

Annual Rent Report



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INTRODUCTION

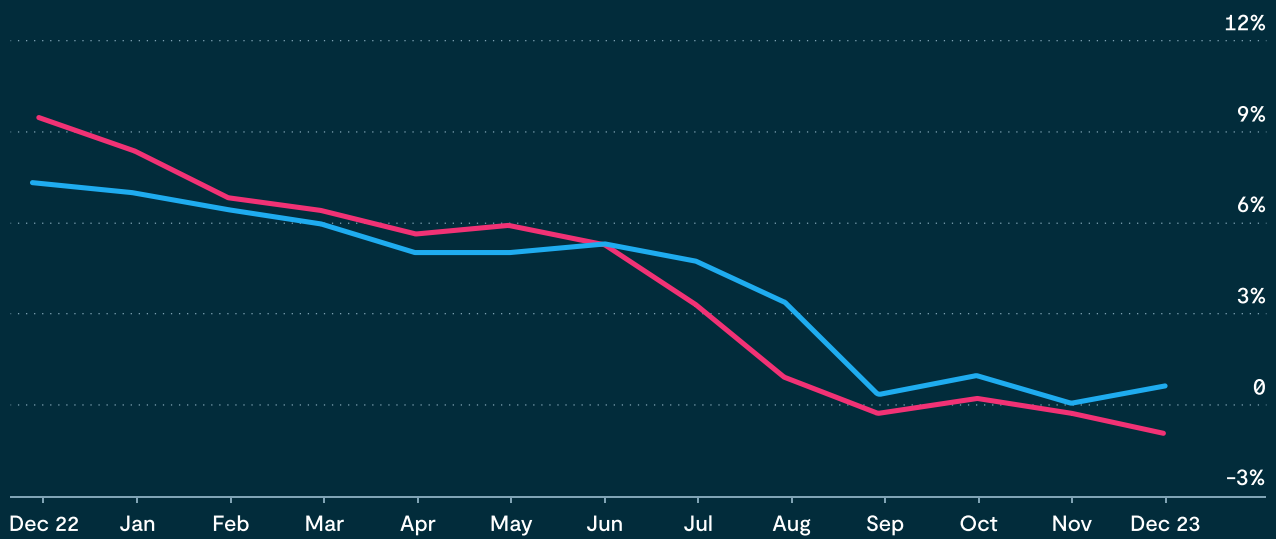
As we prepare to turn the calendar from 2023 to 2024, we find ourselves—and the entire rental industry—at a unique and unprecedented moment in time. Consumer sentiment towards buying a home is at an all-time low, we're seeing atypical year-over-year declines in rental prices across the country and new supply is coming to market at breakneck speed.

At \$1,496, the national one-bedroom median is down year-over-year by a tenth of a percent. This is a striking statistic, since year-over-year increases are typically a key barometer of healthy growth. The only other time we've seen negative year-over-year growth was during the pandemic (July through October of 2020). As recently as June of this year, year-over-year rates were up around 6 percent. The national one-bedroom median is also down 0.2 percent compared to last month. At \$1,847, two bedrooms are up 1.4 percent over December of last year but down half a percentage point over last month.

Of the 100 cities on our list, 55 are down year-over-year and 17 are flat. As we detail throughout this report, we expect prices to continue softening throughout the first half of 2024.

National rent growth (2022-present)

1-bedroom 2-bedroom



YEAR-OVER-YEAR GROWTH IN MEDIAN PRICE

Source: Zumper National Rent Report

Another trend we explore in this year's report is the seismic shift in attitudes towards renting versus buying a home. Thanks to sky-high interest rates, an uncertain economic climate, changing priorities and ongoing hybrid- and remote-work policies, consumer sentiment towards home ownership is at an all-time low. **For the second year in a row, more than half of renters believe “the new American dream is being untethered to home ownership.”** And, more than 69 percent of renters said rising interest rates have deterred them from buying or looking into buying a home.

Of course, price has a lot to do with this shift. Buying a home is now 52 percent more expensive than renting nationwide, the widest gap on record. But, as Zumper CEO Anthemios Georgiades points out: “The new math behind the decision to rent or buy has been well documented, but this isn't a temporary shift that'll reverse once interest rates come back to earth. Renting a home is now widely considered a viable and appealing option for all types of Americans.”

