

# *The* Rate Trap Escape Plan

Why downsizing at 7% often makes more financial sense than staying put — and the five-minute math that proves it.

## ALBUQUERQUE EDITION

Based on 2,303 SWMLS closed sales

**\$85M+**

SALES VOLUME

**18+**

YEARS IN NM

**275**

HOMES CLOSED

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# Your Low Rate Feels Like a Golden Handcuff

## — But the Math Often Tells a Different Story.

You refinanced in 2020 or 2021. You locked in 3.1%, maybe 2.8%, and it felt like winning the lottery. Now the kids' old bedrooms collect dust, you're heating and cooling square footage you don't use, and trading that rate for something in the sevens feels like giving the prize back.

That instinct makes sense. But it compares **one number** — your rate — against **one number** — today's rate. That's not the full picture.

"The full picture has four variables. Run all four together, and downsizing often makes more sense than staying put — sometimes dramatically more."

### THE FOUR VARIABLES THAT DECIDE IT

1

#### Current Home Value

What your home realistically sells for in today's Albuquerque market.

2

#### Remaining Balance

The payoff amount left on your existing mortgage.

3

#### The Equity Between Them

The cash you walk away with — your single most underused asset.

4

#### Target Home Price

What the right-sized home you actually want costs.

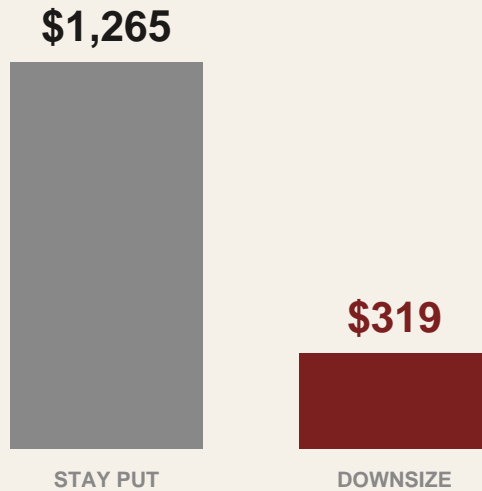
**Scenario A — Sell \$800,000 → Buy \$500,000**

Bought 2019 for \$520,000 · +54% appreciation

From: Far NE Heights / Foothills North → To: Paradise West / NW Heights

Sale proceeds	\$800,000
Remaining mortgage balance	-\$300,000
Closing costs on sale (~6%)	-\$48,000
<b>Equity in hand after sale</b>	<b>~\$452,000</b>
New home purchase price	\$500,000
Equity applied as down payment	-\$452,000
<b>New loan needed</b>	<b>~\$48,000</b>
Current payment on \$300,000 at 3.0%	\$1,265/mo
New payment on \$48,000 at 7%	\$319/mo
<b>Monthly payment change</b>	<b>↓ \$945/mo</b>

PAYMENT COMPARISON



THE RATE MORE THAN DOUBLED.  
**Payment dropped \$945/mo**  
**\$11,346 saved per year**

**Why this works — Scenario A:**

Large home appreciation since 2019 built massive equity — near-cash purchase of next home.

54% appreciation since 2019 built \$452,000 in equity. That equity reduces the new loan to \$48,000 — a \$945/mo lower payment

*Illustrative scenario based on SWMLS market conditions. James runs your actual numbers — see worksheet page 14.*

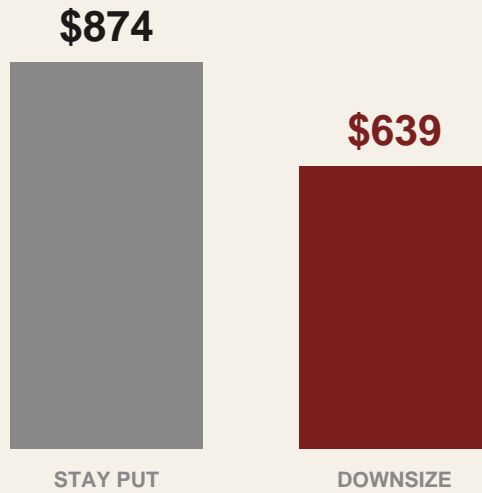
**Scenario B — Sell \$600,000 → Buy \$450,000**

