Can you afford the American dream on your salary?

What exactly does it take to turn a renter into a buyer? Real estate professionals mull over this question often, coming up with ideas ranging from touting the personal pride of homeownership to the financial upside of building wealth and equity. Unfortunately, a willing renter isn't the only requirement for the transition into homeownership: the American dream comes with salary requirements too.

According to HSH.com, buyers offering a 10 percent down payment on a national median-priced home ($254,000) would need to make $63,941.21. The minimum salary drops to $55,390.57 for buyers putting down 20 percent.

Despite home price drops in 29 of the 50 largest metros during Q3, HSH says affordability issues abound, especially when you look at the year-over-year differences in home prices.

Metro Area	30-Year Fixed Mortgage Rate	% Change from 2Q17	Median Home Price	% Change from 2Q17	Monthly Payment (PITI)	Salary Needed
National	4.01%	-0.1%	$254,000	-0.55%	$1,292.45	$55,390.57
Atlanta	4.01%	-0.1%	$204,300	-0.29%	$1,012.40	$43,388.44
Austin	4.01%	-0.1%	$296,400	-3.77%	$1,573.61	$67,440.63
Baltimore	4.01%	-0.1%	$270,000	-2.53%	$1,377.46	$59,034.12
Birmingham	4.01%	-0.1%	$198,700	-3.59%	$935.57	$40,095.69
Boston	4.01%	-0.1%	$464,100	-0.17%	$2,274.19	$97,465.24
Buffalo	4.01%	-0.1%	$151,600	+8.29%	$971.79	$41,648.23
Charlotte	4.01%	-0.1%	$233,200	-0.47%	$1,107.58	$47,467.51
Chicago	4.01%	-0.1%	$255,600	-3.29%	$1,463.73	$62,731.35
Cincinnati	4.01%	-0.1%	$169,100	+0.3%	$926.21	$39,694.76
Cleveland	4.01%	-0.1%	$146,000	+0.83%	$850.79	$36,462.63
Columbus	4.01%	-0.1%	$193,900	-1.92%	$1,041.04	$44,616.20
Dallas	4.01%	-0.1%	$249,000	-2.43%	$1,388.74	$59,517.58
Denver	4.01%	-0.1%	$418,100	-1.51%	$1,854.04	$79,458.76
Detroit	4.01%	-0.1%	$183,040	+1.96%	$987.68	$42,329.29
Hartford	4.01%	-0.1%	$238,700	-0.13%	$1,437.61	$61,611.73
Houston	4.01%	-0.1%	$233,900	-0.72%	$1,320.67	$56,600.09
Indianapolis	4.01%	-0.1%	$173,700	-1.42%	$855.63	$36,670.05
Jacksonville	4.01%	-0.1%	$232,000	-0.22%	$1,190.49	$51,020.85
Kansas City	4.01%	-0.1%	$197,800	-1.93%	$1,032.71	$44,258.91
Las Vegas	4.01%	-0.1%	$261,600	+3.6%	$1,183.67	$50,728.93
Los Angeles	4.12%	-0.09%	$595,100	+15.73%	$2,684.94	$115,068.77
Louisville	4.01%	-0.1%	$175,700	-0.57%	$885.27	$37,940.17
Memphis	4.01%	-0.1%	$172,700	+0.7%	$882.48	$37,820.45
Miami	4.01%	-0.1%	$340,000	+1.49%	$1,675.30	$71,798.79
Milwaukee	4.01%	-0.1%	$246,900	+0%	$1,328.30	$56,927.00
Minneapolis	4.01%	-0.1%	$257,800	-0.46%	$1,312.39	$56,245.46
Nashville	4.01%	-0.1%	$234,300	-5.71%	$1,106.78	$47,433.50
New Orleans	4.01%	-0.1%	$204,300	+1.14%	$1,029.73	$44,131.30
New York City	4.01%	-0.1%	$419,100	+1.23%	$2,313.53	$99,151.22
Oklahoma City	4.01%	-0.1%	$158,800	-0.87%	$870.49	$37,306.76
Orlando	4.01%	-0.1%	$247,900	+1.18%	$1,263.45	$54,148.02
Philadelphia	4.01%	-0.1%	$238,900	-0.08%	$1,311.20	$56,194.50
Phoenix	4.01%	-0.1%	$248,900	+0.65%	$1,129.94	$48,426.19
Pittsburgh	4.01%	-0.1%	$146,000	+0.69%	$821.46	$35,205.49
Portland	4.01%	-0.1%	$389,400	+0.08%	$1,793.96	$76,883.89
Providence	4.01%	-0.1%	$287,000	+2.35%	$1,560.99	$66,899.42
Raleigh	4.01%	-0.1%	$267,500	-3.88%	$1,263.32	$54,142.27
Richmond	4.01%	-0.1%	$258,900	+1.93%	$1,215.93	$52,111.45
Riverside/San Bernardino	4.01%	-0.1%	$339,900	-0.23%	$1,580.84	$67,750.26
Sacramento	4.01%	-0.1%	$350,000	+2.94%	$1,664.71	$71,344.76
Salt Lake City	4.01%	-0.1%	$293,000	-4.15%	$1,315.91	$56,396.29
San Antonio	4.01%	-0.1%	$220,700	-0.85%	$1,238.44	$53,076.12
San Diego	4.12%	-0.09%	$607,000	+0.33%	$2,709.47	$116,119.96
San Francisco	4.12%	-0.09%	$900,000	-5.26%	$3,997.72	$171,330.88
San Jose	4.12%	-0.09%	$1,165,000	-1.55%	$5,044.23	$216,181.25
Seattle	4.01%	-0.1%	$478,500	+0.65%	$2,179.75	$93,418.01
St Louis	4.01%	-0.1%	$176,500	+1.44%	$952.51	$40,821.78
Tampa	4.01%	-0.1%	$225,000	+2.18%	$1,154.39	$49,473.67
Virginia Beach	4.01%	-0.1%	$224,000	-6.63%	$1,110.64	$47,599.08
Washington, D.C.	4.01%	-0.1%	$408,500	-4.71%	$1,971.74	$84,503.35

San Jose, Calif. led the way in annual home price increases (+16.5 percent), followed Seattle (+13.36 percent) and Los Angeles (+10.06 percent).

In San Jose, a buyer would need a salary of $216,181.25 to afford a median-priced home ($1,165,000) with a monthly payment of $5,044.23. In order to afford a $478,500 home in Seattle with a monthly payment of $2,179.75, a buyer would need a salary of $93,418.01. Lastly, a buyer in Los Angeles would need a salary of $115,068.77 to afford a $595,100 home with a monthly payment of $2,684.94.

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The only market to report a year-over-year decrease was Hartford, Conn. (-1.4 percent) — where a buyer with a salary of $61,611.73 could afford a $238,700 home with a monthly mortgage payment

of $1,437.61.

In order to keep up with home price growth, HSH says incomes need to rise at a rate of at least 10 percent — well above the current 2.5 percent annual rate.

About the study

HSH.com made its calculations using the National Association of Realtors' 2017 Q3 data for median-home prices, national mortgage rate data derived from weekly surveys by Freddie Mac and the Mortgage Bankers Association of America for 30-year fixed rate mortgages and available property tax and homeowners insurance costs to determine the annual salary it takes to afford the base cost of owning a home (principal, interest, property tax and homeowner's insurance, or PITI) in the nation's 50 largest metropolitan areas.

HSH.com used standard 28 percent "front-end" debt ratios and a 20 percent down payment subtracted from the NAR's median-home-price data to arrive at our figures.

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Source: click here