

# 39% OF HOME OWNERS CANNOT AFFORD A 5% DOWN PAYMENT

Proprietary survey data from [TheMortgageReports.com](https://www.themortgagereports.com) highlights the issue



Proprietary survey data from The Mortgage Reports found that nearly two in five potential borrowers--or 39% -- couldn't make a 5% down payment in 2022.

BELLEVUE, WA, UNITED STATES, June 6, 2023 /EINPresswire.com/ -- In recent years, the housing market has been a challenging space for potential

[homebuyers](#). Fierce competition and low inventory has led to surging prices, making it difficult for [borrowers](#) to save for a down payment. Proprietary survey data from [The Mortgage Reports](#) found that nearly two in five potential borrowers -- or 39% -- couldn't make a 5% down payment in 2022. That number marked an increase from 33% in 2019.

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*Rick Sharga, CEO at CJ Patrick Company*

The pandemic had a significant impact on the housing market, with remote work shifting where people lived and bought houses. The ripple effects from that major shift in home buying dynamics and conditions is still being felt today. Work-from-home employment removed the need to live in proximity to the office, and people left densely packed city centers for areas offering larger properties with more space and better prices.

“The Federal Reserve, in an attempt to keep the economy afloat against fears of a severe COVID-caused recession, kept the Fed Funds rates low and poured billions of dollars

into mortgage-backed securities as part of its quantitative easing,” said Rick Sharga, CEO at CJ Patrick Company. “This led to historically low mortgage rates, which further stimulated demand at a time when the inventory of homes for sale dipped to record lows.”

This has made saving for larger down payments more difficult, especially with the extreme supply-demand imbalance, remote work, and decades-high inflation of the past 12 months.

“The Federal Reserve’s monetary easing in response to the pandemic drove mortgage rates down to historic lows, which boosted consumer house-buying power,” said Ksenia Potapov,

economist at First American. "As mortgage rates began to rise, purchasing power contracted, and affordability declined by 78% between January 2021 and December 2022," she continued.

Over the course of 2022, homebuyers had a median down payment of 13%, according to the National Association of Realtors.

While housing affordability tumbled over the past couple years and fewer potential borrowers can pay the 5% down, fortunately, buyers do still have options and assistance programs.

"What we are seeing now is an increased amount of down payment assistance programs being issued nationally and locally to help new homeowners close the income gap and account for the deficit in available funds for down payments," said Ralph DiBugnara, president at Home Qualified. "These programs are working in conjunction with Fannie Mae, Freddie Mac and FHA loans to offer buyers either low-or-no down payment options."

For more information, visit <https://themortgagereports.com/101810/buyers-cant-afford-down-payment-on-a-house>.

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