

Consumer Housing Trends Report 2022



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Foreword

2022 has been a tough year for renters and prospective home buyers alike. As people from both groups searched for more space in a pandemic-altered world, price increases and interest rate hikes pushed home-buying out of reach for many.

“As the economy reopened, and people got vaccinated and returned to work, many people also had a lot of disposable income,” Jeff Tucker, a senior Zillow economist, says. “One thing people did with that extra financial freedom was move back out, get a place of their own, move back to the cities, or move out from their parents’ or roommates’ homes. That helped cause some of that boom in prices.”

Both the for-sale home and rental markets responded. U.S. house prices, as measured by the Zillow Home Value Index, grew 28% between November 2019 and November 2021, and rents soared on rising demand.

While the early stages of the pandemic had seen a dramatic decline in the number of occupied housing units in the U.S., 2021 saw them rebound. Meanwhile, the price of consumer goods, exacerbated by inflation, ate further into renter budgets. As a result, renters — many of whom may have previously been prospective home buyers — are spending larger percentages of their budget on rent and basic necessities in 2022.



The Zillow Observed Rent Index — a measure of the typical market rate rent across the U.S. — was \$2,090 in October 2022. Annualized, that becomes \$25,080. That’s nearly 60% of the annual median household income among renters (approximately \$42,500).

This calculation is only an aggregate; markets vary, and what’s happening in a given city or town may not match what’s happening in the next county or state. But it indicates that many renters are spending well over the recommended 30% of their income on rent. In fact, an estimated 11 million households spend more than half of their income on rent.

“Rent levels have reached a high. They’ve become difficult for people to afford. That’s shrinking the quantity of rental housing that people demand. And how that looks for a lot of people is a reversal of that household formation boom in 2021.”

Jeff Tucker, Senior Economist at Zillow

“We haven’t yet seen a month-over-month decline in rents nationwide, but the pace of growth is cooling way down,” Tucker says. “It’s on a trajectory to turn negative this winter.” In some areas, rents are already falling, but more common in late 2022 is a rent-cooling trend.

More supply, too, is expected to flow into the rental market. Builders responded to declining home purchases and rising rents by ramping up construction on multifamily units, bringing starts to their highest level in years.

The wild market fluctuations of the last few years have forced many home buyers out of the for-sale market. Some of them may stay out indefinitely. Those that do will likely be looking for different housing arrangements for different phases of their lives. Recent renters surveyed in 2022 were almost 10 percentage points more likely to say a floor plan/layout fitting their preferences was very or extremely important than in 2018. Many renters who moved during the pandemic cited the importance of factors like wanting to live closer to friends or family and wanting more indoor or outdoor space.

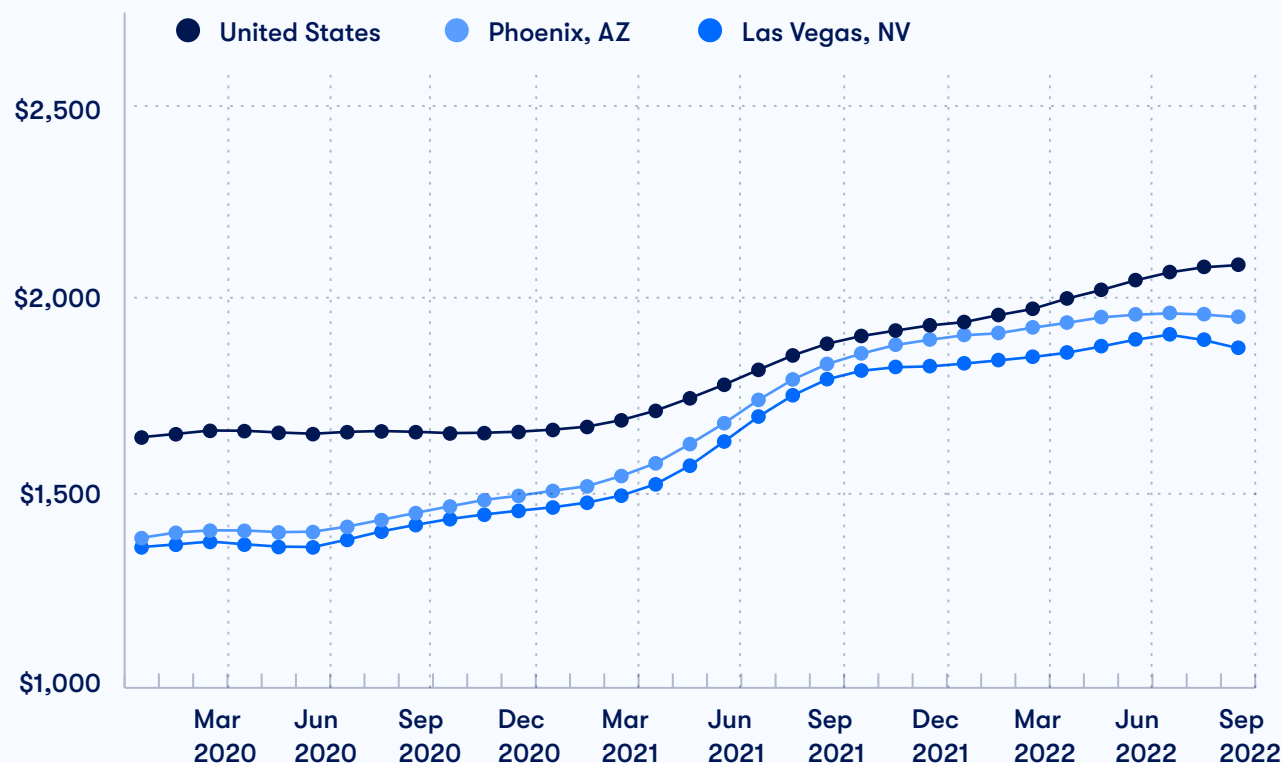
And as the Fed repeatedly tries to tamp down inflation by hiking interest rates in the short term, there may be reason to steel for tougher times ahead. A recession could further soften the rental market. “We certainly don’t have the big job losses of a recession yet,” Tucker says. “But if they materialize in a big way in 2023, and we see elevated unemployment for a while, that would take demand off the rental market as well.”

A recession could also coincide with lower interest rates, if the Fed comes to believe that inflation has been tamed. “If interest rates were to come back down dramatically in the next year or two, that would unblock home buyers and resume a lot more folks moving out of the rental market,” Tucker says.

For now, Tucker recommends caution for multifamily professionals, landlords and property managers. “Entering a time of greater economic uncertainty, they might do well to remember that a bird in the hand is worth two in the bush,” he says.

– As of Q3 of 2022, rents are beginning to fall in some metros

Many of the metros seeing falling rents also previously saw some of the biggest run-ups. The West was particularly affected.



ABOUT THIS REPORT

This year's Consumer Housing Trends Report gauges how renters are feeling about the search process, what they want in a rental and what might best attract qualified tenants. For the first time in several years, the 2022 CHTR includes both renters who have moved in the last year (noted in this report as "recent renters"), as well as tenured renters, who have lived in their homes longer.

Drawing on a survey of 8,300 unique renters, as well as additional Zillow research, the report unearths some unexpected findings about shifts in urban, suburban and rural populations; how much renters care about shared amenities like gyms; and the percentage of renters who are considering a move to homeownership.



Renter preferences and rental practices

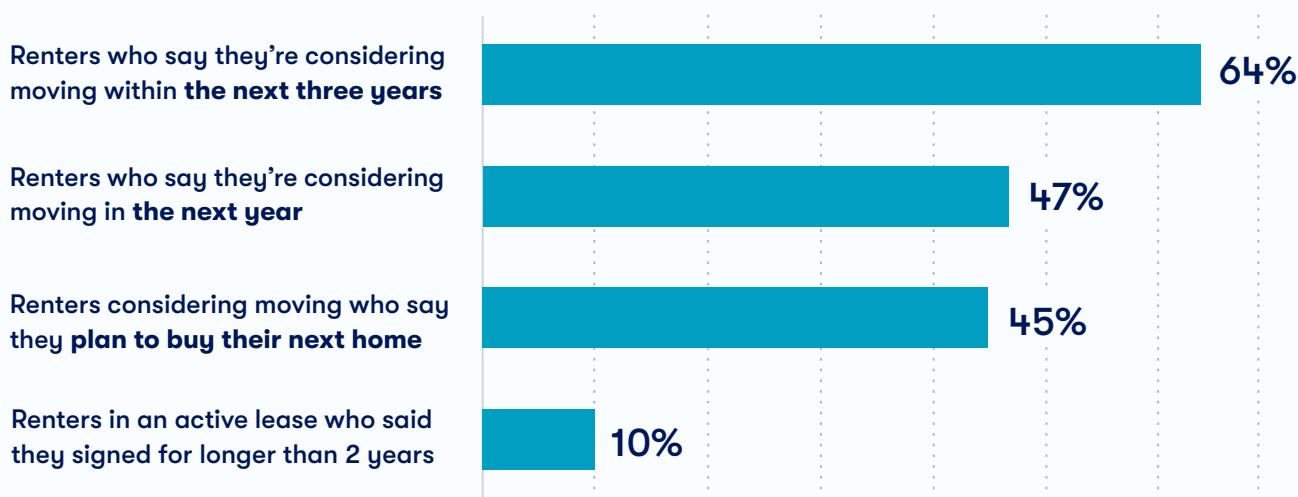
What renters want, and what they're concerned about

2022 has been marked by inflation, high rents and low vacancy rates, all of which have made affordability a primary concern for renters. But some of the factors driving this year's record rise in rents are already changing.

According to Zillow economists, home prices will drop — albeit not as sharply as they did during the Great Recession — and sellers will have to make other concessions. These trends could allow some renters to enter the for-sale market. Similarly, as some renters flee high rents, moving to downsized homes or living with roommates or family, demand for rentals will likely ease. In addition, more supply is set to enter the rental market in the form of apartment construction that's expected to hit a 50-year high in 2022.

