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# HOUSING AFFORDABILITY IN IOWA

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## ABOUT THE AUTHOR



**Andrzej Wieciorkowski** is a Research Analyst with CSI. Before joining CSI, Andrzej attended the College of the Holy Cross where he majored in Political Science and Economics. Andrzej also worked as an intern for the Heritage Foundation's Center for Education Policy where he developed policy experience in education, economics, law, immigration, and international affairs.

## ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of Iowa's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Iowans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Iowans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

## TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Iowans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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## INTRODUCTION

Iowa's housing market remains favorable in a national environment defined by unaffordability. With mortgage rates still elevated and prices remaining flat to slightly higher in most states, Iowa retains a clear affordability advantage—whether measured by the cost of a new mortgage, the relationship between wages and monthly payments, or the combined burden of mortgage costs and property taxes. That affordability edge is underpinned by continued growth in Iowa's housing supply, which has helped temper price increases even as other regions see steeper costs. That progress, however, is uneven. Major population centers still face measurable housing shortages. Recent permitting has softened. And property taxes continue to add a substantial premium to monthly homeownership costs. In this quarterly update, Common Sense Institute examines the latest data on affordability, housing supply, and property taxes. Finally, it assesses how close the state is to closing its housing shortfall.

*Major population centers still face measurable housing shortages. Recent permitting has softened. And property taxes continue to add a substantial premium to monthly homeownership costs.*

## KEY FINDINGS

- Compared with the other 49 states and D.C., Iowa has—
  - > the 8th most affordable housing market in absolute terms when factoring in only the cost of a new mortgage.
  - > the 11th most affordable housing market relative to what residents earn.
  - > the 9th most affordable housing market when factoring in property taxes.
- Even as Iowa retains its affordability advantage, the cost of owning a home in the state has grown 39% faster than wages over the past six years, while home values have risen only 17.9% faster than wages
  - > National total monthly homeownership costs have outpaced wages by 37.2% since January 2020, against just 11.9% for home values.
- Property taxes accounted for an average of 19.0% of the total monthly home cost in March 2026, ranking Iowa 10th highest nationally.
- As of March 2026, the average Iowan needs to work 38 hours per month to afford a new mortgage payment on a typical new single-family home. This is 14 hours less than the national average.
- From March 2025 to March 2026, single-family home values in Iowa rose by 3.7%, according to Zillow.
- CSI estimates Iowa will have a deficit of 8,102 homes in 2026 but is expected to resolve its shortage at the end of 2028 under current trends.
- In 2025, permitting reached 13,395, the highest level since 2005.
- In Q1 2026, Iowa issued 1,749 permits. This is a 26.4% drop from the 2,377 issued in Q1 2025
- At current trends, no counties are expected to have a housing deficit greater than 1% of all existing units in 2026 according to CSI projections. This is an improvement from seven counties in 2023, five in 2024, and three in 2025.
- At the current rate of housing supply growth, Polk, Johnson, Dubuque, and Pottawattamie counties are on track to close their housing shortages in under 5 years; Woodbury can close its gap in just under 30 years, while Dallas will continue to experience a shortage for the foreseeable future.

# HOUSING AFFORDABILITY

Since 2000, Iowa has consistently remained a relatively affordable state for homeownership. Even as mortgage rates and home prices rose sharply nationwide following the pandemic, Iowa's affordability advantage persisted. While the payment on a new mortgage in Iowa has doubled in nominal terms since 2000, relative to wages it remains as affordable today to own a typical home in Iowa as it was 25 years ago.

In March 2026, the buyer of a typical single-family home in Iowa, earning an average wage for the state, worked 38 hours a month to cover the cost of their mortgage. In March 2000, the same buyer required 39 hours of work. In contrast, the typical U.S. homebuyer earning an average wage had to work 52 hours compared with just 45 in 2000. Figure 1 illustrates housing affordability in Iowa and the United States based on the number of hours of work required to pay a mortgage on a newly purchased home going back to 2000.

*“[R]elative to wages, it remains as affordable today to own a typical home in Iowa as it was 25 years ago... In contrast, the typical U.S. homebuyer earning an average wage had to work 52 hours compared with just 45 in 2000.”*

## FIGURE 1. MORTGAGE AFFORDABILITY IN IOWA AND THE UNITED STATES

Although mortgages remain relatively high, it would take the average Iowa household only 38 hours of work per month, 14 hours below the national average, to afford a typical 30-year mortgage.

