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HOUSING AFFORDABILITY IN IOWA

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ABOUT THE AUTHOR



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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. Even with mortgage rates still elevated and prices remaining flat to slightly rising 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 Iowa's progress on growing its housing supply, which has helped temper price growth even as other regions see steeper costs.

That progress is uneven, however. Major population centers still face measurable shortages, 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, including a new county-level look at how mortgage and property tax burdens vary across Iowa's 99 counties. Finally, it offers an assessment of how close the state is to closing its housing shortfall.

Even with mortgage rates still elevated and prices remaining flat to slightly rising in most states, Iowa retains a clear affordability advantage.

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 10th most affordable housing market relative to what residents earn.
 - › the 9th most affordable housing market when factoring in property taxes.
- Three of the 5 Iowa counties with housing affordability levels below the U.S. average (figure 2) rank in the top 10 for highest property tax burden across Iowa's 99 counties (figure 5).
- Property taxes accounted for an average of 19.0% of the total monthly home cost in December 2025, ranking Iowa 10th highest nationally.
- As of December 2025, the average Iowan needs to work 36 hours per month to afford a new mortgage payment on a typical new single-family home. This is 15 hours less than the national average.
- From December 2024 to December 2025, single-family home values in Iowa rose by 3.7%, according to Zillow.
- County-level mortgage affordability varies sharply across Iowa. In December 2025,
 - › The hours required to afford a typical monthly mortgage ranged from 19 hours in the most affordable counties to 77 hours in the least affordable.
 - › Eight counties required 51 hours or more to afford the average mortgage—above the U.S. affordability average. Of those counties, five recorded between 50 and 60 hours; three exceeded 60 hours.
 - › Out of all 99 Iowa counties, 91 recorded mortgage costs relative to local wages below the national average.
- Property tax affordability differs materially by county. In December 2025, the average county required 8 hours of work per month to pay the typical property tax bill, ranging from as low as 4 hours to as high as 18 hours.

- Under current trends, Iowa is on track to eliminate its housing shortage by the end of 2028. CSI estimates the state had a deficit of 12,937 homes across Iowa in 2025 and is expected to resolve its shortage at the end of 2028 under current trends.
- Of Iowa's 10 largest counties, Pottawattamie County has the largest housing shortage with 2.44% (985) more homes needed, followed by Dubuque County with 1.91% (839) more needed and Dallas County with 1.32% (661) more needed.
- At the current rate of housing supply growth, Polk, Johnson, Scott, Woodbury, Dubuque, and Pottawattamie counties are on track to close their housing shortages in under 5 years; Dallas will continue to experience a shortage for the foreseeable future.
- While it cannot change mortgage rates, Iowa can increase housing affordability by increasing the supply of new units and reducing property taxes.

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 December 2025, the buyer of a typical single-family home in Iowa, earning an average wage for the state, worked 36 hours a month to cover the cost of their mortgage. In December 2000, the same buyer required 35 hours of work. In contrast, the typical U.S. homebuyer earning an average wage had to work 51 hours compared with just 41 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.

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FIGURE 1. MORTGAGE AFFORDABILITY IN IOWA AND THE UNITED STATES

Although mortgages remain relatively high, it would take the average Iowa household only 36 hours of work per month, 15 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 December 2024 to December 2025, according to Zillow.¹ As of December 2025, Iowa had the 10th most affordable housing market in the nation relative to what residents earn. However, Figure 1 does not factor in property taxes, which make Iowa marginally less affordable on a relative basis, though the state remains one of the most affordable in the nation, even with taxes.

