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## The salary you must earn to buy a home in the 50 largest metros

May 21, 2019 HSH.com

### Mortgage Rates from 4.02%

Loan Type: 30 Yr. Fixed State: California

See below exactly how much salary you would need to earn in order to afford the principal, interest, taxes and insurance payments on a median-priced home in the 50 most populous metropolitan areas.

### Key takeaways:

Falling mortgage rates and smaller price increases helped improve the fortunes of potential homebuyers in the first quarter of 2019. On a quarter-to-quarter basis, the income needed to buy a median-priced home declined in all 50 markets we cover.

However, don't get the sense that homes are suddenly getting significantly more affordable, which isn't the case at all. After years of outsized price gains, they are simply getting more expensive more slowly, and a combination of a decline in mortgage rates (and still-rising) incomes have helped to improve the affordability calculation, at least for the first quarter of 2019.

On a quarter-to-quarter basis, the median price of a home sold during the period was lower in 29 major metropolitan areas than in the fourth quarter of 2018. Compared to the second and third quarters of a year, when activity is at it highest, demand for homes is usually slower in the 4th quarter of each year and in the 1st quarter of the next, and so prices tend to soften up a little bit relative to the rest of the year. This is largely due to seasonal effects of holidays and winter weather.

There continue to be some rumblings in the news that in some markets, cooling sales are leading to lower asking prices, or at least more sellers accepting bids below asking price. Three very different metro areas showed year-over-year decreases in median home prices, including Hartford, CT (which has been struggling), San Jose, CA (which is the most expensive market in the country and had been booming) and the Virginia Beach metro area, which seems to have leveled off (it featured just a 0.46% year-to-year decline in median price).

While by no means occurring in every market across the country, there is certainly growing evidence that the rate of annual price increases is in a softening trend in many areas. On a national basis, the current year-over-year increase in the median price of an existing home sold in the first quarter rose just 3.87% compared to the same period in 2018. Looking back over the last five quarters (starting with the first quarter of 2018) the general lessening of price increase is

quite evident, as the sequence of increases is 5.64% in 1Q18, then 4.93% in 2Q18, followed by 4.63%, 4.12% and then 3.87% in the latest quarter, respectively.

In his [comments](#), National Association of Realtors Chief Economist Lawrence Yun remarked that “Homeowners in the majority of markets are continuing to enjoy price gains, albeit at a slower rate of growth. A typical homeowner accumulated \$9,500 in wealth over the past year,” he said.

Even with somewhat greater purchasing power, potential homebuyers are still faced with a very limited inventory of properties to purchase. According to the NAR, the end of 2019’s first quarter saw 1.68 million existing homes available for sale, 2.4% up from 1.64 million at the end of 2018’s first quarter. Still, that’s only about 3.8 months worth of supply, far below the 6 months which is considered to be optimal.

Although inventory levels of homes to buy are expected to continue to improve slightly as we go, market conditions for homebuyers remain a challenge. Even with lower-than-expected mortgage rates available and smaller price increases, [affordability](#) remains an issue for many potential buyers, so it may be hard to maintain the general improvement in existing home sales seen in the early part of 2019.

Potential homebuyers of more modest means looking to buy homes often struggle to come up with a downpayment and closing costs, especially in heated markets. Help making the jump to homeownership is often available but is tricky to find if you don't know where to look. To help wanna-be homebuyers, HSH has recently updated its [database of Homebuyer Assistance Programs by state](#), where information about these valuable programs, vital website addresses, contact info and more can be found.

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How much salary do you need to earn in order to afford the principal, interest, tax and insurance payments on a median-priced home in your metro area?

For our calculations, HSH.com uses the National Association of Realtors’ 2019 first-quarter data for median-home prices, national mortgage rate data derived from weekly surveys by Freddie Mac and the Mortgage Bankers Association of America

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for 30-year fixed rate mortgages and available property tax and homeowners insurance costs to determine the annual salary it takes to afford the **base cost** of owning a home (*principal, interest, property tax and homeowner's insurance, or PITI*) in the nation's 50 largest *metropolitan* areas.

We used standard 28 percent "front-end" debt ratios and a 20 percent down payment subtracted from the NAR's median-home-price data to arrive at our figures. We've incorporated available information on property taxes and homeowner's insurance costs to more accurately reflect the income needed in a given market. *Read more about the methodology and inputs on the final slide of this slideshow.*

**At the bottom of each slide, we provide data to show how the required salary would change if you were to make a 10 percent down payment instead of a 20 percent.** As we work from a fixed median home price, a smaller down payment means both a larger loan amount and the need to pay for private mortgage insurance, which in turn means even higher salary requirements.

Here's a current look at how much salary you would need to earn in order to afford the principal, interest, taxes and insurance payments on a median-priced home in your metro area.

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## National data and all 50 metros, sorted alphabetically

How much salary do you need to earn in order to afford the principal, interest, taxes and insurance payments on a median-priced home in your metro area?

