

Dallas-Fort Worth-Arlington Housing Affordability Outlook



Dr. Clare Losey
Assistant Research Economist

Dr. Harold D. Hunt
Research Economist

Reece Neathery
Research Intern



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

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About this Report

Texas Real Estate Research Center economists continuously monitor many facets of both state and local housing markets. *Dallas-Fort Worth-Arlington Housing Affordability Outlook* summarizes significant housing activity and trends as related to affordability in the Dallas-Fort Worth-Arlington Metropolitan Statistical Area (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 Dallas-Fort Worth-Arlington 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.

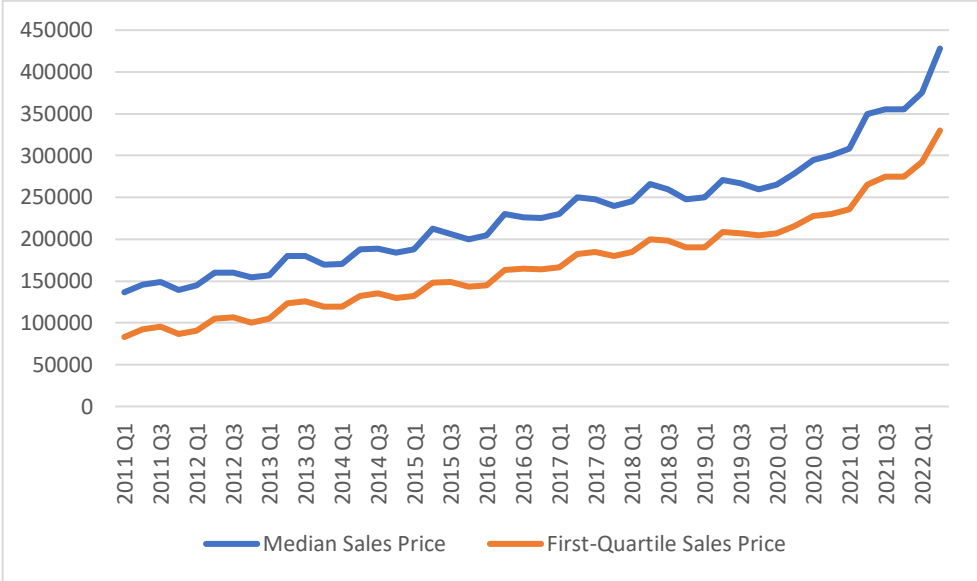
Dr. Clare Losey, Dr. Harold D. Hunt, and Reece Neathery

Purchase Affordability

The second quarter saw a continued uptick in both the median sales price and first-quartile sales price for the Dallas-Fort Worth-Arlington MSA (Figure 1).¹ The year-over-year (YOY) growth in the median sales price and first-quartile sales price in the Dallas-Fort Worth-Arlington MSA measured a robust 20.8 percent and 23.6 percent, respectively, significantly higher than average YOY growth for the second quarter (Table 1). The median sales price measured \$428,000; the first-quartile sales price, \$330,000. Meanwhile, following years of generally sluggish growth, family income witnessed robust growth. From 2021 to 2022, median family income in the Dallas-Fort Worth-Arlington MSA increased 9.4 percent (Table 2). However, as long as the rise in home prices continues to outpace the increase in income, purchase affordability, or the ability of a household to buy a home, will continue to diminish.

At the same time, mortgage interest rates ticked upward, averaging 5.27 percent in 2Q2022 (Figure 2). All other things being equal, lower (higher) mortgage interest rates translate into lower (higher) monthly mortgage payments and ease (diminish) purchase affordability. The Federal Reserve is widely anticipated to continue to raise interest rates over the near-term to reduce inflationary pressures, which will likely prompt additional increases in mortgage interest rates. The average rate on the 30-year fixed-rate mortgage increased nearly 3 percentage points in the first half of 2022. For more information on the effect of mortgage interest rates on purchase affordability, see <https://www.recenter.tamu.edu/articles/tierra-grande/How-Higher-Interest-Rates-Affect-Homebuying-2339>.

Figure 1. Median and First-Quartile Sales Prices, Dallas-Fort Worth-Arlington 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, First-Quartile Sales Price by Quarter

Year	Median Sales Price	YOY Change	First-Quartile Sales Price	YOY Change
2Q2011	\$148,441		\$95,000	
2Q2012	\$161,500	8.8%	\$107,000	12.6%
2Q2013	\$180,000	11.5%	\$124,900	16.7%
2Q2014	\$189,275	5.2%	\$133,001	6.5%
2Q2015	\$215,000	13.6%	\$150,000	12.8%
2Q2016	\$230,000	7.0%	\$165,000	10.0%
2Q2017	\$253,283	10.1%	\$185,000	12.1%
2Q2018	\$268,000	5.8%	\$200,000	8.1%
2Q2019	\$273,000	1.9%	\$210,000	5.0%
2Q2020	\$280,000	2.6%	\$218,000	3.8%
2Q2021	\$354,275	26.5%	\$267,000	22.5%
2Q2022	\$428,000	20.8%	\$330,000	23.6%

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	\$55,300		\$69,100	
2012	\$56,100	1.4%	\$70,100	1.4%
2013	\$54,000	-3.7%	\$67,500	-3.7%
2014	\$54,300	0.6%	\$67,900	0.6%
2015	\$56,200	3.5%	\$70,400	3.7%
2016	\$57,350	2.0%	\$71,700	1.8%
2017	\$58,700	2.4%	\$73,400	2.4%
2018	\$61,750	5.2%	\$77,200	5.2%
2019	\$66,500	7.7%	\$83,100	7.6%
2020	\$68,950	3.7%	\$86,200	3.7%
2021	\$71,200	3.3%	\$89,000	3.2%
2022	\$77,900	9.4%	\$97,400	9.4%

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. U.S. 30-Year Fixed Rate Mortgage Average



Sources: Federal Reserve Economic Data and Freddie Mac

Repeat Homebuyer

Purchase affordability declined in 2Q2022 as the gap between the median sales price and family income continued to rise. For households earning the median family income for the Dallas-Fort Worth-Arlington MSA in 2022 (\$97,400), the median sales price for 2Q2022 was not affordable unless the home price-to-income multiplier exceeded 4 (Table 3). Only 16.4 percent of homes sold during that quarter 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 approximately \$145,000 annually to be able to afford the median sales price with a home price-to-income multiplier of 3.

