



## New Cars Unaffordable for Most Americans

*Median-Income Households Fall Short Everywhere But D.C.*

NEW YORK – June 28, 2017 – A median-income household can only afford the average-priced new car in one of the 25 largest U.S. metropolitan areas, according to a new Bankrate.com report. Washington, D.C. came out on top. The full ranking is available here:

<http://www.bankrate.com/auto/auto-affordability-0617/>

The study adhered to the “20/4/10” rule: a 20% down payment, a four-year loan and principal/interest/insurance payments comprising 10% of a household’s gross income.

If a median-income household follows those guidelines, they can afford less than half of the average new car price in six of the 25 surveyed markets. Miami/Fort Lauderdale/West Palm Beach came in last. In that metro, a median-income household can afford to buy a car worth just \$13,577 (the average new car would cost \$35,368 including local sales taxes).

“The main point of this research is to illustrate how Americans are having to overextend themselves to pay for a new car at today’s prices,” says Bankrate.com analyst Claes Bell. “Low- and middle-income households are having to stretch loan terms to six or more years and/or spend huge percentages of their paychecks to afford reliable transportation, and it’s very difficult to get off that hamster wheel of debt once you’re on it.”

In the District of Columbia, where the median income of nearly \$100,000 is about twice as high as in South Florida, a median-income household can afford to spend \$37,223 on a car (\$697 per month). But even there, Bell cautions that the figures apply to the entire household. “So if you’re making payments on two cars, you’re looking at a couple of \$350 monthly bills, not a pair of brand-new luxury cars,” he adds.

The top five metros for car affordability are:

1. Washington, D.C. (total purchase price of up to \$37,223/monthly payment up to \$697)
2. San Francisco (\$32,286 / \$631)
3. Boston (\$30,863 / \$592)
4. Seattle (\$26,771 / \$532)
5. Minneapolis/St. Paul (\$26,606 / \$502)

The five worst are:

25. Miami/Fort Lauderdale/West Palm Beach (\$13,577 / \$256)
24. Detroit (\$13,913 / \$273)
23. Tampa (\$14,189 / \$268)

22. Orlando (\$15,902 / \$309)  
21. San Antonio (\$16,433 / \$324)

Sources: Kelley Blue Book, TaxJar, The Zebra, U.S. Census Bureau

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**For more information:**

Ted Rossman  
Public Relations Director  
[ted.rossman@bankrate.com](mailto:ted.rossman@bankrate.com)  
917-368-8635