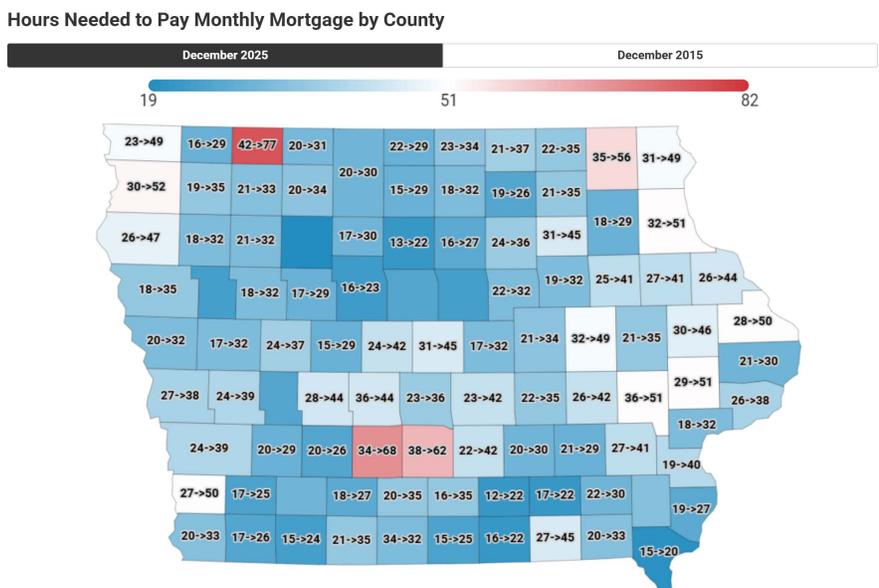
Affordability by County

Housing affordability varies across Iowa's 99 counties, though the state remains broadly accessible relative to national affordability. Figure 2 colors Iowa's counties by their respective hours needed to pay the average monthly mortgage in December 2025, relative to the U.S. average. Counties in blue are below the U.S. affordability level of 51 hours, while counties in red are at or above the U.S. level. Counties are labeled by their 10-year change in hours needed. For example, residents in Polk County needed 23 hours to afford the average mortgage in December 2015. In December 2025, the number of hours needed grew to 36, so the county is labeled as 23 to 36.

In December 2025, the number of hours required to cover a typical monthly mortgage ranged from 19 hours in the most affordable county (Pocahontas) to 77 hours in the least affordable (Dickinson). In general, the most affordable counties were concentrated in southern, western, and northern Iowa because of their lower median home values. Twenty-eight counties in total required fewer than 30 hours of work per month to afford a new mortgage. Eight counties required 51 hours or more, which is above the U.S. affordability average. Five counties recorded between 50 and 60 hours, while three counties exceeded 60 hours. In total, 91 counties had their hours needed below the national average of 51 hours.

While statewide affordability remained more-or-less unchanged from 2000 to 2025, the ten-year change over the last decade reflects a near across-the-board decrease in affordability. In 2015, 94 counties required fewer than 40 hours of work per month to afford a mortgage. By 2025, that count had fallen to 71. Across counties, the average increase in hours needed was 62.4% over the decade, slightly exceeding the national increase of 59.4%. All but one county experienced increases of at least 22%. Decatur County was the lone exception, recording a 5.8% decline, from 34 hours in 2015 to 32 in 2025. Lucas County

FIGURE 2. HOURS NEEDED TO PAY MONTHLY MORTGAGE BY COUNTY, DECEMBER 2025



Source: Zillow, U.S. Bureau of Labor Statistics, CSI Calculations
 Note: Assumes a 20% down payment. Counties are labeled by their 10-year change from December 2015 to December 2025. Counties with no labels did not have available housing price data for December 2015.

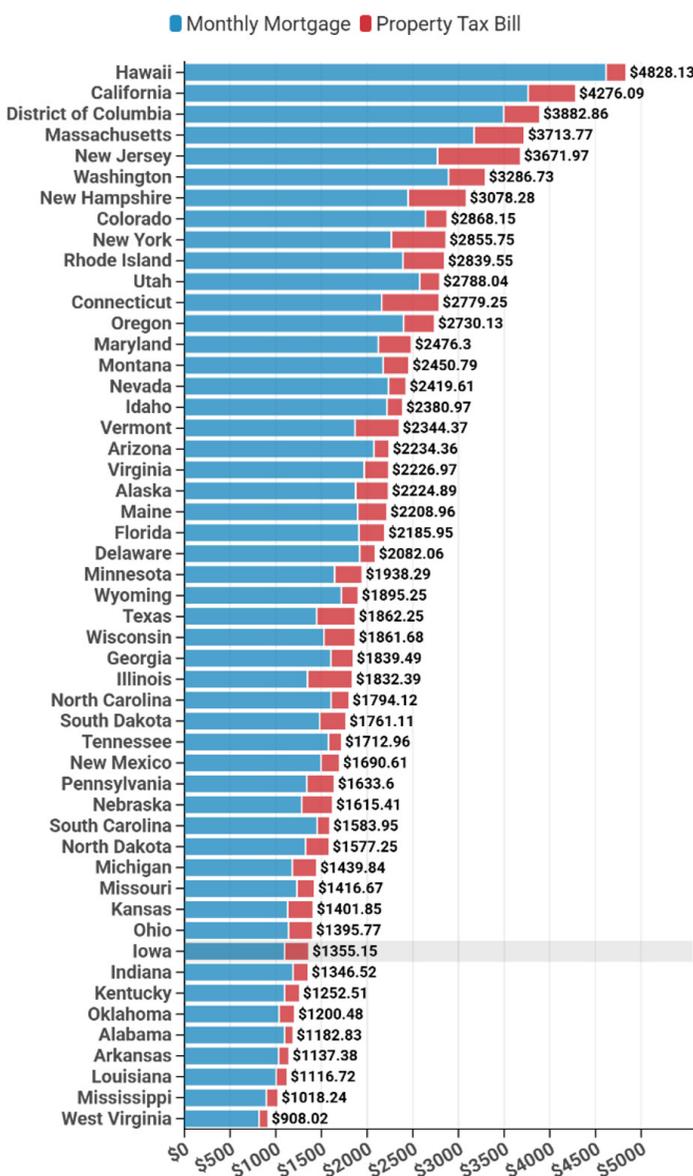
posted the largest percentage increase at 119%, rising from 16 to 35 hours, while Dickinson County saw the largest nominal increase, climbing from 42 to 77 hours—an increase of 35 hours.

