

Bankrate

Americans Need a Six-Figure Salary to Afford a Median-Priced Home in Nearly Half of U.S. States

Income needed to afford a typical home nationwide is up almost 50% since 2020

NEW YORK - April 1, 2024 - Aspiring homeowners need a six-figure salary to afford a typical home in nearly half of states in 2024, according to a new Bankrate study. Bankrate analyzed home sales, mortgage rates, property taxes, and homeowners insurance rates across all 50 states and the District of Columbia to determine how much money aspiring homeowners need to earn annually* in order to afford a median-priced home in each state, and how that has changed since January 2020. The complete methodology for the study is included below. For the full report, please visit:

<https://www.bankrate.com/real-estate/home-affordability-in-current-housing-market-study/>

Overall, Bankrate's report found that aspiring homeowners in the United States must earn \$110,871 annually, up 46% from January 2020, to afford a median-priced home (\$402,343 per Redfin) in 2024. In January 2020, only six states and the District of Columbia required a six-figure salary to afford a typical, median-priced home. Today, that number eclipses nearly half of states and the District of Columbia, with 23 in total requiring a six-figure salary or higher.

"Homes have become less affordable because home price appreciation has so far outpaced wage growth," said Bankrate Analyst Jeff Ostrowski. "Why have home prices gone up so quickly? Blame supply and demand. Over the past few years, the supply of homes has been constrained by a number of factors, including muted homebuilding and the lock-in effect. But demand for homes has been growing, and there are more buyers than sellers."

Aspiring homeowners in the West and Northeast need the most annual income to afford a typical home, while aspiring homeowners in the South and Midwest need lower annual incomes by comparison.

States that require the most income to afford a typical home in 2024	
State	Annual Income Needed*
1. California	\$197,057
2. Hawaii	\$185,829
3. District of Columbia	\$167,871
4. Massachusetts	\$162,471
5. Washington	\$156,814

States that require the least income to afford a typical home in 2024	
State	Annual Income Needed*
1. Mississippi	\$63,043
2. Ohio	\$64,071
3. Arkansas	\$64,714
4. Indiana	\$65,143
5. Kentucky	\$65,186

“The Sun Belt has become less affordable amid the influx of new homebuyers in those areas in the past few years,” Ostrowski added. “That trend has been going on for decades, and it has intensified. The migration shift to the Sun Belt is good for long-term homeowners in those regions. Meanwhile, some bargain-hunting buyers have moved to affordable markets in the Rust Belt and the Midwest.”

The five states where the annual income needed to afford a typical home has increased the most since the beginning of 2020 are: Montana (+77.7%), Utah (+70.3%), Tennessee (+70.1%), South Carolina (+67.3%), and Arizona (+65.3%).

On the other hand, the states where the annual income needed to afford a typical home has increased the least since the beginning of 2020 include North Dakota (+9.2%), the District of Columbia (+24.6%), Louisiana (+24.9%), Illinois (+27.2%), and Kansas (+29.3%).

“Affordability is the biggest issue - finding a home that’s in your budget,” said Ostrowski. “The higher the price of a home, the harder it is to come up with the down payment or to qualify for the monthly payment. Home values are near record highs, and if you want a

house, you have little choice but to pay a high price. Meanwhile, Bankrate's surveys have found Americans are struggling to save for down payments, and are leaning on help from family or even tapping their retirement accounts."

<https://www.bankrate.com/mortgages/down-payment-survey/>

Methodology:

This study is based on an analysis of annual income needed to afford a median-priced home in all 50 U.S. states and the District of Columbia in 2024 compared to 2020.

- Bankrate accessed Redfin's median sale price data for January 2020 and January 2024 on February 26, 2024 to calculate monthly mortgage payments for each state, the District of Columbia and nationwide to determine how much Americans need to earn to afford a typical home.
- Monthly mortgage payments for 2024 for all 50 states and the District of Columbia were calculated using [Bankrate's mortgage calculator](#) assuming a 20% down payment, no HOA fees or PMI, the 52-week average interest rate for a 30-year fixed mortgage, 2022 average state property taxes and 2020 average homeowners insurance rates. According to Bankrate's [survey](#) of large lenders on February 21, the 52-week average for a 30-year fixed mortgage interest rate was 7.05%. Bankrate used 2020 National Association of Insurance Commissioners [data](#) from the Insurance Information Institute to factor in the average cost of homeowners insurance in each state, the District of Columbia and nationwide in its calculations. Bankrate also factored 2022 statewide property tax [data](#) from ATTOM in its calculations. Based on the same assumptions, Bankrate used [Fannie Mae's mortgage calculator](#) to estimate the nationwide monthly mortgage payment as of January 2024.
- Monthly mortgage payments for 2020 for all 50 states and the District of Columbia were calculated using Bankrate's mortgage calculator assuming a 20% down payment, no HOA fees or PMI, the average 30-year fixed mortgage interest rate as of January 2020, 2020 average state property taxes and 2020 average homeowners insurance rates. The 30-year fixed mortgage rate in January 2020 was 3.68%, according to National Association of Realtors [data](#). Bankrate used 2020 National Association of Insurance Commissioners [data](#) from the Insurance Information Institute to factor in the average cost of homeowners insurance in each state, the District of Columbia and nationwide in its calculations. Bankrate also factored 2020 statewide property tax [data](#) from ATTOM in its calculations. Based on the same assumptions, Bankrate used Fannie Mae's mortgage calculator to estimate the nationwide monthly mortgage payment for January 2020.

- *The annual income needed to afford a median-price home is based on a person spending no more than 28% of their annual income on housing, as per the traditional [28/36 rule](#). Bankrate’s calculations did not include other monthly expenses or debts. Income data in this analysis is adjusted for inflation using the Consumer Price Index. In this report, Bankrate defines an “aspiring homeowner or homebuyer” as someone who will take out a mortgage to finance a home purchase. Results in this study in no way indicate approval or financing of a mortgage.

About Bankrate:

Bankrate has guided savers and spenders through the next steps of their financial journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. Bankrate also aggregates rate information from over 4,800 institutions on more than 300 financial products, with coverage in more than 600 local markets. It's why over 100 million people put their trust in Bankrate every year.

For more information:

Fontaine Gwynn

Publicist - Bankrate

fontaine.gwynn@bankrate.com

(917) 267-8710