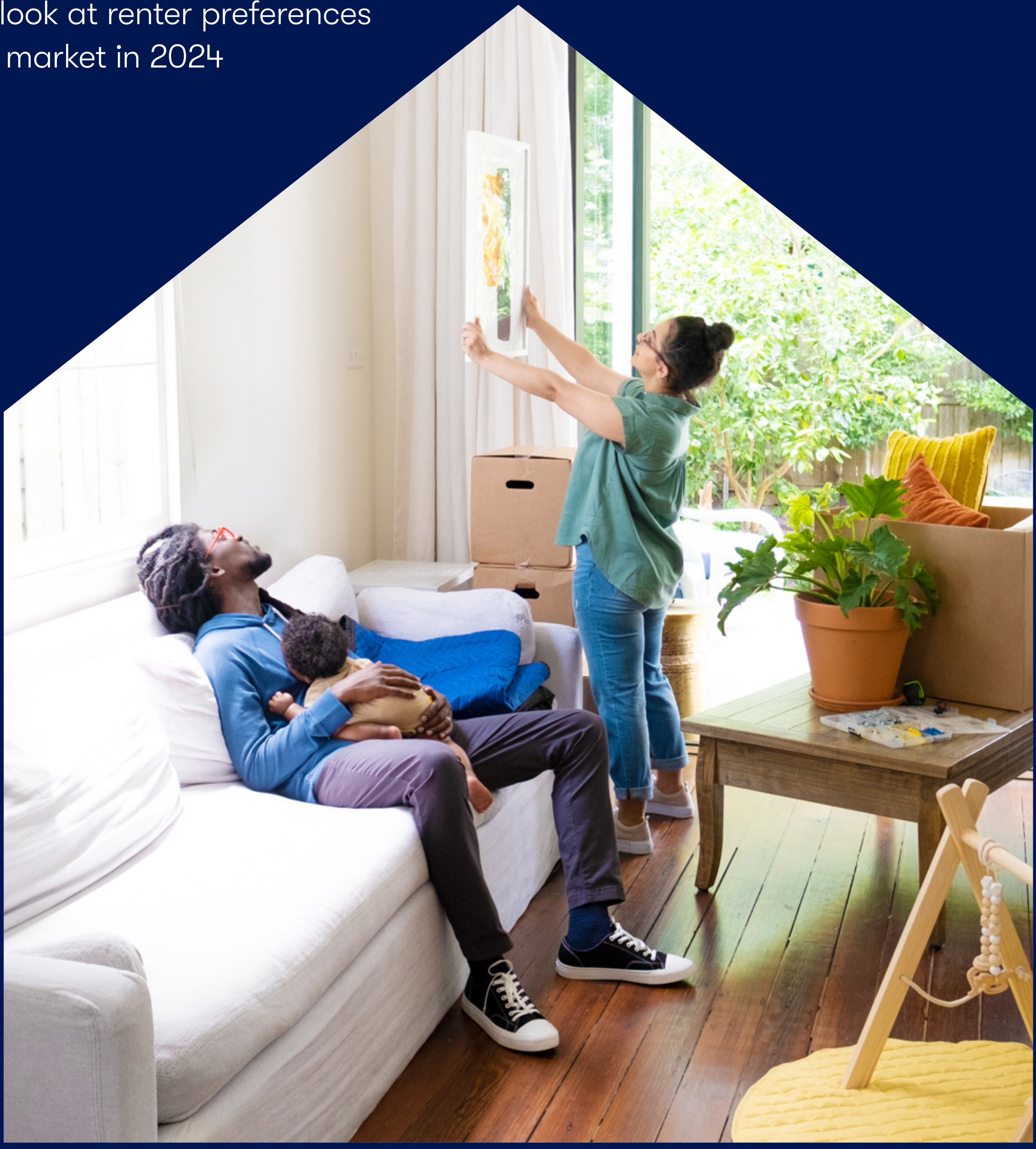
CONSUMER HOUSING TRENDS REPORT 2024

A data-driven look at renter preferences and the rental market in 2024



Zillow Rentals

SPONSORS:

Arnaud Berube, Ruthie Gelber, Paul Kriloff, Nadine Zaki

DATA & ANALYSES:

Manny Garcia and Edward Berchick, ZG Population Science

CONTRIBUTORS:

Jen Barnes, Grant Brissey, Dannielle Do, Isabel Foley, Sadie Houston, Radmila Zelic Josimov, Susan Kelleher, Ian Port, Megan Roewer, Ariel Smith, Jordan Teicher, Jeff Tucker

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FOREWORD

The peak of the pandemic may seem like distant history, but the ramifications of that time are still being felt in the real estate industry.

"Rents have risen 29% in the past 3 years," says Zillow Senior Economist Jeff Tucker. "That's stretched renters' budgets at the same time that other costs of living are rising, so many renters are unable or unwilling to sign a new lease at today's prices."

However, rent growth in nearly every major market is finally cooling. By the end of Q3 2023, year-over-year growth was slowing to near 3%, solidly below the annual pace observed just prior to the pandemic. According to Tucker, it wouldn't be surprising to see a year or two of below-average rent appreciation, because rent grew far faster than normal in 2021 and 2022.

Supply is playing a part in this story too. New construction has produced a deluge of new multifamily inventory in many markets — financed and started while mortgage rates were at historic lows — and they're finally coming onto the market for new tenants.

"Out of all segments, I think that Class A multifamily marketers in big cities face the most cause for concern," he says. "The demand for urban density and job proximity has fallen with the advent of remote and hybrid work. At the same time, more supply of exactly those types of apartments is hitting the market."

But the surge of multifamily construction has ebbed as rates have soared. The number of new multifamily buildings under construction, especially those with five or more units, dropped sharply in the summer. While many multifamily buildings are still under construction, financing and cost challenges have provided headwinds for the industry.

And despite that 29% increase in rents over the past three years, it was still cheaper to rent than buy in late 2023 in every one of the major metros. Given that reality, renters are adjusting to this new normal and trying to make the best of market challenges. For our annual Consumer Housing Trends Report, we surveyed more than 21,000 renters to find out what they care about most. Here's what they said.

KEY FINDINGS FOR 2024

Renters' top priority: budget

94% of renters surveyed said they consider staying within their initial budget to be essential.

TAKEAWAY: Keeping atop both your competition and local market conditions can help ensure you're choosing well-informed rates.

Shared amenities make a comeback

After two years of decline or stagnation, preferences for shared amenities like rooftop decks, fitness centers, and pet areas saw record resurgences in our study.

"As renters are pressured financially by everything from rent to price increases of essentials like food, healthcare, and transportation, they may be seeking more value from that rent," says Tucker. "The right location and amenities, especially if they can save renters money, can add greatly to quality of life."

TAKEAWAY: Emphasizing the value of your amenities in your marketing can attract renters in our post-pandemic economy.

Digital tools increasingly drive the search process

Since 2019, the share of renters searching on mobile apps has increased 17 percentage points.

TAKEAWAY: To reach a growing online audience, make sure your properties are listed and updated on relevant real estate apps.

Renters are trending toward fewer in-person tours

One-fifth of recent renters didn't take an in-person tour in 2023. The typical recent renter took only one. The percentage taking four or less is growing, and the percentage who took five or more has halved since 2018.

TAKEAWAY: These measures suggest that renters are narrowing their options online before committing to tours. This heightens the importance of compelling, media-rich listings and amplifies the need for professional in-person experiences when potential renters do opt to tour your property.

Most renters also contemplate buying

64% of recent renters considered buying when they were looking for a home to rent, especially Gen Z and millennial renters. If mortgage rates fall, nearly half of renters said they would be very or extremely likely to buy.

TAKEAWAY: Recognize that your property is in competition with not only other rental properties, but with for-sale options as well.

