

San Antonio-New Braunfels Housing Affordability Outlook



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About this Report

Texas Real Estate Research Center economists continuously monitor many facets of both state and local housing markets. *San Antonio-New Braunfels Housing Affordability Outlook* summarizes significant housing activity and trends as related to affordability in the San Antonio-New Braunfels MSA. Home prices reflect single-family existing homes unless otherwise stated. This report does not seasonally adjust home prices.

This publication is designed to be a one-stop resource for information on housing affordability for potential homebuyers in the San Antonio-New Braunfels MSA. We hope you find them as useful as we do. Your feedback is always appreciated. Send comments and suggestions to info@recenter.tamu.edu.

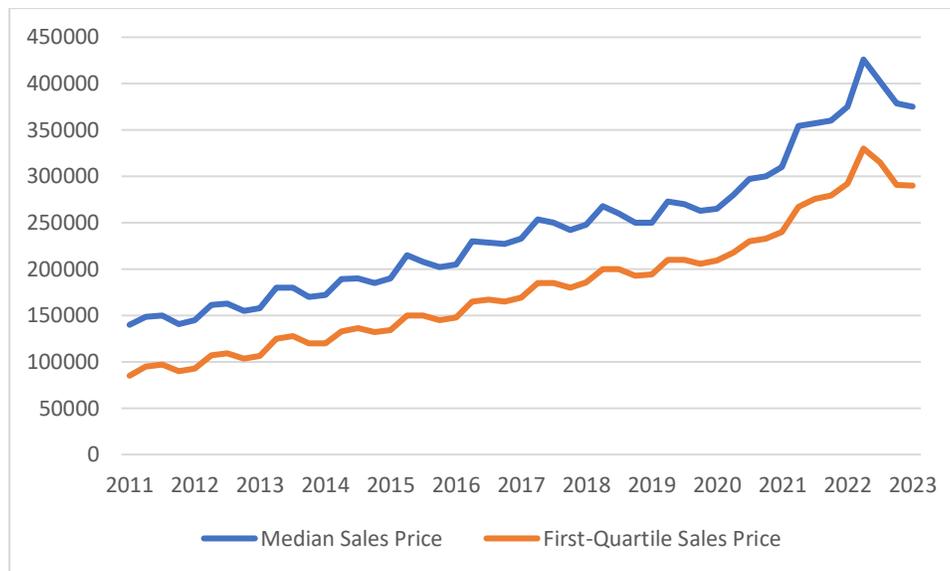
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Purchase Affordability

Affordability remained low in 1Q2023 amid high mortgage interest rates and still-elevated home prices. Year-over-year (YOY) change in both the median and first-quartile sales price was negative, at -1.4 percent and -2.1 percent, respectively (Figure 1 and Table 1).¹ The significant YOY increase in family income seen a year ago in 1Q2022 followed years of modest rises (Table 2).

The rapid rise in mortgage interest rates in 3Q2022 and 4Q2022 moderated going into 1Q2023. Rates averaged 6.37 percent in 1Q2023, a slight decrease from 4Q2022, which averaged 6.66 percent (Figure 2). All other things being equal, lower (higher) mortgage interest rates translate into lower (higher) monthly mortgage payments and ease (diminish) purchase affordability. For more information on the effect of mortgage interest rates on purchase affordability, see “[How Higher Interest Rates Affect Homebuying](https://recenter.tamu.edu/articles/tierra-grande/How-Higher-Interest-Rates-Affect-Homebuying-2339)” at recenter.tamu.edu/articles/tierra-grande/How-Higher-Interest-Rates-Affect-Homebuying-2339.

Figure 1. Median and First-Quartile Sales Prices, San Antonio-New Braunfels MSA



Source: Texas Real Estate Research Center at Texas A&M University

¹ The first quartile reflects the lowest-priced 25 percent of homes sold in a particular geography. The first-quartile sales price represents the highest home price among those lowest-priced 25 percent of homes sold. If the price of the lowest 25 percent of homes sold ranges from \$100,000 to \$150,000, then the first-quartile sales price would be \$150,000.

Table 1. Median Sales Price and First-Quartile Sales Price by Quarter

Year	Median Home Price	YOY Change	First-Quartile Home Price	YOY Change
1Q2011	\$138,000		\$86,000	
1Q2012	\$139,975	1.4%	\$88,087	2.4%
1Q2013	\$147,600	5.4%	\$99,900	13.4%
1Q2014	\$159,900	8.3%	\$114,500	14.6%
1Q2015	\$174,250	9.0%	\$127,900	11.7%
1Q2016	\$179,995	3.3%	\$134,000	4.8%
1Q2017	\$187,750	4.3%	\$142,000	6.0%
1Q2018	\$200,000	6.5%	\$154,125	8.5%
1Q2019	\$209,000	4.5%	\$160,000	3.8%
1Q2020	\$225,000	7.7%	\$17,500	-89.1%
1Q2021	\$257,000	14.2%	\$200,000	1042.9%
1Q2022	\$304,250	18.4%	\$235,000	17.5%
1Q2023	\$300,000	-1.4%	\$230,000	-2.1%

Source: Texas Real Estate Research Center at Texas A&M University

Table 2. Median Family Income by Year

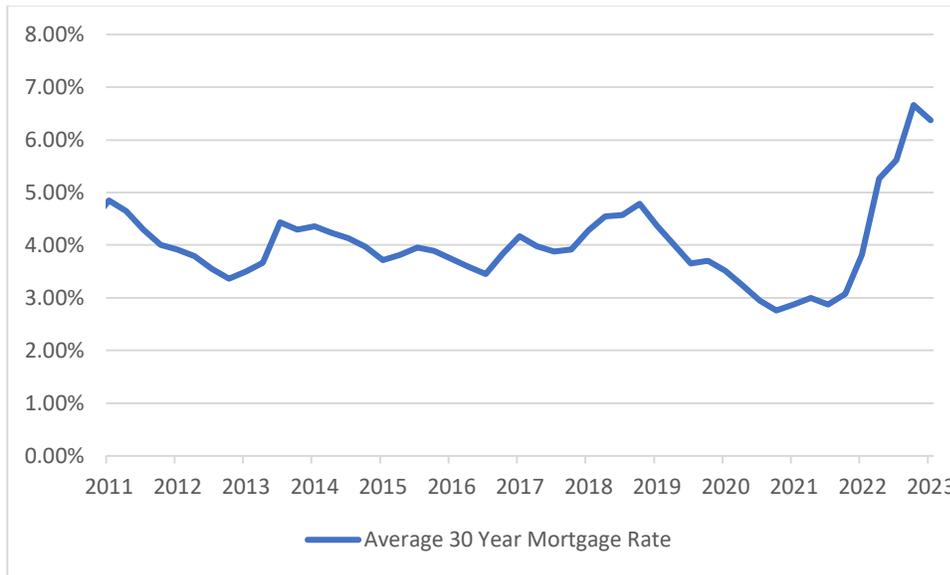
Year	Income for First-Time Homebuyers	YOY Change	Median Family income	YOY Change
2011	\$47,900		\$59,900	
2012	\$48,650	1.6%	\$60,800	1.5%
2013	\$49,050	0.8%	\$61,300	0.8%
2014	\$47,050	-4.1%	\$58,800	-4.1%
2015	\$49,750	5.7%	\$63,400	7.8%
2016	\$49,700	-0.1%	\$62,100	-2.1%
2017	\$50,800	2.2%	\$63,500	2.3%
2018	\$53,450	5.2%	\$66,800	5.2%
2019	\$56,800	6.3%	\$71,000	6.3%
2020	\$57,600	1.4%	\$72,000	1.4%
2021	\$59,300	3.0%	\$74,100	2.9%
2022	\$66,300	11.8%	\$83,500	12.7%
2023*	-	-	-	-

* 2023 Estimates have not been released yet, 2022 estimated incomes are used where necessary.

Note: The income for first-time homebuyers reflects the income limit for low-income families, who earn no more than 80 percent of the median family income. This table reflects income figures for a four-person family.

Source: United States Department of Housing and Urban Development

Figure 2. 30-Year Fixed Rate Mortgage Average in the United States



Sources: Federal Reserve Economic Data and Freddie Mac

Repeat Homebuyer

Despite the substantial YOY growth in family income, still-elevated home prices suppressed purchase affordability. For households earning the median family income for the San Antonio-New Braunfels MSA in 2022 (\$83,500), the median sales price for 1Q2023 was not affordable unless the home price-to-income multiplier approached 4 (Table 3). Only 32.2 percent of homes sold in 1Q2023 were affordable to households earning the median family income with a home price-to-income multiplier of 3 (Table 4). Households would have to earn upward of \$100,000 annually to afford the median sales price (\$300,000) with a home price-to-income multiplier of 3.