Monthly Hours Needed to Pay the Average Monthly Mortgage Payment



Source: Zillow, U.S. Bureau of Labor Statistics, FRED, CSI Calculations  
Note: Assumes a 20% down payment.

Single family home values in Iowa rose by 3.7% from March 2025 to March 2026, according to Zillow.<sup>1</sup> As of March 2026, Iowa had the 11th most affordable housing market in the nation relative to what residents earn. However, Figure 1 does not factor in other costs, which make Iowa marginally less affordable on a relative basis. Property taxes are the largest non-mortgage component of homeownership costs in Iowa, but they are not the only one. Insurance premiums, ongoing maintenance, and for buyers putting down less than 20%, private mortgage insurance also weigh on monthly budgets. Together, these costs can rewrite the “affordability” question for an Iowa household weighing the decision to buy.

Figure 2 illustrates this by tracking three series from January 2020 through March 2026: home values, the total monthly cost of owning a home, and average hourly wages. Each is indexed to January 2020. Therefore, each series visualizes cumulative growth relative to the start of the pandemic-era housing cycle. The total monthly cost figure comes from Zillow and is constructed for a buyer putting 20% down.<sup>2</sup>

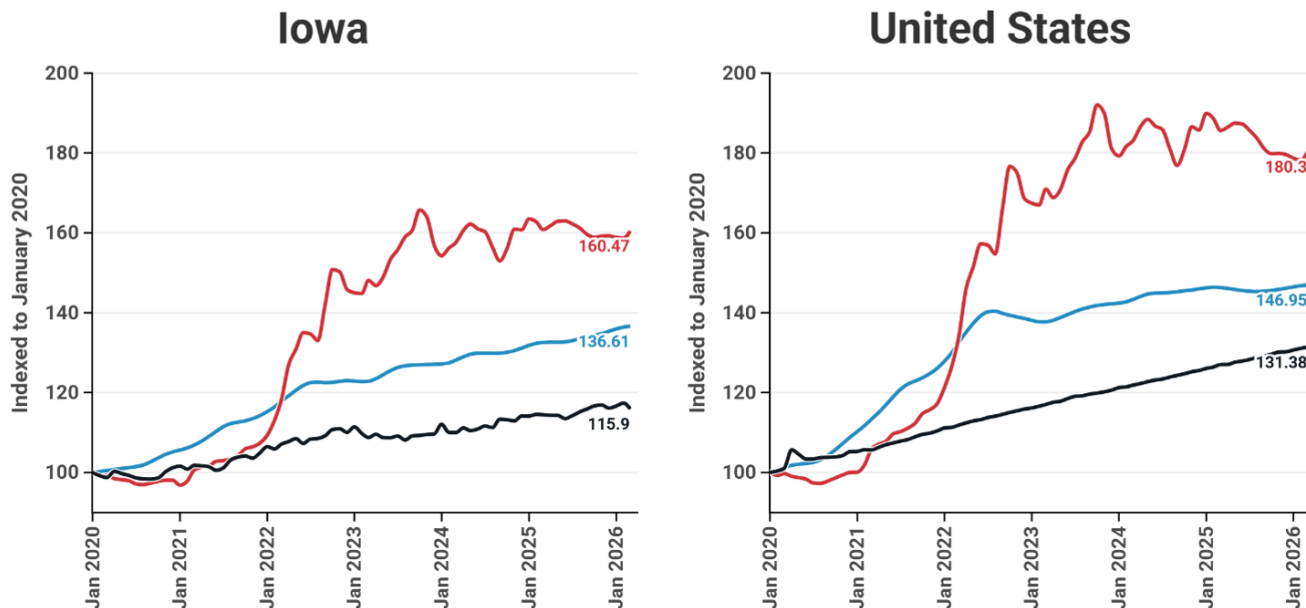
The value includes the mortgage payment at prevailing interest rates, property taxes, homeowners insurance, and maintenance costs estimated at 0.5 percent of the home’s value. Since Zillow only publishes national and Metropolitan Statistical Area (MSA) for this specific datapoint, Common Sense Institute estimated the statewide Iowa value as a household-weighted aggregate of the state’s eight metropolitan statistical areas (Ames, Cedar Rapids, Davenport, Des Moines, Dubuque, Iowa City, Sioux City, and Waterloo). Each MSA was weighed by its number of households per the most recent American Community Survey.<sup>3</sup>

