

Homes should be affordable in 20 major markets by year's end, the most since 2022

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Trifecta of slow-growing prices, falling mortgage rates and rising incomes inform Zillow's forecast

- The mortgage payment for a typical home should be affordable in 20 of the nation's 50 largest metros by December 2026, according to Zillow's projections, with Chicago, Atlanta and Raleigh joining the current list.
- Affordability is expected to improve in every major market except Hartford this year. Zillow recently predicted Hartford will be the hottest housing market for 2026.
- Monthly mortgage costs have fallen \$92 nationwide from last year and \$177 from their peak in October 2023.

SEATTLE, Jan. 15, 2026 /PRNewswire/ -- A mortgage payment on a typical home is forecast to be affordable in 20 major metropolitan areas by the end of the year¹, according to the [latest market report² from Zillow®](#). That's the most since 2022.

Zillow expects slow but steady home value growth, falling mortgage rates and rising incomes to contribute to a nationwide improvement in affordability this year. Affordability in this case means a mortgage payment on a typical house that doesn't require more than 30% of the median household income. When housing costs rise above that 30% threshold, they become a financial burden, leaving less in the budget for other essentials, such as groceries and transportation.

In the five years preceding the pandemic, mortgage payments (including taxes, insurance and maintenance) on a typical U.S. home³ required between 22.5% and 26.5% of median household income, assuming a 20% down payment.

Prices soared starting in 2020, and affordability declined sharply in 2022, when mortgage rates doubled. Affordability reached all-time lows in October 2023, when a typical mortgage required 38.2% of median household

income. Homes in just seven of the nation's 50 largest metros were affordable to buy at that time.

At the national level, a mortgage payment now takes 32.6% of median household income, already the best affordability seen nationwide since August 2022. That's on track to improve to 31.8% by the end of the year.

"This is what a small-wins year looks like for housing," said Zillow Senior Economist Kara Ng. "Rising incomes, subdued price growth, and gradually easing mortgage rates would help buyers regain their footing while allowing homeowners to continue building wealth. These types of slow and steady affordability improvements are exactly what the housing market needs over the long-run."

Key assumptions for Zillow's forecast:

- Mortgage rates fall to near 6%, where Zillow expects them to end the year — although mortgage rates are notoriously volatile, and even [further declines are possible](#).
- Home values grow by 1.9%, with the typical U.S. home value ending the year at \$365,795 — higher than in 2025 but rather subdued compared to long-term norms.
- Incomes are expected to rise by 3.3% this year, according to Bloomberg consensus estimates.

This forecast also assumes borrowers put 20% down on their mortgage, which is a tall hurdle. Today, the typical home nationwide is valued at \$359,078, according to the Zillow Home Value Index. A 20% down payment for that home is nearly \$71,800. This would grow to over \$73,000 by the end of the year, based on Zillow's appreciation forecast. A smaller down payment for the same purchase would raise monthly costs and impact affordability.

Using the average mortgage rate from December (6.2%) and assuming a 20% down payment, the monthly cost for a typical home today is \$2,337 including taxes, insurance, principal and interest. That's down \$92 per month from a year ago, and down \$177 from a peak in October 2023. If Zillow's outlook holds, that mortgage payment should reach \$2,358 by the end of the year.

The only major metro where affordability is expected to worsen in 2026 is Hartford, which Zillow predicts will be the [hottest market for 2026](#). This widespread rise in affordability is doubly impressive because it's not predicated on home value depreciation; home values are expected to rise in 41 of the 50 largest metros, including Chicago, Atlanta and Raleigh.

Tips to improve personal affordability and shop within budget

Down payment assistance programs can help buyers clear that particular hurdle. By answering a few questions, shoppers on Zillow can see all the programs available for a particular listing.

"Preparation doesn't just make the process smoother — it can change the outcome," said Ng. "Knowing your numbers ahead of time helps buyers compete without overreaching. And for many first-time buyers, exploring down payment assistance programs on the Zillow listing is a low-effort way to clear a financial hurdle."

Mortgage rates play a major role in determining buying power. Zillow Home Loans' [BuyAbilitySM tool](#) tracks current rates to make sure search results stay within a shopper's set monthly budget.

