

Waiting Is a Decision Too

Why holding out for a lower rate has a price, and how to tell whether it is worth paying

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WHAT THIS ISSUE IS FOR

Nobody waiting for a lower rate thinks of it as a decision. It is one, and it has a price.

On 16 September the Federal Reserve raised its benchmark rate for the first time since 2023 and signaled that more increases may follow.^{4,5,6} This week the average 30 year mortgage reached 7.28 percent, the highest in nearly three years and almost a full point above where it stood a year ago.^{1,2,3} The instinct is to pause until it comes back down. That instinct is reasonable. It is also a position on the future, taken without anyone writing down what it costs.

Why this issue is about waiting

Issue 01 argued that the first question is not whether this is the right time but how long you intend to stay. This issue takes up the question almost everyone asks next. If rates are high, should I wait?

Sometimes the answer is yes. My job is to show you exactly when, and to make sure the choice to wait is made with the same rigor as the choice to buy.

The rate is the number everyone watches. The price is the number that decides.

THE ASYMMETRY BEHIND THE TITLE

A rate can be changed later. A purchase price cannot. If you buy and rates fall, you can refinance. It is not free in New York, but it is possible. If you wait and prices rise, no refinance gives that back.

The Cost of Standing Still

Two clients, one assumption

Both of these are real patterns I am seeing this season. Both people believe they are standing still. Neither one is.

The buyer waiting for a cut

She was approved in the spring at a little over six percent and found the right apartment in August. Then rates moved and she stepped back to wait for them to fall. She is paying rent while she waits, in a Manhattan market where the median rent is 7 percent higher than a year ago.⁸ She thinks of the pause as free. It is costing her a month of rent at a time, and it is betting on two things at once: that rates fall and that prices do not rise while they do.

The seller waiting for buyers to return

He was ready to list in September and decided to hold until spring, when he expects rates to ease and buyers to come back. Every month he holds, he pays the carrying costs of an apartment he has already decided to leave. At today's rates the same monthly payment buys roughly nine percent less apartment than it did a year ago. Waiting does not change that arithmetic. It only postpones the moment he meets it.

What is actually missing

Neither of them is wrong to be cautious. What is missing is a price on the caution. Each has treated waiting as the neutral choice and buying or selling as the risky one, when both are positions with costs attached. Only one of those costs is visible.

The buyer has priced the rate she hopes to get and nothing else. The seller has priced the spring he hopes to sell into and nothing else. Neither has written down what the waiting itself will cost, which is the only figure that tells you whether the wait is a strategy or a hope.

Waiting is not the cautious choice or the reckless one.

It is simply a choice, and it deserves a price like every other.

The nine percent figure compares the loan a fixed monthly payment supports at 6.34 percent, the 30 year average a year ago, with the loan it supports at 7.28 percent today, at the same eighty percent financing.^{1,2}

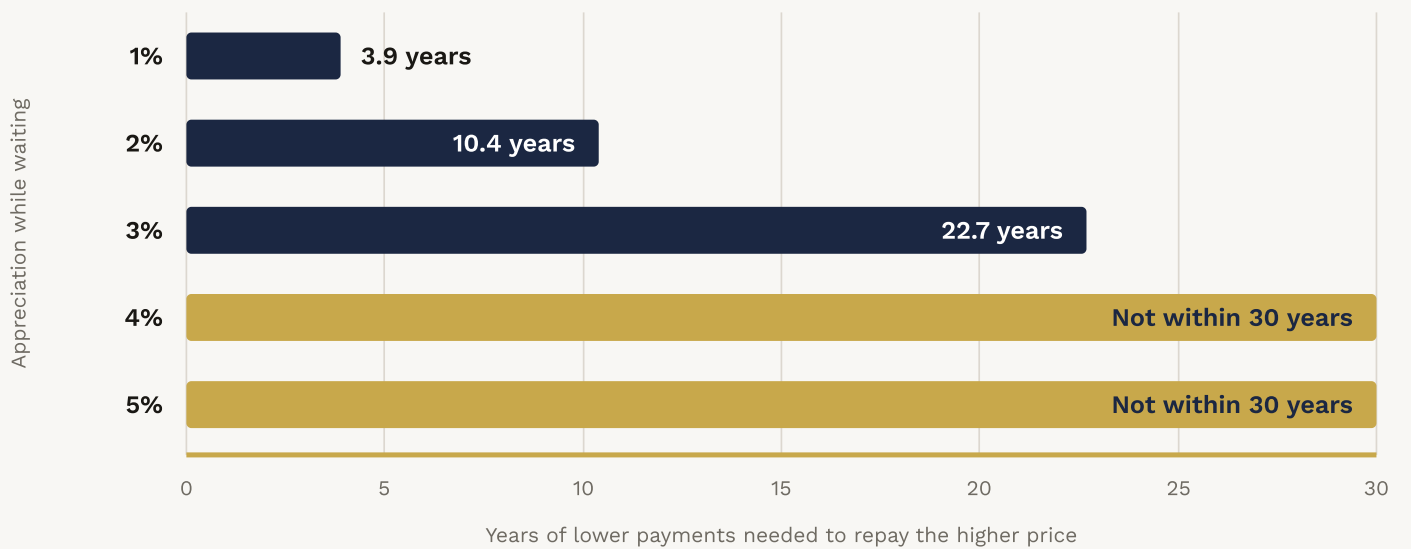
An Exhibit of Patience

What a year of waiting must earn back

The same apartment as Issue 01, bought today or bought in a year.

