

Why Pricing Matters

FOR BUYERS, THERE IS A RISK IN WAITING TO PURCHASE

FOR SELLERS, PRICING YOUR PROPERTY CORRECTLY MATTERS MORE THAN EVER



ALL HAVE THE SAME MONTHLY PAYMENT
(APPROXIMATELY \$2,150)

1% INTEREST RATE INCREASE = 10% PRICE DECREASE

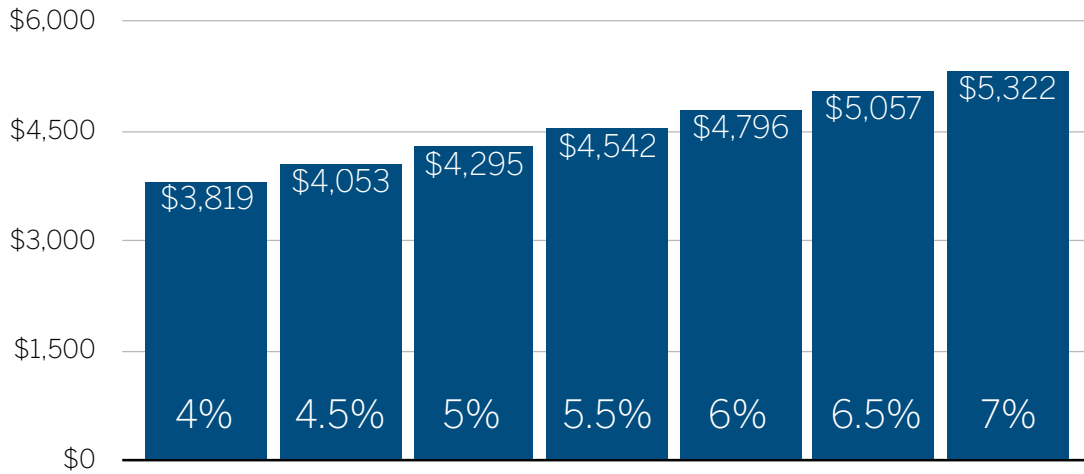
In this illustration, let's break down how list price, interest rate and purchasing power are interconnected.

WHAT WE KNOW:

- Interest rates are going up. The federal reserve has committed to halting inflation and in an effort to “cool” the economy, multiple interest rate hikes have been promised.
- The average national home value appreciation over a 10-year time period is over 7%; in Southern Nevada that number is over 12%.
- Despite recent increases in homes hitting the market, the current available inventory (the number of properties for sale) is still less than half of that in the years preceding the global pandemic.

With this knowledge in mind, buyers that plan on obtaining a mortgage are shopping for a monthly cost. The illustration above demonstrates how an interest rate gain of 1% requires a 10% adjustment in price cost in order to have the same monthly payment. With each interest rate increase, the purchasing power of buyers decreases. For sellers, understanding this math equation is crucial to correctly pricing their property in today's (not yesterday's) market. Keep in mind that sales prices achieved 4 – 6 months ago were supported by stronger buying power.

