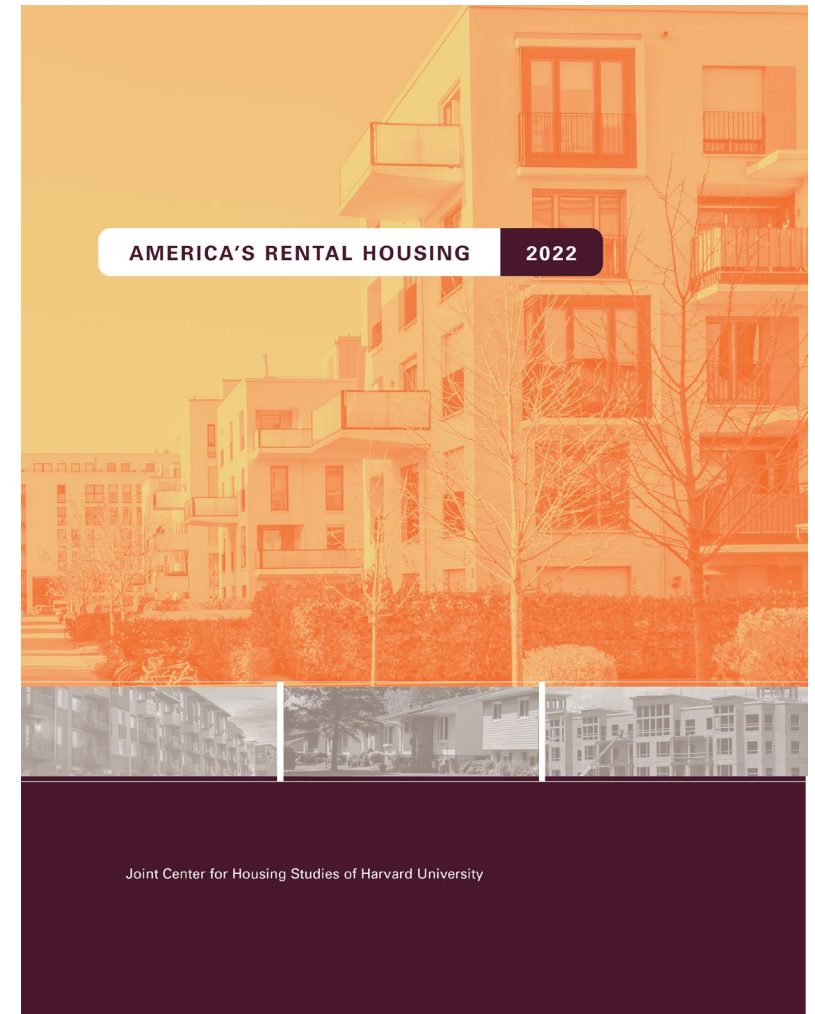


# *America's Rental Housing*

February 2023 Update

# 2022 Report Findings

- Rapidly rebounding rental market
- Surging demand with growth in higher-income households
- Strong multifamily construction
- Affordability challenges exacerbated by the pandemic
- Unprecedented resources deployed to stabilize renters
- Continued need for reinforced housing safety net

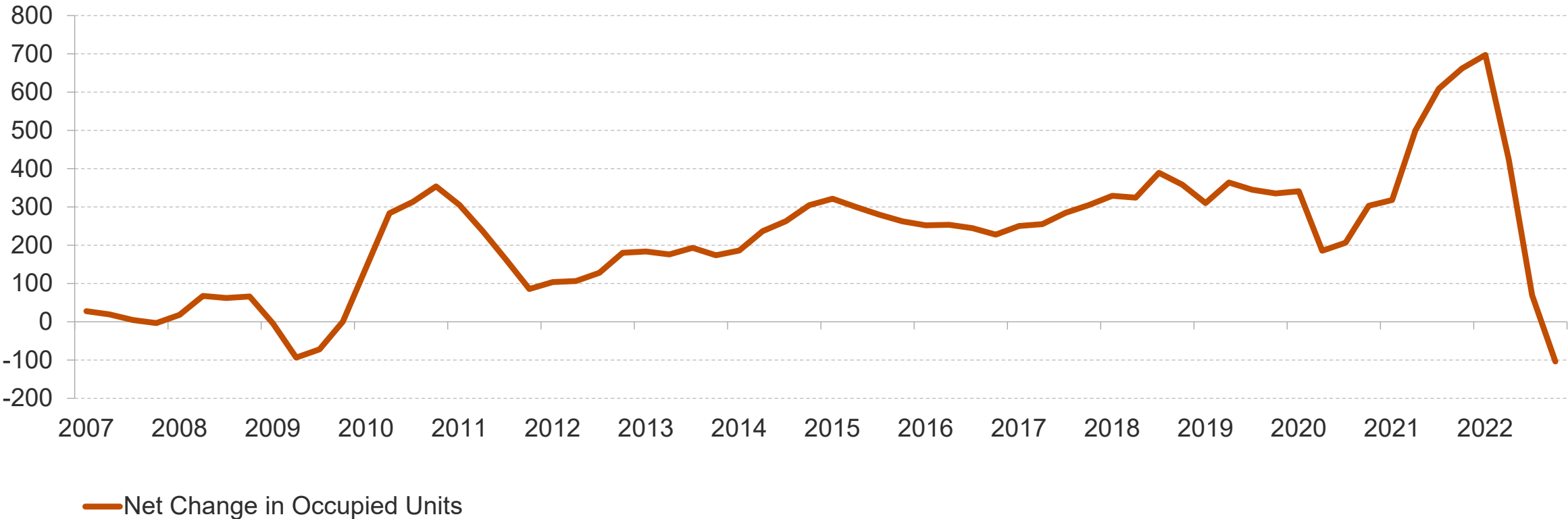


# 2023 Update Themes

- Cooling rental market
  - Slowing demand with decrease in higher-income households
  - Decelerating rent growth
  - Rising vacancy rates
- Strong multifamily construction
- Deepening affordability challenges
- Rising housing insecurity
- Policy bright spots

