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Cost of Homeownership Continues to Rise

BY NICOLE FRIEDMAN AND ALANA PIPE

For many Americans, the math of homeownership doesn't add up any more.

A home buyer in 2019 could expect to spend about \$20,000 a year on basic homeownership expenses: mortgage payments, property taxes, insurance, maintenance and repairs, data from Intercontinental Exchange and home-services marketplace Angi show.

By 2025, that annual bill had risen above \$28,500, outpacing inflation and keeping many would-be buyers out of the market. Homeowners who wish they could sell and move elsewhere are staying put, turned off by the cost of purchasing today.

The affordability challenges are keeping the housing market in a slump for a fourth straight year.

Sales of previously owned homes have held around 4 million a year since 2023, the lowest level in decades and down from a prepandemic norm of between 5 million and 5.5 million a year, the National Association of Realtors said.

That means fewer prospective buyers are accessing homeownership, which has historically been a key wealth-building tool for the middle class.

And many of those who are buying homes are stretching their budgets to do so. Those --new homeowners are vulnerable to falling behind on payments if their incomes drop or they face unexpected jumps in homeownership costs.

After dropping below 3% during Covid, mortgage rates climbed above 6% in 2022 and have largely held above that level since. That makes a huge difference in a buyer's purchasing power.

A buyer with a \$2,500 monthly budget and a 20% down payment can afford to buy a \$517,500 home at a 3% mortgage rate, real-estate brokerage Redfin said. At today's rate around 6.5%, that same buyer can only afford a \$384,000 home.

Even though rates have climbed, typical home values remain near record highs, according to Zillow, confusing many buyers who have been waiting for prices to fall.

That's because many home-owners don't want to give up their low mortgage rates and are choosing not to sell.

Home-insurance and property-tax costs have also climbed in many parts of the country, affecting home buyers and longtime owners alike.

Insurance costs have risen due to persistent natural disasters and increases in material and labor costs for home repairs. And rising home values have pushed up propertytax assessments.

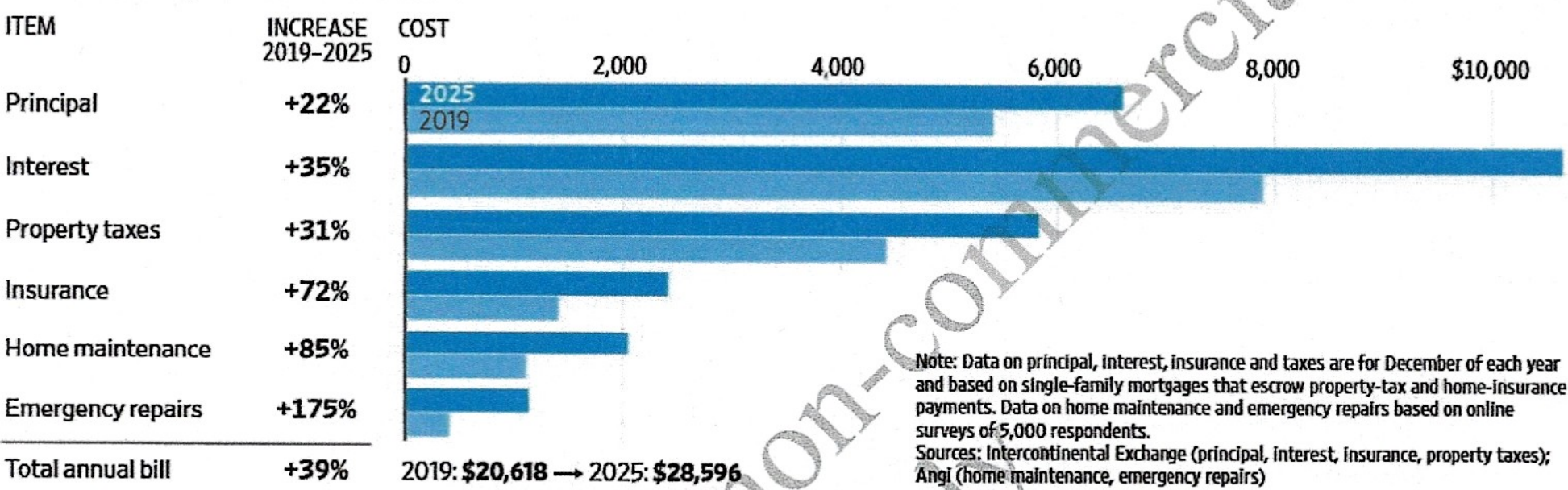
Rising labor and material costs have also affected homeowners' budgets for upkeep and renovations. Households spent an average of almost \$12,500 on home improvement, maintenance and emergency repairs last year, up from about \$9,000 in 2019, survey data from Angi show.

