



Austin, TX, is the Best Metro for First-Time Homebuyers; Washington, D.C., is the Worst

Texas, Florida, and Missouri claim six of the top ten

NEW YORK – February 27, 2023 – The Austin-Round Rock, Texas, metropolitan area is the best metro for first-time homebuyers, according to Bankrate's Best Metros for First-Time Homebuyers study, which analyzed the top 50 metropolitan statistical areas by population based on affordability (40%), job market (30%), market tightness (15%), and wellness & culture (15%). Click here for more information:

<https://www.bankrate.com/real-estate/best-cities-for-first-time-homebuyers/>

Top 5 Metros for First-Time Homebuyers	Bottom 5 Metros for First-Time Homebuyers
1. Austin-Round Rock	50. Washington-Arlington-Alexandria
2. Kansas City	49. Boston-Cambridge-Nashua
3. Raleigh	48. New York-Newark-Jersey City
4. Minneapolis-St. Paul-Bloomington	47. San Diego-Carlsbad
5. Jacksonville	46. Riverside-San Bernardino-Ontario

The top metro for first-time homebuyers, Austin-Round Rock, Texas, scored 1st in job market, 2nd in market tightness, and 6th in wellness & culture, which boosted the metro into the top overall spot, despite scoring 35th in affordability.

Six of the ten best metro areas for first-time homebuyers are in either Texas, Florida, or Missouri. These include Austin-Round Rock (1st overall) and Dallas-Fort Worth-Arlington (9th overall, 7th in job market), TX; Jacksonville (5th overall, T-8th with Riverside-San Bernardino-Ontario in market tightness) and Orlando (10th overall, 7th in market tightness), FL; and Kansas City (2nd overall, 3rd in affordability) and St. Louis (8th overall, 2nd in affordability), MO.

The other top-ranking metros are Raleigh, NC (3rd overall, 1st in market tightness); Minneapolis-St. Paul-Bloomington, MN (4th overall, 5th in job market); Oklahoma City, OK (6th overall, 12th in affordability and job market); and Indianapolis-Carmel-Anderson, IN (7th overall, 8th in affordability).

"The pandemic-driven housing boom sent home values soaring, and it intensified the affordability gap between low-priced and high-priced metro areas," said Bankrate.com analyst Jeff Ostrowski. "But now that virtual workplaces are standard for white-collar employees, it's possible to take your big-city income to a less expensive part of the country. Texas and Florida have been attracting an influx of new residents. From April 1, 2020, to July 1, 2022, the two states saw their combined populations grow by more than 1.5 million residents, according to the U.S. Census Bureau."

On the other end, Washington-Arlington-Alexandria is the worst metro for first-time homebuyers, ranking 50th overall. The metro fell short in job market (44th), affordability (T-39th with Phoenix-Mesa-Scottsdale), and market tightness (38th), despite ranking highly in wellness & culture (T-9th with Boston-Cambridge-Nashua and Las Vegas-Henderson-Paradise).

Six of the other ten worst metro areas for first-time homebuyers are located in California, including San Diego-Carlsbad (47th), Riverside-San Bernardino-Ontario (46th), Sacramento-Roseville-Arden-Arcade (45th), San Jose-Sunnyvale-Santa Clara (44th), Los Angeles-Long Beach-Anaheim (43rd), and San Francisco-Oakland-Hayward (41st).

Though California metros generally rank highly in wellness & culture, with San Francisco-Oakland-Hayward taking the top spot and San Diego-Carlsbad coming in 4th, they rank relatively low in affordability. San Jose-Sunnyvale-Santa Clara ranks least affordable, followed by San Diego-Carlsbad in 49th and San Francisco-Oakland-Hayward in 48th.

The remainder of the bottom ten in Bankrate's study included other highly populated and unaffordable areas, including Boston-Cambridge-Nashua (49th overall, 46th in affordability), New York-Newark-Jersey City (48th overall, 44th in affordability), and Phoenix-Mesa-Scottsdale (42nd overall, 39th in affordability).

Though a general relationship exists between high population and unaffordability, Dallas-Fort Worth-Arlington is an outlier in the top ten largest MSAs, at 4th in population and 9th overall in the study. The metro ranks well in market tightness (18th) and even higher in job market (7th), and it lands in the middle of the pack in terms of affordability (26th) and wellness & culture (T-24th with Philadelphia-Camden-Wilmington).

According to another Bankrate study, Austin-Round Rock is also America's best place to live in 2023 (<https://www.bankrate.com/real-estate/best-places-to-live/us/>).

"Austin has experienced a boom in tech jobs," said Ostrowski, "and as a result, the metro area's incomes are the highest in Texas. The city also is home to the University of Texas and a thriving music scene."

Methodology

The 2023 Bankrate Best Metros for First-Time Homebuyers was compiled using data from a variety of sources, including the U.S. Census Bureau, the U.S. Labor Department and the U.S. Bureau of Economic Analysis. Here is a breakdown of each category:

- **Affordability:** In this category, we calculated the typical income needed to qualify for a mortgage in each metro area, based on each area's median home price for September 2022 as reported by Redfin Data Center, with a 10 percent down payment, a 5 percent mortgage rate on a 30-year loan, and a mortgage debt-to-income ratio of 25 percent. We then compared that number to the Census Bureau's 2021 estimate of median income for households headed by 25- to 44-year-olds in each metro area. We also factored in each metro's Cost of Living Index, as reported by The Council for Community and Economic Research, from Q2 2022. The index measures the overall cost of living in an area, with a score of 100 being the national average.
- **Job Market:** We ranked each metro area based on its unemployment rate as reported by the U.S. Labor Department in August 2022. Also from the U.S. Labor Department, we looked at total employees year-over-year, which shows the percentage change of employed area residents from last year to this year, from August 2022. Finally, this category also factored in each metro area's average commute time, per 2021 Census data.
- **Market Tightness:** For this category, Bankrate used Realtor.com's median days on the market statistic for homes for sale in December 2022 and the year-over-year change in housing inventory through December 2022.
- **Wellness & Culture:** For the wellness & culture category, Bankrate used Sharecare's Community Well-Being Index for 2020-2021. The report ranks metro areas on access to healthcare, food, and community services, including libraries and churches. We also used the U.S. Census Bureau's 2020 Diversity Index to measure racial diversity and representation. Lastly, the culture ranking is also based on the number of arts, entertainment, and recreation establishments per capita, based on Bankrate's analysis of 2021 Census data.

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