FOR RELEASE SEPTEMBER 2, 2025 5:00 A.M. PACIFIC TIME

Redfin Reports U.S. Housing Costs to Return to 'Normal' by 2030 With Stable Price Growth and Moderately Lower Rates

This could happen if home-price growth continues on its current trajectory and mortgage rates drop moderately to 5.5%

SEATTLE — September 2, 2025 — Housing costs could return to "normal" by 2030 if home-price growth stabilizes and mortgage rates fall to 5.5%, according to a new report from Redfin, the real estate brokerage powered by Rocket.

Home prices are near record highs, mortgage rates remain elevated, and not enough homes are being built to meet demand in many areas of the country. But recent weeks have brought some signs that the housing market is trending in a positive direction: home-price growth is slowing and mortgage rates are starting to fall.

Redfin's new report explores hypothetical scenarios for U.S. home price growth, mortgage rates and income levels in which housing costs—measured using the mortgage payment-to-income ratio—would return to "normal."

Redfin Senior Economist Asad Khan said while the scenarios in the report are hypothetical and should not be read as predictions, they point to a time in the not-too-distant future where housing costs could return to a level of relative affordability.

"The path back to normal housing costs doesn't require a crash in home prices—stability may be enough," Khan said. "Buyers shouldn't expect affordability to snap back overnight, but the trend lines point to real progress within this decade. If mortgage rates decline modestly, and price and income growth hold steady, the market for homebuyers could feel much different by the late 2020s. We are cautiously optimistic normalcy may not be as far off as many might fear."

What does Redfin mean by "normal"?

It's impossible to identify a single moment in the housing market that everyone can agree was "normal," but for the purpose of this exploration, July 2018 was chosen as the baseline.

In July 2018, mortgage rates were in the mid-4% range, and home prices were rising but still relatively manageable. The number of buyers and sellers was relatively balanced. The national median monthly mortgage payment-to-income ratio had just reached 30%—meaning the typical U.S. household purchasing a home would need to spend 30% of their income on their mortgage each month. This 30% threshold is a widely recognized benchmark for housing affordability.

July 2018 was also well before the pandemic sent housing costs on a rollercoaster ride starting in 2020.

Redfin compares costs using two 30-year mortgage rates: 6.7%, an approximate representation of the past three months of rate activity, and 5.5%, a hypothetical level aligning with economists' general forecasts for the next 3-5 years. This analysis also assumes incomes keep growing at the current pace—3.9% nationally and at relevant rates locally.

Possible paths and timelines to "normal" housing costs

If mortgage rates fall to 5.5%, annual household income growth stays at 3.9% and home prices:

- Grow at current rates (+1.4% year over year), U.S. housing costs will return to normal by November 2030.
- Stay flat year over year, housing costs return to normal by January 2029.
- Fall 2% year over year, housing costs will return to normal by November 2027.
- Grow 2% year over year, housing costs will return to normal in July 2032.

When Will U.S. Housing Costs Return to Normal?				
	-2% Price Growth	**0% Price Growth**	**Current Price Growth (1.4%)**	**2% Price Growth**
Moderately Lower Mortgage Rate (5.5%)	Nov 2027	Jan 2029	Nov 2030	July 2032
Current Mortgage Rate (6.7%)	Aug 2029	Sept 2031	Dec 2034	No catch up in next 10 years

If mortgage rates remain at the current 6.7% level, annual household income growth stays at 3.9% and home prices:

- Grow at current rates (+1.4% year over year), U.S. housing costs will return to normal by December 2034.
- Stay flat year over year, housing costs return to normal by September 2031.
- Fall 2% year over year, housing costs will return to normal by August 2029.
- Grow 2% year over year, housing costs will *not* return to normal in the next 10 years.

In most major metros, it will take longer for housing costs to return to "normal"

Local market conditions vary significantly across the U.S., meaning the scenarios for returning to normal look very different across the top 50 most-populous U.S. metros. In many of these major metro areas, normal housing costs won't return in the next 10 years under any of the hypothetical scenarios used. In others, normal housing costs may return relatively soon. Even in those cases, however, it is important to remember that normal housing costs do not necessarily mean "affordable" housing costs.

