

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

Feb 25, 2019
HSH.com

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:

Still-rising home prices and the highest mortgage rates in more than seven years challenged potential homebuyers in the fourth quarter of 2018. Coupling this with tight inventories of desirable and affordable homes to buy in the strongest markets plus the onset of the holiday season, and it's unsurprising that home sales slowed appreciably at the end of the period.

On a quarter-to-quarter basis, median home prices were generally lower in the fourth quarter than in the third, but it's not uncommon for this to occur. The comparable period in 2017 showed quarter-to-quarter declines in 43 of the 50 metros; this year, it was 46 of 50. That said, four metros -- Phoenix AZ, Las Vegas NV, Salt Lake City UT and Nashville TN bucked this common occurrence and posted quarterly increases for the period.

However, don't get the sense that homes are suddenly getting more affordable, which isn't the case at all; However, year-over-year prices actually did decline in one market, the San Jose metro area. The Silicon Valley-influenced metro is usually the most expensive, and remains so even with a 1.57 percent year-over-year decline in median price.

The 49 other metros posted annual gains that ranged from none (0.0% in the Philadelphia metro) to 10.61% in the Las Vegas metro area. Continued strong gains in the "Sin City" metro area have now seen Las Vegas market move out of the "least expensive" group and up into the top 25 most expensive metros. Our [companion home price recovery analysis](#) suggests that median home prices in the Las Vegas metro area haven't yet fully recovered peak levels from more than a decade ago, but are closing in fast.

There continue to be some rumblings in the news that in some markets, cooling sales are leading to lower asking prices, or at least sellers accepting bids below asking price. While by no means widespread across the country, there is certainly growing evidence that the rate of annual price increases has started to soften. Nationally, for example, the current year-over-year increase in the median price of an existing home sold in the fourth quarter rose just 3.95% compared to the same period in 2018; this figure was 4.63% in the third quarter, 4.93% in the second and 5.64% in the first quarter, so the cooling trend does seem in place.

In his [comments](#), National Association of Realtors Chief Economist Lawrence Yun remarked that "The West region, where home prices have nearly doubled in six years, is undergoing the biggest shift with the slowest price gain and large buyer pullback."

Smaller home price increases in many places may allow still-rising incomes a chance to close the affordability gap a bit, and with considerably lower mortgage rates (so far) in the first quarter of 2019, this may provide some additional support for potential homebuyers looking to the "spring housing season".

NAR Chief Economist Lawrence Yun noted that "Home prices continued to rise in the vast majority of markets but with inventory steadily increasing, home prices are, on average, rising at a slower and healthier pace," he said.

Although inventory levels of homes to buy are expected to continue to improve, market conditions for homebuyers remain a challenge, and odds don't favor a quick rebound in either [affordability](#) or sales, so the sluggish pace of the fourth quarter of 2019 will probably persist for at least the early portion of the first quarter of this year.

Potential homebuyers of more modest means often struggle to come up with a downpayment and may turn to an FHA-backed mortgage, but other low-downpayment alternatives may actually be less costly. To see loan costs for FHA-backed loans compared directly against other offerings in the marketplace, check out HSH's [FHA Loan Calculator and Low Downpayment Comparator](#).

Affording a home comprises more than just the cost of the mortgage. Taxes and insurance costs play a significant role in affordability, albeit moreso in some areas than others. With this quarterly update, we've included the latest available costs for property taxes and homeowner's insurance, all which increase the amount of salary needed to purchase a median-priced home.

All Metro Areas

Most Expensive
25 Metros

Least Expensive
25 Metros



Bernardino

Sacramento

Salt Lake City

San Antonio

San Diego

San Francisco

San Jose

Seattle

St Louis

Tampa

Virginia Beach

Washington,
D.C.



San Jose: \$254,835.73



Mortgage rate: 4.98 percent

- Quarterly change: +0.17 percent

Home price: \$1,250,000

- Quarterly change: -3.85 percent
- Year-over-year change: -1.57 percent

Monthly payment: \$5,946.17

Salary: \$254,835.73

- Quarterly change: -\$2,041.77
- Year-over-year change: +0.08 percent

If homebuyers in the San Jose metro put 10 percent down instead of 20 percent, the required salary increases from \$254,835.73 to \$294,778.59.

[How did we arrive at these salary figures?](#)

[Metro area definition](#)