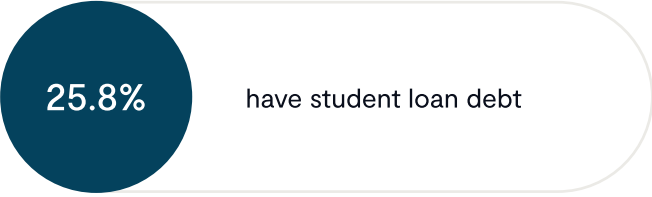
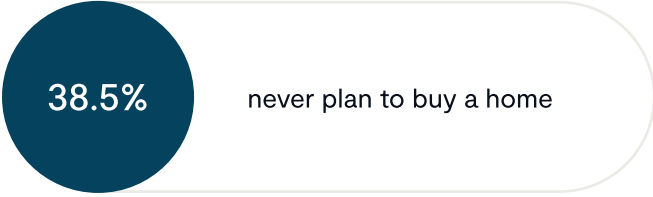
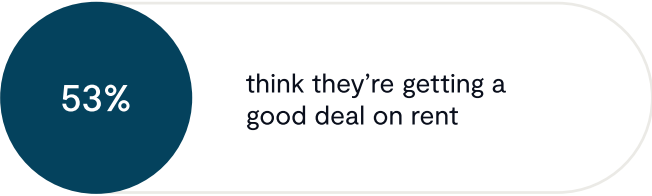
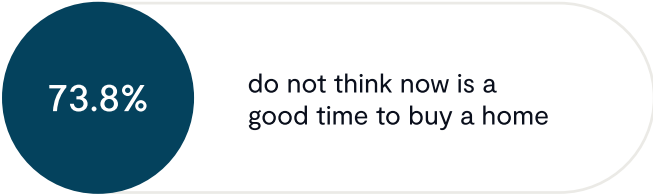
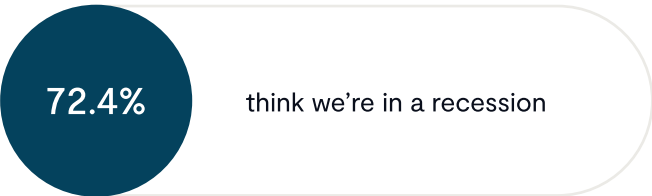
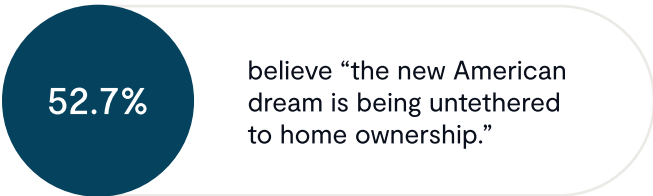
Zumper's Annual Rent Report draws on the past year of price data, Zumper surveys (including our annual survey of thousands of renters across the country), economic trends, internal data on user searches, and ongoing conversations with clients, experts and others in the industry. Read on for our comprehensive examination of current renter attitudes, the state of the rental industry as 2023 draws to a close, and a look ahead at what to expect over the next 12 months.

The state of the American renter

As we have each year since 2019, we surveyed thousands of renters across the United States about their attitudes towards the economy, personal finances, moving and their homes. Generally speaking, renters are slightly more confident in the economy than they were at the end of last year; at the same time, they're budgeting more carefully and carrying less debt. And, most notably: They're less and less interested in buying a home.

Renters on the rise

“More than 30 percent of renters now think the American dream does not involve home ownership,” explains Georgiades. “That’s a statistic no one in the real estate industry can afford to ignore. It’s also the most significant change in attitudes since we started tracking renters’ view of home ownership in 2019.”



Renters in the driver’s seat

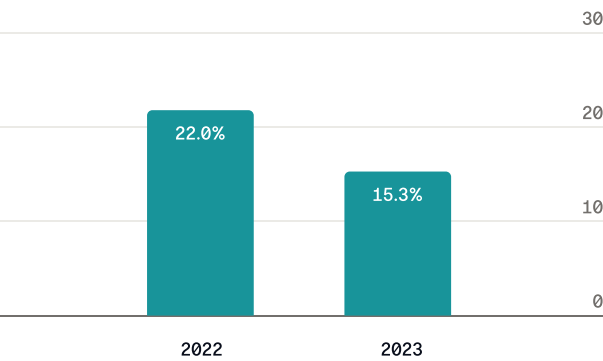
While these changing mindsets are helping drive demand for rentals, at the same time we’re seeing migration numbers settle down following a flurry of pandemic-era relocations. **Just 29.6 percent of respondents to Zumper's survey said they've moved in the last year, down from 34.1 percent last year.** And, a recent survey by Home Bay [found](#) that 75 percent of Americans regret recent moves.