**FIGURE 2. HOME VALUES, TOTAL MONTHLY HOMEOWNER COSTS, AND AVERAGE HOURLY WAGES - UNITED STATES VERSUS IOWA, JAN. 2020 TO MAR. 2026**

### Home Values, Total Monthly Homeowner Costs, and Average Hourly Wages - United States versus Iowa, Jan. 2020 to Mar. 2026

For an Iowa homebuyer putting 20% down, total monthly payments—including mortgage at current rates, property taxes, insurance, and maintenance—are 38.5% higher than wages since Jan 2020, while sticker home values are only 17.9% above wage growth. The U.S. tells nearly the same story on payments—up 37.2% relative to wages—but home values nationally are only 11.9% above wage growth, well below Iowa’s 17.9%.

■ Home Values ■ Total Monthly Payment ■ Wages



Source: Zillow, U.S. Bureau of Labor Statistics

Note: Total monthly payments reflect a buyer putting 20% down and includes the mortgage payment at prevailing interest rates, property taxes, homeowners insurance, and maintenance estimated at 0.5% of the home’s value.

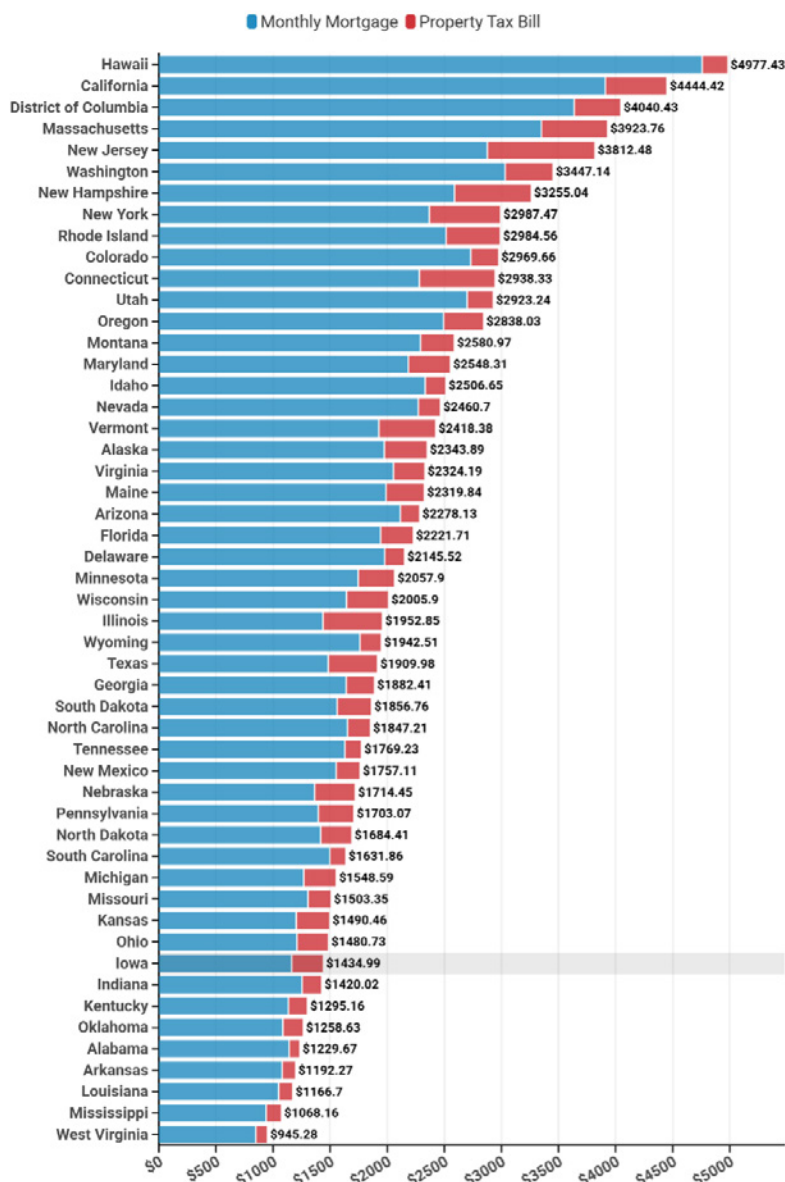
Since January 2020, home values grew 17.9% more than wages in Iowa. Because a mortgage payment also factors in interest rates, property taxes, and insurance, a monthly mortgage has grown even more. For an Iowa homebuyer putting 20% down, total monthly payments are 38.5% higher than wages relative to January 2020 levels. The U.S. tells a similar story, with monthly payments up 37.2% relative to wages, but home values only up 11.9% above wage growth.

