

Survey: Nearly Half of Prospective Home Buyers Struggle with Basic Home Costs, Worry About Home Insurance Affordability Amidst Extreme Weather

~Two Bright Spots: Almost Two in Three Expect Mortgage Rates to Drop; More Than Four in Ten Say 5% Mortgage Rates Would Compel Them to Buy

MAITLAND, Fla. - September 05, 2024 - Nearly half of prospective home buyers are struggling to pay basic home costs and say home insurance affordability is a major factor in where they decide to move, according to the results of a survey of 1,818 US adults across the country released today. The survey was conducted by Mphasis Digital Risk, a leading provider of origination, diligence, quality control and artificial intelligence services for the mortgage, consumer lending and financial services industries.

Despite their concerns regarding insurance and costs associated with housing, Americans are more positive regarding the direction of interest rates, and what they call their “magic number” – representing the mortgage rate that would compel them to make a home purchase. More than four in ten (42%) cited a 5% rate as the “sweet spot”; more than one in four (27%) said 4%, and one in five (20%) said the magic number was 6%.

In addition, Americans are generally optimistic about the general direction of the mortgage market. Almost two out of three people (64%) say they are either “very encouraged” (21%) or “somewhat encouraged” (43%) that mortgage rates will be dropping soon.

However, a significant number of respondents, 40%, said they would put off buying a home until after November’s presidential election is settled. The largest share of respondents, 30%, blamed “inflation” as a driving factor of high mortgage rates; 23% blamed the current president, while 13% blamed the Federal Reserve.

The surprisingly large number of people (48%) challenged by home-related expenses, including maintenance, utilities, taxes and fees, is underscored by 39% of those surveyed who said they have seen a “significant increase” in their monthly payments (which include taxes and insurance). In addition, more than one in four (27%) Americans, across all income groups including mass affluent and above, said they have been forced to arrange a payment plan or other arrangement to assist in making their monthly payments.

Concerns about the fast-rising costs of home insurance, driven by increasingly common extreme weather events, is another major factor on the minds of would-be home buyers: A full 47% say home insurance costs will have “a lot” (18%) or “a good deal” (29%) of influence in where they decide to move. One-quarter (25%) said they are considering moving due to extreme weather in their area, and 26% said they knew of someone who was forced to move because of home insurance costs.

“Many prospective buyers started questioning the American dream of home ownership as inflation brought mortgage rates to a cyclical peak of 8% in October 2023, but now rates are down more than 1.5% from this peak,” said Jeff Taylor, Co-Founder and Managing Director of Mphasis Digital Risk. “We’re now getting closer to homebuyers’ comfort zone of low-6%, high-5% rates, and September’s anticipated Fed cuts should help buyer sentiment. This is why industry estimates call for a robust 2025 with \$2 trillion in expected mortgage originations.”

Just under 30% of respondents are considering a home purchase in the second half of the year. But buyers are feeling the effects of a seller's market as existing home supply drives prices upward, with more than 20% saying they've been searching for more than two years and finding it, "a bit depressing," and 17% reporting that, "It's often on my mind and makes me feel sad and angry."

About Mphasis Digital Risk, LLC

Mphasis Digital Risk, LLC is a leading end-to-end origination, risk, compliance, and technology services company that offers differentiated solutions to the mortgage, consumer lending, and other regulated industries. The individual talents of Digital Risk's thousands of analysts are amplified by the company's proprietary technology and advanced analytics performed using the Making Mortgages Safe™ solutions suite. Mphasis Digital Risk, LLC is a wholly owned subsidiary of Mphasis Ltd. To learn more, visit www.DigitalRisk.com.

About Mphasis

Mphasis (BSE: 526299; NSE: MPHASIS) enables customers to reimagine their digital future by applying a unique formula of integrated cloud and cognitive technology. Mphasis X2C2™ formula for success, (anything to cloud powered by cognitive), drives multi-dimensions of business value with an integrated consumer-centric Front to Back Digital Transformation™, enabling Business Operations and Technology Transformation. Mphasis applies advancements in cognitive and cloud to traditional application and infrastructure services to bring much needed efficiency and cost effectiveness. Mphasis' core reference architectures and tools, combined with domain expertise and hyper specialization are the foundation for building strong relationships with marquee clients. Click [here](#) to know more.

Media Contacts: Dukas Linden Public Relations - Drisk@dlpr.com