Further, high rents, lump-sum security deposit burdens and diminishing concessions may already be giving renters pause, which is expressing itself as a nationwide cooling of rent prices. On top of all this, remote work possibilities and large-scale pandemic pet adoptions have changed renter calculus in a way that can't be overstated.

And while right now it's true that late-2022 rental vacancy rates are among lows not seen since the mid-1980s, consider some other relevant numbers:



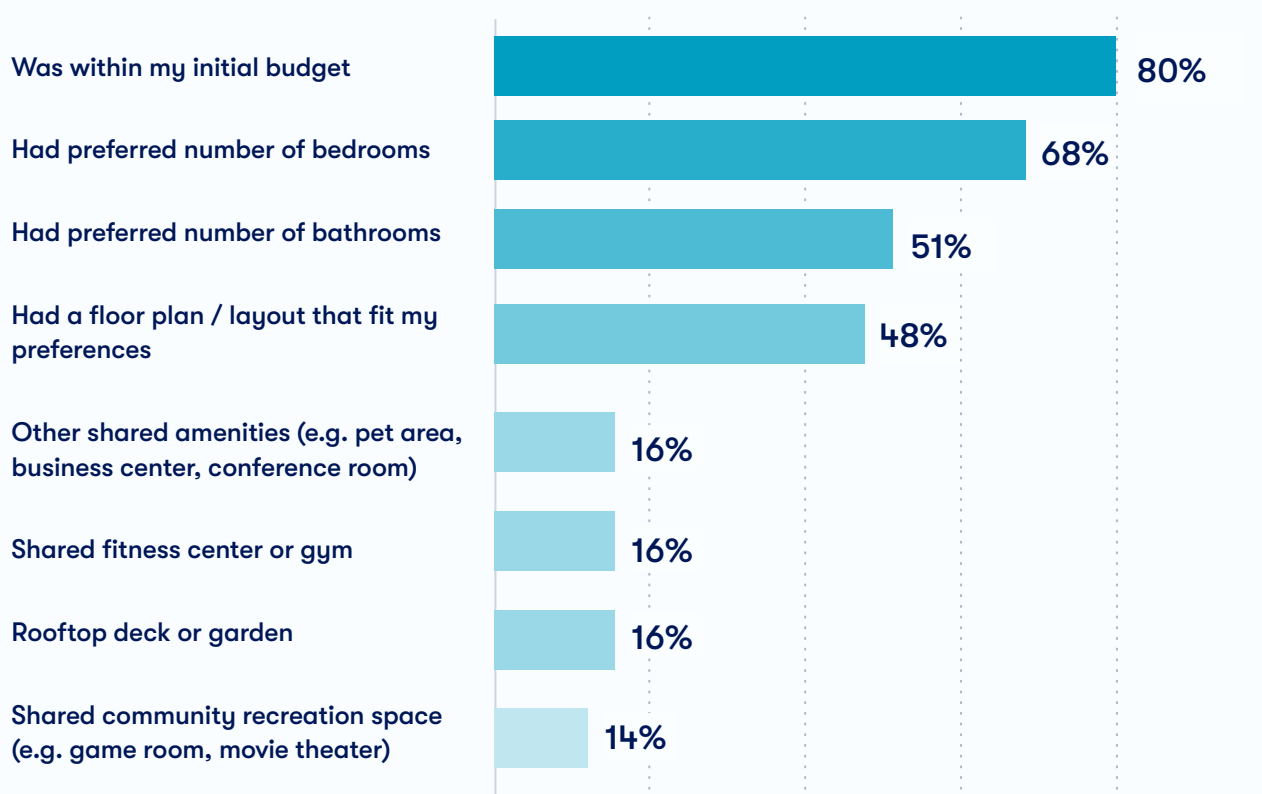
Even if business is strong now, things can change fast. And economists don't expect this competitive rental market to last. Most renters haven't signed long-term leases. And as many look for ways to conserve resources and plan their next moves, properties will do well to consider how they can stay attractive in a tighter market.

As the rental market embarks on the uncertain economic future of 2023, here's a look at what renters want, how some landlord and property management practices look in 2022, and how rental professionals can work toward closing the gaps between the two.

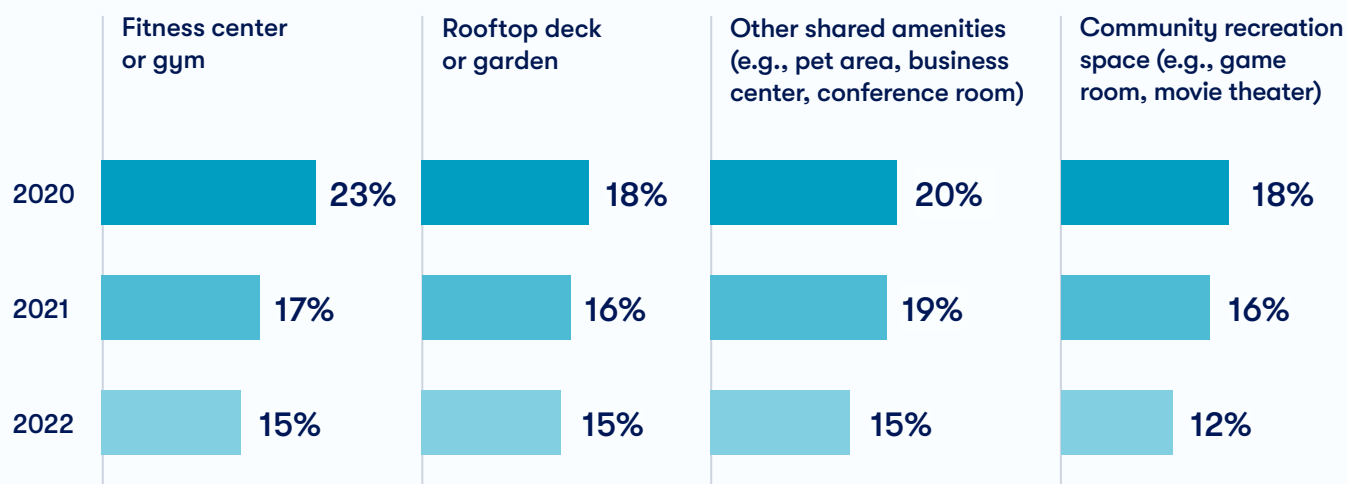
- Affordability tops renters' desired characteristics

Eight in 10 renters reported affordability as a very or extremely important characteristic in 2022. Shared amenities like gyms and gardens haven't seen a rebound, despite easing Covid restrictions. Renters are now largely seeking refuge from climbing rents and other financial pressures.

SHARE OF RENTERS THAT CONSIDER EACH HOME CHARACTERISTIC VERY OR EXTREMELY IMPORTANT



SHARE OF RECENT RENTERS THAT CONSIDER EACH SHARED AMENITY VERY OR EXTREMELY IMPORTANT

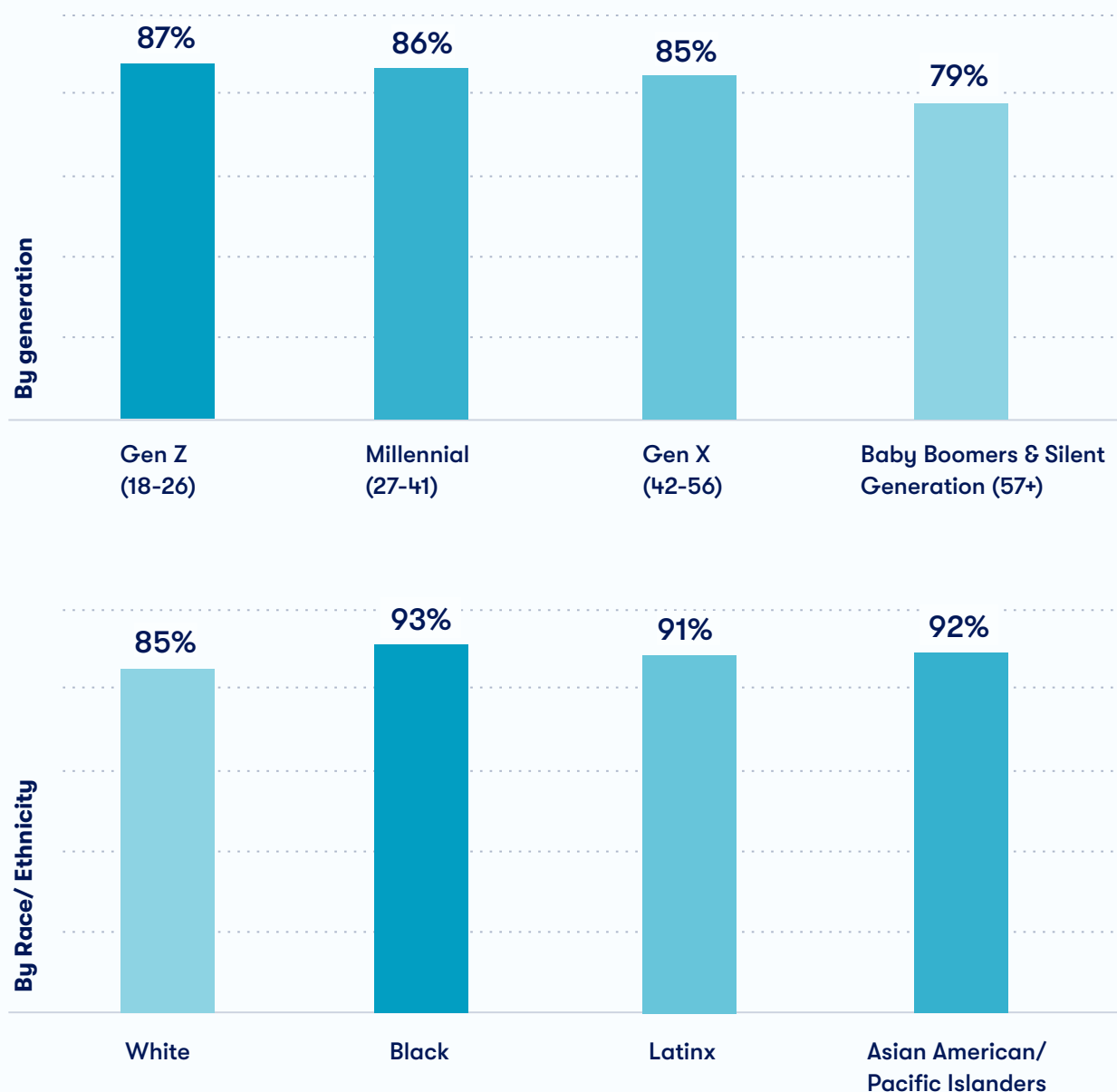


- Security deposits remain the norm, but disparities persist

Upfront damage deposits can be another barrier to rental affordability. Eighty-five percent of renters reported paying a security deposit, regardless of what type of property they rented. The typical deposit in 2022 ranged from \$500 to \$999. But race and age disparities persist.

