



PorchLight
RENTAL & DESTINATION SERVICES

2024 Rental Market Trends

*Prepared by PorchLight
Rental & Destination Services*

We expect 2024 rental rates to stabilize in some markets, and cool-off in others.

What can we expect in the U.S. Rental Market?

As we prepare for the year ahead, and what to expect in the U.S. rental market in 2024, it is helpful to reflect on the rental roller coaster the U.S. has experienced since the pandemic. After rents spiked in 2021 and early 2022, the dominant theme of 2023 was a rental market cool down. The recent rent dips can't erase the gains of prior years, considering the national median rent is still 20 percent higher than it was at the onset of the pandemic, but it does signal that the market is cooling. We expect 2024 rental rates to stabilize in some markets, and cool-off in others, due to increased supply entering the market.

Here are some key 2024 market trend highlights:

- ▶ 2024 will be the strongest year for new apartment construction in decades, giving renters more options and better opportunities to negotiate price and lease terms. The number of new multifamily apartment units under construction hit one million for the first time ever in 2023. Completions are expected to peak in 2024. With the influx of new units in the construction pipeline, 2024 should be the strongest year for new multifamily supply since the 1980's.
- ▶ Expected year-over-year rent growth will slowly rise but not above the low single-digits.
- ▶ Even though mortgage rates are expected to ease modestly, home prices are predicted to remain high creating more long-term renters.
- ▶ Although most Americans still aspire to own homes, more are now finding themselves renting later in life, and that trend is likely to continue.
- ▶ The data shows that hybrid work is here to stay, driving demand for rentals that provide spaces and amenities that blend work and home life for today's flexible workforce.
- ▶ Fast-growing Sun Belt markets will continue to be renter magnets but rent growth should be kept in check thanks to an increase in multifamily development.
- ▶ With more rental supply available, renters will see a return of concessions, according to Zillow. Due to an influx of new buildings, Zillow reports that renters are seeing approximately 3 in 10 rental listings offering concessions.

Rental Trends cont.

- ▶ Build-to-rent inventory is growing. According to a National Association of Home Builders analysis of Census Bureau numbers, there were approximately 21,000 single-family BTR starts during the second quarter of 2022, a 91% increase compared to the second quarter a year before. Although many equate BTRs with three- or four-bedroom single-family homes, there's increasing variety as the trend evolves.
- ▶ With single family home rental inventory remaining low, renters will continue to be challenged to secure a single-family home lease without having competing applicants and higher credit score requirements as landlords and property management companies seek to secure the most qualified tenants.

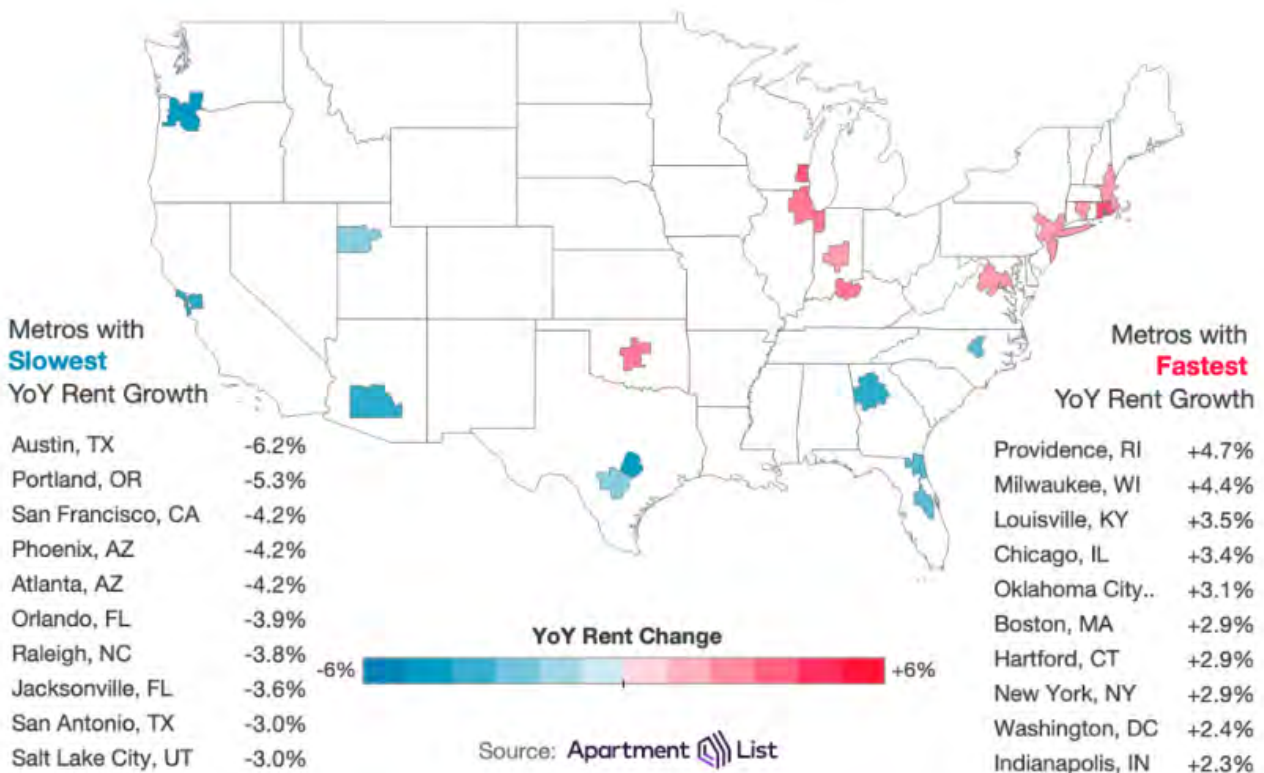
At the metro-level, Austin saw the nation's sharpest rent decline over the past 12 months (-6 percent), largely due to new supply – the area has permitted the most new housing units per-capita among large metros in recent years. The other metros where rents have fallen fastest largely consist of markets that saw some of the biggest booms in recent years and the pendulum is now swinging back slightly in the other direction. One notable exception is San Francisco, where rents have yet to recover from sharp declines in 2020.