Following the Global Financial Crisis and Great Recession, 2015 marks one of the most attractive times to buy a home in a recent history from an affordability standpoint. Home values were at or below where they were a decade earlier, yet wages had begun to recover from recession stagnation. Thus, figure 2 shows affordability in Iowa today relative to near-peak affordability. Unsurprisingly, overall affordability has weakened across most of Iowa over this timeframe. The trend of weakening affordability at the county level remains broadly consistent with national trends.

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.² 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 2023.³ This is one spot lower than reported in 2022.⁴ Figure 3 shows the monthly mortgage cost of a new home by state in December 2025, including the average cost of property tax. The figure assumes effective tax rates for 2024 (the most recent available data), alongside the most recent December 2025 median home value estimates.⁵

FIGURE 3. MONTHLY MORTGAGE AND PROPERTY TAX COSTS PER STATE, DECEMBER 2025



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

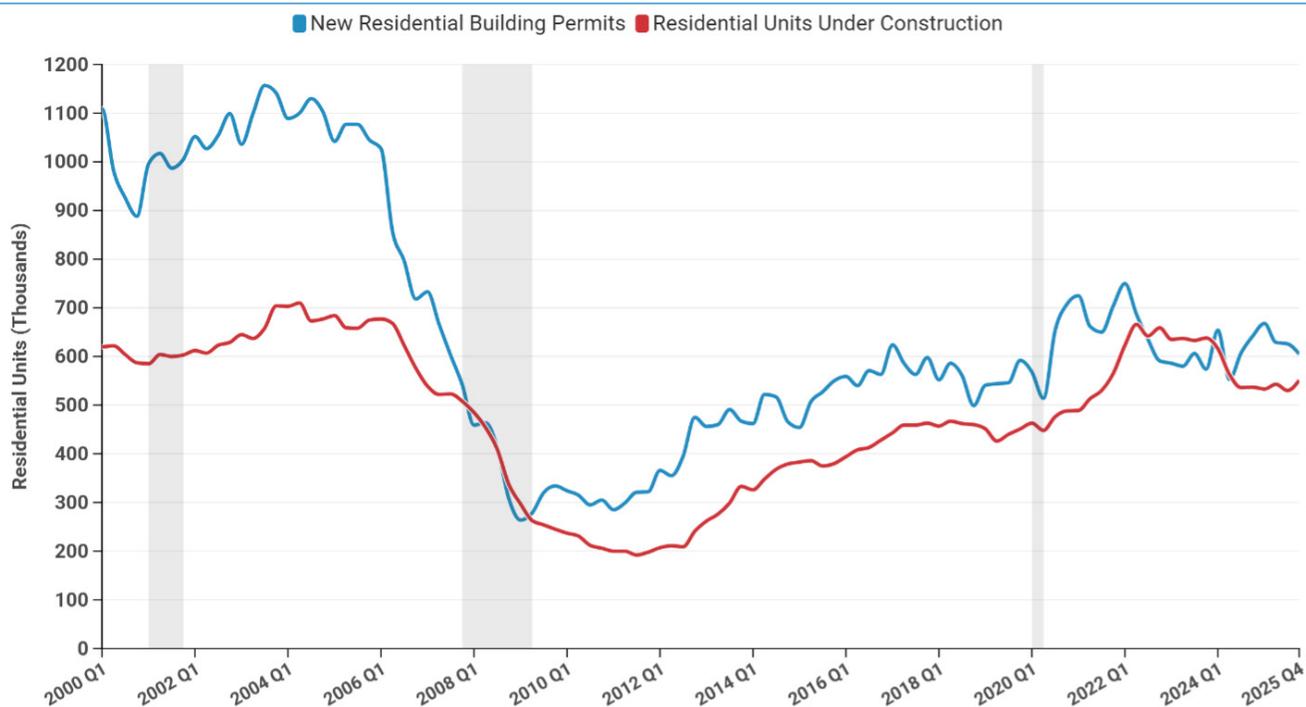
In terms of property taxes, affordability varies widely across the state. Pocahontas County required just 4 hours of work per month in December 2025 to cover the average property tax bill—the lowest in Iowa—due to low home valuations. Several other north-central and western counties cluster between 5 and 7 hours. At the other end of the distribution, Madison County required 18 hours per month—the highest in the state—followed by nearby Warren County at 16 hours. Elevated burdens are not confined to south-central Iowa. Several eastern counties toward the Illinois border also register above-average requirements, with multiple counties at 11 to 14 hours per month. A total cost breakdown by county, including both monthly mortgage and property tax payments, is available in figure 8 in the appendix.