Other costs are rising, too. Higher retail electricity prices have become a political flashpoint in parts of the country. And for people living in homeowners and condo associations, higher fees are becoming a sore spot.

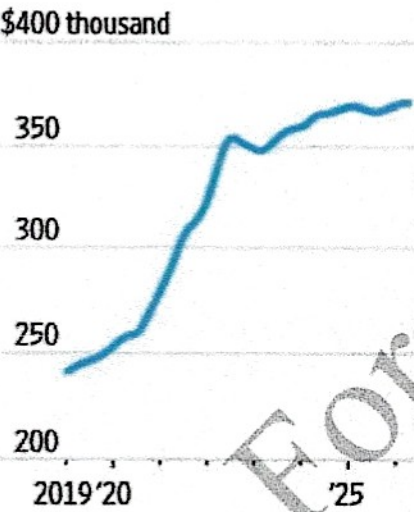
Typical monthly fees for those associations rose 51% from 2021 to 2025, HOA software company Vantaca said. Those fees often partly cover homeowners' maintenance and insurance costs, so they are being driven up by higher costs of labor and materials as well as a changing insurance market.

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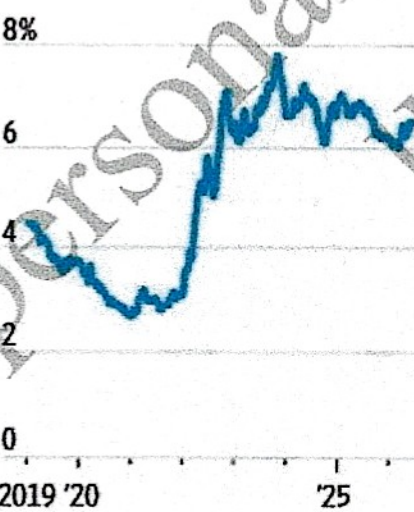
Homeownership costs in 2025 vs. 2019



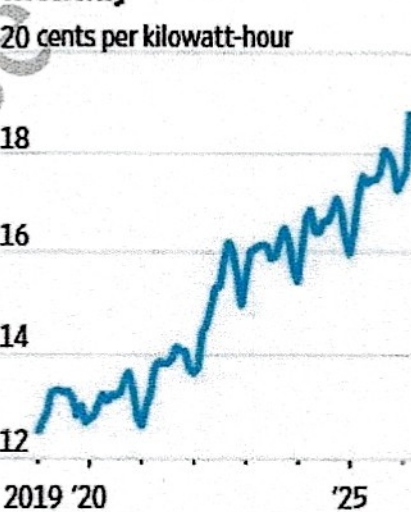
Typical home value*



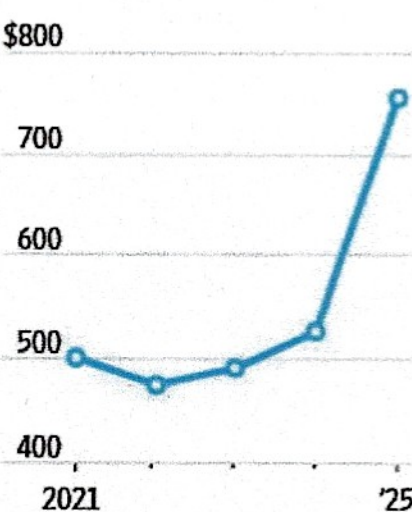
Average rate on a 30-year fixed mortgage



Average retail price of U.S. residential electricity, monthly



Median HOA monthly fee



*Seasonally adjusted
Sources: Zillow (home value); Freddie Mac (30-year mortgage); U.S. Energy Information Administration (price of electricity); Vantaca (HOA fee)

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