Rental Housing Market Condition Measures: 2009

American Community Survey Briefs

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INTRODUCTION

This report presents data from the 2009 American Community Survey (ACS) on rental market conditions, including share of occupied housing, housing costs, housing cost "burden," and vacancy rate at the national level and for metropolitan statistical areas (metro areas).[1]

Rental housing is catapulting to the top of the national housing agenda, The past 30 years have witnessed a housing policy that has been focused on promoting homeownership. The large gap between the number of renting households and the units that they can afford will only grow as foreclosures persist and home mortgages become increasingly scarce for all but the most qualified buyers.[2] Consequently, rental housing is getting a second look as an important component of a national housing policy.[3] A

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[1] For a detailed explanation of the metropolitan statistical areas in this report, go to <www.whitehouse.gov/omb/assets/omb/bulletins/fy2009/09-01.pdf>.

[2] Fannie Mae in a February 26, 2010, letter to lenders entitled "An Introduction to Fannie Mae's Loan Quality Initiative" outlines rigid procedures to which lenders wishing to sell it mortgages must adhere, including borrower disclosure of all liabilities on the final loan application, as well as new emphasis on providing sound monthly debt to income ratios at the time of the delivery of the mortgage to Fannie Mae.

[3] The Dodd-Frank Wall Street Reform and Consumer Protection Act requires the Obama Administration to develop a proposal for housing reform by early 2011, including restructuring Fannie Mae and Freddie Mac, The U.S. Department of Housing and Urban Development (HUD) expects that the promotion of rental housing will be a cornerstone of the proposal. In a July 21, 2010, article in *The Washington Post*, HUD Secretary Shaun Donovan stated "While we continue to promote affordable homeownership, for many Americans renting will continue to be the only or preferred option."

Gross rent: The monthly amount of rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer) and fuels (oil, coal, kerosene, wood, etc.).

Gross rent as a percentage of income: The ratio of gross rent to household income. It is used as a measure of housing affordability by policymakers and as a determinant of eligibility for federal housing programs and is often referred to as housing cost burden.

For this report, a renting household is considered "burdened" if the household is required to spend 35 percent or more of its income on housing costs.

Rental vacancy rate: The proportion of the rental inventory that is vacant "for rent." It is computed by dividing the number of vacant units "for rent" by the sum of renter-occupied units, vacant units "for rent," and vacant units that have been rented but not yet occupied, and then multiplying by 100.

high rental vacancy rate coupled with a low share of homes that are renter-occupied generally implies more housing choices available for renting households. The share of burdened households can be lower in such markets. Conversely, a low rental vacancy rate in a market with a high percentage of renter households can signify a tighter rental market, fewer housing choices, and more affordability problems, particularly for low-income

households. In these markets, the shares of burdened renters are often higher.

RENTAL HOUSING MARKET MEASURES

Housing Costs

In 2009, median gross rent in the metro areas in the United States ranged from $495 in the Johnstown, PA Metro Area and the Wheeling, WV-OH Metro Area to $1,414 in the San Jose-Sunnyvale-Santa Clara, CA Metro Area compared with the national median of $842. Among the 366 metro areas, 247 (67.5 percent) had a median gross rent below the national median, 68 (18.6 percent) had a median gross rent above the national median and 51 (13.9 percent) were not statistically different from the national median.

A comparison of all metro areas to the national median masks the tighter rental conditions faced by renters living in higher density metro areas. Out of the 50 most populous metro areas, the average renter household in 27 (54 percent) spent more on rent than the national median, those in 17 (34 percent) spent less than the national median, and those in 6 (12 percent) were not statistically different from the national median.

Among the 50 most populous metro areas, the Pittsburgh, PA Metro Area had the lowest median gross rent ($643). Pittsburgh, PA, was followed by the Metro Areas: Buffalo-Niagara Falls, NY; Louisville/Jefferson County, KY-IN; Cincinnati-Middletown, OH-KY-IN; Oklahoma City, OK; and Cleveland-Elyria-Mentor, OH, where rents were between $652 and $706. The St. Louis, MO-IL Metro Area rounded out the most affordable markets with a median gross rent of $732.

The San Jose-Sunnyvale-Santa Clara, CA Metro Area, with a gross rent of $1,414 was the most expensive rental market among the 50 most populous metro areas. Following San Jose-Sunnyvale-Santa Clara, CA was the San Francisco-Oakland-Fremont, CA Metro Area and the Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area, both with median gross rent of $1,303. The fourth highest median gross rent was in the San Diego-Carlsbad-San Marcos, CA Metro Area ($1,224); the fifth highest median gross rent was in the Los Angeles-Long Beach-Santa Ana, CA Metro Area ($1,197). Rounding out the top seven most expensive Metro Areas are New York-Northern New Jersey-Long Island, NY-NJ-PA ($1,125) and Boston-Cambridge-Quincy, MA-NH ($1,123), which were not significantly different from each other.