Metro Area*	Zillow Home Value Index (ZHVI)	Expected Home Value Growth by End of 2026	Monthly Mortgage Cost (20% Down)	Expected Change in Mortgage Cost by End of 2026	Share of Median Household Income Spent on Mortgage (Affordability)	Expected Affordability by End of 2026
United States	\$359,078	1.9 %	\$2,337	\$21	32.6 %	31.8 %
New York, NY	\$703,649	1.5 %	\$4,833	\$30	55.4 %	53.9 %
Los Angeles, CA	\$942,285	1.4 %	\$5,697	\$18	67.3 %	65.4 %
Chicago, IL	\$336,642	1.8 %	\$2,404	\$23	30.4 %	29.7 %
Dallas, TX	\$358,609	0.3 %	\$2,550	-\$15	31.3 %	30.1 %
Houston, TX	\$303,084	0.8 %	\$2,119	-\$3	29.8 %	28.8 %
Washington, DC	\$568,566	0.1 %	\$3,617	-\$33	32.8 %	31.5 %
Philadelphia, PA	\$374,909	2.2 %	\$2,541	\$33	31.9 %	31.3 %
Miami, FL	\$466,944	2.8 %	\$3,312	\$62	46.7 %	46.1 %
Atlanta, GA	\$374,477	2.0 %	\$2,473	\$26	30.6 %	29.9 %
Boston, MA	\$710,709	1.8 %	\$4,553	\$35	44.0 %	42.9 %
Phoenix, AZ	\$443,733	0.7 %	\$2,622	-\$9	33.2 %	32.0 %
San Francisco, CA	\$1,101,500	-1.7 %	\$6,766	-\$180	56.8 %	53.5 %
Riverside, CA	\$577,093	2.2 %	\$3,607	\$42	45.2 %	44.3 %
Detroit, MI	\$256,357	2.0 %	\$1,739	\$19	26.1 %	25.5 %
Seattle, WA	\$730,730	0.4 %	\$4,567	-\$28	46.6 %	44.9 %
Minneapolis, MN	\$377,251	-0.3 %	\$2,562	-\$33	30.0 %	28.7 %
San Diego, CA	\$916,964	1.9 %	\$5,538	\$49	57.6 %	56.2 %
Tampa, FL	\$352,009	1.6 %	\$2,426	\$17	35.3 %	34.4 %
Denver, CO	\$559,554	-1.1 %	\$3,467	-\$73	36.7 %	34.7 %
Baltimore, MD	\$391,913	0.4 %	\$2,522	-\$13	29.3 %	28.2 %
St. Louis, MO	\$263,846	1.7 %	\$1,841	\$15	25.9 %	25.2 %
Orlando, FL	\$381,302	1.9 %	\$2,573	\$25	36.2 %	35.4 %
Charlotte, NC	\$380,135	2.6 %	\$2,371	\$38	31.4 %	30.9 %
San Antonio, TX	\$274,336	-0.4 %	\$1,983	-\$25	28.9 %	27.7 %
Portland, OR	\$536,849	-0.6 %	\$3,402	-\$55	39.1 %	37.2 %
Sacramento, CA	\$568,802	-0.6 %	\$3,574	-\$55	41.2 %	39.3 %
Pittsburgh, PA	\$218,845	0.0 %	\$1,519	-\$15	22.3 %	21.4 %
Cincinnati, OH	\$297,209	2.4 %	\$2,034	\$29	28.6 %	28.1 %
Austin, TX	\$419,798	-1.9 %	\$2,973	-\$82	34.3 %	32.2 %
Las Vegas, NV	\$426,434	1.3 %	\$2,536	\$5	36.3 %	35.2 %
Kansas City, MO	\$312,751	2.2 %	\$2,161	\$28	29.4 %	28.9 %
Columbus, OH	\$319,035	2.4 %	\$2,188	\$31	30.0 %	29.5 %
Indianapolis, IN	\$284,684	2.6 %	\$1,874	\$30	27.0 %	26.6 %
Cleveland, OH	\$238,517	2.9 %	\$1,723	\$35	28.1 %	27.7 %
San Jose, CA	\$1,557,691	-0.6 %	\$9,289	-\$150	63.2 %	60.2 %
Nashville, TN	\$446,311	2.2 %	\$2,726	\$31	35.2 %	34.4 %
Virginia Beach, VA	\$359,881	2.0 %	\$2,371	\$25	32.9 %	32.2 %
Providence, RI	\$502,821	3.3 %	\$3,297	\$77	46.1 %	45.6 %
Jacksonville, FL	\$343,902	1.4 %	\$2,317	\$12	32.3 %	31.5 %
Milwaukee, WI	\$366,247	2.6 %	\$2,365	\$38	34.8 %	34.3 %
Oklahoma City, OK	\$239,880	1.9 %	\$1,725	\$18	26.9 %	26.3 %
Raleigh, NC	\$429,840	1.7 %	\$2,719	\$18	30.4 %	29.6 %
Memphis, TN	\$239,011	1.2 %	\$1,647	\$4	27.7 %	26.9 %
Richmond, VA	\$381,554	2.4 %	\$2,412	\$34	33.3 %	32.7 %
Louisville, KY	\$270,246	1.3 %	\$1,759	\$6	27.2 %	26.4 %
New Orleans, LA	\$250,088	-4.5 %	\$1,953	-\$104	35.8 %	32.8 %
Salt Lake City, UT	\$556,976	1.1 %	\$3,336	\$1	37.9 %	36.7 %
Hartford, CT	\$380,135	4.5 %	\$2,761	\$100	33.5 %	33.6 %
Buffalo, NY	\$272,868	3.1 %	\$1,675	\$35	26.6 %	26.3 %
Birmingham, AL	\$251,913	0.4 %	\$1,599	-\$10	24.2 %	23.3 %

*Table ordered by market size

¹ This press release includes forward-looking statements about future housing market conditions, mortgage rates, and other economic factors. These statements are based on current expectations and assumptions, which are subject to change. Actual outcomes may differ materially due to changes in economic and market conditions. Forward-looking statements speak only as of the date of this release, and Zillow Group undertakes no obligation to update them.

² The Zillow® market report is a monthly overview of the national and local real estate markets. The report is compiled by Zillow Research. For more information, visit [zillow.com/research](https://www.zillow.com/research).

³ A "typical home" is one valued at Zillow's Home Value Index (ZHVI). It's the average of the middle-third of home values or Zestimates in a given area. Learn more at www.zillow.com/research/data/.

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