ZILLOW GROUP

NEWS RELEASE

The renter's advantage: $12,792 a year in savings and $322 more if invested

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In all 50 major U.S. metros, typical rent is less than the typical monthly cost of homeownership, giving renters a financial cushion

- According to the Zillow Observed Rent Index, the typical U.S. rent is $1,948 a month. The typical new home buyer's monthly payment is $3,014, a difference of $1,066 a month or $12,792 a year.
- By investing the monthly difference between renting and owning, renters can earn an additional $322 in the first year, compounding to $8,041 over five years.
- The savings are most dramatic in high-cost coastal markets. San Jose renters typically pay $94,596 less than buyers in a year and can earn an additional $2,381 by investing those savings.

SEATTLE, Sept. 16, 2026 /PRNewswire/ -- In August, the typical renter paid $1,066 less per month than the typical home buyer. According to the **Zillow® Rental Market Report**, rent was $1,948 while the typical mortgage payment plus taxes and insurance totaled $3,014[1] — a gap that has grown as mortgage costs have risen faster than rents. For renters who can set that difference aside, it could translate into meaningful long-term savings.

Consider what that monthly difference can become. At $1,066 a month, renters save $12,792 a year over owning a home, and those who invest it at the rate of the 10-year Treasury yield[2] earn an additional $322 in the first year alone. Assuming rents and home buying costs remain stable, that could turn into a cumulative total of $72,000 after five years — real wealth built without the **hidden costs of homeownership** like closing costs, maintenance and more.

Those weighing whether to rent or buy their next home can explore the full financial picture with **Zillow's rent versus buy analysis**, which breaks down the true costs of each path based on local market conditions. Across most of the country, the rent versus buy decision typically favors renting for households that plan to stay for five years or less. The cash flow difference in a five-year period could be tens or even hundreds of thousands of dollars for those choosing to rent.

"The idea that renting is a consolation prize is outdated. When mortgage costs are running hundreds of dollars more per month than rent, renters who are intentional about saving and investing the difference are often making a sound financial decision," said Mischa Fisher, chief economist at Zillow. "Finances are just one piece of the puzzle. Those weighing their options should also consider the lifestyle differences, such as the flexibility to move more often as a renter or stable payments year after year as an owner."

Renting costs less in every major U.S. market

The monthly savings from renting over buying are not limited to one region or price point. In each of the 50 largest U.S. metros, the typical rent is lower than the typical monthly payment for a new homeowner. The gap has widened as the monthly cost for home buyers rose $140 over the past six months, more than four times the $32 increase in typical rent over the same period. That gap could shrink over time, as softness in the for-sale market and a slowdown in new apartment supply work through the system, but today renting remains the more affordable option in every major market.

The savings are most dramatic in high-cost coastal markets, where home prices have climbed far faster than rents. Renters in San Jose can save the most — $7,883 per month compared to a typical mortgage payment — followed by San Francisco ($5,413/month), Los Angeles ($4,441/month) and San Diego ($4,235/month). For renters in those markets who invest the difference at the rate of the 10-year Treasury yield, the first-year investment return alone could reach as high as $2,381 in San Jose and $1,635 in San Francisco.

The cost of buying vs. renting goes beyond the monthly payment

The affordability divide between renting and buying extends beyond the monthly payment. A household needs $77,919 in annual income to afford the typical U.S. rental, compared to more than $120,500 to afford a typical mortgage payment with 10% down, a gap of more than $42,000. With mortgage costs continuing to outpace rent growth, that divide is widening.

For renters looking to find the right place at the right price, Zillow connects renters to apartments, single-family homes and **rooms for rent** all in one place. With **Zillow's AI mode**, renters can search smarter, get instant answers about listings, and find a home that fits their needs and budget faster than ever. The **Zillow rent affordability calculator** helps ensure the match fits the budget.

