

April 2025

Making Sense of the Market

Rental market update

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Start with why: Our audience



Renters

How do I start preparing for my life over the long run? Is there a place where I can live my life well? Was my rent increase fair?



Buyers & sellers

I have savings and a housing situation in mind, but I don't know what's possible and how all of this works. How far will my home equity get me?



Policy makers

What do our households face in one of the most important markets to their lives? What can we do about it?



Rental Property Managers & Marketers

Are other properties changing their rent? Offering concessions? Where should I market my properties?



Real estate agents & loan officers

How do I reset buyers and sellers' expectations, price in this market?



Residential Developers / Builders

How many homes are needed where?

#29 economic-research

The data world of economic research



Zillow Housing Market Data

What can you take away to your teams?



Macro volatility

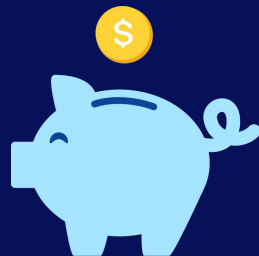
Conditions are worrisome for our renters, but an even bigger concern for buyers.

Rent growth

Rent growth is on its way back as more eyes return to small living.

Data at your fingertips

So many resources to explore data from your neck of the woods.



First, let's tackle the general economy.

Macro Volatility

Day-to-day: The situation is constantly changing

Tariffs announced on April 2nd
S&P suffers massive correction only partially offset by tariff pause.

8/14/23 to 4/22/25

S&P 500 Index



China responds to trade war with bond sell off

Unlike typical response to rising recession risk, cost of borrowing grew.

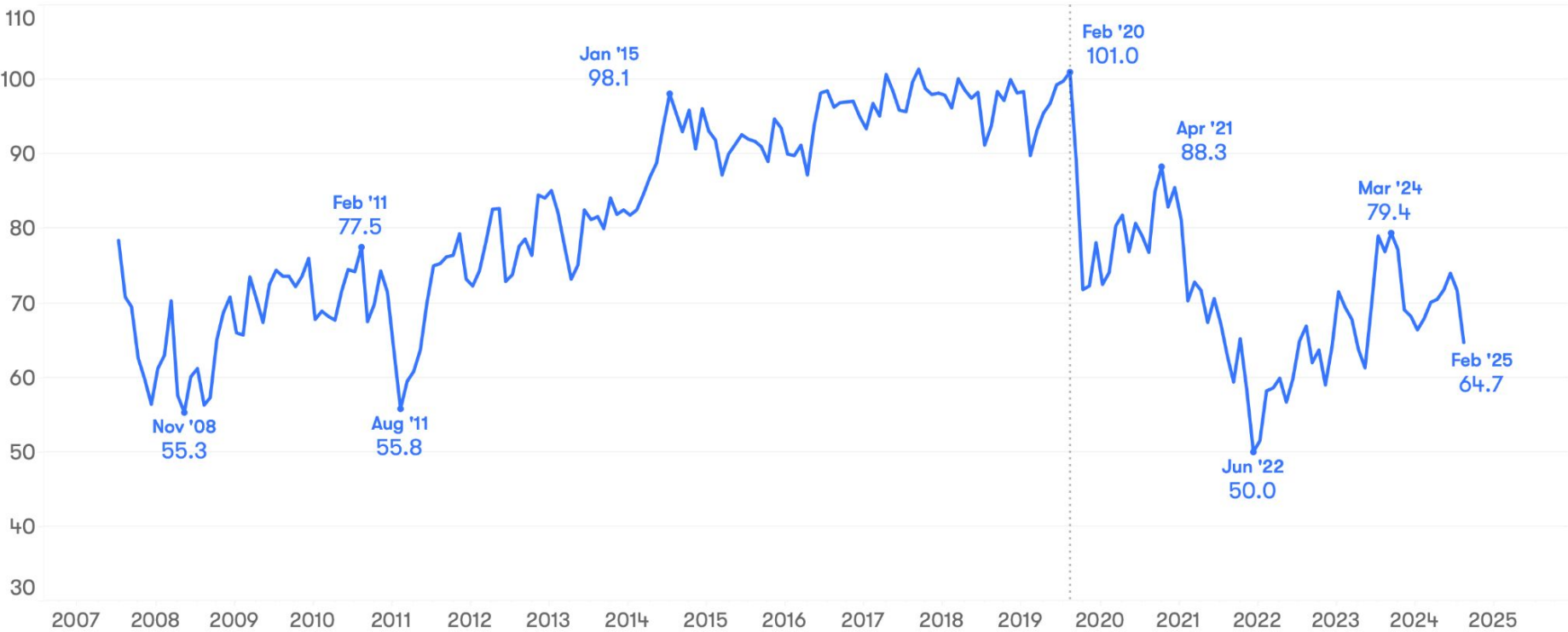
Market Yield on U.S. Treasury Securities
10-Year Constant Maturity



Consumer Confidence falls to 12-month low in March

Jan '08 to Feb '25

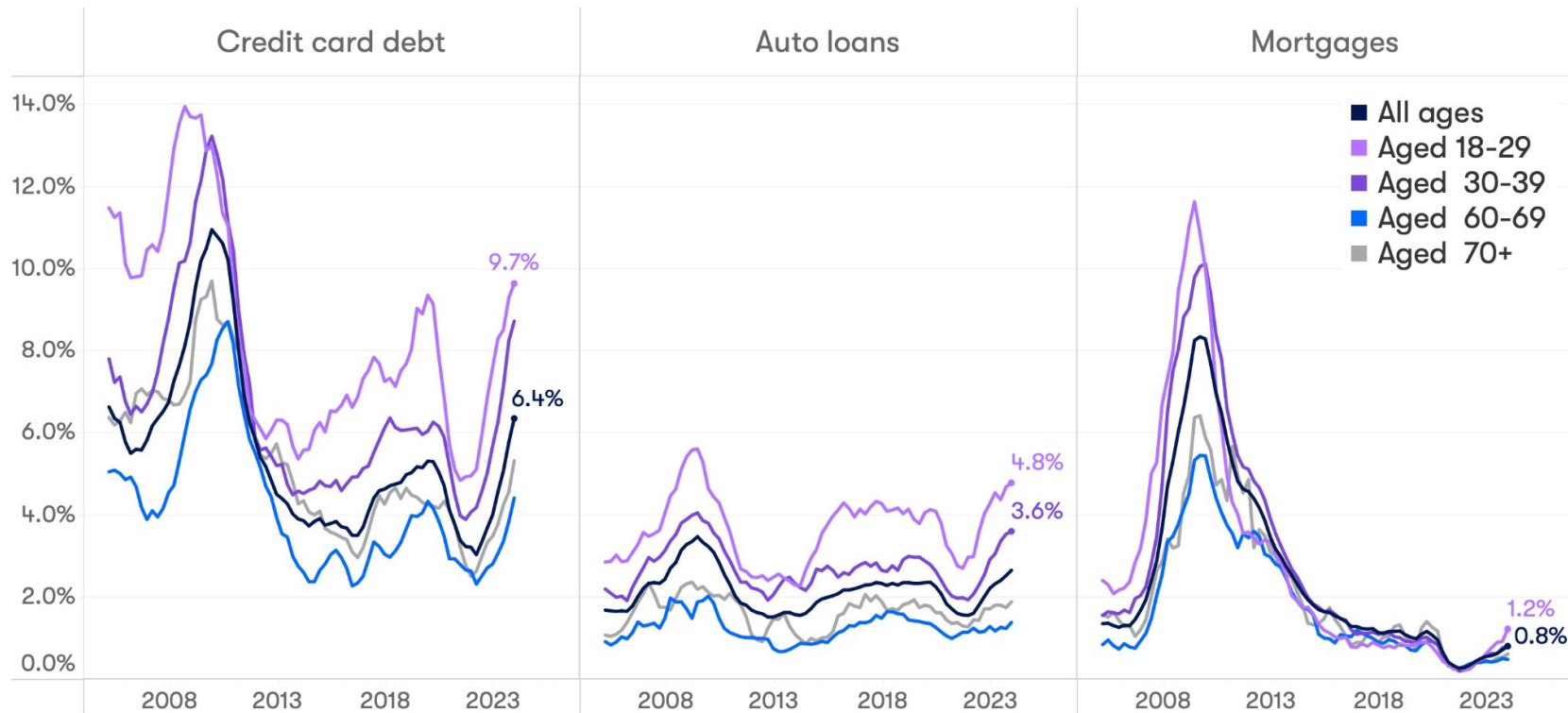
University of Michigan: Consumer Confidence Index