Renters of color are more likely to report paying a deposit than white renters. Latinx and Asian American/Pacific Islanders are more likely to pay a more expensive deposit. And the oldest generations of renters are the most likely to avoid paying a deposit at all. Lastly, people who rent single-family detached houses are more likely to avoid paying a deposit, but when they do pay one, the typical payment was higher, between \$1,000 to \$1,499.

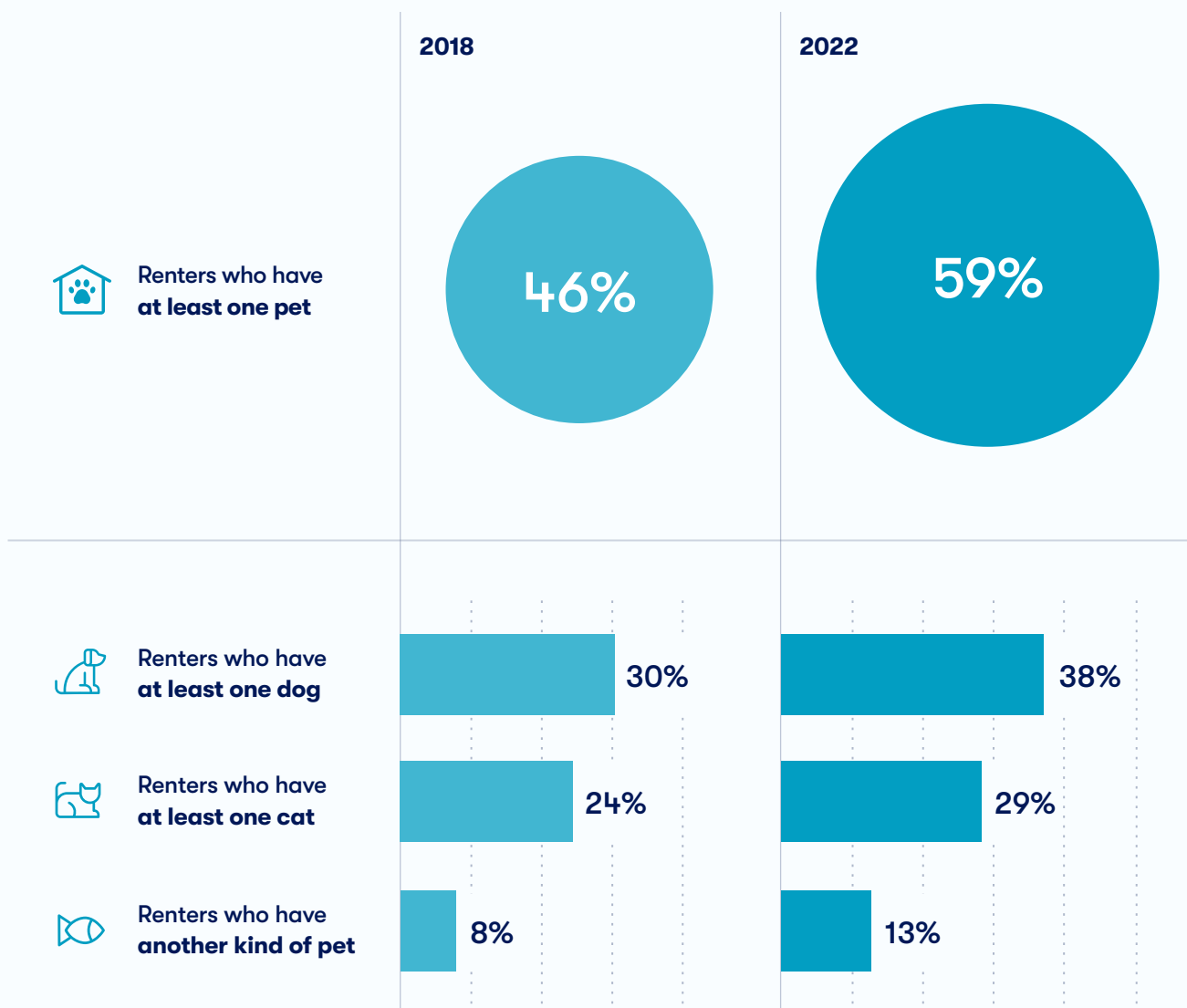
SHARE OF RENTERS THAT PAID A SECURITY DEPOSIT



More renters now live with pets

As work-from-home scenarios and loneliness proliferated during the pandemic, pet adoptions ballooned. An [ASPCA/Ipsos survey in May 2021](#) found that one in five households had acquired a dog or cat in the previous year. What's more, 87% of the study respondents said they're not considering rehoming their animal.

Renters were no exception. Since 2018, the percentage of renter households that reported owning a dog has risen to more than a third, and those reporting a cat rose to almost 30%. Overall, 59% of renters in 2022 reported having at least one pet, up from 46% in 2018.





Takeaways

Retain good renters and reduce turnover

Even in a healthy market, attracting and retaining qualified tenants means less churn for your business. And given renters' laser focus on affordability, they're most likely to be attracted to concessions that keep your rental within their budget range. A free month or two of rent, competitive pricing or free parking could be the difference between a qualified tenant that signs or renews a lease and one who moves to a competing option.

Carefully consider security deposits

Security deposits can increase the upfront financial burden for even qualified tenants. They're also an administrative load and a sum you're unlikely to keep. Consider examining your security deposit policies to see if they're dissuading potential tenants.

Revisit your pet policies

If you're struggling with lead volume, it may be time to find a way to allow pets at your offerings. Most pet owners, who now make up nearly 60% of renters, are unlikely to consider your properties if pets aren't allowed.



Emphasize value more than amenities in your messaging

Despite continued easing of pandemic restrictions, renters remained unlikely to consider shared amenities like gyms, rooftop decks and pet areas as highly important. As long as rent remains such a significant chunk of renters' budgets, a gym or a pool is unlikely to sway the decision-making process as much as it might have in the pre-pandemic world.

Messaging that relies solely on amenities also may not sway your target demographic. Instead, consider positioning amenities as value-adds. A community gym means prospects can save money on membership premiums at the fitness center down the street. A rooftop deck or garden space means they can entertain instead of going out. Remember, budget is renters' primary concern at the moment. Appealing to the ways your property can help reduce their spend in other areas of their life might increase your perceived value.

chapter 02



Digital tools and user experience

How to improve your digital footprint and experience

The migration of the rental search process to the internet was hastened in some ways by the pandemic. In other ways, it was just inevitable. Renters expect to do more online in 2022, as actions like signing a lease and paying rent become increasingly digitized.



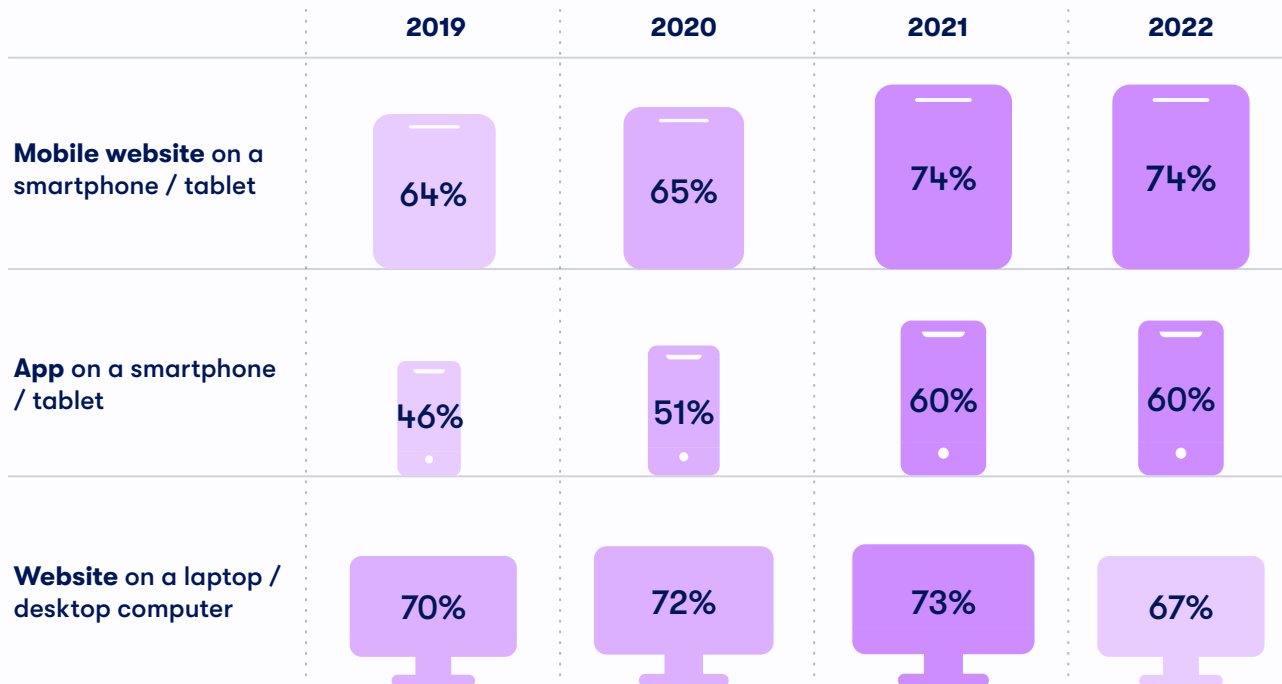
The rentals search process continues to change as well. The share of renters searching on mobile sites and apps is outpacing the share using laptops or desktops. Down the pipeline, they're reporting the use of fewer sites or apps in their search, submitting more applications online and taking fewer in-person tours.