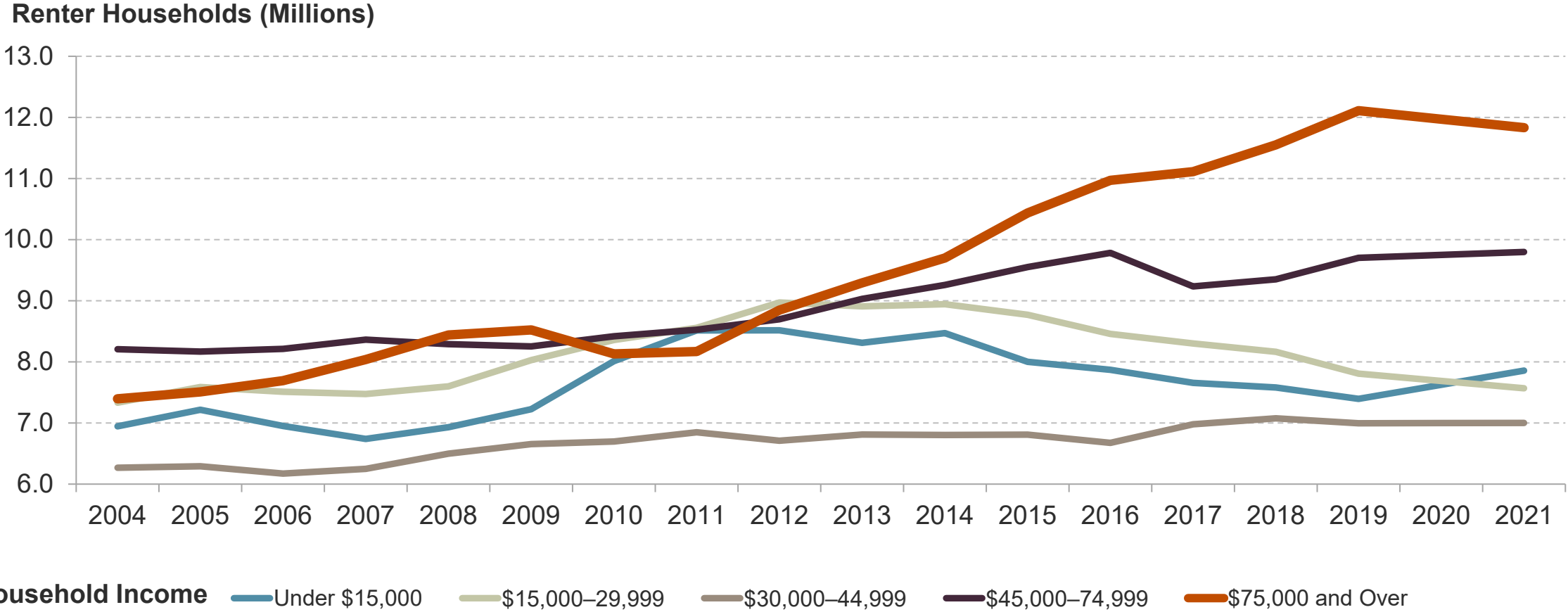
# Rental Demand in Professionally Managed Apartments Halted After Surging in 2021 and Early 2022

Units in Professionally Managed Properties (Thousands)



Note: Data are four-quarter rolling averages for professionally managed apartment buildings with five or more units.  
Source: JCHS tabulations of RealPage data.

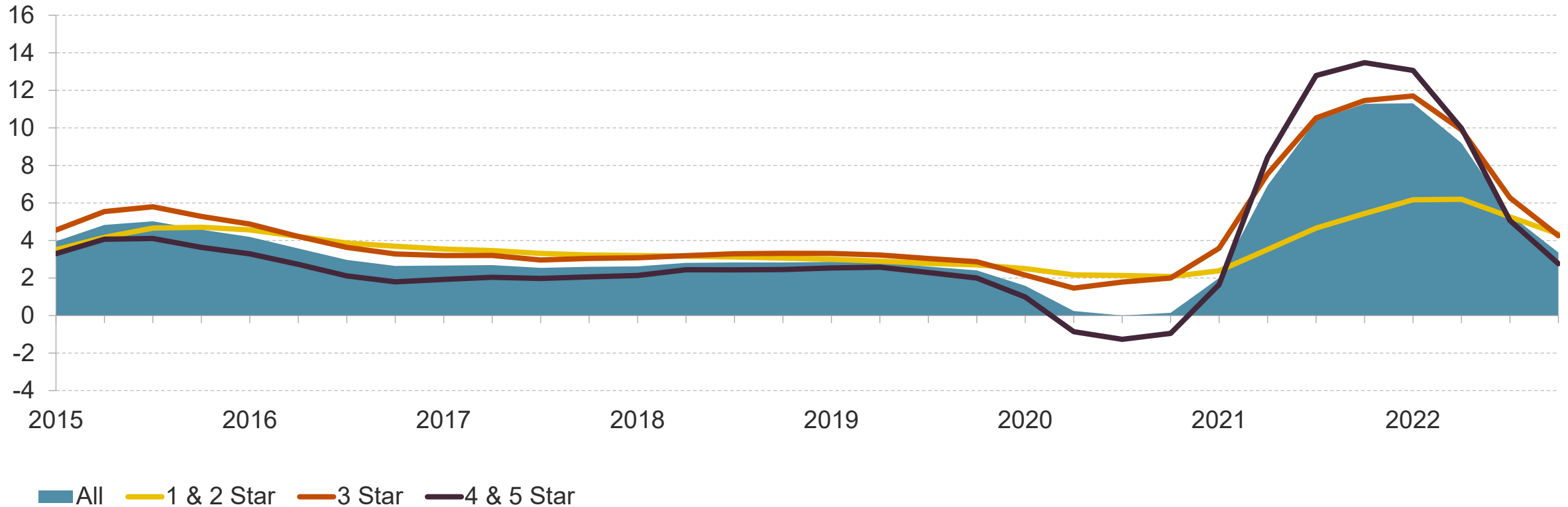
# The Number of Higher-Income Renter Households Dropped for the First Time in Over a Decade



Note: Household incomes are adjusted for inflation using the CPI-U for All Items. Values for 2020 are interpolated.  
 Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

# Rent Growth is Slowing After Rapid Increases in 2021

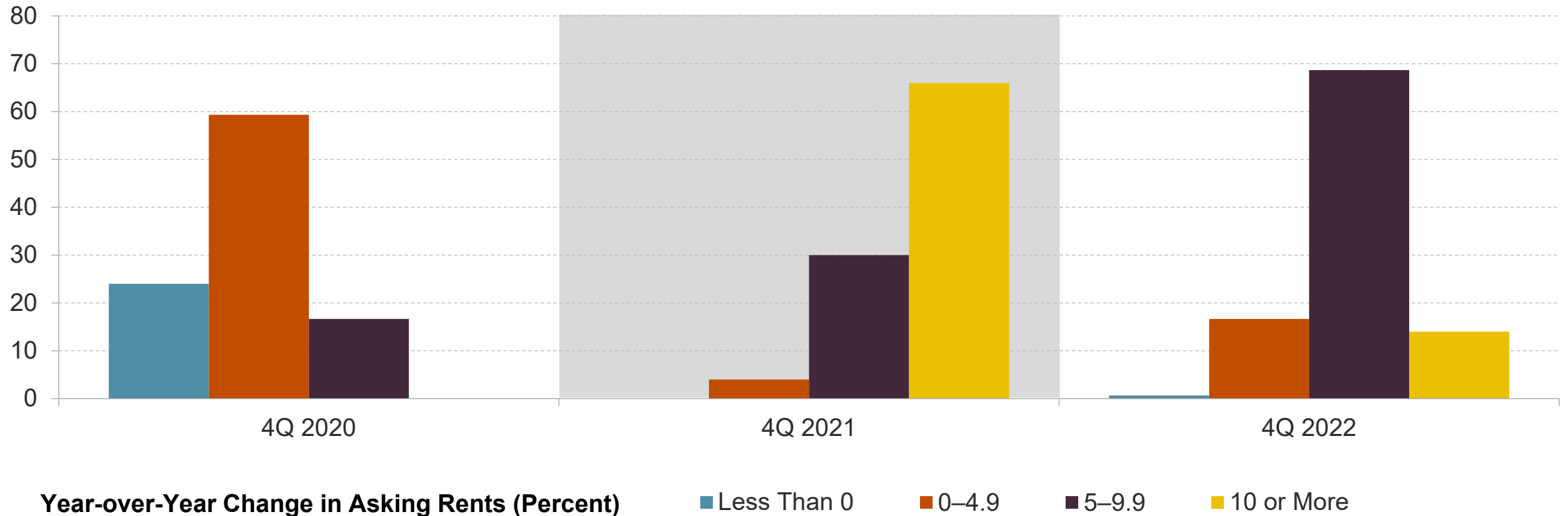
Annual Change in Rents (Percent)



