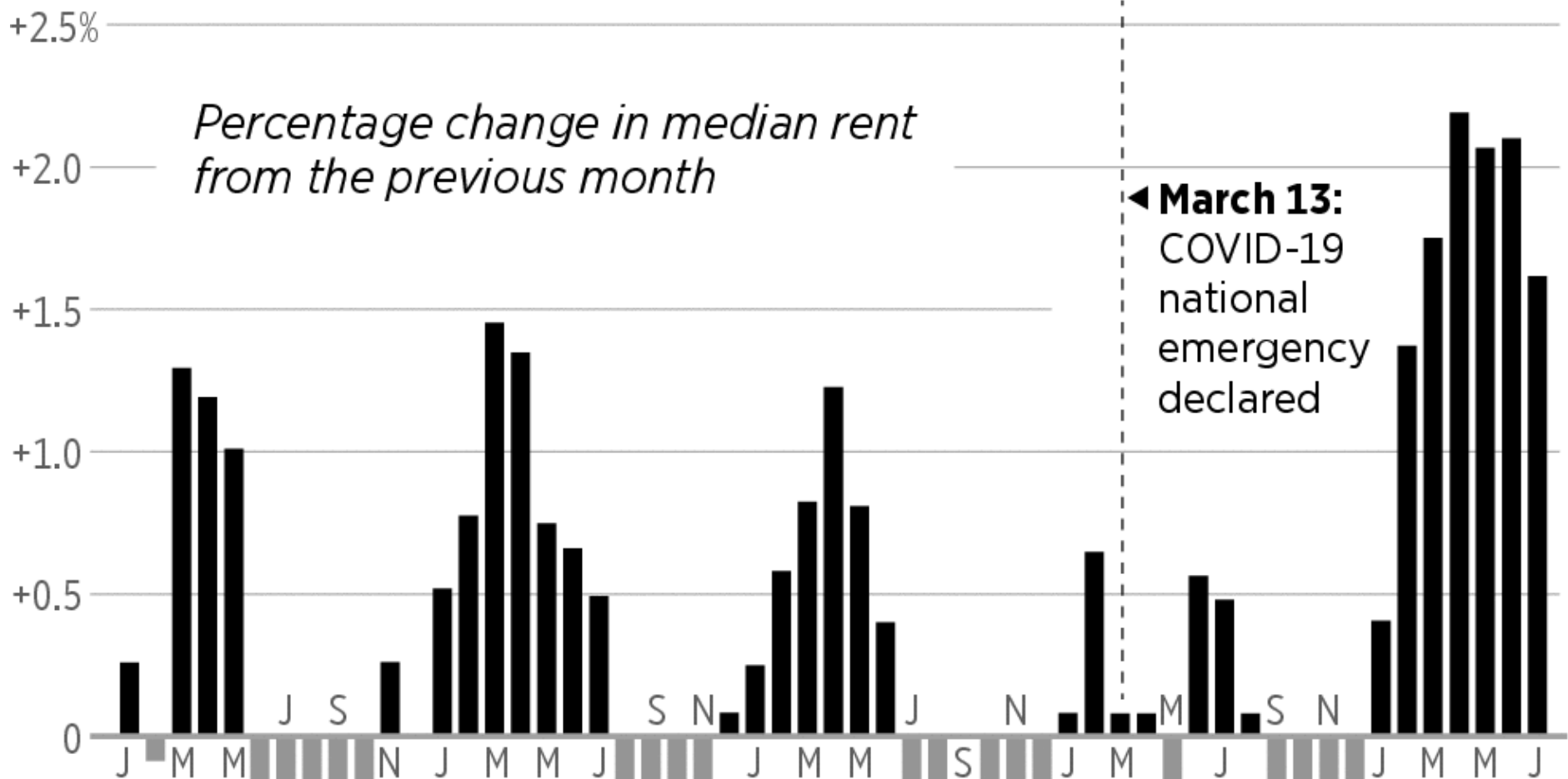


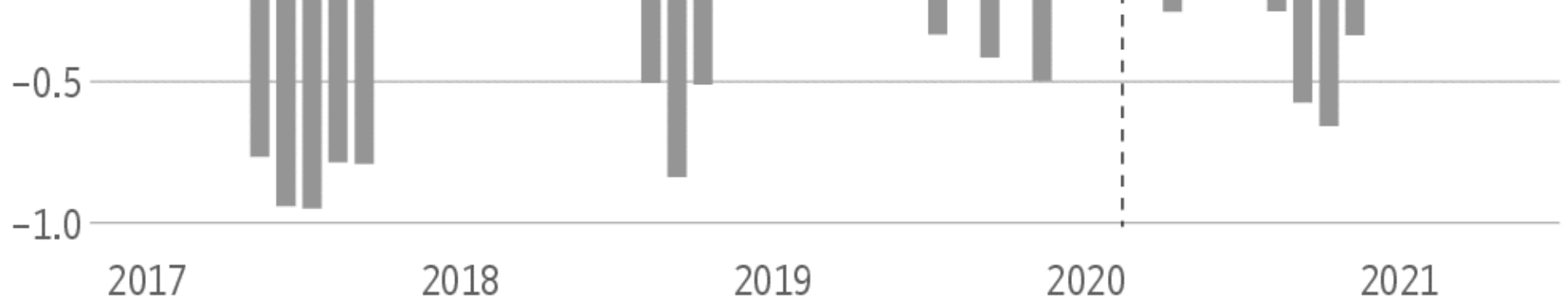
# Rents are rising in the Philly region

As the pandemic drags on, the price is up here and elsewhere as landlord incentives of last year are no longer needed.

## Median Rents in the Philadelphia Metro Area

Rents are up in Philadelphia and across the metro area, rising by more than 1.5 percentage points each month since April 2020.