Improving renter and tenant digital experiences can benefit financial metrics like better return on ad spend and less tenant turnover, which will mean even more in a softer rental market.

— More renters are searching on mobile devices

Online search across all device types is on a general upward trend. Mobile sites and apps have seen a steady increase since 2019.

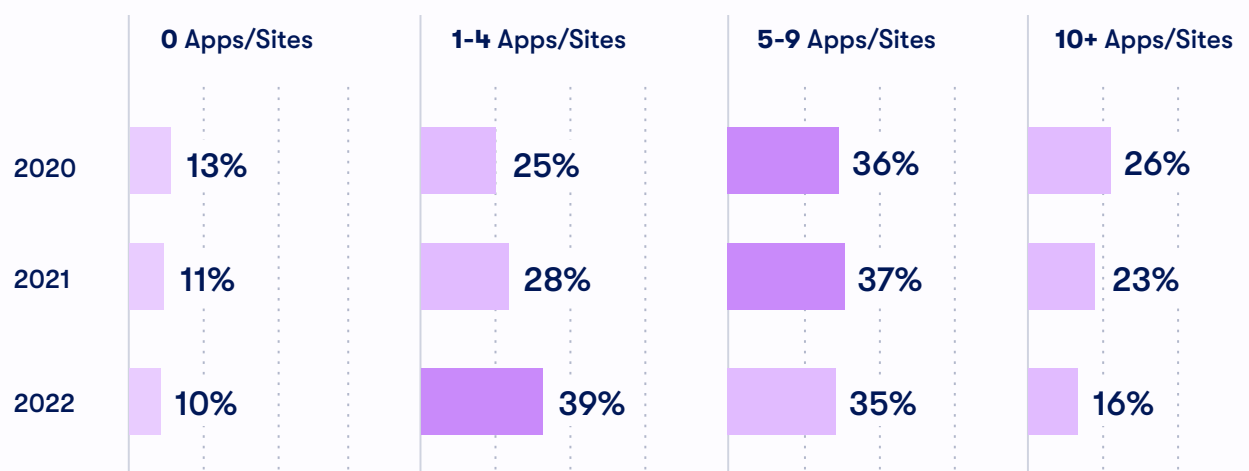
ONLINE RESOURCES USED WHEN SEARCHING



— Renters report using fewer search tools overall

More renters are using sites and apps in their search, but they're using fewer sites and apps when they search. Only 51% used five or more resources in 2022, down from 62% in 2020. This may be due to consolidation in the rental listings market or growing trust in certain brands.

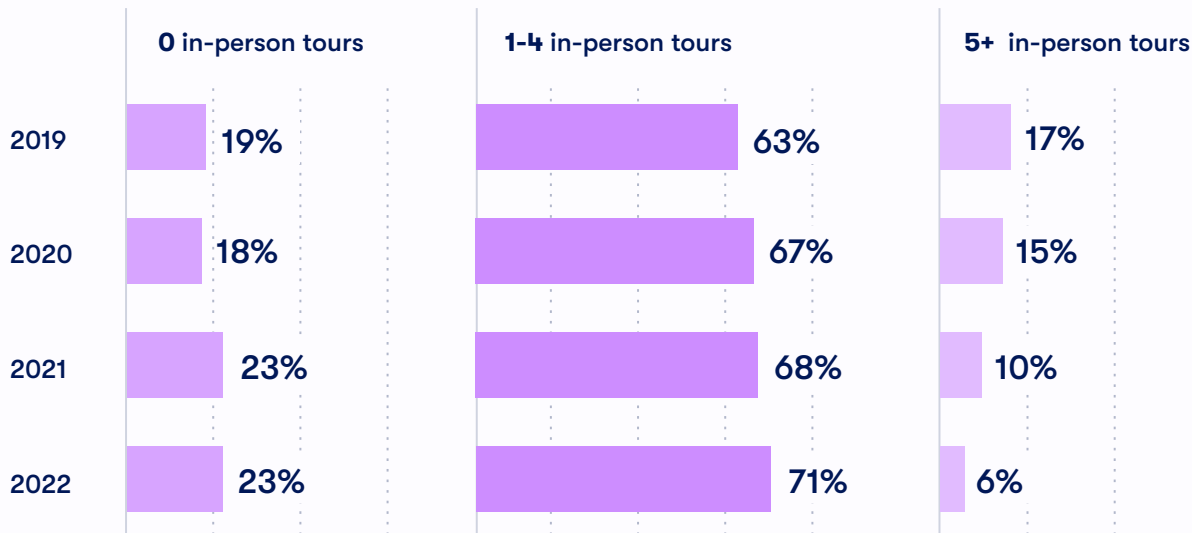
NUMBER OF SITES/APPS USED WHEN SEARCHING



— Nearly a quarter of recent renters took zero in-person tours

Since 2019, the percentage of recent renters who took zero in-person tours climbed four percentage points. The percentage who took five or more tours continues to decline, suggesting that more narrowing may be done online. This trend likely indicates the increased importance of robust and comprehensive listings.

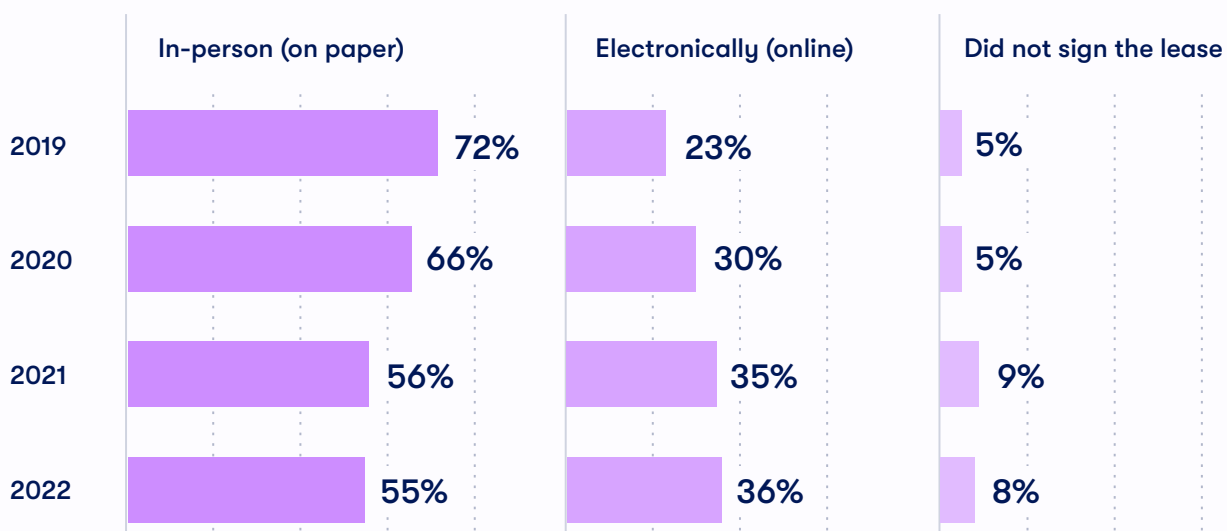
SHARE OF RECENT RENTERS THAT REPORTED TAKING IN-PERSON TOURS



— Rise in electronic lease signing holds

Signing a physical lease can be a barrier for some tenants. The portion of recent renters who reported signing their lease online has jumped 13 points since 2019.

