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REDFIN

Redfin Reports Housing Affordability Didn’t Worsen in 2024—The First Time in Four Years That Has Happened

A homebuyer needed to earn an annual income of at least $116,782 to spend no more than 30% of their earnings on monthly housing payments for the median-priced home.

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — A household making the $83,782 median U.S. income in 2024 would’ve had to spend 41.8% of their earnings on monthly housing costs if they bought the $429,734 median-priced U.S. home, according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage. That’s a slight improvement from 42.2% in 2023, but is considerably less affordable than the typical share of 30% or lower recorded throughout the 2010s.

“Affordability improved ever so slightly this year because wage growth outpaced the growth in monthly housing payments,” said Redfin Senior Economist Elijah de la Campa. “But that’s not to say buying a home became affordable. For many Americans, buying a home remains more out of reach than ever and that’s unlikely to change anytime soon. Even with inventory trending upwards, we still expect prices to continue rising in 2025 due to a lack of homes for sale—pushing more would-be homebuyers to rent instead.”

Homebuyers need to earn $116,782 to afford the typical home

In 2024, a homebuyer needed to earn an annual income of at least $116,782 if they wanted to spend no more than 30% of their earnings on monthly housing payments for the median-priced home. That’s a record high and is $33,000 more than the typical household makes in a year.

The median monthly housing payment for homebuyers hit a record of $2,920 in 2024, rising 4.3% from 2023 and 86% from 2019. In contrast, wages have grown around 4% year over year throughout 2024. The slight improvement in affordability this year is mainly due to the slightly lower average mortgage rate (6.72%), compared to 2023 (6.81%). It was the fourth consecutive year in which the income needed to keep home payments affordable was higher than the median household income.

Texas metros top list for improved affordability in 2024; Anaheim and Chicago saw the biggest decreases in affordability

In Austin, TX, a household making the $103,717 median income in 2024 would have had to spend 39.6% of their earnings on monthly housing costs if they bought the $444,928 median-priced home there, down from 42.8% in 2023. That was the biggest improvement in affordability among the 50 most populous U.S. metropolitan areas.

Housing construction has boomed in Texas in recent years, especially during the pandemic when remote workers flocked to more affordable metros in the Sun Belt. With inventory up and demand easing, prices are now starting to fall, leading to improvements in affordability.

Following Austin, the next four metros in order of improved affordability were San Antonio (-2.3 ppts to 35.4% of household income), Dallas (-2 ppts to 38.9%), Fort Worth, TX (-1.6 ppts to 36.7%) and Portland, OR (-1.4 ppts to 45%).

On the other end of the spectrum is Anaheim, CA, where a household making the $121,925 median income in 2024 would've had to spend 75.9% of their earnings on monthly housing costs if they bought the $1,165,965 median-priced home. That's up from 71.8% in 2023—the biggest jump among the top 50 metros. Next came Chicago (+2 ppts to 34.7%), Miami (+1.7 ppts to 63.1%), Newark, NJ (+1.6 ppts to 48.8%) and San Jose, CA (+1.5 ppts to 73.9%).

Housing affordability worsened in those metros largely because home prices soared. Anaheim posted a 12.4% increase in home prices in 2024—the biggest jump among the major metros—while Chicago (8.6%), Miami (7.9%), Newark (11.3%) and San Jose (8.6%) all posted gains higher than the national level (4.8%).

California leads list of least affordable metros; Rust Belt metros are among most affordable

The five least affordable major metros are all in California. In Los Angeles, someone making the median income in 2024 would've had to spend 77.6% of their earnings on monthly housing costs if they bought the median priced home.

Next came San Francisco (76.2%), Anaheim, CA (75.9%), San Jose, CA (73.9%) and San Diego (67.3%). The least affordable non-California metro is New York, where homebuyers on the median income would need to spend 65.9% of their earnings on housing costs.

In many areas, buying a home remains affordable, using the rule of thumb that a homebuyer should spend no more than 30% of their income on housing payments—especially in the Rust Belt, where the median home price remains under $300,000 in a number of metros. In Pittsburgh, someone making the median income in 2024 would've had to spend 25.3% of their earnings on monthly housing costs if they bought the median priced home—the lowest share among the metros Redfin analyzed and below the 30% threshold. Next came Detroit (25.5%), St. Louis (26%), Cleveland (26.4%) and Warren, MI (28%).

To view the full report, including charts, methodology and additional metro-level data, please visit: https://www.redfin.com/news/housing-affordability-2024

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