



MIDDLE-CLASS ACCESS TO HOUSING

**How the Middle Class Accessed Housing from the
Late 1960s to Early 2020s**

Introduction

AD Mortgage conducted a nationwide study to examine how middle-class access to homeownership has changed from the late 1960s through the early 2020s. By comparing key metrics across the second half of each decade, including the 2020–2024 post-COVID period, we aimed to uncover how the relationship between household income and home prices has evolved.

Despite the national homeownership rate staying stable, this report highlights how rising home prices and increasing upfront costs have made it harder for middle-class households to afford homes. Our findings offer valuable insights into the shifting dynamics of homeownership in the U.S. and how affordability has become a growing challenge for today's homebuyers.

“What it means to be middle class in housing has changed since the 1970s, presenting regular folk with new challenges,” said **Max Slyusarchuk, CEO of AD Mortgage**. “Our goal is to ensure these financial challenges don't stand in the way by providing support, guidance, and solutions that help households achieve their aspirations of homeownership.”

Methodology

This analysis uses data from the U.S. Census Bureau, the Bureau of Labor Statistics, and the U.S. Department of Housing and Urban Development.

For the purpose of this report, "middle class" is defined as households with an income that falls between the 20th and 80th percentiles of the income distribution in the United States. This group represents the core of the workforce, generally earning enough to cover basic living expenses while still having some discretionary income for savings, investments, and lifestyle choices.

To provide a consistent and comparable view of housing conditions over time, this study focuses on the second half of each decade from the 1960s through the 2010s, with the most recent period covering 2020–2025 to capture post-COVID market conditions. Averaging values across these five-year periods' smooth short-term fluctuations, reflect more established market conditions, and ensure reliable data

across key indicators, allowing us to track long-term trends in middle-class access to homeownership.

The report examines the following key indicators related to housing access:

- Median home price
- Median household income
- Housing supply
- Vacancy and occupancy rates
- Ownership and renting rates
- Population and housing units per capita

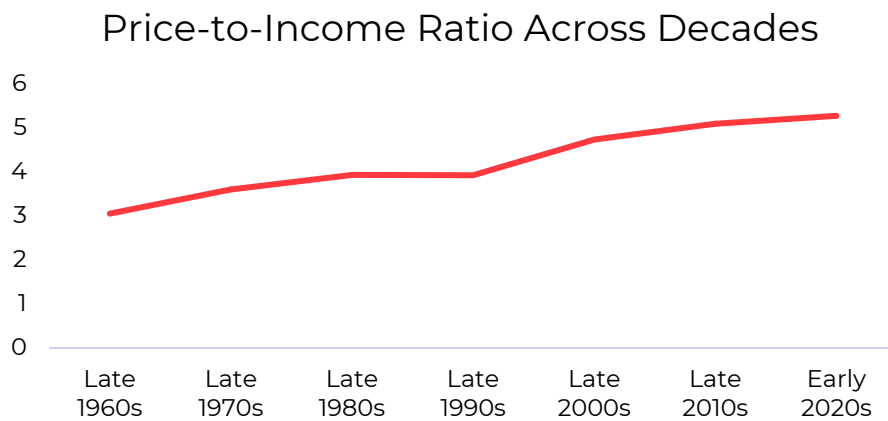
We also use a standardized mortgage model based on a 30-year fixed-rate mortgage with a 20% down payment to compare financing conditions. This model is applied to periods from the mid-1970s onward, including the 2020–2025 post-COVID period, reflecting the availability of long-term U.S. mortgage rate data starting in 1971.

Key findings

1. Home prices are outpacing middle-class incomes

One of the clearest shifts in the data is the growing disparity between what households earned and what homes cost. Here's a breakdown:

- **Late 1960s:** Median home price was \$22,955, and median household income was \$7,518, leading to a price-to-income ratio of 3.05.
- **Early 2020s:** The median home price jumped to \$397,920, while median household income rose to \$75,445, with a price-to-income ratio of 5.27.



This highlights a clear trend: While household incomes grew over time, they did not keep pace with the dramatic rise in home prices. The typical home cost just over three times the annual household income in the late 1960s but more than five times that income by the early 2020s.

2. Ownership rates stayed stable, but financial pressure grew

At first glance, **homeownership in the U.S. appears relatively stable:**

- **Late 1960s:** 64%
- **Late 1970s:** 65%
- **Late 1980s:** 64%
- **Late 1990s:** 66%
- **Late 2000s:** 68%
- **Late 2010s:** 64%
- **Early 2020s:** 66%

Overall, ownership rates have not changed dramatically. The small increase in the 2000s is visible in the data, but the broader pattern remains largely consistent.

However, this stability masks changes in the financial conditions for middle-class buyers. Even though the share of homeowners stayed similar, **the cost of entering the housing market**, including higher home prices, larger loan amounts, and increased upfront payments, has shifted.