Metro Area*	Zillow Observed Rent Index (ZORI)	ZORI Growth, Year over Year	Typical New Home Buyer Monthly Payment (Including Taxes and Insurance)	Monthly Savings (Rent vs. Buy)	Annual Savings (Rent vs. Buy)	Annual Investment Return (4.68%)
United States	$1,948	2.5 %	$3,014	$1,066	$12,792	$322
New York, NY	$3,615	4.2 %	$6,244	$2,629	$31,548	$794
Los Angeles, CA	$2,941	1.6 %	$7,382	$4,441	$53,292	$1,342
Chicago, IL	$2,210	4.9 %	$3,092	$882	$10,584	$266
Dallas, TX	$1,659	0.4 %	$3,181	$1,522	$18,264	$460
Houston, TX	$1,643	0.0 %	$2,646	$1,003	$12,036	$303
Washington, DC	$2,433	0.8 %	$4,633	$2,200	$26,400	$665
Philadelphia, PA	$1,911	3.6 %	$3,331	$1,420	$17,040	$429
Miami, FL	$2,666	1.6 %	$4,196	$1,530	$18,360	$462
Atlanta, GA	$1,853	2.0 %	$3,122	$1,269	$15,228	$383
Boston, MA	$3,074	2.4 %	$5,903	$2,829	$33,948	$855
Phoenix, AZ	$1,722	0.7 %	$3,356	$1,634	$19,608	$494
San Francisco, CA	$3,409	10.8 %	$8,822	$5,413	$64,956	$1,635
Riverside, CA	$2,541	2.8 %	$4,630	$2,089	$25,068	$631
Detroit, MI	$1,524	3.8 %	$2,258	$734	$8,808	$222
Seattle, WA	$2,278	1.7 %	$5,789	$3,511	$42,132	$1,061
Minneapolis, MN	$1,719	3.5 %	$3,307	$1,588	$19,056	$480
San Diego, CA	$2,994	2.0 %	$7,229	$4,235	$50,820	$1,279
Tampa, FL	$2,001	-0.1 %	$3,101	$1,100	$13,200	$332
Denver, CO	$1,922	-0.6 %	$4,426	$2,504	$30,048	$756
Baltimore, MD	$1,948	2.6 %	$3,286	$1,338	$16,056	$404
St. Louis, MO	$1,443	3.9 %	$2,364	$921	$11,052	$278
Orlando, FL	$1,942	0.7 %	$3,257	$1,315	$15,780	$397
Charlotte, NC	$1,749	1.0 %	$3,036	$1,287	$15,444	$389
San Antonio, TX	$1,422	-1.3 %	$2,422	$1,000	$12,000	$302
Portland, OR	$1,818	0.6 %	$4,358	$2,540	$30,480	$767
Sacramento, CA	$2,282	1.7 %	$4,581	$2,299	$27,588	$694
Pittsburgh, PA	$1,469	3.4 %	$2,005	$536	$6,432	$162
Cincinnati, OH	$1,522	2.6 %	$2,575	$1,053	$12,636	$318
Austin, TX	$1,622	0.0 %	$3,676	$2,054	$24,648	$620
Las Vegas, NV	$1,742	0.1 %	$3,232	$1,490	$17,880	$450
Kansas City, MO	$1,529	3.6 %	$2,800	$1,271	$15,252	$384
Columbus, OH	$1,521	2.6 %	$2,759	$1,238	$14,856	$374
Indianapolis, IN	$1,552	3.3 %	$2,430	$878	$10,536	$265
Cleveland, OH	$1,454	4.5 %	$2,218	$764	$9,168	$231
San Jose, CA	$3,815	7.6 %	$11,698	$7,883	$94,596	$2,381
Nashville, TN	$1,813	0.8 %	$3,530	$1,717	$20,604	$519
Virginia Beach, VA	$1,891	6.6 %	$3,066	$1,175	$14,100	$355
Providence, RI	$2,167	4.3 %	$4,294	$2,127	$25,524	$643
Jacksonville, FL	$1,696	1.8 %	$2,981	$1,285	$15,420	$388
Milwaukee, WI	$1,563	5.0 %	$3,375	$1,812	$21,744	$547
Oklahoma City, OK	$1,388	2.3 %	$2,180	$792	$9,504	$239
Raleigh, NC	$1,675	0.8 %	$3,460	$1,785	$21,420	$539
Memphis, TN	$1,400	1.0 %	$2,108	$708	$8,496	$214
Richmond, VA	$1,729	2.5 %	$3,156	$1,427	$17,124	$431
Louisville, KY	$1,348	1.6 %	$2,317	$969	$11,628	$293
New Orleans, LA	$1,598	1.4 %	$2,424	$826	$9,912	$250
Salt Lake City, UT	$1,641	0.5 %	$4,281	$2,640	$31,680	$797
Hartford, CT	$2,034	3.2 %	$3,565	$1,531	$18,372	$462
Buffalo, NY	$1,449	3.5 %	$2,272	$823	$9,876	$249
Birmingham, AL	$1,433	2.0 %	$2,101	$668	$8,016	$202

*Table ordered by market size.

About Zillow Group

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

As the most visited real estate app and website in the United States, Zillow connects hundreds of millions of consumers with innovative technology, trusted agents and loan officers, and seamless digital solutions. With industry-leading tools and resources, Zillow supercharges real estate professionals so they can grow their businesses and deliver exceptional client experiences. For renters and housing providers, Zillow offers not only a robust marketplace but a set of end-to-end products and services to streamline applications, leases, payments and more.

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

Zillow Group's affiliates, subsidiaries and brands include Zillow®, Zillow Premier Agent®, Zillow Home Loans®, Zillow Rentals®, Zillow® New Construction, Trulia®, StreetEasy®, Out East®, HotPads®, Follow Up Boss®, ShowingTime®, dotloop® and Zillow® Closing.

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[1] Assumes a 30-year fixed-rate mortgage with 10% down at a 6.67% rate on a typical home based on the Zillow Home Value Index. Monthly payment figures include estimates for taxes and insurance.

[2] The 10-year Treasury yield is used as a benchmark for this analysis to proxy the risk-free rate of return, consistent with Zillow's rent versus buy methodology. Rate as of August 2026: 4.68%.

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