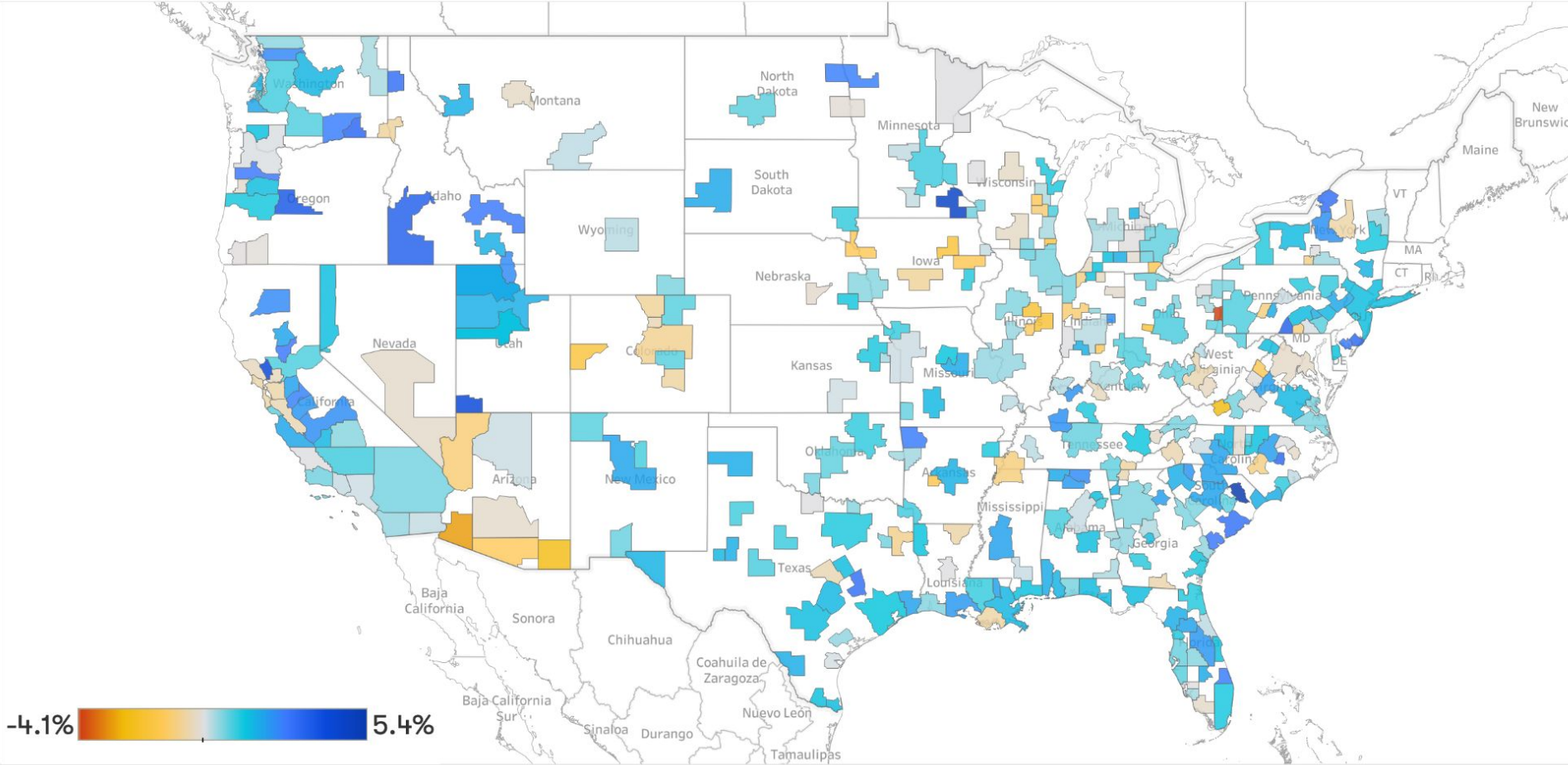
Signs of financial stress

Particularly among younger households

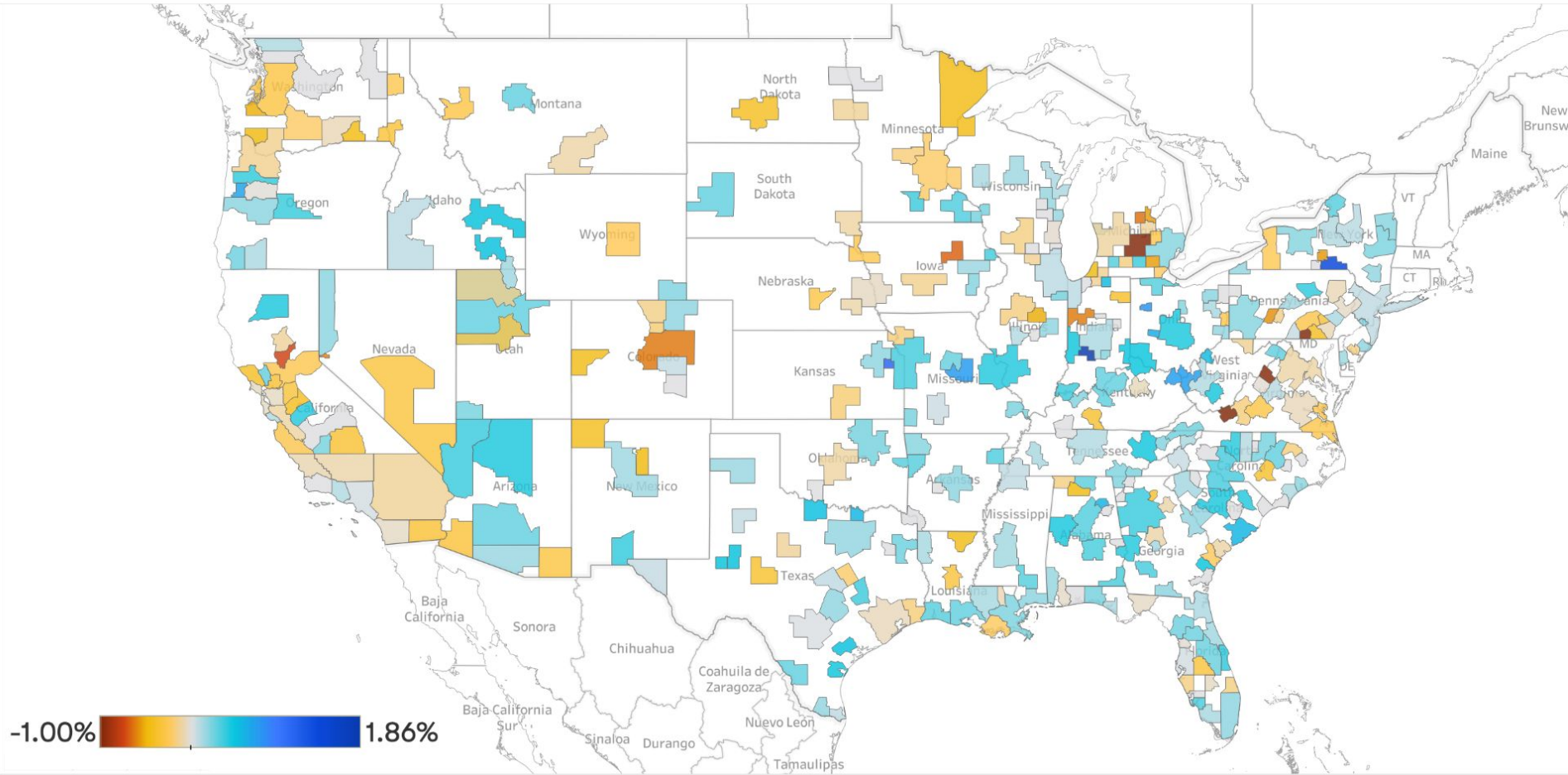
Serious delinquency rate (90 days past due)

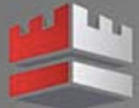


Year-over-year, February 2025
Employment: Total non-farm



Month-over-month, February 2025
Employment: Total non-farm





KASTLE

KASTLE BACK TO WORK BAROMETER

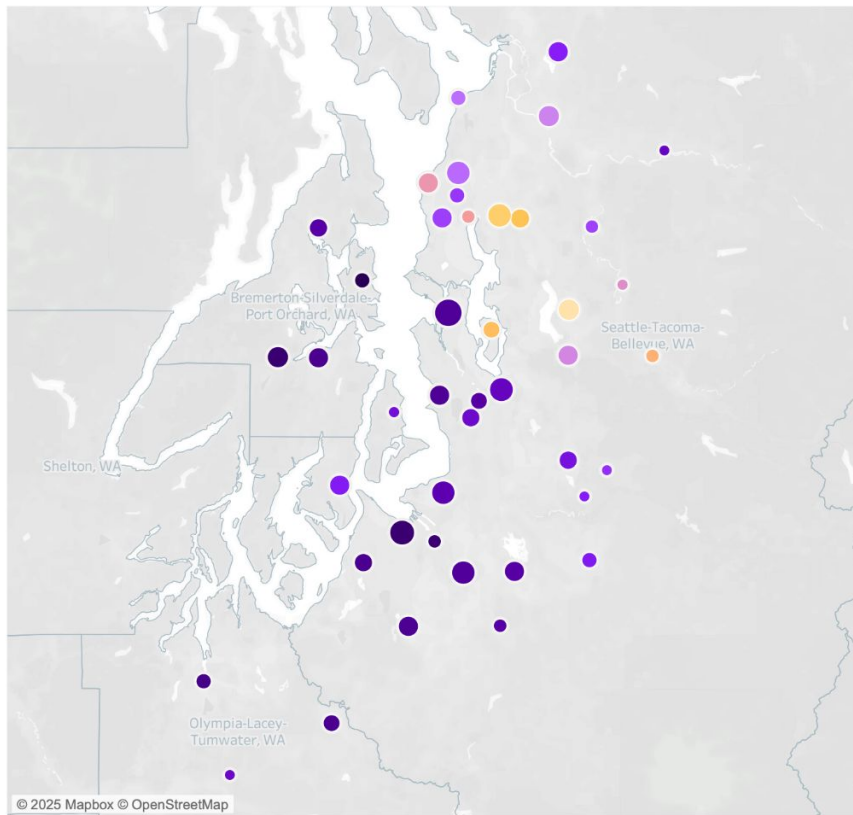
Weekly Occupancy Report from Kastle Access Control System Data

Occupancy over time – March 4, 2020 to April 2, 2025



March 2025

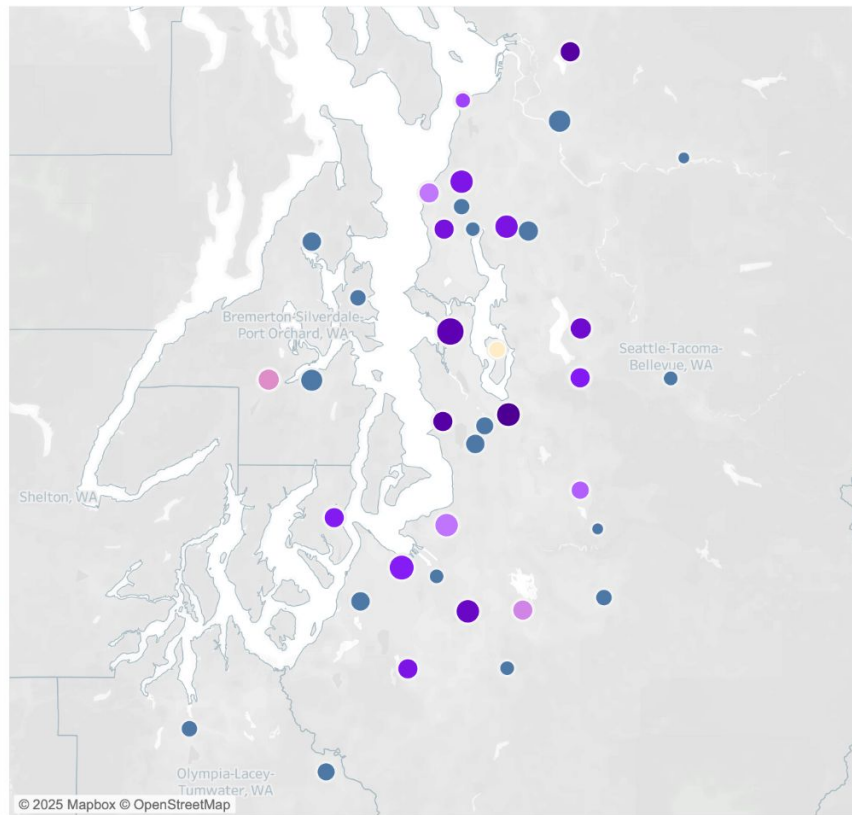
Annual home value appreciation on the typical home



1.52%

10.61%

Annual rent growth on the typical rental



0.49%

9.20%

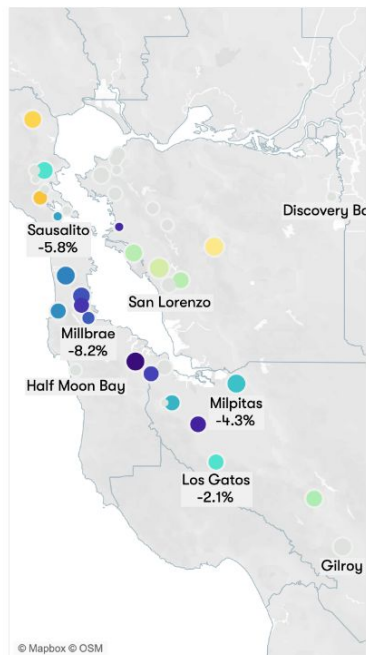
Bay area: Asking rent growth

March to March

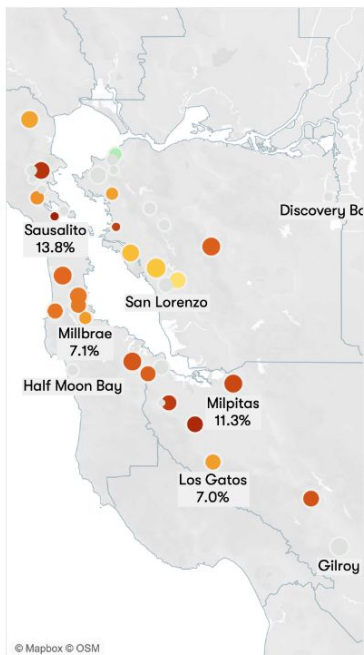
Seasonally adjusted asking rent growth using ZORI

