

# Indiana's Housing Market Stands Out for Middle- Income Affordability

Indiana Association of Realtors®

## A Closer Look at Housing Affordability

In May 2025, the National Association of REALTORS® and Realtor.com released an analysis of metropolitan and state-level housing affordability, “Housing Affordability & Supply.” For its state-by-state assessment, the report uses as a key metric the share of listings affordable to a household earning \$75,000 a year (close to the U.S. household median income) – or a home price of roughly \$255,000, using standard affordability thresholds.

By these standards, Indiana offers one of the most balanced and affordable housing markets in the nation – among the top three states in share of inventory affordable to middle-income homebuyers.

IAR decided to expand on the “Housing Affordability & Supply” report with a more detailed study of affordable housing supply statewide and by metropolitan area, also addressing affordability for other income groups using typical interest rate terms and down payment levels. We used MLS data through the IAR Data Warehouse along with Home Mortgage Disclosure Act (HMDA) and American Community Survey data to arrive at the following conclusions.

## Highlights

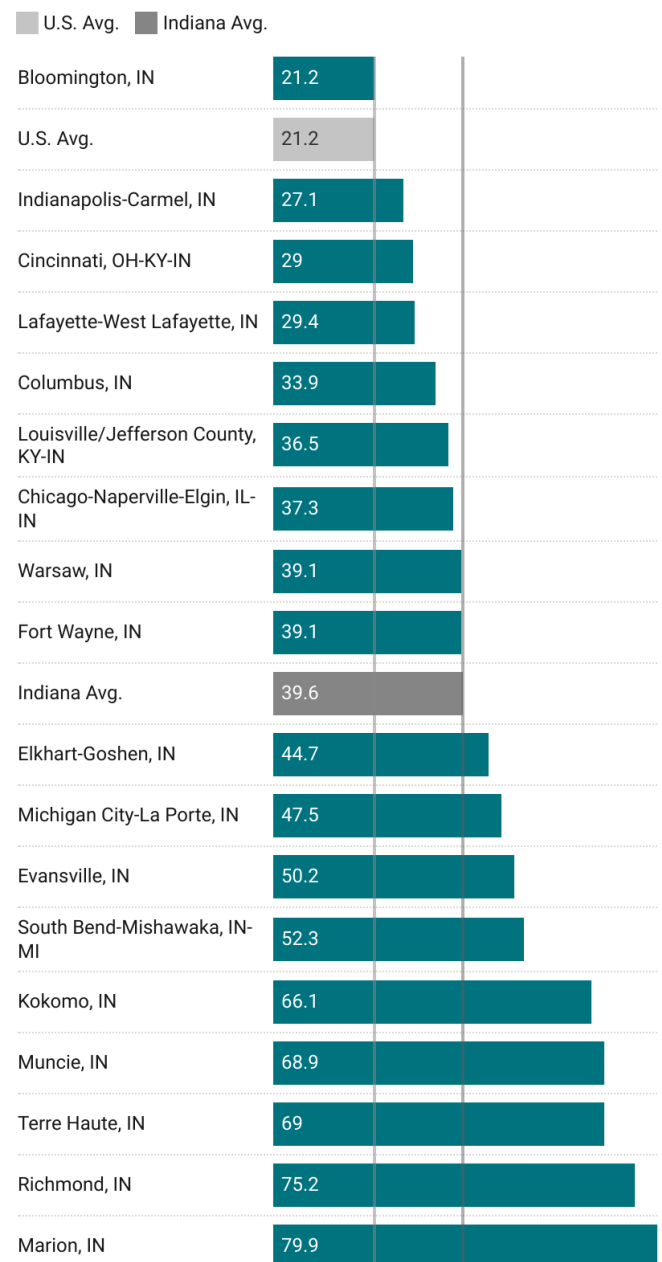
- Even using more exacting measures, roughly 40% of Indiana home listings are affordable to households earning \$75,000 - nearly double the national rate (21%) using the NAR/Realtor.com methodology.
- Even Indiana’s most expensive housing markets have middle-class affordability levels consistent with or above the U.S., while most of the state’s metropolitan regions offer significantly more affordable options than the nation (and the average of the largest 100 U.S. metro areas).
- Recent listings affordable to households earning less than \$50,000 are scarce; less than half of households at this income level are homeowners, however, so the

practical gap between available listings and prospective homebuyers isn’t realistically as wide.