The prime example of this dynamic can be found in San Francisco—the only major U.S. metro where housing costs have *already* returned to normal. In other words, a San Francisco household earning the median income will fork out a smaller percentage of their salary each month to buy the median-priced home today than they would have in 2018. That doesn't mean homes in San

Francisco are "affordable"—a household on the median San Francisco income would still need to spend an unrealistic 67% of their income to afford a median priced home (~$1.5 million).

Still, 16 of the 50 most-populous U.S. metro areas will return to normal housing costs within five years if prices and household incomes continue to grow at their current pace and mortgage rates fall to 5.5%. That number drops to 11 if mortgage rates remain at current levels (6.7%).

Major U.S. Metros Where Housing Costs Will Return to Normal <5 Years Assuming home prices continue growing at the current rate in each metro	
Mortgage Rate	**Metros (month returning to normal)**
Moderately Lower Mortgage Rate (5.5%)	● San Francisco (already normal) ● Oakland, CA (already normal) ● Austin, TX (Dec 2025) ● San Jose, CA (Feb 2026) ● Denver (Oct 2026) ● Sacramento, CA (Oct 2026) ● Seattle (Jan 2027) ● Portland, OR (Mar 2027) ● Jacksonville, FL (Aug 2027) ● San Diego (Aug 2027) ● Houston (Jan 2028) ● Los Angeles (May 2028) ● Atlanta (July 2029) ● Fort Worth, TX (July 2029) ● Tampa, FL (Oct 2029) ● San Antonio (Nov 2029)
Current Mortgage Rate (6.7%)	● San Francisco (already normal) ● Oakland, CA (Sept 2025) ● Austin, TX (Mar 2027) ● Jacksonville, FL (Oct 2028) ● Seattle (Oct 2028) ● Denver (Nov 2028) ● Sacramento, CA (Nov 2028) ● San Diego (Feb 2029) ● San Jose, CA (May 2029) ● Houston (Sept 2029) ● Portland, OR (Jan 2030)

If home prices are flat in each metro year over year and mortgage rates are 5.5%, all but two of the top 50 U.S. metros—New Brunswick and Newark in New Jersey—will return to normal housing costs within ten years. If rates remain at 6.7%, 38 metros will return to normal.

Redfin Senior Economist Khan said the best conditions for metros to return to normal housing costs are the combination of high household income growth and low (or even negative) home price growth.

“Tech-driven metros like those in the Bay Area, along with Austin, Seattle and Denver are seeing wages grow considerably faster than the national rate of 3.9%,” Khan said. “At the same time, home price growth in these metros has cooled considerably from pandemic peaks. We have already seen housing costs return to 2018 levels in San Francisco because wages have kept growing at a high rate at the same time that home price growth stabilized.”

On the flipside, half of the top 50 most-populous U.S. metro areas will not return to normal housing costs within the next decade if home prices keep growing at their current rate—even if mortgage rates drop to 5.5%.

These metro areas are generally currently posting home price growth considerably above the national 1.4% rate, while also having household income growth near, or below, the national 3.9% rate.

To view the full report, including a chart, additional metro-level data and methodology details, please visit: https://www.redfin.com/news/return-to-normal-housing-2025/

About Redfin
Redfin is a technology-driven real estate company with the country's most-visited real estate brokerage website. As part of Rocket Companies (NYSE: RKT), Redfin is creating an integrated homeownership platform from search to close to make the dream of homeownership more affordable and accessible for everyone. Redfin’s clients can see homes first with on-demand tours, easily apply for a home loan with Rocket Mortgage, and save thousands in fees while working with a top local agent.

You can find more information about Redfin and get the latest housing market data and research at Redfin.com/news. For more information about Rocket Companies, visit RocketCompanies.com.

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