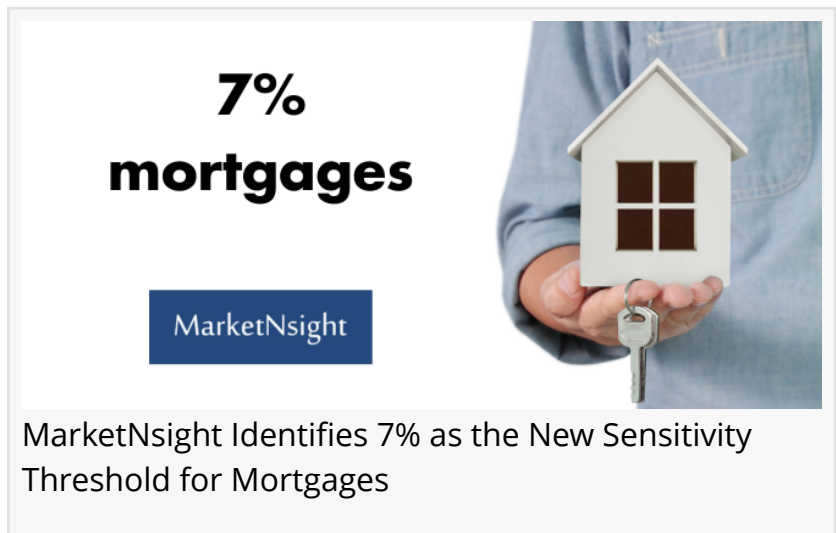


# MarketNsignal Identifies 7% as the New Sensitivity Threshold for Mortgages

*Interest rates rose to 7.09% in the second week of August 2023*

ATLANTA, GEORGIA, UNITED STATES, September 12, 2023 /

EINPresswire.com/ -- [MarketNsignal](#), a leading real estate data and analysis provider, reports that rates in the second week of August 2023 rose to 7.09% - surpassing the 20-year highs set last fall. On the way to 7.09%, pending sales rapidly declined, completely reversing the positive trend witnessed in the third week of July 2023.



“Comparing today’s numbers to 2019 is the most useful for benchmarking purposes since nothing has been ‘normal’ since that year. The latest numbers are no exception,” says John Hunt, principal and chief analyst at MarketNsignal. “Pending sales in the second week of August 2023 look relatively improved, only down 17% when compared to August 2022, but keep in mind Week 2 of August of last year was already down 22% over the same period in 2021.”

When compared to 2019, pending sales in Week 2 of August 2023 were down by 29%, the biggest drop in pending sales against 2019 since the bottom of the market in November 2022. Pending sales started trending negatively in the summer of 2022 when interest rates went above 5.25% - the first sensitivity threshold identified by MarketNsignal.

“We have found a new interest rate sensitivity threshold at 7%,” comments Hunt. “After the initial shock of rates going above 5.25%, the market gradually improved at the beginning of 2023 as consumers began to grow accustomed to mortgage rates as high as 6%. Now, rates above 7% have proven to cause even more significant sticker shock.”

Pending sales dropped dramatically compared to 2019, when rates reached 7% or higher both in November 2022 and now in the second week of August 2023.

Hunt comment

s, "With rates above 7%, conventional wisdom holds that inventory should be piling up as demand cools and houses sit on the market waiting for buyers, but that's not happening. Potential home sellers feel locked in by higher interest rates that make moving an unappealing or unaffordable prospect, and resale inventory continues to lag sharply. Through the second week of August 2023, inventory is down 15% year to year."

From July's final number, the total inventory for the second week of August is essentially unchanged, and the months of supply also stayed the same at 2.0. Inventory is still 51% below pre-pandemic levels. To get back to equilibrium, which is 6 months of supply, Atlanta needs an additional 52,000 units annually.

Hunt explains MarketNsignal's forecast for inventory going forward: "We will not see months of supply go above 2.5 when it peaks in October/November and begins to drop again under normal seasonal conditions."

Meanwhile, high mortgage rates have driven demand down 15 to 20% nationally year to year, but prices are heading back up due to the lack of housing supply. Through the second week of August, prices were up 10% year over year, with the average price up 23% over August 2021, up 42% over August 2020 and up 66% over August 2019.

For the year to date, the market share for newly constructed homes is up an average of 68% over 2022. This trend will continue for as long as mortgage rates remain above the Sensitivity Threshold of 5.25% and there is an absolute dearth of resale inventory.

About MarketNsignal:

MarketNsignal currently serves 40+ cities in nine states – Alabama, Florida, Georgia, Louisiana, North Carolina, South Carolina, Tennessee, Texas and Virginia. Look for the addition of more cities soon!

To schedule a demonstration of the MarketNsignal Feasibility Matrix® or Mortgage Matrix®, call 770-419-9891 or email [info@MarketNsignal.com](mailto:info@MarketNsignal.com). For information about MarketNsignal and John Hunt's upcoming speaking engagements, visit [www.MarketNsignal.com](http://www.MarketNsignal.com).

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