



NEWS RELEASE

ICE Mortgage Monitor: Rate drops make August most affordable month since February, as home price growth cools to 12-month low

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- Declining mortgage rates have brought home affordability to its best level since February and boosted refinance incentive for many recent-vintage mortgages
- With 30-year conforming rates down 60 bps from just over 7% in May, the principal and interest payment on the average-priced home purchase is \$145 less per month than just three months ago
- The share of income needed to make payments on that home (34.3%) is still 10 pp above its 30-year average and ICE Market Trends data shows recent record highs in down payments and credit scores
- Spurred by rate declines, purchase loan demand had two of its best weeks since March, but remains noticeably below the levels seen earlier this year and in 2023 when rates were at comparable levels
- The ICE Home Price Index for July showed the annual rate of home price growth slipping to +3.6% from +4.1% in June, marking the slowest pace in 12 months on rising inventory and still-soft demand
- While prices were up +0.19% from June at the national level, they fell by -0.25% or more across each of Florida's nine largest metros which, along with Austin, saw the largest single-month declines in July
- In the Midwest and Northeast, inventory shortages persist, and prices continued to push higher in July

ATLANTA & NEW YORK--(BUSINESS WIRE)-- Intercontinental Exchange, Inc. (NYSE:ICE), a leading global provider of



technology and data, today released its September 2024 **ICE Mortgage Monitor Report**, based on the company's robust mortgage, real estate and public records data sets.

August's mortgage interest rate declines have brought home affordability to its best point in six months. And while purchase mortgage demand has seen a couple of its best weeks since mid-March in response, the rise was muted in comparison to early 2023 and 2024 when rates fell to similar levels. As Andy Walden, ICE Vice President of Research and Analysis, explains, that may actually be good news for the Fed's goal of lowering rates without overheating the market.

"Recent easing in mortgage rates brought some much-sought relief to prospective homebuyers," said Walden. "Along with a general cooling in home price growth, rates falling below 6.5% made August the most affordable month for housing since February. When it comes to affordability, as always, context is important: it still takes 10 percentage points more of the median income to buy the average house than it has on average over the last 30 years. Our own ICE Market Trends data shows that prospective homebuyers are also facing record high down payments and credit scores among recent purchase mortgages. Affordability is still very much a challenge and that is likely to continue for the foreseeable future, but August's improvement is certainly welcome progress."

Three of the nation's 100 largest markets are back to their own long-run average affordability levels (Birmingham, Ala.; Des Moines, Iowa; and McAllen, Texas). Cleveland, Toledo, Memphis and Baton Rouge are all within one percentage point (pp) of their respective benchmarks. Another 22 markets are within 5 pp of their benchmarks. In more than half of all major markets, however, it still takes at least 10 pp more of local median income to make the monthly payment on the average home purchase, when compared to their own long run averages. Payment-to-income ratios in some California markets are currently 20 pp higher, or more, than traditionally.

"Even as affordability challenges persist," Walden continued, "purchase demand perked up on August's rate drops, hinting at a population of prospective homebuyers poised and ready to act as soon as market movements tip the affordability math in their favor. August's demand remains muted from earlier this year and last, when interest rates were at comparable levels, but that may well turn out to be a good thing on balance."

Growing inventory and continuing soft demand led home prices to cool further in July, bringing the annual growth rate down to +3.6% in July from +4.1% in June. Adjusted for seasonality, prices were up +0.19% in the month, equivalent to a seasonally adjusted annual rate (SAAR) of +2.3%. The spread between single-family home and condominium prices continued to widen, with the former up 3.7% year-over-year in July, as compared to +2.3% for condos across the country.

"The market today is in a good position from the perspective of the Fed and its mission," Walden added. "Slower home growth is a positive sign in the Fed's fight against inflation and increased – but still mild – demand is good for

the market and Fed alike. And of course, in some slightly good news for homebuyers, affordability has improved measurably from recent historic peaks.

“However, recent inventory gains come much more from softer demand than from an increased willingness among homeowners to list their homes for sale. This makes supply – and its follow-on effect on home prices – sensitive to rate changes, making demand worth watching closely. Without a meaningful return in new listing volumes, the market is reliant on weak demand to allow inventory to grow, limiting the prospect of stronger sales activity without a corresponding risk of inventory drawdowns.”

Rising inventory levels are resulting in softer home prices across the state of Florida. While prices rose an adjusted +0.19% nationally in July, they fell across each of Florida’s nine largest markets by -0.25% or more. Cape Coral saw the largest decline, with prices there falling by a full percentage point in the month. It was followed by North Port, which saw a -0.9% single-month decline, and prices are now 7% and 6% off their respective recent peaks. Prices fell by 0.3% or more in Jacksonville, Deltona, Tampa, Palm Bay, Lakeland, Orlando and Miami.

“Florida is not alone,” Walden added. “Other areas where inventory has returned to or exceeded pre-pandemic norms also saw prices edge lower in July. Places like Austin, San Antonio, Memphis, New Orleans and San Francisco. On the other side of that coin, inventory shortages persist in many parts of the Midwest and Northeast, where prices continue to push higher. Just look at Cleveland, Providence, Richmond and Chicago, which – along with Seattle – made up the top five performing metros in July from a home price growth perspective.”

Much more information on these and other topics can be found in **this month’s Mortgage Monitor**.

About Mortgage Monitor

ICE manages the nation’s leading repository of loan-level residential mortgage data and performance information covering a majority of the overall market, including tens of millions of loans across the spectrum of credit products and more than 160 million historical records. The combined insight of the ICE Home Price Index and Collateral Analytics’ home price and real estate data provides one of the most complete, accurate and timely measures of home prices available, covering 95% of U.S. residential properties down to the ZIP-code level. In addition, the company maintains one of the most robust public property records databases available, covering 99.9% of the U.S. population and households from more than 3,100 counties.

ICE’s research experts carefully analyze this data to produce a summary supplemented by dozens of charts and graphs that reflect trend and point-in-time observations for the monthly Mortgage Monitor Report. To review the full report, visit: <https://www.icemortgage technology.com/resources/data-reports>

About Intercontinental Exchange

Intercontinental Exchange, Inc. (NYSE: ICE) is a Fortune 500 company that designs, builds, and operates digital networks that connect people to opportunity. We provide financial technology and data services across major asset classes helping our customers access mission-critical workflow tools that increase transparency and efficiency. ICE's futures, equity, and options **exchanges** – including the **New York Stock Exchange** – and **clearing houses** help people invest, raise capital and manage risk. We offer some of the world's largest markets to trade and clear energy and environmental products. Our fixed income, **data services** and execution capabilities provide information, analytics and platforms that help our customers streamline processes and capitalize on opportunities. At **ICE Mortgage Technology**, we are transforming U.S. housing finance, from initial consumer engagement through loan production, closing, registration and the long-term servicing relationship. Together, ICE transforms, streamlines, and automates industries to connect our customers to opportunity.

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