Bought 2018 for \$380,000 · +58% appreciation

From: NW Heights / North Valley → To: NE Heights / Paradise East

Sale proceeds	\$600,000
Remaining mortgage balance	-\$210,000
Closing costs on sale (~6%)	-\$36,000
<b>Equity in hand after sale</b>	<b>~\$354,000</b>
New home purchase price	\$450,000
Equity applied as down payment	-\$354,000
<b>New loan needed</b>	<b>~\$96,000</b>
Current payment on \$210,000 at 2.9%	\$874/mo
New payment on \$96,000 at 7%	\$639/mo
<b>Monthly payment change</b>	<b>↓ \$235/mo</b>

PAYMENT COMPARISON



THE RATE MORE THAN DOUBLED.  
**Payment dropped \$235/mo**  
**\$2,825 saved per year**

**Why this works — Scenario B:**

Mid-range seller with strong equity, right-sizing within Albuquerque.

58% appreciation since 2018 built \$354,000 in equity. That equity reduces the new loan to \$96,000 — a \$235/mo lower payment

*Illustrative scenario based on SWMLS market conditions. James runs your actual numbers — see worksheet page 14.*

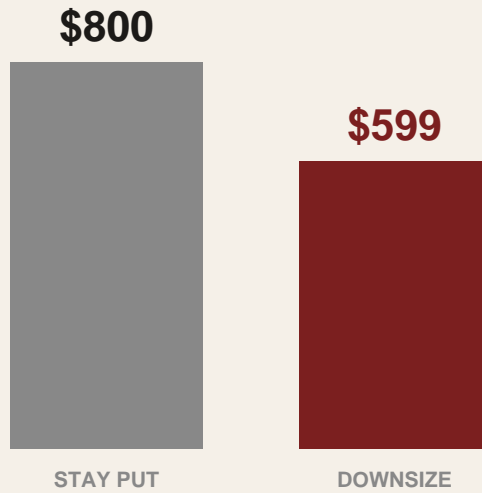
**Scenario C — Sell \$500,000 → Buy \$375,000**

Bought 2019 for \$320,000 · +56% appreciation

From: Foothills South / Academy West → To: NE Heights / Uptown

Sale proceeds	\$500,000
Remaining mortgage balance	-\$185,000
Closing costs on sale (~6%)	-\$30,000
<b>Equity in hand after sale</b>	<b>~\$285,000</b>
New home purchase price	\$375,000
Equity applied as down payment	-\$285,000
<b>New loan needed</b>	<b>~\$90,000</b>
Current payment on \$185,000 at 3.2%	\$800/mo
New payment on \$90,000 at 7%	\$599/mo
<b>Monthly payment change</b>	<b>↓ \$201/mo</b>

PAYMENT COMPARISON



THE RATE MORE THAN DOUBLED.  
**Payment dropped \$201/mo**  
**\$2,415 saved per year**

**Why this works — Scenario C:**

Typical Albuquerque appreciator — right-sizing efficiently at a comfortable price point.

56% appreciation since 2019 built \$285,000 in equity. That equity reduces the new loan to \$90,000 — a \$201/mo lower payment

*Illustrative scenario based on SWMLS market conditions. James runs your actual numbers — see worksheet page 14.*

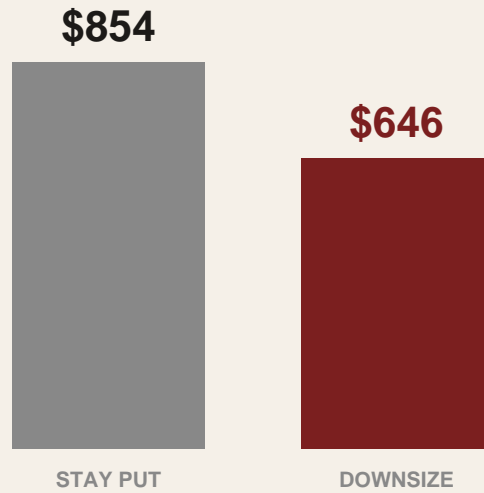
**Scenario D — Sell \$450,000 → Buy \$320,000**

