New HSH.com Report Finds U.S. Housing Affordability Rising in Some Major Metro Areas

August 20, 2019

Smaller overall price increases and lower mortgage rates combined to push down the salary needed to buy a median-priced home in the majority of the top 50 metropolitan areas in the second quarter.

Foster City, CA, Aug. 20, 2019 (GLOBE NEWSWIRE) -- HSH.com, a trusted online resource for mortgage data, content and expertise, released today its latest analysis of the salary required to afford a median-priced home.

Covering the top 50 metropolitan areas, the report uses the latest quarterly home price data from the National Association of Realtors (NAR), incorporates local property tax and homeowner's insurance costs, and calculates the income needed to qualify for a median-priced home in each market.

For the second quarter of 2019, the latest research reveals that affordability in most metro areas improved compared to the second quarter of 2018, as a combination of lower mortgage rates and smaller overall price increases helps lower the salary needed to purchase a median-priced home.

Compared to the same period last year, and thanks largely to significantly lower mortgage rates, the income required to purchase a median-priced home decreased in 32 of the 50 major metropolitan areas HSH reviewed.

The most and least affordable metro areas in the salary analysis (assuming a 20% down payment):

Most affordable metropolitan area	**Required salary per year to afford a median-priced home**
1.Pittsburgh	$35,523.62
2. Oklahoma City	$37,073.13
3. Cleveland	$41,257.51

Least affordable metropolitan areas	**Required salary per year to afford a median-priced home**
1. San Jose	$249,884.51
2. San Francisco	$201,430.63
3. San Diego	$127,292.88

Salary calculations using a 10% down payment and including PMI are also provided for each area.

Main takeaways:

- **Home price gains continue to cool.** Across the 50 most populous metro areas, the median annual price increase in the second quarter of 2019 was 3.93%; for the same period in 2018, that increase was 6.60% and in 2017, 7.04%. Three metro areas saw actual year-over-year decreases in the median price: San Jose, CA; San Francisco, CA and Oklahoma City, OK.
- **Lower mortgage rates have been the key for improving affordability.** During the second quarter last year, mortgage rates were on the rise. Including stated fees, a conforming, 30-year fixed-rate mortgage averaged 4.66% for the period. This year, that average was 4.14%.
- **Declines in the annual income needed to purchase a median-priced home varied greatly,** ranging from just $154.21 in the Nashville, TN metro area to as much as $24,738.68 in the San Jose, CA metropolitan area. In markets where the required salary increased compared to last year, those amounts ranged from $5.69 in the St Louis, MO metro to $2,594.30 in the Austin, TX metro area.
- **Smaller home price increases in many places may allow still-rising incomes a chance to close the affordability gap a bit**. For July, the Bureau of Labor Statistics noted that wages are rising at a 3.2% annual clip. Given this, there are

only two markets in 2Q19 (Columbus, OH and Austin, TX) where the year-over-year increase in salary needed to purchase a median-priced home outstripped the reported year-over-year increase in wages. As such, and while still a problem, it looks as though affordability is improving, at least based on this reference point.

Potential homebuyers of modest means often struggle to come up with a down payment 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 support prospective homebuyers, HSH offers its database of Homebuyer Assistance Programs by state, where information about these valuable programs, vital website addresses, contact info and more is accessible.

Find the complete list of the 25 most expensive and 25 least expensive metropolitan areas with display maps for each segment.

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