Online tools benefit both renters & professionals

Most renters search and narrow down their options online (86%), want to apply (67%) and sign a lease (51%) online, and once they're tenants, pay rent online (69%).

TAKEAWAY: Demand for digital resources continues to increase year after year. Meeting this demand helps remove barriers for renters and limit repetitive, time-consuming tasks for your team.

MAJOR CHANGES FROM LAST YEAR

The biggest changes are dependent on the market you're in. Maybe you're seeing a pull back in demand (San Jose). Maybe you're seeing an influx of new supply in your area (Austin). Or maybe you're not seeing any cooling at all (Boston).

Whatever you're seeing, it likely looks and feels different than it did a year or two ago. Some of the changes seen in our report will reverberate throughout the country. Here are some notable differences from 2022 to keep an eye on.

August Zillow observed median rent change: **+$64**

Year-over-year increase in August median asking rent: **+3.3%**

Biggest year-over-year median **rent increase:** **Hartford, CT** **+7.3%**

Biggest year-over-year median **rent decrease:** **Austin, TX** **-2.6%**

Increase in renters who considered these amenities highly important:

Fitness center or gym	+9%
Community recreation space	+9%
Rooftop deck or garden	+6%

Increase in renters considering moving: +6%

Increase in renters planning to buy their next home: +5%

Increase in renters typically paying rent online: +4%

THE TYPICAL U.S. RENTER IN 2023

The typical U.S. renter, compared with the adult population as a whole, is:

- More racially diverse
- Younger (39 years old)
- Earning a lower income
- More likely to identify as LGBTQ+
- More likely to have a pet
- Less likely to have a four-year degree
- Less likely to have ever been married
- Less likely to have a child

RACE & ETHNICITY

About half of renters are non-Hispanic white or Caucasian (50%), smaller than the share of the overall U.S. adult population that is white (61%). 12% of U.S. adults identify as non-Hispanic Black or African American, while 18% of renters are Black. Conversely, U.S. homeownership rates for underserved or underrepresented racial and ethnic groups remain disproportionately low.

INCOME

Renters tend to have lower incomes than the U.S. population overall. The annual median household income among renter households is approximately $47,301, compared to the overall national median of $70,784. Affordability challenges persist for many renters, especially in 2023.

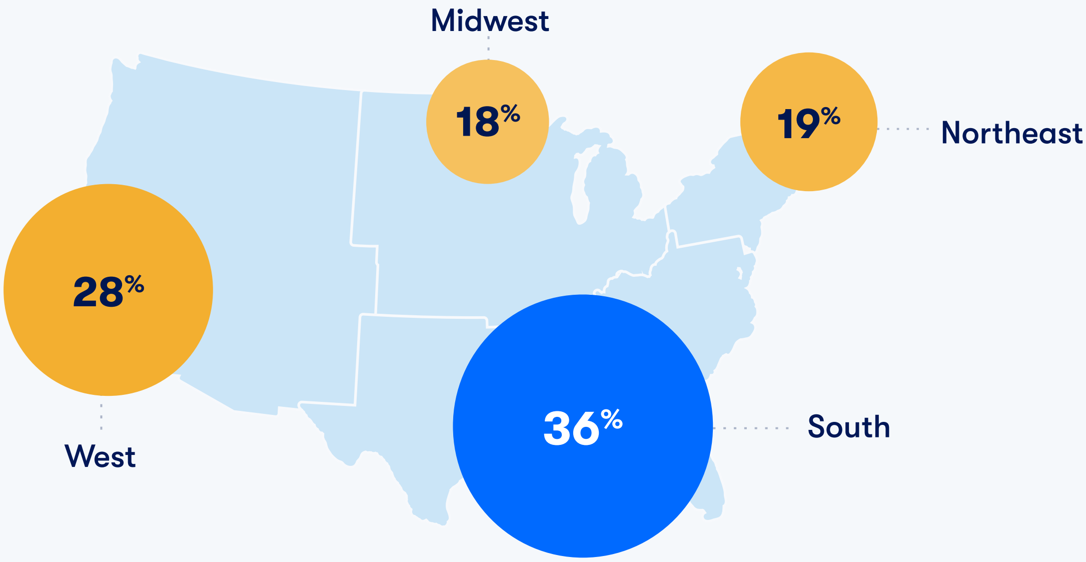
EDUCATION

Renters tend to have a lower level of education to the overall population of U.S. adults:

- 30% of renters have at least a four-year degree, lower than 35% of overall U.S. adults.
- Recent renters are slightly more likely to have at least a four-year degree (37%).

REGION

The largest share of renters live in the South (36%), followed by the West (28%), Northeast (19%) and Midwest (18%).



RELATIONSHIP STATUS

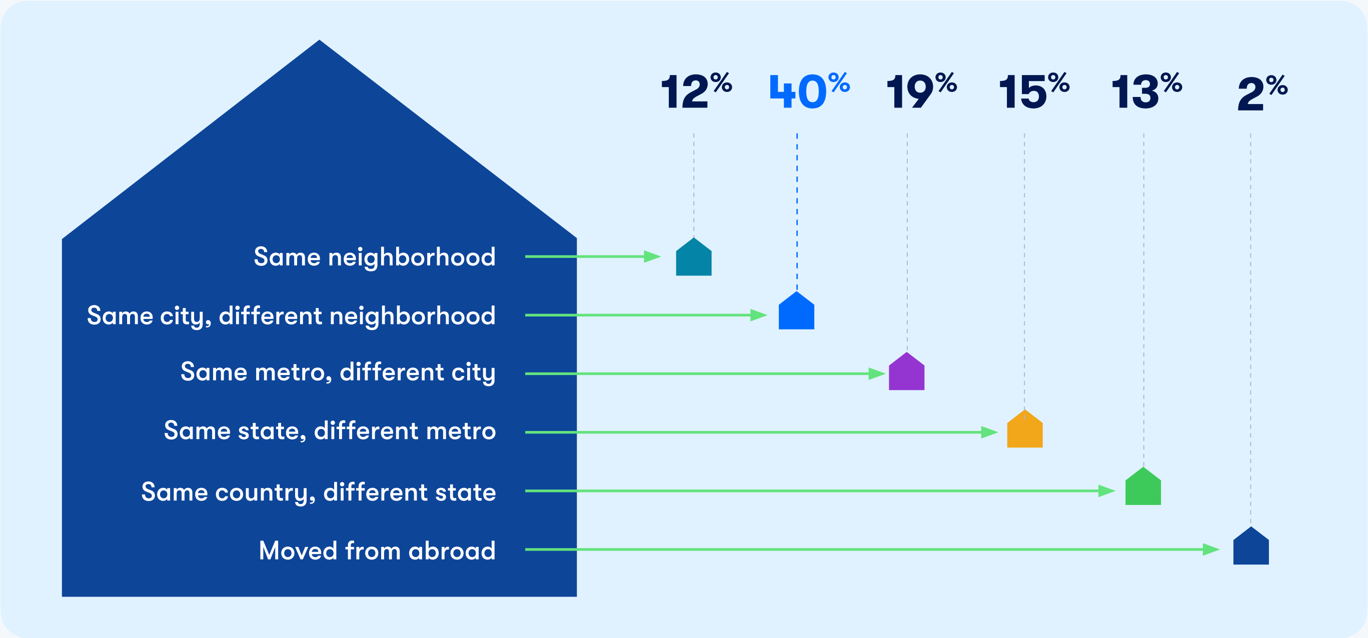
Skewing younger than the U.S. population as a whole, renters are less likely to be married. About a third (30%) are single and never married, versus 25% of adults overall. This difference in relationship status may provide a partial explanation for the lower household income of renters compared with the overall population.

