

For release:
November 10, 2023

**California housing affordability dials back to hit 16-year nadir
as interest rates surge to two-decade high in Q3 2023, C.A.R. reports**

- Fifteen percent of California households could afford to purchase the \$843,600 median-priced home in the third quarter of 2023, down from 16 percent in second-quarter 2023 and down from 18 percent in third-quarter 2022.
- A minimum annual income of \$221,200 was needed to make monthly payments of \$5,530, including principal, interest and taxes on a 30-year fixed-rate mortgage at a 7.14 percent interest rate.
- Twenty-three percent of home buyers were able to purchase the \$650,000 median-priced condo or townhome. A minimum annual income of \$170,400 was required to make a monthly payment of \$4,260.
- Infographic: <https://www.car.org/Global/Infographics/HAI-2023-Q3>

LOS ANGELES (Nov. 10) – With borrowing costs reaching all-time highs and home prices continuing to climb, California housing affordability dialed back for the second straight quarter and dropped to the lowest level since 2007, the [CALIFORNIA ASSOCIATION OF REALTORS®](#) (C.A.R.) said today.

Fewer than one in five (15 percent) home buyers could afford to purchase a median-priced, existing single-family home in California in third-quarter 2023, down from 16 percent in the second quarter of 2023 and down from 18 percent in the third quarter of 2022, according to C.A.R.'s Traditional Housing Affordability Index (HAI). The third-quarter 2023 figure is less than a third of the affordability index peak high of 56 percent in the first quarter of 2012.

C.A.R.'s HAI measures the percentage of all households that can afford to purchase a median-priced, single-family home in California. C.A.R. also reports affordability indices for regions and select counties within the state. The index is considered the most fundamental measure of housing well-being for home buyers in the state.

A minimum annual income of \$221,200 was needed to qualify for the purchase of a \$843,600 statewide median-priced, existing single-family home in the third quarter of 2023. The monthly payment, including taxes and insurance (PITI) on a 30-year, fixed-rate loan, would be \$5,530, assuming a 20 percent down payment and an effective composite interest rate of 7.14 percent.

This marked the first time the effective interest rate jumped above 7 percent in more than two decades. The effective composite interest rate was 6.61 percent in second-quarter 2023 and 5.72 percent in third-quarter 2022. Interest rates appear to have peaked, and further economic slowdown could result in further rate drops before the end of the year. The rate decline should alleviate pressure on both the supply and demand sides of the housing market, which could help improve housing affordability in the coming quarters.

The median price of condominiums and townhomes in California declined from a year ago but was up from the previous quarter. As a result, the share of households that could afford a typical condo/townhome in third-quarter 2023 dipped from the 25 percent recorded in the previous quarter and was down from the 28 percent recorded in the third quarter of 2022. An annual

income of \$170,400 was required to make the monthly payment of \$4,260 on the \$650,000 median-priced condo/townhome in the third quarter of 2023.

Compared with California, more than a third of the nation's households could afford to purchase a \$406,900 median-priced home, which required a minimum annual income of \$106,800 to make monthly payments of \$2,670. Nationwide affordability was down from 39 percent a year ago.

Key points from the third-quarter 2023 Housing Affordability report include:

- When compared to the previous quarter, housing affordability declined in 36 counties and remained unchanged in 10. Only five counties showed a quarter-to-quarter improvement in affordability, thanks to steeper price declines than in other counties during the same time period. Compared to a year ago, six counties saw an improvement in affordability. A greater majority of counties (42) throughout the state recorded a decline in affordability on a year-over-year basis, and only three remained unchanged.
- Lassen (58 percent) remained the most affordable county in California and the only county to record an affordability of more than 50 percent in the third quarter of 2023. Tehama (39 percent) and Shasta (35 percent) trailed behind as distant second and third placers and together were the only three counties to record an affordability index of at least 35 percent – all located in the Far North region of the State. Of all counties in California, Lassen required the lowest minimum qualifying income (\$55,600) to purchase a median-priced home in third-quarter 2023.
- Mono (5 percent), Monterey (9 percent), San Luis Obispo (10 percent), and Santa Barbara (10 percent), were the least affordable counties in California, with each of requiring at least a minimum income of \$226,800 to purchase a median-priced home in the county. San Mateo continued to require the highest minimum qualifying income (\$516,000) to buy a median-priced home in the third quarter of 2023 and was the only county in California that required a minimum qualifying income over \$500,000. Santa Clara County came in second of all counties needing a minimum required income of \$484,800, followed by Marin (\$416,400).
- Housing affordability declined the most on a year-over-year basis in Kings, falling 13 points from third-quarter 2022 to third-quarter 2023. Amador registered the second biggest drop in affordability moving eight points below last year, followed by Kern, Sacramento, and Stanislaus, each dropping six points from a year ago. Despite higher household incomes, higher home prices and elevated mortgage rates continued to be the primary factors that kept the cost of borrowing near its all-time high and affordability near the all-time low across most counties.