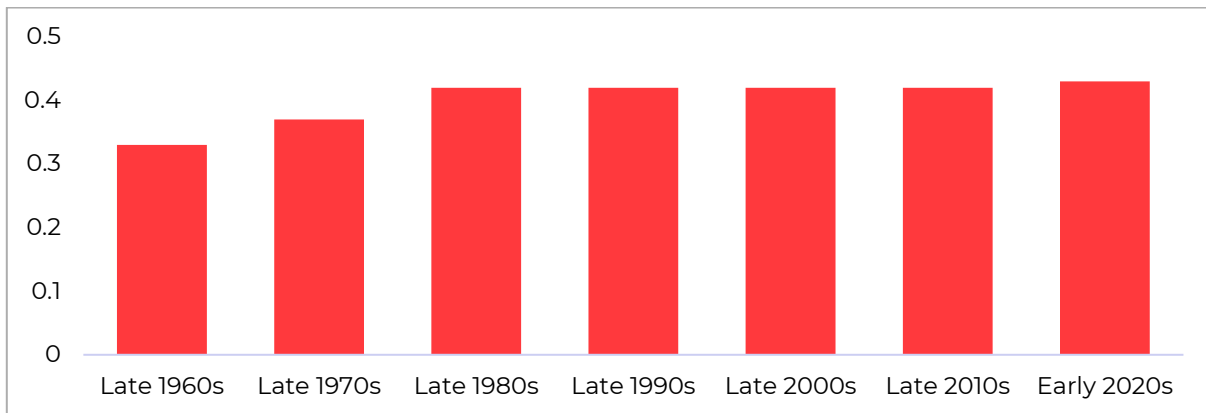
In other words, stable ownership rates do not necessarily indicate unchanged access. Today, middle-class households face different financial considerations than in past decades, making the path to homeownership more dependent on **income, loan structure, and available resources**.

3. Housing supply rose, but affordability stayed tough

One positive aspect is the **increase in housing units per capita**, meaning that there are more homes available relative to the population.

- **Late 1960s:** 0.33 housing units per capita
- **Early 2020s:** 0.43 housing units per capita

This shows a **29% increase** in housing availability from the late 1960s to the early 2020s, meaning the middle class today has more **options** for homeownership. However, despite this improvement in supply, the **financial barriers to entry** have grown, primarily due to rising home prices and larger down payments required.



Shows units-per-capita ratio over time

4. A paradox in homeownership: better mortgage rates, but higher upfront costs

While monthly mortgage payments as a percentage of household income have decreased, the upfront costs of buying a home have grown significantly. This presents an interesting paradox: although lenders have made monthly payments more manageable, the required down payment has become much harder to absorb relative to income.

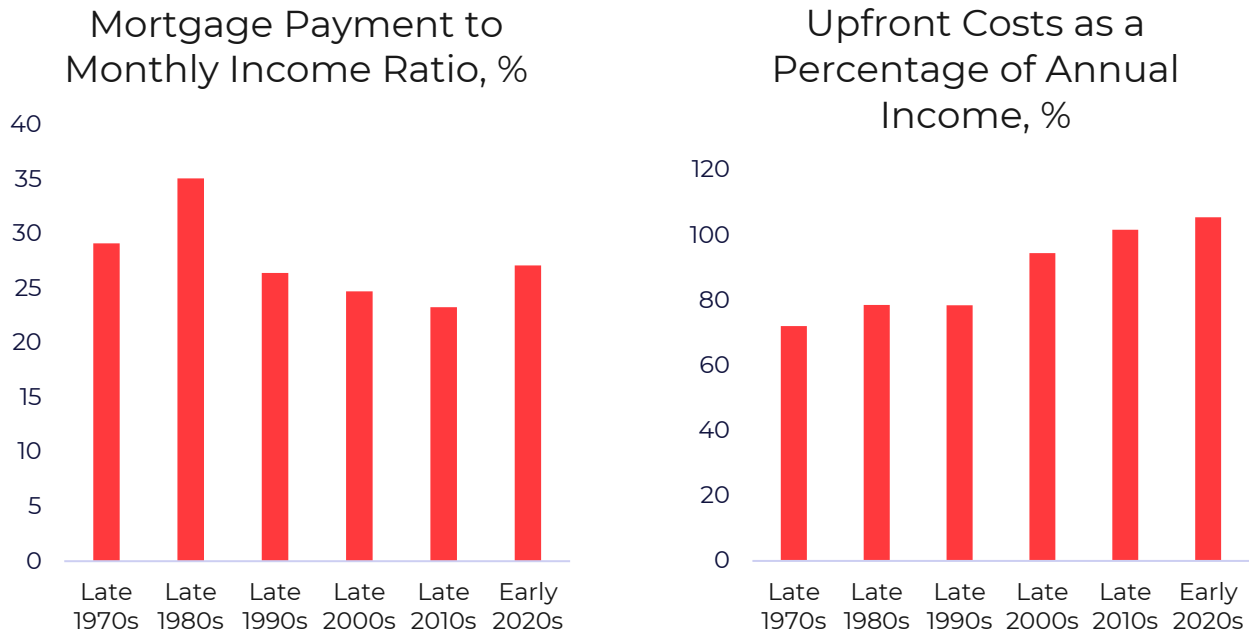
We can infer that if lenders did not adapt to the higher cost of housing, the numbers of home ownership would have declined.

