

Bankrate

Americans Need a Household Income of Over \$100k to Afford a Typical Home in the Majority of U.S. States

Household income needed to afford a median-priced home has increased by 50% in the U.S. since 2020

NEW YORK - March 31, 2025 - Americans must bring in a household income of over \$100,000 annually to afford a typical, median-priced home in the majority of U.S. states, according to Bankrate's Housing Affordability Study. Additionally, the household income needed to afford a median-priced home nationwide has increased by 50% since 2020. Bankrate analyzed home sale prices to calculate monthly mortgage payments for every state, the District of Columbia, and nationwide to determine how much Americans need to earn on average to afford a typical home. For the full report, please visit:

<https://www.bankrate.com/real-estate/home-affordability-in-current-housing-market-study/>

Nationwide, homeowners must earn \$116,986 to afford a median-priced home according to Bankrate's report, an increase of 50% from \$78,236 in 2020. Home prices have also increased along with the household income needed to afford a home. According to a Bankrate analysis of Redfin data, the national median price for a home increased by 20%, when adjusted for inflation, from \$349,750 in 2020 to \$418,489 so far this year.

Residents in 30 states and the District of Columbia need a household income of more than \$100,000 annually to afford a typical, median-priced home. In 2020, residents in just six states and the District of Columbia needed a six-figure income to afford a typical median-priced home.

"These numbers show the dramatic rise in home prices over the past five years, and the tightening affordability squeeze facing first-time buyers," says Bankrate Housing Market Analyst Jeff Ostrowski. "For many buyers, homeownership feels like it's moving farther out of reach. Unfortunately for buyers, it seems unlikely that either home prices or mortgage rates will fall dramatically in the near future."

In 2025, residents in eight states and the District of Columbia need an annual household income of \$150,000 or more to afford a typical home, with three requiring at least \$200,000.

Overall, residents in the Northeast and the West need the most income to afford a median-priced home in 2025, while residents in the Midwest and South need the least:

States Where Residents Need the Highest vs. Lowest Annual Household Incomes to Afford a Median-Priced Home			
Top 10 States	Annual Household Income Needed*	Bottom 10 States	Annual Household Income Needed*
1. District of Columbia	\$240,009	51. West Virginia	\$64,179
2. Hawaii	\$235,638	50. Iowa	\$70,437
3. California	\$213,447	49. Ohio	\$71,080
4. Massachusetts	\$174,392	48. Mississippi	\$72,072
5. Colorado	\$168,643	47. Indiana	\$72,342
6. Washington	\$164,608	46. Arkansas	\$73,330
7. New York	\$160,300	45. Michigan	\$74,228
8. New Jersey	\$160,001	44. Missouri	\$74,263
9. Utah	\$151,956	43. Louisiana	\$76,145
10. Rhode Island	\$144,175	42. Alabama	\$77,262

Similarly, the top three states where the household income needed to afford a home grew the most since 2020 are all in the West: Utah (+89.4%), Montana (+84.6%), and Wyoming (+79%). Rounding out the top five where the household income needed to afford a home grew the most are Maine (+77.4%) and Tennessee (+76.9%).

On the other hand, the top five states where the household income needed to afford a home grew the least since 2020 are Texas (+25.8%), Louisiana (26%), Kansas (+31.1%), North Dakota (+33.6%), and Illinois (+35.2%).

“These numbers really underscore the wide gaps in housing affordability throughout the country,” added Ostrowski. “There are many affordable housing markets in the Midwest and South, and many very unaffordable markets along the coasts. If you’re not ready to buy, there’s no shame in renting. Use your time as a renter to improve your credit score, bolster your down payment fund and research down payment assistance options.”

Methodology:

This study is based on an analysis of the minimum annual pre-tax income a household needs to afford a median-priced home in all 50 U.S. states and the District of Columbia in 2025 compared to 2020. To determine how much Americans need to earn to afford a typical home, Bankrate accessed Redfin’s median sale price data from January 2020 and January 2025 on Feb. 13 to calculate monthly mortgage payments for every state, the District of Columbia and nationwide.

Monthly mortgage payments for 2025 for all 50 states and the District of Columbia were calculated assuming a 20% down payment, no HOA fees or PMI, the 52-week average interest rate for a 30-year fixed mortgage, 2023 average state property taxes, and 2025 average homeowners insurance rates. The average rate for a 30-year fixed mortgage interest rate over 52 weeks was 6.92% as of the week of February 17, according to Bankrate’s survey of large lenders. Bankrate used 2025 internal Quadrant data to factor in the average cost of homeowners insurance in every state, the District of Columbia and nationwide in the calculations. Bankrate also included the latest statewide property tax data from ATTOM (2023), a provider of nationwide real estate data, in its calculations. Based on the same assumptions, Bankrate estimated the nationwide monthly mortgage payment as of January 2025.

Monthly mortgage payments for 2020 for all 50 states and the District of Columbia were calculated assuming a 20% down payment, no HOA fees or PMI, the 52-week average interest rate for a 30-year fixed mortgage in 2020, 2020 average state property taxes, and 2022 average homeowners insurance rates. The average rate for a 30-year fixed mortgage rate in 2020 was 3.38%, according to Bankrate’s survey of large lenders. Bankrate used 2022 internal Quadrant data to factor in the average cost of homeowners insurance in every state, the District of Columbia and nationwide in the calculations. Bankrate also included 2020 statewide property tax data from ATTOM in its calculations. Based on the same assumptions, Bankrate estimated the nationwide monthly mortgage payment for January 2020.

*The annual income needed to afford a median-price home is based on a person spending no more than 28% of their pre-tax annual income on housing, as per the traditional 28/36 rule. Bankrate's calculations did not include other monthly expenses or debts. Income data in this analysis is adjusted for inflation using the Consumer Price Index. In this report, Bankrate defines an "aspiring, hopeful or prospective homeowner or homebuyer" as someone who will take out a mortgage to finance a home purchase. Figures from this analysis should be used for comparative purposes only. The income you need to purchase a home will differ. Results in this study in no way indicate approval or financing of a mortgage.

About Bankrate:

Bankrate has guided savers and spenders through the next steps of their financial journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. Bankrate also aggregates rate information from over 4,800 institutions on more than 300 financial products, with coverage in more than 600 local markets. It's why over 100 million people put their trust in Bankrate every year.

For more information:

Fontaine Gwynn

Publicist - Bankrate

fontaine.gwynn@bankrate.com

(917) 267-8710

Bankrate

