

Rent vs. Paycheck:
The Most Affordable U.S. States
and Cities for Tenants

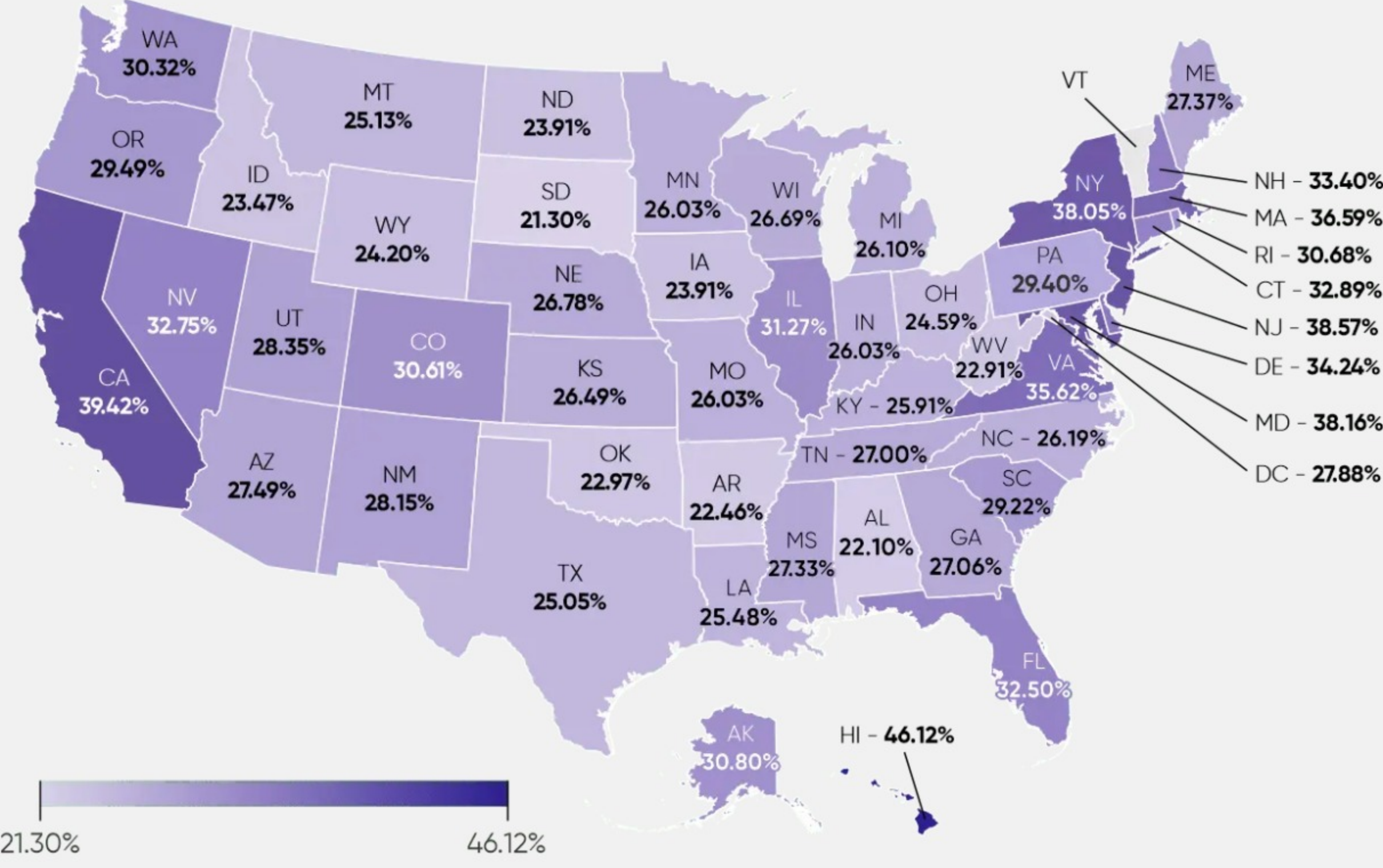
Written by [Michael Fisher](#) | Updated: August 21, 2025

With homeownership slipping further out of reach and mortgage rates still elevated, renting is no longer just a stepping stone but the only option for many households. The result: a rental market under intense pressure, where affordability is being tested like never before.

