

The Daily Dish

Roots of the Affordability Challenge

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Yesterday the Census Bureau released its annual report Income in the United States: 2025. The key finding is that last year the median household income was $87,460, up 2.6 percent from 2024 (in inflation-adjusted terms). Real household income in 2025 was the highest dating back to 1967. Breaking the data down, the Census finds:

> *Between 2024 and 2025, median income increased by 3.0 percent for White households, 2.9 percent for non-Hispanic White households, and 4.8 percent for Black households. Median income did not change significantly for Asian or Hispanic households.*

It also notes that "Median household income after accounting for taxes and credits increased by 3.1 percent, from $73,760 in 2024 to $76,060 in 2025."

Based on these data, there shouldn't be an affordability crisis. Real household incomes grew solidly, grew for most demographic groups, and grew more strongly after-taxes than before-taxes. Where is the problem?

A hint comes from the fact that real labor earnings for full-time, full-year workers grew only 2.1 percent. So, if you relied on work for your income, even if you worked all year, you did not benefit as much as the median household. The rise in the stock market and other assets might move the median household income, but it's not the same for workers.

And the picture is likely to look very different in 2026. If one looks at the Bureau of Labor Statistics data for production and non-supervisory workers, average hourly earnings grew 3.8 percent from December 2024 to December 2025. The Consumer Price Index (CPI) went up 2.7 percent over the same period. Real wages were rising, consistent with the Census report.

Unfortunately, if one extends the window to be from December 2024 to August 2026, average hourly earnings rose 6.1 percent, but the CPI rose 6.1 percent as well. Real wages have been flat over the past 20 months – negative thus far in 2026 – and affordability problems have moved to the forefront.

The administration is quick – too quick – to point to the stock market as a sign of success. And it is, for some. But real success in the United States is built on strong labor earnings and that is the challenge at the moment.