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First-Time U.S. Homebuyers Fall to Historic Low as Affordability Crisis Deepens

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The share of first-time homebuyers in the United States has plummeted to a generational low, with just 24% of all home purchases in the past year made by those entering the housing market for the first time. A combination of soaring home prices, limited inventory, high mortgage rates, and stagnant wages has sidelined younger Americans and middle-

class families, deepening concerns over long-term homeownership prospects.

According to the National Association of Realtors (NAR), the median age of a first-time buyer has now climbed to 38, a stark contrast from previous decades when buyers were typically in their late 20s. This trend reflects not only the affordability crunch but a broader shift in wealth accumulation, where younger generations are increasingly locked out of building equity through homeownership.

The Federal Reserve (Fed), in its ongoing effort to combat inflation, has kept interest rates elevated, keeping the average 30-year mortgage rate above 6.5%. For prospective buyers, this has translated into monthly payments nearly double those seen just three years ago. Meanwhile, the median home price has surged past \$425,000, with the annual income needed to qualify for a standard mortgage now exceeding \$125,000, according to recent data from Redfin and Forbes.

The scarcity of starter homes is another key factor. Developers have shifted focus toward high-margin properties, leaving entry-level supply lagging. The U.S. Census Bureau reports that new construction has not kept pace with population growth or demand, especially in urban-adjacent markets where younger buyers typically search for homes.

Renting, while not a wealth-building strategy, has become a more practical choice for many Americans. According to housing data firm Zillow, renting in many major cities is now roughly half the monthly cost of owning, a level not seen since the mid-2000s. This imbalance discourages home purchases and delays financial independence for an entire generation.

For center-right observers, the trend underscores the need for policies that encourage supply-side growth rather than bureaucratic red tape. Excessive regulation, zoning restrictions, and government overreach in housing markets have exacerbated this crisis. Solutions should focus on incentivizing the construction of affordable homes, cutting permitting delays, and keeping mortgage markets accessible, not burdening developers or banks with more mandates.

Without structural reform, first-time buyers may remain permanently priced out, threatening the foundational role homeownership plays in the American dream.