Bought 2020 for \$310,000 · +45% appreciation

From: Paradise West / SE Heights → To: NE Heights / Ladera Heights

Sale proceeds	\$450,000
Remaining mortgage balance	-\$200,000
Closing costs on sale (~6%)	-\$27,000
<b>Equity in hand after sale</b>	<b>~\$223,000</b>
New home purchase price	\$320,000
Equity applied as down payment	-\$223,000
<b>New loan needed</b>	<b>~\$97,000</b>
Current payment on \$200,000 at 3.1%	\$854/mo
New payment on \$97,000 at 7%	\$646/mo
<b>Monthly payment change</b>	<b>↓ \$208/mo</b>

PAYMENT COMPARISON



THE RATE MORE THAN DOUBLED.  
**Payment dropped \$208/mo**  
**\$2,492 saved per year**

**Why this works — Scenario D:**

Entry-level scenario — still saves every month despite the rate difference.

45% appreciation since 2020 built \$223,000 in equity. That equity reduces the new loan to \$97,000 — a \$208/mo lower payment

*Illustrative scenario based on SWMLS market conditions. James runs your actual numbers — see worksheet page 14.*

# The Pattern Holds Across Every Price Point

Every scenario shows a lower monthly payment — despite rates more than doubling. The mechanism is the same in all four: Albuquerque appreciation since 2018–2020 built equity that now pays down the new loan to a fraction of the original balance.

Scenario	Sell Price	Buy Price	Old Loan	New Loan	Old Payment	New Payment
Scenario A	\$800,000	\$500,000	\$300,000	\$48,000	\$1,265/mo	\$319/mo
Scenario B	\$600,000	\$450,000	\$210,000	\$96,000	\$874/mo	\$639/mo
Scenario C	\$500,000	\$375,000	\$185,000	\$90,000	\$800/mo	\$599/mo
Scenario D	\$450,000	\$320,000	\$200,000	\$97,000	\$854/mo	\$646/mo

WHAT THE RATE COMPARISON SKIPS

## 01

### The Equity Offset

You're not comparing 3% on \$260K to 7% on \$380K. You're comparing it to 7% on whatever's left after your equity becomes your down payment. Often \$50K–\$100K. A completely different monthly payment.

## 02

### Carrying-Cost Savings

Taxes, insurance, utilities and maintenance all scale with square footage. Albuquerque homeowners routinely save \$400–\$800 a month right-sizing — money that never appears in a rate comparison.

## 03

### The Cost of Waiting

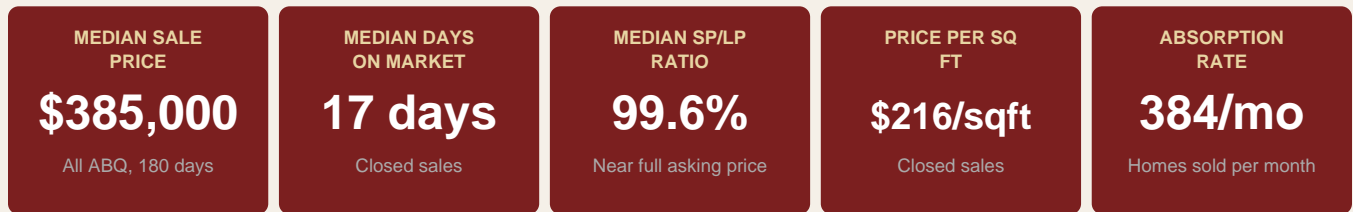
Every month you stay, you pay full carrying costs on a larger home you don't fully use. If rates fall, you refinance a smaller loan. You can't refund the months you overpaid.