Home-affordability issues since 2020 are overwhelmingly a cost-of-ownership problem rather than solely a home-price problem. Put plainly, wage growth has not fully kept pace with sticker prices nor non-mortgage related payments. Even in a state that consistently ranks among the most affordable in the country, the cost of owning a home in Iowa has grown 39% faster than wages over the last six years. So, while Iowa's affordability advantage is real, it has eroded in real terms in the post-pandemic period. The following subsection examines one of these additional costs more closely—property taxes—and how Iowa compares relative to the nation.

## Property Taxes

Property taxes impact all homeowners, but effective tax rates can vary significantly by state and locality. In an April 2025 report, CSI found Iowa had the 11th highest overall property tax burden nationally.<sup>4</sup> This ranking, however, measures the total property tax burden from all property classes, not just residential. Using a different measure, the Tax Foundation ranked Iowa 10th highest in the nation for the average property tax rate on owner-occupied housing in 2023.<sup>5</sup> This is one spot lower than reported in 2022.<sup>6</sup> Figure 3 shows the monthly mortgage cost of a new home by state in March 2026, including the average cost of property tax. The figure assumes effective tax rates for 2024 (the most recent available data), alongside the most recent March 2026 median home value estimates.<sup>7</sup>

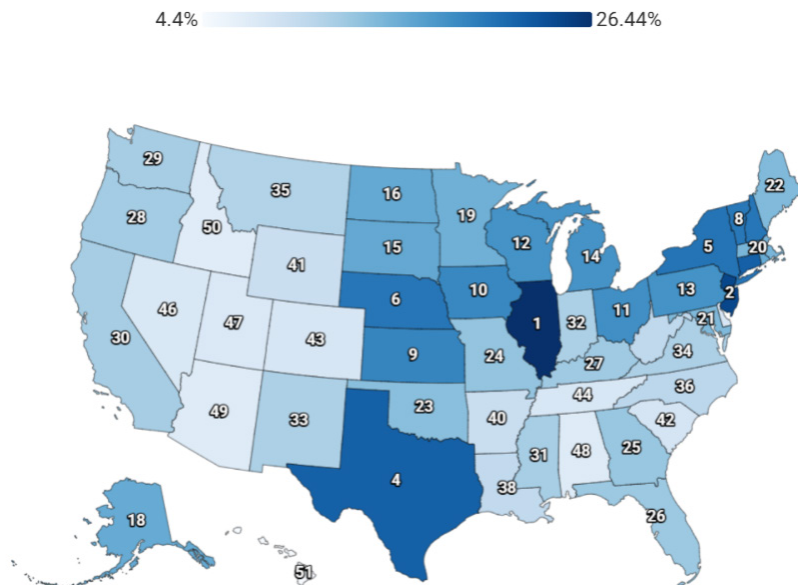
**FIGURE 3. MONTHLY MORTGAGE AND PROPERTY TAX COSTS PER STATE, MARCH 2026**



Source: Zillow, U.S. Bureau of Labor Statistics, U.S. Census Bureau, CSI Calculations

Though one of the highest property tax states, Iowa remains one of the most affordable states for homeownership, even when factoring in the cost of property taxes. Based on mortgage costs alone, without factoring in property taxes, Iowa had the 8th lowest cost of homeownership in the nation in March 2026, unchanged from December 2025. When factoring in both monthly mortgage costs and property taxes, Iowa's rank falls to 9th lowest in the nation, unchanged from December. Property taxes accounted for an average of 19% of the total monthly home cost in March 2026, contributing significantly to costs for Iowa homebuyers and ranking Iowa as the 10th highest for property taxes nationally. This analysis does not include recent property tax reforms passed in May 2026.<sup>8</sup> Common Sense Institute will examine the impact of the legislation in a future report. For available research on past property tax trends and burdens, see CSI's report, "Property Tax Reform: Targeting Iowa's High Local Tax Burden."<sup>9</sup>

