

# OpenVoiceNews U.S.

Transparent. Unbiased. Yours.

## New Data Reveals Salary Needed to Afford a Home in Each U.S. State

August 6, 2025

— Categories: Real Estate



A recent housing market analysis paints a stark picture of what it takes to afford a home in 2025, with many Americans now needing six-figure incomes to buy median-priced properties in most states.

A new report from Realtor.com has highlighted how growing home prices, higher interest rates, and limited housing supply have pushed homeownership further out of reach for average earners. Using current mortgage rates of 6.72 percent, a 20 percent down payment,

property taxes, and insurance estimates, the study calculated the minimum salary required to purchase a median-priced home in every state.

According to real estate firm Redfin, the national median home price in June was \$446,766, a modest 1 percent increase from the previous year. Yet this slight bump hides the deeper issue: incomes across the country have not kept pace with housing costs, and the affordability gap has widened significantly.

Understanding how much income is required to purchase a home is more than a financial concern. It's becoming a policy issue, with long-term implications for families, migration trends, and state economies. As Kevin Thompson, CEO of 9i Capital Group and host of the 9innings podcast, explained to Newsweek, "Housing is more expensive along the coasts and in disaster-prone areas, largely due to rising insurance premiums and the total cost of maintaining a home in those regions. On top of that, states with higher income and wage growth usually see higher home prices, which is a direct reflection of stronger economies and greater job access."

Realtor.com's findings showed that in most states, the salary needed to purchase a home has far surpassed what the average household brings in. Some of the biggest gaps were found in states like Massachusetts, where homebuyers need to earn \$210,074 to afford a typical property. Hawaii and California followed closely behind, requiring annual incomes of \$200,585 and \$197,685, respectively.

According to financial advisor Michael Ryan, founder of MichaelRyanMoney.com, the disparity in affordability is reaching dramatic levels. "The income gap between what families earn and what they need to buy a home ranges from basically nothing to 'Are you kidding me?' levels," Ryan told Newsweek. "Iowa families are just \$431 short, basically a weekend getaway. But Montana? They'd need a \$99k raise. Massachusetts families need an extra \$112k annually. We're not talking about different markets anymore. It's more like different economic realities."

According to Realtor.com, the average household income nationally is estimated to be about 46 percent lower than the income needed to afford a home priced at \$439,950, which was July's median list price.

Despite minor affordability improvements in a few states, largely due to wage growth slightly outpacing home price increases, the report notes that overall housing access hasn't seen

much relief. “Some states have gotten slightly more affordable over the last year due to wage growth outpacing home price growth,” said Hannah Jones, a senior economic research analyst at Realtor.com. “However, with mortgage rates and home prices roughly flat in many places compared to last July, affordability has not improved significantly.”

States like West Virginia, Iowa, and Ohio remained among the most affordable, requiring incomes between \$71,000 and \$76,000 to purchase a median-priced home. Meanwhile, though more expensive than these, Minnesota still made the top ten list of affordable states with a minimum required income of \$105,169.

As home prices and mortgage rates stay high, housing affordability remains one of the most pressing issues for American households. This ongoing crisis could influence both internal migration and policy decisions at the federal and state levels. According to Ryan, the data suggests that changes are coming: “This tells me we’re about five years away from a massive reshuffling of where Americans choose to live and work,” he said. “The question isn’t whether this is sustainable. We know it’s not.”

With no significant drop in mortgage rates on the horizon and supply still limited in many key markets, the path to homeownership remains a steep climb for millions of Americans.