At the other end of the spectrum, Providence, RI logged the nation's fastest rent growth in 2023 (+5 percent), likely driven by a surge of interest from renters looking for a more affordable alternative to nearby Boston. The continued prevalence of hybrid work arrangements is likely to continue driving interest to smaller and more affordable markets on the peripheries of major job centers. The other markets with the fastest rent growth are mostly scattered throughout the Northeast and Midwest.

The graphics below, show year-over-year rent changes occurring in different metros.

Metropolitan Area Year-over-Year Rent Changes

Among Metros with > 1M Residents



Rental Trends cont.

Year over year State rent increases

Among the 10 states with the highest year-over-year rent growth, all experienced above 6% increases.

- ▶ South Dakota (+27%)
- ▶ Mississippi (+27%)
- ▶ Iowa (+16%)
- ▶ North Dakota (+12%)
- ▶ New York (+12%)
- ▶ Arkansas (+11%)
- ▶ Nebraska (+8%)
- ▶ New Hampshire (+7%)
- ▶ Wisconsin (+7%)
- ▶ Indiana (+7%)

Year over year State rent decreases

The 10 states that saw the largest yearly decreases

- ▶ Washington (-7%)
- ▶ Idaho (-6%)
- ▶ Arizona (-5%)
- ▶ Texas (-4%)
- ▶ Nevada (-3%)
- ▶ Maryland (-3%)
- ▶ Oregon (-3%)
- ▶ Oklahoma (-2.5%)
- ▶ Pennsylvania (-2%)
- ▶ Illinois (-2%)



The easing of rental rates and the promise of more available apartment inventory is a welcome change.

We regularly hear that even with more available rental options, the stress of relocation is still overwhelming. Finding, sorting, contacting properties is time consuming. PorchLight cuts through all of that by providing local experts who know the market. They can advise on the proper communities and then they find and qualify the best housing options for customers to view either in person or virtually. When it comes time for lease signing, another stress point is heightened. PorchLight's lease review, included with most of our services, protects customers from unfavorable terms. This full-service experience, saves time, increases productivity and certainly eases the stress associated with the move. If you're a corporate representative or relocation management company, you have 24/7 access to your company's Renter Analytics that demonstrate the successful outcomes of PorchLight's services. For more information on rental trends or PorchLight's rental finding and settling in services, contact us at info@porchlightrental.com.

Sources: Apartment list, Zillow, Redfin, Rental Housing Journal, PorchLight Rental & Destination Services, National Association of Realtors

Since 2003, PorchLight Rental & Destination Services has been the leader in rental home finding for employers providing relocation and rental finding support to employees moving for new job opportunities. PorchLight is a certified women owned business with an outcome-based service model that protects the rental finding experience for our customers, ensuring that support is provided until a lease is secured and that companies have Renter Analytics from PorchLight's portal to view rental outcomes, satisfaction scores and overall return on investment.



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