HOUSEHOLD COMPOSITION

Renter households are more likely to report having at least one pet than a child. And compared to the population as a whole, renter households are slightly less likely to have a child.

MOVE PROXIMITY

Most recent renters stayed within the same metropolitan area. Highlighting immediate-area features and attractions in your listings will likely resonate with these movers.



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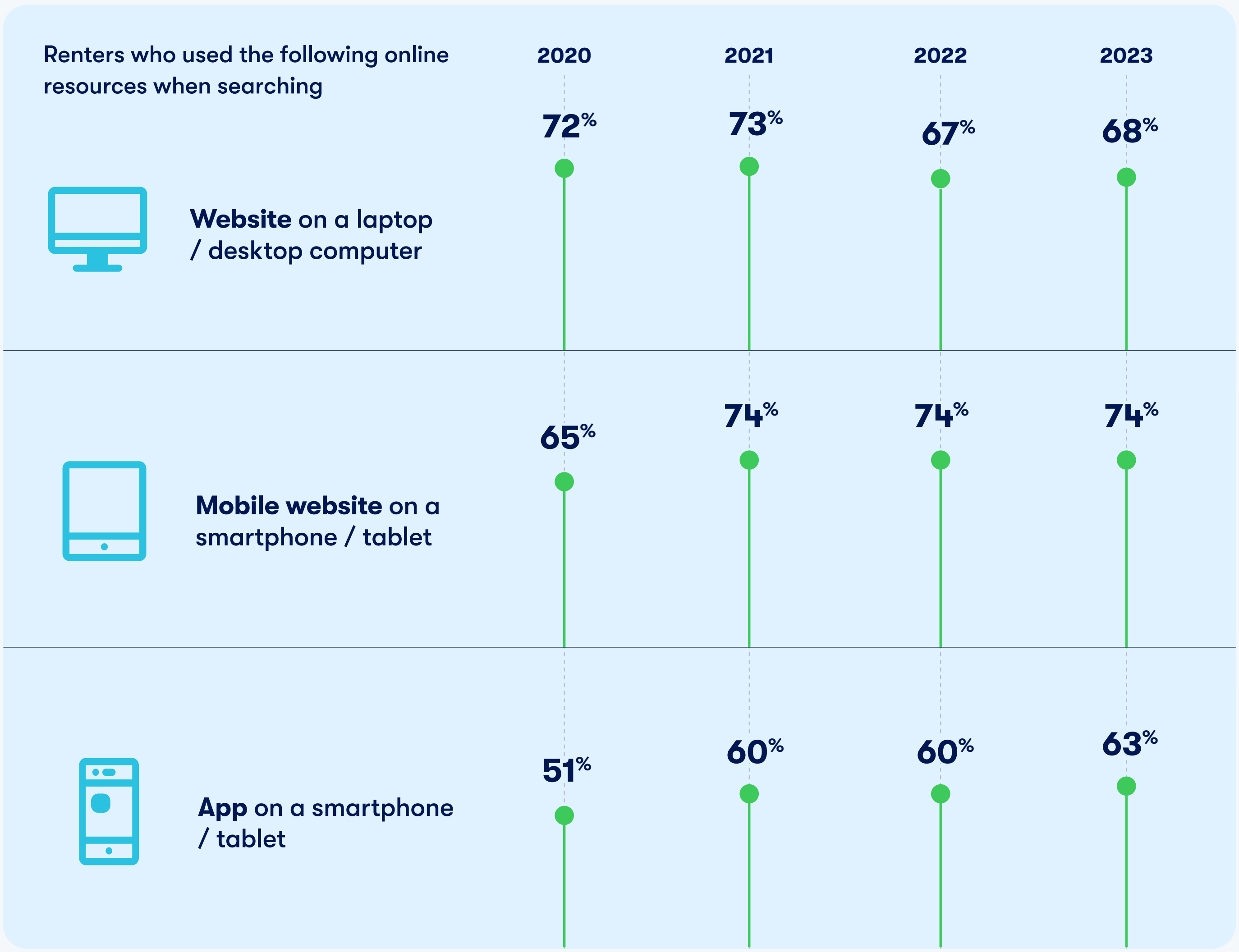
DIGITAL TOOLS & USER EXPERIENCE

From search through payment, renting increasingly happens online.

HOW RENTERS WANT TO SEARCH

A common theme from our survey is that renters are searching, sorting, and applying online more than ever.

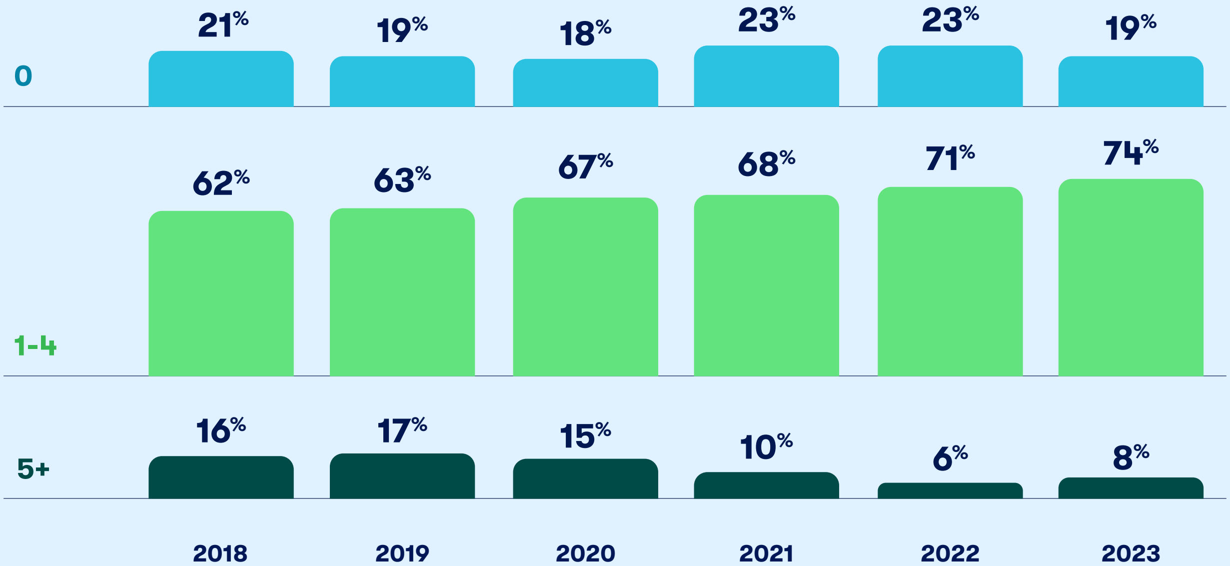
Renters reported a 9-point increase in searching with mobile websites on a smartphone or tablet, and a 12-point increase in searching with apps on those devices. Whereas laptop and desktop searches rose slightly during the brunt of the pandemic, when people spent more time at home, renters are less likely to report using those search methods since 2021.



HOW RENTERS WANT TO TOUR

One-fifth of recent renters didn't take an in-person tour in 2023. Notably, the typical recent renter took only one in-person tour, and the percentage who took five or more has halved since 2018. These trends may suggest that renters are more comfortable narrowing down their options online before committing to in-person tours. A superior online presence that includes media-rich listings is a competitive advantage.

