Middle class homes scarce

Data: Affordability fading in metros

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Middle-class homebuyers find there are fewer homes on the market that they can afford.

In 14 of the top 100 metropolitan regions, more than half of the for-sale homes this month stayed out of reach for middle-class buyers, data from real estate tracker Trulia show. A year ago, that was true in eight of the leading metro areas.

Rising prices, higher interest rates, flat incomes and fewer foreclosed homes for sale are combining to limit choices for the middle class, says Jed Kolko, Trulia chief economist.

Trulia considers homes affordable for middle-class buyers if their total monthly payment — after a 20 percent down payment and including taxes and insurance — is less than 31 percent of the median household income in their metro area.

Affordability isn't as good as it was last year because home prices and interest rates are both higher. Home prices nationally were up 12.4 percent in August year over year, CoreLogic says.

Trulia's study assumes a 4.5 percent fixed rate for a 30-year mortgage compared with 3.5 percent last year.

The drop-off in affordable homes for middle-class buyers is widespread, falling or flattening in 99 metros since last October. Only Rochester, N.Y., saw a slight gain.

Some cities are seeing faster declines than others.

This year, only 23 percent of for-sale homes in Orange County, Calif., were affordable for middle-class buyers, Trulia's data show. That's down from 44 percent last year.

FORECLOSURE FACTOR

There are fewer lower-priced homes for sale in many of the metros because of the receding foreclosure crisis.

» In August, 12 percent of existing-home sales were distressed homes, down from 23 percent last year, the National Association of Realtors says.