NEW YORK POST

BUSINESS

Homeowners are paying more for insurance and taxes than their mortgages, study shows

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Published Dec. 24, 2024, 11:47 a.m. ET

Scores of homeowners are spending more on insurance and property taxes than they do on their mortgages, according to a troubling new study.

Home insurance prices have skyrocketed as natural disasters and the rising costs of repairs have driven up rates, while property taxes have surged as the value of homes have increased, according to an analysis by Intercontinental Exchange.

The combination resulted in 32% of the average single-family mortgage payment in September going to property taxes and home insurance, the highest rate ever for data going back to 2014, the study found.



The burden has been the hardest on homeowners in two upstate New York towns — Rochester and Syracuse — as well as in Omaha, Neb., New Orleans and Miami, according to the study, which was first cited by the Wall Street Journal.

At least a quarter of mortgage holders in those cities spend more than half of their monthly payment on taxes and insurance, the study found.

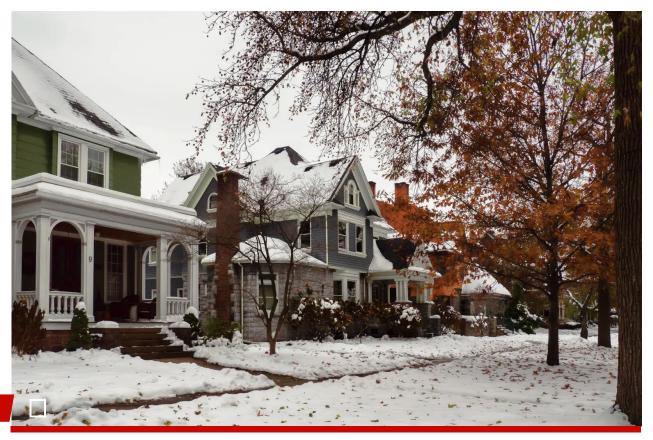
In Rochester, 35% of homeowners who took out mortgages on their properties spend more than half of their monthly payment on taxes and insurance.

In Syracuse, the rate is 34%.

The five cities mentioned are known for high property taxes or expensive home insurance — or both.

Rochester, a city of more than 200,000 people which lies on the banks of Lake Ontario, has a median property tax rate of 2.95%, which is considerably higher than both the national median of 0.99% and the New York state median of 2.39%, according to the site Ownwell.com.

The median property tax rate in Syracuse is also high relative to the nationwide and statewide median — 1.93%.



Homeowners in Rochester, NY who took out mortgages on their properties pay the highest ratio of taxes and insurance, according to a study.



Homeowners in Miami are paying more for property insurance as hurricanes have decimated the market.

In New Haven, Conn, more than one in five homeowners — 21% — pay more for taxes and insurance than their mortgage each month.

Meanwhile, private insurers have fled Miami and New Orleans because claims from hurricanes and tropical storms don't make up for high premiums.

Nationwide, taxes and insurance make up more than half of the mortgage payment for 9% of single-family homeowners, according to the Journal.

In 2014, that number was less than 4%.

Mortgage rates continue to remain relatively high despite the Federal Reserve cutting its interest rate three times this year.

The average rate for a standard 30-year fixed mortgage was 7% Tuesday — an increase of 0.21% from last week.



In New Haven, Conn, more than one in five homeowners — 21% — pay more for taxes and insurance than their mortgage each month.

The average rate for a 15-year fixed mortgage is 6.27% — which is up by 0.16% compared to a week ago.

While mortgage rates have come down from 2023 highs, the average rates are unlikely to dip below 6% for a while, according to experts.

"Mortgage rates are not going to come down as much as we had expected, and affordability will still be a challenge," Lisa Sturtevant, chief economist at real estate agency Bright MLS, told CNET.com.

President-elect Donald Trump pledged during the campaign to bring mortgage rates down to around 3% — which was where they were before the onset of the coronavirus pandemic in the spring of 2020.

Sales of new single-family homes dropped to the lowest level in nearly two years in October, likely as a rise in mortgage rates drove buyers to the sidelines and hurricanes disrupted activity.

New home sales plunged 17.3% to a seasonally adjusted annual rate of 610,000 units in October, the lowest level since December 2022, the Commerce Department's Census Bureau said.

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