[See C.A.R.'s historical housing affordability data.](#)

[See first-time buyer housing affordability data.](#)

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in the United States with more than 200,000 members dedicated to the advancement of professionalism in real estate. C.A.R. is headquartered in Los Angeles.

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**CALIFORNIA ASSOCIATION OF REALTORS®
Traditional Housing Affordability Index
Third quarter 2023**

| 3rd Quarter 2023 | C.A.R. Traditional Housing Affordability Index | | | | | | |
|------------------------------------|---|------------------------|------------------------|---|------------------------------|--|--|
| STATE/REGION/COUNTY | Qtr. 3 2023 | Qtr. 2 2023 | Qtr. 3 2022 | | Median Home Price | Monthly Payment Including Taxes & Insurance | Minimum Qualifying Income |
| Calif. Single-family home | 15 | 16 | 18 | | \$843,600 | \$5,530 | \$221,200 |
| Calif. Condo/Townhome | 23 | 25 | 28 | r | \$650,000 | \$4,260 | \$170,400 |
| Los Angeles Metro Area | 14 | 17 | 19 | | \$789,000 | \$5,170 | \$206,800 |
| Inland Empire | 20 | 22 | 25 | | \$565,000 | \$3,700 | \$148,000 |
| San Francisco Bay Area | 19 | 19 | 20 | | \$1,275,000 | \$8,350 | \$334,000 |
| United States | 34 | 36 | 39 | | \$406,900 | \$2,670 | \$106,800 |
| | | | | | | | |
| San Francisco Bay Area | | | | | | | |
| Alameda | 16 | 16 | 17 | | \$1,275,000 | \$8,350 | \$334,000 |
| Contra Costa | 22 | 23 | 26 | r | \$870,000 | \$5,700 | \$228,000 |
| Marin | 18 | 16 | 18 | | \$1,590,000 | \$10,410 | \$416,400 |
| Napa | 15 | 19 | 14 | r | \$942,500 | \$6,170 | \$246,800 |
| San Francisco | 21 | 20 | 20 | | \$1,550,000 | \$10,150 | \$406,000 |
| San Mateo | 17 | 17 | 19 | | \$1,970,000 | \$12,900 | \$516,000 |
| Santa Clara | 17 | 18 | 20 | | \$1,850,000 | \$12,120 | \$484,800 |
| Solano | 24 | 26 | 29 | r | \$595,000 | \$3,900 | \$156,000 |

