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Los Angeles is the Worst Metro for First-Time Homebuyers; Pittsburgh is the Best

Five of the bottom ten metros are in California

NEW YORK – June 13, 2022 – Los Angeles is the worst metro area for first-time homebuyers, according to a new Bankrate.com study. The 50 largest metro areas in the U.S. were ranked based on several factors that a first-time homebuyer should consider when purchasing a home including: affordability (30%), employment factors (20%), housing market tightness (20%), safety (20%), and wellness and culture (10%). Click here for more information:

<https://www.bankrate.com/real-estate/best-cities-for-first-time-homebuyers/>

Top 5 Metros for First-Time Homebuyers	Bottom 5 Metros for First-Time Homebuyers
1. Pittsburgh	50. Los Angeles
2. Minneapolis	49. Las Vegas
3. Cincinnati	48. Seattle
4. Kansas City	47. Riverside
5. Buffalo	46. San Jose

While Los Angeles ranked 3rd best for wellness and culture, it ultimately came in as the worst metro-statistical area for first-time homebuyers due to ranking 49th in affordability, 48th in employment factors, 39th in housing market tightness (tied with Hartford, Charlotte, and Orlando), and 30th in safety (tied with St. Louis).

In fact, five of the ten worst metro areas for first-time homebuyers are located in California, which in addition to Los Angeles, includes Riverside (47), San Jose (46), San Francisco (43), and San Diego (41). Similar to Los Angeles, several of these metros ranked high in wellness and culture, with San Francisco taking the top spot. However, several California metros came in at the bottom in affordability, including San Jose (50), San Francisco (48), San Diego (47), Sacramento (44), and Riverside (42).

Other than California, popular destinations for younger populations were home to some of the other bottom ten worst metro areas, including Las Vegas (49th overall and bottom 10 in employment factors and safety), Seattle (48th overall and bottom 10 for affordability and housing market tightness), Denver (45th overall and bottom 15 for affordability and housing market tightness), and Houston (44th overall and bottom 10 for wellness and culture, employment factors, and safety).

“The housing boom of the past two years has widened the affordability gap between low-priced and high-priced metro areas,” said Bankrate.com analyst, Jeff Ostrowski. “But with remote work

becoming the norm for white-collar employees, it's possible to keep the fatter paycheck while living in a cheaper area. For this study, we looked not only at housing affordability but also at a variety of other factors, including local unemployment rates, commute times, crime rates and public health."

Pittsburgh earned the top overall spot for the best metro for first-time homebuyers, ranking first overall in affordability and near the top for both housing market tightness (2) and safety (3). The metro ranked in the bottom half for both wellness and culture (31) and employment factors (47), however.

The other metros in the top five had high marks across different categories, including Minneapolis (2nd overall and top 15 in all but housing market tightness), Cincinnati (3rd overall and 4th best in affordability), Kansas City (4th overall and 1st in housing market tightness), and Buffalo (5th overall and top 10 in affordability and housing market tightness).

First-time homebuyers looking to live in a more populated metro area should consider Philadelphia, which ranked highest of the top 10 largest MSAs at 11th overall. The City of Brotherly Love ranked favorably for housing market tightness (8) while sitting inside the top 20 for affordability (16), wellness and culture (16), and safety (16). Philadelphia was dragged down by a poor ranking in employment factors (46) due to elevated unemployment and longer commute times.

Methodology:

The 2022 Bankrate Best Metros for First-Time Homebuyers was compiled using data from a variety of sources, including the U.S. Census Bureau, the U.S. Labor Department and the FBI. A breakdown of each category:

- **Affordability:** In this category, we calculated the typical income needed to qualify for a mortgage in each metro area, based on each area's median home price in the first quarter of 2022 as reported by Attom Data Solutions, a 10 percent down payment, a 5 percent mortgage rate on a 30-year loan and a mortgage debt-to-income ratio of 25 percent. We then compared that number to the Census Bureau's latest estimate of median income for households headed by 25- to 44-year-olds in each metro area. We also calculated the homeownership rate for 25- to 44-year-olds in each metro area.
- **Employment factors:** We ranked each metro area based on its March 2022 unemployment rate as reported by the U.S. Labor Department. The index also factored in each metro area's average commute time, per Census data.
- **Housing market tightness:** For this category, Bankrate used Realtor.com's average days on market for homes for sale for March 2022, and the year-over-year change in housing inventory through March 2022.
- **Safety:** This category was based on the rates of violent crime and property crime for each metro area as reported by the FBI. Bankrate's index relied on the FBI's most recent crime data, either 2018 or 2019.
- **Wellness and culture:** For the wellness part of this category, Bankrate used Sharecare's Community Well-Being Index for 2020. The report ranks metro areas on access to healthcare, food and community services, including libraries and churches. The culture

ranking is based on the number of arts and entertainment establishments and cultural institutions per capita, based on Bankrate's analysis of Census data.

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