Single-family rent prices up 3 percent in May: CoreLogic

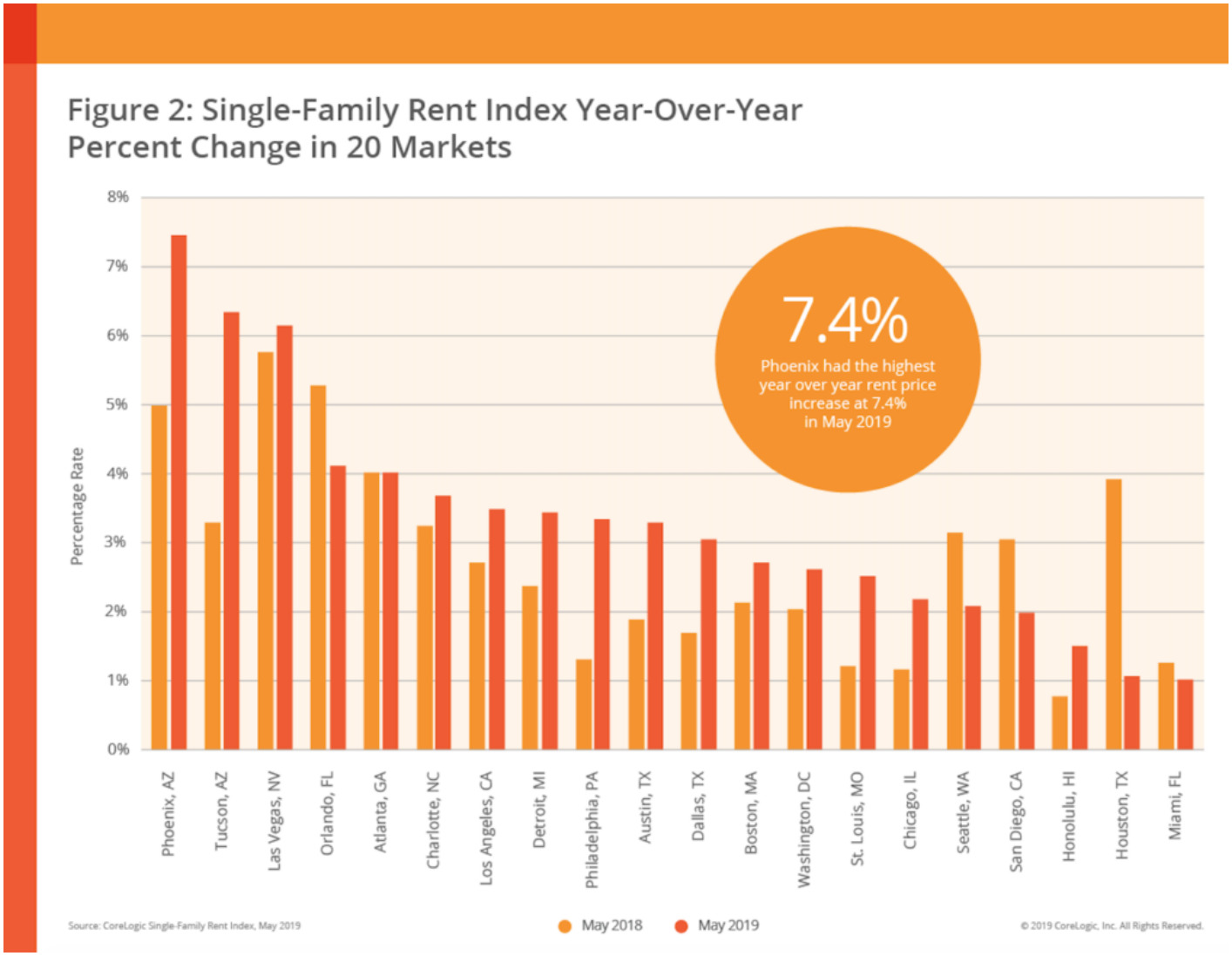
The cost of renting a single-family home is growing steadily — for now.

According to the latest CoreLogic data released on Tuesday, monthly rent for a single-family home grew 3 percent year-over-year in May. Per Yardi Matrix data, that puts the national average rent at $1,442.

Overall, rent prices increases have stabilized over the last year for an average of 3 percent; in May 2018, rent prices went up 2.8 percent, about the same amount as they did this year.

The stability comes after rent price increases peaked at 4.1 percent growth in February 2016.

But in metros with a high employment growth, price increases were significantly higher. “Job growth in Phoenix, Orlando, and Las Vegas doubled the national average [of 1.5 percent] during May – stimulating increased rental demand in these markets and therefore driving rent prices upward,” said Molly Boesel, principal economist at CoreLogic, in a prepared statement.



