

Rental demand is up 20% as high lending costs stifle the for-sale market

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With the typical monthly payment for a new homeowner climbing nearly twice as fast as rent, more shoppers are turning to rentals

- Rental demand is up 19.2% year over year nationwide, as measured by the Zillow Observed Renter Demand Index (ZORDI).¹
- The typical U.S. rent was \$1,932 a month in September, up 2.7% from a year ago.
- The financial advantage of renting is growing, as the typical new home buyer's monthly payment² is climbing nearly twice as fast as rent, up 5% from a year ago to \$3,037.

SEATTLE, Oct. 15, 2026 /PRNewswire/ -- Housing demand doesn't disappear when buying becomes harder financially. Instead, it finds a new home in the rental market. The Zillow Observed Renter Demand Index (ZORDI), an indicator of rental demand, rose 19.2% year over year as elevated borrowing costs push would-be buyers to rent instead, according to the latest [Zillow® Rental Market Report](#).

Rents are climbing, but buying costs are climbing faster. Typical rent is \$1,932 a month, up 2.7% from a year ago. By comparison, the typical new home buyer's monthly payment has risen 5%, to \$3,037, nearly double the pace.

"Elevated mortgage rates have pushed home shoppers straight into the arms of rentals," said Kara Ng, senior economist at Zillow. "Homeownership has long been a way for families to build wealth, but with the rise in borrowing costs, we're seeing the rise of the deliberate renter, someone who chooses to bank the difference between a buyer's monthly payment and rent, and build wealth without owning a home."

And for many home shoppers, what they still want is a house. ZORDI shows demand for single-family rentals up 21.6% from a year ago, more than double the 10.1% rise for multifamily rentals. At a typical rent of \$2,266, renting a

house offers the space and lifestyle shoppers want without a down payment or the hidden costs of owning, and it costs \$771 less each month than a buyer's monthly payment.

For shoppers weighing renting against buying, Zillow's [rent vs. buy research](#) breaks down the break-even timeline by metro, that timeline being the number of years a household would need to own before buying comes out ahead.

Rental demand surges in the Bay Area and the Sun Belt

Rental demand rose the most in San Jose, where ZORDI is up 82.5% from a year ago, followed by San Francisco (66.9%), Austin (49.3%), Miami (48.9%) and Phoenix (43%).

Rent growth over the past year was also fastest in California's Bay Area, where typical rent is up 11.8% in San Francisco and 8.3% in San Jose. In the other markets where demand has jumped the most, rent growth was more moderate, at 0.7% in Austin, 1.8% in Miami and 1% in Phoenix, as new construction has kept supply in step with demand.

Not every market is following the national trend. ZORDI is down year over year in markets that include Louisville (down 6.2%), Baltimore (-6.1%), Washington, D.C. (-5.6%) and Cleveland (-5.5%).

Affordability holds steady for renters

The median household spends 26.3% of its income on a new rental, essentially unchanged from a year ago, compared with 41.3% spent by a new homeowner. A household needs an income of \$77,278 to afford a typical rental versus \$121,496 to afford a typical home, a gap of more than \$44,000.

For renters who are ready to make a move, Zillow brings together apartments, single-family homes and rooms for rent in one place, and [Zillow's portable rental application](#) makes applying simpler: one form, one flat fee and 30 days to apply to as many participating properties as needed.

Metro area*	Zillow Observed Renter Demand Index (ZORDI), YoY	Zillow Observed Rent Index (ZORI)	Zillow Observed Rent Index (ZORI), YoY	Typical monthly payment for a new homeowner (10% down, 30-year fixed)	Typical monthly payment for a new homeowner (10% down, 30-year fixed), YoY
United States	19.2 %	\$1,932	2.7 %	\$3,037	5.0 %
New York, NY	19.3 %	\$3,546	4.2 %	\$6,296	8.6 %
Los Angeles, CA	25.9 %	\$2,929	1.8 %	\$7,473	5.3 %
Chicago, IL	21.6 %	\$2,163	4.7 %	\$3,120	8.5 %
Dallas, TX	38.9 %	\$1,659	0.7 %	\$3,205	1.6 %
Houston, TX	32.2 %	\$1,638	0.1 %	\$2,665	1.9 %
Washington, DC	-5.6 %	\$2,407	1.4 %	\$4,673	4.1 %