**At \$600/month in carrying cost savings, that's \$7,200 every year — roughly the entire annual interest on a \$100K downsized loan. The rate comparison misses it every time.**

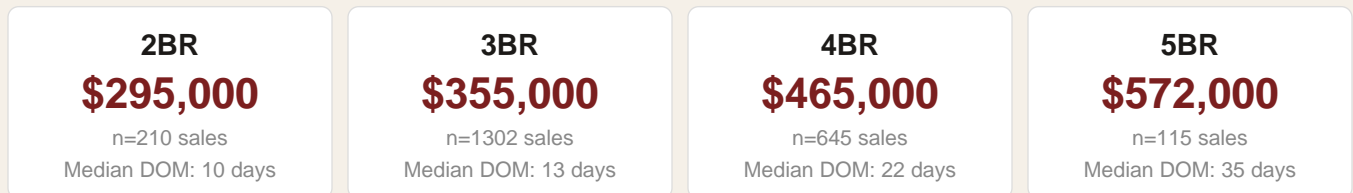
# Albuquerque by the Numbers — Direct From MLS

## WHY 180 DAYS IS THE RIGHT WINDOW

These 2,303 sales aren't a sample — they're the same 180-day window licensed appraisers use to establish current market value under Fannie Mae guidelines. This is what your home is actually worth to a lender today. Not Zillow. Not last year. The official appraisal standard.



## MEDIAN PRICE BY BEDROOM COUNT



## SALES VOLUME BY PRICE BAND

Price Range	Closed Sales	% of Market	Median DOM	Market Note
<b>Under \$300K</b>	414	18%	17 days	Entry-level, fastest-moving
<b>\$300K–\$400K</b>	843	37%	15 days	Largest segment, most active
<b>\$400K–\$500K</b>	473	21%	18 days	Move-up, steady
<b>\$500K–\$700K</b>	377	16%	15 days	Premium, selective buyers
<b>\$700K+</b>	196	9%	25 days	Luxury, longer close

# Albuquerque Area-by-Area Breakdown

Albuquerque spans 24 MLS areas with dramatically different price points and market velocity. James works across all of them and knows which neighborhoods are moving fastest right now.

<p><b>50 – Northeast Heights</b></p> <p><b>\$325,000</b> Median sale price</p> <p><b>14 days</b> Median DOM</p> <p><b>291</b> Closed</p> <p>Key areas: Brentwood Hills, Montgomery area</p>	<p><b>110 – NW Heights</b></p> <p><b>\$440,000</b> Median sale price</p> <p><b>23 days</b> Median DOM</p> <p><b>254</b> Closed</p> <p>Key areas: Taylor Ranch, High Range, Vista Vieja</p>
<p><b>111 – Ladera Heights</b></p> <p><b>\$320,000</b> Median sale price</p> <p><b>18 days</b> Median DOM</p> <p><b>177</b> Closed</p> <p>Key areas: Lavaland, Laurelwood, Stormcloud</p>	<p><b>30 – Far NE Heights</b></p> <p><b>\$450,000</b> Median sale price</p> <p><b>7 days</b> Median DOM</p> <p><b>174</b> Closed</p> <p>Key areas: Crestview Heights, Quintessence</p>
<p><b>120 – Paradise West</b></p> <p><b>\$352,000</b> Median sale price</p> <p><b>13 days</b> Median DOM</p> <p><b>155</b> Closed</p> <p>Key areas: Ventana Ridge, West Pointe, Cantacielo</p>	<p><b>121 – Paradise East</b></p> <p><b>\$380,000</b> Median sale price</p> <p><b>13 days</b> Median DOM</p> <p><b>130</b> Closed</p> <p>Key areas: Eagle Ridge, Vista Del Parque, The Knolls</p>
<p><b>41 – Uptown</b></p> <p><b>\$300,000</b> Median sale price</p> <p><b>14 days</b> Median DOM</p> <p><b>130</b> Closed</p> <p>Key areas: La Jolla Park, Carlisle Plaza</p>	<p><b>101 – Near North Valley</b></p> <p><b>\$370,000</b> Median sale price</p> <p><b>22 days</b> Median DOM</p> <p><b>94</b> Closed</p> <p>Key areas: MacArthur, Trinity Square</p>
<p><b>51 – Foothills South</b></p> <p><b>\$470,000</b> Median sale price</p> <p><b>9 days</b> Median DOM</p> <p><b>79</b> Closed</p> <p>Key areas: Sandia Manor, Sandia Terrace</p>	<p><b>100 – North Valley</b></p> <p><b>\$492,500</b> Median sale price</p> <p><b>16 days</b> Median DOM</p> <p><b>84</b> Closed</p> <p>Key areas: Ranchos de Albuquerque, Sun Valley</p>

## What This Data Tells Albuquerque Sellers

With 17 day median DOM, Albuquerque moves faster than most comparable metros.