We’re also seeing record numbers of new multifamily buildings come online in many markets, which will help absorb demand from people opting out of buying a home. This trend is also reflected in our annual survey: Last year, 22 percent of respondents said they submitted five or more applications before signing a lease; this year, that number is down to 15.25 percent.

Among all these swirling factors, the value proposition for renting remains incredibly high. Operators of new multifamily buildings face enormous pressure to fill vacancies, essentially going from zero to 95 percent occupancy during a time when renters have more choices and are increasingly educated about market rates. That’s daunting news for the industry but good news for value-conscious renters. Right now, the number of listings on Zumper’s platforms that are offering deals has grown 17 percent when compared to summer of 2023.

“Much of the country is finally moving towards a more balanced relationship between supply and demand,” says Georgiades.

Percentage of renters who submitted five or more applications before signing a lease

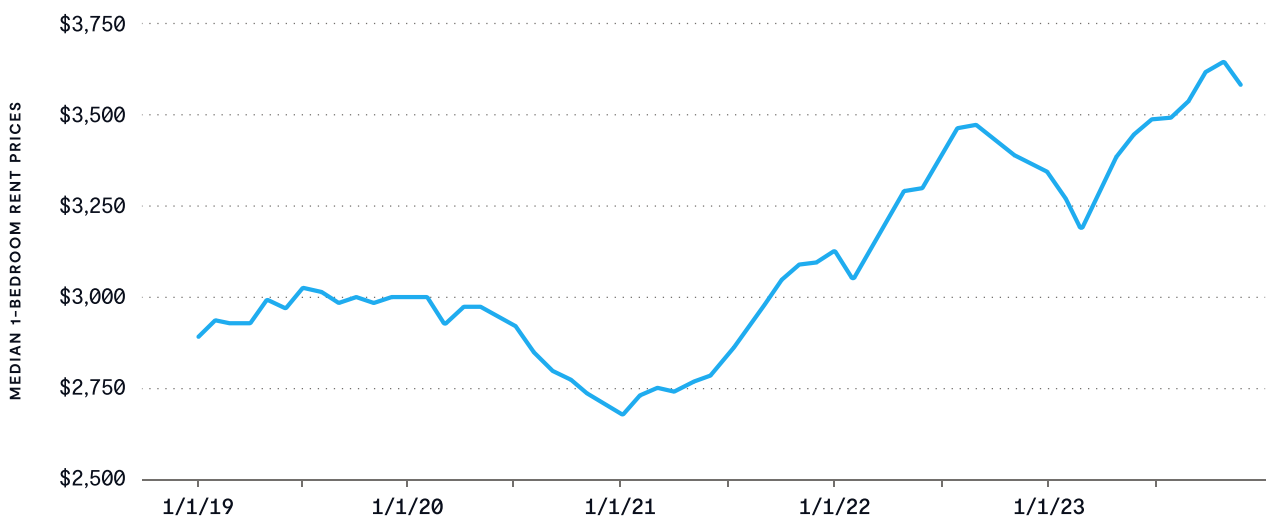


Regional trends: demand, meet supply

Of course, different markets behave differently based on various factors—including in- and out-migrations, housing policies, the local job market and rental supply. New York City, for example, is notoriously undersupplied. It's also sustained its status as a desirable place to live, which keeps demand (and prices) extremely high. As we predicted at the end of last year: New York held fast to its position as the most expensive city in the nation throughout 2023. This month, the median price for a one-bedroom apartment in the Big Apple is \$4,160, which is a jump of 11.2 percent over December of last year. At \$4,800, two bedrooms are up 10.2 percent year-over-year.