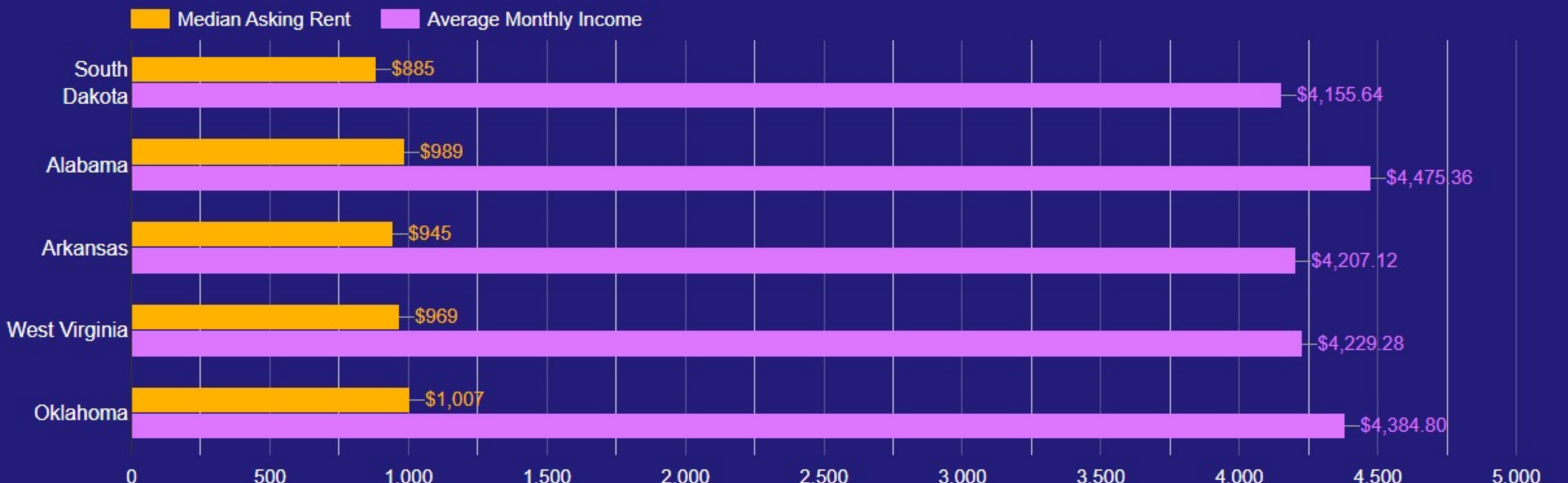
Hybrid and remote work trends, limited housing supply, and shifting economic conditions have created sharp regional divides; some cities are seeing rents surge, while others experience rare price relief.

To capture the true state of affordability, TradingPedia analyzed median rent prices against average local incomes across U.S. cities and states. This report ranks locations by rent-to-income ratio, highlighting where renters face the steepest burdens, where incomes provide the most cushion, and which markets have seen the biggest swings in rent costs since 2024.

Rent as a Percentage of the Average Monthly Earnings in the U.S.



U.S. States with the Lowest Rents Relative to Income



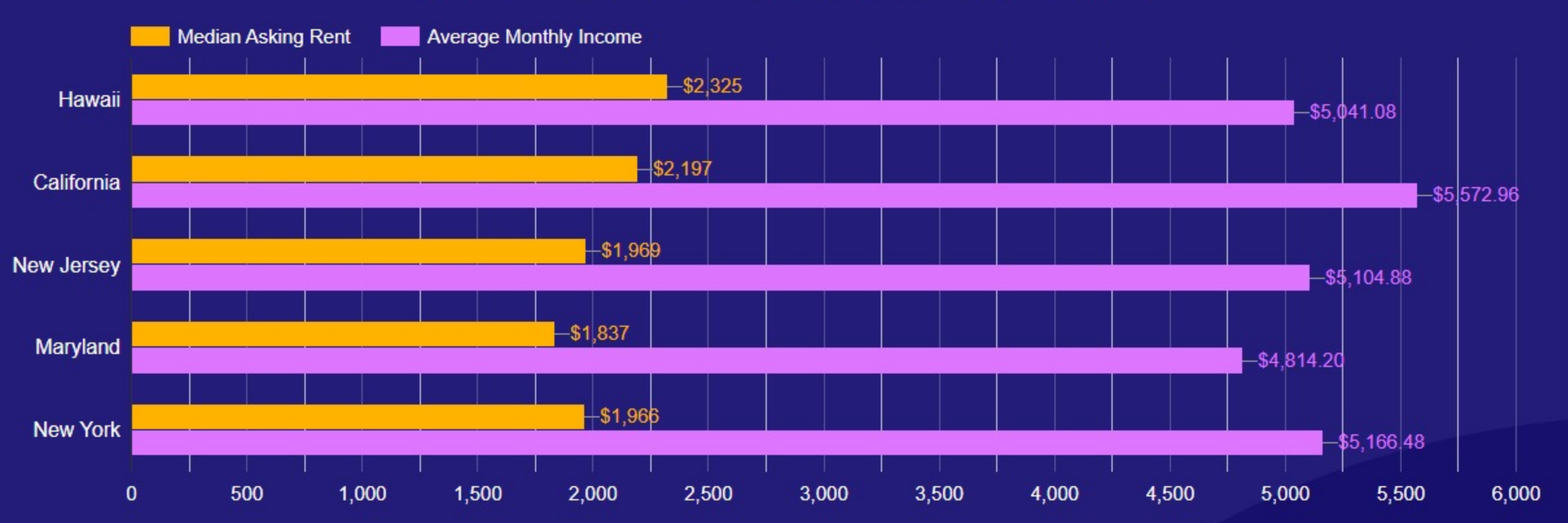
Due to a combination of factors (low housing costs, low population growth, and abundant land), the South and the Midwest of the U.S. consistently rank as the most affordable regions for renters. Fewer zoning restrictions and overall lower construction costs help keep rents in check, while wages, though relatively low, tend to align closely with lower costs of living.

