



## Florida TaxWatch

ECONOMIC COMMENTARY

### TOO EXPENSIVE TO RENT: FLORIDA'S RENTAL MARKET & EVICTION MORATORIUM

MARCH 2022

**RISING FOOD AND GAS PRICES ARE A DAILY REMINDER THAT EVEN THOUGH FLORIDA'S ECONOMY IS IN A MUCH BETTER PLACE THAN IT WAS IN MARCH 2020, THE ECONOMY IS DECIDEDLY MORE EXPENSIVE TWO YEARS LATER IN MARCH 2022.** Garnering widespread attention, price increases have been rather pronounced in the housing market, where a perfect storm of demographic and economic forces propelled home prices higher over the past year.<sup>1</sup> The unrelenting ascent has priced out many would-be homebuyers, leading them to rent instead and placing upward price pressure on Florida's rental markets.

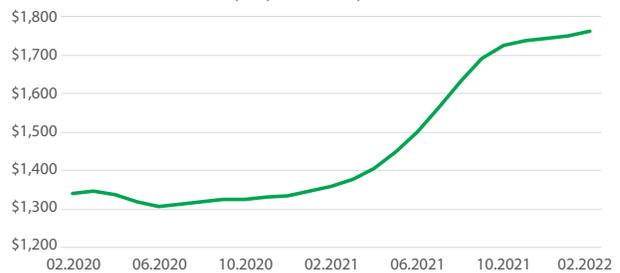
Housing costs are often the largest portion of any household budget, meaning surging rents can be problematic for many workers and younger families unable to absorb the price shock. The expiration of the federal eviction moratorium also creates further uncertainty for many families reassessing their financial situations. Altogether, rising rents represent more than a simple inconvenience—there are longer-lasting workforce implications that may undermine Florida's economic growth.

#### RENTAL PRICE GROWTH ACROSS FLORIDA

Rental demand across Florida came roaring back in 2021, more than rebounding from the early pandemic lows when vacancies abounded. Across the state, median rent prices rose from \$1,340 in February 2020 (right before the pandemic) to just over \$1,760 in February 2022 (See Figure 1).<sup>2</sup>

The increase represents a 31.4 percent upswing over two years, and as the figure shows, the price growth began in spring of 2021 before rapidly accelerating that summer.

Fig. 1. Over the Two Years Since the Pandemic Began, Florida's Rent Prices Have Rapidly Growth by 31 Percent



Source: Apartment List Rental Data

Although an expected seasonal cooldown leveled out rent growth toward the end of 2021, preliminary forecasts suggest rent growth is poised to resume its upward trajectory throughout the coming spring and summer of 2022.<sup>3</sup>

Across various Florida metropolitan areas, rent growth has vastly exceeded the state average, owing in part to mass workforce migration from other states and expensive home sale prices.<sup>4</sup> In places like Miami, Tampa, and Orlando, overall median rental prices have exploded over the past year—in some instances outpacing other large metropolitan areas, such as San Diego, Austin, and New York City.<sup>5</sup>

<sup>3</sup> Apartment List, Apartment List National Rent Report, Feb. 28, 2022.

<sup>4</sup> Bloomberg, "Miami, Tampa Post Largest Jump in Rents as Sun Belt Prices Soar," Feb. 14, 2022.

<sup>5</sup> Realtor.com, December Rental Data: Rents Surged by 10.1% in 2021, Jan. 26, 2022. Note: Overall median rental prices take into account the prices for studios, one-bedroom units, and two-bedroom units. <https://www.realtor.com/research/december-2021-rent/>

<sup>1</sup> Florida TaxWatch, Beyond the Pandemic: Long-Term Changes and Challenges for Housing in Florida, Oct. 2021.

<sup>2</sup> Apartment List, Data & Rent Estimates: State-Level Historic Estimates (2017-Present), Updated Feb. 28, 2022. <https://www.apartmentlist.com/research/category/data-rent-estimates>

For Miami, median rent prices for a one-bedroom and two-bedroom unit have risen by 34 percent over the year to \$2,420 and \$3,220 per month, respectively (See Table 1).<sup>6</sup> Tampa and Orlando are not far behind with yearly growth rates above 25 percent and one-bedroom units renting for more than \$1,600. At a more granular level, in some neighborhoods, rental prices have surged by more than 60 percent.<sup>7</sup>

Table 1. Median Rent Prices and Growth Across Various Florida Metros As of Feb. 2022

Metro Area	1 Bedroom Price	1 Bedroom Year-Over-Year Growth	2 Bedrooms Price	2 Bedrooms Year-Over-Year Growth
Miami	\$2,420	34.40%	\$3,220	34.20%
Tampa	\$1,600	28.00%	\$1,850	32.10%
Orlando	\$1,630	25.40%	\$1,910	35.50%
St. Petersburg	\$1,470	22.50%	\$2,120	34.20%
Jacksonville	\$1,170	14.70%	\$1,380	15.00%
Tallahassee	\$900	12.50%	\$1,050	15.40%
Ft. Lauderdale	\$1,880	10.60%	\$2,900	32.40%