These higher-hour counties coincide with stronger housing demand and elevated home prices, which increase tax burdens even when effective rates are similar. Therefore, county-level differences in property tax affordability intersect directly with housing market conditions. Areas facing higher tax burdens are often the same markets where housing demand is strongest and supply constraints are most binding. Understanding whether affordability pressures persist or ease therefore depends not only on taxes and wages, but on the pace at which new housing enters the market. The following section examines Iowa's housing supply pipeline to assess whether recent construction trends are sufficient to alleviate these affordability pressures over time.

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 6 shows the number of residential building permits and new homes under construction across the Midwest.

FIGURE 6. MIDWEST BUILDER INTEREST VS. HOMES ALREADY UNDER CONSTRUCTION, QUARTERLY, 2000 TO 2025



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

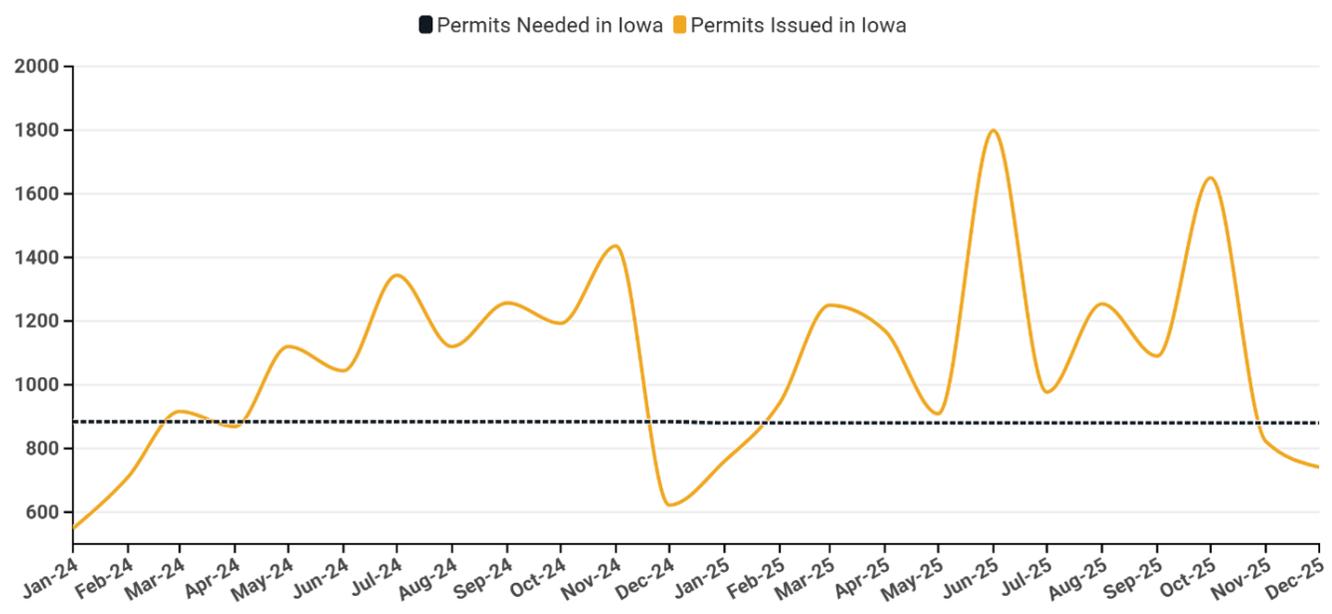
In Q4 2025, Midwest residential building permits climbed to 605 thousand units, down from 642 thousand a year ago—a 5.7% decrease. Meanwhile, construction activity edged up 2.6%, with 551 thousand units under construction compared to 537 thousand the prior year. This year-over-year increase in construction is the first since Q1 2023. Both series have largely stabilized, with permits and units under construction converging toward one another. If permitting remains at its current pace, construction activity is likely to follow a similar trajectory in the coming quarters.