**Table 3. Maximum Home Price 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
	\$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
Median Family Income	\$97,400	\$194,800	\$243,500	\$292,200	\$340,900	\$389,600	\$438,300	\$487,000	\$535,700
	\$100,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000	\$550,000
	\$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
Workforce Households (120%)	\$116,900	\$233,800	\$292,250	\$350,700	\$409,150	\$467,600	\$526,050	\$584,500	\$642,950
	\$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 2Q2022 Affordable by Family Income and Home Price-to-Income Multiplier

	Family Income	Home Price-to-Income Multiplier							
		2	2.5	3	3.5	4	4.5	5	5.5
	\$85,000	2.1%	4.7%	10.2%	17.2%	28.6%	39.6%	49.7%	57.6%
	\$90,000	2.5%	6.2%	12.5%	21.9%	34.1%	45.3%	54.9%	61.9%
	\$95,000	3.1%	7.6%	15.2%	25.9%	39.3%	50.0%	59.2%	65.6%
Median Family Income	\$97,400	3.2%	8.4%	16.4%	28.6%	41.0%	52.0%	60.9%	67.5%
	\$100,000	3.9%	9.6%	18.4%	31.5%	44.3%	54.9%	63.1%	69.5%
	\$105,000	4.6%	11.2%	21.9%	35.8%	48.6%	58.4%	66.2%	72.3%
	\$110,000	5.6%	13.4%	25.6%	40.5%	52.8%	61.9%	69.5%	75.0%
	\$115,000	6.8%	15.4%	29.7%	44.6%	56.6%	65.1%	72.2%	77.4%
Workforce Households (120%)	\$116,900	7.1%	16.4%	31.5%	45.7%	57.6%	66.3%	72.8%	78.2%
	\$120,000	8.2%	18.4%	34.1%	48.6%	60.0%	68.0%	74.6%	79.9%
	\$125,000	9.6%	20.8%	38.1%	51.9%	63.1%	70.6%	76.9%	81.5%
	\$130,000	11.1%	24.4%	41.7%	55.7%	65.5%	73.2%	79.1%	83.4%
	\$135,000	12.5%	27.5%	45.3%	58.4%	68.0%	75.1%	80.8%	85.0%
	\$140,000	14.3%	31.5%	48.6%	61.5%	70.5%	77.3%	82.6%	86.5%
	\$145,000	16.2%	34.5%	51.7%	63.9%	72.7%	79.3%	84.2%	87.6%
	\$150,000	18.4%	38.1%	54.9%	66.2%	74.6%	80.8%	85.7%	88.8%
	\$155,000	20.5%	41%	57.4%	68.1%	76.3%	81.9%	86.8%	89.8%
	\$160,000	23.0%	44.3%	60.0%	70.5%	78.2%	83.7%	88.0%	90.8%

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 4.29 percent rate, this payment was \$3,118 for the median sales price in 2Q2022, nearly three times the total monthly mortgage payment for the median-priced home in 2Q2011.

Table 6 shows the home price-to-income multiplier by mortgage interest rate. A 4.29 percent interest rate translates into a home price-to-income multiplier of 3.43², meaning a household could afford a maximum home price of 3.43 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 4.29 percent mortgage interest rate was \$124,734 for the median sales price in 2Q2022 (Table 7). An estimated 41 percent of current

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



Dallas-Fort Worth-Arlington homeowners could afford the median sales price with a 4.29 percent interest rate (Table 8), a decline of nearly 35 percentage points from 2Q2011.

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

Year	Home Price	Mortgage Interest Rate						
		3%	4%	4.29%	4.5%	5%	5.5%	6%
2Q2011	\$148,441	\$995	\$1,062	\$1,082	\$1,097	\$1,132	\$1,169	\$1,207
2Q2012	\$161,500	\$1,083	\$1,155	\$1,177	\$1,193	\$1,232	\$1,272	\$1,313
2Q2013	\$180,000	\$1,207	\$1,287	\$1,311	\$1,330	\$1,373	\$1,418	\$1,463
2Q2014	\$189,275	\$1,269	\$1,354	\$1,379	\$1,398	\$1,444	\$1,491	\$1,539
2Q2015	\$215,000	\$1,442	\$1,538	\$1,566	\$1,588	\$1,640	\$1,693	\$1,748
2Q2016	\$230,000	\$1,542	\$1,645	\$1,676	\$1,699	\$1,754	\$1,811	\$1,870
2Q2017	\$253,283	\$1,699	\$1,812	\$1,845	\$1,871	\$1,932	\$1,995	\$2,059
2Q2018	\$268,000	\$1,797	\$1,917	\$1,953	\$1,980	\$2,044	\$2,111	\$2,179
2Q2019	\$273,000	\$1,831	\$1,953	\$1,989	\$2,017	\$2,082	\$2,150	\$2,219
2Q2020	\$280,000	\$1,878	\$2,003	\$2,040	\$2,068	\$2,136	\$2,205	\$2,276
2Q2021	\$354,275	\$2,376	\$2,534	\$2,581	\$2,617	\$2,702	\$2,790	\$2,880
2Q2022	\$428,000	\$2,870	\$3,061	\$3,118	\$3,162	\$3,265	\$3,371	\$3,480

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

Mortgage Interest Rate	Home Price-to-Income Multiplier
3%	3.73
4%	3.50
4.29%	3.43
4.5%	3.38
5%	3.28
5.5%	3.17
6%	3.08

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%	4.29%	4.5%	5%	5.5%	6%
2Q2011	\$148,441	\$39,819	\$42,470	\$43,261	\$43,860	\$45,292	\$46,763	\$48,271
2Q2012	\$161,500	\$43,322	\$46,206	\$47,067	\$47,719	\$49,276	\$50,877	\$52,518
2Q2013	\$180,000	\$48,284	\$51,499	\$52,458	\$53,185	\$54,921	\$56,705	\$58,534
2Q2014	\$189,275	\$50,772	\$54,153	\$55,161	\$55,926	\$57,751	\$59,627	\$61,550
2Q2015	\$215,000	\$57,673	\$61,513	\$62,658	\$63,527	\$65,600	\$67,731	\$69,916
2Q2016	\$230,000	\$61,697	\$65,804	\$67,030	\$67,959	\$70,177	\$72,456	\$74,794
2Q2017	\$253,283	\$67,942	\$72,466	\$73,815	\$74,838	\$77,281	\$79,791	\$82,365
2Q2018	\$268,000	\$71,890	\$76,676	\$78,105	\$79,187	\$81,771	\$84,427	\$87,151
2Q2019	\$273,000	\$73,231	\$78,107	\$79,562	\$80,664	\$83,297	\$86,002	\$88,777
2Q2020	\$280,000	\$75,109	\$80,110	\$81,602	\$82,732	\$85,433	\$88,207	\$91,053
2Q2021	\$354,275	\$95,033	\$101,360	\$103,248	\$104,679	\$108,095	\$111,606	\$115,207
2Q2022	\$428,000	\$114,810	\$122,453	\$124,734	\$126,462	\$130,590	\$134,831	\$139,181