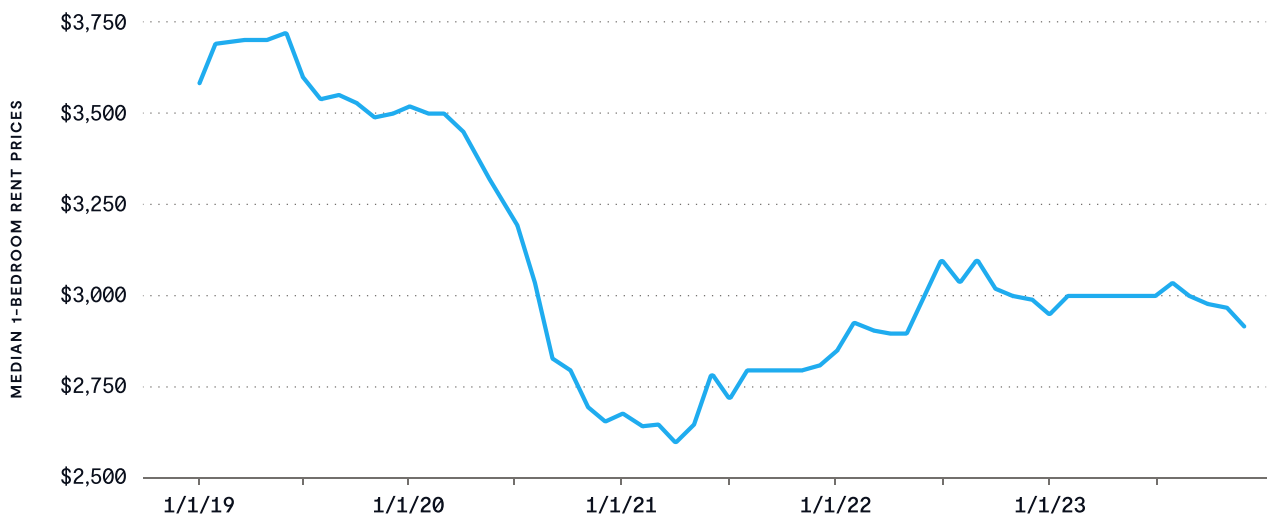


New York City rent prices (2019-2023)



Source: Zumper National Rent Report

San Francisco rent prices (2019-2023)



Source: Zumper National Rent Report

San Francisco ceded its title of most expensive city in the throes of the pandemic (summer 2021) and has had a sluggish recovery in the years since. The city has also faced a spate of “[doom loop](#)” headlines in national media that overstate the area’s woes. In reality: While much of downtown is struggling, many of San Francisco’s neighborhoods are thriving. This summer, we found that one-bedroom prices in family-friendly Outer Sunset were up more than 10 percent year-over-year. Pockets of revitalization are also evident in neighborhoods like Hayes Valley, as startups in the artificial intelligence industry continue to [move in](#) and expand. We’ve also noted price increases in Bay Area cities like Mountain View and Menlo Park, as tech workers continue their slow return to the office.

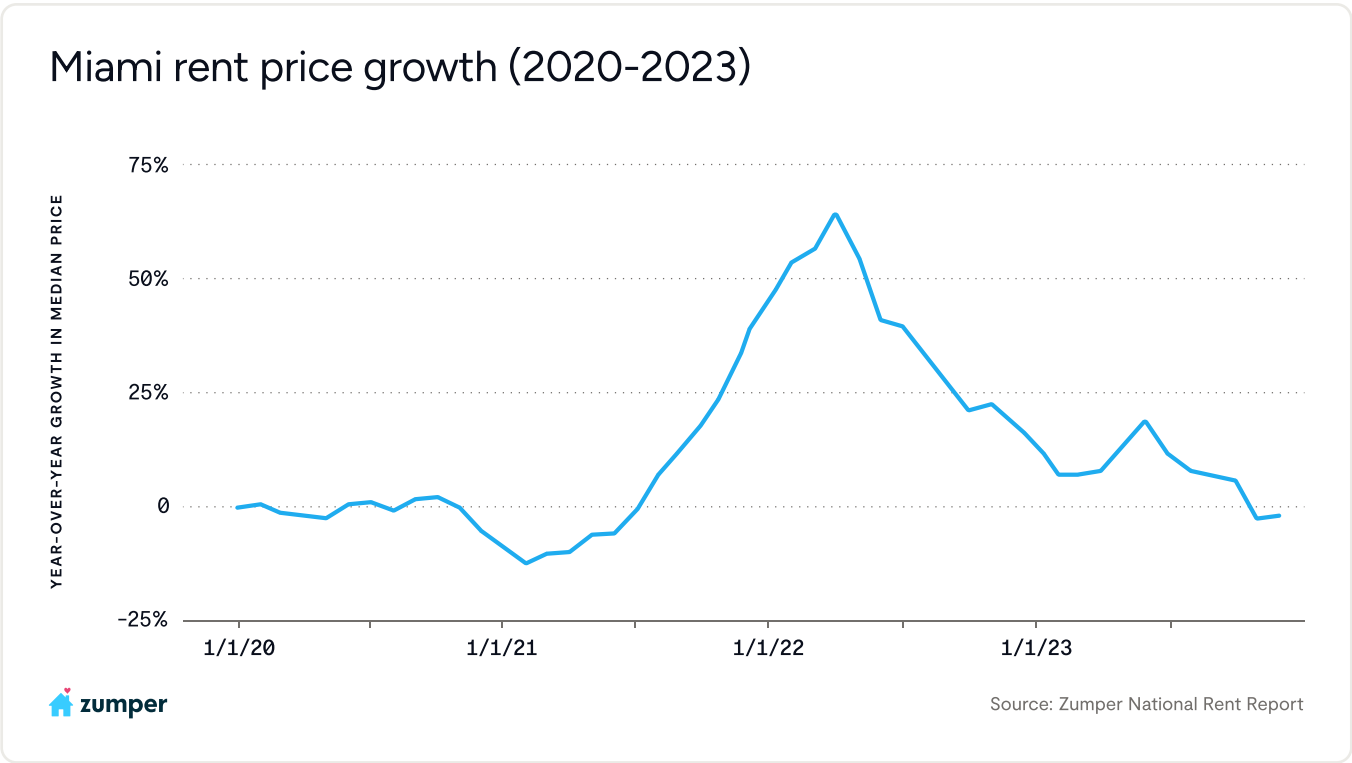
Overall, though, we don’t expect San Francisco to regain its pre-pandemic status as the most expensive city in the nation. Its current one-bedroom median of \$2,920 is down 21.5% from its height of \$3,720 in June 2019.