Renter Burden

Nationwide, nearly 2 in 5 renter households (42.5 percent) were burdened by housing costs consuming 35 percent or more of their incomes. Housing cost burdens ranged from a low of 23.2 percent of renting households in the Casper, WY Metro Area to a high of 62.7 percent of renting households in the College Station-Bryan, TX Metro Area, which could be due to a large student population. Renters living in 196 of the 366 metro areas (53.6 percent) mirrored the nation, with no statistical difference between their shares of burdened renters and the national 42.5 percent share. Ninety-one metro areas (24.9 percent) had shares of burdened renters that were significantly lower than the nation's 42.5 percent share; while the shares of burdened renters living in 79 metro areas (21.6 percent) were significantly higher than the share of burdened renters nationwide.

Despite the high gross rents faced by renters living in the 50 most populous metro areas, their incomes appear to have compensated making them less likely to be burdened by high shelter costs. Shares of burdened renters living in 18 of the metro areas (36 percent) were lower than the nation. In 13 metro areas (26 percent) shares were higher than the nation. Nineteen (38 percent) had shares of burdened renters that were not significantly different from the nation.

Some of the heaviest burdens in the 50 most populous metro areas were borne by renters in Florida and California, states hard hit by the housing market-led recession. In Miami-Fort Lauderdale-Pompano Beach, FL, more than one-half (54.3 percent) of renting households were burdened. In Orlando-Kissimmee, FL, 50.8 percent of renters were burdened. The share in Orlando-Kissimmee, FL, while lower than the share of burdened renters in Miami-Fort Lauderdale-Pompano Beach, FL, did not differ from the shares of burdened renters in New Orleans-Metairie-Kenner, LA (49.7 percent) or Riverside-San Bernardino-Ontario, CA (48.7 percent).

Rental Vacancy Rate

Nationwide, the rental vacancy rate was 8.4 percent. The rates in the nation's metro areas ranged from 0.5 percent in the Logan, UT-ID Metro Area to 33.4 percent in the Myrtle Beach-North Myrtle Beach-Conway, SC Metro Area. Excess rental inventory was less likely to plague metro areas than the national rental housing market as a whole, with 107 (29.2 percent) of all metro areas having a rental vacancy rate below the national rental vacancy rate and 72 (19.7 percent) having vacancy rates above the national rate. Vacancy rates in 187 (51.1 percent) were

not statistically different from the 8.4 percent national rate.

Unlike all metropolitan statistical areas combined, the 50 most populous metro areas did not compare as favorably to the nation's rental housing market when vacancy rates are used as a barometer. Of the 50 most populous metropolitan statistical areas, 21 metro areas (42 percent) had rental vacancy rates above the national rate while 15 (30 percent) had rental vacancy rates below the national rate. The rental vacancy rates in 14 of the 50 most populous metro areas (28 percent) were not significantly different from the nation's vacancy rate.

Twelve of the fifty most populous metro areas had double digit rental vacancy rates. These Metro Areas are: Jacksonville, FL; Atlanta-Sandy Springs-Marietta, GA; Memphis, TN-MS-AR; Phoenix-Mesa-Scottsdale, AZ; Tampa-St. Petersburg-Clearwater, FL; Orlando-Kissimmee, FL; Houston-Sugarland-Baytown, TX; Las Vegas-Paradise, NV; Dallas-Fort Worth-Arlington, TX; San Antonio, TX; Miami-Fort Lauderdale-Pompano Beach, FL; and Detroit-Warren-Livonia, MI.

San Jose-Sunnyvale-Santa Clara, CA (3.4 percent) and Milwaukee-Waukesha-West Allis, WI (4.3 percent) had the lowest rental vacancy rates, but were not statistically different from each other. While the rental vacancy rate in Milwaukee-Waukesha-West Allis, WI, did not differ from New York-Northern New Jersey-Long Island, NY-NJ-PA (5.0 percent); San Diego-Carlsbad-San Marcos, CA (5.0 percent); and

Seattle-Tacoma-Bellevue, WA (5.1), the rental vacancy rate in San Jose-Sunnyvale-Santa Clara, CA, was significantly lower than the rental vacancy rates in the remaining 48 of the 50 most populous metro areas.

