Relative growth of real median income versus home prices, New York City

This visualization provides an easy way to see how housing prices have been moving relative to household incomes.

It converts into indexes both real median home prices and real median income.

The following example shows how to create the visualization using New York City data.

Index of real median home prices and real median income in New York City (Index = 100 in 2006)

Sources: American Community Survey (accessed via American Fact Finder), Zillow

Interpretation of New York City example

The real median income in New York City has been greater than the real median home prices for the past decade, but the gap between the median income and median home prices has been decreasing since 2012.

How to construct

This data is downloaded from American Fact Finder. Specifically, data is obtained for New York City from TABLE S1903 MEDIAN INCOME IN THE PAST 12 MONTHS (IN 2016 INFLATION-ADJUSTED DOLLARS) for the one-year ACS estimates for 2006 through 2016. The home prices data are downloaded from Zillow. First, the income and home prices are adjusted for inflation into $2016. Dollar values can be adjusted for inflation using the Consumer Price Index Inflation Calculator provided by the Bureau of Labor Statistics to adjust incomes and rents.
To index the figures, the adjusted values of the real median income and the real median home prices in 2006 are treated as 100 on the index. Calculate the indexed value by dividing the adjusted value in specific year over the 2006 adjusted value in each category and then multiplying by 100.

**Figure note**

Data are shown for one specific area only (New York City in this case). This data are displayed as a line chart with two lines representing the real median income and the real median home prices respectively. The years are units on the horizontal axis to show the change over time.

There are several possible sources for data on home prices. The National Association of Realtors publishes data on median home prices for many metropolitan areas and for most counties. Zillow also provides data on home values (Zillow data on the price of home sold can be used to compare what is happening to the median price of homes sold versus that for median household incomes.) Data on median household income can be sourced from the American Community Survey. It may be helpful to benchmark local changes in home prices against the national and regional trends.

The share of home sales affordable to households at different income levels can also be performed. See the NYU Furman’s Center report on homeownership affordability.