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HOUSING

In Depth: New report offers hope for the housing market, but challenges linger

BY SARAH RUDLANG | RALEIGH
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RALEIGH, N.C. — If you've been scrolling Zillow, dreaming about homes lately (just me?), you've likely noticed a slight change in the housing market. You're not crazy.

Harvard researchers just released their new report: [The State of the Nation's Housing 2022](#).

What You Need To Know

- The Joint Center for Housing Studies of Harvard University released its latest report: [The State of the Nation's Housing 2022](#)
- Overall, researchers say higher interest rates have taken some heat out of the home buying process, but economy challenges loom
- Economist and NCCU Professor Henry McKoy says Rising interest rates put in place to fight inflation have now made it even more expensive for people to afford housing

They say higher interest rates are taking some heat off the home buying market. And it's some good news if you're a renter. Researchers say construction is picking back up, meaning new apartments are being built. That should bring some rental relief when you open up your next lease agreement.

When looking at the economy as a whole, the report says the surge in prices for gas, food and other necessities is really taking a hit on people and business. Plus, most pandemic emergency government support has come to a grinding halt.

The report states lower income renter households and renter households of color were disproportionately likely to fall behind on rent, stating 24% of Black renter households were behind on rent, as were 18% of Hispanic households, 18% of Asian households, and 10% of white households.

[Dr. Henry McKoy](#), an economist and professor at North Carolina Central University, says rising interest rates are making it harder for people to buy a home.

"It's hard. We know that traditionally, the idea of owning a home has been the foundation of the American dream," McKoy said. "It's becoming a lot more challenging for people to reach that dream."

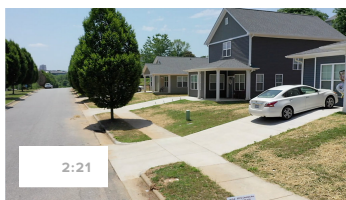
"With the current interest rate being raised by the federal reserve to try to slow down inflation, the offset of that is that [it] makes it more expensive to buy a home for folks who couldn't afford it anyway," McKoy said. "The other side of affordable housing is not just the cost of housing, but also folks' income. So, hopefully we can raise folks' income so more people can afford to move into homes."

Alexander Hermann, a senior research analyst for the report, wrote, "Without help from family or other sources, this would rule out 92% of renters, whose median savings are just \$1,500."

Despite all those disheartening factors, the report claims the near-term outlook for housing demand is still largely positive. However, a lot is riding on inflation and avoiding a recession.

"There is also the longstanding challenge of producing affordable homes, given the high cost of building materials and land, as well as the shortage of labor," says Chris Herbert, managing director of the center. "The lessons learned during the pandemic have led to a number of proposals to greatly expand the housing safety net and provide increased support for first-generation homebuyers. While these measures have yet to be implemented, it is important to continue the policy debate over the best approaches to making housing affordable for all."

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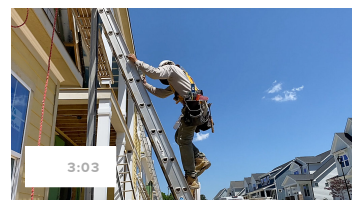
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