

THE RECAP

MAY 2026

The RECAP is SitusAMC's monthly Real Estate Commentary, Analytics and Perspectives on the residential real estate market.

Our team of experts aggregates the latest trends and perspectives across residential real estate finance to help you stay up to date on market developments and make more informed decisions. Here are the key developments in May 2026.

WHAT YOU NEED TO KNOW

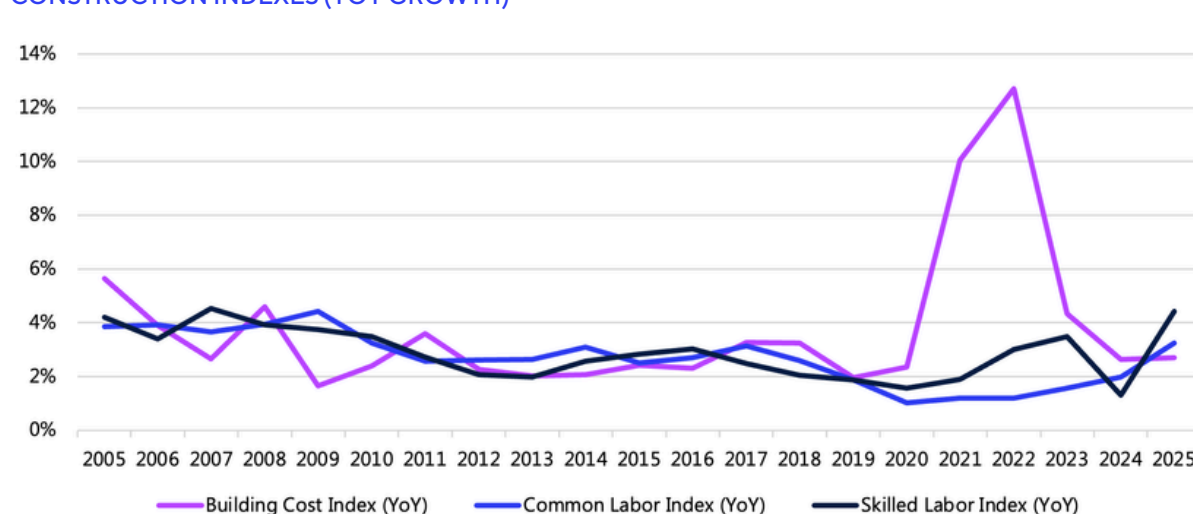
Building costs have doubled over the past 20 years while home maintenance expenditures, including routine upkeep and emergency repairs, jumped 70%. Monthly homeownership payments have soared 80% since the pandemic. Inflation pressures intensified in April as rising energy costs tied to the ongoing war in Iran pushed consumer prices to their fastest annual pace in nearly three years. Despite that, both new and existing home sales rose.

ABOUT SITUSAMC INSIGHTS

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CONSTRUCTION COSTS HAVE SURGED

CONSTRUCTION INDEXES (YOY GROWTH)



The past 20 years have seen a doubling in building costs, outpacing median household income, which rose by 83%. Among the labor components, skilled labor has seen a stronger increase than common labor. More than half of homeowners are having difficulty finding enough skilled labor to complete projects, according to [Ange's](#) 2025 State of Home Spending Report. Labor shortages and higher construction costs are among the reasons that remodeling is forecast to slow sharply early next year.

"Higher inflation, and the Iran War which underlies it, is keeping rates high."

