

'The difference between settling and choosing': Buying power rises \$30,000 on the back of lower mortgage rates, higher incomes

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Improving affordability suggests this spring's home shopping season will see more activity

- A Zillow analysis shows a median-income U.S. household can now afford a \$331,483 home. That is a \$30,302 increase in buying power since last year and the highest affordable price since March 2022.
- A median-income household has seen roughly 82,300 more homes come within their budget than a year ago, according to Zillow's analysis.
- Zillow forecasts further dips in mortgage rates this year, which would lead to additional improvements in buying power.

SEATTLE, Feb. 23, 2026 /PRNewswire/ -- The housing market has [yet to fully emerge from its winter hibernation](#), but improving affordability points to a more active home shopping season this spring. A median-income U.S. household can now comfortably afford a \$331,483 home with a 20% down payment. That's \$30,000 more than a year ago, according to a [new Zillow® analysis](#), thanks to rising incomes and lower mortgage rates.

The typical mortgage payment — excluding taxes and insurance, and assuming a 20% down payment — is 8.4% lower than a year ago. Home value growth has flattened, and mortgage rates have fallen from an average of 6.96% in January 2025 to 6.1% last month, while incomes have edged higher. Together, those factors have given a median-income household an extra \$30,302 in buying power.

Buying power is now at its highest level since March 2022, when [mortgage rates were still below 5%](#). The recent low point was in October 2023 at \$272,224. Mortgage rates averaged 7.62% that month, the highest average in any month since 2000. Zillow [expects rates to fall further](#) through 2026, which would unlock additional buying power

for home shoppers.

"A more than \$30,000 gain in buying power is meaningful for households that have been stretched thin by high rates. It can mean the difference between settling and choosing," said Kara Ng, senior economist at Zillow. "That doesn't suddenly make this market affordable for everyone, but it does crack open doors that had firmly shut when rates peaked."

The dip in mortgage rates brings the biggest boosts to buying power in expensive markets. In San Jose, a median-income household has gained nearly \$74,000 in buying power compared to a year ago, the largest increase among major metro areas. San Francisco buyers have seen a \$56,115 boost, followed by Washington, D.C. (\$48,881), San Diego (\$46,506) and Boston (\$46,390).

In practical terms, a median-income household can now afford roughly 82,300 more homes for sale than it could a year ago. In addition to improved affordability, that also reflects the continued inventory recovery, with [6% more homes on the market in January](#) than a year earlier. The nearly 447,000 homes a median-income household could afford today represent 40.3% of listings — up from 34.8% a year ago.

In markets where home values have fallen, buyers' dollars stretch even further in real terms with today's lower mortgage rates. Houston leads the nation in affordable inventory growth, with just under 4,000 more listings within reach for a median-income buyer compared to a year ago. Phoenix follows with 3,434 additional affordable homes, ahead of Dallas (3,267), Miami (2,981) and Atlanta (2,279). Home values have fallen since last year in each of those markets.

For shoppers tracking how much home they can afford, [Zillow Home Loans' BuyAbilitySM tool](#) provides a personalized estimate based on income, credit profile and current mortgage rates.

Metro Area*	January 2026: Affordable Home Price**	January 2025: Affordable Home Price**	January 2026: Affordable Homes for Sale	January 2025: Affordable Homes for Sale
United States	\$331,483	\$301,181	446,982	364,688
New York, NY	\$381,237	\$346,450	5,831	4,718
Los Angeles, CA	\$421,030	\$379,754	1,107	447
Chicago, IL	\$299,770	\$274,738	7,385	6,807
Dallas, TX	\$347,681	\$319,291	10,979	7,712
Houston, TX	\$298,282	\$274,173	12,176	8,180
Washington, DC	\$519,441	\$470,560	6,000	4,028
Philadelphia, PA	\$346,797	\$315,469	6,112	5,400
Miami, FL	\$300,704	\$276,987	15,903	12,922
Atlanta, GA	\$362,571	\$330,769	12,551	10,272
Boston, MA	\$488,388	\$441,998	1,296	857
Phoenix, AZ	\$403,247	\$363,929	7,951	4,517
San Francisco, CA	\$581,564	\$525,449	1,119	927
Riverside, CA	\$383,591	\$347,348	2,365	1,579
Detroit, MI	\$295,016	\$268,220	7,472	6,202

Seattle, WA	\$474,197	\$428,713	1,551	1,057
Minneapolis, MN	\$376,963	\$343,188	3,994	3,166
San Diego, CA	\$477,571	\$431,066	675	339
Tampa, FL	\$300,751	\$276,525	7,012	5,298
Denver, CO	\$456,008	\$413,858	3,458	2,284
Baltimore, MD	\$397,748	\$360,892	3,856	3,055
St. Louis, MO	\$323,200	\$293,885	4,157	3,691
Orlando, FL	\$317,511	\$290,729	4,503	3,435
Charlotte, NC	\$368,639	\$333,655	4,134	3,069
San Antonio, TX	\$306,964	\$280,783	5,939	4,266
Portland, OR	\$409,554	\$371,095	1,585	1,003
Sacramento, CA	\$414,910	\$375,909	766	487
Pittsburgh, PA	\$290,949	\$265,388	3,798	3,482
Cincinnati, OH	\$337,330	\$305,421	2,985	2,590
Austin, TX	\$400,113	\$365,254	4,176	2,637
Las Vegas, NV	\$354,612	\$319,946	3,174	1,958
Kansas City, MO	\$341,641	\$309,997	3,254	2,651
Columbus, OH	\$320,891	\$292,086	2,137	1,806
Indianapolis, IN	\$318,055	\$288,936	3,626	2,835
Cleveland, OH	\$256,197	\$233,539	2,468	2,229
San Jose, CA	\$741,686	\$667,829	309	185
Nashville, TN	\$386,511	\$349,332	2,417	1,535
Virginia Beach, VA	\$326,882	\$297,057	2,336	1,935
Providence, RI	\$331,074	\$300,051	264	223
Jacksonville, FL	\$360,891	\$327,689	4,732	4,174
Milwaukee, WI	\$317,719	\$287,377	1,292	1,150
Oklahoma City, OK	\$264,580	\$242,926	2,679	2,064
Raleigh, NC	\$425,344	\$385,921	2,052	1,278
Memphis, TN	\$251,449	\$230,433	2,322	1,776
Richmond, VA	\$344,191	\$311,553	904	751
Louisville, KY	\$300,159	\$272,361	2,253	1,564
New Orleans, LA	\$203,102	\$188,386	1,335	927
Salt Lake City, UT	\$444,089	\$399,999	970	531
Hartford, CT	\$343,486	\$313,010	573	546
Buffalo, NY	\$310,106	\$279,742	932	756
Birmingham, AL	\$312,379	\$283,544	2,840	2,262

* Table ordered by market size

** For a median-income household to spend no more than 30% of income on the monthly mortgage payment, excluding taxes and insurance, and assuming a 20% down payment

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Zillow's ecosystem spans the entire home journey — from dreaming and shopping to renting, buying, selling and financing.

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