Metro Area	30-Year Fixed Mortgage Rate	% Change from 4Q18	Median Home Price	% Change from 4Q18	Monthly Payment (PITI)	Salary Needed
National	4.49%	-0.41%	\$254,800	-1.24%	\$1,371.81	\$58,791.86
Atlanta	4.49%	-0.41%	\$217,800	+0.79%	\$1,127.23	\$48,309.87
Austin	4.49%	-0.41%	\$303,400	-2.26%	\$1,769.88	\$75,852.22
Baltimore	4.49%	-0.41%	\$275,300	-1.75%	\$1,475.33	\$63,228.43
Birmingham	4.49%	-0.41%	\$203,600	+0.64%	\$1,005.90	\$43,110.21
Boston	4.49%	-0.41%	\$461,200	+0.20%	\$2,404.69	\$103,058.20
Buffalo	4.49%	-0.41%	\$146,700	-4.86%	\$1,005.53	\$43,094.24
Charlotte	4.49%	-0.41%	\$237,200	+0.76%	\$1,187.19	\$50,879.67
Chicago	4.49%	-0.41%	\$245,400	+0.86%	\$1,500.98	\$64,327.51

Cincinnati	4.49%	-0.41%	\$169,500	+0.06%	\$980.38	\$42,016.50
Cleveland	4.49%	-0.41%	\$149,600	-0.33%	\$911.94	\$39,083.15
Columbus	4.49%	-0.41%	\$193,500	-3.25%	\$1,098.85	\$47,093.41
Dallas	4.49%	-0.41%	\$254,300	-0.24%	\$1,484.59	\$63,625.39
Denver	4.49%	-0.41%	\$446,600	+1.89%	\$2,086.25	\$89,410.57
Detroit	4.49%	-0.41%	\$183,483	-1.52%	\$1,043.87	\$44,737.43
Hartford	4.49%	-0.41%	\$213,600	-5.86%	\$1,424.06	\$61,031.10
Houston	4.49%	-0.41%	\$235,900	-0.84%	\$1,400.93	\$60,039.81
Indianapolis	4.49%	-0.41%	\$185,300	+0.05%	\$950.65	\$40,741.99
Jacksonville	4.49%	-0.41%	\$245,000	-0.77%	\$1,290.19	\$55,293.82
Kansas City	4.49%	-0.41%	\$205,400	+0.69%	\$1,120.86	\$48,036.83
Las Vegas	4.49%	-0.41%	\$298,900	+1.29%	\$1,396.67	\$59,857.10
Los Angeles	4.49%	-0.49%	\$548,600	-4.77%	\$2,626.30	\$112,555.74
Louisville	4.49%	-0.41%	\$176,200	-2.17%	\$936.26	\$40,125.23
Memphis	4.49%	-0.41%	\$170,500	-2.01%	\$917.56	\$39,323.94
Miami	4.49%	-0.41%	\$350,000	+0.00%	\$1,790.97	\$76,755.97
Milwaukee	4.49%	-0.41%	\$239,600	-1.72%	\$1,359.83	\$58,278.26
Minneapolis	4.49%	-0.41%	\$275,500	+1.59%	\$1,460.43	\$62,589.66
Nashville	4.49%	-0.41%	\$259,300	-0.38%	\$1,269.75	\$54,417.97
New Orleans	4.49%	-0.41%	\$204,500	-1.02%	\$1,094.47	\$46,905.66
New York City	4.49%	-0.41%	\$396,600	-1.81%	\$2,356.81	\$101,006.15
Oklahoma City	4.49%	-0.41%	\$149,200	-7.33%	\$884.99	\$37,928.03
Orlando	4.49%	-0.41%	\$267,000	+0.75%	\$1,389.84	\$59,564.77
Philadelphia	4.49%	-0.41%	\$224,900	+0.13%	\$1,331.14	\$57,048.98
Phoenix	4.49%	-0.41%	\$276,400	+1.36%	\$1,304.65	\$55,913.68
Pittsburgh	4.49%	-0.41%	\$137,800	-2.70%	\$835.33	\$35,799.94
Portland	4.49%	-0.41%	\$390,600	+0.41%	\$1,917.18	\$82,165.04
Providence	4.49%	-0.41%	\$284,200	-3.40%	\$1,638.25	\$70,210.69
Raleigh	4.49%	-0.41%	\$277,700	+0.29%	\$1,378.75	\$59,089.25
Richmond	4.49%	-0.41%	\$266,700	+3.98%	\$1,310.55	\$56,166.28
Riverside/San Bernardino	4.49%	-0.41%	\$365,000	+1.39%	\$1,781.70	\$76,358.72
Sacramento	4.49%	-0.41%	\$360,000	-0.83%	\$1,807.02	\$77,443.81
Salt Lake City	4.49%	-0.41%	\$331,400	-0.21%	\$1,548.75	\$66,374.98
San Antonio	4.49%	-0.41%	\$226,500	-1.13%	\$1,328.34	\$56,928.99
San Diego	4.53%	-0.45%	\$620,000	-0.96%	\$2,911.34	\$124,771.80
San Francisco	4.53%	-0.45%	\$930,000	-2.35%	\$4,345.85	\$186,250.55
San Jose	4.53%	-0.45%	\$1,220,000	-2.40%	\$5,552.83	\$237,978.37
Seattle	4.49%	-0.41%	\$497,000	+1.51%	\$2,392.05	\$102,516.54

St Louis	4.49%	-0.41%	\$170,900	-1.84%	\$984.43	\$42,189.78
Tampa	4.49%	-0.41%	\$234,900	-0.04%	\$1,239.05	\$53,102.01
Virginia Beach	4.49%	-0.41%	\$217,000	-3.13%	\$1,139.57	\$48,838.91
Washington, D.C.	4.49%	-0.41%	\$420,000	+0.62%	\$2,131.13	\$91,334.30