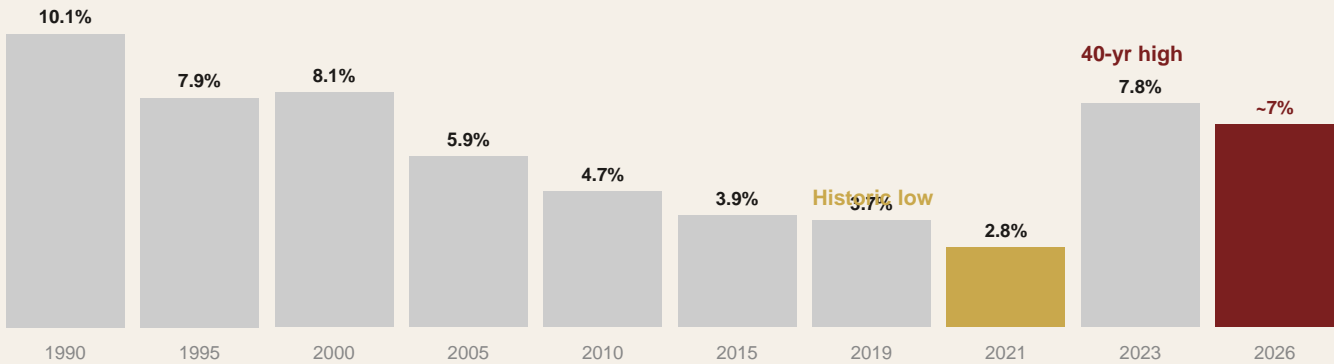
At 99.6% SP/LP ratio, sellers are getting essentially full asking price.

284 homes per month are closing. Priced right, your home will not sit.

# “I’ll Wait for Rates to Drop” — The Math Behind That Decision

Waiting is a legitimate strategy. But it has a real cost that most people never calculate.

## 30-YEAR MORTGAGE RATE HISTORY



## THE COST OF WAITING — BREAKEVEN ANALYSIS

Assumes current home carries \$600/mo in excess costs vs. right-sized home. New loan at ~\$96K. Refinance savings if rates drop to 5.5%.

Wait Period	Carrying Cost Paid	Savings After Refi	Net Cost of Waiting	Verdict
6 months	\$3,600	~\$1,600/yr	-\$2,000 net	Break even: 2+ yrs
12 months	\$7,200	~\$1,600/yr	-\$5,600 net	Break even: 4+ yrs
24 months	\$14,400	~\$1,600/yr	-\$11,200 net	Likely a loss
36 months	\$21,600	~\$1,600/yr	-\$16,400 net	Clear loss

**The key insight:** Rates would need to drop significantly AND stay low long enough for refinance savings to offset what you spent carrying the larger home. For most Albuquerque homeowners, that math doesn’t work out.

# Two Albuquerque Sellers — Different Price Points, Same Outcome

Composite scenarios based on real transaction types James closes regularly in Albuquerque. Names and identifying details omitted. Numbers reflect actual SWMLS market conditions.

## The Far NE Heights Seller

Far NE Heights (Area 30)

Bought 2019: \$520K · Balance: \$300K @ 3.0%

4BR, 3,200 sq ft. Kids gone. Heating and cooling rooms nobody uses. Tight on what a 7% rate would mean. Objection: “No way 7% makes financial sense.”

BEFORE		AFTER	
Mortgage payment	\$1,265/mo	New mortgage (\$48K @ 3.0%)	\$319/mo
Property taxes	\$500/mo	Property taxes	\$270/mo
Insurance	\$210/mo	Insurance	\$110/mo
Utilities (3,200 sq ft)	\$320/mo	Utilities (1,900 sq ft)	\$170/mo
Maintenance	\$430/mo	Maintenance	\$200/mo
<b>TOTAL MONTHLY</b>	<b>\$2,725/mo</b>	<b>TOTAL MONTHLY</b>	<b>\$1,069/mo</b>

**Saves \$1,656/mo**

\$19,872/yr · Closed in 28 days

“The equity nearly paid cash for the next house. We had no idea.”