Sun Belt vs. Midwest

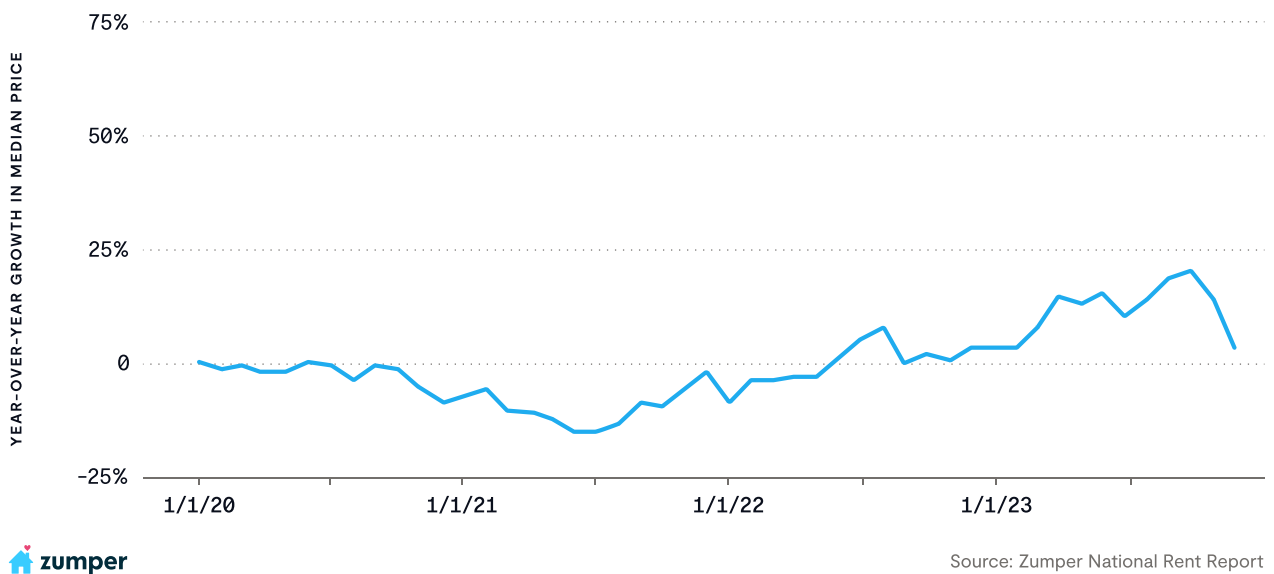
As we’ve noted throughout 2023, prices continue to decrease in many Sun Belt cities in a prolonged correction of drastic pandemic-era price hikes. Migration to these areas is slowing just as new supply is coming online in record numbers. This trend is most pronounced in some of the pandemic’s most popular Zoomtowns, including Phoenix and Austin. Texas cities—especially Austin and Dallas—have been extremely bullish in bringing new multifamily developments to market. Occupancy rates are declining in these areas, and prices will continue to fall as operators make concessions in an attempt to fill new buildings. Austin’s current one-bedroom median of \$1,490 is down 11.3 percent year-over-year; at \$1,390, Dallas’ one-bedroom median is down 5.4 percent year-over-year.