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%	4.29%	4.5%	5%	5.5%	6%
2Q2011	\$148,441	78.4%	76.4%	75.8%	75.3%	74.2%	73.1%	72.0%
2Q2012	\$161,500	75.7%	73.5%	72.9%	72.4%	71.3%	70.1%	68.8%
2Q2013	\$180,000	71.9%	69.5%	68.8%	68.3%	67.0%	65.7%	64.3%
2Q2014	\$189,275	70.4%	68.0%	67.2%	66.7%	65.3%	64.0%	62.5%
2Q2015	\$215,000	65.7%	62.9%	62.1%	61.5%	60.0%	58.4%	56.8%
2Q2016	\$230,000	63.8%	60.9%	60.0%	59.4%	57.8%	56.2%	54.5%
2Q2017	\$253,283	61.1%	58.0%	57.1%	56.4%	55.0%	53.5%	52.1%
2Q2018	\$268,000	60.5%	57.5%	56.7%	56.1%	54.6%	53.2%	51.6%
2Q2019	\$273,000	61.7%	58.8%	58.0%	57.4%	55.9%	54.4%	52.8%
2Q2020	\$280,000	62.0%	59.2%	58.4%	57.8%	56.3%	54.7%	53.1%
2Q2021*	\$354,275	52.8%	49.4%	48.6%	48.0%	46.5%	45.0%	43.5%
2Q2022*	\$428,000	45.3%	42.0%	41.0%	40.3%	38.5%	36.6%	34.7%

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.

*Represents estimates using historical ACS data.

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 \$3,118 for the median-priced home in 2Q2022, nearly three times the total monthly mortgage payment for the median-priced home in 2Q2011.

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 3.43³, meaning a household could afford a maximum home price of 3.43 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 \$124,734 for the median sales price in 2Q2022 (Table 11). An estimated 41 percent of current Dallas-Fort Worth-Arlington homeowners could afford the median sales price with an 80 percent LTV ratio (Table 12), a decline of nearly 35 percentage points from 2Q2011.

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

Year	Home Price	LTV Ratio				
		80%	85%	90%	95%	100%
2Q2011	\$148,441	\$1,082	\$1,156	\$1,195	\$1,234	\$1,272
2Q2012	\$161,500	\$1,177	\$1,257	\$1,300	\$1,342	\$1,384
2Q2013	\$180,000	\$1,311	\$1,401	\$1,449	\$1,496	\$1,543
2Q2014	\$189,275	\$1,379	\$1,474	\$1,523	\$1,573	\$1,622
2Q2015	\$215,000	\$1,566	\$1,674	\$1,730	\$1,787	\$1,843
2Q2016	\$230,000	\$1,676	\$1,791	\$1,851	\$1,911	\$1,971
2Q2017	\$253,283	\$1,845	\$1,972	\$2,038	\$2,105	\$2,171
2Q2018	\$268,000	\$1,953	\$2,087	\$2,157	\$2,227	\$2,297
2Q2019	\$273,000	\$1,989	\$2,126	\$2,197	\$2,269	\$2,340
2Q2020	\$280,000	\$2,040	\$2,180	\$2,253	\$2,327	\$2,400
2Q2021	\$354,275	\$2,581	\$2,758	\$2,851	\$2,944	\$3,037
2Q2022	\$428,000	\$3,118	\$3,332	\$3,444	\$3,557	\$3,669

Note: Assumes a 30-year loan term, 4.29 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 greater than 80 percent.

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

³ The home price-to-income multiplier is based on a 30-year loan term, 4.29 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 80 percent or more LTV ratio.

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

LTV Ratio	Home Price-to-Income Multiplier
80%	3.43
85%	3.21
90%	3.11
95%	3.01
100%	2.92

Note: Assumes a 30-year loan term, 4.29 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 greater than 80 percent.

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%
2Q2011	\$148,441	\$43,261	\$46,230	\$47,785	\$49,341	\$50,896
2Q2012	\$161,500	\$47,067	\$50,297	\$51,989	\$53,681	\$55,373
2Q2013	\$180,000	\$52,458	\$56,059	\$57,945	\$59,830	\$61,716
2Q2014	\$189,275	\$55,161	\$58,947	\$60,930	\$62,913	\$64,896
2Q2015	\$215,000	\$62,658	\$66,959	\$69,212	\$71,464	\$73,717
2Q2016	\$230,000	\$67,030	\$71,631	\$74,040	\$76,450	\$78,860
2Q2017	\$253,283	\$73,815	\$78,882	\$81,536	\$84,189	\$86,843
2Q2018	\$268,000	\$78,105	\$83,465	\$86,273	\$89,081	\$91,889
2Q2019	\$273,000	\$79,562	\$85,023	\$87,883	\$90,743	\$93,603
2Q2020	\$280,000	\$81,602	\$87,203	\$90,136	\$93,070	\$96,003
2Q2021	\$354,275	\$103,248	\$110,335	\$114,046	\$117,758	\$121,470
2Q2022	\$428,000	\$124,734	\$133,295	\$137,780	\$142,264	\$146,748

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, 4.29 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 greater than 80 percent.

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	Loan-to-Value Ratio				
		80%	85%	90%	95%	100%
2Q2011	\$148,441	75.8%	73.5%	72.4%	71.2%	70.0%
2Q2012	\$161,500	72.9%	70.5%	69.2%	68.0%	66.7%
2Q2013	\$180,000	68.8%	66.2%	64.8%	63.4%	62.0%
2Q2014	\$189,275	67.2%	64.5%	63.0%	61.5%	60.1%
2Q2015	\$215,000	62.1%	59.0%	57.3%	55.7%	54.1%
2Q2016	\$230,000	60.0%	56.8%	55.0%	53.5%	52.2%
2Q2017	\$253,283	57.1%	54.1%	52.5%	51.0%	49.5%
2Q2018	\$268,000	56.7%	53.7%	52.1%	50.6%	49.0%
2Q2019	\$273,000	58.0%	54.9%	53.3%	51.7%	50.1%
2Q2020	\$280,000	58.4%	55.3%	53.6%	52.0%	50.4%
2Q2021*	\$354,275	48.6%	45.6%	44.0%	42.4%	40.8%
2Q2022*	\$428,000	41.0%	37.3%	35.3%	33.4%	31.4%

Note: Assumes a 30-year loan term, 4.29 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 greater than 80 percent. As repeat homebuyers constitute owner-occupied households, this table reflects income data solely for owner-occupied households.

