



US Single-Family Rent Growth Hits 16.5-Year High

US Single-Family Rents Up 8.5% Year-Over-Year In July; Phoenix, Miami, Las Vegas Are Top-Performing Markets; Boston Slips.

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Single-family rentals continue to be one of the highest performing housing sectors for rent growth, according to the CoreLogic Single-Family Rent Index (SFRI).

Single-family year-over-year rent growth reached a 16.5-year high in July 2021 as the increase in US single-family rents were up 8.5%, or nearly five times the July 2020, according to SFRI).

The index measures rent changes among single-family rental homes, including condominiums, using a repeat-rent analysis to measure the same rental properties over time. Rent growth is running well above pre-pandemic levels when compared with 2019.

An uneven US job recovery, sometimes called a “K-shaped” recovery, is reflected in the rent price growth of the low- and high-price rent tiers, with the increase in lower-priced rentals lagging that of higher-priced rentals.

At the same time, the profile of a single-family renter is shifting.

A study in late Q4 2020 by Satisfacts/Apartment Ratings showed that Gen Z (43 percent) wants to live in detached single-family homes once they graduate, unlike previous generations who preferred apartments. It also showed that a trend to move away from cities to the suburbs continues for Gen Zs; approximately 44% of respondents said they would prefer to live in a vibrant suburb.

SINGLE-FAMILY RENT GROWTH BY PRICE TIER

The low-price tier is defined as properties with rent prices less than 75% of the region's median rent, and the high-price tier is defined as properties with rent prices greater than 125% of a region's median rent.

Rent prices for the low-price tier increased 5.9% year over year in July 2021, up from 2.4% in July 2020. Meanwhile, high-price rentals increased 9.8% in July 2021, up from a gain of 1.7% in July 2020. This was the fastest increase in low-price rents since April 2006, and the fastest increase in high-price rents in the history of the SFRI.

SINGLE-FAMILY RENT GROWTH BY PROPERTY TYPE

“Differences in rent growth by property type emerged after the pandemic as renters sought out standalone properties in lower density areas,” wrote Molly Boesel, Principal and Economist, CoreLogic, in her blog.

The detached property type tier is defined as properties with a free-standing residential building, and the attached property type tier is defined as a single-family dwelling that is attached to other single-family dwellings, which includes duplexes, triplexes, quadplexes, townhouses, row-houses, condos and co-ops.

“Detached homes are preferred by would-be homebuyers who have been either priced out of the market or unable to find a home in today's supply-constrained market, which has pushed rent up for these homes,” Boesel wrote.

Annual rent growth for detached rentals was 11.1% in July, compared with just 5.5% for attached rentals.

METRO-LEVEL RESULTS

In year-over-year change in the rental index for 20 large metropolitan areas in July 2021, Phoenix, with an increase of 18.9%, stood out with the highest year-over-year rent growth in July as it has for most of the last three years, followed by Miami (+17%) and Las Vegas (+14.3%).

Boston was the only one of the 20 metros to experience an annual decline, falling by 0.6% from a year earlier.