



**Zillow Drops Bombshell Report**



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**Only 1 Winner In The Housing Market**

**YEAR-OVER-YEAR RENTAL RATE CHANGE**



Source: Zillow (<https://www.zillow.com/research/data/>)

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I was speaking with a friend of mine recently about one of his rental properties. He explained that his tenant was moving out and he needed to prepare to find a tenant to keep the rent checks coming in.

As we spoke, it got me thinking back to how I modeled my first real estate investments back in the early 1990s. My “budgeted growth for rents, back then, was a little more than 3% per year.

**Rental Rates Surge Amid Scarcity**

Most reports on the housing market focus on sales and reports have clearly emphasized the growing imbalance in the supply of homes for sale that has led to soaring home prices. But many of these reports fail to show the shortage’s impact on rental rates.

The graph above shows how the median rental rate in the US (blue) and Tallahassee (red) have changed over time. The numbers in Tallahassee are stomach-turning.

In February, the median rent in Tallahassee was 11.6% higher than in February of last year, and 30.8% higher than in February of 2021. So, the median rent has done this:

- 2021: \$1,064
- 2022: \$1,247
- 2023: \$1,392

Landlords, don’t forget to adjust your rents to market rates, and tenants be warned, the limited supply of homes for sale (and rent) will continue to drive prices and rents higher. Home affordability is tanking and only the real estate investor is winning.