| | | | | | | | | |
|----------------------------|----|----|--|----|---|-------------|---------|-----------|
| Sonoma | 15 | 16 | | 19 | | \$850,000 | \$5,570 | \$222,800 |
| Southern California | | | | | | | | |
| Los Angeles | 11 | 15 | | 14 | | \$897,610 | \$5,880 | \$235,200 |
| Orange | 11 | 12 | | 13 | | \$1,305,000 | \$8,550 | \$342,000 |
| Riverside | 19 | 20 | | 23 | | \$610,000 | \$4,000 | \$160,000 |
| San Bernardino | 25 | 30 | | 31 | | \$485,000 | \$3,180 | \$127,200 |
| San Diego | 11 | 13 | | 15 | | \$978,500 | \$6,410 | \$256,400 |
| Ventura | 13 | 14 | | 17 | | \$925,000 | \$6,060 | \$242,400 |
| Central Coast | | | | | | | | |
| Monterey | 9 | 12 | | 13 | | \$918,000 | \$6,010 | \$240,400 |
| San Luis Obispo | 10 | 11 | | 13 | | \$865,000 | \$5,670 | \$226,800 |
| Santa Barbara | 10 | 10 | | 12 | | \$1,090,000 | \$7,140 | \$285,600 |
| Santa Cruz | 13 | 13 | | 14 | | \$1,243,500 | \$8,140 | \$325,600 |
| Central Valley | | | | | | | | |
| Fresno | 27 | 29 | | 32 | | \$420,000 | \$2,750 | \$110,000 |
| Glenn | 30 | 32 | | 34 | | \$355,000 | \$2,330 | \$93,200 |
| Kern | 28 | 31 | | 34 | | \$390,000 | \$2,550 | \$102,000 |
| Kings | 27 | 32 | | 40 | | \$380,000 | \$2,490 | \$99,600 |
| Madera | 29 | 31 | | 34 | | \$425,000 | \$2,780 | \$111,200 |
| Merced | 30 | 31 | | 34 | | \$386,000 | \$2,530 | \$101,200 |
| Placer | 27 | 29 | | 30 | | \$665,000 | \$4,360 | \$174,400 |
| Sacramento | 23 | 26 | | 29 | | \$542,000 | \$3,550 | \$142,000 |
| San Benito | 16 | 19 | | 20 | | \$753,750 | \$4,940 | \$197,600 |
| San Joaquin | 23 | 26 | | 27 | r | \$545,000 | \$3,570 | \$142,800 |

| | | | | | | | | |
|------------------------------|----|----|--|----|---|-----------|---------|-----------|
| Stanislaus | 24 | 27 | | 30 | | \$468,100 | \$3,070 | \$122,800 |
| Tulare | 30 | 33 | | 36 | | \$375,000 | \$2,460 | \$98,400 |
| Far North | | | | | | | | |
| Butte | 28 | 29 | | 30 | | \$430,710 | \$2,820 | \$112,800 |
| Lassen | 58 | 52 | | 56 | | \$212,500 | \$1,390 | \$55,600 |
| Plumas | 31 | 38 | | 28 | | \$409,500 | \$2,680 | \$107,200 |
| Shasta | 35 | 35 | | 39 | | \$379,250 | \$2,480 | \$99,200 |
| Siskiyou | 34 | 39 | | 31 | | \$300,000 | \$1,960 | \$78,400 |
| Tehama | 39 | 35 | | 39 | | \$315,000 | \$2,060 | \$82,400 |
| Other Calif. Counties | | | | | | | | |
| Amador | 26 | 28 | | 34 | | \$460,000 | \$3,010 | \$120,400 |
| Calaveras | 27 | 27 | | 32 | | \$483,000 | \$3,160 | \$126,400 |
| Del Norte | 28 | 30 | | 27 | | \$377,500 | \$2,470 | \$98,800 |
| El Dorado | 23 | 23 | | 27 | | \$665,000 | \$4,360 | \$174,400 |
| Humboldt | 23 | 25 | | 23 | | \$437,500 | \$2,870 | \$114,800 |
| Lake | 30 | 28 | | 33 | | \$320,000 | \$2,100 | \$84,000 |
| Mariposa | 16 | 24 | | 21 | | \$464,500 | \$3,040 | \$121,600 |
| Mendocino | 15 | 17 | | 18 | | \$527,500 | \$3,460 | \$138,400 |
| Mono | 5 | 5 | | 8 | | \$940,000 | \$6,160 | \$246,400 |
| Nevada | 23 | 25 | | 25 | | \$563,150 | \$3,690 | \$147,600 |
| Sutter | 31 | 33 | | 32 | | \$425,000 | \$2,780 | \$111,200 |
| Tuolumne | 31 | 32 | | 35 | | \$415,000 | \$2,720 | \$108,800 |
| Yolo | 23 | 23 | | 25 | r | \$620,000 | \$4,060 | \$162,400 |

| | | | | | | | | |
|------|----|----|--|----|--|-----------|---------|-----------|
| Yuba | 26 | 26 | | 29 | | \$426,950 | \$2,800 | \$112,000 |
|------|----|----|--|----|--|-----------|---------|-----------|

r = revised

Traditional Housing Affordability Indices (HAI) were calculated based on the following effective composite interest rates: 7.14% (3Qtr. 2023), 6.61% (2Qtr. 2023) and 5.72% (3Qtr. 2022).