**Table 3. Maximum Home Price Affordable by Family Income
and Home Price-to-Income Multiplier**

	Family Income	Home-Purchasing Power							
		2	2.5	3	3.5	4	4.5	5	5.5
Median Family Income	\$83,500	\$167,000	\$208,750	\$250,500	\$292,250	\$334,000	\$375,750	\$417,500	\$459,250
	\$85,000	\$170,000	\$212,500	\$255,000	\$297,500	\$340,000	\$382,500	\$425,000	\$467,500
	\$90,000	\$180,000	\$225,000	\$270,000	\$315,000	\$360,000	\$405,000	\$450,000	\$495,000
	\$95,000	\$190,000	\$237,500	\$285,000	\$332,500	\$380,000	\$427,500	\$475,000	\$522,500
	\$100,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000	\$550,000
Workforce Households (120%)	\$100,200	\$200,400	\$250,500	\$300,600	\$350,700	\$400,800	\$450,900	\$501,000	\$551,100
	\$105,000	\$210,000	\$262,500	\$315,000	\$367,500	\$420,000	\$472,500	\$525,000	\$577,500
	\$110,000	\$220,000	\$275,000	\$330,000	\$385,000	\$440,000	\$495,000	\$550,000	\$605,000
	\$115,000	\$230,000	\$287,500	\$345,000	\$402,500	\$460,000	\$517,500	\$575,000	\$632,500
	\$120,000	\$240,000	\$300,000	\$360,000	\$420,000	\$480,000	\$540,000	\$600,000	\$660,000
	\$125,000	\$250,000	\$312,500	\$375,000	\$437,500	\$500,000	\$562,500	\$625,000	\$687,500
	\$130,000	\$260,000	\$325,000	\$390,000	\$455,000	\$520,000	\$585,000	\$650,000	\$715,000
	\$135,000	\$270,000	\$337,500	\$405,000	\$472,500	\$540,000	\$607,500	\$675,000	\$742,500
	\$140,000	\$280,000	\$350,000	\$420,000	\$490,000	\$560,000	\$630,000	\$700,000	\$770,000
	\$145,000	\$290,000	\$362,500	\$435,000	\$507,500	\$580,000	\$652,500	\$725,000	\$797,500
	\$150,000	\$300,000	\$375,000	\$450,000	\$525,000	\$600,000	\$675,000	\$750,000	\$825,000
	\$155,000	\$310,000	\$387,500	\$465,000	\$542,500	\$620,000	\$697,500	\$775,000	\$852,500
	\$160,000	\$320,000	\$400,000	\$480,000	\$560,000	\$640,000	\$720,000	\$800,000	\$880,000

Note: Figures in red indicate the maximum affordable home price meets or exceeds the current median sales price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 4. Percentage of Homes Sold in 1Q2023 Affordable by Family Income and Home Price-to-Income Multiplier

		Home-Purchasing Power							
	Family Income	2	2.5	3	3.5	4	4.5	5	5.5
Median Family Income	\$83,500	10.0%	18.3%	32.2%	47.2%	59.8%	68.4%	75.5%	80.7%
	\$85,000	10.8%	19.3%	33.7%	49.1%	61.5%	69.6%	77.0%	81.4%
	\$90,000	12.7%	23.3%	39.3%	55.5%	65.6%	74.1%	80.2%	83.9%
	\$95,000	14.5%	27.0%	45.1%	59.7%	69.4%	77.2%	82.3%	85.8%
	\$100,000	16.9%	32.2%	51.1%	64.0%	73.4%	80.2%	84.6%	87.9%
Workforce Households (120%)	\$100,200	16.9%	32.2%	51.1%	64.0%	73.4%	80.2%	84.7%	87.9%
	\$105,000	19.1%	36.2%	55.5%	66.6%	76.0%	81.9%	86.1%	89.0%
	\$110,000	22.0%	41.5%	59.3%	70.4%	78.8%	83.9%	87.9%	90.2%
	\$115,000	25.0%	45.4%	62.4%	73.5%	81.1%	85.4%	89.0%	91.1%
	\$120,000	28.2%	51.1%	65.6%	76.0%	82.7%	87.1%	90.2%	92.3%
	\$125,000	32.2%	54.4%	68.4%	78.4%	84.6%	88.5%	91.0%	92.9%
	\$130,000	35.8%	58.2%	71.4%	80.6%	85.7%	89.4%	91.9%	93.6%
	\$135,000	39.3%	60.6%	74.1%	81.9%	87.1%	90.3%	92.7%	94.4%
	\$140,000	43.3%	64.0%	76.0%	83.7%	88.5%	91.1%	93.3%	95.1%
	\$145,000	46.9%	65.7%	78.2%	84.8%	89.2%	91.9%	94.0%	95.4%
	\$150,000	51.1%	68.4%	80.2%	86.1%	90.2%	92.7%	94.7%	95.9%
	\$155,000	54.1%	70.7%	81.3%	87.2%	90.9%	93.0%	95.2%	96.4%
	\$160,000	57.3%	73.4%	82.7%	88.5%	91.4%	93.7%	95.6%	96.9%

Source: Texas Real Estate Research Center at Texas A&M University

Mortgage Interest Rate

Holding home price constant, the total monthly mortgage payment increases as the mortgage interest rate increases (Table 5). At a 6.37 percent rate, this payment was \$2,497 for the median sales price in 1Q2023, more than twice the total monthly mortgage payment for the median-priced home in 1Q2011.

Table 6 shows the home price-to-income multiplier by mortgage interest rate. A 6.37 percent interest rate translates into a home price-to-income multiplier of 3,² meaning a household could afford a maximum home price three times its annual income. The home price-to-income multiplier declines as the mortgage interest rate increases.

The income required to qualify for a loan with a 6.37 percent mortgage interest rate was \$99,860 for the median sales price in 1Q2023 (Table 7). An estimated 40.3 percent of homeowners in the San Antonio-New Braunfels MSA could afford the median sales price in 1Q2023 with a 6.37 percent interest rate (Table 8), a decline of 26 percentage points from 1Q2011.

Table 5. Total Monthly Mortgage Payment for Repeat Buyers by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$138,000	\$925	\$987	\$1,053	\$1,122	\$1,148	\$1,158	\$1,194
1Q2012	\$139,975	\$939	\$1,001	\$1,068	\$1,138	\$1,165	\$1,174	\$1,212
1Q2013	\$147,600	\$990	\$1,056	\$1,126	\$1,200	\$1,228	\$1,238	\$1,278
1Q2014	\$159,900	\$1,072	\$1,144	\$1,220	\$1,300	\$1,331	\$1,342	\$1,384
1Q2015	\$174,250	\$1,169	\$1,246	\$1,329	\$1,417	\$1,450	\$1,462	\$1,508
1Q2016	\$179,995	\$1,207	\$1,287	\$1,373	\$1,463	\$1,498	\$1,510	\$1,558
1Q2017	\$187,750	\$1,259	\$1,343	\$1,432	\$1,526	\$1,562	\$1,575	\$1,625
1Q2018	\$200,000	\$1,341	\$1,431	\$1,526	\$1,626	\$1,664	\$1,678	\$1,731
1Q2019	\$209,000	\$1,402	\$1,495	\$1,594	\$1,699	\$1,739	\$1,753	\$1,809
1Q2020	\$225,000	\$1,509	\$1,609	\$1,716	\$1,829	\$1,872	\$1,888	\$1,948
1Q2021	\$257,000	\$1,723	\$1,838	\$1,960	\$2,089	\$2,139	\$2,156	\$2,225
1Q2022	\$304,250	\$2,040	\$2,176	\$2,321	\$2,473	\$2,532	\$2,553	\$2,634
1Q2023	\$300,000	\$2,012	\$2,146	\$2,288	\$2,439	\$2,497	\$2,517	\$2,597

Note: Assumes a 30-year loan term, 80 percent loan-to-value (LTV) ratio, 30 percent debt-to-income (DTI) ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

² The home price-to-income multiplier assumes a 30-year loan term, 80 percent LTV ratio, 30 percent DTI ratio, and property taxes and insurance of 4 percent.



