

## **Charlottesville Mortgage Rates and the Way Humans React**

Charlottesville mortgage rates have been so low for such a long time that it would be surprising if area buyers *didn't* begin to take them for granted. It's only human nature. Addressing would-be home buyers who, though qualified, remain on the sidelines, government-sponsored Freddie Mac headlined the question, "*If Housing Is So Affordable, Why Doesn't It Feel That Way?*"

The article appeared in Freddie Mac's *Insight* publication which noted that right now housing isn't just affordable—it's "*near record*" affordable! HUD's Housing Affordability Index has been rising for over 35 years, interrupted only briefly by the housing crisis of the mid-2000s. It hasn't quite sustained the all-time affordability peak but is holding steady well within hailing distance of that 2012 record.

Charlottesville mortgage rates have cooperated nicely, continuing to go with the national herd. For 30-year fixed-rate mortgages, U.S. rates averaged 3.90%—down even further from the previous week's 3.93%. Of course, the 15-year and adjustable rate offerings were even lower.

With that kind of good news, why do the media report "affordability issues" (*Mortgage Daily News*) and even an "affordability crisis" (*PBS*)? The answers dwell in both perception and in some underlying realities.

There's definitely reality in the widespread phenomenon of a shortage of housing supply. Charlottesville listings may show a number of properties being offered, but the national number of homes up for sale remains "very tight." The echoes from 2009, when new housing starts hit rock bottom, are still having an effect. In that year, housing stats barely equaled a third of the previous averages. Even though current construction levels are nearly back to normal, they've yet to make up for that shortfall.

Less real is the public perception of how much cash is needed for a down payment. Charlottesville mortgage rates may be tantalizingly low, but when potential local applicants "mistakenly believe they must have a 20% down payment to obtain a mortgage," the result is a number of otherwise-qualified buyers who don't know that more than half of today's borrowers make smaller down payments.

Not mentioned in the *Insight* article is another psychological factor that could explain two things at once. In *The New York Times*' "Politics" section, a commentary sought to explain why the Federal Reserve wasn't acting to boost interest rates. According to the author, the cause lay with inflation rates, which remain low—"and that's a problem" for Fed rate-makers. The reason higher inflation would be a good thing (despite common sense) is that it makes consumers feel good when their paychecks go up. "A little inflation can brighten the economic mood...people enjoy the illusion."

The upshot here may be that even though today's extraordinarily low Charlottesville mortgage rates create *actual* affordability, some well-qualified customers may feel safer staying on the sidelines until the economy starts generating go-go economy headlines. It's an ironic reality that by the time those headlines materialize, actual affordability might have already begun to slip away.

If you've been mulling the wisdom of your own Charlottesville home acquisition, let me show you some great properties...and some great numbers!



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**SETH BATTON**

REALTOR, ABR®, e-PRO®, GREEN®

Born and raised in the Shenandoah Valley of Central Virginia, I love everything outdoors. Most of my free time is spent hiking, rock climbing, playing water sports, or cooking out on the back deck with friends. As a child, my parents built me with the core values of a southern gentleman. Trust starts with honesty and honesty builds integrity. I'm a technology guru! One of my favorite hobbies is restoring old homes in depressed neighborhoods to meet the needs of our generation today. My mission is to build a career worth having, a business worth owning, and a life worth living.

I'm an Accredited Buyer's Representative (ABR) with the National Association of Realtors. Which means I have extensive training to help walk you through the home buying process from start to finish. From lenders and home inspectors to mortgage agents and closing companies, together we will find the best home for your family's needs!

As an e-PRO®, I can show your home to over 500 million visitors today. And you don't even need to vacuum! Curb appeal isn't just about looking good from the street. It's about looking good from the digital highway!

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