



WWW.NAHB.ORG

NATIONAL ASSOCIATION OF HOME BUILDERS

INDIANAPOLIS MAINTAINS TITLE OF NATION'S MOST AFFORDABLE HOUSING MARKET

May 20, 2008 - Indianapolis, Ind. maintained its standing as the most affordable major U.S. housing market for the 11th consecutive time in the first quarter of 2008, according to the National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI), released today.

Nationwide, homes became more affordable for the third consecutive quarter, with the HOI rising to the highest level since the second quarter of 2004.

“Today’s HOI reading shows that 53.8 percent of all new and existing homes that were sold during the first quarter were affordable to families earning the national median income of \$61,500,” said NAHB President Sandy Dunn, a builder from Point Pleasant, W.Va.. “Three factors combined to substantially increase housing affordability nationwide — mortgage rates returning to near the record low levels of a few years ago, a \$2,500 rise in family income nationwide and lower house prices.”

The HOI indicates that the national weighted interest rate on fixed and adjustable-rate mortgages – a key component in calculating the HOI – was 6.02 percent in the first quarter, compared to 6.42 percent in the fourth quarter of 2007, and the lowest since third quarter of 2005.

In the nation’s most affordable major housing market of Indianapolis, 90.1 percent of homes sold in the first quarter were affordable to families earning the area’s median household income of \$65,100. Also near the top of the list for affordable major metros this time around were Youngstown-Warren-Boardman, Ohio-Pa.; Grand Rapids-Wyoming, Mich.; Detroit-Livonia-Dearborn, Mich.; and Harrisburg-Carlisle, Pa., in that order.

One smaller metro market (fewer than 500,000 people) outranked all others in terms of housing affordability during the first quarter of 2008. This was Kokomo, Ind., where 95.3 percent of all homes sold in the period were affordable to families earning that area’s median household income of \$57,400.

Also maintaining its long-held standing on the HOI was Los Angeles-Long Beach-Glendale, Calif., which has now been the nation’s least-affordable major housing market for 14 consecutive quarters. There, 10.5 percent of new and existing homes sold during the first quarter were affordable to those earning the area’s median family income of \$59,800.

Other major metros at the bottom of the housing affordability chart included New York-White Plains-Wayne, N.Y.-N.J.; San Francisco-San Mateo-Redwood City, Calif.; Miami-Miami Beach- Kendall, Fla.; and Santa Ana-Anaheim-Irvine, Calif., in that order.

Among metro areas smaller than 500,000 people, the five markets at the bottom of the affordability chart were all located in California, starting with Salinas as the least affordable and followed by San Luis Obispo-Paso Robles, Napa, Santa Barbara-Santa Maria-Goleta and Santa Cruz-Watsonville, respectively.

Please visit www.nahb.org/hoi for tables, historic data and details.

EDITOR’S NOTE: The NAHB/Wells Fargo HOI is a measure of the percentage of homes sold in a given area that are affordable to families earning that area’s median income during a specific quarter. Prices of new and existing homes sold are collected from actual court records by First American Real Estate Solutions, a marketing company. Mortgage financing conditions incorporate interest rates on fixed- and adjustable-rate loans reported by the Federal Housing Finance Board.

The NAHB/Wells Fargo Housing Opportunity Index is strictly the product of NAHB Economics, and is not seen or influenced by any outside party prior to being released to the public.