Of the seven Florida cities on our list, six are down year-over-year. Orlando is down 8.2 percent and Fort Lauderdale is down 6.5 percent. Miami is slowly cooling down: its one-bedroom median is down 1.8 percent year-over-year, a far cry from the double-digit year-over-year increases it was posting as recently as this summer.

Arizona cities are following suit: Phoenix’s one-bedroom median is down 5 percent over December of last year, Glendale is down 6.6 percent, Mesa is down 8.8 percent and Scottsdale is down 10.4 percent.



Minneapolis rent growth (2020-2023)



Meanwhile, Midwestern cities like Minneapolis, Chicago, Milwaukee, Omaha and Columbus have been on a much steadier path. These cities aren't necessarily remote-work darlings, but they're quietly attracting new residents on the hunt for a more affordable, laid-back way of life. Columbus, for example, is frequently included on Zumper's "[best cities](#)" lists—thanks, in part, to its ample outdoor activities, high renter satisfaction and relative value compared to coastal cities. One-bedroom rents in Columbus have seen year-over-year increases for 20 months in a row.

Minneapolis is another example of a Midwestern city where rent prices didn't swing drastically even during the pandemic. The current median one-bedroom rent in Minneapolis is \$1,330, a healthy 3.1 percent year-over-year gain.

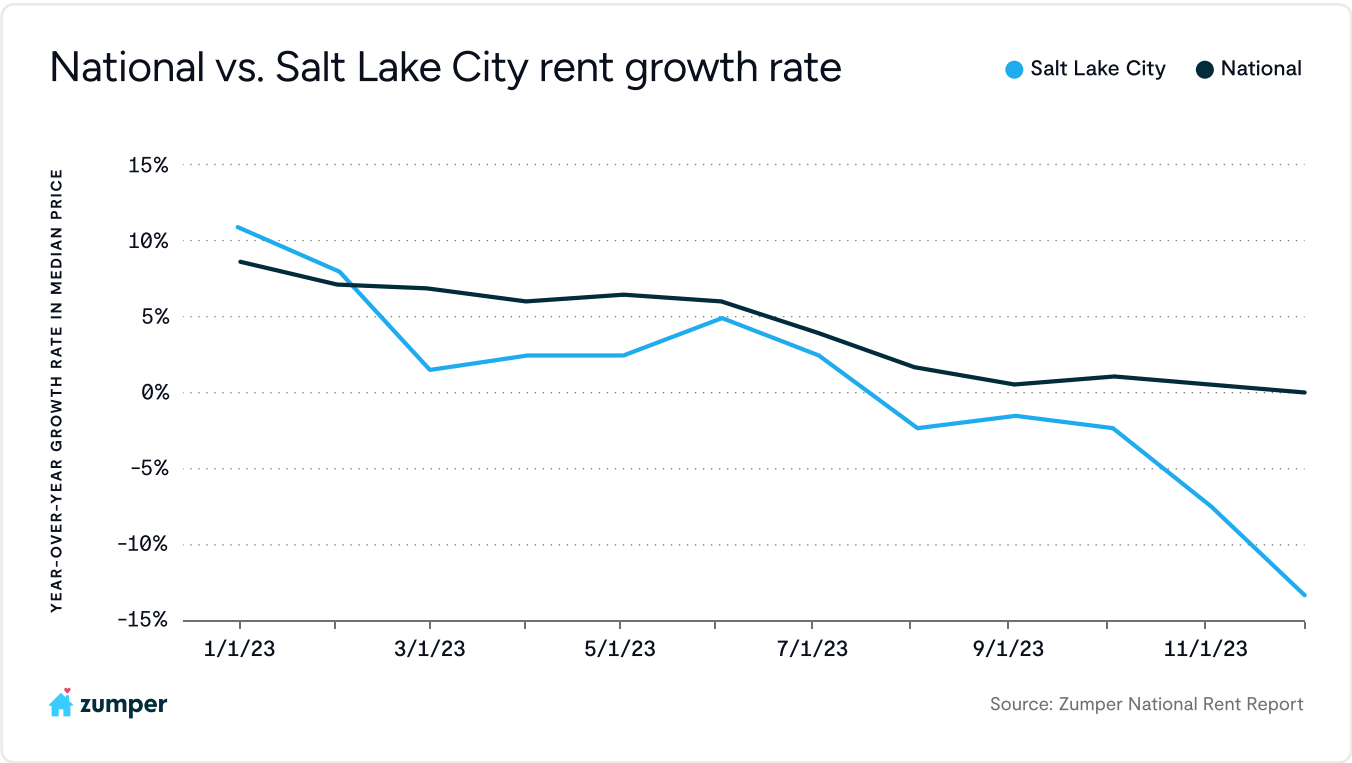
Notably, none of these Midwestern cities are in the midst of aggressive building booms, which means supply will remain relatively steady and prices will likely continue along the moderate path we've noted over the last several years.