\$1,000,000 PRINCIPAL CHART



Rate / Amount	4%	4.5%	5%	5.25%	5.5%	5.75%	6%	6.25%	6.5%	6.75%	7%
\$300,000	\$1,146	\$1,216	\$1,288	\$1,325	\$1,363	\$1,401	\$1,439	\$1,478	\$1,517	\$1,557	\$1,597
\$350,000	\$1,337	\$1,419	\$1,503	\$1,546	\$1,590	\$1,634	\$1,679	\$1,724	\$1,770	\$1,816	\$1,863
\$400,000	\$1,528	\$1,621	\$1,718	\$1,767	\$1,817	\$1,867	\$1,919	\$1,970	\$2,023	\$2,076	\$2,129
\$450,000	\$1,719	\$1,824	\$1,933	\$1,988	\$2,044	\$2,101	\$2,158	\$2,217	\$2,275	\$2,335	\$2,395
\$500,000	\$1,910	\$2,027	\$2,147	\$2,209	\$2,271	\$2,334	\$2,398	\$2,463	\$2,528	\$2,594	\$2,661
\$550,000	\$2,101	\$2,229	\$2,362	\$2,430	\$2,498	\$2,568	\$2,638	\$2,709	\$2,781	\$2,854	\$2,927
\$600,000	\$2,292	\$2,432	\$2,577	\$2,651	\$2,725	\$2,801	\$2,878	\$2,955	\$3,034	\$3,113	\$3,193
\$650,000	\$2,483	\$2,635	\$2,791	\$2,871	\$2,953	\$3,035	\$3,118	\$3,202	\$3,287	\$3,373	\$3,460
\$700,000	\$2,674	\$2,837	\$3,006	\$3,092	\$3,180	\$3,268	\$3,357	\$3,448	\$3,540	\$3,632	\$3,726
\$750,000	\$2,864	\$3,040	\$3,221	\$3,313	\$3,407	\$3,501	\$3,597	\$3,694	\$3,792	\$3,892	\$3,992
\$800,000	\$3,055	\$3,243	\$3,436	\$3,534	\$3,634	\$3,735	\$3,837	\$3,941	\$4,045	\$4,151	\$4,258
\$850,000	\$3,246	\$3,445	\$3,650	\$3,755	\$3,861	\$3,968	\$4,077	\$4,187	\$4,298	\$4,410	\$4,524
\$900,000	\$3,437	\$3,648	\$3,865	\$3,976	\$4,088	\$4,202	\$4,317	\$4,433	\$4,551	\$4,670	\$4,790
\$950,000	\$3,628	\$3,851	\$4,080	\$4,197	\$4,315	\$4,435	\$4,557	\$4,679	\$4,804	\$4,929	\$5,056
\$1,000,000	\$3,819	\$4,053	\$4,295	\$4,418	\$4,542	\$4,669	\$4,796	\$4,926	\$5,057	\$5,189	\$5,322
\$1,100,000	\$4,201	\$4,459	\$4,724	\$4,859	\$4,997	\$5,135	\$5,276	\$5,418	\$5,562	\$5,708	\$5,855
\$1,200,000	\$4,583	\$4,864	\$5,153	\$5,301	\$5,451	\$5,602	\$5,756	\$5,911	\$6,068	\$6,227	\$6,387
\$1,300,000	\$4,965	\$5,270	\$5,583	\$5,743	\$5,905	\$6,069	\$6,235	\$6,403	\$6,574	\$6,745	\$6,919
\$1,400,000	\$5,347	\$5,675	\$6,012	\$6,185	\$6,359	\$6,536	\$6,715	\$6,896	\$7,079	\$7,264	\$7,451
\$1,500,000	\$5,729	\$6,080	\$6,442	\$6,626	\$6,813	\$7,003	\$7,195	\$7,389	\$7,585	\$7,783	\$7,984
\$1,600,000	\$6,111	\$6,486	\$6,871	\$7,068	\$7,268	\$7,470	\$7,674	\$7,881	\$8,090	\$8,302	\$8,516
\$1,700,000	\$6,493	\$6,891	\$7,301	\$7,510	\$7,722	\$7,937	\$8,154	\$8,374	\$8,596	\$8,821	\$9,048
\$1,800,000	\$6,875	\$7,296	\$7,730	\$7,952	\$8,176	\$8,403	\$8,634	\$8,866	\$9,102	\$9,340	\$9,580
\$1,900,000	\$7,257	\$7,702	\$8,160	\$8,393	\$8,630	\$8,870	\$9,113	\$9,359	\$9,607	\$9,859	\$10,113
\$2,000,000	\$7,639	\$8,107	\$8,589	\$8,835	\$9,085	\$9,337	\$9,593	\$9,851	\$10,113	\$10,378	\$10,645

The numbers on this chart represent only principal and interest and is a best estimation and not to be relied upon to make any financial decisions. Please contact your CPA, Lender and/or Attorney for more accurate information prior to making any decisions.