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Home loan interest rates should be high enough to prevent a real estate bubble?

Supply and demand. Low interest rates mean the price of houses is bid up - new entrants to the market in their 20s cant get in.

High interest rates will have the same effect, as those same people can't afford the higher payments on the lower priced homes.

A \$200,000 mortgage at 5% is virtually the same monthly payment as a \$150,000 mortgage at 7.5%.

You can also find this article published on [Home loan interest rates should be high enough to prevent a real estate bubble?](#), and on the tag pages [high interest rates](#), [home loan interest](#), [home loan interest rates](#), [home loan interest rates should be high enough to prevent a real estate bubble](#), [loan interest rates](#), [Low Interest Rates](#), [lower priced homes](#), [real estate](#), [real estate bubble](#), [supply and demand](#).