

Millions Spend Nearly Half Of Income On Rent - Housing Update

As home prices have soared over the past year and housing inventories fallen, more and more families are being forced to rent rather than own. As the demand for rentals has been increasing, the level of home ownership has been falling. Some attribute this dynamic to a low inventory of homes on the market, while others blame speculation contributing to rapidly rising home prices.

A lack of available houses along with the increased demand for rentals has propelled rental costs upward. The number of families dedicating almost half of their income to rent was approximately 10 million people in 2020, according to the annual State of the Nation's Housing Report from the Joint Center for Housing Studies.

As rental prices have been rising faster than wages, losing such a large portion of a paycheck to cover housing means cutting back on essentials such as food, clothing and health care. This can be draining on young families trying to save for a down payment on a home purchase and not knowing if they'd be able to get approved or not.

More affluent renters are staying in the rental market longer and driving up the demand for housing. Traditionally, the wealthy move on to become homeowners, but tight inventory in the housing market is keeping them in rentals longer.

The report found that most new apartment construction has focused on the higher income earners. Those earning \$75,000 and over have contributed the most to rental growth over the past few years.

Sources: Joint Center For Housing Studies

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