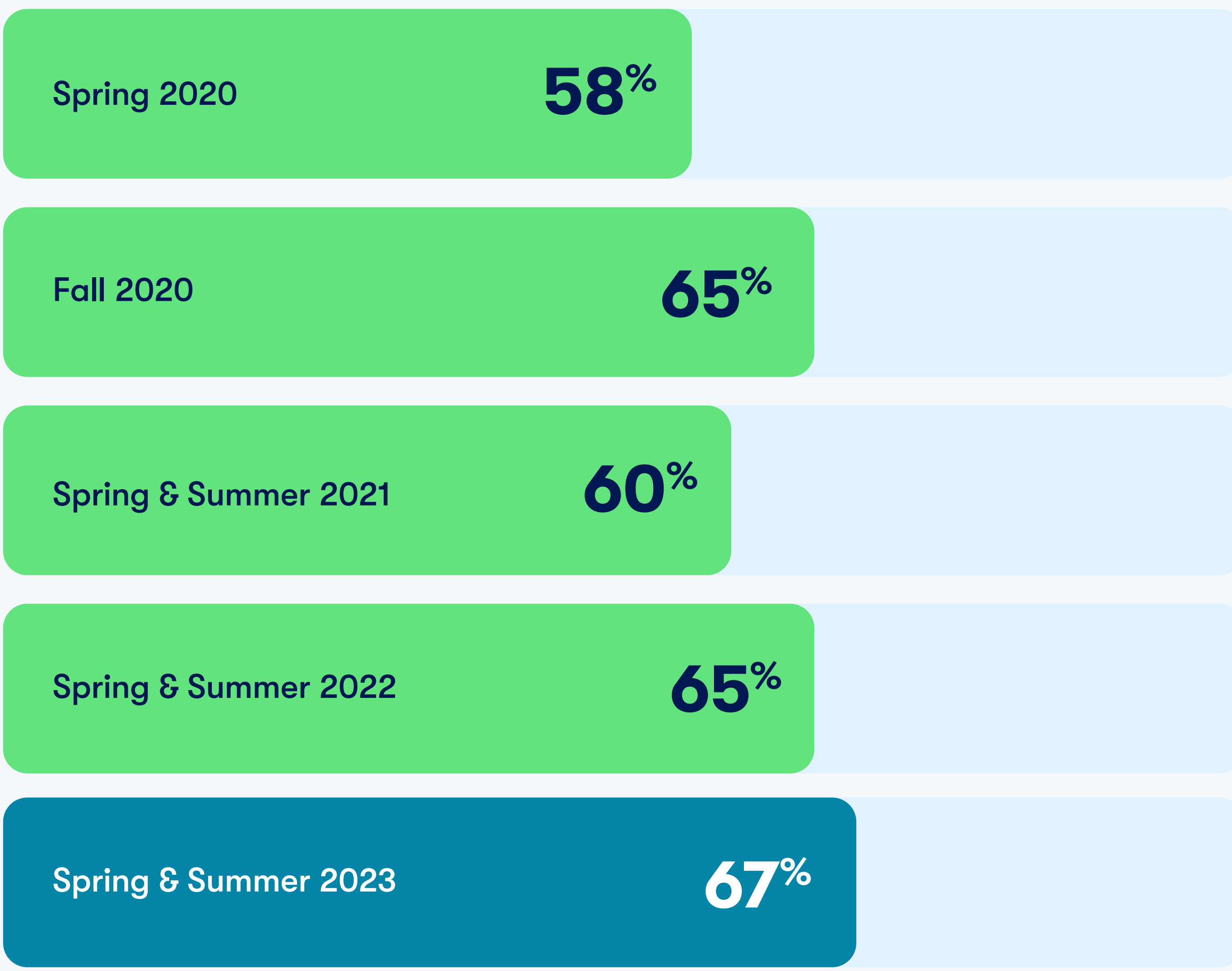
In-person tours renters took over the years



HOW RENTERS WANT TO APPLY

Approximately two-thirds of recent renters say they'd ideally apply for a rental online. Aside from a brief dip in 2021, when various federal and local mask guidelines ended, the percentage of those who'd prefer to apply online has risen significantly since 2020. Applying in person can be a barrier for applicants, especially if they're not local.

Share of renters who ideally prefer to apply for a rental online

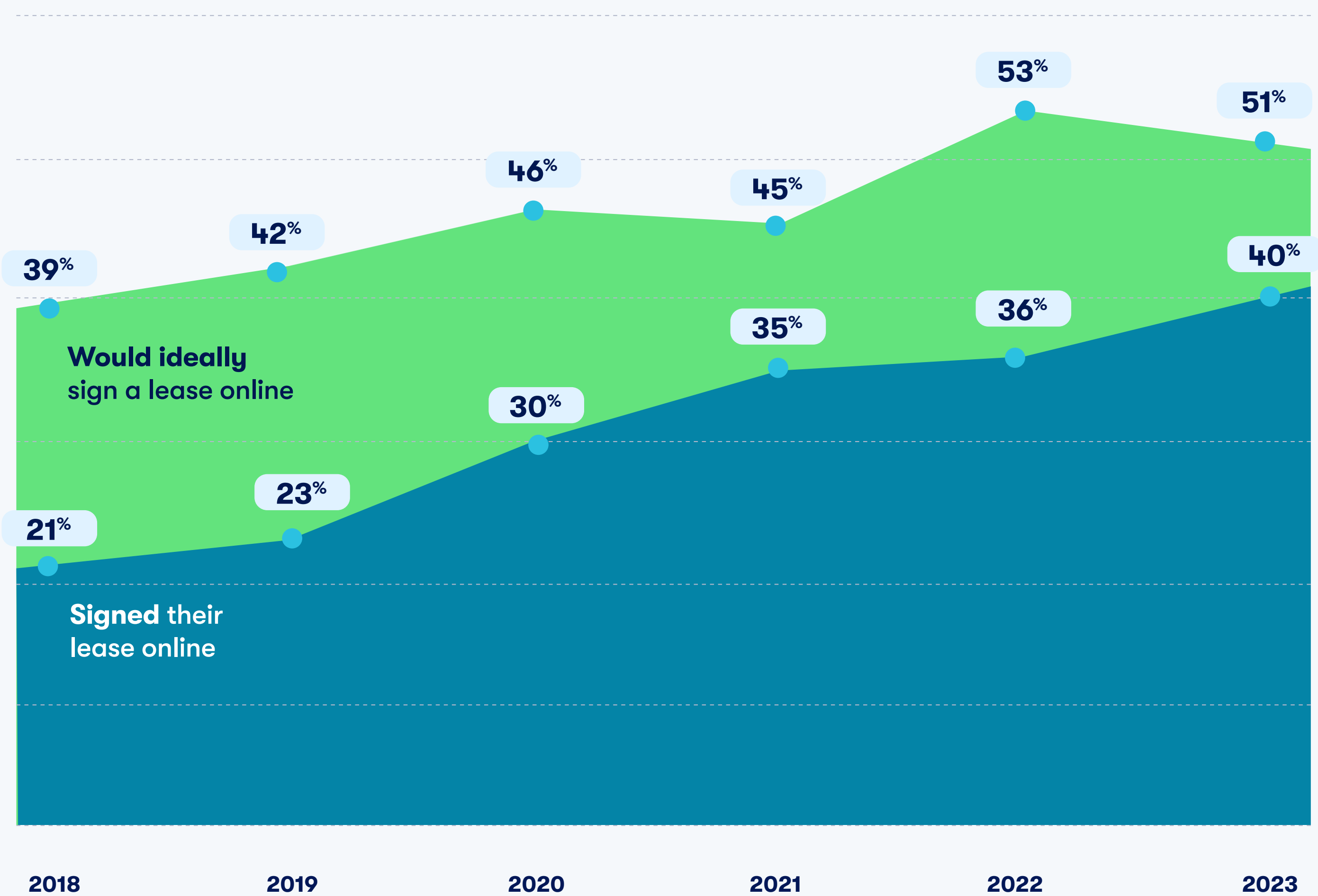


HOW RENTERS WANT TO SIGN LEASES

Just over half (51%) of renters said they prefer to sign a lease online, a trend that's gradually increased since 2018. The percentage who reported signing their lease online has jumped 19 points over that same timeframe. By implementing digital tools like this for potential renters and tenants, multifamily marketers can give their customers what they want and save time by automating repetitive tasks.