## The NW Heights Seller

NW Heights (Area 110)

Bought 2018: \$375K · Balance: \$210K @ 2.9%

3BR, 2,400 sq ft. Ready to right-size. Nervous about giving up a sub-3% rate. Objection: “I’ll wait until rates come down.”

BEFORE		AFTER	
Mortgage payment	\$874/mo	New mortgage (\$96K @ 2.9%)	\$339/mo
Property taxes	\$340/mo	Property taxes	\$230/mo
Insurance	\$160/mo	Insurance	\$105/mo
Utilities (2,400 sq ft)	\$245/mo	Utilities (1,700 sq ft)	\$165/mo
Maintenance	\$330/mo	Maintenance	\$195/mo
<b>TOTAL MONTHLY</b>	<b>\$1,949/mo</b>	<b>TOTAL MONTHLY</b>	<b>\$1,334/mo</b>

**Saves \$615/mo**

\$7,380/yr · Closed in 41 days

“The carrying costs were the number nobody had shown us.”

### The number nobody shows you:

Both sellers were comparing mortgage rates — not total monthly cost of ownership. Once James ran the full picture (taxes, insurance, utilities, maintenance), the decision wasn’t close in either case.

# The 5 Questions James Hears Most — *Answered Directly*

## **Q1. Won't a higher rate cost me more in the long run?**

Only if you're borrowing the same amount. You're not. Your equity pays down the new loan significantly. A 7% rate on \$96K costs far less than a 3% rate on \$260K over any time horizon. Run the numbers, not the rate.

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## **Q2. What if rates drop next year?**

Every month you stay in a larger home, you pay carrying costs that don't come back. When rates fall, you refinance the smaller loan — a fraction of what you'd refinance if you waited. See the breakeven table on page 10.

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## **Q3. What if my home isn't worth what I think?**

That's exactly why James starts with a real CMA. In Albuquerque, automated estimates can be off by \$30K–\$60K. The SWMLS data shows 2,303 sales in 180 days with a median of \$385,000 — but your home's value depends on area, condition, and bedroom count. James pulls real comps first.

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## **Q4. I don't want to pay commission to sell.**

Selling costs are already factored into the equity calculation — the worksheet uses ~6% total. James's fee is negotiated directly and comes from proceeds, not out of pocket. The equity number is what you actually walk away with after everything.

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## **Q5. What if I can't find the right smaller home in Albuquerque?**

This is the most legitimate concern — which is why James starts with a buyer search before you list. Albuquerque closed 384 homes per month over the past 180 days across 24 MLS areas. There's active inventory. If it's not there at your target price, he'll tell you before you commit.

# Why Albuquerque Sellers Are *in a Strong Position Right Now*

Albuquerque’s market is significantly more active than Rio Rancho’s — 2,303 closed sales in 180 days vs. 969. That velocity, combined with a 17-day median DOM, means well-priced homes are not sitting. Here’s what the data says about the current environment.

17 Days

AVERAGE TIME TO SELL

Albuquerque's 17-day median DOM is one of the fastest in New Mexico. Buyers are active and

99.6%

LIST-TO-SALE RATIO

Sellers are getting essentially their full asking price. This is not a market where you need

384/mo

HOMES CLOSING MONTHLY

That absorption rate means buyers are consistently active across all price points. The

ALBUQUERQUE VS. NATIONAL AVERAGES

Metric	Albuquerque	National Average	Advantage
Median Home Price	\$385,000	~\$420,000	↓ 8% below national
Price-to-Income Ratio	~4.3x	~6x	Far more affordable
Days on Market	17 days	~45 days	2.6x faster
Cost of Living	Below average	Baseline	7% below national

### Why Albuquerque Holds Value Long-Term

University of New Mexico (28,000+ students), Kirtland Air Force Base, Sandia National Laboratories, and a growing healthcare sector create consistent housing demand that insulates Albuquerque from the volatility seen in purely speculative markets.

