

DENVER REGION DATA BRIEF

The increasing cost of a home

August 2019

HOME PRICE COMPARED TO INCOME

Buying a home today is significantly more expensive than it was three decades ago. In 1990, the median home price in the Denver metro area was two-and-a-half times greater than its median household income. In 1990, the national median home price was more than three times median household income.

By 2018, the Denver metro area's median home price was more than five-and-a-half times greater than median household income – well above the national median home price of four times median household income. Over 30 years, the change reflected the 12th-highest increase among 382 U.S. metro areas, with the Denver metro area rising from a rank of 192nd-highest median price to income in 1990 to 34th-highest in 2018. The Boulder metro area experienced the fifth-highest increase. Western states are home to the 20 metro areas that experienced the highest increases in median home price to household income ratio between 1990 and 2018.

1990 median home price to median income ratio

Peer metro area	Ratio	Rank
San Francisco	6.25	6
Los Angeles	6.04	8
Boulder	3.38	44
United States	3.11	
Phoenix	2.75	125
Dallas	2.67	146
Denver	2.52	192
Greeley	2.50	195
Atlanta	2.44	209
Portland	2.43	217
Minneapolis	2.41	225
Austin	2.38	236
Kansas City	2.28	266
Salt Lake City	2.21	285

2018 median home price to median income ratio

Peer metro area	Ratio	Rank
Los Angeles	9.44	4
San Francisco	9.24	5
Boulder	7.08	14
Denver	5.62	34
Portland	5.17	48
Greeley	4.73	70
Salt Lake City	4.44	84
Phoenix	4.22	100
United States	4.13	
Austin	4.10	109
Dallas	3.67	151
Minneapolis	3.43	181
Atlanta	3.25	207
Kansas City	3.11	229



Just the numbers

- The median home price in the Denver metro area is more than five-and-a-half times the median household income.
- Among 382 metro areas, Denver had the 12th-highest increase of median home prices to household income, rising from a rank of 192 in 1990 to 34 in 2018; the Boulder metro area experienced the fifth-highest increase.
- A majority of the nation's renters and homeowners have moved or made changes to their spending over the past two years because of increasing rent or mortgage payments.



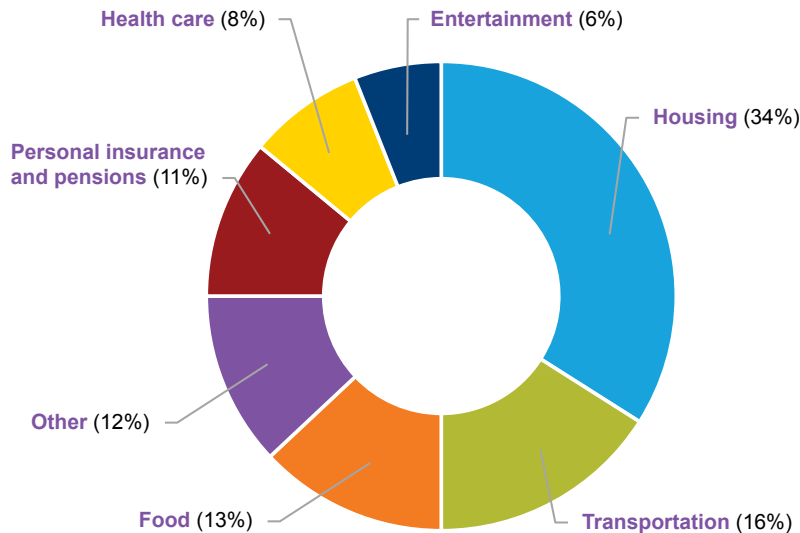
Data source: *The State of the Nation's Housing 2019*. Joint Center for Housing Studies of Harvard University. <https://www.jchs.harvard.edu/state-nations-housing-2019>. Accessed June 2019.

Note: The Denver region falls into three separate metropolitan statistical areas as delineated by the U.S. Office of Management and Budget.

Analysis geography

For the purposes of this analysis, the Denver metro area corresponds with the Denver-Aurora-Lakewood metropolitan statistical area. Boulder is a distinct metropolitan statistical area.

Average annual expenditures in the Denver metro area



Data Source: "Table 3033. Selected western metropolitan statistical areas: Average annual expenditures and characteristics" 2016-2017 Consumer Expenditure Survey, U.S. Bureau of Labor Statistics, September 2018. Accessed June 2019.

THE EFFECTS

Housing is already one of the largest costs in a household's budget. When housing costs rise faster than incomes, households must make housing-related changes or decrease other spending. A recent Freddie Mac survey found rising housing costs had affected 51% of the nation's households – including both renters and homeowners – over the past two years.¹ Beyond the effects on their quality of life, household spending cuts may hamper local governments' ability to maintain local sales tax revenue. Additionally, to minimize housing costs, people may choose to live farther from work or other destinations, increasing vehicle travel.

¹ *Profile of Today's Renter & Homeowner*. June 2019. Freddie Mac Research. http://www.freddiemac.com/research/consumer-research/20190626_new_survey_affordability_page?

IN PRACTICE: PRESERVING EXISTING AFFORDABLE HOUSING

Statewide, approximately 22,000 units of existing affordable housing funded through tax credits and other financial incentives are in jeopardy over the next decade, as initial contracts guaranteeing affordability expire. The Colorado Housing Preservation Network is a public-private partnership of state, federal, local and nonprofit entities. The network's priority is to establish a database to identify, track and monitor properties most at risk of losing rental assistance or income and occupancy restrictions. Using the database, network partners will proactively identify and protect existing affordable housing.



The Denver Regional Council of Governments is a forum where local governments collaborate to make the region a great place to live, work and play. To support decision-making, DRCOG staff maintains and analyzes various data sets. This briefing is an opportunity to highlight insights from the data sets.

Questions? Ideas for topics? Contact Andy Taylor at ataylor@drcog.org. For more data, visit data.drcog.org.

