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affordability crisis that has renters in some markets spending almost half of their income on rent. Some of the fastest growing metros had double-digit annual rental ...

Jan. 27, 2016

Rent appreciation will level off over the next 12 months, slowing to an annual rate of 1.1 percent by December 2016, according to the new [Zillow](#) Rent Forecast. The national Zillow Rent Index at the end of 2016 is projected to be \$1,396 — compared to \$1,381 in December 2015.

Zillow is forecasting a decrease in the rate of rental appreciation amid a rental affordability crisis that has renters in some markets spending almost half of their income on rent. Some of the fastest growing metros had double-digit annual rental appreciation at the end of 2015.

Zillow expects rental appreciation to slow down most significantly in Nashville, Tenn., San Francisco, Portland, Ore. and Denver. Rents in San Francisco saw 12.5 percent appreciation in 2015. Zillow forecasts rent in San Francisco will grow half as fast in 2016 — 5.9 percent.

Even with the slowdown, rents will remain unaffordable in many of the major markets across the U.S., especially on the West Coast. Renters in San Francisco and Los Angeles can expect to spend 40 percent of their income on a rental payment.

“Hot markets are still going to be hot in 2016, but rents won’t rise as quickly as they have been,” said Zillow Chief Economist Dr. Svenja Gudell. “The slowdown in rental appreciation will provide some relief for renters who’ve been seeing their rents rise dramatically every single year for the past few years. However, the situation remains tough on the ground: rents are still rising and renters are struggling to keep up.”

The slowdown in rental appreciation indicates that supply of new multi-family

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Metropolitan Area	Dec. 2015 ZHVI	Dec. 2015 ZRI	ZRI Forecast for Dec. 2016	Dec. 2015 ZRI and Dec. 2016 ZRI
United States	\$ 183,500	\$ 1,381	\$ 1,396	1.1%
New York/Northern New Jersey	\$ 381,200	\$ 2,384	\$ 2,400	0.7%
Los Angeles, CA	\$ 554,700	\$ 2,491	\$ 2,561	2.8%
Chicago, IL	\$ 193,000	\$ 1,633	\$ 1,611	-1.4%
Dallas-Fort Worth, TX	\$ 177,200	\$ 1,500	\$ 1,532	2.1%
Philadelphia, PA	\$ 203,100	\$ 1,558	\$ 1,550	-0.5%
Houston, TX	\$ 170,100	\$ 1,579	\$ 1,619	2.5%
Washington, DC	\$ 357,800	\$ 2,107	\$ 2,118	0.5%
Miami-Fort Lauderdale, FL	\$ 225,700	\$ 1,822	\$ 1,886	3.5%
Atlanta, GA	\$ 160,000	\$ 1,274	\$ 1,280	0.5%
Boston, MA	\$ 382,900	\$ 2,247	\$ 2,309	2.7%
San Francisco, CA	\$ 785,800	\$ 3,338	\$ 3,536	5.9%

Detroit, MI	\$ 121,800	\$ 1,132	\$ 1,128	-0.4%
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San Diego, CA	\$ 499,900	\$ 2,316	\$ 2,348	1.4%
St. Louis, MO	\$ 141,000	\$ 1,123	\$ 1,115	-0.7%
Tampa, FL	\$ 160,100	\$ 1,296	\$ 1,302	0.5%
Baltimore, MD	\$ 242,300	\$ 1,714	\$ 1,702	-0.7%
Denver, CO	\$ 320,800	\$ 1,952	\$ 2,031	4.0%
Pittsburgh, PA	\$ 126,700	\$ 1,090	\$ 1,079	-1.0%
Portland, OR	\$ 310,200	\$ 1,689	\$ 1,753	3.8%
Charlotte, NC	\$ 157,800	\$ 1,221	\$ 1,250	2.4%
Sacramento, CA	\$ 331,500	\$ 1,599	\$ 1,654	3.4%
San Antonio, TX	\$ 148,000	\$ 1,301	\$ 1,306	0.4%
Orlando, FL	\$ 180,600	\$ 1,343	\$ 1,373	2.2%
Cincinnati, OH	\$ 141,800	\$ 1,225	\$ 1,243	1.5%
Cleveland, OH	\$ 124,300	\$ 1,124	\$ 1,117	-0.6%
Kansas City, MO	\$ 146,600	\$ 1,199	\$ 1,228	2.4%
Las Vegas, NV	\$ 199,800	\$ 1,212	\$ 1,191	-1.8%
Columbus, OH	\$ 150,900	\$ 1,271	\$ 1,289	1.4%
Indianapolis, IN	\$ 130,100	\$ 1,181	\$ 1,138	-3.6%

San Jose. CA	\$ 933.000	\$ 3.431	\$ 3.699	7.8%
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