Courtesy of CoreLogic

Phoenix saw jobs grow by 3.2 percent in May, and as such, the metro area had the highest increase in rent prices, at 7.4 percent. Tucson, Arizona, and Las Vegas followed, with rent price increases of 6.3 and 6.1 percent, respectively, showing that the southwest continues to see the nation's fastest rising rents.

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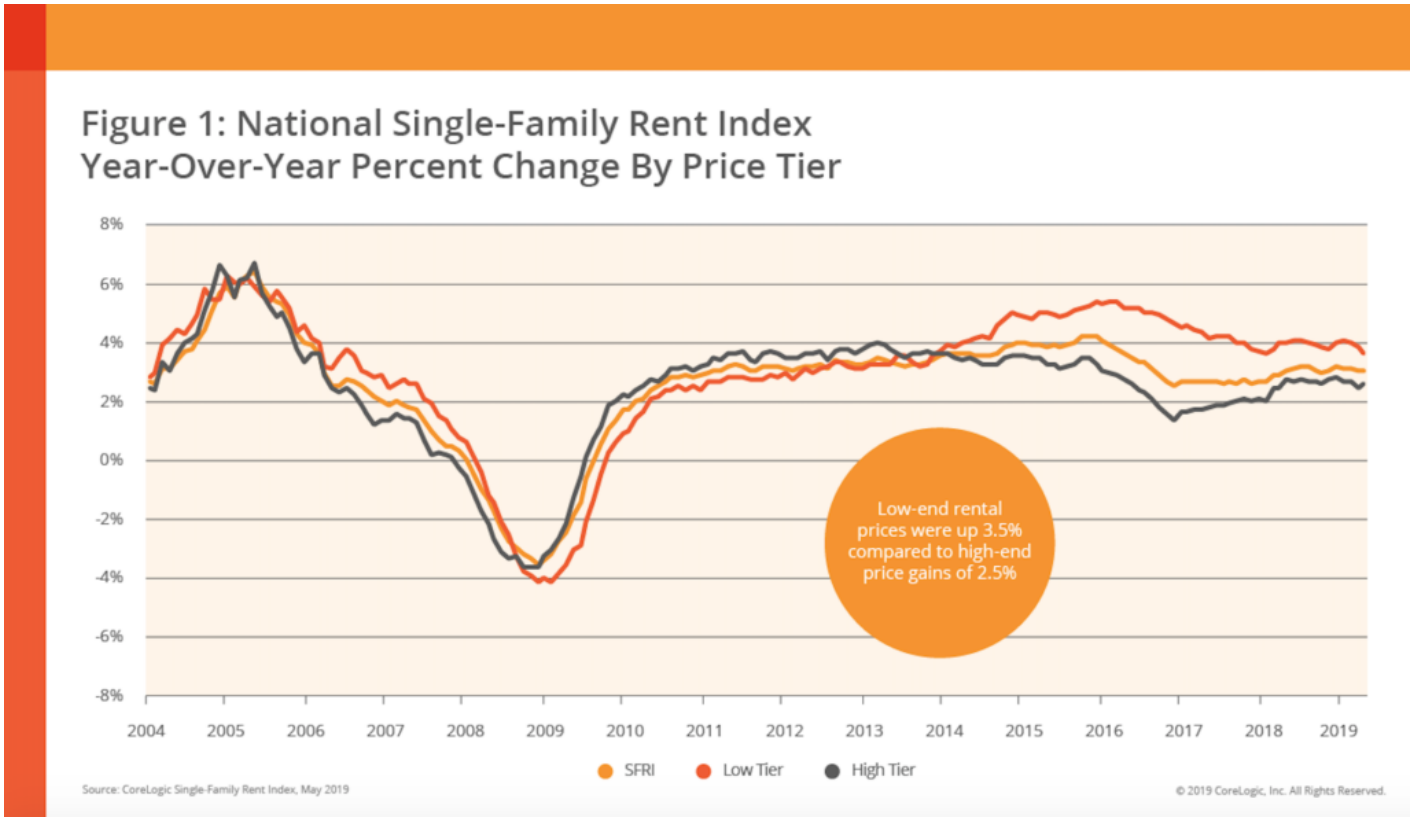
According to CoreLogic, rapid job growth can work as a double-edged sword. It allows more people to afford housing but also sends prices spiking in areas with limited new construction.



Courtesy of CoreLogic

While average rent increases have stabilized, housing at the lower end of the market — defined as rental properties priced 75 percent less than an area's median — is still seeing slightly higher price spikes. Rents in this tier went up 3.5 percent in May 2019 as compared to May 2018. High-end rentals, which are worth 125 percent more than an area's median, grew by only 2.5 percent, a small change from 2.4 percent growth in 2018.

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