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Redfin Reports The Number of Renter Households Is Growing Three Times Faster Than Homeowner Households

San Jose, CA, Los Angeles and San Diego have the highest shares of renter households, while Cape Coral, FL, Charleston, SC and Columbia, SC have the lowest

SEATTLE--(BUSINESS WIRE)-- (NASDAQ: RDFN) — The number of renter households rose 2.7%, in the third quarter year over year, to a record 45.6 million. That's according to a new report from Redfin (redfin.com), the technology-powered real estate brokerage. That rate of growth is three times faster than the 0.9% increase in homeowner households, which now total a record 86.9 million.

The 2.7% increase—representing 1.18 million additional renter households—was the second fastest pace since 2015, only trailing the first quarter's 2.8% rate.

Renter households have formed faster than homeowner households for the past four quarters as the cost of buying a home rose faster than the cost of renting.

The median asking rent was up 0.6% year over year in September, but rents have remained largely flat for the past two years—becoming more affordable as wages grew at around 4%.

In contrast, home prices climbed 6% year over year in September and have grown more than 10% in the past two years. Highlighting the affordability barriers that exist for prospective homeowners, just 2.5% of U.S. homes changed hands in the first eight months of 2024—the lowest rate in decades.

"Affordable housing has been at the forefront of this election cycle because so many people are struggling to see how they will ever become homeowners—especially those from younger generations," said Redfin Senior Economist Sheharyar Bokhari. "With home prices at record highs and mortgage rates remaining elevated, renting is increasingly the only viable choice for many young people and families. Building more homes will help address that, but we also have to recognize that Gen Z and future generations may not view homeownership as a life goal and the rentership rate may continue to rise for years to come."

New multifamily units are being completed at a record pace

Part of the reason rents have remained stable—and renting has become more attractive to many—is the boom in multifamily construction over the past two years. The country is adding new multifamily housing units at an annual rate of 647,000 (as of the third quarter)—the fastest pace in records dating back to 1994.

The recent boom in multifamily construction helped meet surging demand in some areas—especially in Sun Belt states—but builders are now pumping the brakes. Permits to build multifamily housing units were down 16% year over year in September, and down 47% from the post-pandemic high in February 2023—which was the highest mark in nearly 40 years.

More than half the households in San Jose and Los Angeles rent

Nationwide, just over one-third (34.4%) of households in the U.S. are renter households—a figure that has remained the same for the past three quarters.

The rentership share is highest in metros in California and in New York City, where homes are generally more expensive to buy. San Jose, CA has a rentership rate of 52%, the highest among the 75 largest U.S. metropolitan areas. It's followed by Los Angeles (50.8%), New York (49.1%), San Diego (48%) and Fresno, CA (47.4%).

Rentership rates are lower in metros where, historically, it's been more affordable to buy a home. In Cape Coral, FL, 21.8% of households are renter households—the lowest share among the metros Redfin analyzed. It's followed by Charleston, SC (23.7%), Columbia, SC (24.5%), Allentown, PA (27.2%) and Detroit (28.2%).

To view the full report, including charts, methodology and additional metro level data, please visit: https://www.redfin.com/news/renter-household-growth-q3-2024

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