-15.0%  15.0%

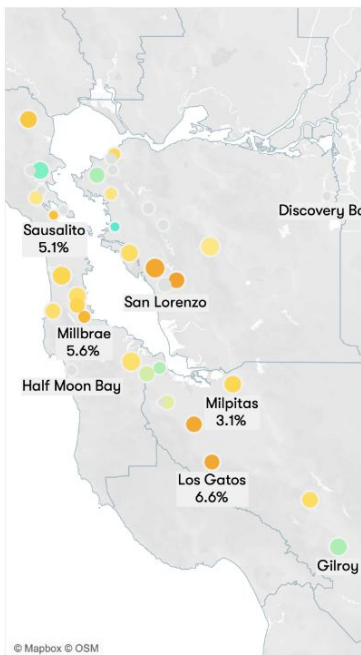
2021



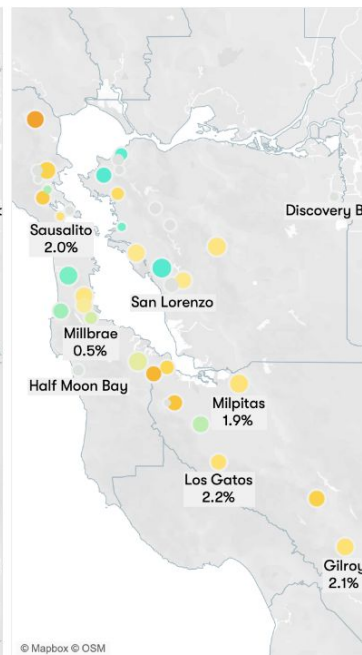
2022



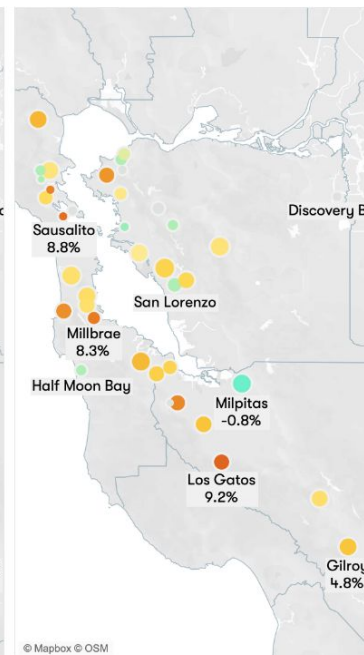
2023



2024



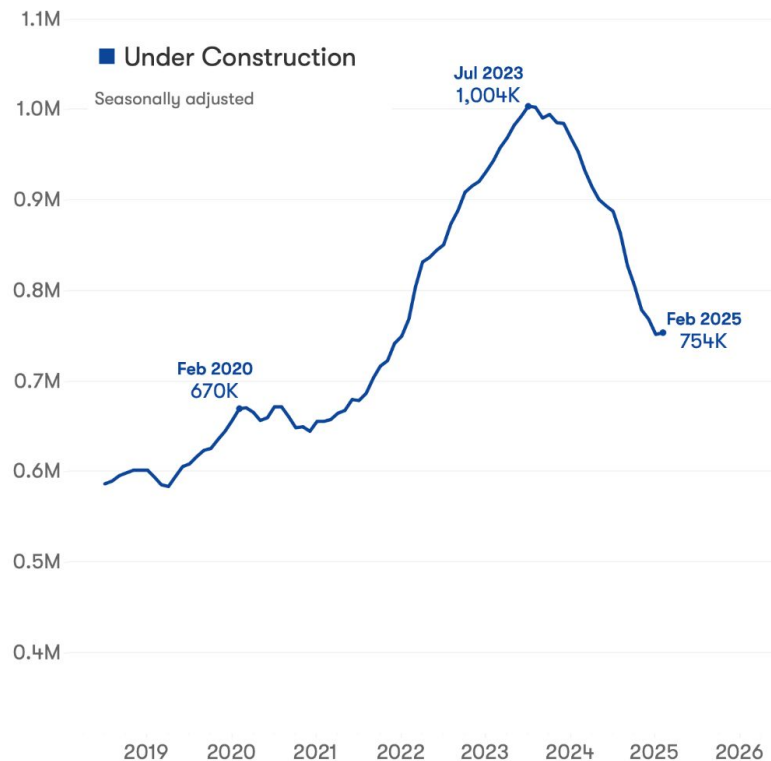
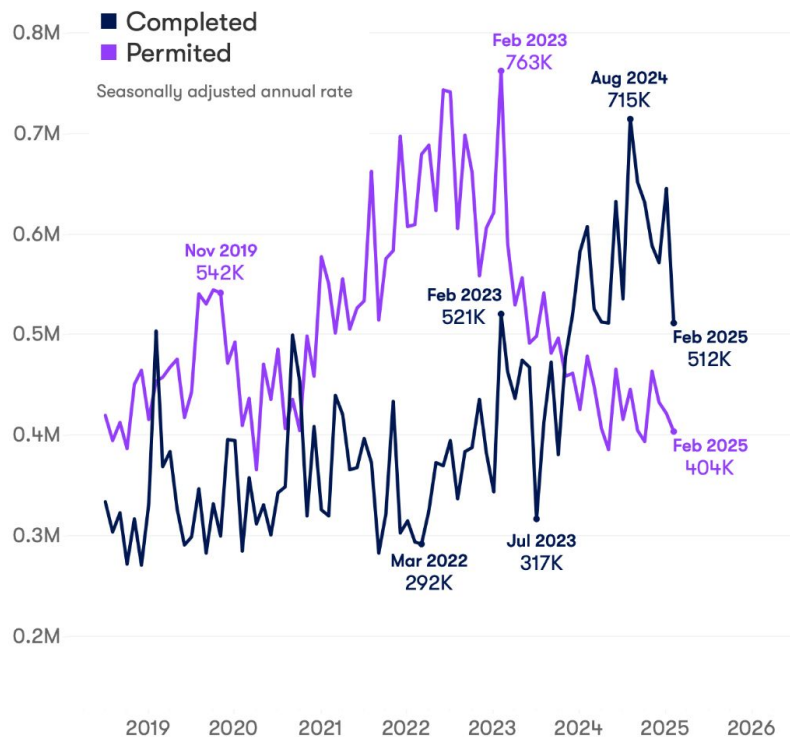
2025



Flow of completed apartment expected to slow quickly

5+ units buildings, Jul 2018 to Feb 2025

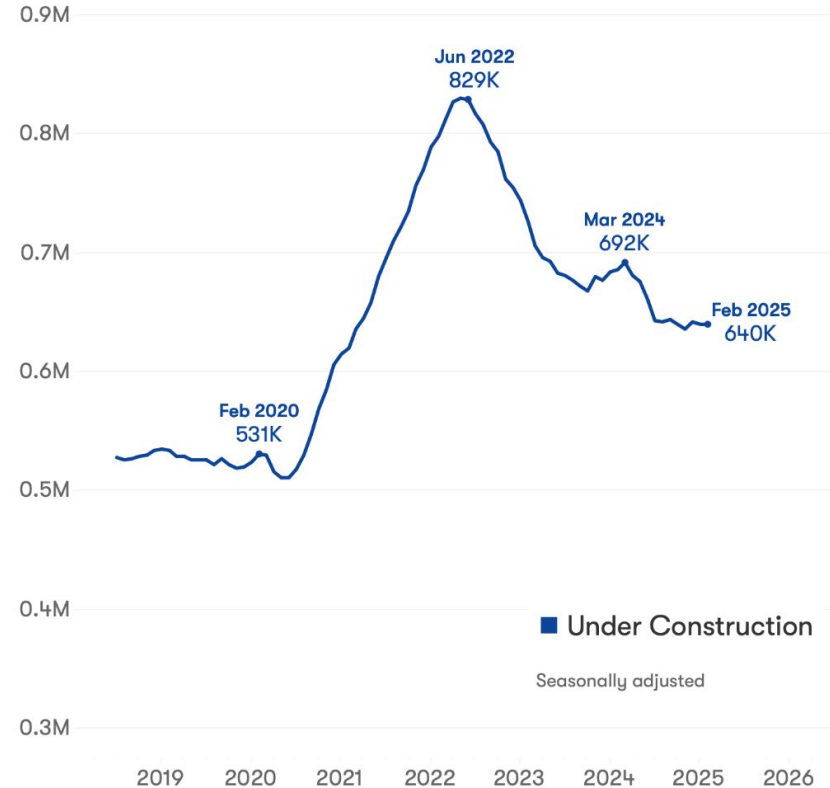
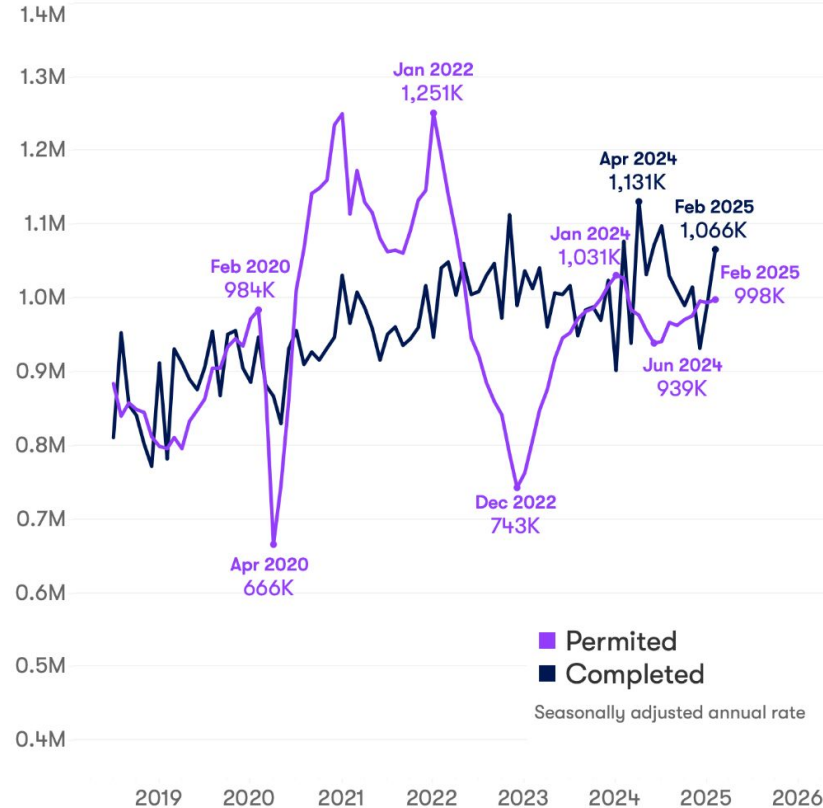
Housing unit pipeline in the United States