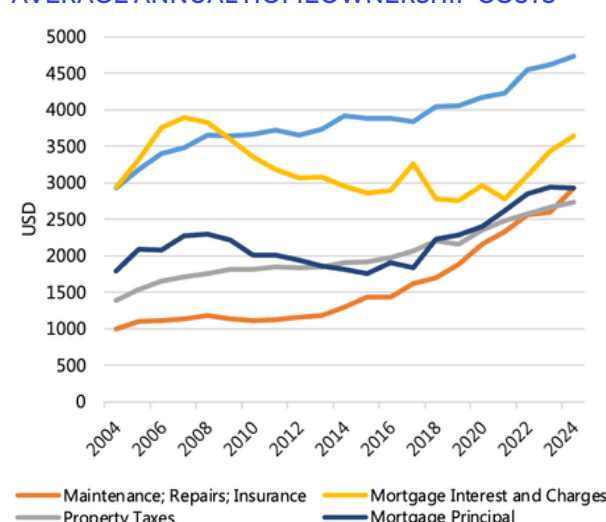


PETER MUIOI, PHD
Head of SitusAMC Insights



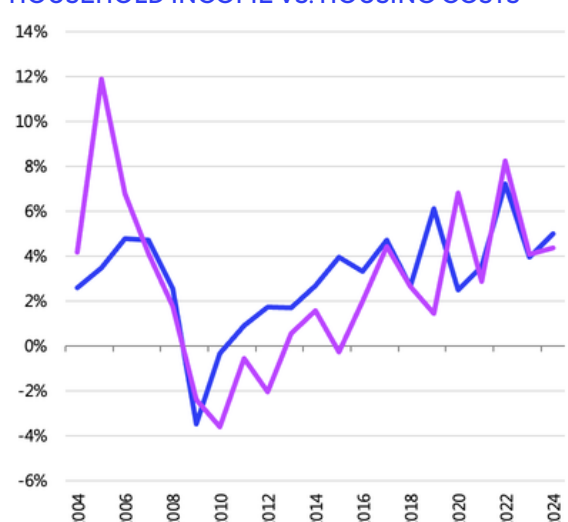
HOMEOWNERSHIP COSTS HAVE JUMPED SHARPLY

AVERAGE ANNUAL HOMEOWNERSHIP COSTS



Sources: Census Bureau, BLS, SitusAMC Insights

HOUSEHOLD INCOME VS. HOUSING COSTS

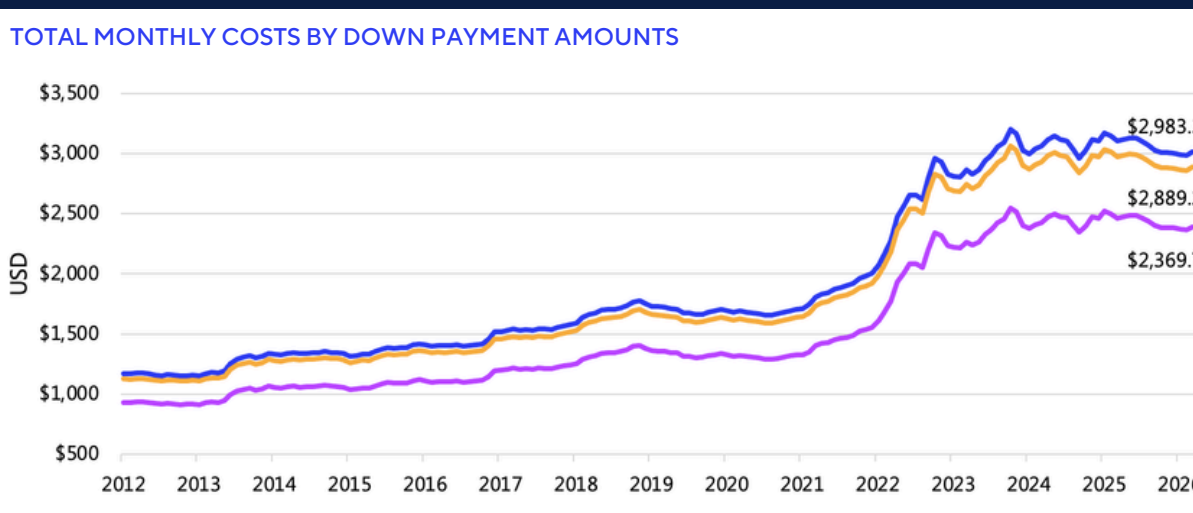


Home ownership costs jumped over the last two decades. Conservative estimates peg the annual costs at \$16,970 in 2024, the most recent year available, a 4% increase YoY and 70% increase over the past 20 years. Utilities comprise the largest share of expenditures, but but maintenance/repairs/insurance costs have almost tripled over the past 20 years. (Maintenance expenditures include routine upkeep and emergency repairs but exclude major capital improvements that extend the life of the building or add long-term value, as well as aesthetic services such as cleaning, window washing, deck staining/sealing, etc.)

Over the last 20 years, average annual growth of median household income was slightly above homeownership cost growth: 3.1% vs. 2.8%, respectively. There was some easing of cost burdens for homeowners in 2024, but rising inflation may reverse the trend.