**FIGURE 4. PROPERTY TAXES AS A PERCENTAGE OF MONTHLY HOME OWNERSHIP COSTS, MARCH 2026**

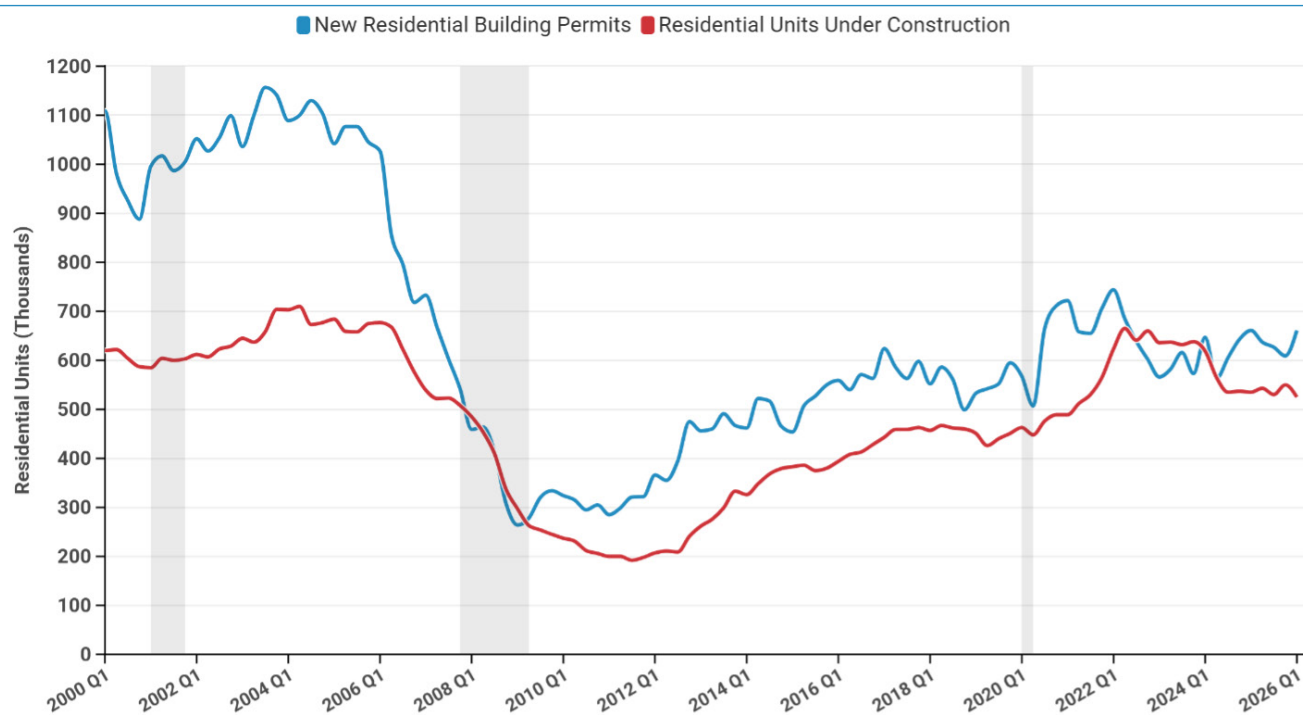


Source: Zillow, U.S. Bureau of Labor Statistics, U.S. Census Bureau, CSI Calculations

# HOUSING SUPPLY

Iowa is currently grappling with a housing shortage, but conditions are improving. Most new housing supply begins with building permits and then shows up in the data as residential units under construction. The number of new residential building permits is a leading indicator of how many new units will be under construction in the following quarters. Likewise, the number of units under construction is a leading indicator of future housing supply. These two data points together serve as reliable evidence of future housing supply. Figure 5 shows the number of residential building permits and new homes under construction across the Midwest.