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 2024.⁷ In 2025, permitting reached 13,365, the highest level since 2005. This trend has helped close Iowa's housing gap, reducing home shortages especially in the top ten most populated counties. The rise in homebuilding in these major counties in 2025 should help alleviate the state's housing shortages over the next few years. Shown in figure 7, 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 7. AVERAGE MONTHLY BUILDING PERMITS NEEDED OVER 5 YEARS, JANUARY 2024 TO DECEMBER 2025

Given the housing shortfall and historical population growth, Iowa needed to permit about 880 housing units every month in 2025 to close the gap in 5 years. This is down from the revised 2025 projection of 930. Throughout 2025, Iowa averaged 1,113 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 880 residential units per month statewide. This is nearly unchanged from 884 permits per month in 2024. New permit issuance peaked in June 2025 at 1,799, and the state has since averaged 1,113 permits per month through December 2025. The latest year marked a 9.7% year-over-year growth, from 12,179 permits in 2024 to 13,365 in 2025. Iowa has produced enough permits to maintain a steady trajectory to close the housing shortfall. Figure 7 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 well ahead of this monthly minimum goal and is on track 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 within five years.

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

| County | 2021 Deficit | 2022 Deficit | 2023 Deficit | 2024 Deficit | 2025 Deficit Est. | Shortfall as % of Existing | 5-year Construction Needed per Year | 2025 Permits | Years to close |
|----------------------|-----------------|-----------------|-----------------|-----------------|-------------------|----------------------------|-------------------------------------|---------------|----------------|
| Polk County | (2,458) | (4,382) | (4,656) | (964) | (178) | 0.08% | 2637 | 4730 | 0.1 |
| Linn County | (1,347) | 316 | (1,369) | 374 | 1,700 | | | 944 | |
| Scott County | (1,022) | (1,161) | (1,121) | (1,239) | (550) | 0.69% | 389 | 399 | 1.7 |
| Johnson County | (554) | (839) | (153) | (705) | (261) | 0.36% | 969 | 1,241 | 0.7 |
| Black Hawk County | 167 | (554) | 404 | (142) | 411 | | | 489 | |
| Dallas County | (1,127) | (149) | (784) | (857) | (661) | 1.32% | 2,510 | 858 | Gap widening |
| Woodbury County | (839) | (1,217) | (668) | (389) | (326) | 0.75% | 453 | 238 | 2.7 |
| Dubuque County | (1,075) | (941) | (1,485) | (1,260) | (839) | 1.91% | 375 | 335 | 2.3 |
| Story County | (320) | (759) | (345) | 1,011 | 1,049 | | | 185 | |
| Pottawattamie County | (1,018) | (1,236) | (1,159) | (1,185) | (985) | 2.44% | 247 | 266 | 3.3 |
| Iowa Shortage | (22,425) | (25,964) | (25,214) | (20,933) | (12,937) | 0.88% | 11,616 | 13,365 | 1.7 |

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.