Table 6. Home Price-to-Income Multiplier for Repeat Buyers by Mortgage Interest Rate

Mortgage Interest Rate	Home Purchasing Power
3%	3.73
4%	3.50
5%	3.28
6%	3.08
6.37%	3.00
6.5%	2.98
7%	2.89

Note: Assumes a 30-year loan term, 80 percent LTV ratio, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 7. Required Qualifying Income for Repeat Buyers by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$138,000	\$37,018	\$39,483	\$42,106	\$44,876	\$45,936	\$46,312	\$47,780
1Q2012	\$139,975	\$37,548	\$40,048	\$42,709	\$45,518	\$46,593	\$46,975	\$48,464
1Q2013	\$147,600	\$39,593	\$42,229	\$45,035	\$47,998	\$49,131	\$49,534	\$51,104
1Q2014	\$159,900	\$42,893	\$45,748	\$48,788	\$51,998	\$53,225	\$53,662	\$55,362
1Q2015	\$174,250	\$46,742	\$49,854	\$53,167	\$56,664	\$58,002	\$58,477	\$60,331
1Q2016	\$179,995	\$48,283	\$51,498	\$54,919	\$58,532	\$59,914	\$60,405	\$62,320
1Q2017	\$187,750	\$50,363	\$53,716	\$57,286	\$61,054	\$62,496	\$63,008	\$65,005
1Q2018	\$200,000	\$53,649	\$57,221	\$61,023	\$65,038	\$66,573	\$67,119	\$69,246
1Q2019	\$209,000	\$56,064	\$59,796	\$63,769	\$67,965	\$69,569	\$70,139	\$72,362
1Q2020	\$225,000	\$60,355	\$64,374	\$68,651	\$73,168	\$74,895	\$75,509	\$77,902
1Q2021	\$257,000	\$68,939	\$73,529	\$78,415	\$83,574	\$85,547	\$86,248	\$88,981
1Q2022	\$304,250	\$81,614	\$87,048	\$92,832	\$98,939	\$101,275	\$102,105	\$105,341
1Q2023	\$300,000	\$80,474	\$85,832	\$91,535	\$97,557	\$99,860	\$100,679	\$103,869

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 80 percent LTV ratio, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 8. Percentage of Repeat Buyers Who Earned Required Qualifying Income by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$138,000	74.2%	72.0%	69.7%	67.3%	66.3%	66.0%	64.7%
1Q2012	\$139,975	74.3%	72.1%	69.8%	67.4%	66.5%	66.1%	64.8%
1Q2013	\$147,600	73.0%	70.7%	68.3%	65.8%	64.8%	64.4%	63.1%
1Q2014	\$159,900	70.6%	68.2%	65.6%	63.0%	62.0%	61.7%	60.3%
1Q2015	\$174,250	67.4%	64.8%	62.2%	59.5%	58.4%	58.1%	56.6%
1Q2016	\$179,995	67.4%	64.8%	62.1%	59.3%	58.3%	57.9%	56.4%
1Q2017	\$187,750	66.9%	64.3%	61.6%	58.7%	57.6%	57.2%	55.6%
1Q2018	\$200,000	65.6%	62.9%	60.1%	57.1%	56.0%	55.6%	54.0%
1Q2019	\$209,000	65.3%	62.6%	59.6%	56.5%	55.3%	54.9%	53.3%
1Q2020	\$225,000	63.0%	60.1%	56.9%	53.6%	52.4%	52.0%	50.6%
1Q2021	\$257,000	58.0%	54.8%	51.8%	48.7%	47.5%	47.1%	45.4%
1Q2022	\$304,250	51.2%	47.9%	44.5%	40.8%	39.7%	39.4%	38.1%
1Q2023	\$300,000	51.8%	48.6%	45.2%	41.6%	40.3%	39.9%	38.6%

Note: Assumes a 30-year loan term, 80 percent LTV ratio, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. As repeat homebuyers constitute owner-occupied households, this table reflects income data solely for owner-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

LTV Ratio

Holding home price constant, the total monthly mortgage payment increases as the LTV ratio increases (Table 9). For an 80 percent LTV ratio, the mortgage payment was \$2,497 for the median sales price in 1Q2023, more than twice the total monthly mortgage payment for the median-priced home in 1Q2011.

Table 10 shows the home price-to-income multiplier by LTV ratio. An 80 percent LTV ratio translates into a home price-to-income multiplier of 3,³ meaning a household could afford a maximum home price three times its annual income. The home price-to-income multiplier declines as the LTV ratio increases.

The income required to qualify for a loan with an 80 percent LTV ratio was \$99,860 for the median sales price in 1Q2023 (Table 11). An estimated 40.3 percent of homeowners in the San

³ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 30 percent DTI ratio, and property taxes and insurance of 4 percent. A 0.5 percent mortgage insurance premium is added to loans with a 90 percent or more LTV ratio.

Antonio-New Braunfels MSA could afford the median sales price in 1Q2023 with an 80 percent LTV ratio (Table 12), a decline of 26 percentage points from 1Q2011.

Table 9. Total Monthly Mortgage Payment for Repeat Buyers by LTV Ratio

Year	Home Price	LTV Ratio				
		80%	85%	90%	95%	100%
1Q2011	\$138,000	\$1,148	\$1,191	\$1,234	\$1,277	\$1,320
1Q2012	\$139,975	\$1,165	\$1,208	\$1,252	\$1,296	\$1,339
1Q2013	\$147,600	\$1,228	\$1,274	\$1,320	\$1,366	\$1,412
1Q2014	\$159,900	\$1,331	\$1,380	\$1,430	\$1,480	\$1,530
1Q2015	\$174,250	\$1,450	\$1,504	\$1,559	\$1,613	\$1,667
1Q2016	\$179,995	\$1,498	\$1,554	\$1,610	\$1,666	\$1,722
1Q2017	\$187,750	\$1,562	\$1,621	\$1,679	\$1,738	\$1,797
1Q2018	\$200,000	\$1,664	\$1,727	\$1,789	\$1,851	\$1,914
1Q2019	\$209,000	\$1,739	\$1,804	\$1,870	\$1,935	\$2,000
1Q2020	\$225,000	\$1,872	\$1,943	\$2,013	\$2,083	\$2,153
1Q2021	\$257,000	\$2,139	\$2,219	\$2,299	\$2,379	\$2,459
1Q2022	\$304,250	\$2,532	\$2,627	\$2,722	\$2,816	\$2,911
1Q2023	\$300,000	\$2,497	\$2,590	\$2,684	\$2,777	\$2,871

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. A mortgage insurance premium of 0.5 percent is added to loans with an LTV ratio of 90 percent or more.

Source: Texas Real Estate Research Center at Texas A&M University

Table 10. Home Price-to-Income Multiplier for Repeat Buyers by LTV Ratio

LTV Ratio	Home Purchasing Power
80%	3.00
85%	2.90
90%	2.79
95%	2.70
100%	2.61

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. A mortgage insurance premium of 0.5 percent is added to loans with an LTV ratio of 90 percent or more.

Source: Texas Real Estate Research Center at Texas A&M University

Table 11. Required Qualifying Income for Repeat Buyers by LTV Ratio

Year	Home Price	LTV Ratio				
		80%	85%	90%	95%	100%
1Q2011	\$138,000	\$45,936	\$47,657	\$49,378	\$51,099	\$52,820
1Q2012	\$139,975	\$46,593	\$48,339	\$50,084	\$51,830	\$53,576
1Q2013	\$147,600	\$49,131	\$50,972	\$52,813	\$54,653	\$56,494
1Q2014	\$159,900	\$53,225	\$55,220	\$57,214	\$59,208	\$61,202
1Q2015	\$174,250	\$58,002	\$60,175	\$62,348	\$64,521	\$66,694
1Q2016	\$179,995	\$59,914	\$62,159	\$64,404	\$66,648	\$68,893
1Q2017	\$187,750	\$62,496	\$64,837	\$67,179	\$69,520	\$71,861
1Q2018	\$200,000	\$66,573	\$69,068	\$71,562	\$74,056	\$76,550
1Q2019	\$209,000	\$69,569	\$72,176	\$74,782	\$77,388	\$79,995
1Q2020	\$225,000	\$74,895	\$77,701	\$80,507	\$83,313	\$86,119
1Q2021	\$257,000	\$85,547	\$88,752	\$91,957	\$95,162	\$98,367
1Q2022	\$304,250	\$101,275	\$105,069	\$108,863	\$112,658	\$116,452
1Q2023	\$300,000	\$99,860	\$103,601	\$107,343	\$111,084	\$114,825

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. A mortgage insurance premium of 0.5 percent is added to loans with an LTV ratio of 90 percent or more.

Source: Texas Real Estate Research Center at Texas A&M University

Table 12. Percentage of Repeat Buyers Who Earned Required Qualifying Income by LTV Ratio

Year	Home Price	LTV Ratio				
		80%	85%	90%	95%	100%
1Q2011	\$138,000	66.3%	64.8%	63.3%	61.9%	60.4%
1Q2012	\$139,975	66.5%	64.9%	63.4%	62.0%	60.5%
1Q2013	\$147,600	64.8%	63.2%	61.7%	60.2%	58.7%
1Q2014	\$159,900	62.0%	60.4%	58.9%	57.3%	55.7%
1Q2015	\$174,250	58.4%	56.7%	55.0%	53.3%	51.6%
1Q2016	\$179,995	58.3%	56.5%	54.8%	53.0%	51.3%
1Q2017	\$187,750	57.6%	55.8%	54.0%	52.2%	50.4%
1Q2018	\$200,000	56.0%	54.2%	52.3%	50.5%	48.8%
1Q2019	\$209,000	55.3%	53.4%	51.5%	49.9%	48.3%
1Q2020	\$225,000	52.4%	50.7%	49.0%	47.3%	45.7%
1Q2021	\$257,000	47.5%	45.6%	43.6%	41.7%	39.8%
1Q2022	\$304,250	39.7%	38.2%	36.7%	35.1%	33.6%
1Q2023	\$300,000	40.3%	38.8%	37.3%	35.8%	34.3%

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 30 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. A mortgage insurance premium of 0.5 percent is added to loans with an LTV ratio of 90 percent or more. As repeat homebuyers constitute owner-occupied households, this table reflects income data solely for owner-occupied households.