As a result, the most affordable state for renting as of August 2025 is South Dakota, where the median monthly rent (\$885) is just 21.30% of the wage people earn on average there (\$4,155.64/month before tax). South Dakota has the cheapest rents, but another, probably even more important reason for the affordability is the lower demand pressure compared to the rest of the country. The small population (just below 1 million residents for the whole state), even in cities such as Sioux Falls and Rapid City and the high home ownership rates (69.3% of households owned their homes in 2023) help demand remain low.

With median residential rents at \$989 (the 4th lowest in the country) and an average wage of \$4,475.36 before tax, Alabama ranks 2nd best in the U.S. for affordable renting. The amount residents pay for accommodation on average each month is 22.10% of the money they earn, allowing for a higher disposable income than in most of the country.

Three states from the South round up the five best states for renting in 2025. These are Arkansas where the monthly rent accounts for 22.46% of the wage, West Virginia (although many do not consider the state Southern) with a ratio of 22.91% and Oklahoma with 22.97%. Although culturally, these states are not always seen as part of the South, geographically, they fall just there.

U.S. States with The Highest Rent Relative to Income



All five states where rents make up the highest portion of income belong either to the East or West Coast, or are not part of the contiguous 48 as is the case with Hawaii, the least affordable place to rent in 2025. Hawaii has long been among the most expensive places in the U.S. with high prices for everything from groceries and consumer goods to housing. The state has the highest rents in the country, \$2,325 a month (not to mention 3 and 4-bedroom houses are typically much pricier), whereas the wages have not been able to keep up. The median rent here eats up nearly half (46.12%) of the average salary, which as of June 2025 reaches \$5,041.08 (the amount before taxes are paid).

The expensive housing in Hawaii is easy to explain and is not new to anyone who has been tracking the housing and rental markets over the past few years (and more). The land is limited, construction here is costly, demand is off the charts, and supply is tightly restricted by geography and regulation. And being a popular tourist spot means landlords prefer to focus on high-revenue short-term rentals rather than offer their units on the long-term rental market, which squeezes the supply even more and makes it nearly impossible for residents to rent a home.

Another state where housing demand is quickly outpacing supply, bringing rents up is California, which ranks as the second most expensive state for renting in the United States. Once again, zoning and land-use restrictions, along with high construction costs and little room for expansion in urban areas, hinder construction. Moreover, California has a strong economy and job market; it is home to technology hubs, and the concentration of high-growth companies means income is significantly higher than the rest of the country. When people are both willing and capable of paying more for homes in extremely desirable places, both asking prices and rents go up quickly.

Currently, the median rent in California sits at \$2,197 a month, whereas the average salary is \$5,572.98 before tax. This means that residents of the Golden State spend a little over 39.42% of their wages on rent. Similarly expensive states for renting are New Jersey, where rents eat 38.57% of the monthly wage, Maryland, with 38.16% and New York with 38.05%.

California Cities Among the Least Affordable Rental Markets in the U.S.

Nine out of the ten most expensive cities for renting in the United States are located in California, which is hardly a surprise. The least affordable of them is Thousand Oaks, the second-largest city in Ventura County, which is known as a prime location attracting affluent residents. The suburban lifestyle, scenic backdrop and high average income, paired with close proximity to Los Angeles and Santa Barbara, raise housing prices and rents. As of summer 2025, the median rent in Thousand Oaks accounts for 65.57% of the average wage.