# The 4-Variable Worksheet

Fill in what you know. Bring it to a conversation with James and he'll complete the rest with real Albuquerque comps and current numbers.

**1** **What could your current home sell for?** \$ \_\_\_\_\_  
 A realistic estimate — James will refine it with comps.

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**2** **What's your remaining mortgage balance?** \$ \_\_\_\_\_  
 Your current payoff amount.

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**3** **Estimated equity (line 1 – line 2 – ~6%)** \$ \_\_\_\_\_  
 Your cash in hand after selling costs.

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**4** **Target price of your next home?** \$ \_\_\_\_\_  
 The right-sized home you actually want.

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**=** **Your estimated new loan** \$ \_\_\_\_\_  
 Line 4 – line 3 = what you'd actually borrow

MONTHLY PAYMENT REFERENCE · 7% FIXED 30-YEAR

\$48,000 loan <b>\$319/mo</b>	\$50,000 loan <b>\$333/mo</b>	\$75,000 loan <b>\$499/mo</b>	\$90,000 loan <b>\$599/mo</b>
\$96,000 loan <b>\$639/mo</b>	\$100,000 loan <b>\$665/mo</b>	\$107,000 loan <b>\$712/mo</b>	\$150,000 loan <b>\$998/mo</b>
\$200,000 loan <b>\$1,331/mo</b>	\$250,000 loan <b>\$1,663/mo</b>	\$300,000 loan <b>\$1,996/mo</b>	\$350,000 loan <b>\$2,329/mo</b>

## Ready for your actual numbers?

Text "DOWNSIZE" to (505) 803-8903 · james@jamesshive.com · jamesshive.com  
 James responds personally within 24 hours. Free. No obligation.

# Where These Numbers Come From

Every statistic in this guide is sourced from publicly available data or James Shive's direct SWMLS access. All Albuquerque market data is current as of June 2026.

## SWMLS MARKET DATA · PRIMARY SOURCE

**2,303 closed sales, 180 days, all Albuquerque MLS areas**

Southwest Multiple Listing Service (SWMLS), accessed via I Available to licensed NM agents only · License #67951 NM

**Median sale price, DOM, SP/LP ratio, price per sq ft, by-area and by-bedroom breakdowns**

SWMLS closed sale records, Albuquerque NM, January–June 20 Direct MLS data export

**Note: This CSV contains closed sales only. Active/pending counts not available for inventory calculation.**

SWMLS export limitation — months of inventory not reported Will be included in future editions with full export

## MORTGAGE & RATE DATA

**30-Year Fixed Rate History (1990–2026)**

Freddie Mac Primary Mortgage Market Survey (PMMS), via Fed fred.stlouisfed.org/series/MORTGAGE30US

**Current ~7% mortgage rate**

Freddie Mac PMMS, week ending May 2026 freddiemac.com/pmms

## ALBUQUERQUE DEMOGRAPHICS

**UNM enrollment 28,000+; Kirtland AFB; Sandia National Laboratories**

UNM Office of Institutional Analytics 2025; DoD Installati unm.edu · kirtland.af.mil

**Cost of living –7% vs. national average**

Council for Community and Economic Research (C2ER), 2025 coli.org

**Price-to-income ratio ~4.3x (calculated: \$385K median ÷ ~\$89K median HHI)**

U.S. Census Bureau ACS 2023 + SWMLS data census.gov/quickfacts/albuquerquecitynewmexico

## NATIONAL COMPARISONS

**National median home price ~\$420,000**

National Association of Realtors, Existing Home Sales Repo nar.realtor/research-and-statistics

**National median DOM ~45 days**

Realtor.com Market Trends, May 2026 realtor.com/research/data

# If the math doesn't work in your favor, *James will tell you that too.*

No obligation, no sales pitch. James pulls the current market data on your home, runs the four-variable calculation, and gets back to you with a real answer — personally, within 24 hours.

- ✓ Free — no cost, no commitment
- ✓ Personalized to your actual home and balance
- ✓ James responds personally — not a call center

## James Shive

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