those Americans who need financing, today's rates have substantially reduced purchasing power and made many would-be buyers hesitate before stepping into the market.

Yet according to veteran mortgage broker Jaxzann Riggs, owner of **The Mortgage Network**, focusing only on the interest rate may cause buyers to overlook some opportunities in today's market.

People buy homes when they feel confident about their jobs and income prospects. By those measures, many potential buyers remain in a stronger financial position than the headlines might suggest.

It's also worth remembering that today's mortgage rates are not historically extraordinary. The ultra-low 2% and 3% rates available during the pandemic were historically extraordinary.

Those exceptionally low rates helped fuel one of the hottest housing markets in history. Buyers routinely faced bidding wars, waived inspections, and paid tens of thousands of dollars above asking price. Many sellers received multiple offers within days of listing their homes.

Today's market is considerably different. Homes generally stay on the market longer. Buyers have more time to make decisions. Inspection objections have returned. Perhaps most importantly, sellers are frequently offering concessions to attract qualified buyers. Those concessions can make a meaningful difference.

CAR Opposes Amendment 87

Amendment 87 is the one which changes Colorado from a flat tax (currently 4.4%) to a graduated tax. According to the Blue Book, 97% of taxpayers will see a reduction, and less than 2% of Realtors earn enough to have their tax rate increase. See my opinion at <http://RealEstateToday.substack.com>.

Real Estate Today



By Jim Smith
Realtor®

Riggs points to a hypothetical \$750,000 home purchase where a seller offers a \$45,000 concession to buy down the rate to 6%. Depending on the loan program and the buyer's qualifications, some or all of that money could potentially be used to reduce the interest rate through a permanent buydown.

In that example, reducing a mortgage rate from 7.75% to 6% would lower the principal-and-interest payment by roughly \$700 per month.

That doesn't mean every buyer can achieve those numbers. But it illustrates why buyers should look beyond the quoted mortgage rate and consider the entire transaction.

Move-up buyers may have another advantage. Many longtime homeowners are sitting on substantial equity. The proceeds from a sale can often be used to increase a down payment, reduce monthly payments, or improve loan terms on the next home purchase.

And some homeowners who are reluctant to give up a low-rate mortgage have another option. In certain circumstances, retaining their current home as a rental property may generate enough income to help offset the cost of purchasing another residence.

Could mortgage rates fall in the future? Certainly.

If that happens, today's buyers may be able to refinance into a lower rate. But lower rates could also bring many sidelined buyers back into the market, increasing competition and putting upward pressure on home prices.

That's why Riggs advises buyers to evaluate the complete financial picture rather than making decisions based solely on a single number. She can provide that kind of advice.

The monthly payment matters. The purchase price matters. Seller concessions matter. Future refinancing opportunities matter.

Most importantly, buyers should determine whether a home purchase makes sense for their own financial situation, not simply wait for headlines to tell them what to do.

As the autumn market slows and sellers become more negotiable, some buyers may discover that a historically normal mortgage

rate combined with favorable seller concessions creates a better opportunity than the frenzied bidding wars that accompanied the ultra-low rates of recent years.

At times like this, it's all the more important to schedule a sitdown with a professional like Jaxzann Riggs. You can reach her anytime at 303-990-2992.

Here Are Some of My Current Active Listings

Narrated Video Walk-Throughs of Each Listing Can Be Found at www.GRElistings.com



OPEN SATURDAY, 11 to 1

13527 W. 63rd Way, Arvada - \$505,000

This contemporary 3-bedroom/4-bath townhome features over 2,250 finished square feet, highlighted by an open-concept main level with soaring vaulted ceilings and slab-granite kitchen countertops. All new berber carpeting was just installed on all three levels plus the stairs. A sunny dining area opens to a spacious private patio, perfect for outdoor relaxation. Energy-conscious buyers will appreciate the ChargePoint EV charging station in the two-car garage. The basement contains a third bedroom with a 3/4 bath.

359 Canyon Point Cir., Golden - \$1,650,000

The seller, who purchased this model home in 2002, has made several great improvements including solar panels, hardwood flooring, and totally new gourmet kitchen and master bathroom.

The 4 upstairs bedrooms and stairs have new Berber carpeting, too. The view to the east takes in both table mountains and the city of Golden, plus a view of Lookout Mountain and the iconic "M" on Mt. Zion. There's a trailhead to Mt. Galbraith Park's five miles of hiking trails within the subdivision. The main-floor deck has been completely rebuilt with metal railings and a breakfast bar.



992 S. Dearborn Way #7, Denver - \$150,000

This 1-bedroom/1-bath Sable Cove condo would make a great starter home for the right buyer. It's east of I-225 and north of Mississippi Avenue, south of Aurora's town center. The seller, who bought it for a family member, updated everything in this ground level unit. It has luxury vinyl plank flooring throughout, a pantry with slide-out drawers, laundry hookups, and a wood-burning fireplace. There is lots of open lot parking for you and your guests.

12931 W. 20th Ave., Golden - \$370,000

Beautifully maintained Applewood Park townhome with updated systems, a finished basement family room, and two covered parking spaces directly behind the fenced patio. The main floor features a bright south-facing living room, dining area, and kitchen. Upstairs are two bedrooms and a full bath with tub/shower. Major mechanicals were replaced in 2023, including the furnace, central air conditioning, and gas water heater.



Just Listed: 5-BR Brick Ranch in South Lakewood



\$595,000

OPEN SUNDAY, 11am to 1pm

This 5-bedroom brick ranch at 1694 S. Balsam Street was built for the builder's family, but he sold it a few years later to the current seller who has lived in it for 58 years! He's a skilled carpenter who has taken great pride in how he has maintained the home and its oversized detached 2-car garage during those six decades. You'll see the craftsmanship throughout, including in some of the furniture he built but can't take with him as he and his wife move into the nearby Ciel 55+ apartment building. As you'd expect in a 1962 ranch, the floors on the main level are hardwood, including under the 5-year-old wall-to-wall carpeting in two of the three main-floor bedrooms. The sewer line has been replaced with PVC, there are leaf guards on the gutters, the original windows have been replaced with new Champion windows, the swamp cooler is also newer, and the gas furnace is only 4 years old. Class 4 high-impact shingles were installed after the last hail storm. Find more photos, drone video and narrated video tour shortly at www.GRElistings.com, then come to Sunday's open house 11am to 1pm.

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Two decades of these columns are archived at JimSmithColumns.com

