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Commute cost vs. housing cost

By Heather Boerner, Cyberhomes Contributor
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B.L. Lindstrom happily paid more for his Phoenix-area home so he can walk to work. (Photo: Dave Cruz/Cyberhomes)

When does it make sense to swap a long drive for a higher mortgage?

When B.L. Lindstrom bought his Phoenix-area home in 2004, his goal was simple. He wanted to walk to work and eliminate interminable and frustrating hours on the

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lengthy commute has grown old, you may be wondering if such a move might work for you. Consider this approach suggested by economist Stephen Fuller.

“What it comes down to is how much is my leisure time worth,” explained Fuller, director of the [Center for Regional Analysis](#) at George Mason University. “This year, gas will probably be about \$1,000 more expensive, and no one can afford to move to save \$1,000. However, if I’m spending 30 minutes driving to work each way — one hour every day — and I work, say, 240 days a year, that’s a full 10 days out of the year I spend sitting in a car. So what’s that time worth for me? Could I be sitting on a beach, reading a book, making love with that time? That’s the real cost of the commute.”

To figure out whether ditching your commute is worth the cost of a higher mortgage, do this calculation:

1. Start with your average daily commute, in hours (or fraction of an hour).
2. Determine your hourly income. This can be your current wage, or the industry standard for your job if you’re underemployed. Multiply your commute time by your hourly rate to arrive at a value for your time. (You can calculate an overtime rate and add overtime to account for the scarcity of free time.)
3. Add in the cost of the miles you commute. The IRS values commuter miles at \$.50 per mile. Multiply by the number of miles you drive round trip.
4. Tally up the total per day — the cost of your time plus the cost of the miles — multiply that number by 260 days per year (minus vacation days), and don’t be surprised if it tops \$50,000 a year.

Now that you know how much your commute is costing you, you can make a better decision about where to live.

We examined some metropolitan regions where experts and the U.S. Census say long commutes and housing prices may make a move worthwhile. Then we used Cyberhomes’ median home price data to identify optimal moves.

Not worth the move

**White Plains, N.Y. (median price: \$589,133) to New York City
(median price: \$937,886)**

Price spread: \$348,753

Estimated average commute: 104 minutes round trip

One would have to commute to New York City from much farther away than White Plains to make a move to the Big Apple — with a median home price of close to \$1 million — pay off.

“A millionaire in New York can’t afford even a two-bedroom apartment,” said Klara Madlin, president of the [Manhattan Association of Realtors](#). People are still

relocating to Manhattan, despite the astronomical home prices, she says, but they're doing it for convenience, not because it works financially. Most are Baby Boomers who work in Manhattan and no longer need access to schools in the suburbs.

Riverside, Calif. (median price: \$366,300) to Los Angeles (median price: \$534,600)

Price spread: \$168,300

Estimated average commute: two hours round trip

The bedroom community of Riverside often sees residents drive the 55 miles from its suburban driveways to LA's westside, said Delores Conway, director of the [Casden Real Estate Economics Forecast](#) at the University of Southern California. Even with an average annual gas increase of \$34,910 this year, the commute cost is still offset by the difference in real estate prices.

Consider moving

Aurora, Colo. (median price: \$151,399) to Denver (median price: \$194,733)

Price spread: \$43,334

Estimated average commute: 50 minutes round trip

Moving closer to a job in Denver might be a good plan for someone considering a home in a suburban location, like Aurora, said Frank Popper, a [planning professor at Rutgers](#) and Princeton universities in New Jersey. "The problem is that most of those towns are connected by one freeway, so the drive is extreme in terms of congestion," he said.

Fort Washington, M.D. (median price: \$331,749) to Washington, D.C. (median price: \$364,610)

Price spread: \$32,860

Estimated average commute: 50 minutes round trip

Cutting out this commute could save money and time in the long run, said Fuller, who tracks real estate in the Washington area. "The condo market is back to normal now," he said. "Younger people and empty nesters like me are looking for a place to relocate and thinking of moving closer to their jobs, but also to amenities." The tradeoff is size: "You could have bigger house that's less expensive in the suburbs, or a smaller and more convenient house in a city center."

Canton, Ga. (median price: \$206,712) to Atlanta (median price: \$238,158)

Price spread: \$31,446

Estimated average commute: two and a half hours round trip

An hour-plus one-way commute may seem unreasonable, but Realtor Mary Blanchard at **Prudential Georgia Realty** says that's the price many people had been willing to pay for the golf course and recreation centers at luxe developments like Canton's Bridge Mill. Now, many young married couples and some young families are relocating to avoid the commute and attendant gas prices. "A lot are moving back [to Atlanta] because developers are addressing buyers' needs with lofts and high-rise, in-town living, with clubs and restaurants," she said. "It's New York-style living."