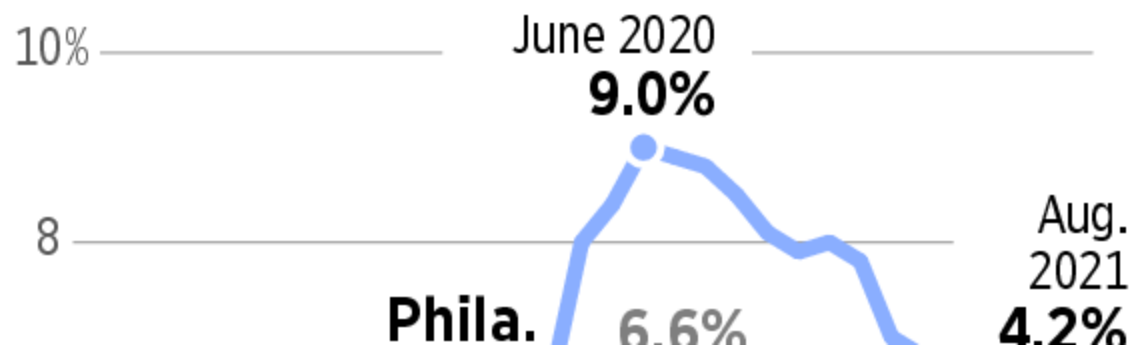


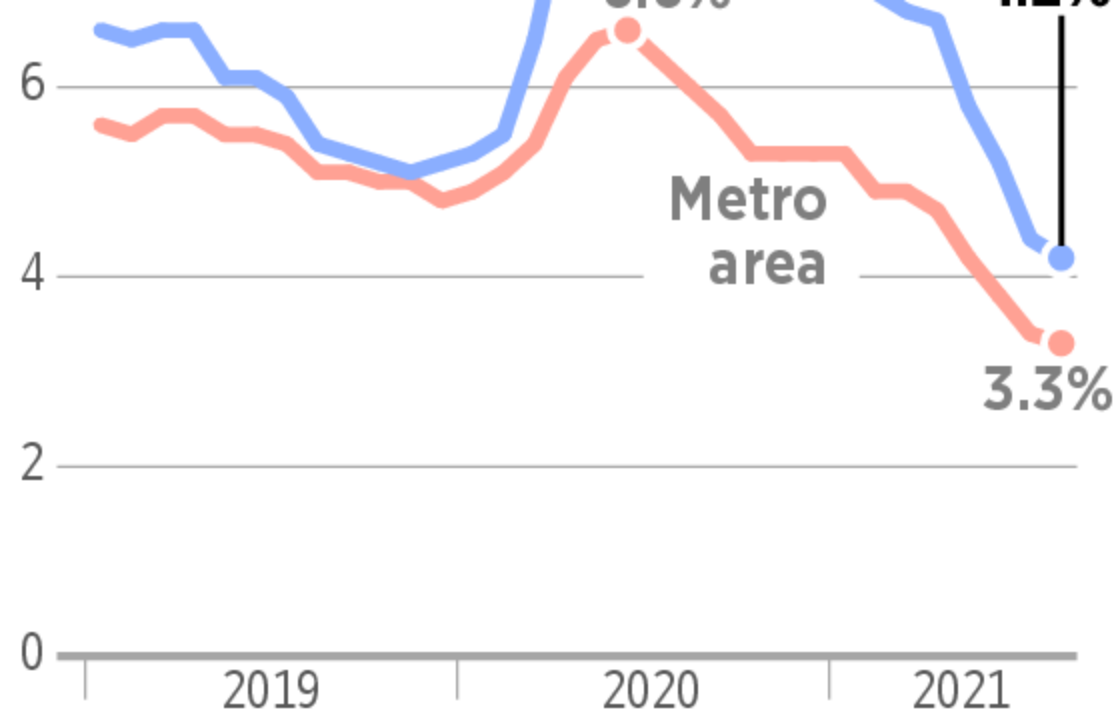
SOURCE: Apartment List rent estimates

Staff Graphic

## Vacancy Rates in the Philadelphia Metro Area

Vacancy rates in Philadelphia and the metro area as a whole have followed similar trends since early 2019. Vacant apartments peaked in June of 2020 and they are now scarce with a vacancy rate of 4.2% in Philadelphia and 3.3% in the metro area.





SOURCE: Apartment List

Staff Graphic

BY MICHAELLE BOND (STAFF WRITER)

Early in the pandemic, a renter with money looking for a place to live had lots of options. Vacancy rates in Philadelphia shot up as workers and students moved out. Landlords of high-rises courted tenants with offers of a free month or two of rent, gift cards, and other incentives.

A little more than a year later, demand for apartments is up, vacancies are down, and landlords don't need those deals. Nationwide, rents have been growing consistently month over month since January.

They have jumped to slightly higher levels than if the pandemic never happened, according to a Zillow analysis. The rate of rent growth picked up this spring.

Across the country and in the Philadelphia area, rents reached two-year highs in July, according to Realtor.com. In the metropolitan area that includes Philadelphia, Camden, and Wilmington, the

median rent in July was up 3.5% from the same time last year, according to Realtor.com's analysis. In the 50 largest metropolitan areas, the median rent in July was about \$1,600 - up almost 10% from the year before.

Zillow analysts found a 6% rise in rents in the Philadelphia metro area over the same period.

"With the economy continuing to reopen, employees receiving more long-term guidance on remote work, and as students find their way back to college campuses, the rental market is picking back up," Nicole Bachaud, economic data analyst at Zillow, said in a statement. "As high demand puts pressure on rents and incomes are unable to keep up, affordability will become more of a challenge in the coming months."

Nationally, the average renter's hourly wage of about \$19 means a renter must work 53 hours a week to afford a two-bedroom market-rate apartment, according to the advocacy nonprofit National Low Income Housing Coalition. Those earning minimum wage must work more than two full-time jobs for a two-bedroom and about two jobs for one bedroom.

Median rent in the Philadelphia metro area is \$1,600 to \$1,700.

The rate of monthly rent growth has slowed this summer, but "rents are still going to continue to grow at a faster-than-normal pace for the next couple of months," said Danielle Hale, chief economist at Realtor.com.