In contrast, single-family homes under construction,

Single-family units, Jul 2018 to Feb 2025

Housing unit pipeline in the United States



Falling confidence and volatility
Buyer Headwinds

Typical home no longer affordable for the median household

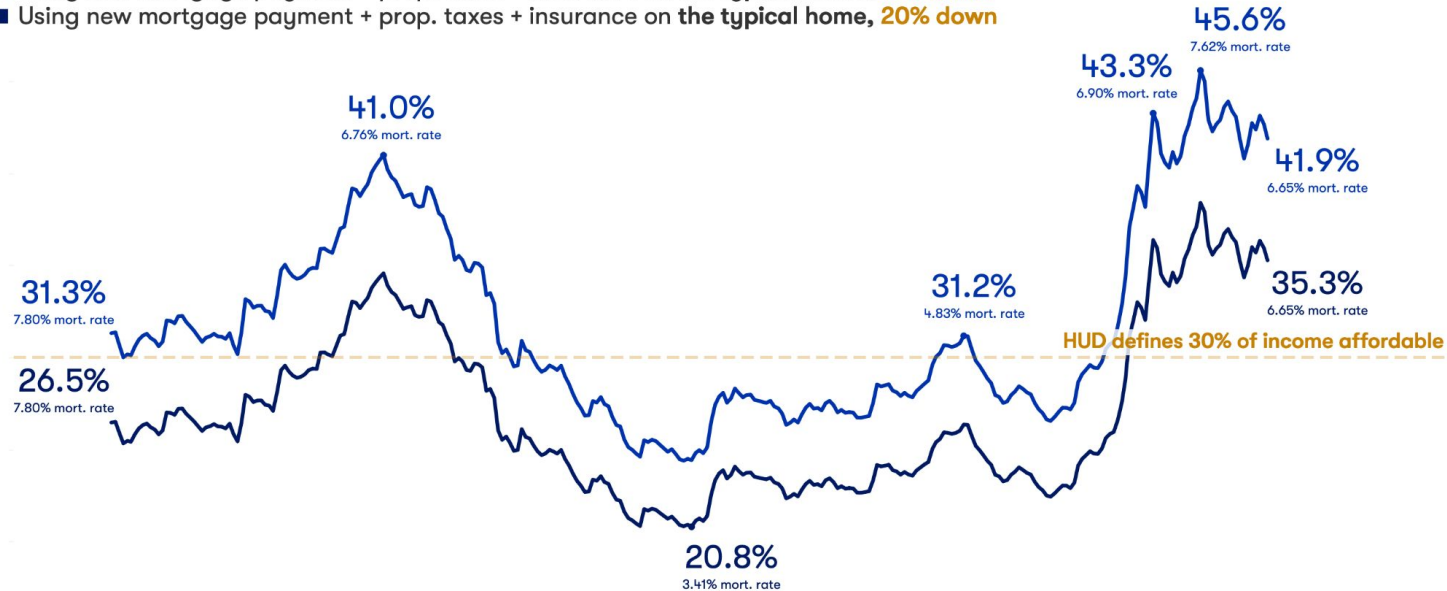
Affordability stifles housing demand. Some relief expected with mild drop in mortgage rates.

Oct 2000 to Mar 2025 Affordability in the United States

Housing payment as a share of median household income

the United States

- Using new mortgage payment + prop. taxes + insurance on **the typical home, 10% down**
- Using new mortgage payment + prop. taxes + insurance on **the typical home, 20% down**



June 2002 June 2005 June 2008 June 2011 June 2014 June 2017 June 2020 June 2023 June 2026

Zillow Home Value Index with Forecast

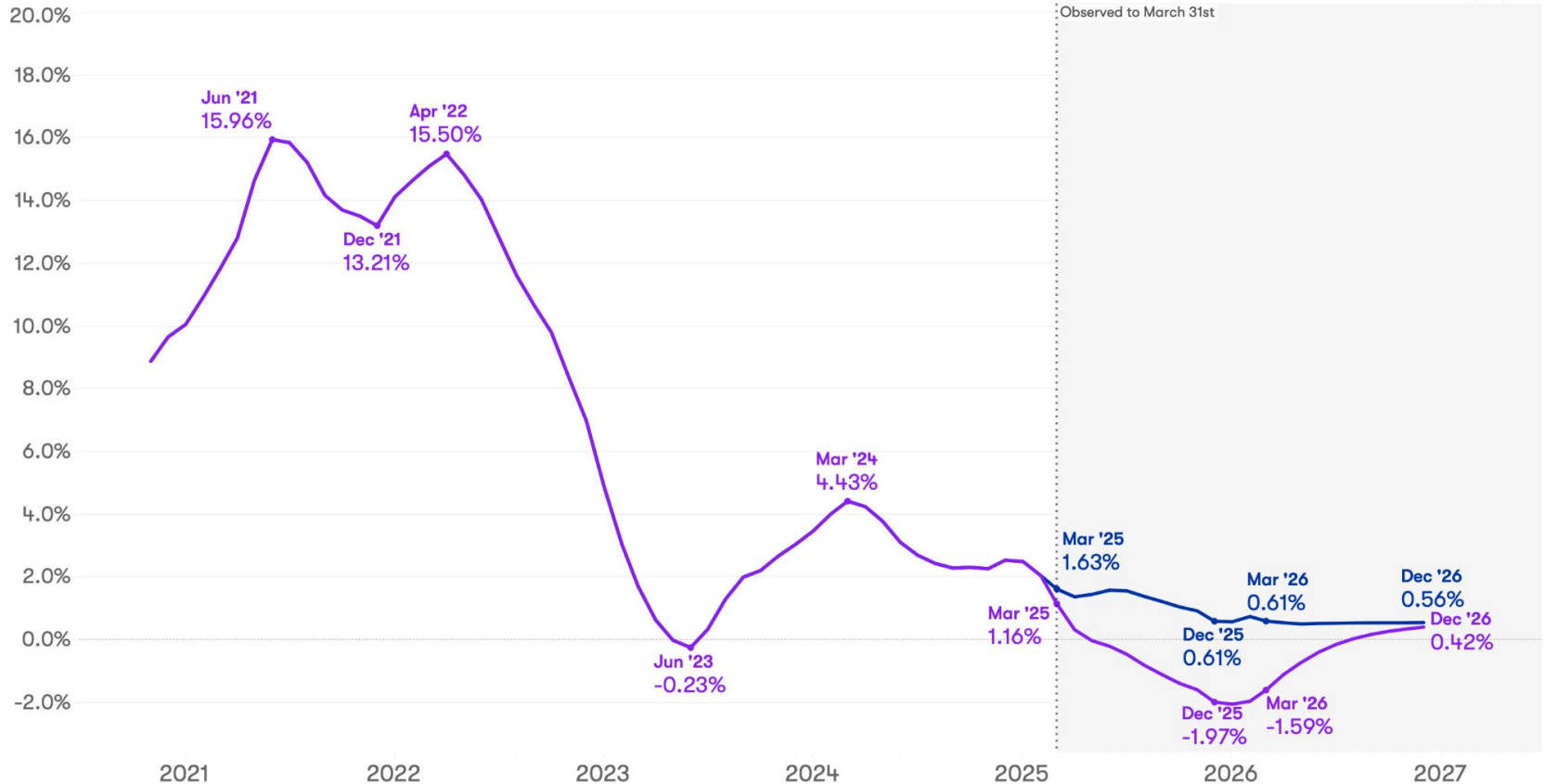
Year-over-year

■ Current Forecast

■ Previous Forecast

From 11/8/2019

Not seasonally adjusted

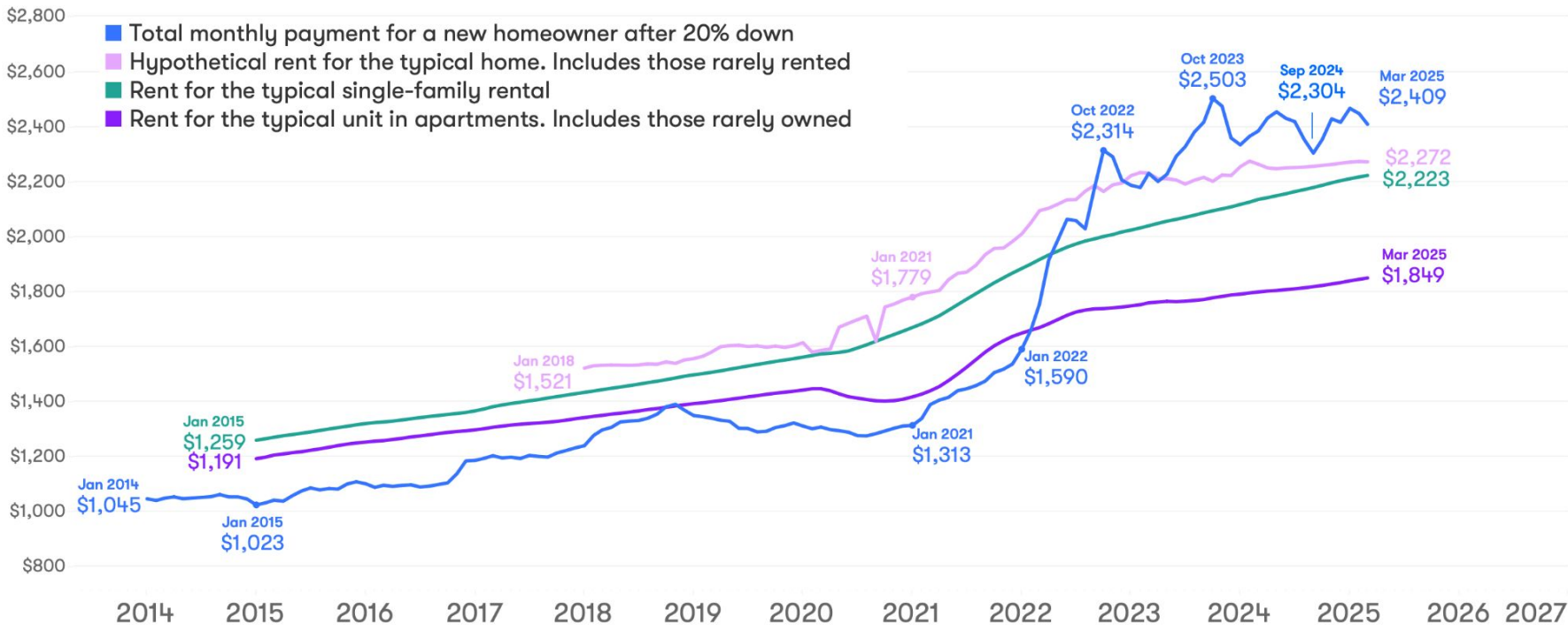


Rent vs Buy: The Monthly Payment

Jan 2014 to Mar 2025 Rent versus Buy in the United States

the United States

Comparing the monthly payments in the first year after lease or purchase



Rent vs buy Breakeven Year

The number of years you have to own the home for fixed payments, leverage, tax breaks, and "forced savings" to outweigh the advantages of renting, like lower up-front costs. We assume the renter pursues an alternative investment earning 6% a year, risk free.

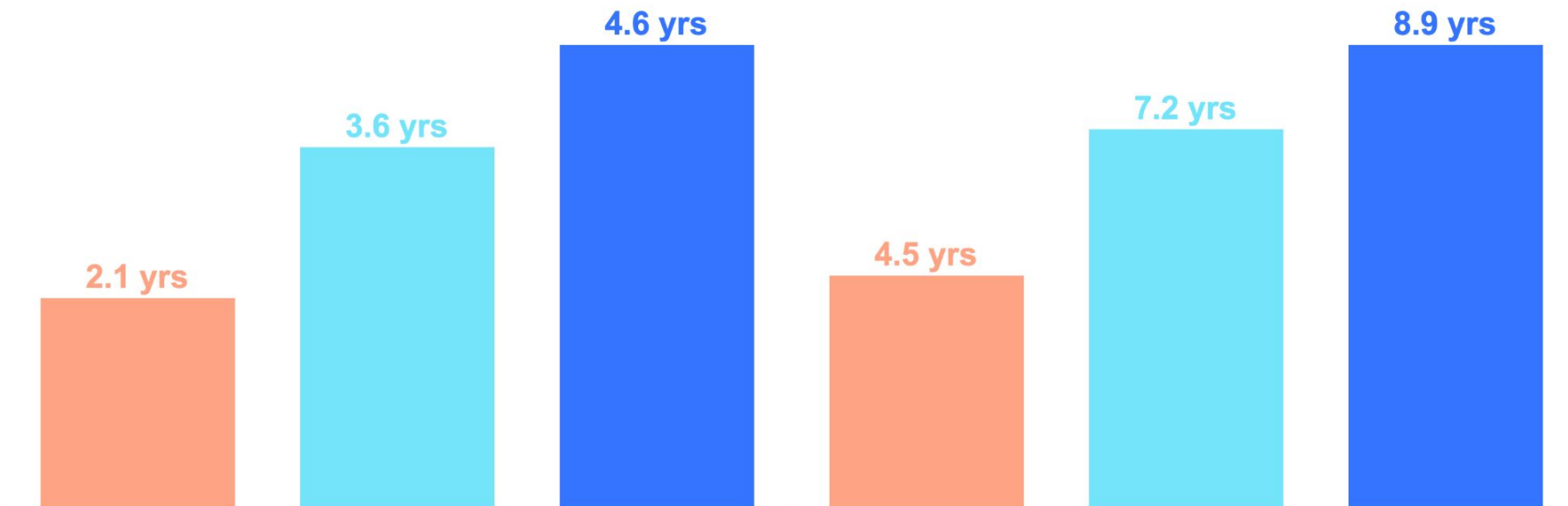
Mortgage Rate: ■ 3.0% ■ 6.0% ■ 7.0%

Home value growth in the 1st year uses historic ave:

