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Local market very affordable

By Karen Schlosser

Even though real estate markets in some metro areas haven't had a lot of positive news lately, the Greater Cincinnati real estate market, all things considered, remains one of the bright spots in the region. The most recent good news: Cincinnati ranks among the top markets when it comes to the availability of affordable housing.

NAR's Affordability Index

An affordability index used by the National Association of Realtors measures whether a typical family can qualify for a mortgage loan on a typical home. The NAR index defines a typical home as the national median-priced, existing single-family home; it defines the typical family as one that earns the median family income as reported by the U.S. Census Bureau.

In simplest terms, an index value of 100 means a family with the median income earns exactly enough income to qualify for a mortgage on a median-priced home. An index value above 100 means that a family earning the median income has more than enough income to qualify, assuming a 20 percent down payment.

Cincinnati Higher Than National Rating

The recent affordability data for Cincinnati rates the area at **216**, above the state of Ohio's rating of **188** and significantly higher than the national rating of **132**.

Bottom line: The high rating means many potential first-time buyers in Cincinnati earn

considerably more than enough income to buy a home, and that the Cincinnati real estate market offers a good selection of affordable properties.

In addition to Cincinnati's good housing affordability rating, in April, CNNmoney.com's Best Place to Buy a Home These Days, rated Cincinnati as one of six cities where home prices are likely to rise the most - or fall the least - in the next year.

Cincinnati 10th in Best Cities List

In May, Worldwide ERC and Primacy Relocation announced its Best Cities for Relocating Families; Cincinnati was 10th of the 50 large-market cities rated.

Affordability, as it relates to the price of a home, is somewhat abstract unless you are paying cash. What really matters is your monthly carrying cost, which is a combination of purchase price, mortgage interest rate and property tax rate. In the boom years, these carrying costs exceeded many people's ability to pay, and drove away buyers, especially first-time buyers.

Market is Very Accessible-Very Affordable

Today, it appears the situation is correcting itself. Based on the affordability index and other favorable ratings, it would be accurate to characterize the local real estate market as very accessible, very affordable.

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