Many of the areas seeing the most rent growth are less dense, less urban areas, where renters can get more space for their money, Hale said.

Strong demand for rental housing and limited supply have pushed up rents. This month, rental units are roughly 96% occupied in Philadelphia and about 97% occupied across the metropolitan area, according to Apartment List. That's compared with June 2020, when units were 91% occupied in the city and 93% occupied across the region. Nationwide, vacancy rates are lower than they have been in years.

Some of the households that consolidated early in the pandemic - such as college students moving back home - have expanded once more and are back in the rental market.

Although eviction bans, such as the federal moratorium the Supreme Court struck down last week, have kept some renters in their homes who otherwise would have been forced out, bans aren't driving supply shortages.

"We haven't been building enough homes," Hale said.

Housing supply is low for single-family homes, which keeps some potential buyers in rentals. At the same time, supply of multifamily units also cannot meet demand.

Carol Christner, chief executive officer of the Pennsylvania Apartment Association, said members throughout the state are "definitely" seeing increased demand for their rental properties, and she pointed to the "housing market craze."

"People are trying to buy homes but aren't able to," she said, "and they're looking to multifamily housing as the solution to that problem."

The surge in home prices during the pandemic also has helped drive the demand for rental housing, as some potential home buyers are priced out of the market and remain renters.

In the Philadelphia metropolitan area, monthly payments for starter homes with two or fewer bedrooms are lower than monthly rent payments, according to Realtor.com. The monthly cost of a home is about 9% less than monthly rent. That's assuming renters have the money for down payments and the other costs of purchasing a home. This was the case in 24 of the 50 largest metro areas in the country.

Philadelphia is one of the top 20 cities where living with a roommate can save renters the most money, according to an analysis by SmartAsset, a financial technology company. If two tenants rent the average-priced two-bedroom apartment and split the cost evenly, each would save about \$550 a month compared with renting a one-bedroom apartment alone.

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