Note: Quality is based on the CoStar Rating System for professionally managed market-rate apartments in buildings with five or more units.  
Source: JCHS tabulations of CoStar data.

# Rents in Large Markets Were Growing Much Faster in 2022 Than They Were a Year Earlier

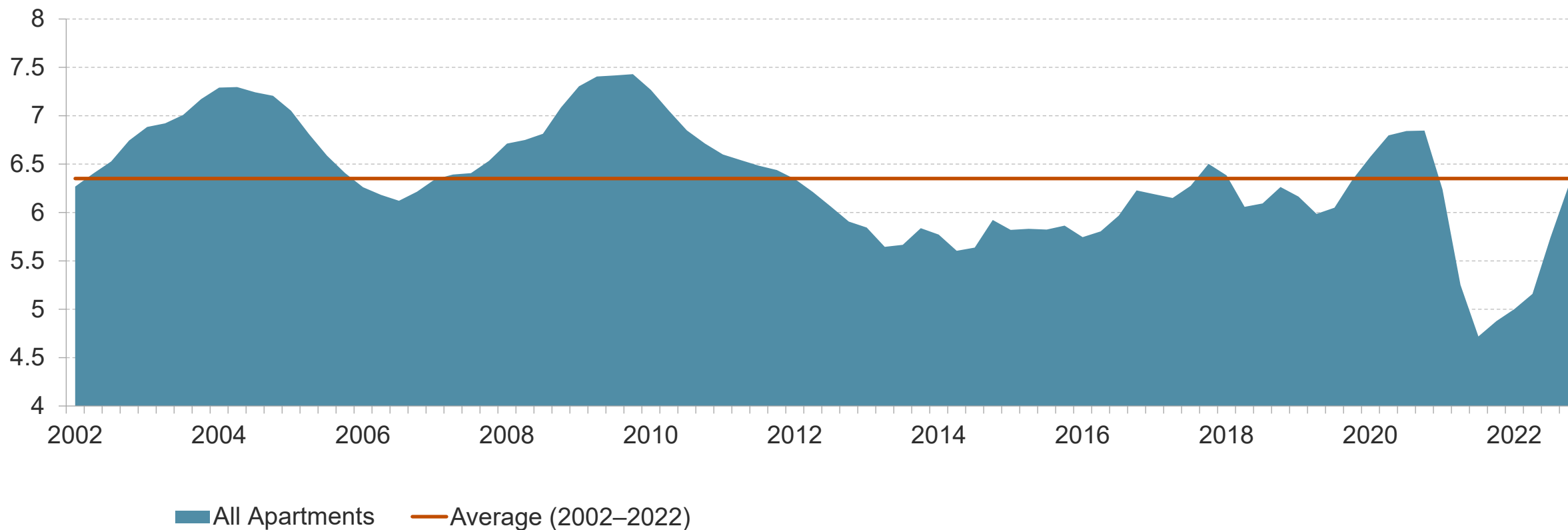
Share of 150 Markets (Percent)



Note: Asking rents are for professionally managed apartments in buildings with five or more units in the 150 markets that RealPage tracks.  
Source: JCHS tabulations of RealPage data.

# Vacancy Rates Are Near the 20-Year Average After Hitting Historic Lows

Apartment Vacancy Rate (Percent)

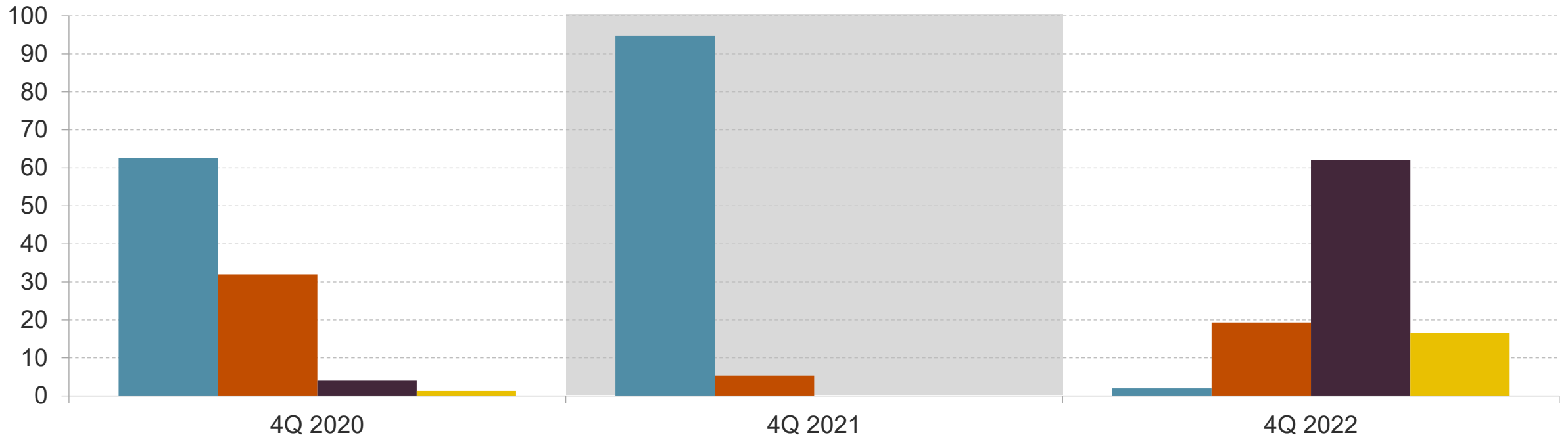


Notes: Urban/suburban areas are based on density in the 54 largest markets that CoStar tracks. Prime submarkets have the highest rents.  
Source: JCHS tabulations of CoStar data.