Sources: American Community Survey, U.S. Census Bureau, Texas Real Estate Research Center at Texas A&M University

DTI Ratio

A 30 percent DTI ratio translates into a home price-to-income multiplier of 3⁴ (Table 13), meaning a household could afford a maximum home price three times its annual income at that interest rate. The home price-to-income multiplier increases as the DTI ratio increases.

The income required to qualify for a loan with a 30 percent DTI ratio was \$99,860 for the median sales price in 1Q2023 (Table 14). An estimated 40.3 percent of homeowners in the San Antonio-New Braunfels MSA could afford the median sales price in 1Q2023 with a 30 percent DTI ratio (Table 15), a decline of more than 26 percentage points from 1Q2011.

⁴ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and property taxes and insurance of 4 percent.

**Table 13. Home Price-to-Income Multiplier
for Repeat Buyers by DTI Ratio**

DTI Ratio	Home Purchasing Power
20%	2.00
25%	2.50
30%	3.00
35%	3.50
40%	4.01
45%	4.51
50%	5.01

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 14. Required Qualifying Income for Repeat Buyers by DTI Ratio

Year	Home Price	DTI Ratio						
		20%	25%	30%	35%	40%	45%	50%
1Q2011	\$138,000	\$68,903	\$55,123	\$45,936	\$39,373	\$34,452	\$30,624	\$27,561
1Q2012	\$139,975	\$69,890	\$55,912	\$46,593	\$39,937	\$34,945	\$31,062	\$27,956
1Q2013	\$147,600	\$73,697	\$58,957	\$49,131	\$42,112	\$36,848	\$32,754	\$29,479
1Q2014	\$159,900	\$79,838	\$63,871	\$53,225	\$45,622	\$39,919	\$35,484	\$31,935
1Q2015	\$174,250	\$87,003	\$69,603	\$58,002	\$49,716	\$43,502	\$38,668	\$34,801
1Q2016	\$179,995	\$89,872	\$71,897	\$59,914	\$51,355	\$44,936	\$39,943	\$35,949
1Q2017	\$187,750	\$93,744	\$74,995	\$62,496	\$53,568	\$46,872	\$41,664	\$37,497
1Q2018	\$200,000	\$99,860	\$79,888	\$66,573	\$57,063	\$49,930	\$44,382	\$39,944
1Q2019	\$209,000	\$104,354	\$83,483	\$69,569	\$59,631	\$52,177	\$46,379	\$41,742
1Q2020	\$225,000	\$112,343	\$89,874	\$74,895	\$64,196	\$56,171	\$49,930	\$44,937
1Q2021	\$257,000	\$128,320	\$102,656	\$85,547	\$73,326	\$64,160	\$57,031	\$51,328
1Q2022	\$304,250	\$151,912	\$121,530	\$101,275	\$86,807	\$75,956	\$67,517	\$60,765
1Q2023	\$300,000	\$149,790	\$119,832	\$99,860	\$85,594	\$74,895	\$66,573	\$59,916

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 15. Percentage of Repeat Buyers Who Earned Required Qualifying Income by DTI Ratio

Year	Home Price	DTI Ratio						
		20%	25%	30%	35%	40%	45%	50%
1Q2011	\$138,000	47.0%	58.5%	66.3%	72.1%	76.4%	79.8%	82.5%
1Q2012	\$139,975	47.0%	58.6%	66.5%	72.2%	76.5%	79.8%	82.4%
1Q2013	\$147,600	44.5%	56.7%	64.8%	70.8%	75.3%	78.8%	81.5%
1Q2014	\$159,900	41.8%	53.6%	62.0%	68.3%	73.1%	76.9%	79.8%
1Q2015	\$174,250	37.9%	49.3%	58.4%	64.9%	70.2%	74.2%	77.5%
1Q2016	\$179,995	37.6%	49.0%	58.3%	64.9%	70.1%	74.2%	77.4%
1Q2017	\$187,750	36.8%	47.9%	57.6%	64.5%	69.7%	73.7%	77.0%
1Q2018	\$200,000	34.6%	46.8%	56.0%	63.0%	68.3%	72.5%	75.9%
1Q2019	\$209,000	34.4%	46.1%	55.3%	62.7%	68.2%	72.4%	75.7%
1Q2020	\$225,000	32.6%	43.4%	52.4%	60.2%	66.1%	70.6%	74.1%
1Q2021	\$257,000	27.7%	37.8%	47.5%	55.0%	61.3%	66.3%	70.3%
1Q2022	\$304,250	20.2%	31.6%	39.7%	48.1%	54.5%	60.2%	64.8%
1Q2023	\$300,000	20.4%	32.3%	40.3%	48.8%	55.2%	60.9%	65.4%

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and additional costs of homeownership at 4 percent of home price. As repeat homebuyers constitute owner-occupied households, this table reflects income data solely for owner-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

Property Taxes & Insurance

Holding home price constant, the total monthly mortgage payment increases as the annual costs of property taxes and insurance increase (Table 16). Assuming the cost of property taxes and insurance is 4 percent of the home price, the monthly mortgage payment was \$2,497 for the median sales price in 1Q2023, more than twice the total monthly mortgage payment for the median-priced home in 1Q2011.

Table 17 shows the home price-to-income multiplier by the costs of property taxes and insurance. A 4 percent property tax and insurance rate translates into a home price-to-income multiplier of 3,⁵ meaning a household could afford a maximum home price three times its annual income. The home price-to-income multiplier declines as the costs of property taxes and insurance increase.

⁵ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio.



The income required to qualify for a loan with property taxes and insurance at 4 percent of home price was \$99,860 for the median sales price in 1Q2023 (Table 18). An estimated 40.3 percent of homeowners in the San Antonio-New Braunfels MSA could afford the median sales price in 1Q2023 with property taxes and insurance at 4 percent of home price (Table 19), a decline of 26 percentage points from 1Q2011.

Table 16. Total Monthly Mortgage Payment for Repeat Buyers by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
1Q2011	\$138,000	\$918	\$1,033	\$1,148	\$1,263	\$1,378
1Q2012	\$139,975	\$932	\$1,048	\$1,165	\$1,281	\$1,398
1Q2013	\$147,600	\$982	\$1,105	\$1,228	\$1,351	\$1,474
1Q2014	\$159,900	\$1,064	\$1,197	\$1,331	\$1,464	\$1,597
1Q2015	\$174,250	\$1,160	\$1,305	\$1,450	\$1,595	\$1,740
1Q2016	\$179,995	\$1,198	\$1,348	\$1,498	\$1,648	\$1,798
1Q2017	\$187,750	\$1,249	\$1,406	\$1,562	\$1,719	\$1,875
1Q2018	\$200,000	\$1,331	\$1,498	\$1,664	\$1,831	\$1,998
1Q2019	\$209,000	\$1,391	\$1,565	\$1,739	\$1,913	\$2,088
1Q2020	\$225,000	\$1,497	\$1,685	\$1,872	\$2,060	\$2,247
1Q2021	\$257,000	\$1,710	\$1,925	\$2,139	\$2,353	\$2,567
1Q2022	\$304,250	\$2,025	\$2,278	\$2,532	\$2,785	\$3,039
1Q2023	\$300,000	\$1,997	\$2,247	\$2,497	\$2,747	\$2,997

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 17. Home Price-to-Income Multiplier for Repeat Buyers by Additional Homeownership Costs

Property Taxes & Insurance	Home Purchasing Power
2%	3.76
3%	3.34
4%	3.00
5%	2.73
6%	2.50

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 18. Required Qualifying Income for Repeat Homebuyers by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
1Q2011	\$138,000	\$36,736	\$41,336	\$45,936	\$50,536	\$55,136
1Q2012	\$139,975	\$37,261	\$41,927	\$46,593	\$51,259	\$55,925
1Q2013	\$147,600	\$39,291	\$44,211	\$49,131	\$54,051	\$58,971
1Q2014	\$159,900	\$42,565	\$47,895	\$53,225	\$58,555	\$63,885
1Q2015	\$174,250	\$46,385	\$52,194	\$58,002	\$63,810	\$69,619
1Q2016	\$179,995	\$47,915	\$53,915	\$59,914	\$65,914	\$71,914
1Q2017	\$187,750	\$49,979	\$56,237	\$62,496	\$68,754	\$75,012
1Q2018	\$200,000	\$53,240	\$59,907	\$66,573	\$73,240	\$79,907
1Q2019	\$209,000	\$55,636	\$62,603	\$69,569	\$76,536	\$83,503
1Q2020	\$225,000	\$59,895	\$67,395	\$74,895	\$82,395	\$89,895
1Q2021	\$257,000	\$68,414	\$76,980	\$85,547	\$94,114	\$102,680
1Q2022	\$304,250	\$80,991	\$91,133	\$101,275	\$111,416	\$121,558
1Q2023	\$300,000	\$79,860	\$89,860	\$99,860	\$109,860	\$119,860

