

BUSINESS

Houses here more affordable

Average Greenville family has means to buy average home, index indicates

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More families in Greenville were able to afford a median-priced home in 2011 than in 2010, according to a report from the National Association of Realtors.

Its Greenville-area housing affordability index rose to 125.9 in 2011

from 118.8 in 2010.

"What that means is the typical median-income household in the area had 125.9 percent of the income they need to buy a median-priced home," Walter Molony, an association spokesman, told GreenvilleOnline.com.

"In other words, they've got head room, they can afford 25 percent more than the median

price, and there are favorable overall affordability conditions in the market," he said.

Nationwide, the housing affordability index was a record high 184.5 last year.

Even so, market conditions vary widely around the country said Realtors President Moe Veissi and "all real estate is local."

"Both buyers and sellers need to be aware of what works in their local market," he said.

In the affordability in-

dex, anything over 100 is good, Molony said.

An index of 100 represents the point where a median-income household has exactly enough income to qualify for the purchase of a median-priced existing single-family home, assuming a 20 percent down payment and 25 percent of gross income devoted to mortgage principal and interest payments, the association said. The higher the index, the greater the household buying power.

Only 24 out of 152 metros measured had an affordability index below 100 in 2011. Metro areas with the greatest housing affordability conditions in 2011 include the Detroit-Warren-Livonia area of Michigan, with an index of 383.4; Toledo, Ohio, at 242.9; and Decatur, Ill., at 236.8, the NAR said.

Between 2010 and 2011, in markets where comparisons are available, all but 2 out of 148 areas showed

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improvement in housing affordability, and 69 MSAs had double-digit increases in affordability conditions, according to the report.

A lot of times, the improvement in affordability results from a dip in the median home price, Molony said. Such was the case for most metro areas across in the nation last year including Greenville, which saw its median home price drop from \$129,800 in 2010 to \$123,800 in 2011, according to NAR figures.

Still, Molony said, "We've got all the factors

going in the right direction because we've got declines in the mortgage rates and I'm assuming you've got a modest increase in family income because that's true for the nation as a whole."

Typically, when home prices and interest rates

start to rise, affordability declines.

That doesn't necessarily mean a decline in sales, Molony said, because "job creation in the good economy is probably what's necessary for stronger home sales than anything else."