# Vacancy Rates Are Rising in Most Markets After Rapid Decreases Early in the Pandemic

Share of 150 Markets (Percent)



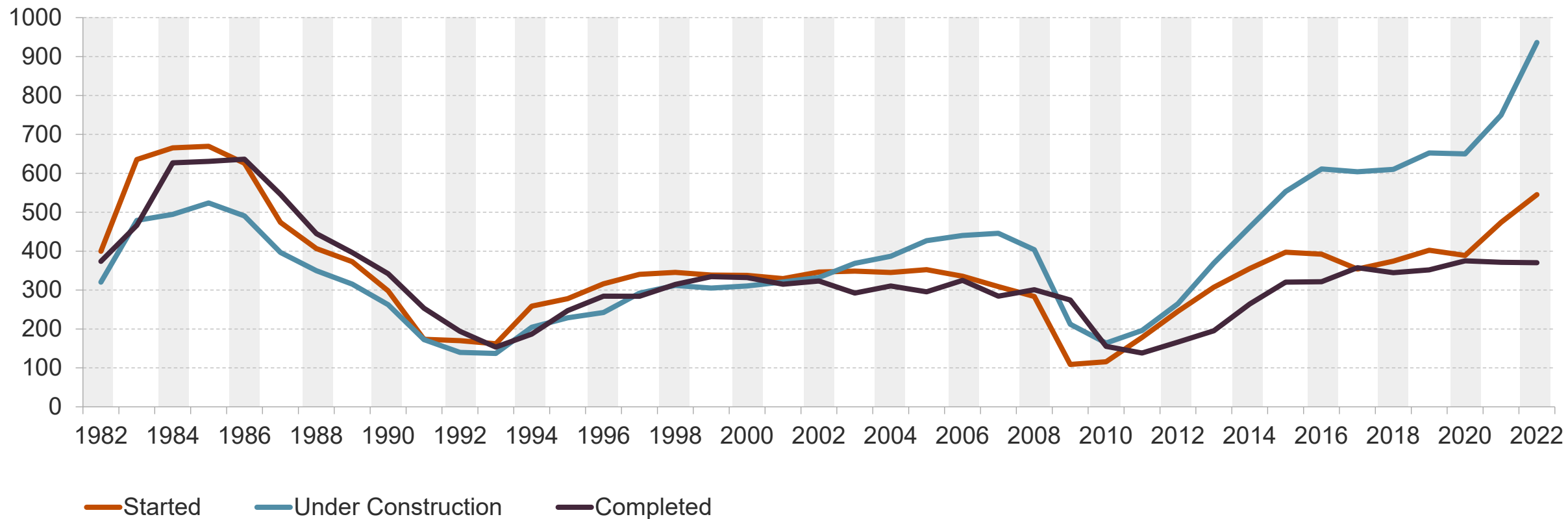
Year-over-Year Change in Vacancy (Percentage Points)

■ Less than 0   ■ 0–1.4   ■ 1.5–2.9   ■ 3 or More

Note: Asking rents are for professionally managed apartments in buildings with five or more units in the 150 markets that RealPage tracks.  
 Source: JCHS tabulations of RealPage data.

# The Heated Pace of Multifamily Construction Is Adding Hundreds of Thousands of Units to the Rental Stock

## Multifamily Units (Thousands)

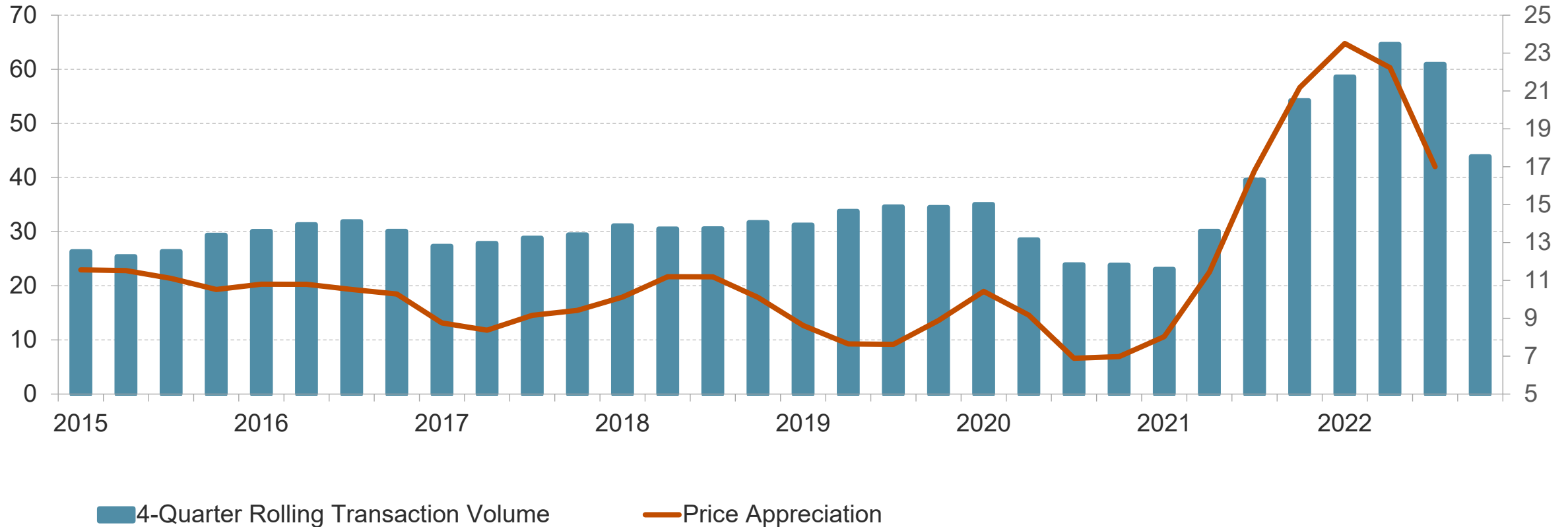


Source: JCHS tabulations of US Census Bureau, New Residential Construction data.