- Comparing affordability limits to actual mortgage disclosures shows that families earning below \$75,000 tend to stretch their budgets when buying homes (particularly for households below \$50,000), while higher-income households tend to spend below 30% of their monthly gross income on housing.

## Share of listings affordable to a household earning \$75,000

Listings from May 2024 through April 2025.



\*This chart shows listings in discrete market segments and is not cumulative like the previous chart.

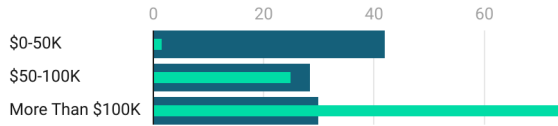
The price ranges are: under \$114K for \$0-50K households, \$114-279K for \$50-100K households, and \$279K and over for \$100K+ households.

## Match between incomes and listings

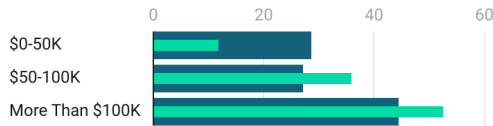
Listings are determined affordable to each income group without spending more than 30% of monthly income in housing costs.

■ Share of households ■ Share of listings

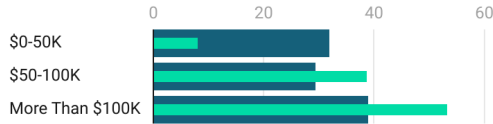
### Bloomington, IN



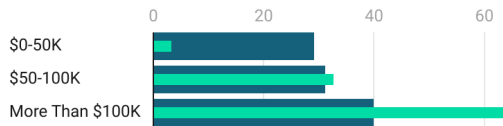
### Chicago-Naperville-Elgin, IL-IN



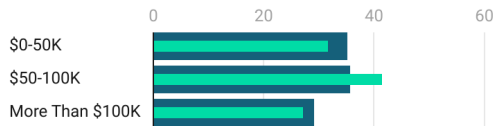
### Cincinnati, OH-KY-IN



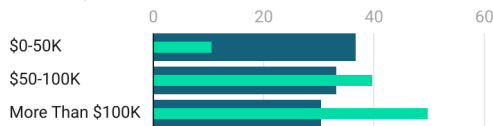
### Columbus, IN



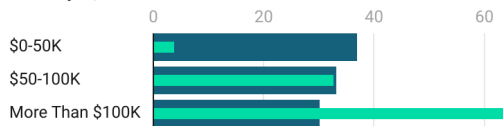
### Elkhart-Goshen, IN



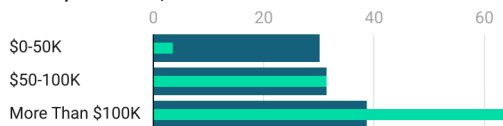
### Evansville, IN



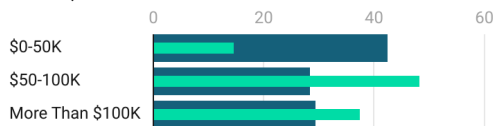
### Fort Wayne, IN



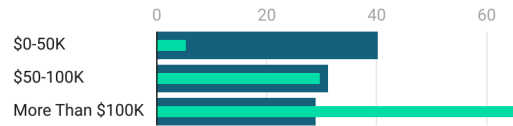
### Indianapolis-Carmel, IN



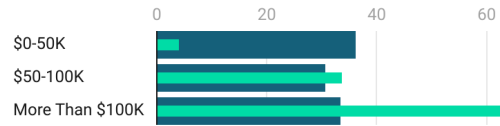
### Kokomo, IN



### Lafayette-West Lafayette, IN



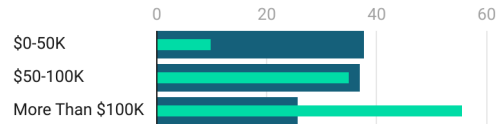
### Louisville/Jefferson County, KY-IN



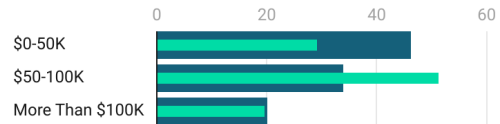
### Marion, IN



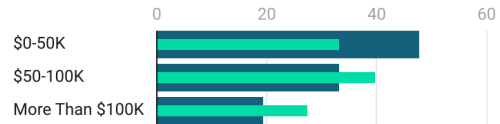
### Michigan City-La Porte, IN



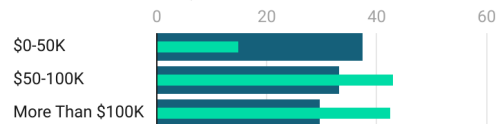
### Muncie, IN



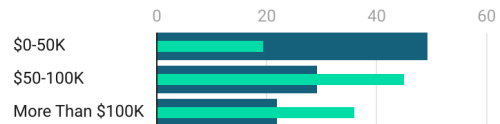
### Richmond, IN



### South Bend-Mishawaka, IN-MI



### Terre Haute, IN



### Warsaw, IN



Listings are considered affordable to each income group if the mid-point income in that range would spend no more than 30% of gross income on monthly housing costs. Estimates account for mortgage rates, down payment, PMI, property taxes, and insurance using Indiana averages from 2023 HMDA data.

The income ranges shown here are summarized, but to calculate these numbers, we used more detailed income ranges: \$0-50K, \$50-75K, \$75-100K, \$100-150K, \$150-200K, and >\$200K. The median household income in Indiana is \$69,500.