HOMEOWNERSHIP PAYMENTS JUMPED 80% SINCE COVID

TOTAL MONTHLY COSTS BY DOWN PAYMENT AMOUNTS



Sources: Zillow, SitusAMC Insights

Zillow produces an estimate of the total monthly payment on a new home purchase at current interest rates, including mortgage payment, homeowner's insurance, property taxes and maintenance costs worth 0.5% of the home's value. These costs are for homes in the middle third of home values/middle third of home values, but represent more liberal estimates of housing costs than data from the Census Bureau. As of March 2026, the average total monthly payment was \$2,370 for homeowners who had a 20% down payment. After factoring in mortgage insurance for homeowners with lower than a 20% down payment, monthly costs approached \$3,000. Monthly payments increased about 80% since the onset of Covid and are up nearly 160% since Zillow began publishing these data in 2012. Total monthly housing costs comprise between 35% and 44% of average total monthly household income.

INFLATION PRESSURES LEAD TO RISING TREASURIES

U.S. TREASURIES - PAST YEAR



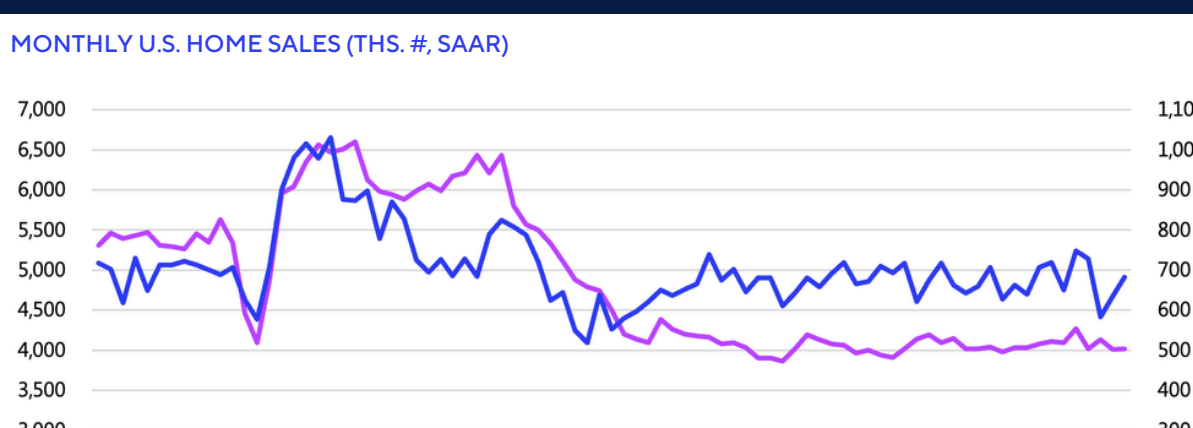
Sources: FRB, SitusAMC Insights

Inflation pressures intensified in April as rising energy costs tied to the Iran War pushed consumer prices to their fastest annual pace in nearly three years. CPI rose at a 3.8% annual rate—well above the Federal Reserve's 2% target—with additional pressure coming from food, apparel, shelter and other tariff-sensitive categories. Producer prices surged even more sharply, with wholesale inflation jumping 1.4% month over month and reaching a 6% annualized rate, the highest since late 2022. The concern is that elevated wholesale costs could spread further into core consumer inflation, complicating the Fed's efforts to bring prices under control.

The inflation data, combined with geopolitical uncertainty, pushed the 10-year Treasury yield to roughly 4.5%, its highest level since last summer. Markets also reacted to mixed economic signals, including weak first-quarter GDP growth alongside a stronger-than-expected jobs report. Still, refinancing activity was up 29% YoY.

NEW AND EXISTING HOME SALES ROSE

MONTHLY U.S. HOME SALES (THS. #, SAAR)



Sources: National Association of Realtors; U.S. Census Bureau; Moody's Analytics

Recent economic and political uncertainty appear to be having little dampening effect on the housing market, with existing home sales up slightly in April and new home sales up nearly 7.5% in March (the most recent Census Bureau data available). Softening home prices over the month drove the increases in sales activity. Most notably, seasonally adjusted new home sale prices were down almost 7% in March to the lowest level since August 2021. However, the consistent story remains that high existing home prices, along with high mortgage rates, are tamping down existing home sales on a historical basis.

ABOUT SITUSAMC

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