Cities nearing oversupply

In addition to the Sun Belt markets outlined above, cities like Denver, Las Vegas and Salt Lake City are seeing record numbers of new supply come to market just as in-migrations slow. Property owners and multifamily operators in these markets will struggle to fill vacancies and will be forced to lower prices and offer concessions. Salt Lake City’s one-bedroom median is down 13.3 percent year-over-year and Las Vegas is down 3.1 percent. Denver is up 8 percent year-over-year, but its one-bedroom median of \$1,760 is a dip from its summer 2023 peak of \$1,820 and its inventory is up 15 percent over December of last year, so we anticipate price reductions.

“Several cities in the Intermountain region are nearing oversupply,” explains Georgiades. “We expect prices in these cities to fall more quickly than the national average.”

New developments in these markets lean heavily towards luxury, which means 2024 will be a good time for renters to snag a deal on an amenity-rich apartment that may have been previously out of reach.



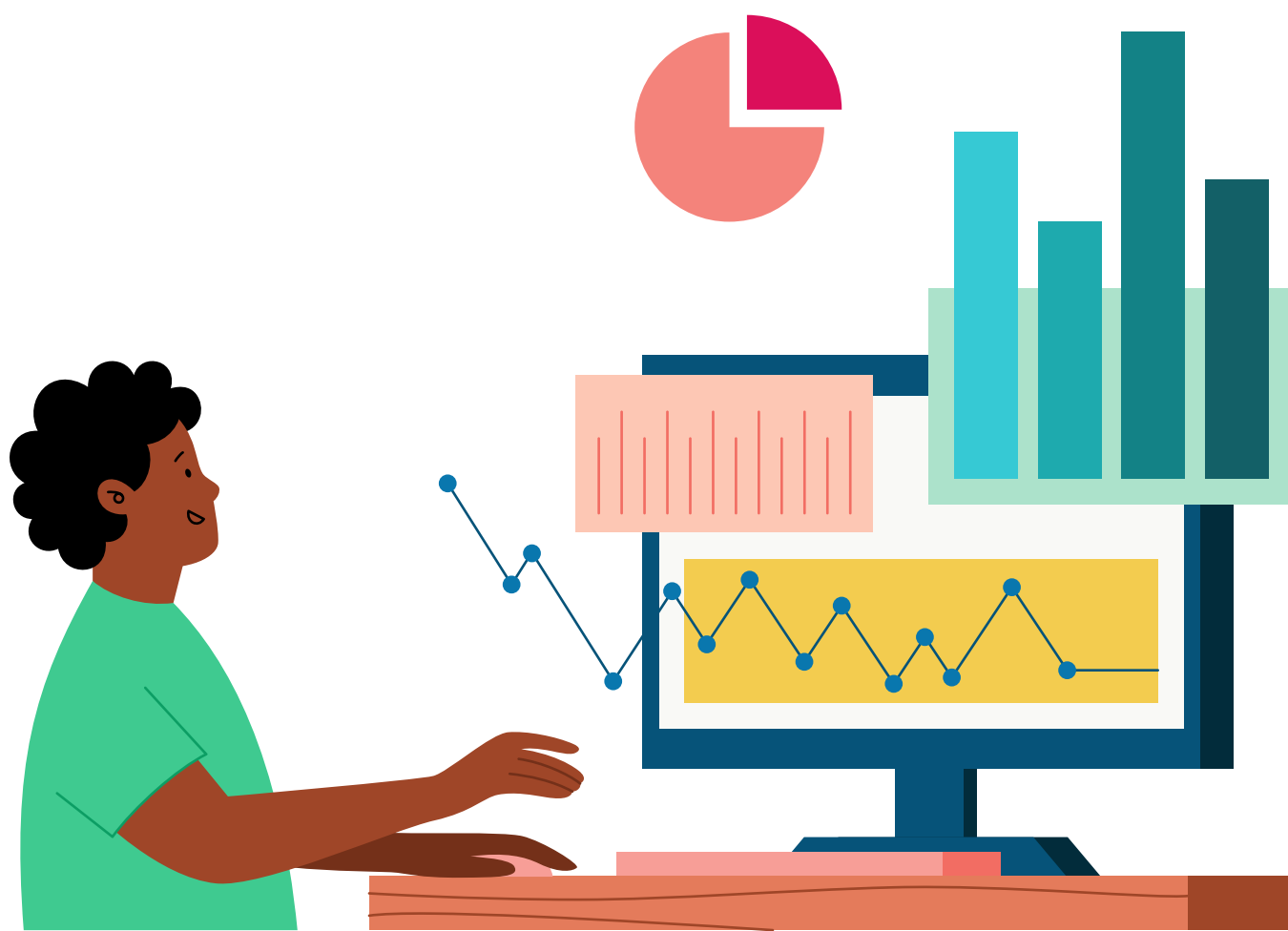
2024 predictions

A bevy of factors—including economic uncertainty, turbulent world events, a presidential election, changing consumer attitudes and historic levels of new supply—will push and pull the rental industry over the next 12 months. Americans have spent much of the last year in a holding pattern, putting off moves while waiting to see how the economy behaves; that trend will continue at least through the first half of 2024. Even as inflation begins to ease and interest rates decrease, we expect consumers to continue proceeding with caution, especially when it comes to purchasing a home.

“For the first half of 2024, occupancy will likely continue to hover at around 95 percent, and it might look like the market is stagnating,” explains Shawn Mullahy, Zumper’s SVP of sales. “In reality, there will be significant movement from people opting out of buying a home—but that number will likely be absorbed by the massive amount of new supply coming online.”

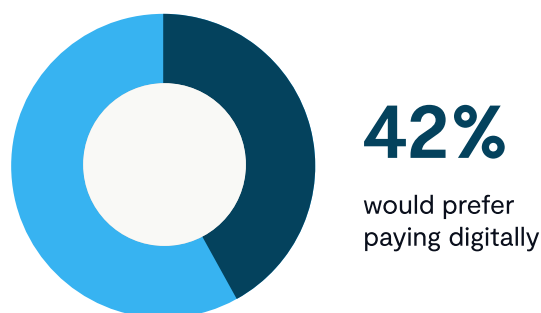