**FIGURE 5. MIDWEST BUILDER INTEREST VS. HOMES ALREADY UNDER CONSTRUCTION, QUARTERLY, 2000 TO 2026**



Source: [FRED \[PERMITMW\]](#), [FRED \[UNDCONMWTS\]](#)

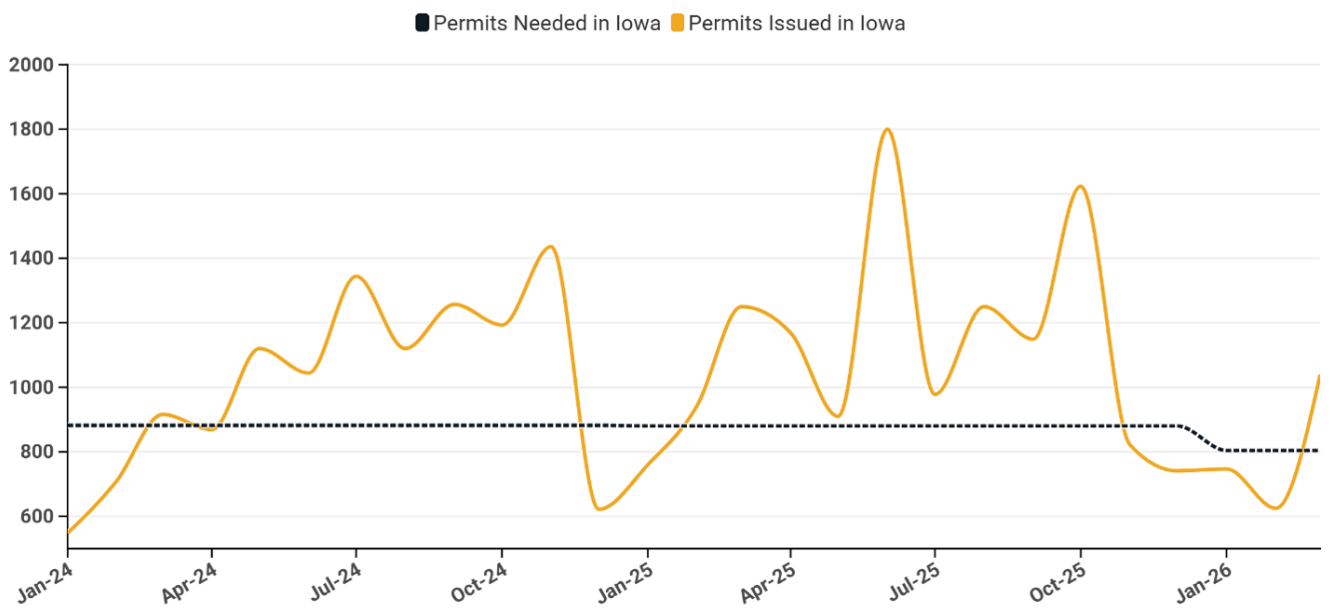
In Q1 2026, Midwest residential building permits climbed to 661 thousand units, unchanged from a year ago. Meanwhile, construction activity fell 1.9%, with 525 thousand units under construction compared to 535 thousand the prior year. The two series edged apart this quarter as permitting held flat year-over-year while construction activity slipped. The gap remains narrow by historical standards—well below the wide gap that emerged during in 2021–2022. Because permits lead construction by several quarters, a flat permit growth rate indicates that builder interest has stabilized rather than declined. The 1.9% decline in units under construction is small relative to recent growth and falls well within the range of normal quarter-to-quarter movement in the series. Should permitting remain near its current pace and not decline, construction activity is likely to stabilize in the coming quarters rather than decline further.

## Iowa is on track to close its housing shortage by 2028

Local jurisdictions in Iowa have issued between 10 and 12 thousand new permits each year from 2021 to 2024.<sup>10</sup> In 2025, permitting reached 13,395, the highest level since 2005. This increase has helped narrow Iowa's housing gap, easing shortages most notably in the ten most populous counties. Continued homebuilding at this pace would further reduce the state's housing shortage over the next several years, provided permitting does not decline. In Q1 2026, Iowa issued 1,749 permits, a 26.4% drop from the 2,377 issued in Q1 2025. A single quarter does not establish that 2026 will close below 2025, but the early figure points in that direction. Shown in figure 6, CSI's estimate of new permit issuance through the end of the year reflects current and historical trends in the available data. As data becomes more finalized, actual permit data could point to a different conclusion.