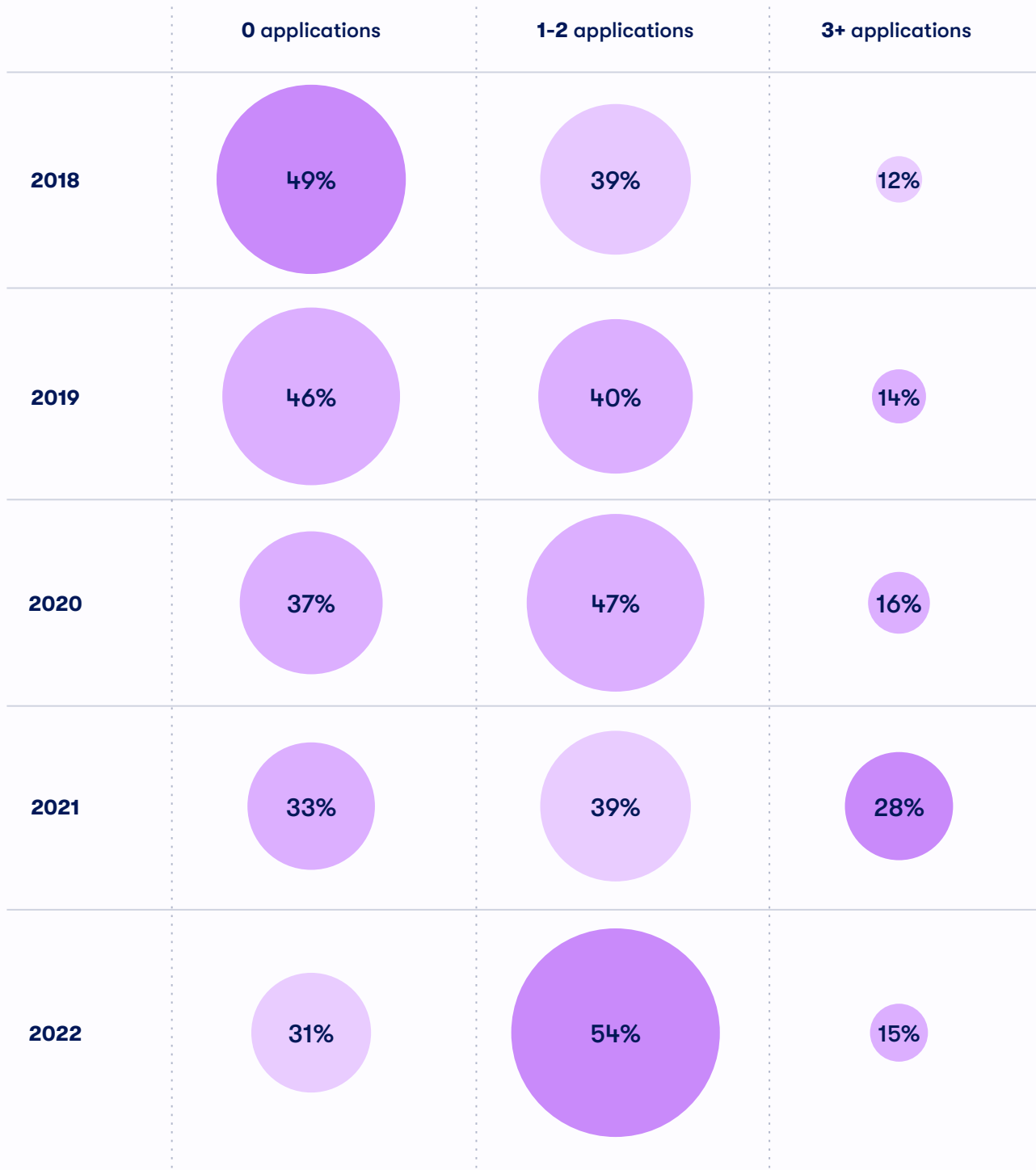
HOW RECENT RENTERS SIGNED THEIR LEASE



— Use of online application options grows

Spurred by the pandemic and wider adoption, more renters are submitting more online applications. Since 2018, the percentage of renters who reported submitting zero online applications has dropped, and the percentage who reported submitting one or more has grown. Overall, online options may reduce friction for prospective tenants, especially as younger generations [show increasing preference for digital tools](#). The typical application fee was between \$40 and \$59.

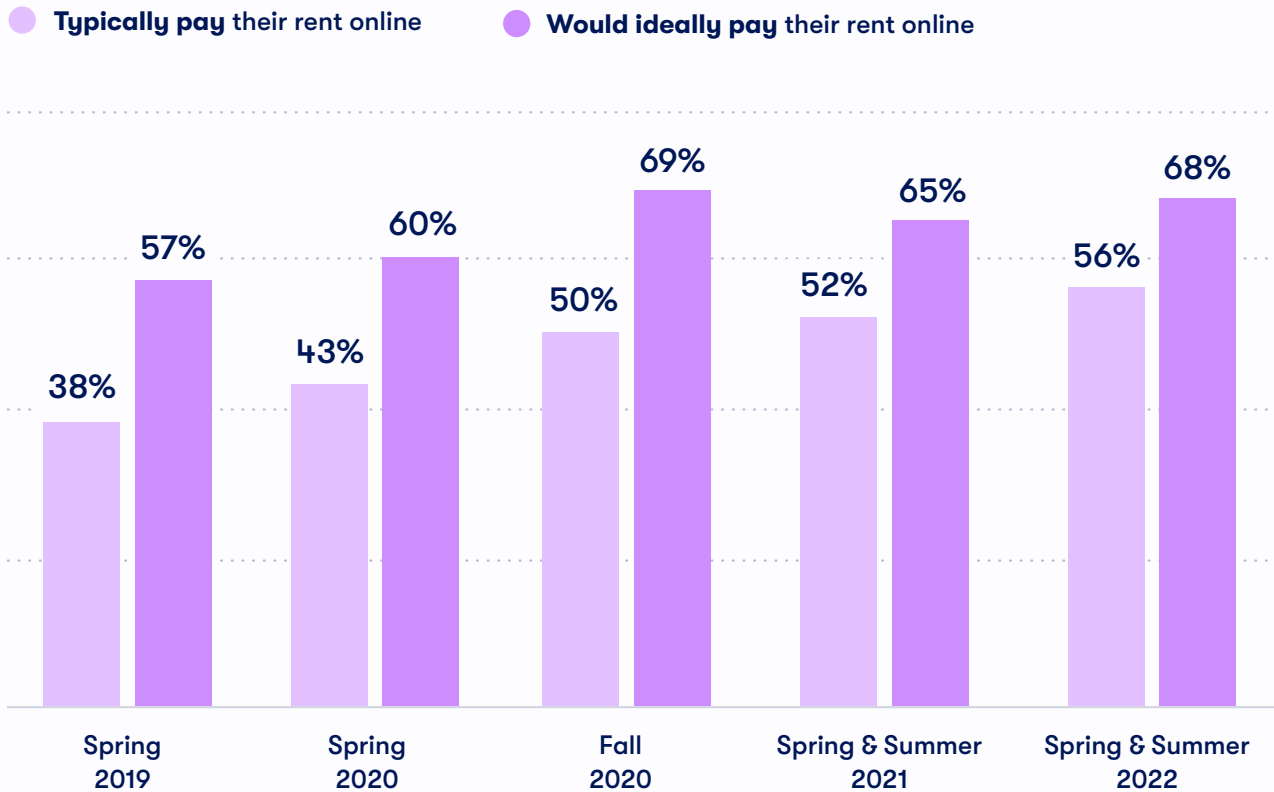
SHARE OF RECENT RENTERS THAT REPORTED SUBMITTING APPLICATIONS ONLINE



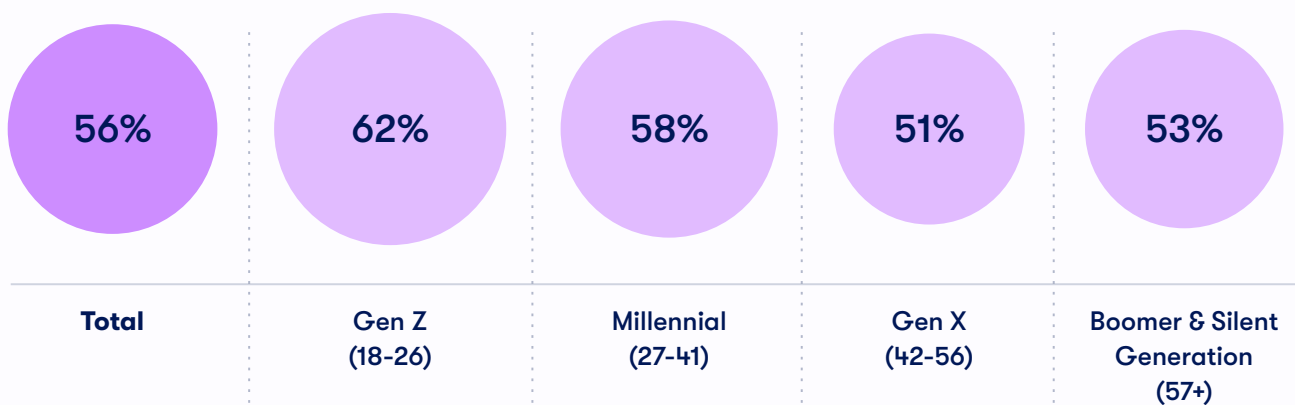
— Demand for online rent payment ticks up

Renters increasingly indicate that they'd ideally pay their rent online. With a spike in 2020, that percentage has climbed steadily since 2018. In 2022, a 12-point gap exists between those who typically pay rent online and those who would like to.

RECENT RENTER PREFERENCE TOWARDS ONLINE RENT PAYMENTS



PERCENT OF ALL RENTERS THAT TYPICALLY PAY THEIR RENT ONLINE, BY GENERATION





Takeaways

Renters are going on fewer in-person tours

Trends like this suggest that renters are narrowing their choices online. Properties that offer remote viewing and touring can complement the in-person experience and help renters visualize themselves in their units. Boosts like Zillow 3D Home® tours, dynamic floor plans with photos, or video tours provide a richer media experience for prospective tenants and can allow on-site staff to be more efficient with their time. This may also help improve return on ad spend and thus reduce your total cost per lease.

There's an opportunity to give renters the digital tools they want

More than a third of recent renters reported signing their lease online in 2022. That's an increase of 15 percentage points since 2018. More than two-thirds say they would ideally pay their rent online — up 11 percentage points from 2018. Offering digital conveniences can help ease the friction of renting, and the added convenience may help tenants decide to stay in place for longer.

More renters use mobile for their rental searches

In terms of overall search, mobile overtook laptop and desktop searches around seven years ago. Every year, a larger percentage of renters report searching on their smartphones. Just like with online applications, lease signing or rent payment options, prospective tenants — especially younger searchers — expect cohesive digital experiences. In 2022 and beyond, it may be worth ensuring your site and other digital assets play well on smaller screens.



The typical American renter

What changed for renters in 2022, and what didn't

This final chapter gives an economic and demographic portrait of the typical renter in 2022. Because some demographic change tends to play out over a long time, some of these characteristics haven't shifted substantially over the last few years.

The median US renter in 2022 is 39 years old, less likely than the general U.S. population to identify as white, more likely to have never been married and more likely to identify as LGBTQ+. As the following close-ups will illustrate, some of these trends are especially true for renters who reported moving within the last year (recent renters).

In terms of regionality, renters are more likely to live in the South or the West than the Northeast or Midwest. Nearly half of renters called the suburbs home, while the rest were divided between urban and rural settings. And while the percentage of rental household decision-makers who hold a four-year college degree was largely in line with that of the overall population, renter households on average report significantly lower incomes.