For more information, the U.S. Census Bureau and the Department of Housing and Urban Development also publish renter share of occupied housing, housing costs for renters, renter burden, and rental vacancy rates for the United States and selected metropolitan statistical areas in the *American Housing Survey (AHS)*. The Current Population Survey (CPS)/Housing Vacancy Survey (HVS) is the official source of the rental vacancy rate and share of renter-occupied housing units for the United States, the 50 states, and the 75 largest metro areas. The housing cost data available from the HVS are limited to asking rents for vacant rental units in the United States. HVS does not purport to measure housing cost burden.

SOURCE AND ACCURACY

Data presented in this report are based on people and households that responded to the ACS in 2009. The resulting estimates are representative of the entire population. All comparisons presented in this report have taken sampling error into account and are significant at the 90 percent confidence level unless otherwise noted. Due to rounding, some details may not sum to totals. For information on sampling and estimation methods, confidentiality protection, sampling and nonsampling errors, please see the "2009 ACS Accuracy of the Data" document located at <www.census.gov/acs/www/Downloads/data_documentation/Accuracy/ACS_Accuracy_of_Data_2009.pdf>.

Rental Market Conditions Measures by Metropolitan Statistical Area:[1] 2009

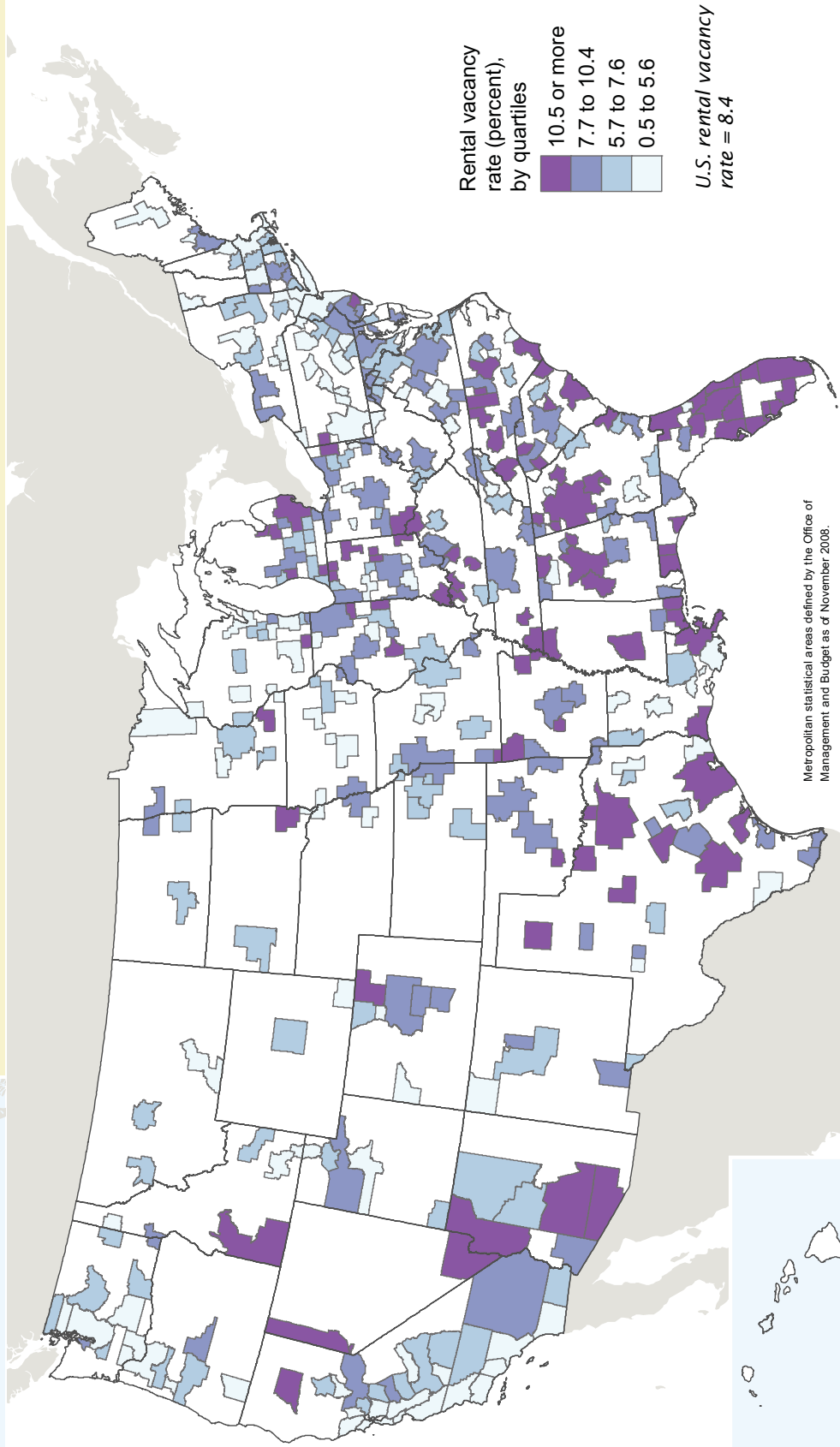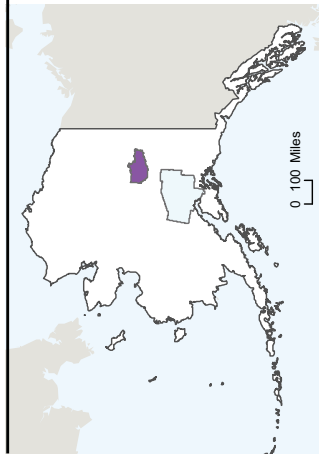| Area	Renter occupied (percent)		Median gross rent (dollars)		Share of renters spending 35 percent or more of income for gross rent (percent)		Rental vacancy rate (percent)	
	Estimate	Margin of error[2] (±)	Estimate	Margin of error[2] (±)	Estimate	Margin of error[2] (±)	Estimate	Margin of error[2] (±)
United States................................	**34.13**	**0.1**	**842**	**2**	**42.48**	**0.1**	**8.43**	**0.1**
Atlanta-Sandy Springs-Marietta, GA.................	31.52	0.5	912	8	43.04	1.2	13.96	0.9
Austin-Round Rock, TX............................	41.34	1.0	909	14	41.55	1.8	7.78	1.0
Baltimore-Towson, MD	31.99	0.7	1,048	17	44.58	1.6	8.23	0.9
Birmingham-Hoover, AL	29.53	1.1	758	12	45.47	2.4	11.75	1.8
Boston-Cambridge-Quincy, MA-NH..................	36.56	0.5	1,123	12	38.76	1.1	5.56	0.6
Buffalo-Niagara Falls, NY	33.42	0.9	663	11	45.58	2.2	8.01	1.3
Charlotte-Gastonia-Concord, NC-SC	33.09	0.9	793	12	38.79	1.9	8.91	1.2
Chicago-Naperville-Joliet, IL-IN-WI.................	33.03	0.4	900	7	43.26	0.8	8.73	0.5
Cincinnati-Middletown, OH-KY-IN	31.79	0.7	686	13	40.46	1.9	10.89	1.1
Cleveland-Elyria-Mentor, OH......................	33.61	0.7	695	11	44.03	1.7	9.69	0.9
Columbus, OH...................................	36.77	0.8	757	12	38.57	1.7	10.40	1.1
Dallas-Fort Worth-Arlington, TX....................	37.79	0.5	846	6	38.97	1.0	12.12	0.6
Denver-Aurora-Broomfield, CO	34.40	0.8	876	13	41.65	1.4	7.75	1.0