*Represents estimates using historical ACS data.

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 3.43⁴ (Table 13), meaning a household could afford a maximum home price of 3.43 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 \$124,734 for the median sales price in 2Q2022 (Table 14). An estimated 41 percent of current Dallas-Fort Worth-Arlington homeowners could afford the median sales price with a 30 percent DTI ratio (Table 15), a decline of nearly 35 percentage points from 2Q2011.

⁴ The home price-to-income multiplier is based on a 30-year loan term, 4.29 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 Price-to-Income Multiplier
20%	2.29
25%	2.86
30%	3.43
35%	4.00
40%	4.58
45%	5.15
50%	5.72

Note: Assumes a 30-year loan term, 4.29 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%
2Q2011	\$148,441	\$64,891	\$51,913	\$43,261	\$37,081	\$32,446	\$28,841	\$25,957
2Q2012	\$161,500	\$70,600	\$56,480	\$47,067	\$40,343	\$35,300	\$31,378	\$28,240
2Q2013	\$180,000	\$78,687	\$62,950	\$52,458	\$44,964	\$39,344	\$34,972	\$31,475
2Q2014	\$189,275	\$82,742	\$66,194	\$55,161	\$47,281	\$41,371	\$36,774	\$33,097
2Q2015	\$215,000	\$93,988	\$75,190	\$62,658	\$53,707	\$46,994	\$41,772	\$37,595
2Q2016	\$230,000	\$100,545	\$80,436	\$67,030	\$57,454	\$50,273	\$44,687	\$40,218
2Q2017	\$253,283	\$110,723	\$88,579	\$73,815	\$63,270	\$55,362	\$49,210	\$44,289
2Q2018	\$268,000	\$117,157	\$93,725	\$78,105	\$66,947	\$58,578	\$52,070	\$46,863
2Q2019	\$273,000	\$119,343	\$95,474	\$79,562	\$68,196	\$59,671	\$53,041	\$47,737
2Q2020	\$280,000	\$122,403	\$97,922	\$81,602	\$69,944	\$61,201	\$54,401	\$48,961
2Q2021	\$354,275	\$154,872	\$123,898	\$103,248	\$88,498	\$77,436	\$68,832	\$61,949
2Q2022	\$428,000	\$187,101	\$149,681	\$124,734	\$106,915	\$93,551	\$83,156	\$74,840

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, 4.29 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%
2Q2011	\$148,441	59.4%	69.2%	75.8%	80.4%	83.8%	86.4%	88.4%
2Q2012	\$161,500	55.3%	65.9%	72.9%	77.9%	81.6%	84.4%	86.6%
2Q2013	\$180,000	50.0%	61.1%	68.8%	74.4%	78.6%	81.8%	84.4%
2Q2014	\$189,275	48.2%	59.1%	67.2%	73.0%	77.3%	80.6%	83.2%
2Q2015	\$215,000	42.2%	53.0%	62.1%	68.6%	73.5%	77.3%	80.3%
2Q2016	\$230,000	39.9%	51.3%	60.0%	66.9%	72.0%	75.9%	79.1%
2Q2017	\$253,283	37.7%	48.6%	57.1%	64.4%	69.8%	74.1%	77.4%
2Q2018	\$268,000	37.2%	48.0%	56.7%	63.8%	69.4%	73.7%	77.1%
2Q2019	\$273,000	38.3%	49.0%	58.0%	64.9%	70.4%	74.6%	78.0%
2Q2020	\$280,000	38.6%	49.3%	58.4%	65.2%	70.6%	74.9%	78.2%
2Q2021*	\$354,275	28.3%	39.7%	48.6%	56.4%	62.5%	67.5%	71.7%
2Q2022*	\$428,000	28.7%	30.1%	41.0%	48.8%	55.3%	61.0%	65.6%

Note: Assumes a 30-year loan term, 4.29 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.

*Represents estimates using historical ACS data.

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 the annual costs of property taxes and insurance increase (Table 16). Assuming the total cost of property taxes and insurance is 4 percent of the home price, the monthly mortgage payment was \$3,118 for the median sales price in 2Q2022, nearly three times the total monthly mortgage payment for the median-priced home in 2Q2011.

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 3.43⁵, meaning a household could afford a maximum home price of 3.43 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 property taxes and insurance at 4 percent of home price was \$124,734 for the median sales price in 2Q2022 (Table 18). An estimated 41 percent of current Dallas-Fort Worth-Arlington homeowners could afford the median sales price

⁵ The home price-to-income multiplier is based on a 30-year loan term, 4.29 percent mortgage interest rate, 80 percent LTV ratio, and 30 percent DTI ratio.

with property taxes and insurance at 4 percent of home price (Table 19), a decline of nearly 35 percentage points from 2Q2011.

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

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
2Q2011	\$148,441	\$834	\$958	\$1,082	\$1,205	\$1,329
2Q2012	\$161,500	\$908	\$1,042	\$1,177	\$1,311	\$1,446
2Q2013	\$180,000	\$1,011	\$1,161	\$1,311	\$1,461	\$1,611
2Q2014	\$189,275	\$1,064	\$1,221	\$1,379	\$1,537	\$1,694
2Q2015	\$215,000	\$1,208	\$1,387	\$1,566	\$1,746	\$1,925
2Q2016	\$230,000	\$1,292	\$1,484	\$1,676	\$1,867	\$2,059
2Q2017	\$253,283	\$1,423	\$1,634	\$1,845	\$2,056	\$2,268
2Q2018	\$268,000	\$1,506	\$1,729	\$1,953	\$2,176	\$2,399
2Q2019	\$273,000	\$1,534	\$1,762	\$1,989	\$2,217	\$2,444
2Q2020	\$280,000	\$1,573	\$1,807	\$2,040	\$2,273	\$2,507
2Q2021	\$354,275	\$1,991	\$2,286	\$2,581	\$2,876	\$3,172
2Q2022	\$428,000	\$2,405	\$2,762	\$3,118	\$3,475	\$3,832

Note: Assumes a 30-year loan term, 4.29 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 and Insurance	Home Price-to-Income Multiplier
2%	4.45
3%	3.87
4%	3.43
5%	3.08
6%	2.79