# Apartment Transaction Volumes and Prices Remain Elevated Despite Recent Decreases

Volume (Billions of Dollars)

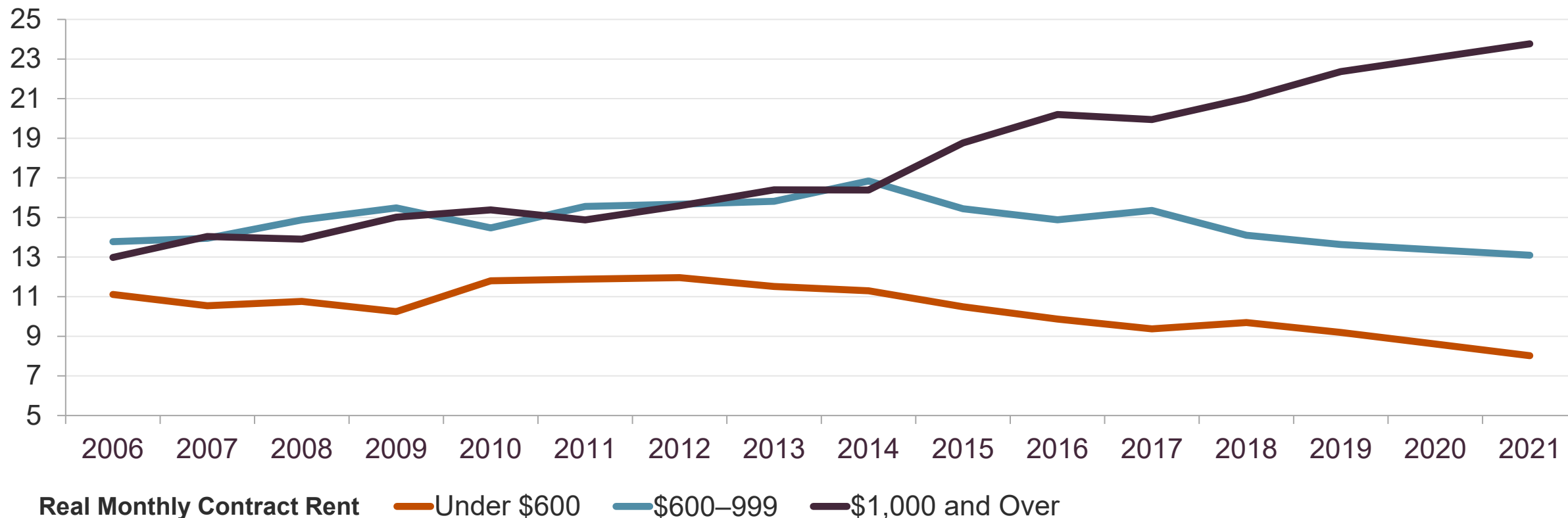
Price Appreciation (Percent)



Notes: Transaction volumes are four-quarter rolling averages. Data are for market rate apartment properties with at least five units. Excludes senior, student, military, and corporate housing, as well as condominiums and cooperatives. Price appreciation is year-over-year.  
 Source: JCHS tabulations of CoStar data and Real Capital Analytics, Commercial Property Price Indexes.

# Strong Growth in High-Cost Rentals Has Coincided with Dramatic Declines in Low-Cost Units

Rental Units (Millions)

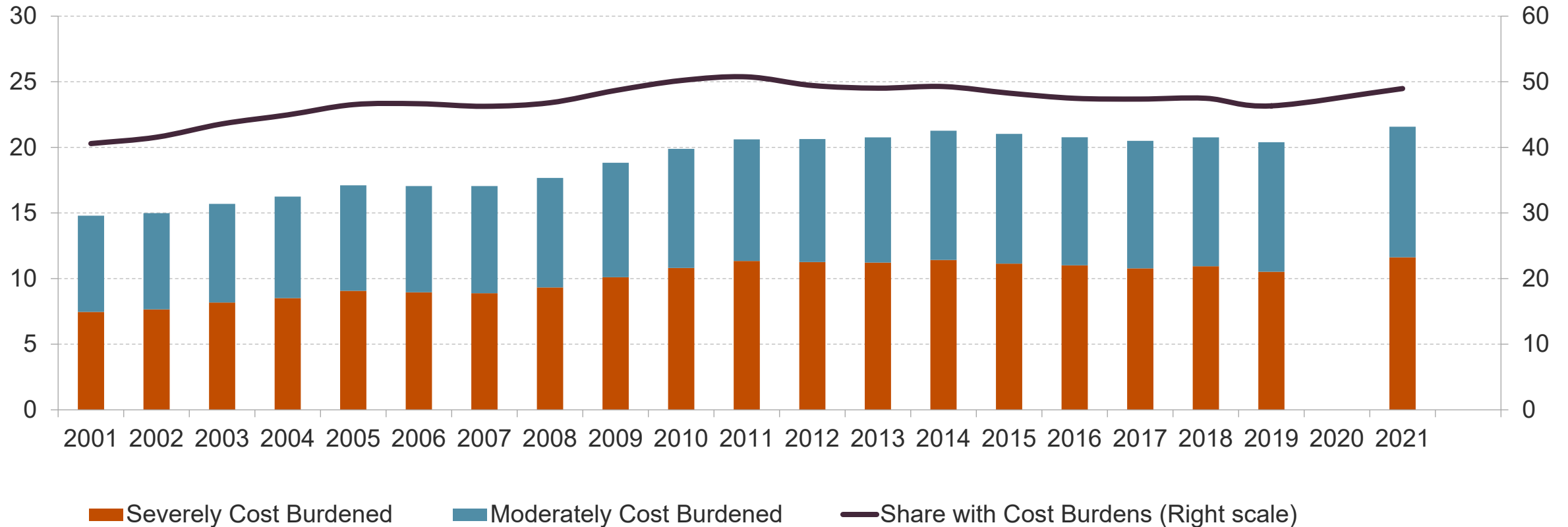


Notes: Rental units may be occupied, vacant for rent, or rented but unoccupied; excludes units occupied without cash rent. Dollar values are adjusted for inflation using the CPI-U for All Items Less Shelter. Contract rent excludes all utilities paid separately. 2020 values are interpolated.  
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates via IPUMS USA.

# The Number of Cost Burdened Renters Hit a Record High During the Pandemic

Number of Renter Households (Millions)