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 19. Percentage of Repeat Homeowners Who Earned Required Qualifying Income by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
1Q2011	\$138,000	74.4%	70.4%	66.3%	62.3%	58.5%
1Q2012	\$139,975	74.5%	70.5%	66.5%	62.5%	58.6%
1Q2013	\$147,600	73.2%	69.0%	64.8%	60.7%	56.7%
1Q2014	\$159,900	70.9%	66.4%	62.0%	57.8%	53.5%
1Q2015	\$174,250	67.7%	63.0%	58.4%	53.9%	49.3%
1Q2016	\$179,995	67.7%	62.9%	58.3%	53.6%	48.9%
1Q2017	\$187,750	67.2%	62.4%	57.6%	52.8%	47.9%
1Q2018	\$200,000	65.9%	60.9%	56.0%	51.1%	46.8%
1Q2019	\$209,000	65.6%	60.5%	55.3%	50.4%	46.1%
1Q2020	\$225,000	63.3%	57.9%	52.4%	47.9%	43.4%
1Q2021	\$257,000	58.4%	52.6%	47.5%	42.4%	37.8%
1Q2022	\$304,250	51.5%	45.5%	39.7%	35.6%	31.6%
1Q2023	\$300,000	52.2%	46.2%	40.3%	36.3%	32.3%

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio. As repeat homebuyers constitute owner-occupied households, this table reflects income data solely for owner-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center

First-Time Homebuyer

Higher mortgage interest rates and a sustained high first-quartile sales price diminished purchase affordability for San Antonio-New Braunfels' first-time buyers in 1Q2023. Table 20 shows the maximum home price affordable by family income and home-purchasing power. For example, households earning between \$27,750 and \$41,450 annually (i.e., between 31 and 50 percent of median family income) could afford a maximum home price between \$83,250 and \$124,350 with a home price-to-income multiplier of 3. Meanwhile, the range in the maximum home price affordable to that range in household income rises to between \$111,000 and \$165,800 should the home price-to-income multiplier measure 4.

Depending on the home price-to-income multiplier, only households earning at least \$45,000 annually could afford the first-quartile sales price in 1Q2023. Homeownership is largely not feasible to households earning less than 50 percent of median family income. In fact, homeownership generally only becomes viable for households earning at least 80 percent of area median income. Even at that point it largely depends on whether mortgage lenders are willing to accept loans with high home price-to-income multipliers. Moreover, few homes are available for sale at these income thresholds. For instance, with a home price-to-income multiplier of 3, only 15.8 percent of homes for sale in the San Antonio-New Braunfels MSA were affordable to households earning no more than 80 percent of area median income in 1Q2023 (Table 21).



**Table 20. Maximum Home Price Affordable by Family Income
and Home Price-to-Income Multiplier**

		Home-Purchasing Power							
		Home Price-to-Income Multiplier							
	Family Income	2	2.5	3	3.5	4	4.5	5	5.5
	\$20,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000	\$110,000
	\$25,000	\$50,000	\$62,500	\$75,000	\$87,500	\$100,000	\$112,500	\$125,000	\$137,500
Extremely Low-Income (30%)	\$27,750	\$55,500	\$69,375	\$83,250	\$97,125	\$111,000	\$124,875	\$138,750	\$152,625
	\$30,000	\$60,000	\$75,000	\$90,000	\$105,000	\$120,000	\$135,000	\$150,000	\$165,000
	\$35,000	\$70,000	\$87,500	\$105,000	\$122,500	\$140,000	\$157,500	\$175,000	\$192,500
	\$40,000	\$80,000	\$100,000	\$120,000	\$140,000	\$160,000	\$180,000	\$200,000	\$220,000
Very Low-Income (50%)	\$41,450	\$82,900	\$103,625	\$124,350	\$145,075	\$165,800	\$186,525	\$207,250	\$227,975
	\$45,000	\$90,000	\$112,500	\$135,000	\$157,500	\$180,000	\$202,500	\$225,000	\$247,500
	\$50,000	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$225,000	\$250,000	\$275,000
	\$55,000	\$110,000	\$137,500	\$165,000	\$192,500	\$220,000	\$247,500	\$275,000	\$302,500
	\$60,000	\$120,000	\$150,000	\$180,000	\$210,000	\$240,000	\$270,000	\$300,000	\$330,000
	\$65,000	\$130,000	\$162,500	\$195,000	\$227,500	\$260,000	\$292,500	\$325,000	\$357,500
Low-Income (80%)	\$66,300	\$132,600	\$165,750	\$198,900	\$232,050	\$265,200	\$298,350	\$331,500	\$364,650
	\$70,000	\$140,000	\$175,000	\$210,000	\$245,000	\$280,000	\$315,000	\$350,000	\$385,000
	\$75,000	\$150,000	\$187,500	\$225,000	\$262,500	\$300,000	\$337,500	\$375,000	\$412,500
	\$80,000	\$160,000	\$200,000	\$240,000	\$280,000	\$320,000	\$360,000	\$400,000	\$440,000
Median Family Income	\$83,500	\$167,000	\$208,750	\$250,500	\$292,250	\$334,000	\$375,750	\$417,500	\$459,250

Note: Figures in red indicate the maximum affordable home price meets or exceeds the first-quartile home sales price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 21. Percentage of Homes Sold in 4Q2022 Affordable by Family Income and Home Price-to-Income Multiplier

		Home-Purchasing Power							
		Home Price-to-Income Multiplier							
	Family Income	2	2.5	3	3.5	4	4.5	5	5.5
	\$20,000	0.1%	0.2%	0.4%	0.8%	1.3%	1.9%	2.7%	3.4%
	\$25,000	0.2%	0.4%	1.0%	1.7%	2.7%	3.4%	4.8%	5.8%
Extremely Low-Income (30%)	\$27,750	0.3%	0.6%	1.4%	2.4%	3.4%	4.5%	6.0%	7.9%
	\$30,000	0.4%	1.0%	1.9%	3.0%	4.4%	5.7%	7.8%	10.0%
	\$35,000	0.8%	1.7%	3.0%	4.4%	6.3%	8.6%	11.7%	14.7%
	\$40,000	1.3%	2.7%	4.4%	6.3%	9.3%	12.7%	16.9%	22.0%
Very Low-Income (50%)	\$41,450	1.4%	2.8%	4.5%	6.8%	10.0%	13.6%	18.0%	23.6%
	\$45,000	1.9%	3.4%	5.7%	8.6%	12.7%	17.1%	23.3%	30.2%
	\$50,000	2.7%	4.8%	7.8%	11.7%	16.9%	23.3%	32.2%	41.5%
	\$55,000	3.4%	5.8%	10.0%	14.7%	22.0%	30.2%	41.5%	51.4%
	\$60,000	4.4%	7.8%	12.7%	19.1%	28.2%	39.3%	51.1%	59.3%
	\$65,000	5.3%	9.5%	15.4%	23.6%	35.8%	47.3%	58.2%	64.8%
Low-Income (80%)	\$66,300	5.4%	10.0%	15.8%	25.3%	37.4%	49.3%	59.5%	65.8%
	\$70,000	6.3%	11.7%	19.1%	29.7%	43.3%	55.5%	64.0%	70.4%
	\$75,000	7.8%	13.8%	23.3%	36.2%	51.1%	60.6%	68.4%	74.9%
	\$80,000	9.3%	16.9%	28.2%	43.3%	57.3%	65.6%	73.4%	78.8%
Median Family Income	\$83,500	10.0%	18.3%	32.2%	47.2%	59.8%	68.4%	75.5%	80.7%

Source: Texas Real Estate Research Center at Texas A&M University

Mortgage Interest Rate

Holding home price constant, the total monthly mortgage payment increases as the mortgage interest rate increases (Table 22). A 6.37 percent rate brought the mortgage payment to \$2,201 for the first-quartile sales price in 1Q2023 nearly 2.7 times the total monthly mortgage payment for the same home in 1Q2011.

Table 23 shows the home price-to-income multiplier by mortgage interest rate. A 6.37 percent interest rate translates into a home price-to-income multiplier of 3.05,⁶ meaning a household could afford a maximum home price 3.05 times its annual income. The home price-to-income multiplier declines as the mortgage interest rate increases.

The income required to qualify for a loan with a 6.37 percent mortgage interest rate was \$75,474 for the first-quartile sales price in 1Q2023 (Table 24). An estimated 22.4 percent of renters in the San Antonio-New Braunfels MSA could afford the first-quartile sales price in 1Q2023 with a 6.37 percent interest rate (Table 25), a decline of more than 32 percentage points from 1Q2011.