Philadelphia, PA	13.1 %	\$1,903	3.3 %	\$3,335	6.1 %
Miami, FL	48.9 %	\$2,654	1.8 %	\$4,259	3.8 %
Atlanta, GA	26.3 %	\$1,843	2.1 %	\$3,154	2.3 %
Boston, MA	21.2 %	\$2,987	2.3 %	\$5,926	6.0 %
Phoenix, AZ	43.0 %	\$1,720	1.0 %	\$3,400	3.1 %
San Francisco, CA	66.9 %	\$3,445	11.8 %	\$8,931	7.1 %
Riverside, CA	26.9 %	\$2,533	2.9 %	\$4,689	4.5 %
Detroit, MI	8.4 %	\$1,514	4.2 %	\$2,267	5.5 %
Seattle, WA	7.7 %	\$2,250	1.8 %	\$5,817	2.3 %
Minneapolis, MN	21.0 %	\$1,736	3.5 %	\$3,341	5.4 %
San Diego, CA	29.1 %	\$2,967	2.2 %	\$7,308	4.8 %
Tampa, FL	23.2 %	\$1,991	0.4 %	\$3,128	2.8 %
Denver, CO	19.6 %	\$1,900	0.0 %	\$4,457	2.2 %
Baltimore, MD	-6.1 %	\$1,937	2.7 %	\$3,337	4.2 %
St. Louis, MO	-1.1 %	\$1,427	4.1 %	\$2,377	6.8 %
Orlando, FL	21.1 %	\$1,929	0.8 %	\$3,301	2.3 %
Charlotte, NC	17.6 %	\$1,735	1.4 %	\$3,057	3.2 %
San Antonio, TX	28.7 %	\$1,415	-0.7 %	\$2,430	1.8 %
Portland, OR	15.7 %	\$1,803	1.1 %	\$4,394	3.7 %
Sacramento, CA	22.8 %	\$2,269	1.8 %	\$4,633	3.9 %
Pittsburgh, PA	7.7 %	\$1,467	3.5 %	\$1,995	3.9 %
Cincinnati, OH	0.0 %	\$1,522	2.8 %	\$2,590	5.9 %
Austin, TX	49.3 %	\$1,603	0.7 %	\$3,696	-0.6 %
Las Vegas, NV	16.9 %	\$1,732	0.5 %	\$3,272	1.5 %
Kansas City, MO	12.4 %	\$1,534	3.8 %	\$2,818	7.2 %
Columbus, OH	4.0 %	\$1,525	2.9 %	\$2,813	4.9 %
Indianapolis, IN	24.2 %	\$1,528	3.5 %	\$2,449	4.8 %
Cleveland, OH	-5.5 %	\$1,440	4.5 %	\$2,217	7.3 %
San Jose, CA	82.5 %	\$3,812	8.3 %	\$11,845	4.3 %
Nashville, TN	15.0 %	\$1,803	1.2 %	\$3,558	3.5 %
Virginia Beach, VA	40.0 %	\$1,886	7.1 %	\$3,095	6.6 %
Providence, RI	-1.3 %	\$2,166	4.2 %	\$4,331	7.4 %
Jacksonville, FL	35.5 %	\$1,680	2.2 %	\$3,037	3.6 %
Milwaukee, WI	6.1 %	\$1,549	5.1 %	\$3,364	8.9 %
Oklahoma City, OK	14.8 %	\$1,384	2.4 %	\$2,191	4.5 %
Raleigh, NC	23.2 %	\$1,669	1.4 %	\$3,487	2.2 %
Memphis, TN	19.0 %	\$1,393	1.1 %	\$2,116	3.7 %
Richmond, VA	-2.7 %	\$1,706	2.5 %	\$3,182	6.5 %
Louisville, KY	-6.2 %	\$1,339	2.0 %	\$2,337	5.3 %
New Orleans, LA	7.9 %	\$1,577	1.7 %	\$2,424	4.8 %
Salt Lake City, UT	7.4 %	\$1,644	0.7 %	\$4,337	5.1 %
Hartford, CT	-2.9 %	\$1,998	3.5 %	\$3,580	8.5 %
Buffalo, NY	24.0 %	\$1,451	3.8 %	\$2,274	7.6 %
Birmingham, AL	23.9 %	\$1,404	2.9 %	\$2,116	6.3 %

*Table ordered by market size

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Zillow Group, Inc. (Nasdaq: Z and ZG) is reimagining real estate to make home a reality for more and more people.

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Zillow's ecosystem spans the entire home journey — from dreaming and shopping to renting, buying, selling and

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¹ The Zillow Observed Renter Demand Index (ZORDI) is a measure of the typical observed rental market engagement across a region. It tracks engagement on Zillow's rental listings to proxy changes in rental demand and is smoothed to remove volatility.

² Reflects the typical new home buyer's monthly payment on a typical home (Zillow Home Value Index) with 10% down and a 30-year fixed rate, including principal and interest, property taxes and insurance.

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