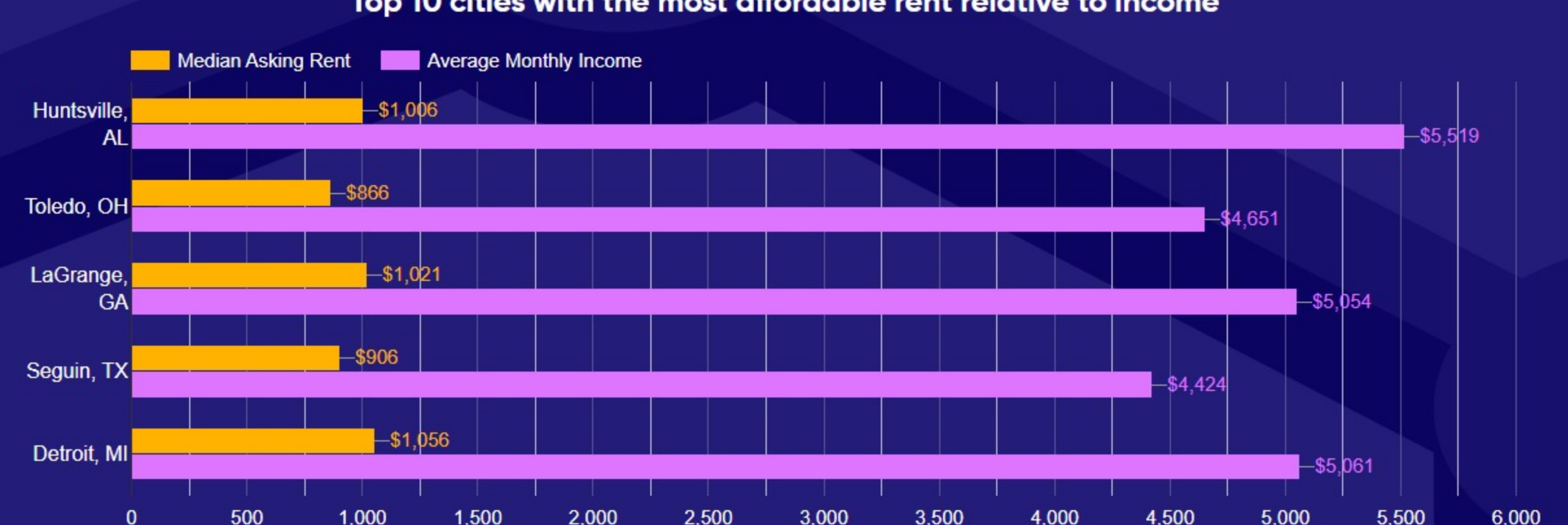
Top 10 cities with the least affordable rent relative to income



Similar trends are observed in the rest of California's cities on this list: top location, low supply, prestigious employers, high incomes, and strong market competition. Tenants here should be prepared to allocate more than half of their monthly earnings for rent. With only one location on our list, however, Hawaii is absent from this ranking.

The city with the least affordable rents relative to income, however, is Hoboken in New Jersey, where rent itself takes up more than two-thirds of the average monthly earnings (68.25%). Rents here are sky-high because Hoboken is a small, in-demand city, just across the river from NYC, with severely constrained supply and a landlord market leveraging data-driven pricing. The proximity to Manhattan, the lifestyle perks such as walkable streets, riverfront parks, etc. keep demand strong. The limited stock means rents will keep going up, especially as more and more people choose Hoboken as an alternative to the pricey New York City neighbourhoods.

Top 10 cities with the most affordable rent relative to income



The most affordable cities for renting in the United States, on the other hand, tend to be less attractive with lower demand and stable housing markets. Unlike hot markets in California, Florida, or New York, these cities attract fewer institutional landlords or real estate investors who drive up rents with aggressive pricing and short-term rentals. These cities are affordable because they strike a rare balance: moderate or high wages relative to rents, plenty of housing supply, and less outside investor pressure compared to coastal hot spots.

Ranking first on the list of the best places to rent a home in the U.S. is Huntsville, Alabama, where the median rent (\$1,006) makes up just 18.23% of the average monthly wage (\$5,519). Housing costs here are relatively low but more importantly, wages are supported by strong local industries such as aerospace, defense, and tech. Meanwhile, land is abundant, construction costs are lower, and urban density pressures are less severe than in coastal markets.