### FIGURE 6. AVERAGE MONTHLY BUILDING PERMITS NEEDED OVER 5 YEARS, JANUARY 2024 TO MARCH 2026

Given the housing shortfall and historical population growth, Iowa needed to permit about 880 housing units per month in 2025 to close the gap within five years. In 2026, that figure falls to 804 per month as population growth slows. So far this year, Iowa has averaged 803 permits a month.



Source: HUD, Census Bureau, CSI Estimates

Note: Permit counts for 2025 are preliminary and subject to revisions.

To close the housing shortfall within five years, CSI estimates Iowa localities would need to permit approximately 804 residential units per month statewide. This is down from 880 permits per month in 2025. New permit issuance peaked in June 2025 at 1,800, and the state averaged 1,116 permits per month in 2025. Between 2024 and 2025, the state saw 10.0% year-over-year growth, from 12,179 permits in 2024 to 13,395 in 2025. So far in 2026, Iowa has averaged only 803 permits per month, enough permits to barely maintain a steady trajectory to close the housing shortfall. Figure 6 visualizes the state's monthly permit issuance compared to permits required to close this gap since January 2024. At its current pace, the state is on track of this monthly minimum goal to close the housing shortfall within five years. However, not all individual counties are on a clear trajectory towards closing this gap in five years.

## All top 10 Iowa counties but one are closing their housing shortage

In Table 1, CSI reports the supply and building information for the state of Iowa and its ten most populous counties. Based on a combination of an area's housing supply, vacancy rates, permitting rates, and household population rates, CSI estimates the housing shortage or surplus for each county. The table estimates the average number of new yearly home constructions required to resolve the area's shortage.

**TABLE 1. IOWA'S HOUSING SHORTAGE, BY COUNTY, SINCE 2021**

County	2021 Deficit	2022 Deficit	2023 Deficit	2024 Deficit	2025 Deficit Est.	2026 Deficit Est.	Shortfall as % of Existing	5-year Construction Needed per Year	2026 Permits Est.	Years to close
Polk County	(2,445)	(4,369)	(4,643)	(951)	(160)	(1,570)	0.69%	2955	3,649	1.7
Linn County	(1,341)	322	(1,363)	380	1,883	2,833			741	
Scott County	(1,017)	(1,156)	(1,116)	(1,234)	(489)	19		488	457	
Johnson County	(550)	(835)	(149)	(701)	(550)	(398)	0.55%	1140	981	3.1
Black Hawk County	170	(551)	407	(139)	329	501		121	262	
Dallas County	(1,124)	(146)	(781)	(854)	(546)	(226)	0.43%	2654	1,222	Gap widening
Woodbury County	(836)	(1,214)	(666)	(386)	(292)	(338)	0.77%	506	173	29.4
Dubuque County	(1,073)	(938)	(1,482)	(1,257)	(795)	(425)	0.96%	429	267	1.7
Story County	(317)	(756)	(342)	1,014	1,069	1,070			183	
Pottawattamie County	(1,016)	(1,234)	(1,157)	(1,183)	(596)	(73)	0.18%	220	288	0.2
<b>Iowa Shortage</b>	<b>(22,341)</b>	<b>(25,878)</b>	<b>(25,128)</b>	<b>(20,813)</b>	<b>(12,920)</b>	<b>(8,102)</b>	<b>0.55%</b>	<b>10609</b>	<b>10,936</b>	<b>1.7</b>

Source: HUD, Census Bureau, CSI Estimates

Note: Current year forecast values based on current trends and forecasts in permits, population growth, and demand (measured by vacancy rates). They may not align with projected unit needs given 2025 actual market conditions.

Among the counties listed in Table 1, no counties are expected to have a housing deficit greater than 1% of all existing units in 2026 according to CSI projections. This is an improvement from seven counties in 2023, five in 2024, and three in 2025. Four counties—Polk, Johnson, Dubuque, and Pottawattamie—are on track to close their shortage in under 5 years at their current rate of permit issuance and five-year population growth rate. Woodbury County could take nearly 30 years to close its housing shortage at current permitting rates—which are down 62.6% from last year. For more information on year-over-year permitting growth by county, see figure 7 in the appendix.

