



HSH Updates Salary Required to Buy a Home in 50 Largest Metros

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Good news for homebuyers: Income needed to buy a home went down in 48 of 50 areas. Oklahoma City nudges Pittsburgh for most affordable metro

Foster City, CA (November 19, 2019) - HSH.com, a trusted online resource for mortgage data, content and expertise has today released its latest analysis of the salary required to afford a median-priced home in 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 third quarter of 2019, the latest research reveals that affordability in most metro areas improved a bit again as compared to the third quarter of 2018, as lower mortgage rates serve as a powerful offset to median home prices that are again rising more quickly.

Compared to the same period last year, the income needed to purchase a median-priced home decreased in 48 of the 50 major metropolitan areas HSH reviewed. Affordability also improved on a quarter-to-quarter basis, where less income was necessary to purchase a median-priced home in 47 of the top 50 markets.

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. Oklahoma City	\$38,143.58
2. Pittsburgh	\$38,216.97
3. Cleveland	\$40,521.75

Least affordable metropolitan areas	Required salary per year to afford a median-priced home
1. San Jose	\$228,998.58
2. San Francisco	\$182,486.20
3. Los Angeles	\$124,079.80

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

Main takeaways from the updated research:

- **Lower mortgage rates have been the key for improving affordability.** During the third quarter of this year, mortgage rates were materially lower than at the same time last year. Including stated fees, a conforming,

30-year fixed-rate mortgage averaged 3.79% for the period. Last year, that average was 4.69%. Mortgage rates during the third quarter of 2019 were 0.35% lower than in the second quarter and touched three-year lows during the period.

- **Lower rates and stronger demand have reignited home prices.** After decelerating from over 6% in Q3 last year, the median increase in price across the top 50 metro areas had settled back to 3.83% by the first quarter of 2019. With fresh demand in the market, prices have moved higher again, with the 50-market median increase now back up to 4.85% for the third quarter. Despite the acceleration in prices, affordability improved in 48 of 50 metros on a year-over-year basis and in 47 of 50 markets when compared against the second quarter of 2019.
- **Declines in the annual income needed to purchase a median-priced home varied greatly.** There were significant decreases in required income in some very expensive markets even though a jumbo mortgage with a higher rate (4.03%) was needed to purchase a median-priced home. For example, we calculated a \$27,878.93 year-over-year reduction in the income needed to buy a median-priced home in the San Jose metro area, recorded a \$17,539.66 fall compared to last year in the San Francisco metro area and a \$9,775.35 decline in the San Diego market. That said, these are still three of the four markets that require the highest income (Los Angeles, the fourth metro of the least affordable group saw a decline of only \$5,466.14 compared to 3Q19).
- **Mortgage rates are unlikely to be lower in the current quarter, but relative affordability may continue to improve regardless.** In looking at quarter-to-quarter home price trends over the last four years in the 50 markets we track, median home prices increased in all markets in the second quarter of each year; compared to that seasonally-charged buying period, the median price of homes sold in the third quarter were lower in more than half of the top 50 markets, and compared the third quarter, fourth-quarter median prices were lower in an average of 88% of the top 50 metros over the last three years. Although this may not represent an outright price decline compared against a year-ago reference, it nonetheless does suggest that relative bargains can be had in the fourth quarter of the year compared to the second or third stanzas, but inventories of homes for sale tend to thin out as the holidays approach. We discuss this in greater detail in the “Key Takeaways” component of the report.

Despite improving affordability, potential homebuyers of more modest means looking to buy homes 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 help potential homebuyers, HSH offers its [database of Homebuyer Assistance Programs by state](#), where information about these valuable programs, vital website addresses, contact info and more can be found.

Find the lists here for the [25 most expensive](#) and [25 least expensive](#) metropolitan areas with display maps for each list.

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See the full article here: <https://www.hsh.com/finance/mortgage/salary-home-buying-25-cities.html>

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is available for interviews at your request. Feel free to reach out via email or phone to schedule a time to speak with Keith.

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Press Contact

Jacqueline Leppla

jleppla@quinstreet.com

(775) 842-9048

OR

Liberty Communications for QuinStreet

Rick Judge, 415-429-5652

QuinStreet@libertycomms.com