Detroit-Warren-Livonia, MI........................	27.96	0.5	783	8	47.04	1.3	11.05	0.9
Hartford-West Hartford-East Hartford, CT.............	30.34	0.9	917	17	43.00	2.1	7.85	1.3
Houston-Sugar Land-Baytown, TX	37.74	0.5	848	7	40.52	1.1	12.27	0.7
Indianapolis-Carmel, IN...........................	33.63	0.9	750	13	39.83	1.8	9.50	1.3
Jacksonville, FL..................................	32.16	1.0	903	21	44.68	2.5	14.09	1.5
Kansas City, MO-KS	32.05	0.8	763	12	36.10	1.9	10.31	1.2
Las Vegas-Paradise, NV	43.12	0.9	1,034	19	43.03	1.6	12.15	1.3
Los Angeles-Long Beach-Santa Ana, CA	49.27	0.4	1,197	8	47.27	0.6	5.29	0.3
Louisville/Jefferson County, KY-IN..................	31.45	1.2	675	9	38.95	2.4	9.84	1.2
Memphis, TN-MS-AR..............................	36.14	1.1	765	11	47.19	2.2	13.87	1.6
Miami-Fort Lauderdale-Pompano Beach, FL...........	35.39	0.5	1,077	11	54.35	1.2	11.75	0.7
Milwaukee-Waukesha-West Allis, WI................	37.65	0.8	766	10	42.42	1.6	4.28	0.9
Minneapolis-St. Paul-Bloomington, MN-WI	27.57	0.6	840	12	41.27	1.5	5.91	0.7
Nashville-Davidson–Murfreesboro–Franklin, TN	32.24	0.9	784	14	39.22	2.4	10.23	1.5
New Orleans-Metairie-Kenner, LA...................	34.41	1.0	890	14	49.71	2.5	11.07	1.5
New York-Northern New Jersey-Long Island, NY-NJ-PA ..	47.29	0.3	1,125	5	42.93	0.5	5.04	0.2
Oklahoma City, OK	34.67	0.9	689	15	41.77	2.5	8.02	1.2
Orlando-Kissimmee, FL...........................	33.87	0.9	982	10	50.75	1.9	12.91	1.2
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	30.43	0.5	912	10	43.32	1.0	8.91	0.7
Phoenix-Mesa-Scottsdale, AZ......................	33.65	0.6	912	12	43.07	1.5	13.58	0.9
Pittsburgh, PA	29.84	0.7	643	9	38.19	1.3	5.61	0.9
Portland-Vancouver-Beaverton, OR-WA..............	37.92	0.8	876	9	41.38	1.4	5.60	0.9
Providence-New Bedford-Fall River, RI-MA............	36.08	0.8	844	17	39.33	1.8	7.25	1.0
Raleigh-Cary, NC.................................	31.48	1.1	842	12	37.63	2.4	11.44	1.9
Richmond, VA	31.00	1.1	901	20	42.67	2.2	7.78	1.4
Riverside-San Bernardino-Ontario, CA	34.14	0.7	1,084	14	48.70	1.4	8.14	0.8
Sacramento–Arden-Arcade–Roseville, CA	38.40	0.8	998	16	46.76	1.7	8.02	1.0
St. Louis, MO-IL.................................	29.31	0.7	732	9	41.21	1.6	6.54	0.9
Salt Lake City, UT	30.59	1.2	835	19	41.29	2.5	8.08	1.7
San Antonio, TX.................................	34.99	0.9	765	12	39.20	2.0	11.89	1.3
San Diego-Carlsbad-San Marcos, CA................	44.82	0.6	1,224	14	48.05	1.3	5.05	0.5
San Francisco-Oakland-Fremont, CA	44.46	0.6	1,303	16	40.20	1.1	5.46	0.6
San Jose-Sunnyvale-Santa Clara, CA................	41.12	1.0	1,414	21	37.37	1.7	3.40	0.7
Seattle-Tacoma-Bellevue, WA......................	38.23	0.6	1,015	13	38.76	1.3	5.13	0.7
Tampa-St. Petersburg-Clearwater, FL................	32.14	0.8	908	13	45.52	1.6	13.44	1.1
Virginia Beach-Norfolk-Newport News, VA-NC	36.84	0.9	984	19	41.03	1.9	6.16	1.0
Washington-Arlington-Alexandria, DC-VA-MD-WV	33.99	0.5	1,303	11	38.14	1.0	6.95	0.6