Years for a half point rate cut to repay one year of waiting

A \$1,500,000 Manhattan resale condominium, eighty percent financing. Bought today at 7.28 percent, monthly principal and interest is \$8,211.¹ Wait a year and suppose rates fall half a point, to 6.78 percent. If the price rose meanwhile, you borrow more, pay more mansion and mortgage recording tax, and keep a smaller share of the saving.^{10,11}



Years to repay is the extra price and extra closing taxes divided by the monthly principal and interest saved. The appreciation rates are a range for illustration, not a forecast. The calculation excludes the year of rent paid while waiting and the year of interest, common charges and taxes paid by buying now. If prices are flat, waiting wins outright: a half point cut saves \$403 a month with nothing to repay.

A year of waiting, at three percent

Purchase price, up \$45,000	\$1,545,000
Mansion tax, 1% of the increase ¹⁰	+\$450
Recording tax, 1.925% of the added loan ¹¹	+\$693
Monthly payment at 6.78%	\$8,041
Monthly saving versus today	\$169

If rates rise half a point instead

Monthly payment at 7.78%, flat prices	\$8,622
Monthly payment at 7.78%, prices up 3%	\$8,880
Federal Reserve projection, year end ⁶	4.00 to 4.25%
Current target range ⁴	3.75 to 4.00%
Monthly increase versus today	Up to \$669

How I Price the Wait

Four moves, and the order still matters

The same discipline as Issue 01, applied to the question of timing.

- 1 **Name what you are actually waiting for.** A lower rate, a lower price, more inventory, or more certainty. They are different bets and they rarely arrive together. Lower rates tend to bring more buyers, and more buyers tend to firm prices. Waiting for both is waiting for the market to make an exception for you.
- 2 **Put a number on the wait.** Rent or carrying costs per month, plus the price risk, set against the payment you hope to save. If you cannot write that number down, you are not waiting, you are postponing.
- 3 **Separate the rate from the price.** The rate is something you can revisit. A refinance in New York carries real costs, including a new mortgage recording tax, though a CEMA can reduce it substantially.⁹ The price is something you can never revisit. When the two pull in opposite directions, the permanent one deserves more of your attention.
- 4 **Set the trigger in advance.** Decide now what would make you act. A specific rate, a specific price, or a specific apartment. A wait with a trigger is a strategy. A wait without one is a mood.

For buyers

If you are staying seven years or longer, the rate you lock today is unlikely to be the rate you carry for the whole hold, and the price you pay is permanent. That favors negotiating hard on price now, while higher rates have thinned the competition, over waiting for a cut that will bring the competition back. If your horizon is three years or less, Issue 01 still governs, and continuing to rent is a legitimate answer.

For sellers

Higher rates shrink what a buyer's monthly budget can carry, and pretending otherwise produces the overpriced listing that sits. But the buyers active today are the ones with conviction, and many will refinance later if rates allow. Pricing to the market that exists usually beats the carrying cost of waiting for the one you expect in spring. If you do not need to sell, waiting is legitimate too. Choose it on purpose.

What that sounds like in the room

It sounds like me telling a buyer that if prices stay flat, she should wait, and showing her the math that proves it. It sounds like asking a seller what each month of carrying costs him, writing the figure on the page, and then asking what the spring would have to deliver to beat it.

What I Am Watching

The line I am watching

The 10 year Treasury yield. Mortgage rates follow it more closely than they follow the Federal Reserve, and the recent climb in mortgage rates has tracked rising Treasury yields.⁷ If the 10 year turns down decisively, the case for a near term rate reprieve strengthens. Until it does, the half point cut in this issue's exhibit is a hope, not a plan.

The caveat

The exhibit isolates price and rate. It does not include the rent you pay while waiting, the interest and carrying costs you pay by buying, tax treatment, or the costs of a future refinance. Your own numbers will differ, sometimes in favor of waiting. Appreciation is shown as a range because nobody, including me, knows what it will be.

If you are weighing something now

Tell me what you are waiting for and what you have assumed it costs. I will send back a written read with your numbers, not the borough average: the payment at today's rate, the trigger I would set, and my honest view on whether waiting is the better trade. Sometimes that answer is wait. No pitch follows.

TO RECEIVE THE NEXT ISSUE

The Decision Gap arrives every two weeks. If this issue reached you second hand, the next one can come directly, at kevinmchale.nyc@insight. One email every two weeks, nothing else on the list, and one click removes you.

Method

The exhibit assumes a \$1,500,000 Manhattan resale condominium purchased with a \$1,200,000 loan on a 30 year fixed rate mortgage, compared with the same apartment purchased twelve months later at prices 1 to 5 percent higher, with eighty percent financing at a rate half a point lower. Monthly figures are principal and interest only. Additional closing costs reflect the 1 percent mansion tax and the 1.925 percent New York City mortgage recording tax on the higher price and loan. All rates current as of 1 October 2026.

Method and Sources

Sources

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11. **NYS Department of Taxation and Finance.** Mortgage recording tax, component rates.
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