

US rent spikes most pressing in Sun Belt and the West

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Rent spikes have developed in the Sun Belt and the West, a pattern clearly driven by local supply and demand issues, according to the latest analysis by researchers at Florida Atlantic University and two other

schools.

Florida continues to dominate the list of largest premiums and largest annual [rent](#) increases, as of the end of August. Miami is No. 1 in both categories, with renters paying 21.98% above the long-term rental trend and 21.92% more than they did a year ago. Fort Myers previously had the largest year-over-year rent increase but slipped to No. 2 in August.

Markets in Arizona, North Carolina, Tennessee, Texas and Utah also rank near the top of both lists.

But other metros aren't facing a rental crisis. The lowest year-over-year increases are Fresno, California (3.50%); Spokane, Washington (4.20%); and Minneapolis (5%). Those levels fall in line with traditional annual increases of 3 to 5%.

The full rankings can be found [here](#).

"In areas around the country where demand overwhelms supply, renters are getting hit with near-record premiums and annual increases," said Ken H. Johnson, Ph.D., an economist in FAU's College of Business. "In markets with more of a balance between supply and demand, rents are relatively stable."

Johnson, Shelton Weeks, Ph.D., of Florida Gulf Coast University, and Bennie Waller, Ph.D., of The University of Alabama, use leasing data from Zillow's Observed Rental Index to determine existing rents and statistically model historical trends from 2014. The Waller, Weeks and Johnson Rental Index covers the entire rental stock of homes and apartments.

Recent rent increases in Florida, while still elevated, are showing signs of slowing, said Weeks, of FGCU's Lucas Institute for Real Estate

Development & Finance. He noted that most of metro Miami's 21.92% year-over-year increase occurred between September 2021 and February.

"In the last six months, rents in the area are up only 6.80%, implying a slowdown in the pace of rent increases," Weeks said.

Weeks and the other researchers agree Hurricane Ian's recent landfall in southwest Florida will have a short-term effect on rents. Areas hit by the storm already lacked enough rental units, and the disruption caused by Ian will only slow down needed construction, forcing rents even higher near landfall areas, if only temporarily.

A storm's impact does slow housing demand in areas along the Atlantic and Gulf coasts not directly impacted by the storm, but it returns relatively quickly, the researchers said.

"In the long run, people still will want to live in Florida, increasing demand dramatically," Johnson said.

The recent surge in rents nationwide is not entirely unexpected, said Waller of UA's Culverhouse College of Business.

"During the height of the pandemic, construction nearly stopped," he said. "As the pandemic lessened, supply chain problems continued to hamper construction. All in all, we are just now getting back to levels of construction necessary to support [population growth](#)."

The rental crisis will ease when delivery catches up to demand, but in many parts of the country, that could take several years, Waller said.

The researchers said recent demographic shifts across the country are complicating the supply side of the crisis, with population movements

making it difficult for developers to determine where best to build rental units.

Provided by Florida Atlantic University

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