Source: Zumper Rental Data

## CONTRIBUTING FACTORS AND WORKFORCE IMPLICATIONS

*“The steep gains in rents over the past few months are the result of several important factors. The main driver is the steady improvement in employment, as companies have been ramping up payrolls in response to higher consumer travel and spending...[M]any Americans have been returning to the cities, which they abandoned during the 2020 quarantines, looking for housing.”*

- GEORGE RATIU, SENIOR ECONOMIST AT REALTOR.COM<sup>8</sup>

To some degree, higher rent prices are a natural symptom of a strong economic recovery as more employment inevitably fuels housing demand. Long touted for its robust job creation, low-tax environment, and natural amenities, Florida benefitted throughout the pandemic by attracting individuals away from pricier regions up north and out west. Even though pandemic-induced migration brought a steady influx of new residents and workers to the Sunshine State, it also placed additional pressure on regional rental markets with limited capacity.<sup>9</sup> Worth noting, some of these price pressures preexisted the pandemic, such as expected demographic shifts

among the Millennial generation aging into their prime homebuying years and the Baby Boomer generation retiring and downsizing.

Accelerated rent growth can also be attributed to developments occurring in the home-buying market. Explored in a previous Florida TaxWatch commentary, housing prices spiked considerably throughout 2021—effectively pricing out many would-be first-time homebuyers, particularly among younger families.<sup>10</sup> Without feasible, affordable housing options, many Floridians delayed home purchases and stuck with rental units instead. Increased demand has only exacerbated an already low supply of rental units in Florida. As of the fourth quarter in 2021, the rental vacancy rate was 5.9 percent in the southern region (Florida included)—the lowest ever on record.<sup>11</sup>

*“There is evidence, in fact, that high rents may be affecting the labor market and hindering efforts to get us back to full employment. That’s because workers can’t afford to live where jobs are... This not only hinders attempts to fill jobs, but, ultimately it degrades the economic performance of areas with expensive housing.”*

- PATRICK HARKER, PRESIDENT OF THE FEDERAL RESERVE BANK OF PHILADELPHIA<sup>12</sup>

Affordability is a core concern when it comes to rapid rent growth, impacting working families and local businesses. According to the United Way, there were more than 3.6 million households in Florida that were Asset Limited, Income Constrained, Employed (ALICE) when COVID-19 hit.<sup>13</sup> These households possess incomes above the federal poverty level but often do not have sufficient income to cover necessities like housing, child care, and transportation. Based on a 2021 Florida survey, 76 percent of ALICE respondents signaled their biggest concern throughout the pandemic was paying for housing expenses (e.g., rent, utilities). The response was the second-highest only to contracting COVID.<sup>14</sup>

Even with wages growing across industries, many occupations may not be able to afford the rapid rise in rental prices. This disconnect can severely hamper attainable workforce housing efforts in the state to support critical workers like nurses, teachers, and police officers. To illustrate this point, a registered nurse in Miami made a median hourly wage of

6 Zumper, Zumper National Rent Report, Feb. 23, 2022. <https://www.zumper.com/blog/rental-price-data/>

7 ClickOrlando News 6, “Rent Prices Surge More than 60% in Some Orlando Neighborhoods,” Mar. 4, 2022. Note: The report uses proprietary data from Rent Hub.

8 GOBankingRates, “2022 Financial Forecast for Renters: Will Rents Go Down Anytime Soon?” Mar. 8, 2022.

9 Florida Realtors, “Remote Workers Are Transforming Housing Markets,” Sept. 17, 2021.

10 Florida TaxWatch, Beyond the Pandemic: Long-Term Changes and Challenges for Housing in Florida, Oct. 2021.

11 U.S. Census Bureau, Quarterly Residential Vacancies and Homeownership, Fourth Quarter 2021, Feb. 2, 2022.

12 Federal Reserve Bank of Philadelphia, Speech: The Economy, Inflation, and Housing, Nov. 8, 2021.

13 United Way of Florida, COVID-19 Impact Survey: 2021 Florida Results Report, Spring 2021.

14 Ibid.

\$32.34 in 2020—according to Florida’s Occupation Employment and Wage Statistics (OEWS) data.<sup>15</sup> For a one-bedroom monthly rent of \$2,420 in Miami (reference Table 1), the nurse would have to spend 46.8 percent of monthly income on rent alone—well above the 30 percent standard.<sup>16</sup>

For local businesses and communities, the lack of affordable workforce housing can prevent service industry sectors from acquiring talent and can lead to many younger individuals (e.g., young professionals, early career families) moving away. In South Florida, for example, many service workers are competing with higher-income transplants from out of state for limited housing options, sometimes leading to expensive bidding wars.<sup>17</sup> Effectively being priced out, these younger and oftentimes lower-income workers either move farther away from the city or move to a new area altogether, exacerbating existing labor shortages. With farther distances to travel, these workers must also contend with record-breaking gas prices, further adding to the affordability challenge.