Most renters live in apartment buildings, versus townhouses or single-family homes, and the typical rental home has 2 bedrooms and 1.5 bathrooms. About two-thirds of recent renters moved from a previous rental.

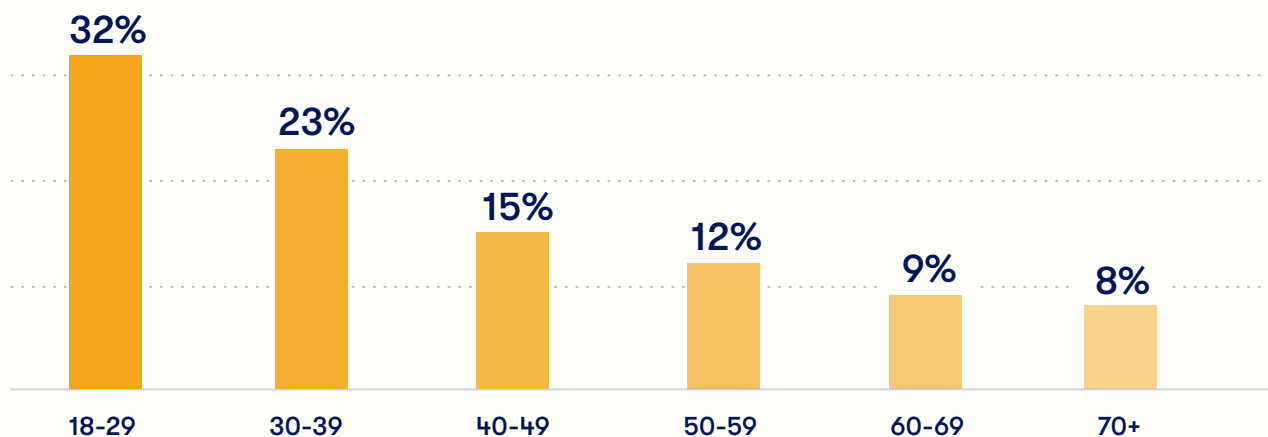
Taken as a whole, these statistics help capture a picture of renters this year and beyond.



Age

The median renter is 39 years old in 2022. For renters who moved in the last year (recent renters), the median age is 31 years old. Renters who've lived in their current home for at least a year (tenured renters) are typically older: Their median age is 42 years old.

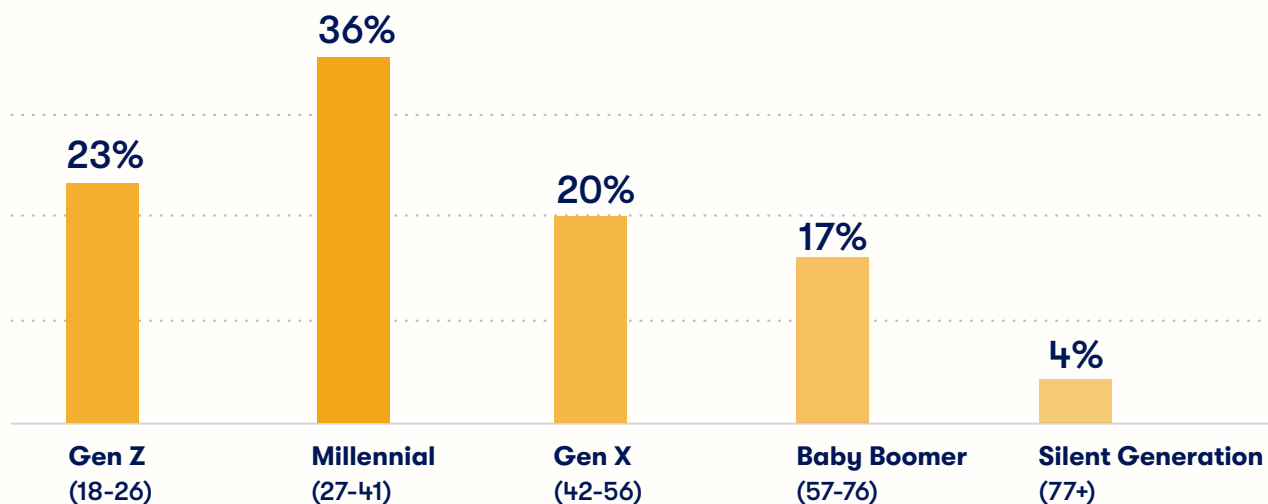
PERCENT OF ALL RENTERS BY AGE



Generation

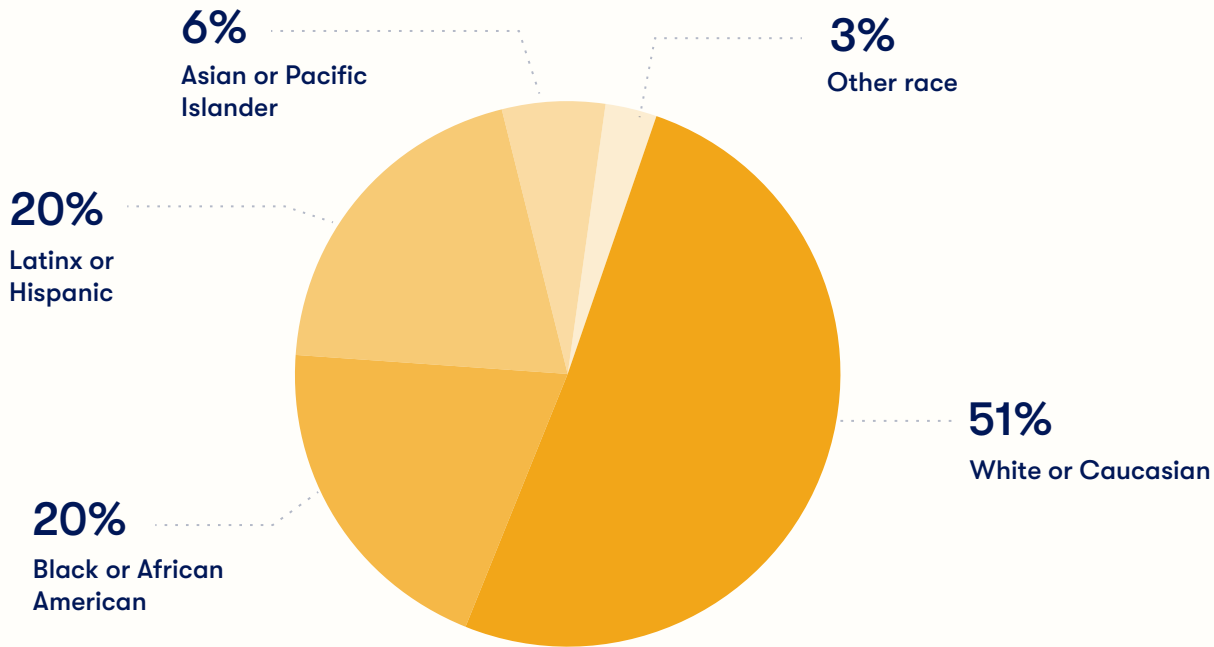
Millennials, who recently surpassed boomers as the largest living generation, also represent the largest percentage of renters. Having lived through the Great Recession, millennials have faced more hurdles to homeownership than their older peers. Saddled with stagnant wage growth, student loan debt and a waning year-over-year inventory, many millennials have chosen to live with parents while saving for a down payment.

PERCENT OF ALL RENTERS BY GENERATION



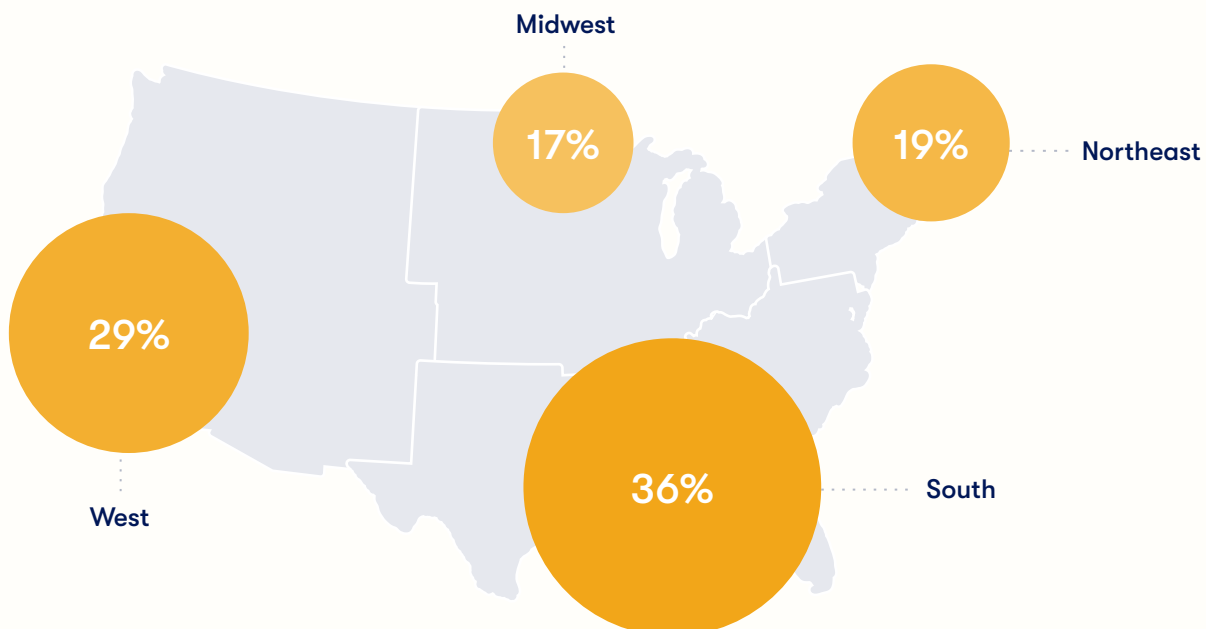
— Race and ethnicity

While just 12% of U.S. adults identify as non-Hispanic Black or African American, 20% of renters identify as Black. The Black homeownership rate has improved in recent years, but remains disproportionately low.