Note: Assumes a 30-year loan term, 4.29 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%
2Q2011	\$148,441	\$33,365	\$38,313	\$43,261	\$48,209	\$53,157
2Q2012	\$161,500	\$36,300	\$41,683	\$47,067	\$52,450	\$57,833
2Q2013	\$180,000	\$40,458	\$46,458	\$52,458	\$58,458	\$64,458
2Q2014	\$189,275	\$42,543	\$48,852	\$55,161	\$61,470	\$67,780
2Q2015	\$215,000	\$48,325	\$55,492	\$62,658	\$69,825	\$76,992
2Q2016	\$230,000	\$51,697	\$59,363	\$67,030	\$74,697	\$82,363
2Q2017	\$253,283	\$56,930	\$65,373	\$73,815	\$82,258	\$90,701
2Q2018	\$268,000	\$60,238	\$69,171	\$78,105	\$87,038	\$95,971
2Q2019	\$273,000	\$61,362	\$70,462	\$79,562	\$88,662	\$97,762
2Q2020	\$280,000	\$62,935	\$72,268	\$81,602	\$90,935	\$100,268
2Q2021	\$354,275	\$79,630	\$91,439	\$103,248	\$115,057	\$126,866
2Q2022	\$428,000	\$96,201	\$110,467	\$124,734	\$139,001	\$153,267

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, 4.29 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%
2Q2011	\$148,441	83.2%	79.5%	75.8%	72.0%	68.3%
2Q2012	\$161,500	80.9%	76.9%	72.9%	68.9%	64.9%
2Q2013	\$180,000	77.7%	73.3%	68.8%	64.4%	59.9%
2Q2014	\$189,275	76.4%	71.8%	67.2%	62.6%	58.0%
2Q2015	\$215,000	72.5%	67.3%	62.1%	56.9%	52.0%
2Q2016	\$230,000	71.0%	65.5%	60.0%	54.6%	50.2%
2Q2017	\$253,283	68.7%	62.9%	57.1%	52.1%	47.3%
2Q2018	\$268,000	68.3%	62.3%	56.7%	51.7%	46.7%
2Q2019	\$273,000	69.3%	63.5%	58.0%	52.9%	47.7%
2Q2020	\$280,000	69.6%	63.7%	58.4%	53.2%	48.1%
2Q2021*	\$354,275	61.3%	54.7%	48.6%	43.5%	38.4%
2Q2022*	\$428,000	53.9%	47.2%	41.0%	34.8%	29.9%

Note: Assumes a 30-year loan term, 4.29 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.

*Represents estimates using historical ACS data.

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

First-Time Homebuyer

Purchase affordability continued to decline in 2Q2022 for first-time Dallas-Fort Worth-Arlington homebuyers, particularly among the lowest-income cohorts. Combined with the rise in mortgage interest rates, the uptick in the first-quartile sales price left homeownership increasingly unaffordable for lower-income households.

Table 20 shows the maximum home price affordable by family income and home-purchasing power. For example, households earning between \$29,200 and \$48,700 annually (i.e., between 31 and 50 percent of median family income) could afford a maximum home price between \$87,600 and \$146,100 with a home price-to-income multiplier of 3. That range increases to between \$116,800 and \$194,800 with a home price-to-income multiplier of 4.

Depending on the home price-to-income multiplier, only households earning at least \$60,000 annually could afford the first-quartile sales price in 2Q2022. Homeownership is largely not feasible to households earning no more than 50 percent of median family income in the Dallas-Fort Worth-Arlington MSA. In fact, homeownership really 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 7.1 percent of homes for sale were affordable to households earning no more than 80 percent of area median income in 2Q2022 (Table 21).

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

	Family Income	Home Price-to-Income Multiplier							
		2	2.5	3	3.5	4	4.5	5	5.5
	\$15,000	\$30,000	\$37,500	\$45,000	\$52,500	\$60,000	\$67,500	\$75,000	\$82,500
	\$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%)	\$29,200	\$58,400	\$73,000	\$87,600	\$102,200	\$116,800	\$131,400	\$146,000	\$160,600
	\$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
	\$45,000	\$90,000	\$112,500	\$135,000	\$157,500	\$180,000	\$202,500	\$225,000	\$247,500
Very Low-Income (50%)	\$48,700	\$97,400	\$121,750	\$146,100	\$170,450	\$194,800	\$219,150	\$243,500	\$267,850
	\$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
	\$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
Low-Income (80%)	\$77,900	\$155,800	\$194,750	\$233,700	\$272,650	\$311,600	\$350,550	\$389,500	\$428,450

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 2Q2022 Affordable by Family Income and Home Price-to-Income Multiplier

	Family Income	Home Price-to-Income Multiplier							
		2	2.5	3	3.5	4	4.5	5	5.5
	\$15,000	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
	\$20,000	0.1%	0.1%	0.1%	0.2%	0.2%	0.3%	0.4%	0.4%
	\$25,000	0.1%	0.1%	0.2%	0.2%	0.4%	0.4%	0.7%	0.9%
Extremely Low-Income (30%)	\$29,200	0.1%	0.2%	0.2%	0.4%	0.5%	0.8%	1.1%	1.7%
	\$30,000	0.1%	0.2%	0.3%	0.4%	0.6%	0.9%	1.3%	1.9%
	\$35,000	0.2%	0.2%	0.4%	0.6%	1.0%	1.5%	2.3%	3.2%
	\$40,000	0.2%	0.4%	0.6%	1.0%	1.7%	2.5%	3.9%	5.6%
	\$45,000	0.3%	0.4%	0.9%	1.5%	2.5%	3.9%	6.2%	8.9%
Very Low-Income (50%)	\$48,700	0.3%	0.6%	1.1%	2.1%	3.2%	5.2%	8.4%	12.0%
	\$50,000	0.4%	0.7%	1.3%	2.3%	3.9%	6.2%	9.6%	13.4%
	\$55,000	0.4%	0.9%	1.9%	3.2%	5.6%	8.9%	13.4%	18.7%
	\$60,000	0.6%	1.3%	2.5%	4.6%	8.2%	12.5%	18.4%	25.6%
	\$65,000	0.8%	1.7%	3.4%	6.3%	11.1%	16.4%	24.4%	32.9%
	\$70,000	1.0%	2.3%	4.6%	8.8%	14.3%	21.9%	31.5%	40.5%
	\$75,000	1.3%	2.8%	6.2%	11.2%	18.4%	27.5%	38.1%	46.6%
Low-Income (80%)	\$77,900	1.4%	3.2%	7.1%	12.7%	20.7%	31.5%	41.0%	50.0%

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 4.52 percent rate brought the mortgage payment to \$2,786 for the first-quartile sales price in 2Q2022, nearly 3.5 times the total monthly mortgage payment for the same home in 2Q2011.