Table 22. Total Monthly Mortgage Payment for First-Time Buyers by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$86,000	\$654	\$701	\$751	\$803	\$823	\$830	\$858
1Q2012	\$88,087	\$669	\$718	\$769	\$823	\$843	\$850	\$879
1Q2013	\$99,900	\$759	\$814	\$872	\$933	\$956	\$964	\$997
1Q2014	\$114,500	\$870	\$933	\$999	\$1,069	\$1,096	\$1,105	\$1,142
1Q2015	\$127,900	\$972	\$1,042	\$1,116	\$1,194	\$1,224	\$1,235	\$1,276
1Q2016	\$134,000	\$1,018	\$1,092	\$1,169	\$1,251	\$1,283	\$1,294	\$1,337
1Q2017	\$142,000	\$1,079	\$1,157	\$1,239	\$1,326	\$1,359	\$1,371	\$1,417
1Q2018	\$154,125	\$1,171	\$1,256	\$1,345	\$1,439	\$1,475	\$1,488	\$1,538
1Q2019	\$160,000	\$1,216	\$1,303	\$1,396	\$1,494	\$1,531	\$1,545	\$1,596
1Q2020	\$17,500	\$133	\$143	\$153	\$163	\$167	\$169	\$175
1Q2021	\$200,000	\$1,520	\$1,629	\$1,745	\$1,868	\$1,914	\$1,931	\$1,995
1Q2022	\$235,000	\$1,786	\$1,915	\$2,051	\$2,194	\$2,249	\$2,269	\$2,344
1Q2023	\$230,000	\$1,748	\$1,874	\$2,007	\$2,148	\$2,201	\$2,220	\$2,294

Note: Assumes a 30-year loan term, 95 percent LTV ratio, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

⁶ The home price-to-income multiplier is based on a 30-year loan term, 95 percent LTV ratio, 35 percent DTI ratio, and property taxes and insurance of 4 percent.



**Table 23. Home Price-to-Income Multiplier
for First-Time Buyers by Mortgage Interest Rate**

Mortgage Interest Rate	Home Purchasing Power
3%	3.84
4%	3.58
5%	3.34
6%	3.12
6.37%	3.05
6.5%	3.02
7%	2.92

Note: Assumes a 30-year loan term, 95 percent LTV ratio, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 24. Required Qualifying Income by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$86,000	\$22,407	\$24,022	\$25,733	\$27,534	\$28,221	\$28,465	\$29,415
1Q2012	\$88,087	\$22,951	\$24,604	\$26,358	\$28,202	\$28,906	\$29,155	\$30,128
1Q2013	\$99,900	\$26,029	\$27,904	\$29,892	\$31,984	\$32,782	\$33,065	\$34,169
1Q2014	\$114,500	\$29,833	\$31,982	\$34,261	\$36,658	\$37,573	\$37,898	\$39,162
1Q2015	\$127,900	\$33,324	\$35,725	\$38,271	\$40,948	\$41,970	\$42,333	\$43,746
1Q2016	\$134,000	\$34,913	\$37,429	\$40,096	\$42,901	\$43,972	\$44,352	\$45,832
1Q2017	\$142,000	\$36,998	\$39,663	\$42,490	\$45,463	\$46,597	\$47,000	\$48,568
1Q2018	\$154,125	\$40,157	\$43,050	\$46,118	\$49,345	\$50,576	\$51,013	\$52,715
1Q2019	\$160,000	\$41,687	\$44,691	\$47,876	\$51,225	\$52,504	\$52,957	\$54,725
1Q2020	\$175,500	\$4,560	\$4,888	\$5,236	\$5,603	\$5,743	\$5,792	\$5,986
1Q2021	\$200,000	\$52,109	\$55,864	\$59,845	\$64,032	\$65,630	\$66,197	\$68,406
1Q2022	\$235,000	\$61,228	\$65,640	\$70,317	\$75,237	\$77,115	\$77,781	\$80,377
1Q2023	\$230,000	\$59,926	\$64,244	\$68,821	\$73,637	\$75,474	\$76,126	\$78,667

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 95 percent LTV ratio, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 25. Percentage of Renter-Occupied Households That Earned Required Qualifying Income by Mortgage Interest Rate

Year	Home Price	Mortgage Interest Rate						
		3%	4%	5%	6%	6.37%	6.5%	7%
1Q2011	\$86,000	63.8%	61.2%	58.4%	55.6%	54.6%	54.2%	52.7%
1Q2012	\$88,087	63.7%	61.0%	58.3%	55.5%	54.4%	54.1%	52.6%
1Q2013	\$99,900	60.3%	57.6%	54.7%	51.7%	50.5%	50.1%	48.5%
1Q2014	\$114,500	56.0%	52.9%	49.6%	46.8%	45.8%	45.4%	44.1%
1Q2015	\$127,900	52.1%	48.9%	46.2%	43.3%	42.2%	41.8%	40.3%
1Q2016	\$134,000	51.7%	49.0%	46.1%	43.0%	41.9%	41.5%	39.8%
1Q2017	\$142,000	51.0%	48.1%	45.0%	41.8%	40.6%	40.2%	38.5%
1Q2018	\$154,125	48.6%	45.6%	42.4%	38.9%	37.8%	37.5%	36.2%
1Q2019	\$160,000	48.8%	45.6%	42.2%	39.0%	38.0%	37.7%	36.3%
1Q2020	\$17,500	95.3%	94.9%	94.5%	94.1%	93.9%	93.9%	93.6%
1Q2021	\$200,000	40.0%	37.0%	33.9%	30.6%	29.4%	28.9%	27.2%
1Q2022	\$235,000	33.5%	30.0%	26.3%	22.5%	21.7%	21.4%	20.3%
1Q2023	\$230,000	34.6%	31.1%	27.5%	23.7%	22.4%	22.1%	21.0%

Note: Assumes a 30-year loan term, 95 percent LTV ratio, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. As first-time homebuyers constitute renter-occupied households, this table reflects income data solely for renter-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

LTV Ratio

Holding home price constant, the total monthly mortgage payment increases as the LTV ratio increases (Table 26). For a 95 percent LTV ratio, this payment amounted to \$2,201 for the first-quartile sales price in 1Q2023, nearly 2.7 times the total monthly mortgage payment for the same home in 1Q2011.

Table 27 shows the home price-to-income multiplier by LTV ratio. A 95 percent LTV ratio translates into a home price-to-income multiplier of 3.05,⁷ meaning a household could afford a maximum home price of 3.05 times its annual income. The home price-to-income multiplier declines as the LTV ratio increases.

⁷ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and property taxes and insurance of 4 percent.

The income required to qualify for a loan with a 95 percent LTV ratio was \$75,474 for the first-quartile sales price in 1Q2023 (Table 28). An estimated 22.4 percent of renters in the San Antonio-New Braunfels MSA could afford the first-quartile sales price in 1Q2023 with a 95 percent LTV ratio (Table 29), a decline of more than 32 percentage points from 1Q2011.

Table 26. Total Monthly Mortgage Payment by LTV Ratio

Year	Home Price	LTV Ratio				
		95%	96.5%	97%	98%	100%
1Q2011	\$86,000	\$823	\$832	\$834	\$840	\$851
1Q2012	\$88,087	\$843	\$852	\$855	\$860	\$872
1Q2013	\$99,900	\$956	\$966	\$969	\$976	\$989
1Q2014	\$114,500	\$1,096	\$1,107	\$1,111	\$1,118	\$1,133
1Q2015	\$127,900	\$1,224	\$1,237	\$1,241	\$1,249	\$1,266
1Q2016	\$134,000	\$1,283	\$1,296	\$1,300	\$1,309	\$1,327
1Q2017	\$142,000	\$1,359	\$1,373	\$1,378	\$1,387	\$1,406
1Q2018	\$154,125	\$1,475	\$1,490	\$1,495	\$1,505	\$1,526
1Q2019	\$160,000	\$1,531	\$1,547	\$1,552	\$1,563	\$1,584
1Q2020	\$17,500	\$167	\$169	\$170	\$171	\$173
1Q2021	\$200,000	\$1,914	\$1,934	\$1,940	\$1,954	\$1,980
1Q2022	\$235,000	\$2,249	\$2,272	\$2,280	\$2,295	\$2,326
1Q2023	\$230,000	\$2,201	\$2,224	\$2,232	\$2,247	\$2,277

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 27. Home Price-to-Income Multiplier for First-Time Buyers by LTV Ratio

LTV Ratio	Home Purchasing Power
95%	3.05
96.5%	3.02
97%	3.01
98%	2.99
100%	2.95

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 28. Required Qualifying Income by LTV Ratio

Year	Home Price	LTV Ratio				
		95%	96.5%	97%	98%	100%
1Q2011	\$86,000	\$28,221	\$28,511	\$28,608	\$28,802	\$29,189
1Q2012	\$88,087	\$28,906	\$29,203	\$29,302	\$29,500	\$29,897
1Q2013	\$99,900	\$32,782	\$33,119	\$33,232	\$33,457	\$33,906
1Q2014	\$114,500	\$37,573	\$37,960	\$38,088	\$38,346	\$38,862
1Q2015	\$127,900	\$41,970	\$42,402	\$42,546	\$42,834	\$43,410
1Q2016	\$134,000	\$43,972	\$44,424	\$44,575	\$44,877	\$45,480
1Q2017	\$142,000	\$46,597	\$47,077	\$47,236	\$47,556	\$48,195
1Q2018	\$154,125	\$50,576	\$51,096	\$51,270	\$51,617	\$52,311
1Q2019	\$160,000	\$52,504	\$53,044	\$53,224	\$53,584	\$54,305
1Q2020	\$17,500	\$5,743	\$5,802	\$5,821	\$5,861	\$5,940
1Q2021	\$200,000	\$65,630	\$66,305	\$66,530	\$66,980	\$67,881
1Q2022	\$235,000	\$77,115	\$77,908	\$78,173	\$78,702	\$79,760
1Q2023	\$230,000	\$75,474	\$76,251	\$76,510	\$77,027	\$78,063