3.7%

Home value growth in the 1st year current forecast:

-1.6%



On-market rent affordability stable near affordability rule of thumb

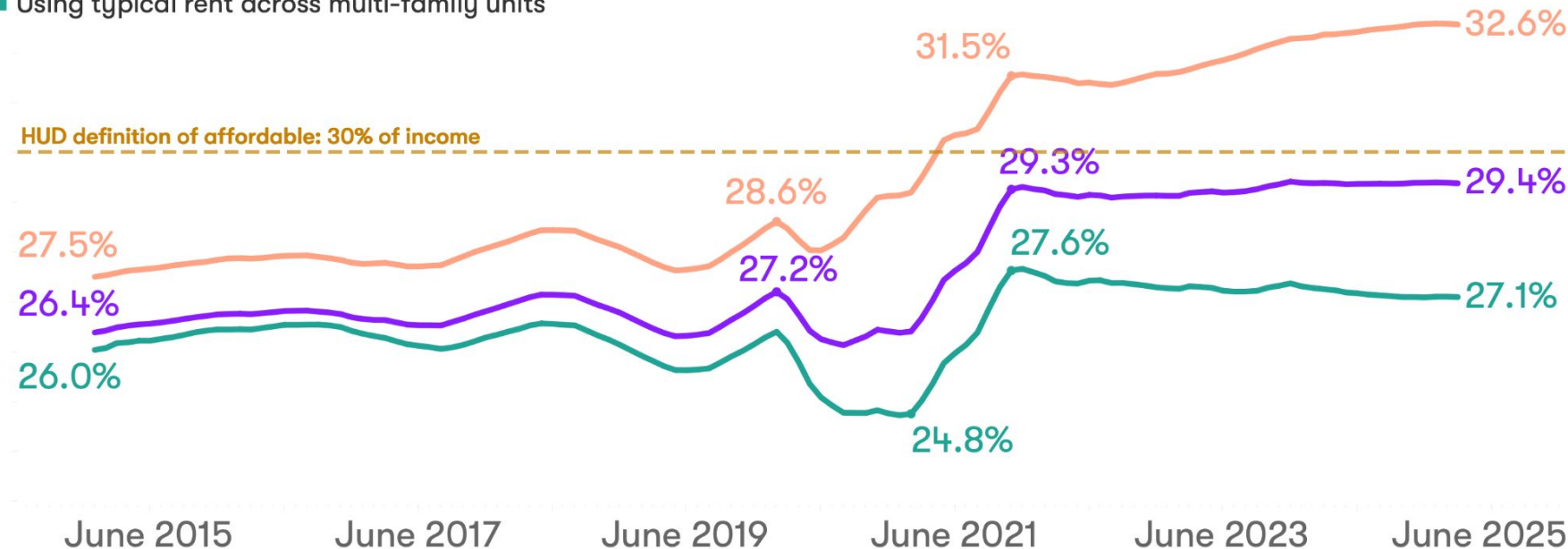
Typical single-family rental no longer affordable with median household income

Oct 2000 to Mar 2025 Rent Affordability in the United States

the United States

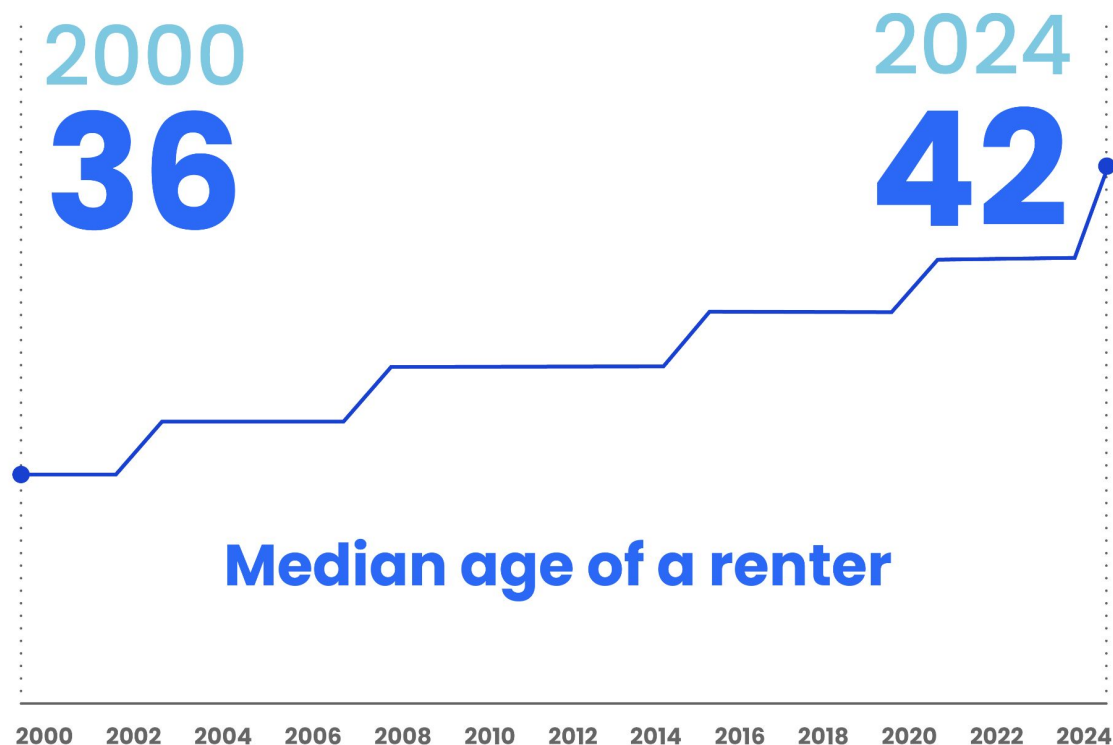
Housing payment as a share of median household income

- Using typical rent across all commonly rented units
- Using typical rent across single-family units
- Using typical rent across multi-family units



The median age of a U.S. renter is on the rise

Data from the 2025 Zillow Consumer Housing Trends Report

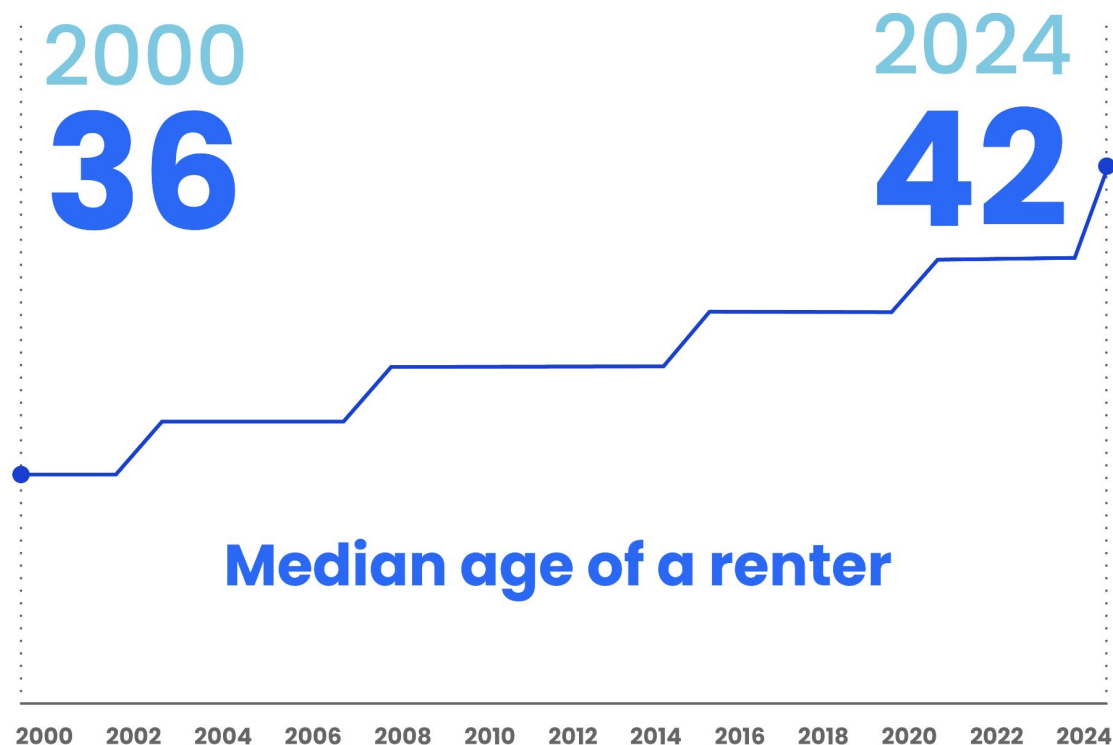


Download the full report



The median age of a U.S. renter is on the rise

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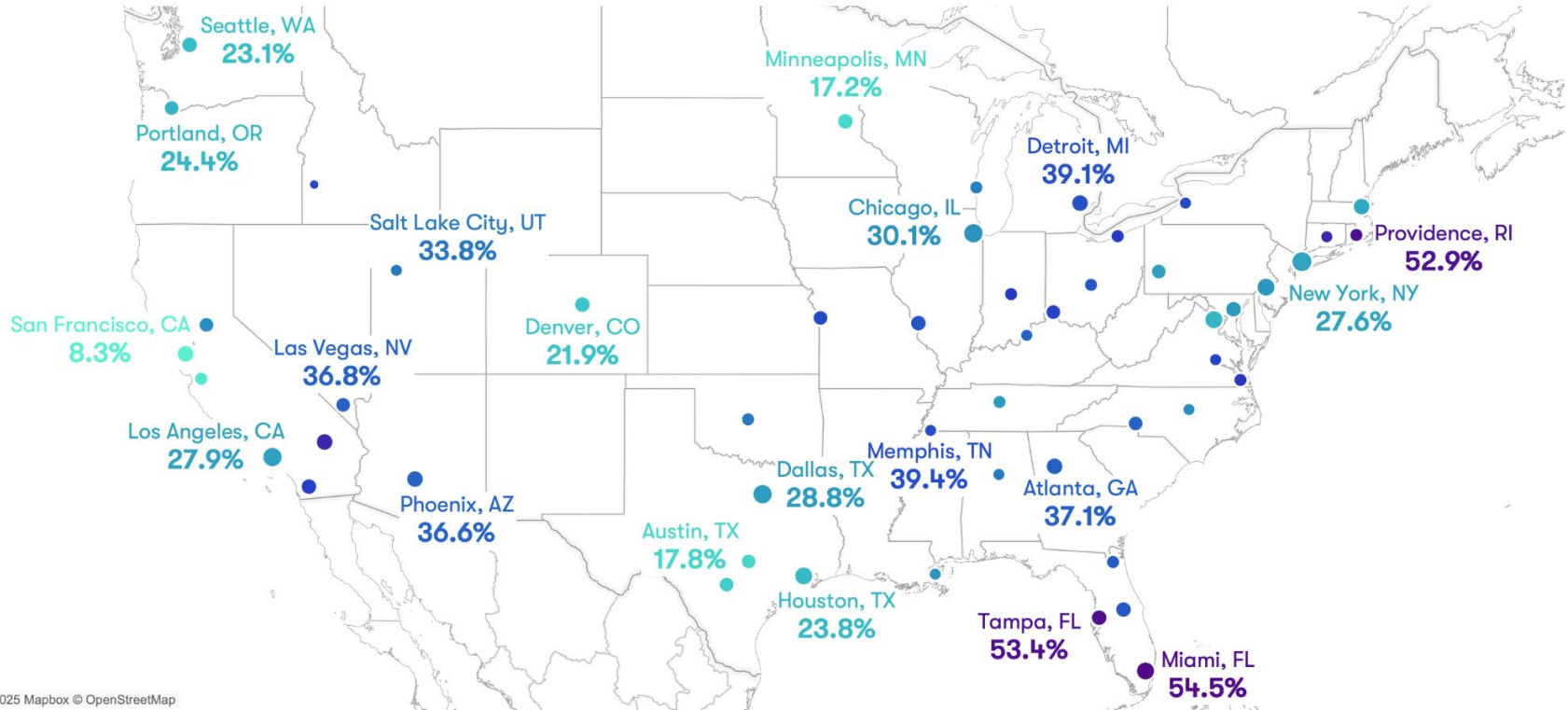


Rental market update

Incredible pandemic rent (almost) across U.S.