Table 23 shows the home price-to-income multiplier by mortgage interest rate. A 4.52 percent interest rate translates into a home price-to-income multiplier of 3.45⁶, meaning a household could afford a maximum home price of 3.45 times its annual income. The home price-to-income multiplier declines as the mortgage interest rate increases.

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.

The income required to qualify for a loan with a 4.52 percent mortgage interest rate was \$95,528 for the first-quartile sales price in 2Q2022 (Table 24). An estimated 21.9 percent of current renters in the Dallas-Fort Worth-Arlington MSA could afford the first-quartile sales price with a 4.52 percent interest rate (Table 25), a decline of over 40 percentage points from 2Q2011.

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

Year	Home Price	Mortgage Interest Rate						
		3%	4%	4.5%	4.52%	5%	5.5%	6%
2Q2011	\$95,000	\$722	\$774	\$801	\$802	\$829	\$858	\$887
2Q2012	\$107,000	\$813	\$872	\$902	\$903	\$934	\$966	\$999
2Q2013	\$124,900	\$949	\$1,018	\$1,053	\$1,055	\$1,090	\$1,128	\$1,166
2Q2014	\$133,001	\$1,011	\$1,084	\$1,122	\$1,123	\$1,161	\$1,201	\$1,242
2Q2015	\$150,000	\$1,140	\$1,222	\$1,265	\$1,266	\$1,309	\$1,354	\$1,401
2Q2016	\$165,000	\$1,254	\$1,344	\$1,391	\$1,393	\$1,440	\$1,490	\$1,541
2Q2017	\$185,000	\$1,406	\$1,507	\$1,560	\$1,562	\$1,615	\$1,670	\$1,728
2Q2018	\$200,000	\$1,520	\$1,629	\$1,687	\$1,689	\$1,745	\$1,806	\$1,868
2Q2019	\$210,000	\$1,596	\$1,711	\$1,771	\$1,773	\$1,833	\$1,896	\$1,961
2Q2020	\$218,000	\$1,657	\$1,776	\$1,838	\$1,841	\$1,903	\$1,968	\$2,036
2Q2021	\$267,000	\$2,029	\$2,175	\$2,252	\$2,254	\$2,330	\$2,411	\$2,493
2Q2022	\$330,000	\$2,508	\$2,688	\$2,783	\$2,786	\$2,880	\$2,980	\$3,082

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

Mortgage Interest Rate	Home Price-to-Income Multiplier
3%	3.84
4%	3.58
4.5%	3.46
4.52%	3.45
5%	3.34
5.5%	3.23
6%	3.12

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%	4.5%	4.52%	5%	5.5%	6%
2Q2011	\$95,000	\$24,752	\$26,535	\$27,468	\$27,501	\$28,426	\$29,409	\$30,415
2Q2012	\$107,000	\$27,878	\$29,887	\$30,938	\$30,974	\$32,017	\$33,124	\$34,257
2Q2013	\$124,900	\$32,542	\$34,887	\$36,113	\$36,156	\$37,373	\$38,665	\$39,988
2Q2014	\$133,001	\$34,653	\$37,150	\$38,455	\$38,501	\$39,797	\$41,173	\$42,582
2Q2015	\$150,000	\$39,082	\$41,898	\$43,370	\$43,422	\$44,883	\$46,435	\$48,024
2Q2016	\$165,000	\$42,990	\$46,088	\$47,707	\$47,764	\$49,372	\$51,079	\$52,826
2Q2017	\$185,000	\$48,201	\$51,674	\$53,490	\$53,554	\$55,356	\$57,270	\$59,229
2Q2018	\$200,000	\$52,109	\$55,864	\$57,827	\$57,896	\$59,845	\$61,914	\$64,032
2Q2019	\$210,000	\$54,715	\$58,657	\$60,719	\$60,791	\$62,837	\$65,009	\$67,233
2Q2020	\$218,000	\$56,799	\$60,892	\$63,032	\$63,107	\$65,231	\$67,486	\$69,795
2Q2021	\$267,000	\$69,566	\$74,579	\$77,199	\$77,291	\$79,892	\$82,655	\$85,483
2Q2022	\$330,000	\$85,980	\$92,176	\$95,415	\$95,528	\$98,743	\$102,157	\$105,653

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%	4.5%	4.52%	5%	5.5%	6%
2Q2011	\$95,000	66.8%	64.1%	62.7%	62.6%	61.2%	59.7%	58.2%
2Q2012	\$107,000	62.3%	59.3%	57.8%	57.7%	56.2%	54.5%	52.8%
2Q2013	\$124,900	56.1%	52.7%	51.2%	51.2%	49.8%	48.3%	46.8%
2Q2014	\$133,001	54.1%	51.2%	49.7%	49.6%	48.2%	46.6%	45.0%
2Q2015	\$150,000	50.1%	46.9%	45.3%	45.2%	43.6%	41.8%	40.1%
2Q2016	\$165,000	47.6%	44.1%	42.3%	42.3%	40.5%	39.0%	37.7%
2Q2017	\$185,000	44.3%	41.0%	39.6%	39.6%	38.2%	36.7%	35.1%
2Q2018	\$200,000	43.4%	40.3%	38.8%	38.7%	37.1%	35.5%	33.8%
2Q2019	\$210,000	43.8%	40.6%	39.0%	38.9%	37.2%	35.5%	33.6%
2Q2020	\$218,000	44.3%	40.9%	39.1%	39.1%	37.3%	35.4%	33.5%
2Q2021*	\$267,000	35.7%	31.4%	29.9%	29.9%	28.5%	27.1%	25.6%
2Q2022*	\$330,000	27.0%	23.7%	21.9%	21.9%	20.2%	18.9%	18.0%

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.

*Represents estimates using historical ACS data.

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 \$2,786 for the first-quartile sales price in 2Q2022, nearly 3.5 times the payment for the same home in 2Q2011.

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 3.45⁷, meaning a household could afford a maximum home price of 3.45 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 a 95 percent LTV ratio was \$95,528 for the first-quartile sales price in 2Q2022 (Table 28). An estimated 21.9 percent of current renters in the Dallas-Fort Worth-Arlington MSA could afford the first-quartile sales price with a 95 percent LTV ratio (Table 29), a decline of over 40 percentage points from 2Q2011.

