



RENTS ARE STARTING TO COME DOWN, BUT THE TREND MAY NOT HOLD - ASSOCIATED PRESS

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Rents are starting to come down after spiking to record levels this past summer, but experts are uncertain if the slowdown will continue.

Christopher Mayer, professor of real estate at Columbia Business School, said people looking for an apartment now might have a better experience than they did in May or June.

"We're not seeing rents go up as quickly, the rental market is softening a little bit," he said.

The national median asking rent was up 14% in July over July the previous year, the smallest annual increase since November 2021, according to a new report from Redfin. While that percentage is still high, it has decreased from 15% in June and 16% in May.

Experts say the market could slow further toward the end of the year, but there's still a lot of uncertainty.

"I would not be surprised if we get to 2023 before things really get back to normal," said Brian Carberry, senior managing editor of [Rent.com](https://www.rent.com), an apartment search website owned by Redfin.

Much depends on where you live. Cities in Florida such as Boca Raton and West Palm Beach have seen rents decrease -0.1% and -0.5% respectively compared to last month. But according to Apartment List, rents in California coastal cities such as San Diego have continued to increase over the past year.

In Rochester, New York, rent was up 15.3% in August over the same month the previous year, according to data from Apartment List. An average two-bedroom apartment in the Rochester area was \$1,318 in August, compared with \$1,116 a year ago.

Bank of America CEO Brian Moynihan said high rents are a concern because they can account for a big chunk of a household's take-home pay.

"Gas prices are coming back down, but rents are going up 10, 12, 15%. And rent can end up taking 40% of these households' income," Moynihan said in a recent Associated Press interview.

While things are looking a bit better for renters than a few months ago, it's still a landlords' market, Mayer said.

If your lease is up, staying put and negotiating with your landlord might be a better option than trying to move, at least until the rental

market slows down further, said Paula Munger, assistant vice president for industry research and analysis at the National Apartment Association.

"When you renew your lease, you're definitely not paying the same as someone new moving in," Munger said. "If you can, stay in your apartment."

A major reason for rent spikes has been increasing demand from people priced out of a booming housing market. That market is starting to slow, which could mean more people can afford to buy and won't need to rent, but with interest rates rising, some may not want to take on mortgages.

"With inflation now all throughout the market, there's not enough supply so the prices are going up," Munger said. "That's the downside for people, just not having enough options and choices for what they would like in a housing unit."

That was the experience of Erika Tascon, a 22-year-old Los Angeles resident who was living with roommates but wanted to find an apartment with her boyfriend.

After visiting more than 10 units, the couple picked a 500-square-foot one-bedroom apartment in Beverly Hills where they pay \$2,750 per month. The median rent for a one-bedroom in the area is \$2,773, up 14% from last year, according to data from Zumper.

"I think landlords are taking advantage of tenants right now," said Tascon, who is paying \$200 more per month than for her previous apartment.

In Britni Eseller's case, the high demand meant that she had to rush to fill out her application to beat the other 10 people who toured the apartment she wanted.

"Because everyone is in scarcity mode, you're willing to find a place that might be somewhat affordable and you're unfortunately okay with overlooking chipped floors or a broken appliance," said Eseller, who lives in North Park, a neighborhood of San Diego.

Developers have ramped up construction of apartment buildings this year, which could eventually help to ease the crunch. But it's likely to take a while before that's reflected in the market.

Meanwhile, high rents are disproportionately hurting low-income residents across the country, said Ben Martin, research director of Texas Housers, a non-profit organization that works on housing justice.

In May, rental prices in Dallas and Fort Worth were up 21.6% from last year, according to Redfin data. In Austin they were up 48.4%. One major reason is that high-income people from coastal areas like California and New York moved to Texas during the coronavirus pandemic, when they realized they could work remotely and live more cheaply. In December of last year, for example, Tesla moved its headquarters from Silicon Valley to Austin.

"People who make the lowest incomes are paying more of their total pie of money," Martin said. "Which means that they don't have money for anything else: school supplies, groceries, gas, clothing, all of the essential stuff that you need to live."

In addition to cutting basic expenses, renters are also cramming more people into apartments, Martin said.

Increasingly, people can't afford their homes at all and are now facing eviction. Governments have ended eviction moratoriums and rental assistance programs that allowed people to stay in their homes during the pandemic.

The Eviction Lab, a research organization at Princeton University, is seeing record numbers of evictions that have surpassed pre-pandemic levels.

In Houston, where the eviction moratorium ended in July 2021, there were 7,242 eviction filings in July of this year, 51% above average, according to The Eviction Lab. Other cities such as Los Angeles have extended eviction moratoriums until the end of this year.

Tenants who can't afford rent increases but also can't afford to move are often forced to choose between paying rent and covering basic necessities. An eviction stays on a renter's record, making it harder to find housing in the future.

"The threat of eviction is the looming problem," said Nick Graetz, a postdoctoral research associate at The Eviction Lab. "Part of the reason renters sacrifice so many other things to try to pay unreasonable high rents every month is because of the constant threat of being evicted from their home."

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