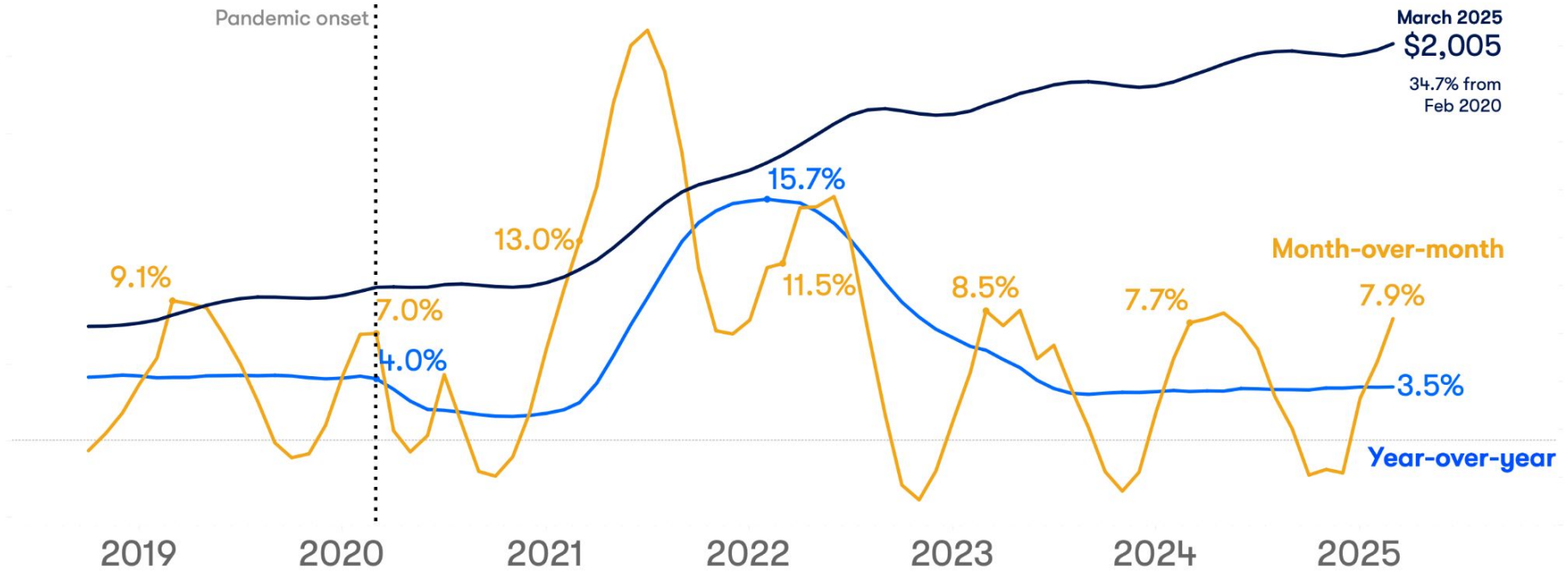
Asking rent growth between February 2020 and March 2025

Zillow's Observed Rent Index (ZORI, SSA)



Rent fairly stable, persists at softer than pre-pandemic pace

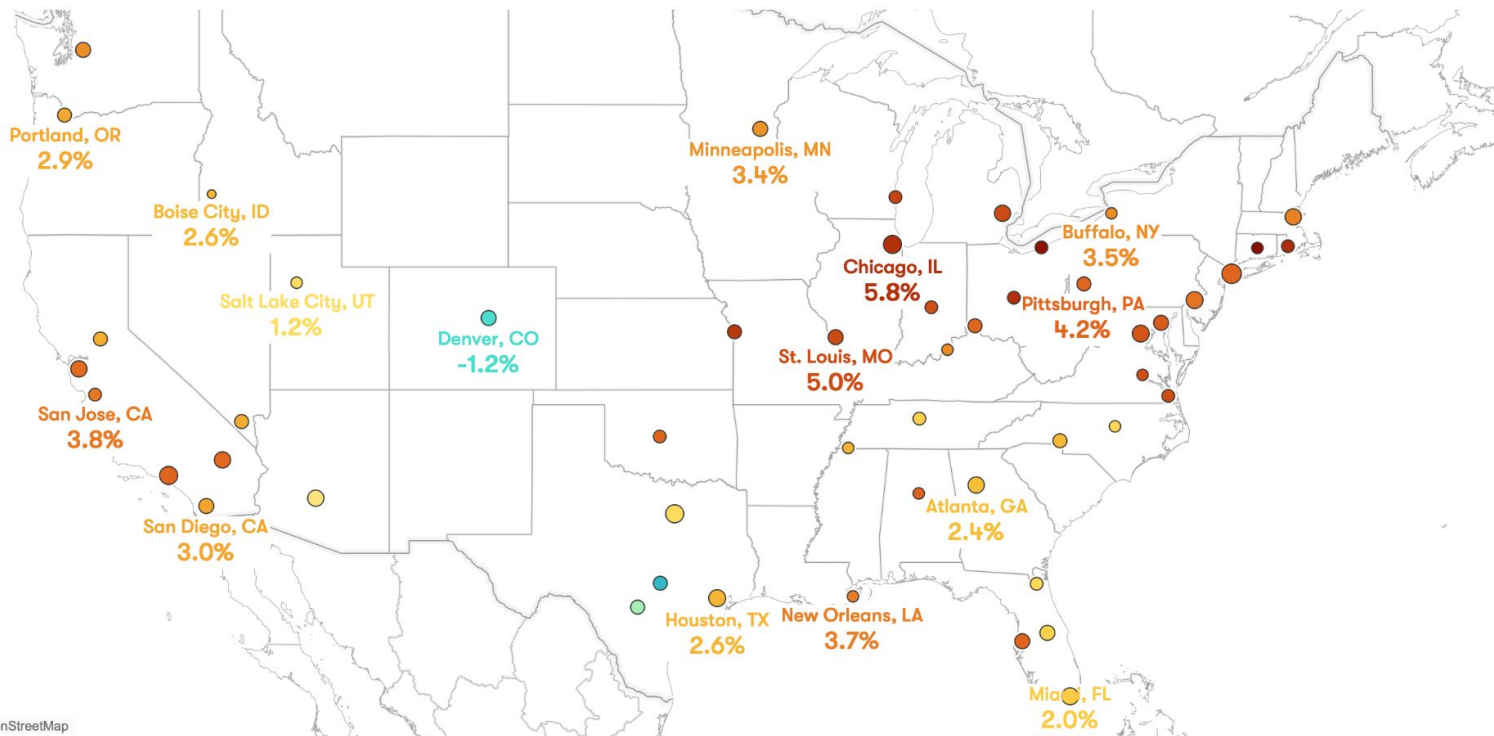
Typical asking rent from October 2018 to March 2025: United States
Zillow's Observed Rent Index (with seasonality)



Rent growth strongest in Midwest, Northeast

March 2025

Zillow's Observed Rent Index (ZORI, SSA): Year-over-year

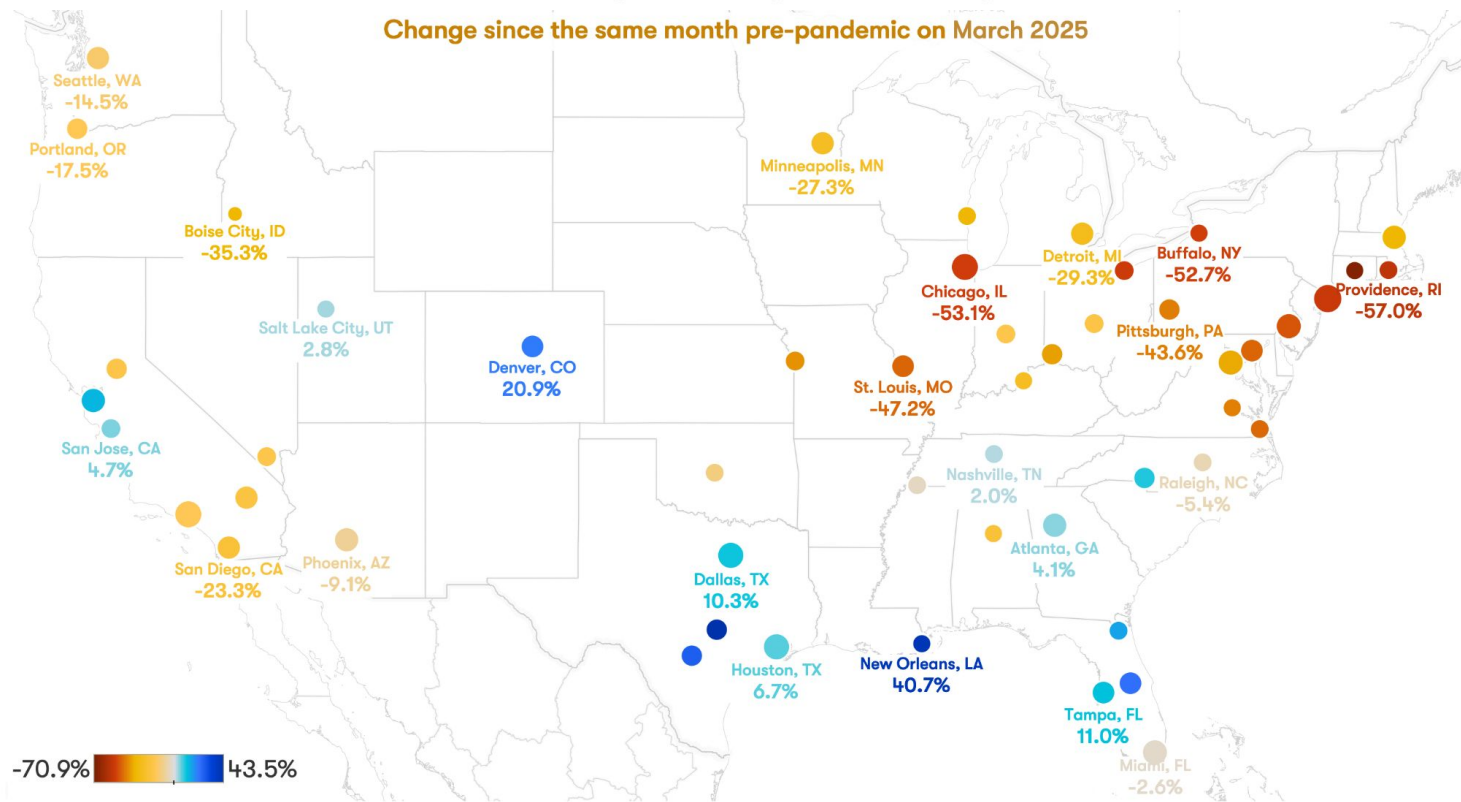


Buyer's response to new listings softer in North Florida, Central Texas, Colorado