Table 26. Total Monthly Mortgage Payment by LTV Ratio

Year	Home Price	LTV Ratio				
		95%	96.5%	97%	98%	100%
2Q2011	\$95,000	\$802	\$810	\$812	\$817	\$828
2Q2012	\$107,000	\$903	\$912	\$915	\$921	\$932
2Q2013	\$124,900	\$1,055	\$1,065	\$1,068	\$1,075	\$1,088
2Q2014	\$133,001	\$1,123	\$1,134	\$1,137	\$1,144	\$1,159
2Q2015	\$150,000	\$1,266	\$1,279	\$1,283	\$1,291	\$1,307
2Q2016	\$165,000	\$1,393	\$1,406	\$1,411	\$1,420	\$1,437
2Q2017	\$185,000	\$1,562	\$1,577	\$1,582	\$1,592	\$1,612
2Q2018	\$200,000	\$1,689	\$1,705	\$1,710	\$1,721	\$1,742
2Q2019	\$210,000	\$1,773	\$1,790	\$1,796	\$1,807	\$1,830
2Q2020	\$218,000	\$1,841	\$1,858	\$1,864	\$1,876	\$1,899
2Q2021	\$267,000	\$2,254	\$2,276	\$2,283	\$2,297	\$2,326
2Q2022	\$330,000	\$2,786	\$2,813	\$2,822	\$2,839	\$2,875

Note: Assumes a 30-year loan term, 4.52 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

⁷ The home price-to-income multiplier is based on a 30-year loan term, 4.52 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 35 percent DTI ratio, and property taxes and insurance of 4 percent.

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

LTV Ratio	Home-Purchasing Power
95%	3.45
96.5%	3.42
97%	3.41
98%	3.39
100%	3.35

Note: Assumes a 30-year loan term, 4.52 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%
2Q2011	\$95,000	\$27,501	\$27,763	\$27,851	\$28,026	\$28,377
2Q2012	\$107,000	\$30,974	\$31,270	\$31,369	\$31,566	\$31,961
2Q2013	\$124,900	\$36,156	\$36,501	\$36,617	\$36,847	\$37,308
2Q2014	\$133,001	\$38,501	\$38,869	\$38,992	\$39,237	\$39,727
2Q2015	\$150,000	\$43,422	\$43,837	\$43,975	\$44,252	\$44,805
2Q2016	\$165,000	\$47,764	\$48,221	\$48,373	\$48,677	\$49,286
2Q2017	\$185,000	\$53,554	\$54,065	\$54,236	\$54,577	\$55,260
2Q2018	\$200,000	\$57,896	\$58,449	\$58,634	\$59,002	\$59,740
2Q2019	\$210,000	\$60,791	\$61,372	\$61,565	\$61,953	\$62,727
2Q2020	\$218,000	\$63,107	\$63,710	\$63,911	\$64,313	\$65,117
2Q2021	\$267,000	\$77,291	\$78,030	\$78,276	\$78,768	\$79,753
2Q2022	\$330,000	\$95,528	\$96,441	\$96,745	\$97,354	\$98,571

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, 4.52 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%
2Q2011	\$95,000	62.6%	62.2%	62.1%	61.8%	61.3%
2Q2012	\$107,000	57.7%	57.3%	57.1%	56.8%	56.2%
2Q2013	\$124,900	51.2%	50.8%	50.7%	50.4%	49.9%
2Q2014	\$133,001	49.6%	49.2%	49.1%	48.8%	48.2%
2Q2015	\$150,000	45.2%	44.7%	44.6%	44.3%	43.7%
2Q2016	\$165,000	42.3%	41.8%	41.6%	41.3%	40.6%
2Q2017	\$185,000	39.6%	39.2%	39.0%	38.8%	38.2%
2Q2018	\$200,000	38.7%	38.3%	38.1%	37.8%	37.2%
2Q2019	\$210,000	38.9%	38.4%	38.3%	37.9%	37.3%
2Q2020	\$218,000	39.1%	38.5%	38.4%	38.0%	37.4%
2Q2021*	\$267,000	29.9%	29.5%	29.4%	29.1%	28.6%
2Q2022*	\$330,000	21.9%	21.4%	21.2%	20.9%	20.2%

Note: Assumes a 30-year loan term, 4.52 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.

*Represents estimates using historical ACS data.

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 3.45⁸ (Table 30), meaning a household could afford a maximum home price of 3.45 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 \$95,528 for the first-quartile sales price in 2Q2022 (Table 31). An estimated 21.9 percent of Dallas-Fort Worth-Arlington households could afford the first-quartile sales price with a 35 percent DTI ratio (Table 32), a decline of more than 40 percentage points from 2Q2011.

⁸ The home price-to-income multiplier is based on a 30-year loan term, 4.52 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 Price-to-Income Multiplier
20%	1.97
25%	2.47
30%	2.96
35%	3.45
40%	3.95
45%	4.44
50%	4.93

Note: Assumes a 30-year loan term, 4.52 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%
2Q2011	\$95,000	\$38,501	\$32,084	\$27,501	\$24,063	\$21,389	\$19,250	\$38,501
2Q2012	\$107,000	\$43,364	\$36,137	\$30,974	\$27,103	\$24,091	\$21,682	\$43,364
2Q2013	\$124,900	\$50,618	\$42,182	\$36,156	\$31,636	\$28,121	\$25,309	\$50,618
2Q2014	\$133,001	\$53,901	\$44,918	\$38,501	\$33,688	\$29,945	\$26,951	\$53,901
2Q2015	\$150,000	\$60,791	\$50,659	\$43,422	\$37,994	\$33,773	\$30,395	\$60,791
2Q2016	\$165,000	\$66,870	\$55,725	\$47,764	\$41,794	\$37,150	\$33,435	\$66,870
2Q2017	\$185,000	\$74,975	\$62,479	\$53,554	\$46,860	\$41,653	\$37,488	\$74,975
2Q2018	\$200,000	\$81,054	\$67,545	\$57,896	\$50,659	\$45,030	\$40,527	\$81,054
2Q2019	\$210,000	\$85,107	\$70,922	\$60,791	\$53,192	\$47,282	\$42,553	\$85,107
2Q2020	\$218,000	\$88,349	\$73,624	\$63,107	\$55,218	\$49,083	\$44,175	\$88,349
2Q2021	\$267,000	\$108,207	\$90,173	\$77,291	\$67,630	\$60,115	\$54,104	\$108,207
2Q2022	\$330,000	\$133,740	\$111,450	\$95,528	\$83,587	\$74,300	\$66,870	\$133,740