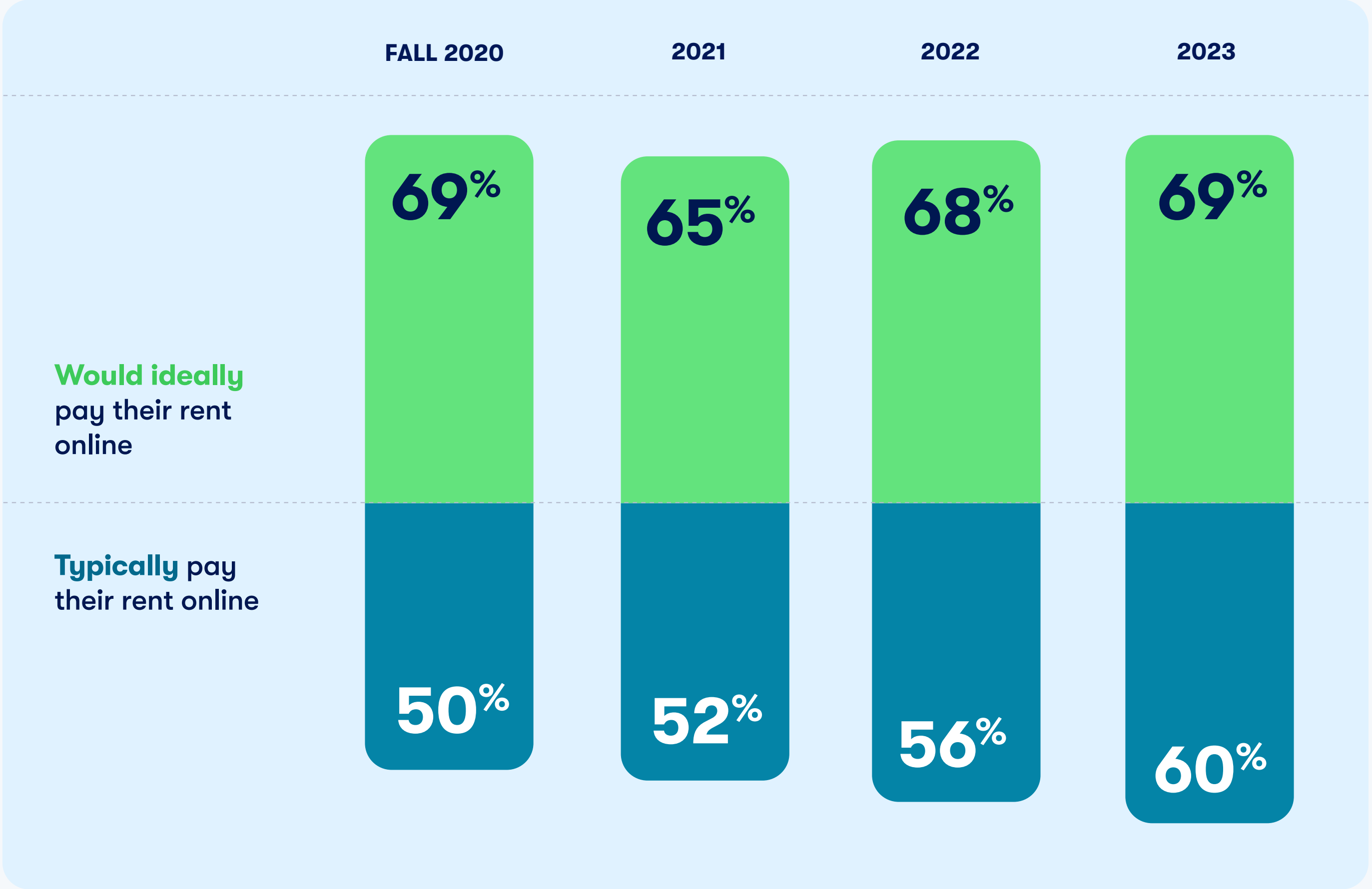
40%
of recent renters signed their lease online

19 point increase compared to 2018



HOW RENTERS WANT TO PAY

Renters increasingly indicate that they'd ideally pay their rent online. Today, 60% of renters said they typically pay online, but 69% would prefer to. Landlords and multifamily operators have made progress closing this gap in recent years – back in 2018, just 36% of renters reported typically paying online. But this still remains a friction point for some, one that can add unnecessary hassle for renters and property managers alike.



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HOME & NEIGHBORHOOD CHARACTERISTICS

Shared amenities and community matter more than in years past.

RENTERS MORE LIKELY TO CONSIDER BUDGET THAN ANY OTHER RENTAL CHARACTERISTIC

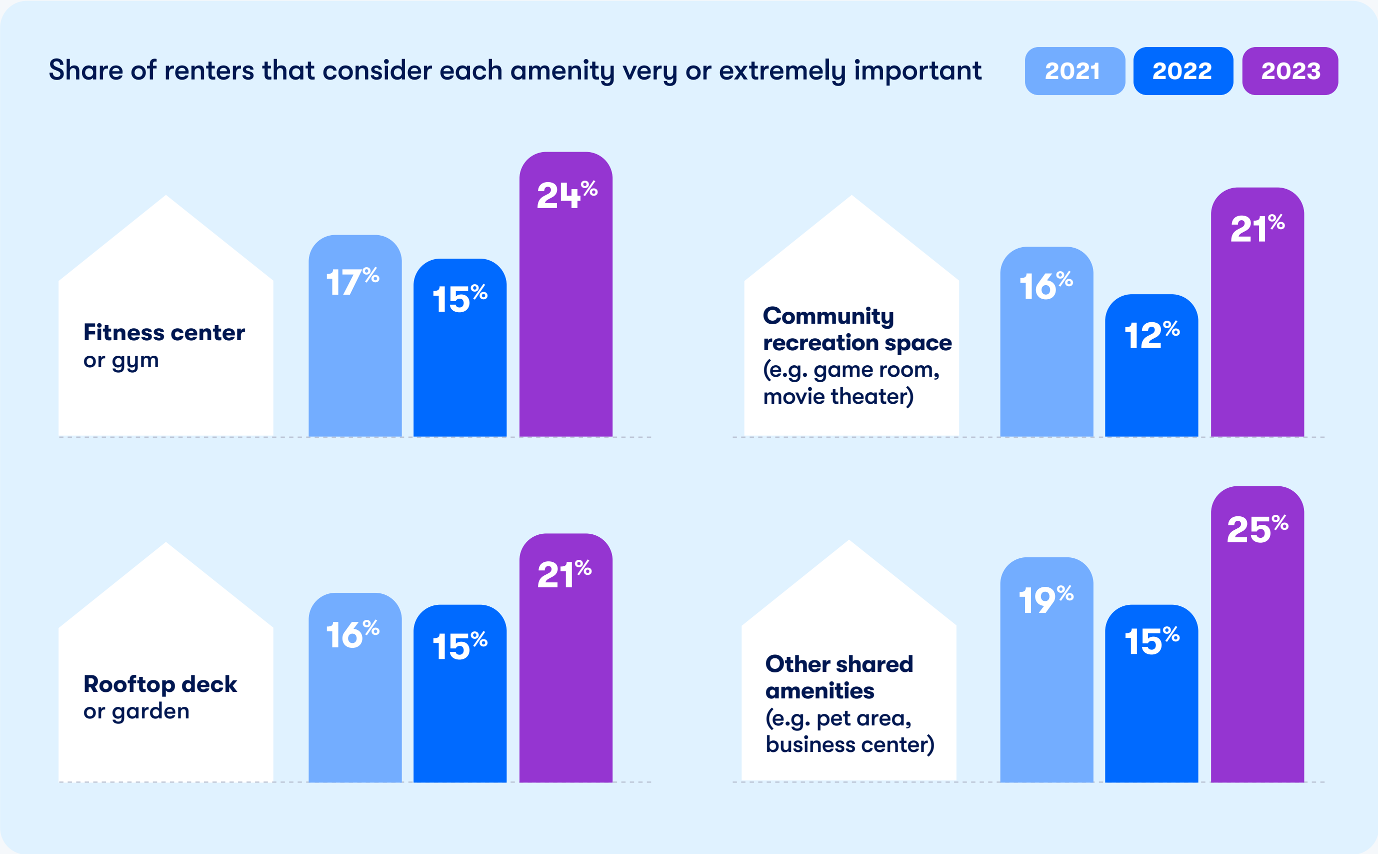
In line with previous years, renters have a keen interest in affordability. For example, 83% said finding a home within their initial budget is highly important. Budget tops all other considerations, including fundamental factors like preferred floor plan and number of bedrooms or bathrooms, and hasn't dropped below 80% since we first asked the question in 2018. The concern will likely remain front and center for many renters in 2024.

