

## Zillow's real-time affordability tool helps shoppers quickly find homes within their budget

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This first of its kind personalized tool will change how buyers shop for homes

SEATTLE, Nov. 19, 2024 /PRNewswire/ -- Home shoppers now have a way to instantly understand if a home on Zillow fits within their budget. [BuyAbility](#) is an affordability tool from Zillow Home Loans that gives buyers a real-time, personalized estimate of the home price and monthly payment they can afford, and their likelihood of qualifying for a loan. Instead of wasting time on homes they can't afford, shoppers can now clearly and quickly identify homes on Zillow within their true budget.

BuyAbility is the tool for this moment. Homeownership can feel out of reach for aspiring first-time buyers who are daunted by today's high prices and may not feel ready to share their personal financial details with a loan officer. Volatile mortgage rates have made it difficult to know how much home they can afford, and their ability to qualify for a loan can change from day to day. BuyAbility is powered by real-time mortgage rates from Zillow Home Loans, and makes updates whenever rates move up or down, or when a prospective buyer improves their credit score, their debt-to-income ratio or saves more for their down payment.

"Mortgage rates have been on a wild ride this year," said Orphe Divounguy, a senior economist for Zillow Home Loans. "With improving inflation numbers and more balanced economic activity, mortgage rates could ease slightly heading into the new year. That will mean more affordability and more options for home shoppers. Buyers will be in a stronger position to act quickly when the right home enters their BuyAbility, bringing them one step closer to the American Dream of homeownership."

Shoppers can access BuyAbility from the Home Loans tab on the Zillow app. They enter their basic financial information, including their income, credit score, monthly debt payments, amount saved for a down payment and

the amount they're comfortable spending each month. Within seconds, they get their BuyAbility: an estimate of the home price they are likely to qualify for, and a suggested budgeted maximum price based on their desired monthly payments. When they browse Zillow, listings will be clearly tagged when they are within that shopper's BuyAbility, providing instant clarity on whether they are likely to qualify for a loan on that home.

BuyAbility accounts for the one major factor that basic mortgage calculators neglect: the interplay between mortgage rates and a buyer's personal financial situation. Shoppers with higher credit scores or a lower debt-to-income ratio will qualify for a lower mortgage rate, which has a huge impact on their buying power. Assuming a 20% down payment and a fixed-rate mortgage, a median-income household would be able to afford a \$380,000 home with a 7% mortgage rate. That same household could afford the monthly payments on a \$420,000 home with a 6% mortgage rate.

A vast majority of home buyers today are prioritizing budget above all else. Zillow [data](#) finds nearly 80% of recent buyers say it is very or extremely important to find a home within their initial budget (79%). That became a bit easier when mortgage rates dropped this fall. New [Zillow research](#) finds the share of homes that a middle-income household could comfortably afford hit a nearly two-year high in September. A household making the median U.S. income could comfortably afford 27.3% of homes listed for sale across the country. Only 22.7% of all homes listed for sale were affordable to a middle-income household when mortgage rates peaked above 7% in May.

That significant shift shows how quickly homes can go from being unaffordable to affordable in today's market. BuyAbility gives shoppers a competitive edge by keeping them up to date on exactly what they can afford at any given time.

BuyAbility is currently available in every state but New York on the Zillow app and will be coming soon to desktop computers on Zillow's website.

## About Zillow Group:

Zillow Group, Inc. (Nasdaq: Z and ZG) is reimagining real estate to make home a reality for more and more people. As the most visited real estate website in the United States, Zillow and its affiliates help people find and get the home they want by connecting them with digital solutions, dedicated partners and agents, and easier buying, selling, financing and renting experiences.

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