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, 4.52 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%
2Q2011	\$95,000	35.6%	47.0%	55.6%	62.6%	67.9%	72.1%	75.5%
2Q2012	\$107,000	31.3%	42.0%	50.4%	57.7%	63.5%	68.1%	71.8%
2Q2013	\$124,900	25.8%	35.0%	44.4%	51.2%	57.4%	62.6%	66.7%
2Q2014	\$133,001	24.0%	33.8%	42.4%	49.6%	55.5%	60.8%	65.0%
2Q2015	\$150,000	19.1%	29.9%	37.4%	45.2%	51.3%	56.4%	61.1%
2Q2016	\$165,000	17.6%	27.1%	35.5%	42.3%	48.9%	54.0%	58.5%
2Q2017	\$185,000	15.1%	22.8%	32.6%	39.6%	45.8%	51.6%	56.1%
2Q2018	\$200,000	13.7%	22.3%	31.0%	38.7%	44.5%	50.5%	55.4%
2Q2019	\$210,000	14.1%	22.5%	30.6%	38.9%	45.1%	50.6%	55.8%
2Q2020	\$218,000	14.5%	22.6%	30.3%	39.1%	45.6%	51.0%	56.3%
2Q2021*	\$267,000	9.7%	16.2%	23.2%	29.9%	37.3%	43.7%	48.8%
2Q2022*	\$330,000	6.4%	10.7%	16.5%	21.9%	28.3%	33.5%	39.9%

Note: Assumes a 30-year loan term, 4.52 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.

*Represents estimates using historical ACS data.

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 \$2,786 for the first-quartile sales price in 2Q2022, nearly 3.5 times the total monthly mortgage payment for the same home in 2Q2011.

Table 34 shows the home price-to-income multiplier⁹ by the costs of property taxes and insurance. At a 4 percent property tax and insurance rate, a household could afford a maximum home price of 3.45 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 property taxes and insurance at 4 percent of home price was \$95,528 for the first-quartile sales price in 2Q2022 (Table 35). An estimated 21.9 percent of current renters in the Dallas-Fort Worth-Arlington MSA could afford the first-

⁹ The home price-to-income multiplier is based on a 30-year loan term, 4.52 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

quartile sales price with property taxes and insurance at 4 percent (Table 36), a decline of more than 40 percentage points from 2Q2011.

Table 33. Total Monthly Mortgage Payment by Additional Homeownership Costs

Year	Home Price	Property Taxes & Insurance				
		2%	3%	4%	5%	6%
2Q2011	\$95,000	\$644	\$723	\$802	\$881	\$960
2Q2012	\$107,000	\$725	\$814	\$903	\$993	\$1,082
2Q2013	\$124,900	\$846	\$950	\$1,055	\$1,159	\$1,263
2Q2014	\$133,001	\$901	\$1,012	\$1,123	\$1,234	\$1,345
2Q2015	\$150,000	\$1,016	\$1,141	\$1,266	\$1,391	\$1,516
2Q2016	\$165,000	\$1,118	\$1,256	\$1,393	\$1,531	\$1,668
2Q2017	\$185,000	\$1,254	\$1,408	\$1,562	\$1,716	\$1,870
2Q2018	\$200,000	\$1,355	\$1,522	\$1,689	\$1,855	\$2,022
2Q2019	\$210,000	\$1,423	\$1,598	\$1,773	\$1,948	\$2,123
2Q2020	\$218,000	\$1,477	\$1,659	\$1,841	\$2,022	\$2,204
2Q2021	\$267,000	\$1,809	\$2,032	\$2,254	\$2,477	\$2,699
2Q2022	\$330,000	\$2,236	\$2,511	\$2,786	\$3,061	\$3,336

Note: Assumes a 30-year loan term, 4.52 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 Price-to-Income Multiplier
2%	4.30
3%	3.83
4%	3.45
5%	3.14
6%	2.88

Note: Assumes a 30-year loan term, 4.52 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%
2Q2011	\$95,000	\$22,072	\$24,786	\$27,501	\$30,215	\$32,929
2Q2012	\$107,000	\$24,860	\$27,917	\$30,974	\$34,031	\$37,089
2Q2013	\$124,900	\$29,019	\$32,587	\$36,156	\$39,725	\$43,293
2Q2014	\$133,001	\$30,901	\$34,701	\$38,501	\$42,301	\$46,101
2Q2015	\$150,000	\$34,851	\$39,136	\$43,422	\$47,708	\$51,993
2Q2016	\$165,000	\$38,336	\$43,050	\$47,764	\$52,478	\$57,193
2Q2017	\$185,000	\$42,982	\$48,268	\$53,554	\$58,839	\$64,125
2Q2018	\$200,000	\$46,467	\$52,182	\$57,896	\$63,610	\$69,324
2Q2019	\$210,000	\$48,791	\$54,791	\$60,791	\$66,791	\$72,791
2Q2020	\$218,000	\$50,649	\$56,878	\$63,107	\$69,335	\$75,564
2Q2021	\$267,000	\$62,034	\$69,662	\$77,291	\$84,920	\$92,548
2Q2022	\$330,000	\$76,671	\$86,100	\$95,528	\$104,957	\$114,385

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, 4.52 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%
2Q2011	\$95,000	71.1%	66.8%	62.6%	58.5%	54.3%
2Q2012	\$107,000	66.9%	62.3%	57.7%	53.1%	49.3%
2Q2013	\$124,900	61.3%	56.0%	51.2%	47.1%	43.1%
2Q2014	\$133,001	59.4%	54.0%	49.6%	45.3%	41.0%
2Q2015	\$150,000	54.9%	50.0%	45.2%	40.4%	36.4%
2Q2016	\$165,000	52.7%	47.5%	42.3%	37.9%	34.4%
2Q2017	\$185,000	50.1%	44.3%	39.6%	35.4%	31.3%
2Q2018	\$200,000	48.9%	43.3%	38.7%	34.1%	29.5%
2Q2019	\$210,000	49.0%	43.8%	38.9%	34.0%	29.1%
2Q2020	\$218,000	49.4%	44.2%	39.1%	33.9%	28.9%
2Q2021*	\$267,000	42.0%	35.6%	29.9%	25.9%	22.0%
2Q2022*	\$330,000	32.0%	26.9%	21.9%	18.2%	15.8%

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, 4.52 percent mortgage interest rate, 0.5 percent mortgage insurance premium, 95 percent LTV ratio, and 35 percent DTI ratio.

*Represents estimates using historical ACS data.

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—according to the National Association of Realtors, 87 percent in 2021—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.

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

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.

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 DTI 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 (4.29 percent in 2Q2022)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

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

reduces the maximum home price affordable to them. The calculations of purchase affordability for first-time homebuyers reflect the prevailing mortgage interest rate (4.52 percent in 2Q2022), 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.



TEXAS A&M UNIVERSITY

Texas Real Estate Research Center

DIVISION OF ACADEMIC AND STRATEGIC COLLABORATIONS

Texas A&M University
2115 TAMU
College Station, TX 77843-2115

<http://recenter.tamu.edu>
979-845-2031

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