— Region

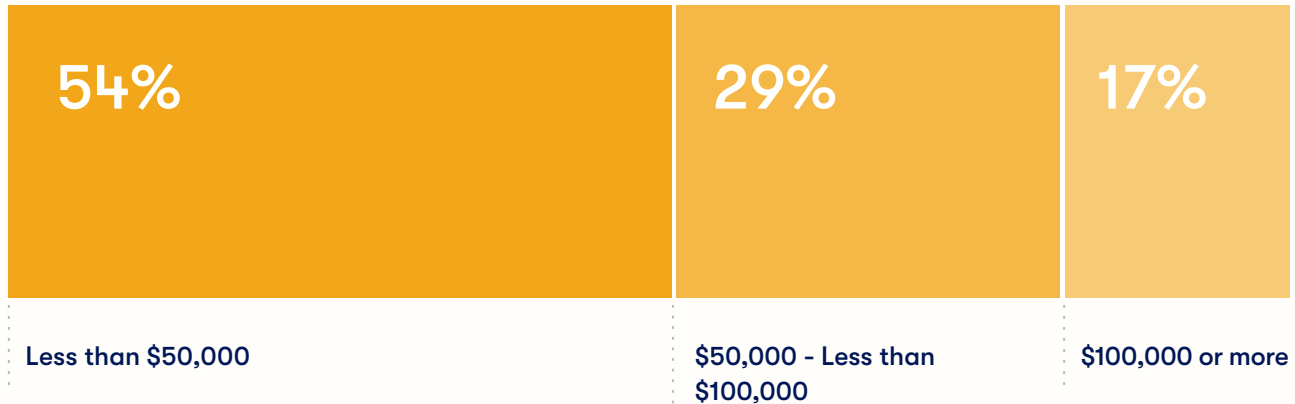
At 36%, the largest share of renters lives in the South. That's followed by the West at 29%, the Northeast at 19%, and the Midwest at 17%.



- Income

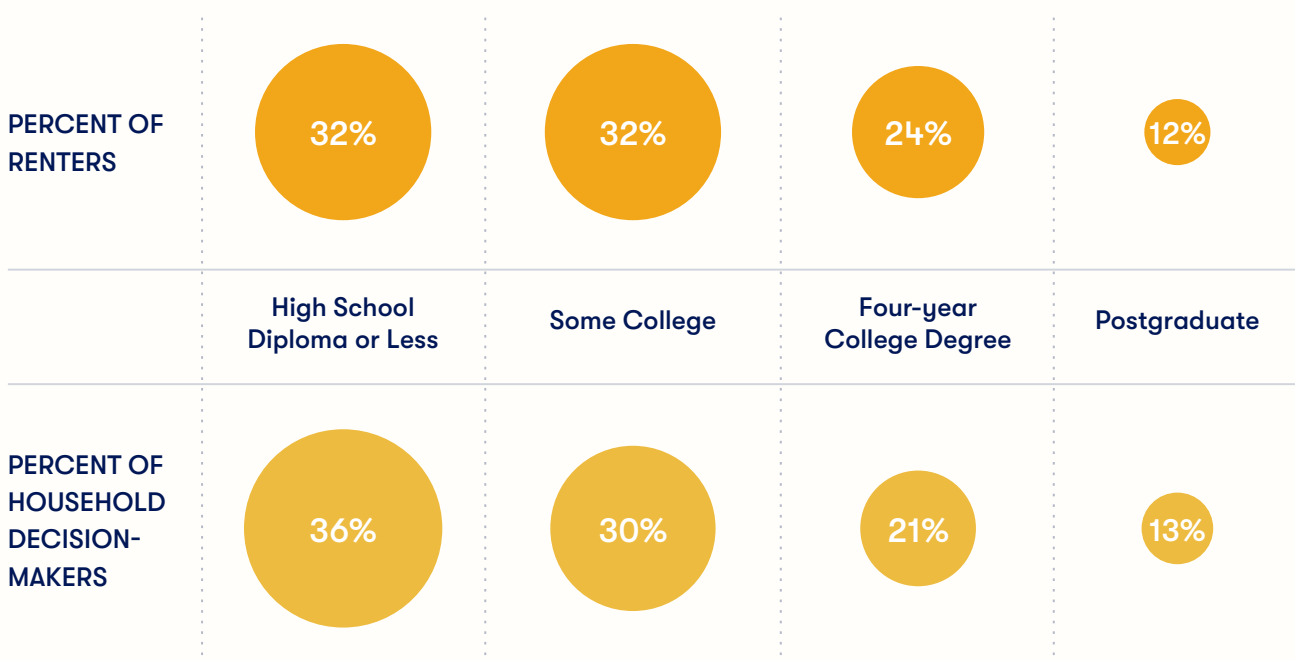
Renters tend to have lower median household incomes (\$42,500) than the U.S. population overall (\$67,500). As such, the post-pandemic rental climate and economic conditions have been a disproportionate burden for many.

PERCENT OF RENTERS



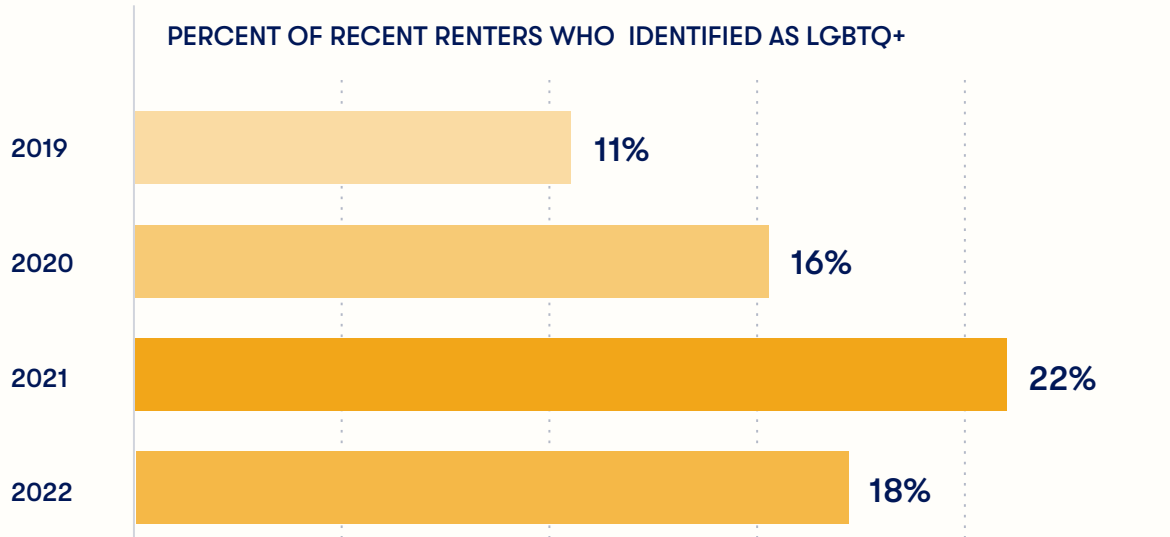
- Education

Renters tend to have a similar level of education to the overall population of U.S. household decision-makers. For example, 36% of renters have at least a four-year degree, similar to 34% of overall U.S. household decision-makers.



- Gender identity and sexual orientation

Renters are also more likely to identify as LGBTQ+ than the U.S. population as a whole, possibly attributable to renters trending younger, among other factors.