[1]Fifty most populous metropolitan statistical areas based on population estimates as of July 1, 2009. Metropolitan statistical area boundaries defined by the Office of Management and Budget as of November 2008.

[2]Data are based on a sample and are subject to sampling variability. A margin of error is a measure of an estimate's variability. The larger the margin of error in relation to the size of the estimate, the less reliable the estimate. When added to and subtracted from the estimate, the margin of error forms the 90 percent confidence interval.

Source: U.S. Census Bureau, American Community Survey, 2009.

Figure 1.

Percent of Renters Spending 35 Percent or More of Household Income for Gross Rent by Metropolitan Statistical Area: 2009

Renters spending 35 percent
or more of income for
gross rent (percent),
by quartiles

46.4 to 62.7
41.9 to 46.3
37.8 to 41.8
23.2 to 37.7

*U.S. share of renters spending
35 percent or more on
housing = 42.5*

Metropolitan statistical areas defined by the Office of
Management and Budget as of November 2008.

Source: U.S. Census Bureau, American Community Survey, 2009.

0   100 Miles

0   100 Miles

0   100 Miles

Figure 2.

Rental Vacancy Rate by Metropolitan Statistical Area: 2009

Rental vacancy rate (percent), by quartiles

- 10.5 or more
- 7.7 to 10.4
- 5.7 to 7.6
- 0.5 to 5.6

U.S. rental vacancy rate = 8.4

Metropolitan statistical areas defined by the Office of Management and Budget as of November 2008.

Source: U.S. Census Bureau, American Community Survey, 2009.

0   100 Miles

0   100 Miles

0   100 Miles