“Interest rates will ease and there will be some degree of relief in the home-buying market, especially in the second half of 2024, but we’re not going back to 2.5% mortgages anytime soon,” chimes in Georgiades. “What we’re seeing is a fundamental shift in how Americans view the entire real estate market.”

Those who do move into a new rental over the next six months will have more bargaining power than at any time in recent memory. Property owners and managers are feeling the pressure, especially to lease up new builds. They’ll continue to offer concessions and move-in deals; eventually, they’ll have no choice but to cut asking rents.



At the same time, buildings' fixed costs are increasing, putting even more pressure on owners and operators. Buildings will need to lean more heavily on operational solutions like lead generation and reputation management to help boost occupancy and revenue. Technology will become increasingly important, and management companies will continue upping the tech ante with virtual tours and staging and even drone tours. More than 27 percent of renters say they pay rent digitally via online tools, and 42 percent say they would prefer paying digitally. These tactics are especially important to attracting younger renters: According to our survey, more than 22 percent of Gen Z (ages 26 and under) signed a lease for an apartment they'd only seen virtually.

And, at the risk of stating the obvious: New York will remain the most expensive—and most searched—city on our platform. The city's ongoing popularity and low supply will continue to spill over into neighboring areas as well. Last year we predicted Jersey City would be a city to watch. That metro has held steady as the number two city on our list throughout 2023, and is in the midst of an ongoing construction boom.



METHODOLOGY

For Zumper's end-of-year survey, a total of 7,656 renters aged 18+ from all 50 U.S. states, as well as Washington, D.C., were surveyed from August through September 2023. The survey was sent to Zumper and PadMapper users based in the United States and shared among their family and friends. All responses were gathered online, with a monetary incentive of the chance to win one of four \$500 cash prizes. Zumper derives rental data from the listings on its platform.

A full methodology can be found [here](#).