Other cities on the list, such as Detroit, MI and Toledo, OH, still have very low property values relative to incomes due to decades of population decline and economic restructuring. While wages have improved modestly, housing supply still far exceeds demand, keeping rents low. Places like LaGrange, GA or Seguin, TX are within commuting distance of larger metros (Atlanta, San Antonio) but don't face the same rental pressure. This allows residents to earn metropolitan-level wages while paying smaller-city rents. Cities such as Madison, AL (part of the fast-growing Huntsville metro) and Clute, TX (near Houston but outside the high-demand core) are growing, but housing construction has kept pace with population increases, keeping affordability intact.

U.S. Cities Where Rents Increased The Most Since 2024

	City	Median rent July 2024	Median rent July 2025	Change in 1 Year
1	Abilene, TX	\$1,102	\$1,248	13.25%
2	San Francisco, CA	\$2,712	\$2,999	10.58%
3	Yonkers, NY	\$1,866	\$2,017	8.09%
4	Clute, TX	\$1,080	\$1,161	7.50%
5	Grand Forks, ND	\$1,043	\$1,120	7.38%
6	Beaumont, TX	\$1,081	\$1,158	7.12%
7	Oak Park, IL	\$1,797	\$1,924	7.07%
8	Suffolk, VA	\$1,595	\$1,702	6.71%
9	Waukegan, IL	\$1,313	\$1,401	6.70%
10	Lowell, MA	\$1,739	\$1,855	6.67%

We also looked at the cities where rents increased the most over the past year. Fluctuations in rent can be attributed to a multitude of factors, including inflation, low inventory, barriers to homeownership, and shifts in tenant demand.

The city that recorded the highest year-over-year rent hike in 2025 is Abilene, Texas, which is relatively small, with a population of around 130 thousand and an economy focused on military (Dyess Air Force Base), healthcare, education (three universities), energy, and regional services. Between July 2024 and July 2025, the median rent rose by 13.25% to \$1,248, while compared to 2021, the increase is even more significant at 25.55%. While the rental market in Abilene may look less heated than in larger hubs in the state, such as Austin and Dallas-Fort Worth, the limited supply of purpose-built rental properties increases the rents.

Another city that saw rents increase significantly from last year is Francisco, CA, where they climbed by 10.58% to \$2,712 per month. The skyrocketing rents reflect the ongoing housing shortages, the limited tech employment, and, of course, the strong tech employment in and around the city itself.

U.S. Cities Where Rents Dropped The Most Since 2024

	City	Median rent July 2024	Median rent July 2025	Change in 1 Year
1	Seguin, TX	\$1,094	\$906	-17.18%
2	Davenport, IA	\$997	\$873	-12.44%
3	Casa Grande, AZ	\$1,376	\$1,224	-11.05%
4	LaGrande, GA	\$1,137	\$1,021	-10.20%
5	Bozeman, MT	\$1,573	\$1,427	-9.28%
6	Cedar Park, TX	\$1,606	\$1,461	-9.03%
7	Forney, TX	\$1,645	\$1,507	-8.39%
8	Leander, TX	\$1,648	\$1,510	-8.37%
9	Glendale, CO	\$1,733	\$1,589	-8.31%
10	Northglenn, CO	\$1,758	\$1,612	-8.30%

Rents, however, also dropped in a number of places across the United States. In Seguin, Texas, they fell by 17.18% year-over-year in July to \$906, the most significant annual decline we saw out of the 634 cities and metropolitan areas we looked into. In general, declining rents can be observed in smaller cities, with Davenport, Iowa, being the only exception among the 10 locations with the largest decreases in rents. The city has a population of just over 100 thousand but it is also one of the Quad Cities (the rest being Bettendorf in southeastern Iowa, and Rock Island, Moline and East Moline in northwestern Illinois).

Methodology

To compile this report, we analysed rental affordability across 49 U.S. states and the District of Columbia, excluding Vermont due to insufficient data. For easier comparison, the states were grouped into five regions: Northeast, Southeast, Midwest, Southwest, and West. We also looked into affordability across 634 cities and metropolitan areas.

Median rent data by state, city, and apartment type was sourced from ApartmentList and includes the latest available rates, for July 2025. For the average salary, we used official figures from the U.S. Bureau of Labor Statistics; since these figures are published for the previous month, we used the June 2025 wages for our calculations.

We calculated rent as a percentage of monthly wages to enable clear comparison between the states and cities, as well as effective visualisation.

Data Sources: BLS, ApartmentList

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