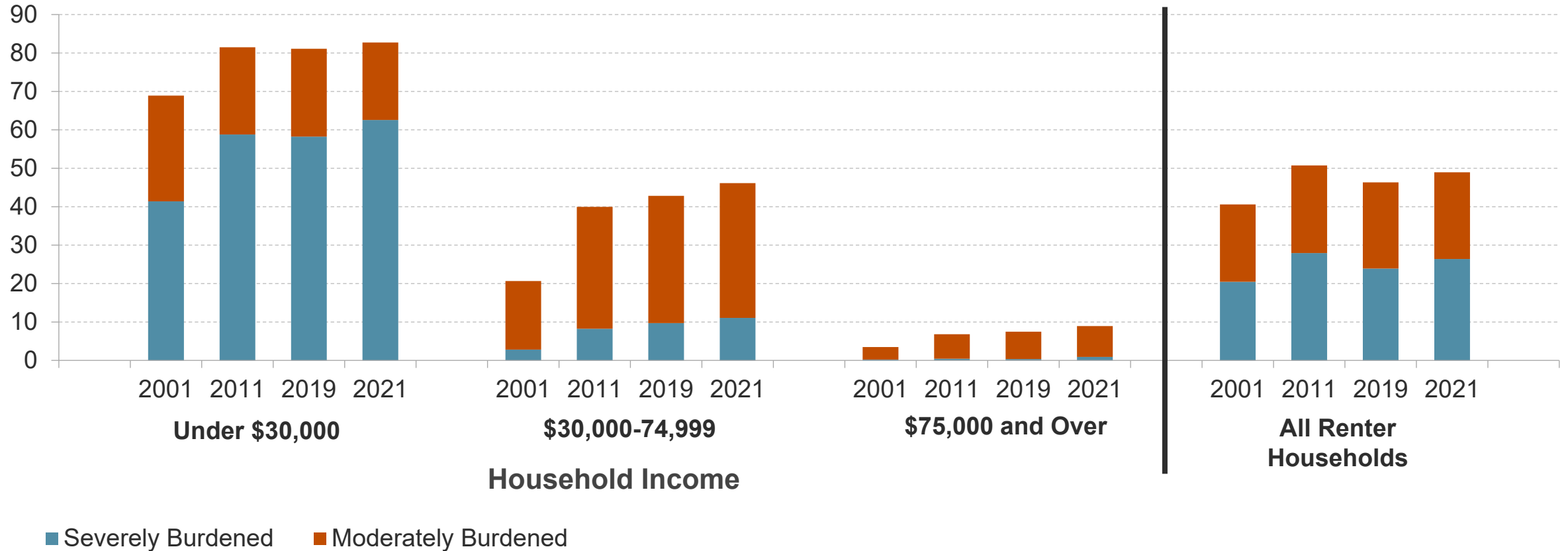
Share with Cost Burdens (Percent)



Notes: Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have burdens, while households paying no cash rent are assumed to be without burdens. The 2020 share with cost burdens is an interpolated value.  
 Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

# Renter Cost-Burden Rates Increased Across All Income Groups During the Pandemic

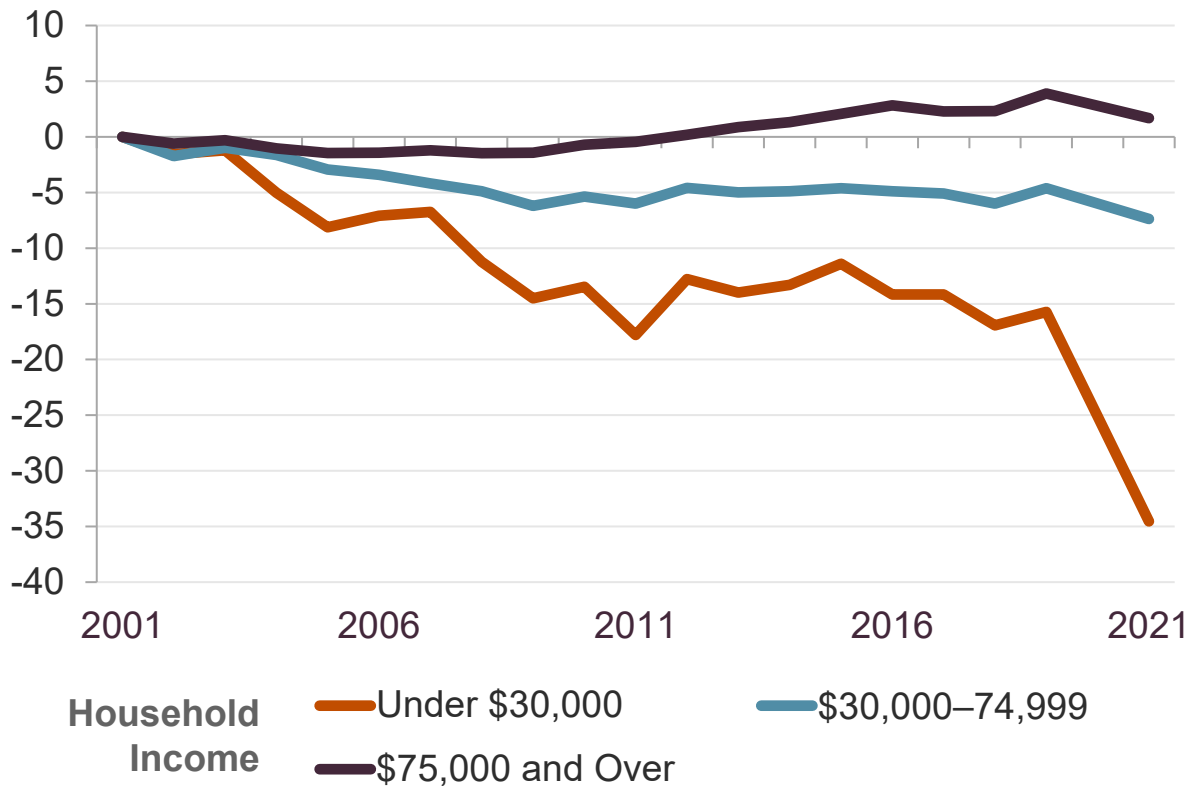
## Share of Renter Households with Cost Burdens (Percent)



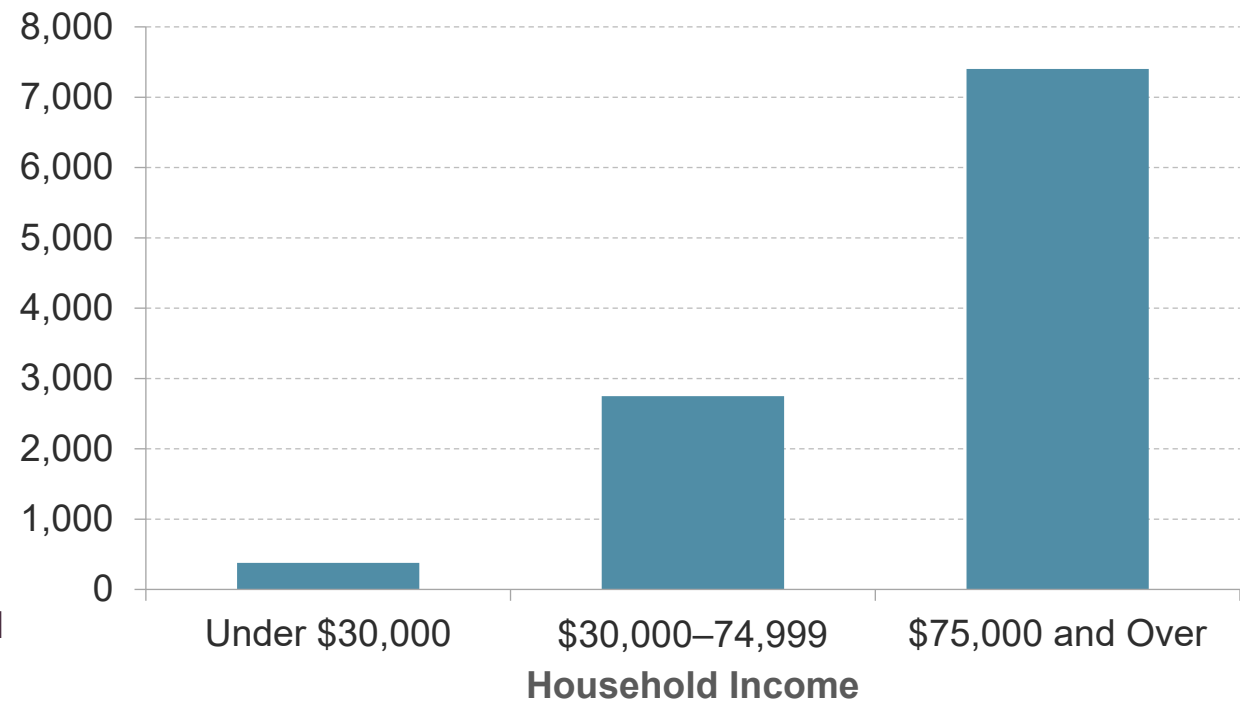
Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households pay more than 30% (more than 50%) of income for housing. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.  
 Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