"Rent grew dramatically faster than normal in 2021 and 2022, so renters are feeling stretched," Tucker says.

RENTERS EXPRESS MORE INTEREST IN SHARED AMENITIES

As memories of stay-at-home orders and outdoor dining tents fade, shared amenities made a comeback in 2023 renter preferences. Over the previous two years, the percentage of renters who said amenities like gyms or recreation spaces were highly important had slid.

"With extended rent burdens, renters may be seeking more value from that monthly cost," Tucker says. "And with the isolating nature of the pandemic, they may be seeking more community again."



RENTERS PLACE RENEWED IMPORTANCE ON COMMUNITY AND CONVENIENCE

Recent renters were also more likely to consider certain neighborhood characteristics as highly important this year compared to years past. The largest gain was for proximity to shopping, services, and leisure activities. Being close to public transit and living in a walkable neighborhood also saw notable increases as a highly important consideration. Emphasizing your neighborhood's best qualities in property listings and tours can resonate with these renters.

Share of renters that consider each neighborhood characteristic very or extremely important	2020	2021	2022	2023
Close to family and/or friends	38%	39%	37%	39%
Close to shopping, services and/or leisure activities	51%	49%	49%	56%
Close to public transportation	34%	31%	33%	37%
Commute to work or school	55%	52%	56%	59%
In a walkable neighborhood	55%	56%	57%	61%
Offered a sense of community or belonging	34%	35%	39%	42%

MOST RENTERS (8 out of 10) WANT BROADBAND INTERNET; NEARLY HALF WANT A NEW OR RENOVATED HOME

Given that most renters search for real estate online, it shouldn't come as a surprise that good internet is a key home characteristic for many. Eight in ten renters said that broadband internet was essential, while closer to half (54%) said they considered gigabit internet the same. A smaller share (43%) said that having two or more internet providers to choose from was essential.

Meanwhile, 45% of renters said it was crucial for their home to be newly built or recently renovated. Emphasizing recent renovations and high-speed internet availability in listings may go far with this subset of potential tenants.

45%

said it was essential for them to be in a newly built or recently renovated home

04

RENTAL COSTS & AFFORDABILITY

With rent up along with some fees, money is top of mind for renters.

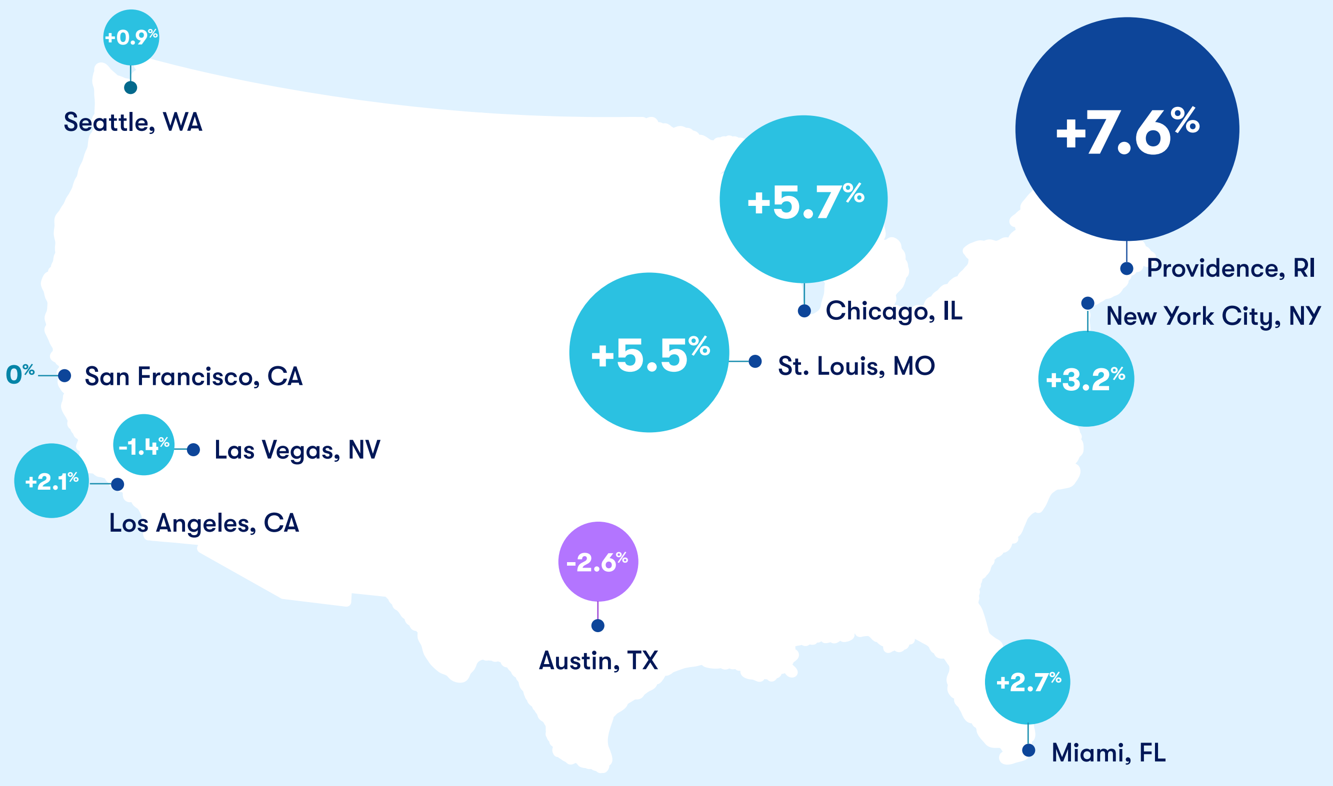
WHAT RENTERS PAID IN 2023

While rent growth has shown signs of cooling, **the typical rent burden surpassed 30% of median household income** — widely recognized as the ceiling someone should budget for rent — in Q3 of 2023.

"Many are unable or unwilling to sign a new lease at today's prices," Zillow Senior Economist Jeff Tucker says. "Instead, more are doubling up with roommates or families."

But this isn't felt equally across regions. Rents continued to climb in much of the Northeast and Midwest, while markets like Austin and Las Vegas, where rents skyrocketed during the pandemic, have seen prices fall year-over-year. The most expensive major markets were New York City, San Jose, San Diego, San Francisco, and Los Angeles.