Allowing inventory to return to (or exceed) pre-pandemic levels, a driver of falling p

Ever-active inventory of existing homes during the month

Change since the same month pre-pandemic on March 2025

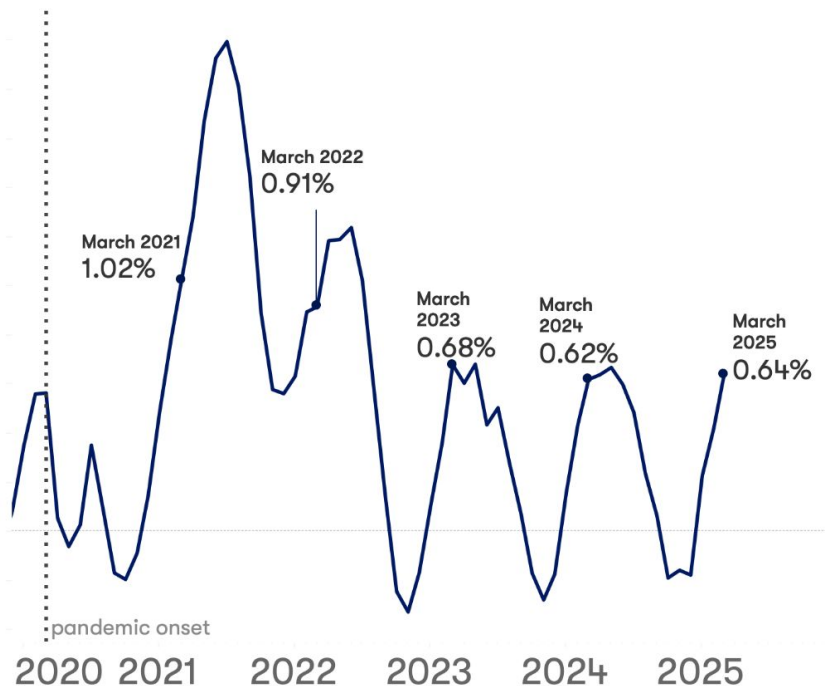


Asking rent is sticky.

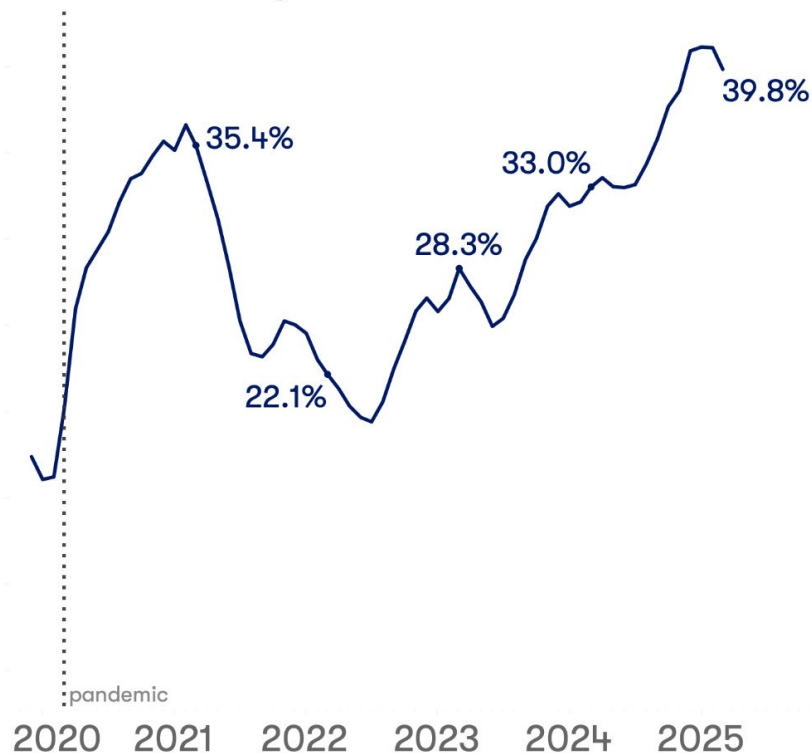
Instead, new renters offered short term rent relief: **concessions**

Monthly change in asking rent

Zillow's Observed Rent Index (ZORI), with seasonality



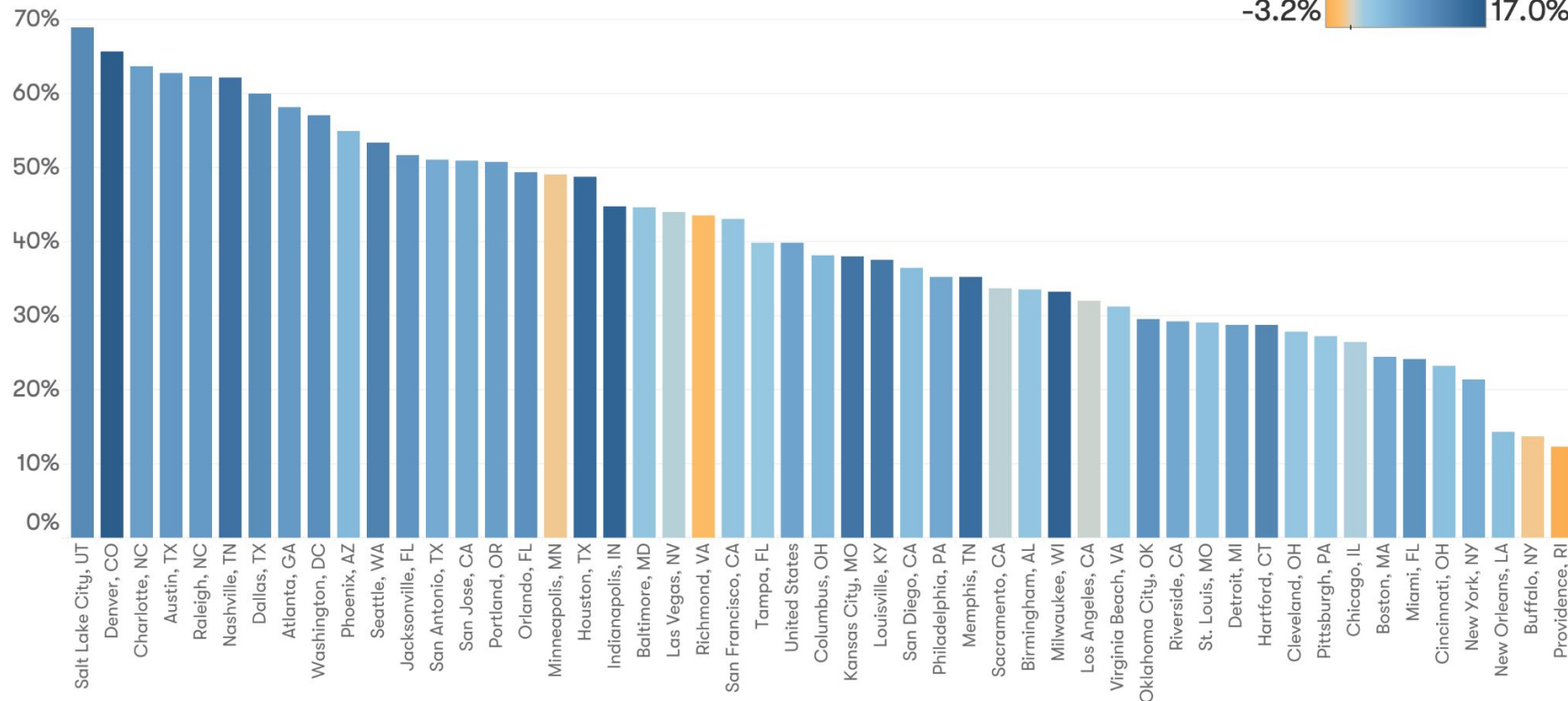
% of rental listings with concessions on Zillow



Markets across the board offer more concessions.

Share of rental listings with concessions on Zillow on March 2025

Year-over-year change
-3.2% 17.0%



Multifamily rent significantly slower than single-fam

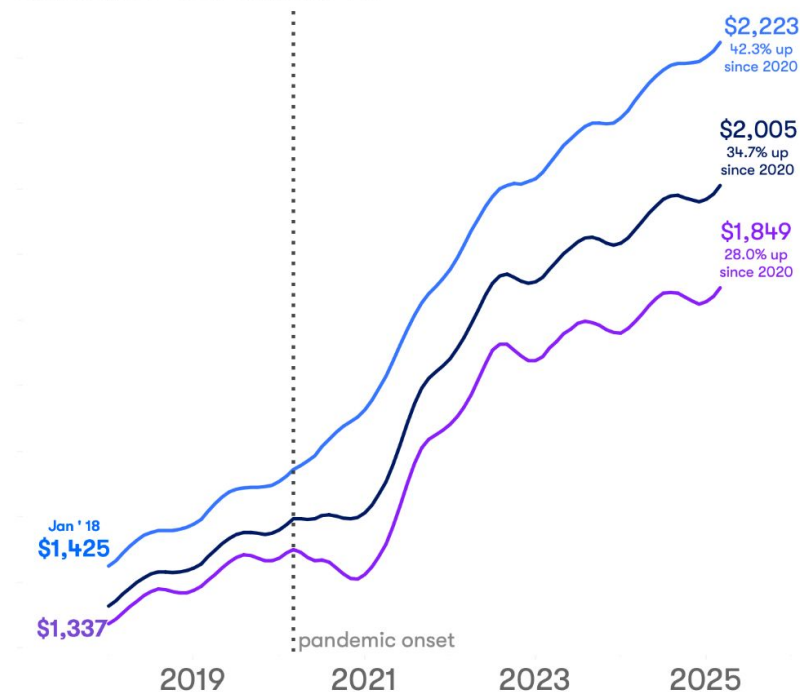
Typical asking rent, updated to March 2025

Trends coming back together in recent month

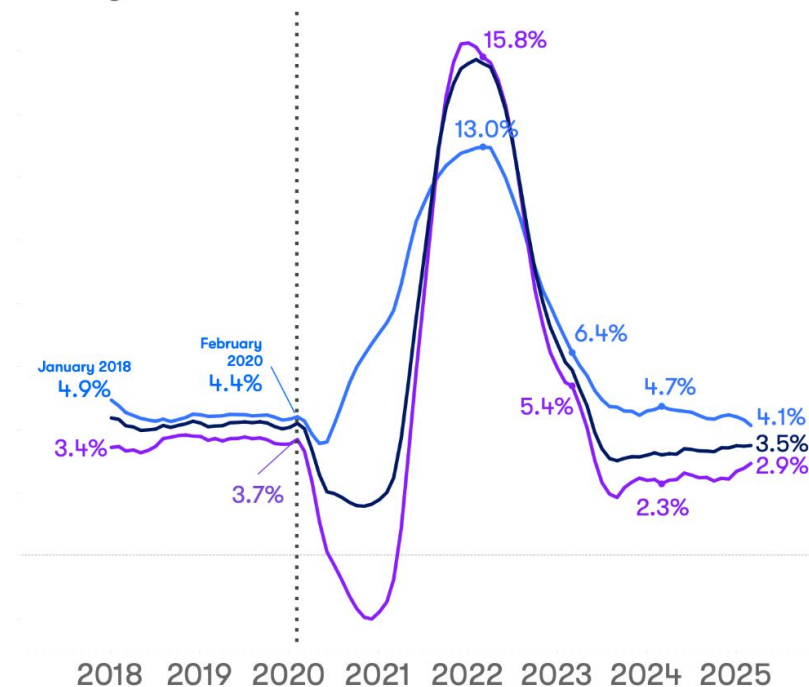
Zillow's Observed Rent Index (with seasonality)