## A Middle-Class Advantage in Indiana

IAR's analysis reveals that households earning \$75,000 in Indiana can afford nearly 40% of homes on the market, nearly double the national average of 21%. This affordability advantage places Indiana among the most accessible states for middle-income buyers, particularly in metro areas where home prices have remained modest relative to income.

The chart at right compares Indiana metros to the national and state averages, showing that middle-class affordability is strongest in cities like Marion, Richmond, and Terre Haute, where more than two-thirds of listings fall below the affordable threshold for a \$75,000 income.

Meanwhile, metros like Bloomington, Indianapolis, and Lafayette show tighter conditions, with just 21% to 29% of listings priced affordably for that same household profile. Still, even these markets outperform the U.S. average.

## Local Affordability Varies Widely

Our affordability calculations are based on housing costs not accounting for more than 30% of household income after including mortgage payments, taxes, insurance, and PMI. Details about our assumptions for these calculations are in the methodology section.

As shown in the first chart, there is considerable variation across Indiana metros. For example:

- Marion: Nearly 80% of listings are affordable to \$75K households.
- Bloomington: Just 21% of listings are affordable at the same income level, matching the U.S. average.
- Indianapolis-Carmel: At 27%, affordability lags the state average but remains better than most large metros nationwide.

## A Deeper Dive: Matching Listings to Household Incomes

The chart on the previous page offers a deeper look at how housing supply aligns with income distribution across Indiana metros. This view uses current listing data as of May 2025 and compares the share of households in each income bracket with the share of active listings affordable to that bracket.

In nearly every city, the data shows a clear pattern:

- Listings affordable to households earning under \$50K are scarce, despite this group making up 30% to 40% of the population in many metros.
- Homes affordable to \$50K-\$100K households are more common and often align better with the size of that income group.
- Households earning over \$100K have the access to the most available and affordable inventory; homes priced appropriately for households earning over \$100K outnumber households above this threshold in most markets.

This supply imbalance highlights the challenges faced by low- and moderate-income buyers, especially those seeking to transition from renting to ownership.

