

**BUY NOW OR WAIT?**

<b>Home Price</b> \$200,000
<b>Interest Rate</b> 6.0%
<b>Payment</b> \$1,199

**SCENARIO 1:**

Home prices decrease by 5%  
Interest rates increase by 0.5%

<b>Home Price: -5%</b> \$190,000
<b>Interest Rate: + 0.5%</b> 6.5%
<b>Payment</b> \$1,201

**SCENARIO 2:**

Home prices decrease by 10%  
Interest rates increase by 1.0%

<b>Home Price: -10%</b> \$180,000
<b>Interest Rate: + 1.0%</b> 7.0%
<b>Payment</b> \$1,198

**FIGURE 47** Even a slight increase in mortgage interest rates can offset a significant drop in home prices. There is little to gain in this scenario and much to lose if home prices rebound or rates jump.