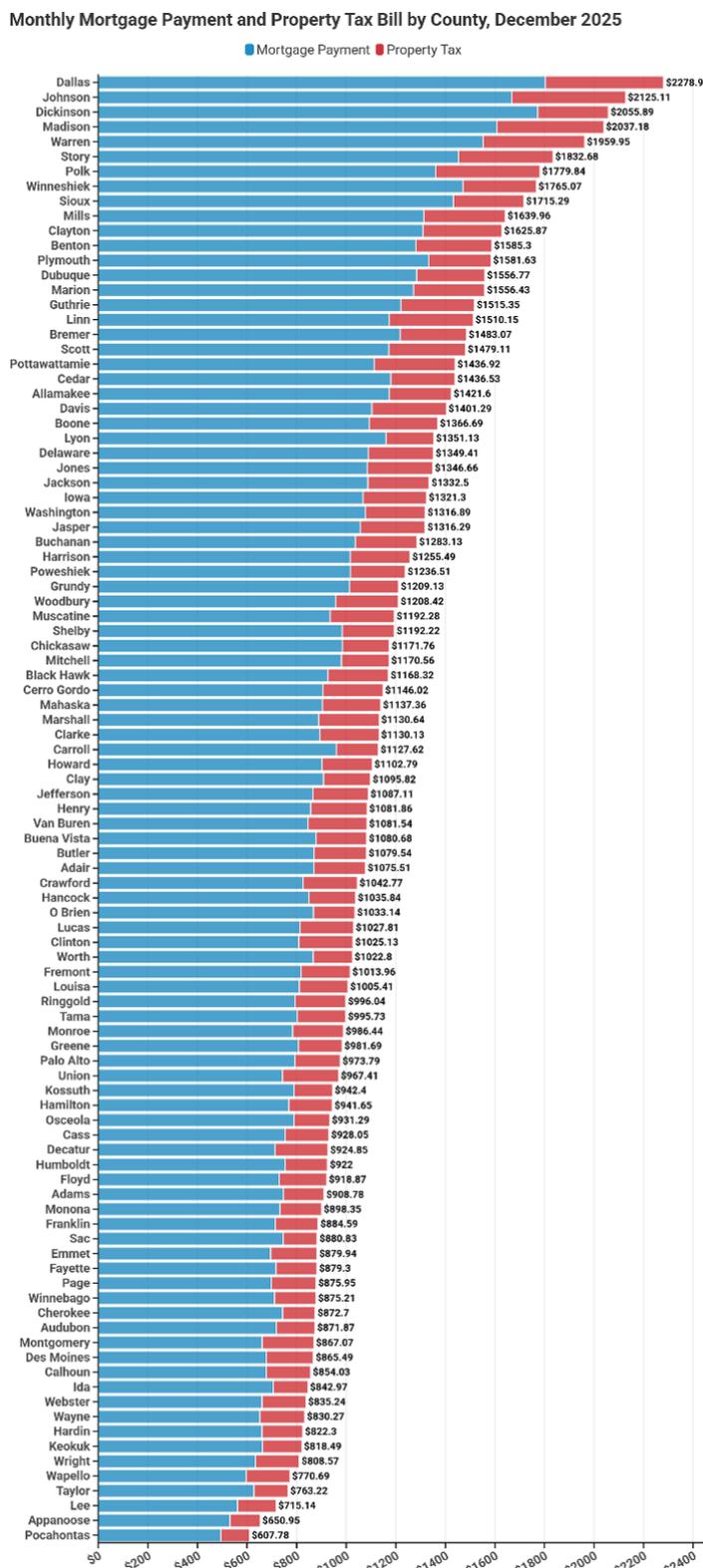
Among the counties listed in Table 1, seven had a shortfall greater than 1% of all existing units in 2023. One had no deficit in 2023. The number of major counties without a housing deficit increased to three for 2024 and five for 2025, according to CSI projections. Only three counties—Dallas, Dubuque, and Pottawattamie—are expected to have a housing deficit greater than 1% of all existing units in 2025. Nearly every county is on track to close its shortage in under 5 years at their current rate of permit issuance and five-year population growth rate. Polk and Johnson are expected to close their gap in 2026, assuming permitting trends stay consistent. The state as a whole is also 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. Scott, Woodbury, Dubuque, and Pottawattamie Counties are expected to close their gaps between 2028 and 2030. Dallas County is the only one of the top 10 largest counties 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. Since 2015, housing affordability has weakened across most counties, with the average county requiring over 60% more work hours to afford a mortgage than a decade ago. Property taxes continue to compound these pressures, accounting for nearly one-fifth of total monthly homeownership costs, though this varies by county based largely on home valuations. 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 where population gains continue to outpace new construction. Maintaining affordability will depend on sustaining permit volumes, translating permits into completed units, and addressing cost pressures like property taxes.

APPENDIX

FIGURE 7. MONTHLY MORTGAGE AND PROPERTY TAX BILL BY COUNTY, DECEMBER 2025



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

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