Housing bubble about to burst? Mortgage applications crash to 22-year low as monthly payments skyrocket

Description

USA: There could be some potentially good news on the horizon for prospective home buyers who have been patiently waiting for a lower and much more reasonable entry point into the housing market.

The sky-high real estate bubble that has been inflating for many years now is showing signs of an impending burst as mortgage applications have crashed to a 22-year low. For the fourth straight week in a row, Mortgage Bankers Association (MBA) data shows, mortgage applications have been dropping by 6.5 percent week-over week to the lowest level since 2000.

Purchases fell more than refinancing applications, tumbling 6.1 percent week-over-week, as opposed to 5.6 percent week-over-week for refinances. Except for the time period during the Wuhan coronavirus (Covid-19) outbreak when mortgage offices were forced to close by the government, the current rate of home purchase applications is the weakest it has been since November of 2016.

“This should be no surprise since, as Political Calculations details, after reaching a new low for affordability in March 2022, the median new home in the U.S. became even less affordable for the typical American household in April 2022,” reports *Zero Hedge*.

“That’s especially clear in the following chart. It shows the basic mortgage payment for a median new home as a percentage of median household income rocketed up from 33.8% of that income in March to 37.8% in April 2022.”

America has basically become an overpriced third world country (but without the social cohesion)

Meanwhile, the raw affordability of new homes in the United States has reached a new record low. Compared to income levels, Americans are worse off than they have ever been in terms of being able to afford a new home. (Related: Wall Street is also more inflated than ever and due for a crash.)

In April, median household income levels were just 17.4 percent of the value of the median new home sold during that same month. Based on this raw measure, new homes have never been less affordable for the average working American to buy.

“Weakness in both purchase and refinance applications pushed the market index down to its lowest level in 22 years,” says Joel Kan, MBA’s Associated Vice President of Economic and Industry Forecasting.

“The 30-year fixed rate increased to 5.4 percent after three consecutive declines. While rates were still lower than they were four weeks ago, they remained high enough to still suppress refinance activity. Only government refinances saw a slight increase last week.”

Kan went on in a statement to explain that the purchase market for housing continues to suffer from persistently low inventory coupled by increasing mortgage rates over the past two months. This worsening affordability is especially hard on prospective first-time buyers.

As the United States continues to propel towards hyperinflation at breakneck speed, we wonder if the government and the private central banking parasite known as the Federal Reserve have any more tricks up their sleeve before the whole thing craters into oblivion.

“The collapse is here,” wrote someone at the *Hedge*.

“The people deserve it,” responded another about the wickedness that has swept the nation. “They’ve stood by, or more likely cheered, as the government controlled this, ensuring maximum damage with the impending crash.”

“Republicans are just as responsible for the ‘everything bubble’ as Democrats,” wrote another, correctly pointing out that the controlled demolition of the country is a bipartisan affair.

“The common-sense warning flags have been out there for years and yet most Americans are clueless on what is transpiring and why it is,” said yet another. “Maybe they should have put down the smart phone, TV remote etc. and started due diligence on preparing.”

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