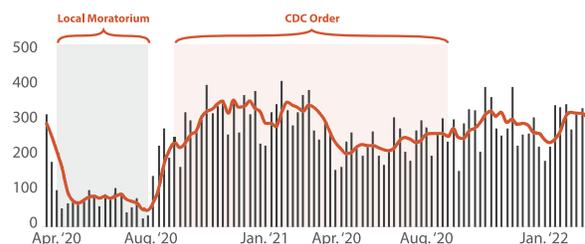
## WHAT ABOUT THE EVICTION MORATORIUM?

Due to the pandemic’s disproportionate impact on low-income and asset-limited families, the federal eviction moratorium sought to protect tenants from homelessness, halting evictions while in place. The federal moratorium was in place from September 2020 to late August 2021.<sup>18</sup> Although most tenants were able to maintain steady rent payments, some 15 percent of renter households nationwide were behind in the third quarter of 2021.<sup>19</sup> In Florida, the moratorium’s end has not precipitated a sudden deluge of evictions across the state; however, it remains unclear whether this is due to an ongoing backlog in the court system and whether eviction rates will steadily pick up in the months ahead.

Based on the latest data from Princeton University’s Eviction Lab—which tracks eviction rates in several large cities—eviction filings in Tampa did not witness a surge after the moratorium expired in August 2021 (See Figure 2).<sup>20</sup> Since then, weekly eviction filings have oscillated between 220 and

380, which were not substantially higher than the weekly average during the moratorium. Preliminary data, however, suggest evictions may be rising. In March 2022, monthly eviction filings were up 30 percent from historical averages (2016–2019). For Jacksonville and Gainesville—the only other two Florida cities that the Eviction Lab tracks—eviction filings were also above average for March. It remains to be seen whether this trend continues in the coming months as evictions are often months-long processes, running concurrently to a more expensive rental market.

Fig. 2. Eviction Filings by Week in Tampa



Source: Eviction Lab, [evictionlab.org/eviction-tracking/tampa-fl](https://evictionlab.org/eviction-tracking/tampa-fl), accessed March 18, 2022

## LOOKING AHEAD

For the remainder of 2022, expect rent growth to continue its ascent, albeit at a slower pace than last summer. At the national level, forecasts suggest rent growth of 7.1 percent throughout 2022, somewhat higher than home price growth.<sup>21</sup> In some Florida metropolitan areas, rent growth will likely exceed national estimates and may maintain double-digit growth rates. A lot will depend on developments in the housing for-sale market. Interest rate hikes will likely affect mortgage rates, perhaps forestalling the unprecedented climb in home prices that are currently pricing out many potential homebuyers. Eviction rates may be finally picking up after months of little change, but data are very preliminary at the moment.

Expensive rent growth is a critical issue for Florida’s future economic growth. Especially for young professionals, being priced out of certain markets may lead to outbound migration from the state over time.<sup>22</sup> And since the pandemic has shown that where one works and where one lives can be different, this may further incentivize movement to more affordable regions in the U.S. For many local communities adapting to workforce challenges, these long-term concerns are important to consider as Florida’s economic recovery continues.

<sup>15</sup> Florida Department of Economic Opportunity (DEO), Occupational Employment and Wage Statistics (OEWS) Program: 2020 Wage Estimates for Miami-Ft. Lauderdale-West Palm Beach, Accessed Mar. 10, 2022.

<sup>16</sup> This estimate assumes the nurse works 160 hours a month:  $160 \times \$32.34 = \$5,174$  in monthly pre-tax income. Rent as a percent of monthly income =  $(\$2,420 / \$5,174) \times 100 = 46.8\%$ .

<sup>17</sup> South Florida Business Journal, “Renter Nation: Rapid rise in cost of living burdens South Florida’s workforce—and soon its employers,” Dec. 23, 2021.

<sup>18</sup> Princeton University, Eviction Lab, Accessed Mar. 11, 2022.

<sup>19</sup> Joint Center for Housing Studies of Harvard University, America’s Rental Housing: 2022, Jan. 21, 2022.

<sup>20</sup> Princeton University, Eviction Lab, Accessed Mar. 11, 2022. Note: The Eviction Lab only tracks data for three Florida cities—Tampa, Jacksonville, and Gainesville.

<sup>21</sup> Realtor.com, “2022 Housing Market Forecast and Predictions: A Whirlwind Year,” Dec. 1, 2021.

<sup>22</sup> Florida TaxWatch, Beyond the Pandemic: Long-Term Changes and Challenges for Housing in Florida, Oct. 2021.



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