Zillow Observed Rent Index: *Year-over-year rent growth, as of September 2023*



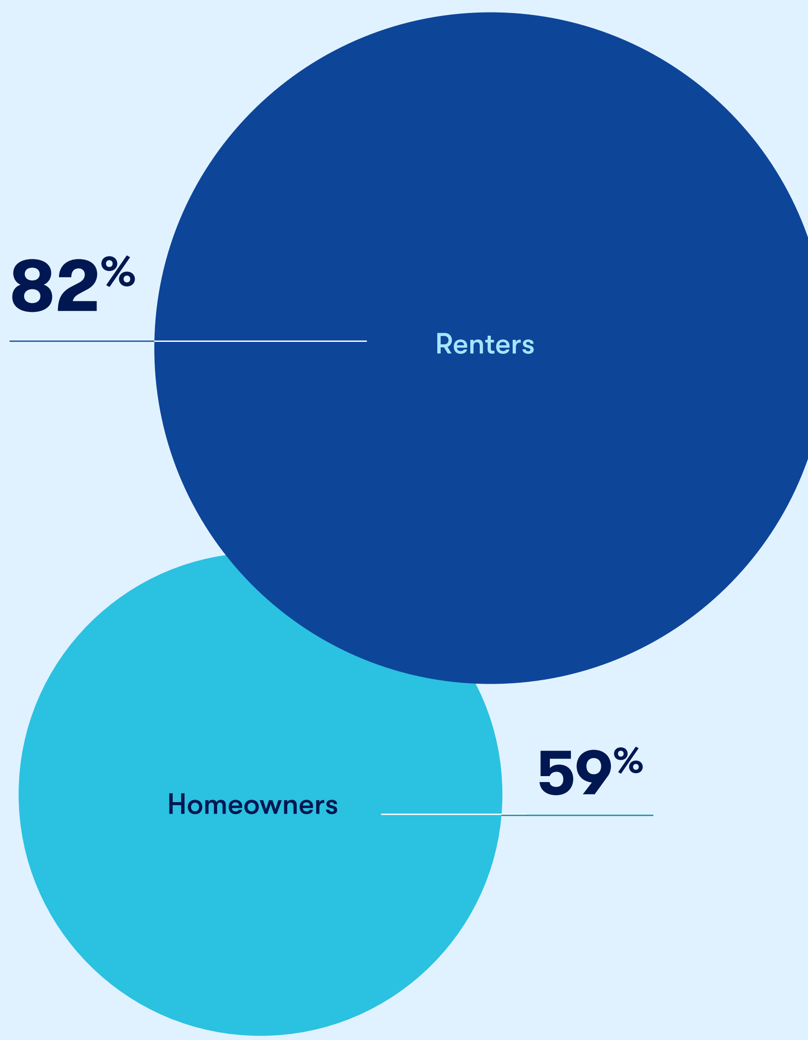
MOST RENTERS BELIEVE HOUSING PRICES ARE TOO HIGH

By late 2023, the typical U.S. rent had risen 29% in the previous three years. To put that in perspective, during the three years leading up to September 2019, cumulative rent growth was just 13%.

In our surveys, about four in five renters (82%) said that housing prices are too high compared to fair value. That's higher than about three in five (59%) of homeowners. Only one in six renters (17%) said that housing prices are just right.

When it comes to turnover, tenured renters — those who had not moved in the last year — were most likely to say that their rental costs were a good deal (72%), followed by those who said they can't afford to move somewhere else (66%). Budget remains a top concern for renters, whether they've moved recently or not.

Survey participants who said housing prices are too high compared to fair value



LOWER RATES COULD TURN MORE RENTERS INTO FOR-SALE HOME SHOPPERS

With mortgage rates approaching 8%, many renters will likely be priced out of buying their next home. However, transitioning from renter to buyer is still on their minds. Almost half (45%) of renters said that they would be “very or extremely likely” to buy a home if mortgage rates fell, versus only one in five (20%) who said the same if rates rise.

45%

said that they would be “very or extremely likely” to buy a home **if mortgage rates fell**

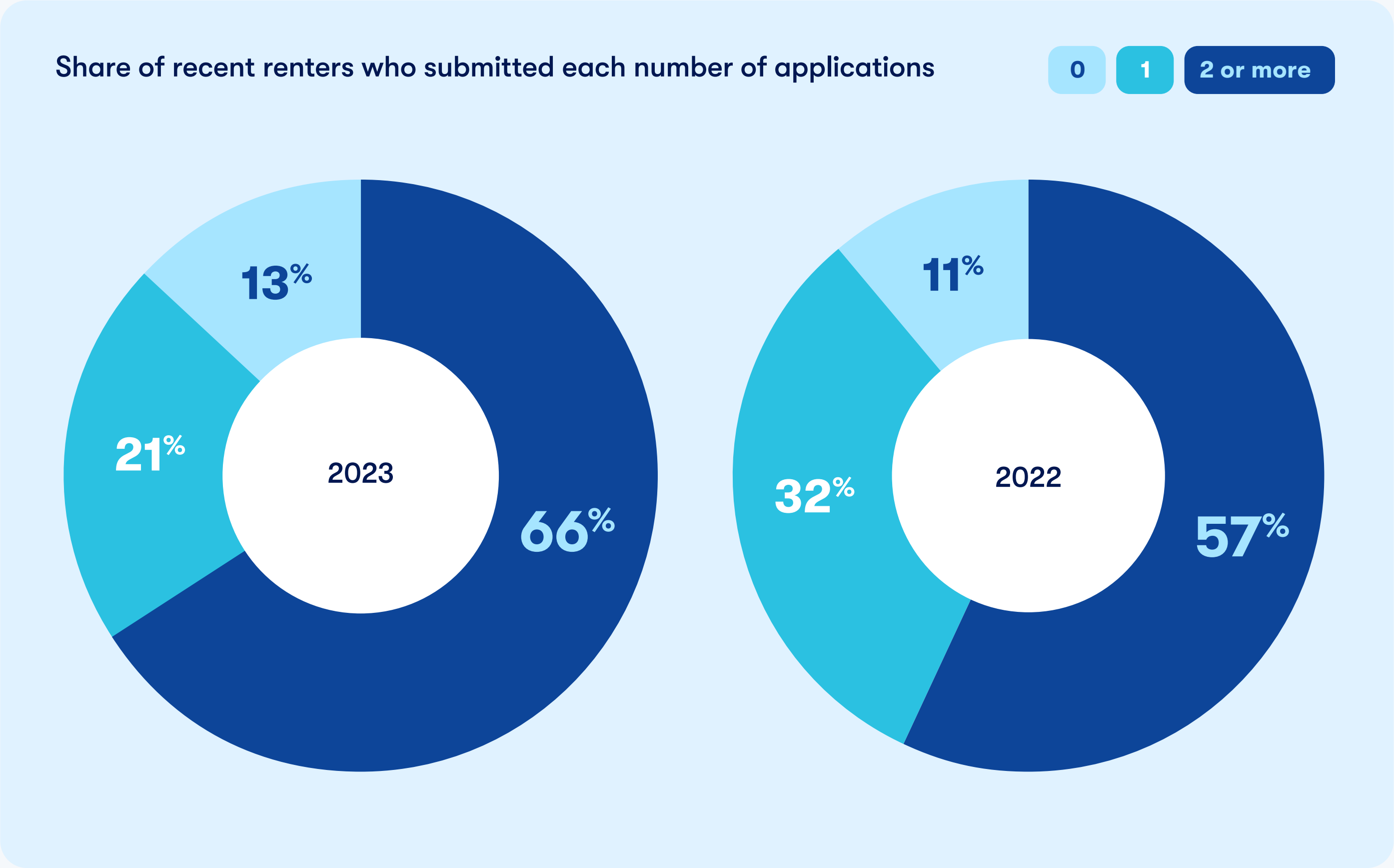
20%

said that they would be “very or extremely likely” to buy a home **if mortgage rates rise**