Here's a closer look at the shift:

- **Late 1970s:** Mortgage rates were higher (9.5%), and monthly payments accounted for **29.14%** of median household's monthly income.
- **Late 1980s:** Monthly payments peaked at **35.09%** of median household income.
- **Late 2010s:** Monthly payments were at their lowest, **23.29%** of median household income.
- **Early 2020s:** Mortgage rates dropped to 4.98%, and monthly payments represented **27.12%** of median household's monthly income.

At first glance, the decrease in monthly payments seems like an improvement. However, when we look at the down payment:

- **Late 1970s:** The typical down payment was about **72.1%** of annual income.
- **Early 2020s:** The down payment rose to **105.5%** of annual income.



This highlights the paradox: while monthly payments are now a smaller burden relative to income (down about 7% since the 1970s), the upfront cash needed to enter the housing market has increased by 46%, making homeownership more dependent on available resources despite lower mortgage rates.

5. What it means to be **middle class in housing: then vs. now**

In the 1960s, homeownership was more straightforward for many middle-class families. A typical middle-class income was usually enough to purchase a home, with homeownership being a common aspiration tied closely to earning a steady wage.

Middle-class income → Homeownership

However, by the 2020s, this direct connection weakened. Today, homeownership is no longer automatically within reach, even for those with a middle-class income. Instead, achieving homeownership now depends on additional factors such as rising home prices, available financial resources, and leverage.

Middle-class income → Home prices → Financial resources → Leverage → Homeownership

This shift reflects a change in the relationship between income and homeownership, highlighting how the path to owning a home has become more complex.

Key Calculations and Data Summary

	1965-1969	1975-1979	1985-1989	1995-1999	2005-2009	2015-2019	2020-2024
Median Home Price	\$22,955	\$50,200	\$102,730	\$146,155	\$234,090	\$313,445	\$397,920
Median Household Income	\$7,518	\$13,930	26129.6	37,258	49536.6	61613.6	\$75,445
Housing Units	66,217,800	81,842,400	101417000	115,748,200	127,633,400	136,987,400	143,677,000
Vacant	6,482,400	6,921,600	10,805,400	13,421,400	17,460,400	17,141,400	15,087,200
For rent	1,583,200	1,505,800	2,594,800	3,019,400	3,951,000	3,261,000	2,977,800
For sale only	483,200	570,600	975,000	1,125,200	1,930,000	1,263,600	766,600
Total occupied	59,735,200	74,920,800	90,611,600	102,326,600	110,173,000	119,846,000	128,589,800
Owned units	38,029,600	48,653,400	57,873,200	67,331,600	75,134,400	76,685,200	84,703,200
Rented units	21,705,400	26,660,333	32,738,800	34,995,000	35,038,600	43,161,000	43,886,200
Population	198,591,600	220,377,400	242,332,800	272,644,600	301,198,643	324,820,206	334,715,327
Mortgage Rate		9.5%	10.70%	7.54%	5.14%	3.99%	4.98%
Loan Amount		\$40,160	\$82,184	\$116,924	\$187,272	\$250,756	\$318,336
Monthly Payment		\$338	\$764	\$821	\$1,021	\$1,196	\$1,705
Downpayment		\$10,040	\$20,546	\$29,231	\$46,818	\$62,689	\$79,584

Summary of key housing and income metrics from the late 1960s to the early 2020s

	Late 1960s	Late 1970s	Late 1980s	Late 1990s	Late 2000s	Late 2010s	Early 2020s	Change (1960s vs 2020s)
Price-to-Income Ratio	3.05	3.60	3.93	3.92	4.73	5.09	5.27	73%
Units per Capita	0.33	0.37	0.42	0.42	0.42	0.42	0.43	29%
Ownership Rate	0.64	0.65	0.64	0.66	0.68	0.64	0.66	3%
Renting Rate	0.36	0.36	0.36	0.34	0.32	0.36	0.34	-6%
Vacancy Rate	0.10	0.08	0.11	0.12	0.14	0.13	0.11	7%
Mortgage Payment to Monthly Income		29.14%	35.09%	26.43%	24.74%	23.29%	27.12%	
Downpayment to Annual Income		72.1%	78.6%	78.5%	94.5%	101.7%	105.5%	

Shows the evolution of key housing metrics from the late 1960s to the early 2020s

Closing note

This study offers an overview of long-term trends in homeownership and the relationship between middle-class income and access to housing. It is based on historical data and general market trends and is not intended to serve as personal financial advice or predict future housing market conditions. The insights provided are for informational purposes only and reflect the evolution of housing affordability over time. Individual financial circumstances and market conditions can vary widely, and we recommend consulting with a financial advisor or housing professional for specific guidance.