Four counties—Linn, Scott, Black Hawk, and Story—do not have a shortage. The state as a whole is on track to completely close its shortage by the end of 2028, but future data on permitting, population growth, and housing unit completions will ultimately determine how quickly—or whether—that gap fully closes. Dallas County is the only top 10 largest county that will continue to experience a shortage for the foreseeable future, as population growth and vacancy rates are exceeding the necessary level of new permit issuance.

## BOTTOM LINE

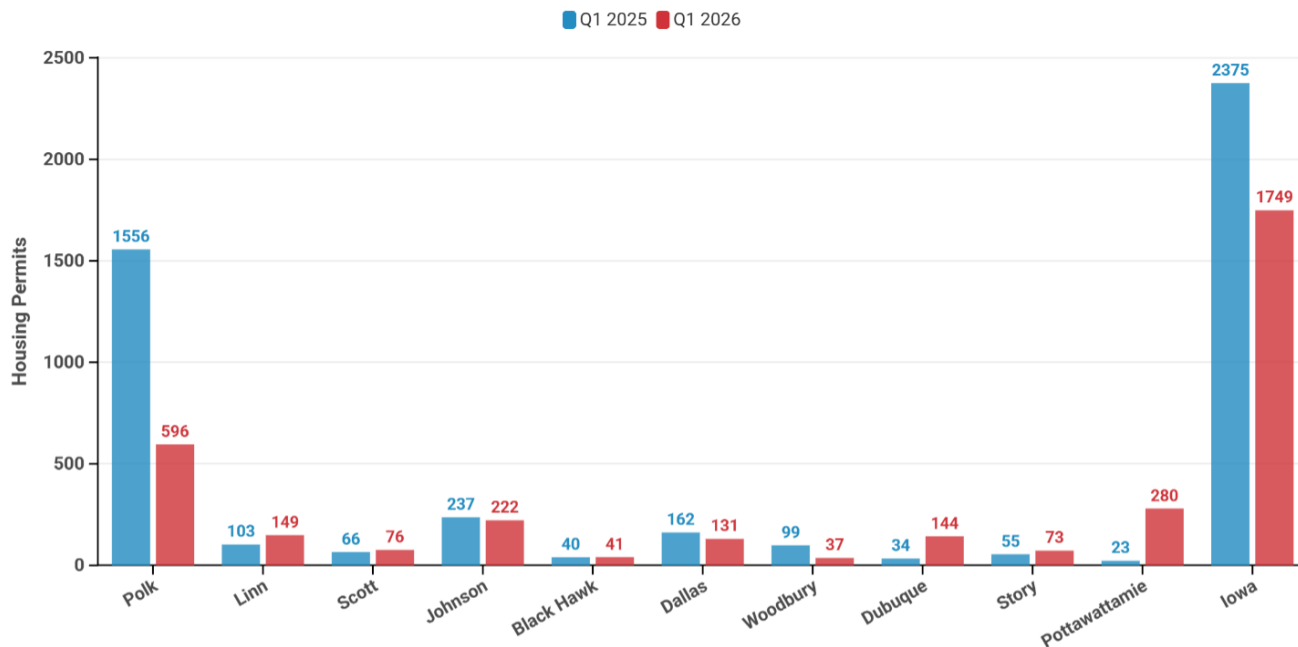
Iowa remains one of the most affordable housing markets in the nation, even after a decade of rising costs. Property taxes continue to compound these pressures, accounting for nearly one-fifth of total monthly homeownership costs. Despite these headwinds, Iowa's housing supply response has been comparatively strong. Permitting activity remains sufficient to keep the state on a trajectory to close its housing shortage by 2028, and most of Iowa's largest counties are expected to eliminate their deficits within five years. The statewide outlook is favorable, but risks remain concentrated in high-growth counties like Dallas where population gains continue to outpace new construction. The divergence between permitting and construction in the first quarter is worth watching, though a single quarter does not establish a trend.

Maintaining affordability will depend on sustaining permit volumes, translating permits into completed units, and addressing cost pressures like property taxes. Property tax reform legislation passed in 2026 should improve affordability for most homebuyers, though tax increases for multifamily properties could reduce affordability for some, especially renters. Future CSI research will explore the effects of these reforms.

# APPENDIX

FIGURE 7. HOUSING PERMITS BY COUNTY, Q1 2025 VERSUS Q1 2026

## Housing Permits by County, Q1 2025 versus Q1 2026



Source: [HUD SOCDs](#)

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