- Across all rental properties
- Multi-family
- Single-family

United States – Jan '18 to Mar '25



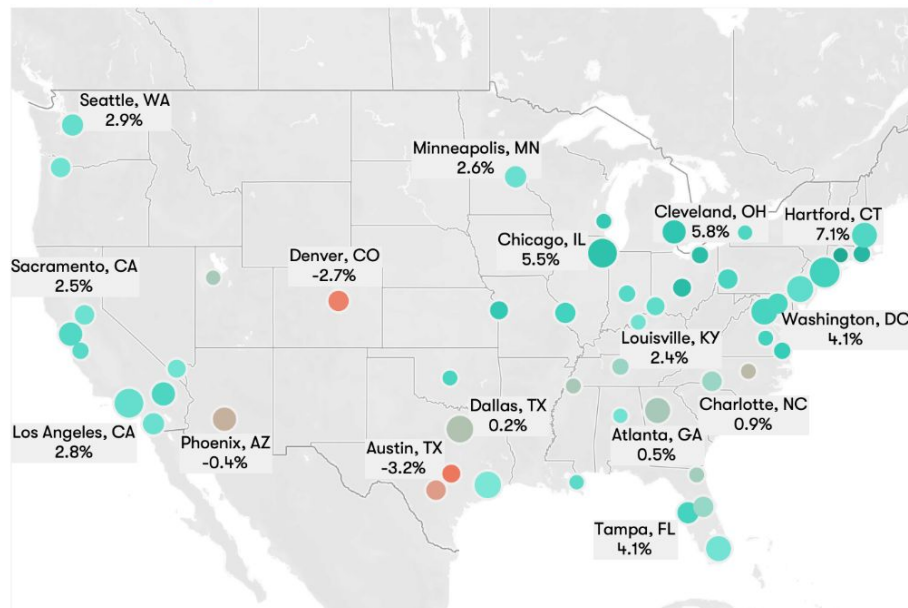
Annual growth



Multifamily versus single family asking rent growth

Annual Growth March 2025

Multi-family asking rent (MF ZORI)



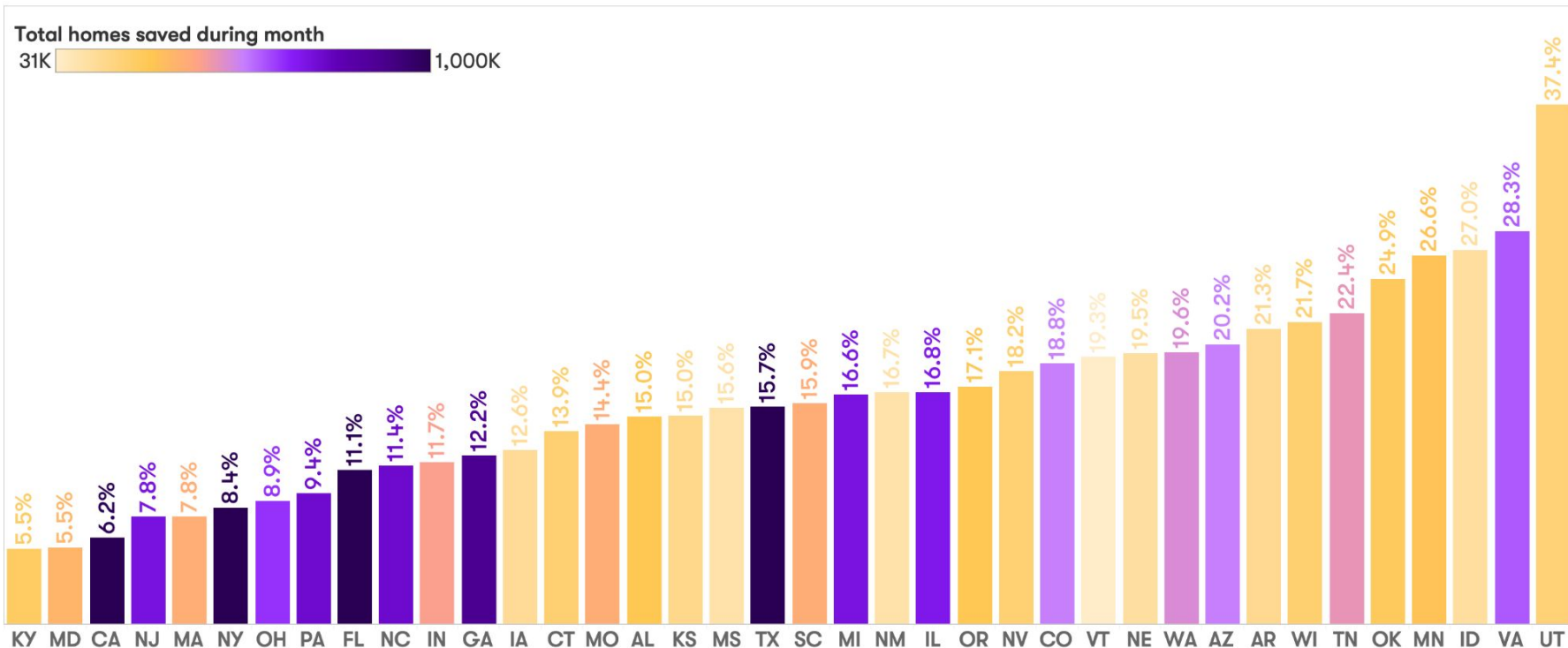


Insights from our renters

Leveraging search activity to see around corners

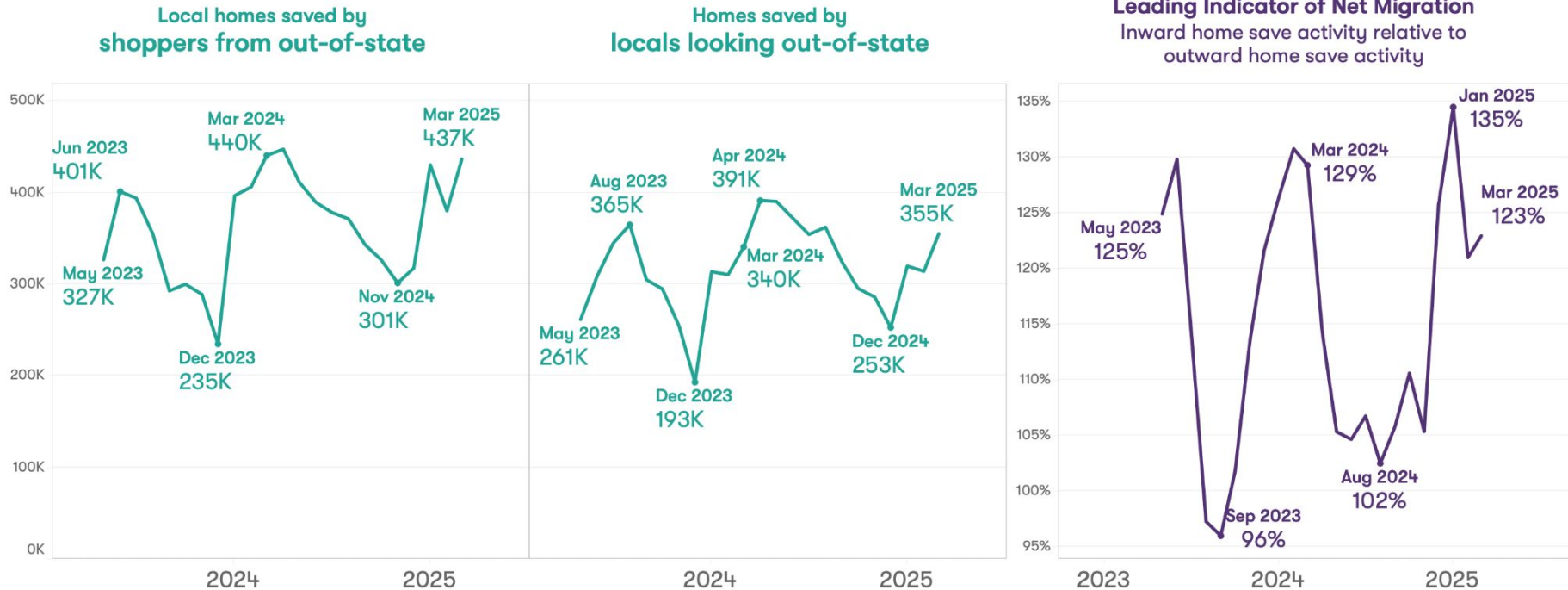
Jan 2025

Annual change in the number of locals saving homes, regardless of where



Leveraging search activity to see around corners

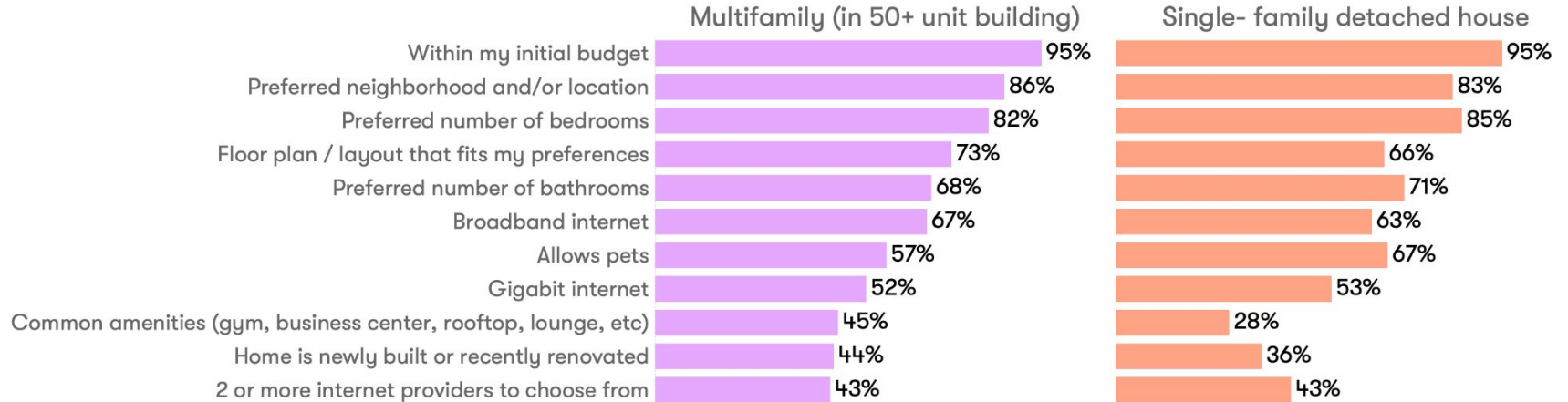
Home search and save activity in TX



Consumer Housing Trends Report

2024 Renter Survey

What did renters consider "essential" when deciding whether to rent a property?



Why did renters pass on a particular property?





Let's get local

Resources for you & your teams



2025 Consumer Housing Trends Report

Top renter trends & demographics from around the country.



Affordability dashboard

Shows the impact of monthly housing costs on affordability for the typical household.
Build empathy for renters.



Search trends

For homes in your area, explore where the traffic is coming from and how that's changing.
Get smart about marketing.



Thank you

Check out:

zillow.com/research
zillow.com/data

for research briefs and market reports, and
for downloadable data