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 29. Percentage of Renter-Occupied Households That Earned Required Qualifying Income by LTV Ratio

Year	Home Price	LTV Ratio				
		95%	96.5%	97%	98%	100%
1Q2011	\$86,000	54.6%	54.1%	54.0%	53.7%	53.1%
1Q2012	\$88,087	54.4%	54.0%	53.8%	53.5%	53.0%
1Q2013	\$99,900	50.5%	50.0%	49.9%	49.5%	48.9%
1Q2014	\$114,500	45.8%	45.4%	45.2%	45.0%	44.4%
1Q2015	\$127,900	42.2%	41.7%	41.6%	41.2%	40.6%
1Q2016	\$134,000	41.9%	41.4%	41.2%	40.9%	40.2%
1Q2017	\$142,000	40.6%	40.1%	39.9%	39.6%	38.9%
1Q2018	\$154,125	37.8%	37.4%	37.3%	37.0%	36.5%
1Q2019	\$160,000	38.0%	37.6%	37.4%	37.2%	36.6%
1Q2020	\$17,500	93.9%	93.8%	93.8%	93.8%	93.7%
1Q2021	\$200,000	29.4%	28.8%	28.7%	28.3%	27.6%
1Q2022	\$235,000	21.7%	21.3%	21.2%	21.0%	20.6%
1Q2023	\$230,000	22.4%	22.0%	21.9%	21.7%	21.3%

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and additional costs of homeownership at 4 percent of home price. As first-time homebuyers constitute renter-occupied households, this table reflects income data solely for renter-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

DTI Ratio

A 35 percent DTI ratio translates into a home price-to-income multiplier of 3.05⁸ (Table 30), meaning a household could afford a maximum home price 3.05 times its annual income. The home price-to-income multiplier increases as the DTI ratio increases.

The income required to qualify for a loan with a 35 percent DTI ratio was \$75,474 for the first-quartile sales price in 1Q2023 (Table 31). An estimated 22.4 percent of renters in the San Antonio-New Braunfels MSA could afford the first-quartile sales price in 1Q2023 with a 35 percent DTI ratio (Table 32), a decline of more than 32 percentage points from 1Q2011.

⁸ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and property taxes and insurance of 4 percent.

**Table 30. Home Price-to-Income Multiplier
for First-Time Buyers by DTI Ratio**

DTI Ratio	Home Purchasing Power
20%	1.74
25%	2.18
30%	2.61
35%	3.05
40%	3.48
45%	3.92
50%	4.35

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 31. Required Qualifying Income for First-Time Buyers by DTI Ratio

Year	Home Price	DTI Ratio						
		20%	25%	30%	35%	40%	45%	50%
1Q2011	\$86,000	\$49,386	\$39,509	\$32,924	\$28,221	\$24,693	\$21,949	\$19,755
1Q2012	\$88,087	\$50,585	\$40,468	\$33,723	\$28,906	\$25,292	\$22,482	\$20,234
1Q2013	\$99,900	\$57,368	\$45,895	\$38,246	\$32,782	\$28,684	\$25,497	\$22,947
1Q2014	\$114,500	\$65,753	\$52,602	\$43,835	\$37,573	\$32,876	\$29,223	\$26,301
1Q2015	\$127,900	\$73,448	\$58,758	\$48,965	\$41,970	\$36,724	\$32,643	\$29,379
1Q2016	\$134,000	\$76,951	\$61,561	\$51,300	\$43,972	\$38,475	\$34,200	\$30,780
1Q2017	\$142,000	\$81,545	\$65,236	\$54,363	\$46,597	\$40,772	\$36,242	\$32,618
1Q2018	\$154,125	\$88,508	\$70,806	\$59,005	\$50,576	\$44,254	\$39,337	\$35,403
1Q2019	\$160,000	\$91,881	\$73,505	\$61,254	\$52,504	\$45,941	\$40,836	\$36,753
1Q2020	\$17,500	\$10,050	\$8,040	\$6,700	\$5,743	\$5,025	\$4,466	\$4,020
1Q2021	\$200,000	\$114,852	\$91,881	\$76,568	\$65,630	\$57,426	\$51,045	\$45,941
1Q2022	\$235,000	\$134,951	\$107,961	\$89,967	\$77,115	\$67,475	\$59,978	\$53,980
1Q2023	\$230,000	\$132,080	\$105,664	\$88,053	\$75,474	\$66,040	\$58,702	\$52,832

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and additional costs of homeownership at 4 percent of home price.

Source: Texas Real Estate Research Center at Texas A&M University

Table 32. Percentage of Households That Earned Required Qualifying Income by DTI Ratio

Year	Home Price	DTI Ratio						
		20%	25%	30%	35%	40%	45%	50%
1Q2011	\$86,000	28.2%	39.1%	47.2%	54.6%	60.1%	64.6%	68.2%
1Q2012	\$88,087	28.3%	39.2%	47.2%	54.4%	59.9%	64.5%	68.2%
1Q2013	\$99,900	26.0%	35.3%	43.7%	50.5%	56.5%	61.1%	65.1%
1Q2014	\$114,500	21.9%	30.7%	39.1%	45.8%	51.6%	56.9%	61.1%
1Q2015	\$127,900	17.2%	27.4%	34.6%	42.2%	47.8%	53.0%	57.6%
1Q2016	\$134,000	16.7%	27.0%	34.4%	41.9%	47.8%	52.7%	57.3%
1Q2017	\$142,000	16.4%	25.8%	33.7%	40.6%	46.9%	51.8%	56.4%
1Q2018	\$154,125	14.5%	22.5%	31.4%	37.8%	44.3%	49.5%	53.7%
1Q2019	\$160,000	14.3%	22.0%	31.3%	38.0%	44.3%	49.7%	54.1%
1Q2020	\$17,500	88.9%	91.2%	92.8%	93.9%	94.8%	95.4%	95.9%
1Q2021	\$200,000	9.5%	15.2%	21.4%	29.4%	35.8%	40.8%	46.1%
1Q2022	\$235,000	6.5%	10.8%	16.3%	21.7%	28.6%	34.5%	39.3%
1Q2023	\$230,000	7.0%	11.1%	17.1%	22.4%	29.7%	35.5%	40.2%

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and additional costs of homeownership at 4 percent of home price. As first-time homebuyers constitute renter-occupied households, this table reflects income data solely for renter-occupied households.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

Property Taxes and Insurance

Holding home price constant, the total monthly mortgage payment increases as additional annual homeownership costs (property taxes and insurance) increase (Table 33). With a rate of 4 percent of home price, this payment amounted to \$2,201 for the first-quartile sales price in 1Q2023, nearly 2.7 times the total monthly mortgage payment for the same home in 1Q2011.

Table 34 shows the home price-to-income multiplier by the costs of property taxes and insurance. A 4 percent property tax and insurance rate translates into a home price-to-income multiplier of 3.05,⁹ meaning a household could afford a maximum home price of 3.05 times its annual income. The home price-to-income multiplier declines as the mortgage interest rate increases.

⁹ The home price-to-income multiplier is based on a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

The income required to qualify for a loan with property taxes and insurance at 4 percent of home price was \$75,474 for the first-quartile sales price in 1Q2023 (Table 35). An estimated 22.4 percent of Texas households could afford the first-quartile sales price in 1Q2023 with property taxes and insurance at 4 percent of home price (Table 36), a decline of more than 32 percentage points from 1Q2011.