# Lower-Income Renters Have Less Income Left Over After Paying Rent Than Ever Before

Change in Residual Income (Percent)

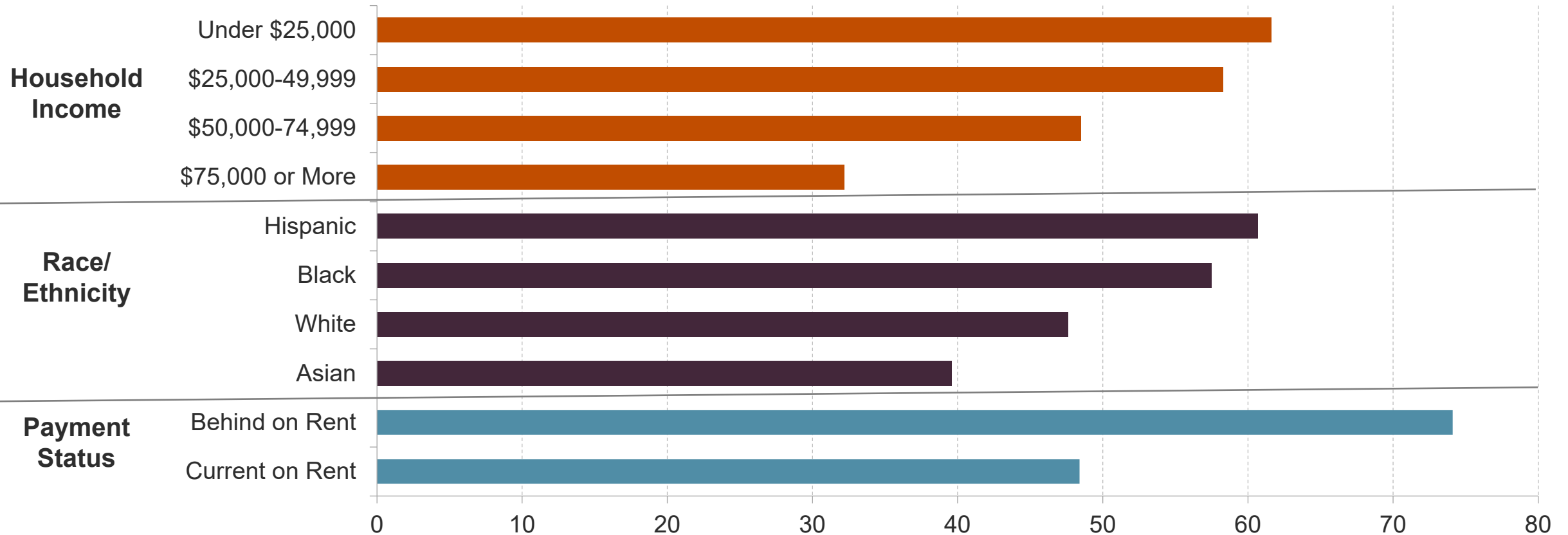


Median Residual Income (Dollars)



# Renter Households Are Feeling Very Stressed About Inflation

Share of Renter Households Indicating They Are Very Stressed by Price Increases (Percent)



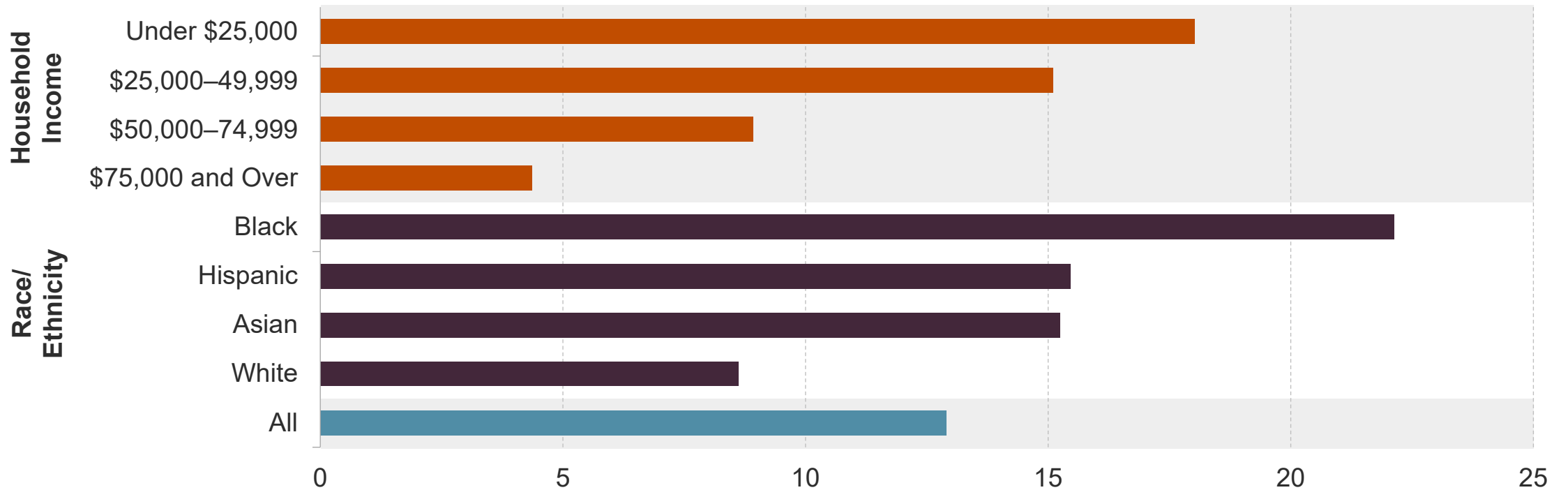
Note: Households behind on rent reported that they were not caught up at the time of survey. Black, white, and Asian households are non-Hispanic. Hispanic households may be of any race(s). Multiracial or another race households are not shown.

Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, July–December 2022.