HOW MUCH RENTERS PAY IN FEES AND DEPOSITS

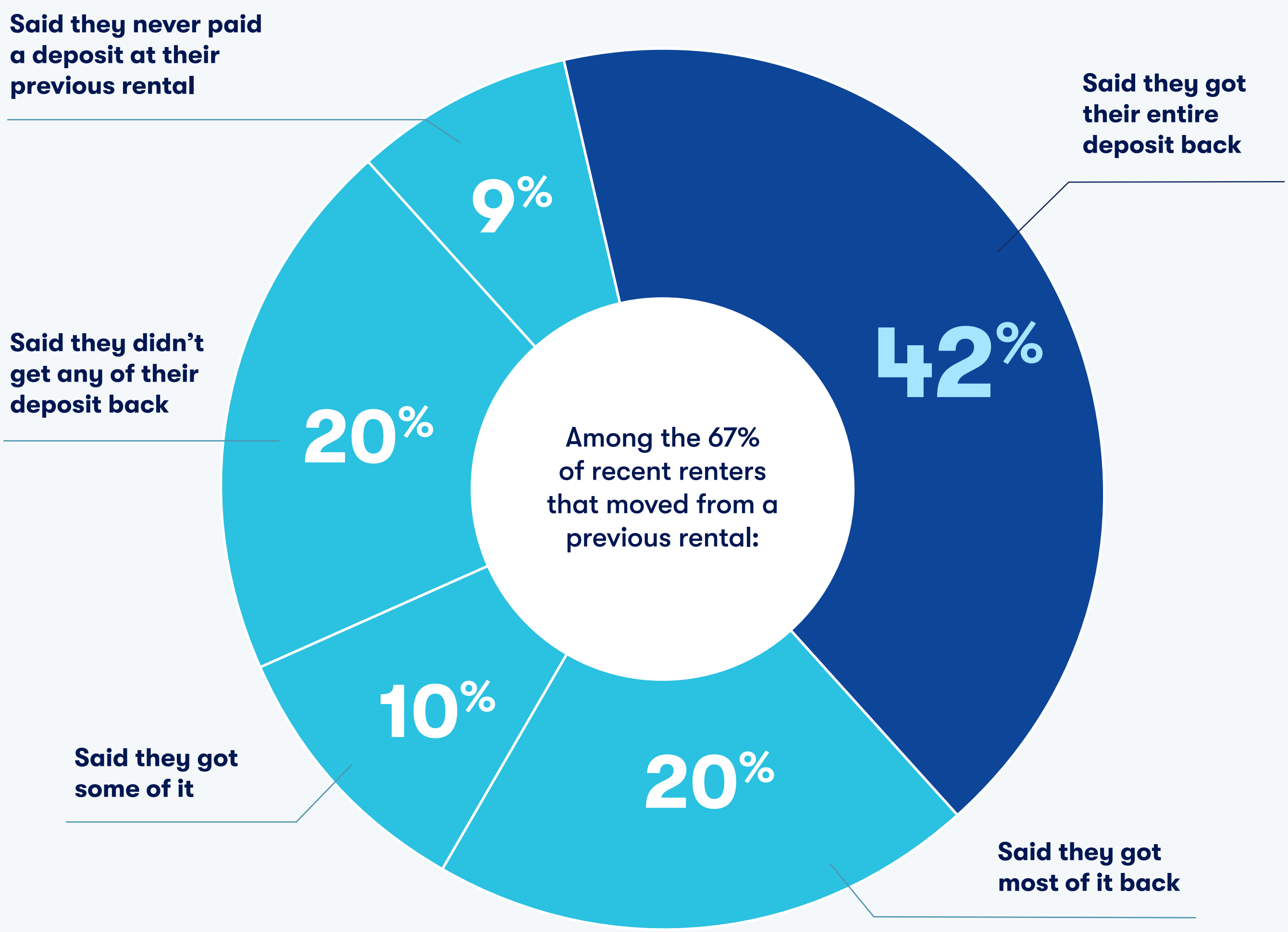
Despite reportedly going on fewer in-person tours each year, renters say they're submitting more applications. The share of renters who submitted two or more applications jumped nine percentage points from 2022. That comes with a cost, since 84% of renters paid an application fee. Among renters that had to pay an application fee, the median sum of all their fees was $80.

Digital rental management tools play a key role here. As it becomes easier for renters to submit multiple applications, responding quickly with clear next steps is critical.



MOST RENTERS GET AT LEAST SOME OF THEIR DEPOSIT BACK

Most recent renters (87%) reported paying a security deposit, typically between $500 and $999. However, 52% of recent renters that moved from a previous rental said they disagreed with their landlord or property manager about something, which potentially affected how much of the deposit was returned. Common topics of contention were repair responsibilities, utility balances, and move-out costs or fees.



05
SURVEY METHODOLOGY

RESEARCH APPROACH

In order to gain a comprehensive understanding of U.S. renters, Zillow Group Population Science conducted five nationally representative surveys of this population — each sampling with at least 3,000 renter-respondents. In total, the five surveys contain information from over 21,000 unique renters — more than 5,600 recent renters and 15,600 tenured renters. Participants were allowed to take more than one survey. The study was fielded between April and July of 2023.

Wherever possible, survey questions from previous years were asked in the same manner this year to allow for the measurement of year-to-year trends in key areas of business interest.

For the purpose of this study, "renters" refers to household decision makers 18 years of age or older who rent their primary residence. "Recent renters" refer to those that moved in the past year, and "tenured renters" refer to those that did not move in the past year.

For findings about searching, shopping, moving, leasing, applying, and time-series trends, "renters" in this report refer to recent renters.

SAMPLING & WEIGHTING

Results from this survey are nationally representative of renters. To achieve representativeness, ZG Population Science used a two-prong approach. First, the initial recruitment to the sample was balanced to all renters from the U.S. Census Bureau, 2021 American Community Survey (ACS) on the basis of age, relationship status, income, ethnicity/race, education, region and sex. The survey targeted subgroups based on all key household demographic characteristics. Second, statistical raking was used to create calibration weights to ensure that the distribution of survey respondents matched the U.S. population with respect to a number of key demographic characteristics. Weighting benchmarks used the 2021 ACS for race and income and the 2022 Current Population Survey Annual Social and Economic Supplement (CPS ASEC) for geographic division/region, education, age and sex.

QUALITY CONTROL

To reduce response bias, survey respondents did not know that Zillow Group was conducting the survey. Several additional quality control measures were also taken to ensure data accuracy:

- We identified and terminated any professional respondents, robots or those taking the survey on multiple devices.
- Completion times were recorded to ensure that surveys submitted by the fastest respondents, who may have rushed through the survey, did not provide poor quality data. If necessary, these respondents were removed from the sample.
- In-survey quality control checks identified illogical or unrealistic responses

ADDITIONAL DATA SOURCES

Unless otherwise specified, estimates in this report come from the Consumer Housing Trends Report (CHTR) 2023, and year-over-year comparisons also use data from CHTR 2018, CHTR 2019, CHTR 2020, CHTR 2021, CHTR 2022, and supplemental renter surveys. To provide a fuller picture of the state of home rentals and renters' characteristics, preferences and behaviors, we also analyzed data from other sources:

- U.S. Census Bureau, 2021 American Community Survey — to best capture renter heterogeneity, Zillow Population Science used ACS 2021 as the most recently available reliable dataset from the U.S. Census Bureau's survey of the U.S. population. The ACS is the nation's largest survey and is based on a probability sample; as such, it is considered one of the leading sources of information on U.S. population and housing.
- U.S. Census Bureau, 2022 Current Population Survey Annual Social and Economic Supplement — the CPS ASEC offers the most recent demographic estimates on renters.
- Zillow.com website metrics — to provide additional context for survey results, ZG Population Science also examined internal Zillow data on rental listing information, rental applications, and page view / app use metrics.