## What Do Households Really Buy?

Most mortgages are reported anonymously as public information from the Home Mortgage Disclosure Act (HMDA). This data can tell us the purchase price and loan characteristics of real buyers at different income levels.

### Median loan characteristics from buyers in 2023

Income	Interest Rate	LTV	Loan Amt	Property Value
\$1-50K	6.75%	5%	\$125,000	\$155,000
\$50-75K	6.79%	9%	\$175,000	\$215,000
\$75-100K	6.88%	10%	\$225,000	\$275,000
\$100-150K	6.88%	15%	\$275,000	\$345,000
\$150-200K	6.75%	20%	\$355,000	\$425,000
>\$200K	6.62%	20%	\$475,000	\$605,000

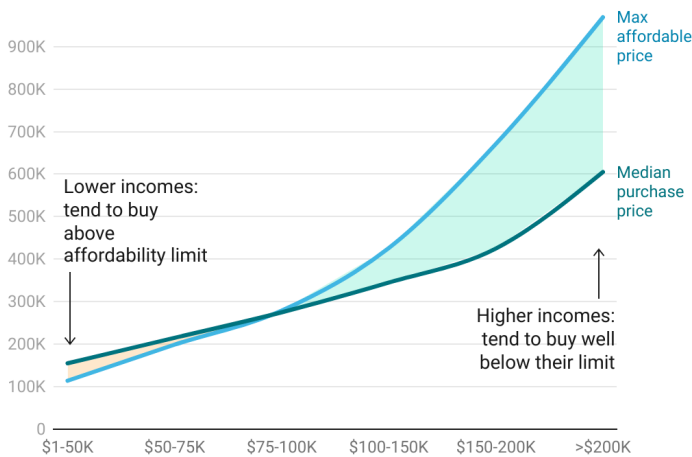
Source: 2023 HMDA

Down payments tend to be larger for higher income buyers. The median down payment is under 20% for all income groups below \$150,000. Interest rates are similar for all groups, but peak for upper-middle-income buyers.

For households earning less than \$50,000, the median purchase price is \$155,000. That is 36% higher than the affordability limit for that group. A lack of supply in this price range pushes buyers to spend more than 30% of their income on housing costs. Out of the 500,000 homeowners who earn \$50,000 or less, half are paying more than 30% of their income in housing costs.

It is difficult for many households at this income level to afford a home purchase. Half households in this income range are renting. (ACS PUMS 2023) Indiana does have a higher home ownership rate than the U.S. for households earning less than \$50,000—52% compared in Indiana compared to 48% nationally.

### Affordability limit versus median purchase price



Source: Indiana Association of REALTORS®, 2023 HMDA

On the other hand, home buyers at high income levels do not need to spend their full housing budget on a purchase, typically. While those in the \$150,000 to \$200,000 income range could afford a purchase price of \$671,000, the median price for these buyers was \$425,000 in 2023—that price is 37% below their affordability limit.

## Methodology Notes

Listings are considered affordable if a household at the midpoint of an income range would spend no more than 30% of gross income on monthly housing costs, including mortgage, taxes, insurance, and PMI.

Estimates use Indiana averages from 2023 HMDA data for lending terms.

The first chart includes all listings from the 12 months ending in May 2025. The second chart shows listings currently active as of May 1, 2025.

Income ranges are grouped as follows: \$0–50K, \$50–75K, \$75–100K, \$100–150K, \$150–200K, and >\$200K. Median household income in Indiana is approximately \$69,500.

Assumptions for affordability calculations:

- Down payment was based on the median down payment for that income group in the 2023 HMDA data and ranged from 5% for those earning \$50,000 or less to 20% for those earning \$150,000 or more.
- Interest rate was based on the median interest rate for that income group in the 2023 HMDA data.
- Taxes were assumed to be one percent per year.
- Insurance was assumed to be 0.6% of the properties value per year.
- PMI was assumed to be 0.9% for down payments of 5%, 0.7% for down payments between 5% and 10%, and 0.5% for down payments of 15%. When the down payment is 20% or more, the buyer does not pay PMI.