



## For Immediate Release

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## St. Louis housing market remains affordable amid rising interest rates and tight inventory

*Economic factors and fiscal policy could signal 'housing headwind' for buyers*

St. Louis – March 21, 2017 – The Federal Reserve made good on its promise to raise interest rates again last week, increasing the rate one-quarter percent – marking the third increase since 2015 – with more increases expected in the coming months. What does that increase mean for buyers and sellers in the St. Louis housing market?

“A year ago, mortgage interest rates stood at a historic low – with the average rate at 3.68 percent for a 30-year-fixed mortgage,” says St. Louis REALTORS® President Barry Upchurch. “With the Federal Reserve’s recent increase, that average rate has climbed to 4.39 percent, which is still an incredibly low interest rate. However, even with our remarkable housing affordability in St. Louis – with the median home sales price for February sitting at \$148,750 – if you keep adding onto that cost with increased interest rates, ultimately there could be a ‘housing headwind’ for buyers.”

The February 2017 MLS statistics for St. Louis City and St. Louis County combined indicate that for the same month year-over-year the median sales price for homes rose 2 percent from \$145,900 to \$148,750. In addition, days on the market dropped from 167 in February 2016 to 109 days in 2017.

At the same time, according to MARIS (Mid America Regional Information Systems) Multiple Listing Service statistical data, active listings in February were down 11 percent to 5,395 in February 2017 compared to 6,068 for the same month last year, and months of inventory

dropped from 5.9 to 5.1. MLS data also reflect that month-over-month total sales were up 2 percent, with total homes sales for February sitting at 1,049 in 2017 compared to 1,030 in 2016.

“Right now, we’re seeing continued excellent housing affordability and buying opportunity in all market segments from first-time buyers to move up and luxury buyers,” Upchurch says, with 56 percent of homes selling for \$199,999 or less; 28 percent selling between \$200,000 and \$499,999; and 16 percent at \$500,000 and above. “We think this trend will continue, but we’re also keeping a close eye on our tightening inventory in St. Louis as well as the increasing mortgage interest rates, and what effect those two factors will have on buyers and sellers in our market.”

The Federal Reserve’s most recent interest rate increase shouldn’t price too many buyers out of the housing market, but the increase does make a difference. Homebuyers purchasing a \$250,000 home – with a 20 percent down payment – can expect to pay at least 3 percent more each month on their mortgage, which translates to \$29 more per month or \$348 more annually. That might not sound like much now, but with a couple more increases those numbers will have a significant impact.

“We expect to see continued growth along with excellent housing affordability in St. Louis throughout 2017,” says St. Louis REALTORS® CEO John Gormley. “However, it’s important to keep in mind – even with our healthy, growing economy – that home prices are on the rise, interest rates are increasing and inventory is tightening up, all signaling a real seller’s market in St. Louis this year.”

“With interest rates rising and the selling season heating up this spring and summer, if you’re considering buying a home the message is – don’t wait,” advises Gormley. Make your move early in 2017, he says, because the odds are that interest rates will be rising once again in the next few months.

Gormley concludes: “That means it’s time to contact a St. Louis REALTOR® to help you find the home that’s right for you. By starting early, you could avoid lots of competition from other buyers who tend to look in the summer months, and lock in the lowest mortgage interest rate possible. The bottom line? If you’ve been sitting on the homebuying fence, you need to jump off it now.”

### **About the St. Louis Association of REALTORS® Housing Report**

St. Louis REALTORS® releases a new Housing Report around the middle of each month analyzing MLS sales data from the previous month with year-over-year comparisons. Data used these reports are courtesy of MARIS (Mid America Regional Information Systems) Multiple Listing Service.

### **About the St. Louis Association of REALTORS®**

With more than 8,000 members, St. Louis REALTORS® is the largest local REALTOR® organization in Missouri and the voice for real estate in greater St. Louis. The association helps members navigate a changing market, engage in the community, protect private-property rights, convert information to knowledge and provide superior tools.

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