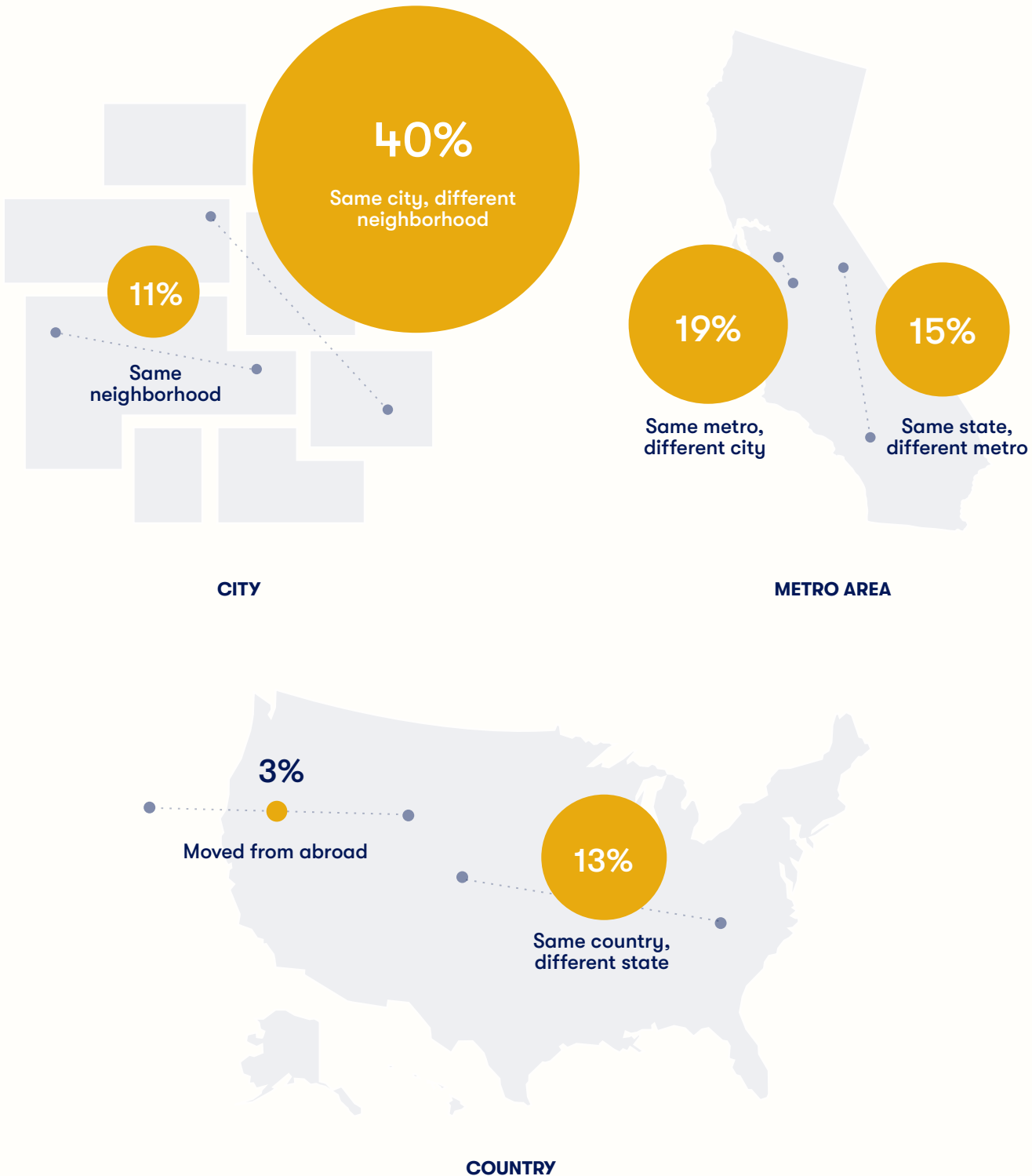
- Urban, suburban and rural renting

While home-buying demand shifted from urban areas to the suburbs and beyond during the pandemic, recent renters reported less change based on the population density of their zip codes.



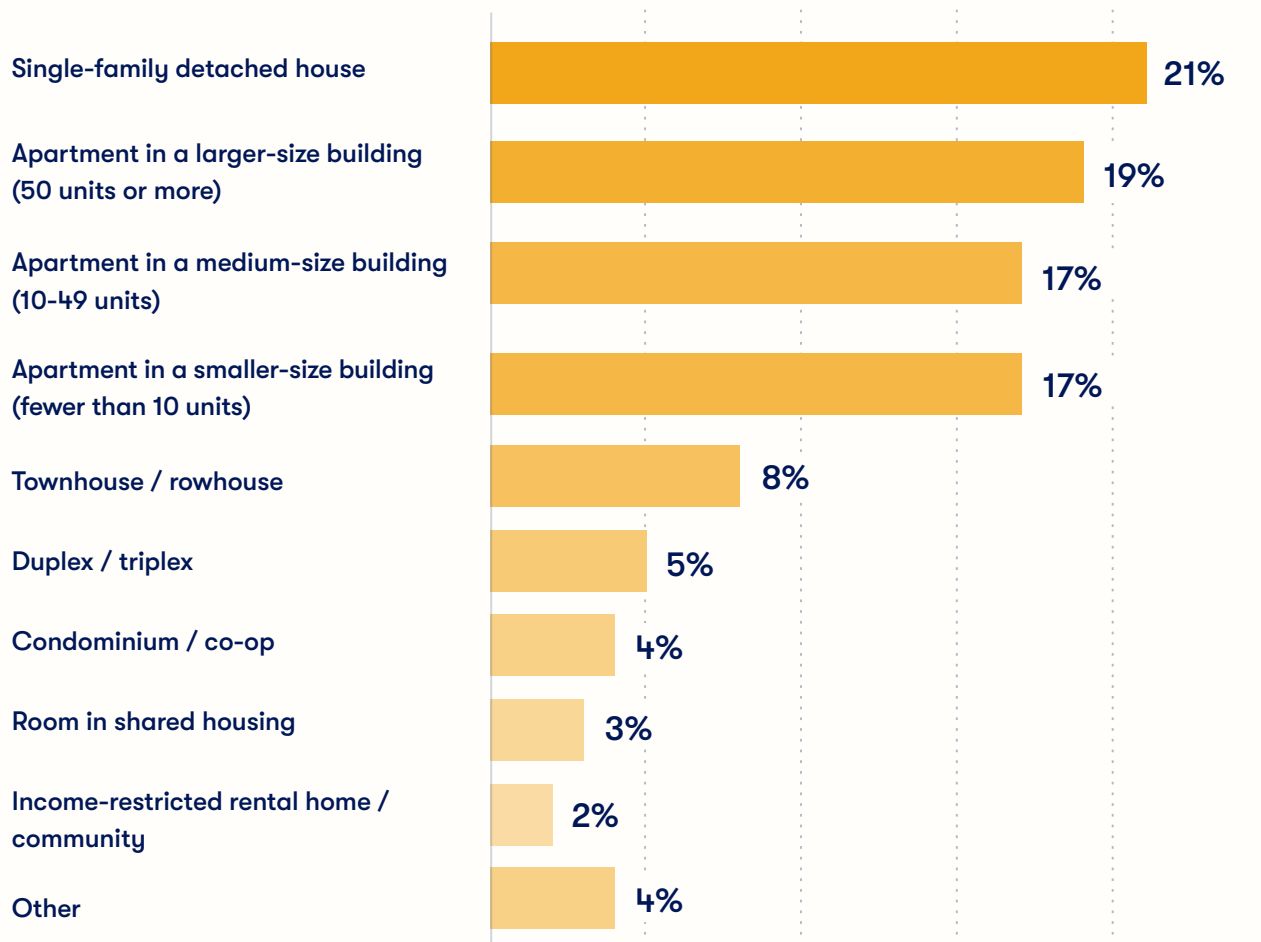
— Most recent movers changed neighborhoods but stayed local

The largest share of recent renters (those who moved within the last year) reported staying in the same city but changing neighborhoods (40%). About one in ten (11%) reported staying in the same neighborhood. The smallest share (3%) moved from abroad.



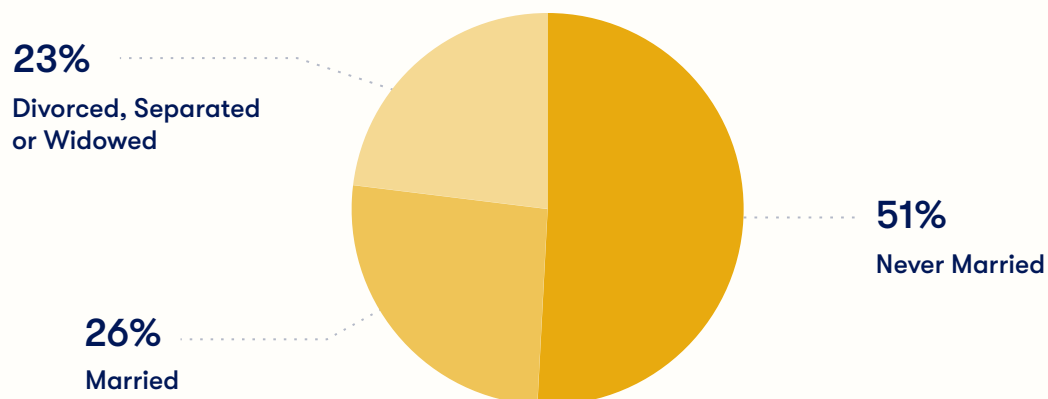
Home type and median renter unit size

More than half of respondents (53%) reported living in apartment buildings, and the typical renter lives in a 2-bed, 1.5-bath apartment spanning 500 to 999 square feet.



Relationship status

Renters are less likely to be married, divorced, separated or widowed than the general U.S. population.





2022 ZILLOW RENTALS CONSUMER HOUSING TRENDS REPORT

Conclusion

While 2022 was marked by a tight rental market and low vacancy rates, 2023 will likely look different. The pace of rent growth is cooling nationally, and rents are falling in some markets. As the U.S. faces economic uncertainty and fears of a recession in the near future, property management professionals can prepare for the months and years ahead.

Concessions like discounted rent or free parking spots peaked in February of 2021, but it may be advisable to consider them again. A recession could mean that renters will remain budget-focused for the foreseeable future, especially if hiring freezes and layoffs become widespread.

Similarly, if home shoppers see the return of a buyers market — by way of lower interest rates, a recession or both — rental properties may find themselves again in tighter competition

with homeownership. Finding new ways to look at pet policies, security deposits and pricing may become necessary. Monitoring these developments with an eye toward the future can better inform strategic decisions.

“If you have a tenant who’s paying on time, and they move out in response to a big rent hike at renewal time, that vacancy will likely be harder to fill next year than it was last year.”

Jeff Tucker, Senior Economist at Zillow

Survey Methodology

Research approach

In order to gain a comprehensive understanding of U.S. renters, Zillow Group Population Science conducted three nationally representative surveys, each sampling at least 3,000 renter-respondents. In total, the three surveys contain information from 8,300 unique renters – more than 2,500 recent renters and 5,700 tenured renters. Participants were allowed to take more than one survey. The study was fielded between March and June 2022.

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” refers to those that moved in the past year, and “tenured renters” refers to those that did not move in the past year.

Sampling and 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’s 2019 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 ranking 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 2019 ACS for race and income and the 2021 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) 2022, and year-over-year comparisons also use data from [CHTR 2018](#), [CHTR 2019](#), [CHTR 2020](#) and [CHTR 2021](#). 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, [2019 American Community Survey](#): Despite the release of ACS 2020 data, changes in sampling methodology during the pandemic resulted in certain unrealistic estimates for renters. To better capture renter heterogeneity, Zillow Population Science used ACS 2019 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, 2021 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.
- Zillow Group Population Science [Fall 2020 Survey of Renters](#): Because many young renters [moved out of the rental market](#) at the start of the COVID-19 pandemic, this survey supplemented previous ZG Population Science research on both shifting and stable sentiment among renters while capturing an age demographic that was atypically absent from the rental market earlier that year. Topics included renter preference on location, virtual home searching tools and reasons for moving.