# With Fewer Resources to Absorb Rising Rents, Large Shares of Lower-Income and Black Renters Have Fallen Behind

Share of Households in Arrears (Percent)

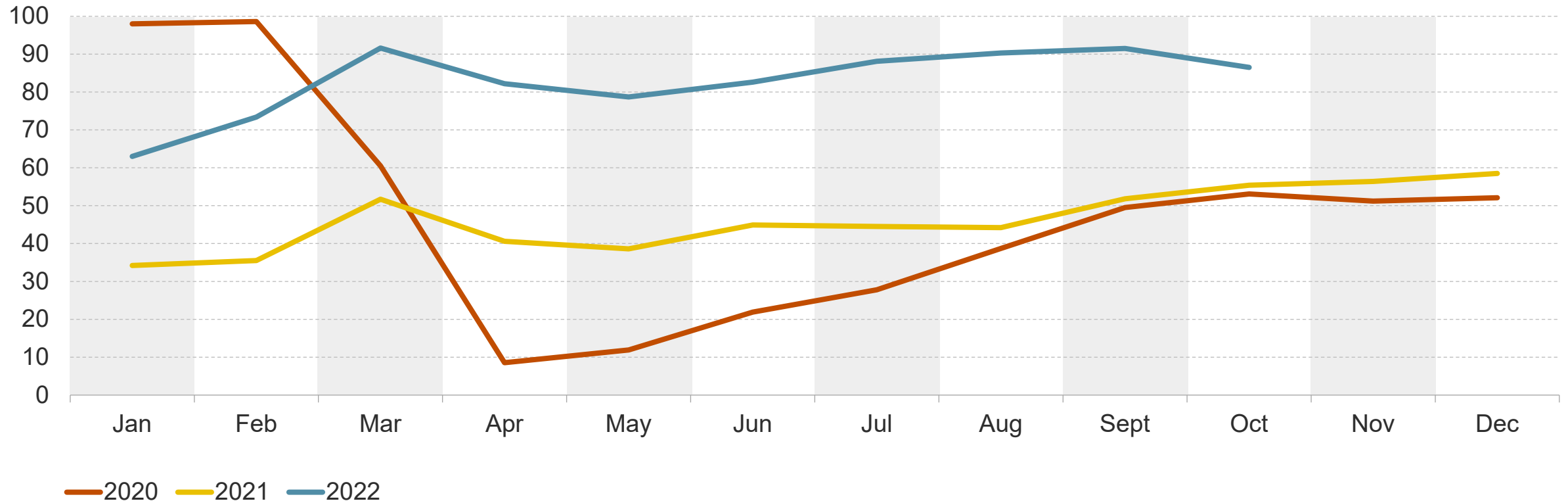


Notes: Households behind on rent reported that they were not caught up at the time of survey. Black, white, and Asian households are non-Hispanic. Hispanic households may be of any race(s). Multiracial or another race households are not shown.

Source: JCHS tabulations of US Census Bureau, Household Pulse Surveys, July–December 2022.

# Eviction Filings Are Near Historic Averages Following the Expiration of Pandemic Relief Measures

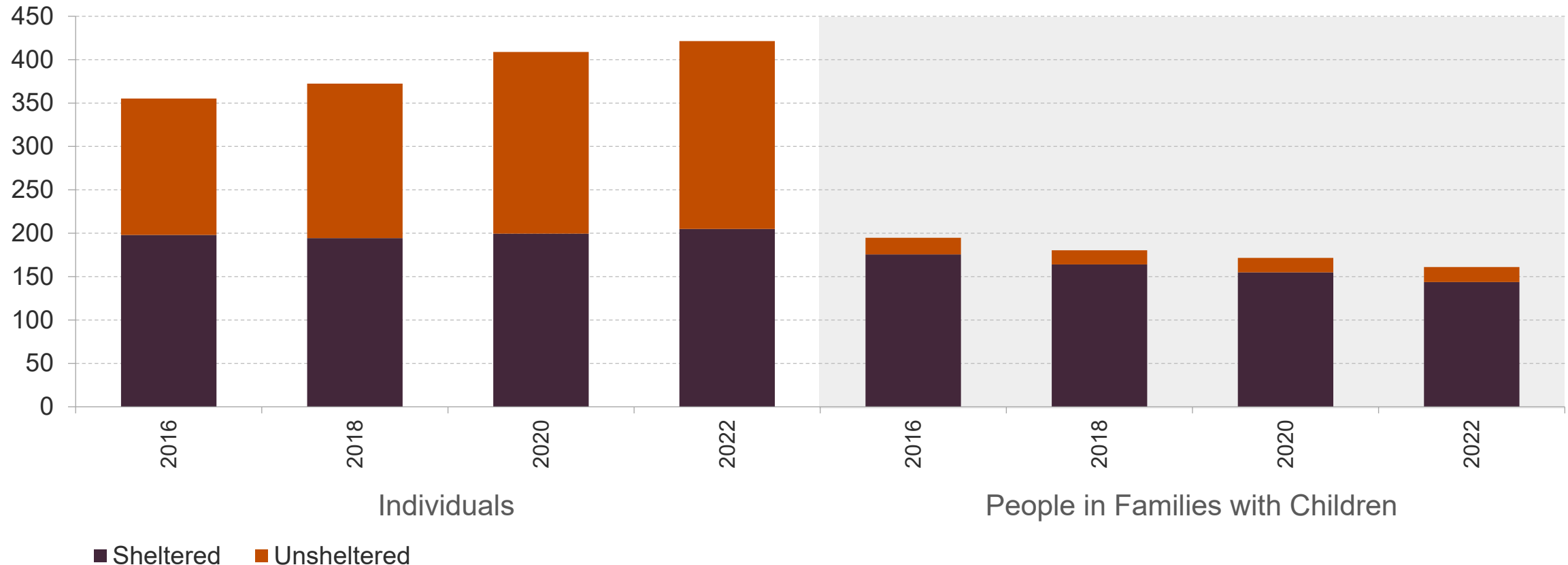
## Eviction Filings Relative to Average (Percent)



Note: Data include eviction filings in 6 states and 31 cities. Averages are from 2012-2016.  
Source: JCHS tabulations of Eviction Lab, Eviction Tracking System through November 31, 2022.

# Individuals Living Outside of Shelters Account for Most of the Recent Increase in the Unhoused Population

Number of People Experiencing Homelessness (Thousands)



Notes: People experiencing homelessness in families with children have at least one adult age 18 or over and at least one child under 18. Point-in-time estimates are conducted in January, so the 2020 estimates are pre-pandemic estimates.

Source: JCHS tabulations of HUD, Annual Homeless Assessment Report Point-in-Time Estimates.

# Policy Bright Spots

- Efforts to reduce barriers to construction
- Expanded HUD funding
- Fiscal recovery funds still available
- Momentum for eviction prevention programs
- New resources for reducing homelessness