Table 33. Total Monthly Mortgage Payment by Additional Homeownership Costs

Year	Home Price	Additional Costs of Homeownership				
		2%	3%	4%	5%	6%
1Q2011	\$86,000	\$680	\$751	\$823	\$895	\$966
1Q2012	\$88,087	\$696	\$770	\$843	\$916	\$990
1Q2013	\$99,900	\$790	\$873	\$956	\$1,039	\$1,123
1Q2014	\$114,500	\$905	\$1,000	\$1,096	\$1,191	\$1,287
1Q2015	\$127,900	\$1,011	\$1,118	\$1,224	\$1,331	\$1,437
1Q2016	\$134,000	\$1,059	\$1,171	\$1,283	\$1,394	\$1,506
1Q2017	\$142,000	\$1,122	\$1,241	\$1,359	\$1,477	\$1,596
1Q2018	\$154,125	\$1,218	\$1,347	\$1,475	\$1,604	\$1,732
1Q2019	\$160,000	\$1,265	\$1,398	\$1,531	\$1,665	\$1,798
1Q2020	\$17,500	\$138	\$153	\$167	\$182	\$197
1Q2021	\$200,000	\$1,581	\$1,748	\$1,914	\$2,081	\$2,248
1Q2022	\$235,000	\$1,858	\$2,053	\$2,249	\$2,445	\$2,641
1Q2023	\$230,000	\$1,818	\$2,010	\$2,201	\$2,393	\$2,585

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 34. Home Price-to-Income Multiplier for First-Time Buyers by Additional Homeownership Costs

Property Taxes & Insurance	Home Purchasing Power
2%	3.69
3%	3.34
4%	3.05
5%	2.80
6%	2.60

Note: Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 35. Required Qualifying Income by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
1Q2011	\$86,000	\$23,306	\$25,764	\$28,221	\$30,678	\$33,135
1Q2012	\$88,087	\$23,872	\$26,389	\$28,906	\$31,422	\$33,939
1Q2013	\$99,900	\$27,073	\$29,928	\$32,782	\$35,636	\$38,491
1Q2014	\$114,500	\$31,030	\$34,302	\$37,573	\$40,844	\$44,116
1Q2015	\$127,900	\$34,662	\$38,316	\$41,970	\$45,624	\$49,279
1Q2016	\$134,000	\$36,315	\$40,143	\$43,972	\$47,800	\$51,629
1Q2017	\$142,000	\$38,483	\$42,540	\$46,597	\$50,654	\$54,711
1Q2018	\$154,125	\$41,769	\$46,172	\$50,576	\$54,979	\$59,383
1Q2019	\$160,000	\$43,361	\$47,932	\$52,504	\$57,075	\$61,647
1Q2020	\$17,500	\$4,743	\$5,243	\$5,743	\$6,243	\$6,743
1Q2021	\$200,000	\$54,201	\$59,915	\$65,630	\$71,344	\$77,058
1Q2022	\$235,000	\$63,686	\$70,400	\$77,115	\$83,829	\$90,543
1Q2023	\$230,000	\$62,331	\$68,903	\$75,474	\$82,045	\$88,617

Note: The required qualifying income reflects the minimum income a household must earn to qualify for a mortgage loan for a particular home price. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

Source: Texas Real Estate Research Center at Texas A&M University

Table 36. Percentage of Households That Earned the Required Qualifying Income by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
1Q2011	\$86,000	62.4%	58.4%	54.6%	50.7%	46.9%
1Q2012	\$88,087	62.2%	58.2%	54.4%	50.7%	46.9%
1Q2013	\$99,900	58.8%	54.7%	50.5%	46.6%	43.5%
1Q2014	\$114,500	54.3%	49.6%	45.8%	42.3%	38.8%
1Q2015	\$127,900	50.2%	46.1%	42.2%	38.2%	34.3%
1Q2016	\$134,000	50.2%	46.0%	41.9%	37.7%	34.2%
1Q2017	\$142,000	49.3%	45.0%	40.6%	36.4%	33.5%
1Q2018	\$154,125	46.9%	42.3%	37.8%	34.5%	31.1%
1Q2019	\$160,000	47.0%	42.1%	38.0%	34.5%	31.0%
1Q2020	\$17,500	95.1%	94.5%	93.9%	93.3%	92.7%
1Q2021	\$200,000	38.3%	33.8%	29.4%	24.9%	21.2%
1Q2022	\$235,000	31.6%	26.2%	21.7%	18.8%	16.0%
1Q2023	\$230,000	32.7%	27.4%	22.4%	19.6%	16.8%

Note: Because first-time homebuyers constitute renter-occupied households, this table reflects income data solely for renter-occupied households. Assumes a 30-year loan term, 6.37 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

Sources: American Community Survey, U.S. Census Bureau, and Texas Real Estate Research Center at Texas A&M University

Overview of Housing Affordability

Housing affordability persistently proves one of the most salient topics in housing markets across the state. Although definitions vary, housing affordability broadly denotes the relationship between home price (or rent) and household (or family) income.¹⁰ As such, housing affordability generally reflects the two housing tenures: owner- and renter-occupied housing. However, Center economists further classify owner-occupied housing affordability into two distinct categories: purchase and repayment affordability.

This report focuses only on purchase affordability. Purchase affordability measures the ability of a household to buy a home. In other words, it reflects home-purchasing potential. Repayment affordability, on the other hand, measures an existing homeowner's ability to make timely monthly mortgage payments. While purchase affordability involves all potential homebuyers, regardless of whether a household already owns a home, repayment affordability solely involves current homeowners (i.e., only owner-occupied households).

Measuring Purchase Affordability

The vast majority of homebuyers—86 percent in Texas in 2020—rely on mortgage financing to purchase a home. As such, purchase affordability largely acts as a function of income, wealth, and credit. These three factors typically constitute the primary determinants of a mortgage applicant's creditworthiness, or the applicant's ability to repay the mortgage loan, a factor heavily weighed by the mortgage lender in the decision to extend mortgage financing to an applicant. In mortgage financing, income, wealth, and credit materialize through the DTI ratio, LTV ratio, and credit score.¹¹

Other factors that affect purchase affordability include the mortgage interest rate, any additional costs of borrowing mortgage capital (such as the mortgage insurance premium, which is generally charged if the LTV ratio is 80 percent or higher), and the additional costs of homeownership—property taxes and insurance.

¹⁰ Household income reflects all households in the income distribution, including both family and nonfamily households, which consist of a householder living alone or a householder who shares his/her home with individual(s) of no relation to him/her. Meanwhile, family income includes only households in which the householder lives with at least one other related family member.

¹¹ There are two types of DTI ratios: "front-end" and "back-end" ratios. The front-end DTI ratio measures mortgage debt as a percentage of household income, while the back-end ratio reflects total household debt—mortgage loans, car loans, credit card loans, student loans, etc.—as a percentage of household income. Should mortgage debt equal \$800 per month and the monthly household income equal \$2,400, then the front-end DTI ratio is 30 percent. Should total household debt equal \$1,200 per month, then the back-end DTI ratio is 50 percent. This report uses the front-end DTI ratio. The LTV ratio measures the household's down payment as a percentage of the home price. A 5 percent down payment translates into a 95 percent LTV ratio.



Table 37 shows how characteristics of a mortgage loan or applicant affect the maximum home price affordable to a particular household. Holding all else equal, an increase in the loan term decreases the total monthly mortgage payment, which increases the maximum affordable home price. Meanwhile, an increase in the DTI ratio also raises the maximum affordable home price. However, an increase in the mortgage interest rate, LTV ratio, additional costs of homeownership, and additional costs of borrowing mortgage capital increase the total monthly mortgage payment, which decreases the maximum affordable home price and reduces home-purchasing potential.

Table 37. How Loan, Applicant Characteristics Affect Purchase Affordability

Loan or Applicant Characteristics	Effect on Purchase Affordability
Mortgage interest rate	An increase in the mortgage interest rate diminishes purchase affordability
Loan term	An increase in the loan term increases purchase affordability
LTV ratio	An increase in the loan-to-value ratio diminishes purchase affordability
DTI ratio	An increase in the debt-to-income ratio increases purchase affordability
Additional costs of homeownership (property taxes and insurance)	An increase in the additional costs of homeownership diminishes purchase affordability
Additional costs of borrowing mortgage capital (such as the mortgage insurance premium)	An increase in the additional costs of borrowing mortgage capital diminishes purchase affordability

Source: Texas Real Estate Research Center at Texas A&M University

The Center uses the home price-to-income multiplier (also known as “home-purchasing power”) to find the ratio between home price and household income, or the maximum home price affordable to a household of a particular income. For example, a multiplier of 3 indicates a household could afford a home priced at three times the household’s income (so, a household earning \$50,000 annually could afford a maximum home price of \$150,000).

The multiplier generally measures lower for conventional borrowers, a function of the lower DTI ratios that such borrowers tend to present, and higher for first-time borrowers, who depict higher DTI ratios. The home price-to-income multiplier typically measures around 3 for the repeat homebuyer, and between 3 and 4 for first-time homebuyers.

This report computes purchase affordability for both repeat and first-time homebuyers. For the repeat buyer, calculations in this report assume the prevailing mortgage interest rate

(6.37 percent in 1Q2023),¹² 80 percent LTV ratio, 30 percent DTI ratio, and property taxes and insurance of 4 percent of home value. First-time homebuyers, who tend to be younger and therefore have not accumulated as much wealth or achieved peak earnings, tend to have higher LTV and DTI ratios. The lower income, wealth, and credit of first-time homebuyers generally reduces the maximum home price affordable to them. The calculations of purchase affordability for first-time homebuyers reflect the prevailing mortgage interest rate (6.37 percent in 1Q2023), 0.5 percent mortgage insurance premium, 95 percent LTV ratio, 35 percent DTI ratio, and property taxes and insurance of 4 percent of home value.

¹² The source for the prevailing mortgage interest rate is CoreLogic.





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