



Florida TaxWatch

COMMENTARY

2024 UPDATE: LONG-TERM RENTAL MARKETS IN FLORIDA

FEBRUARY 2024

Introduction

Rising rental costs and higher prices at the gas pump and grocery store are nothing new for Floridians. As apartment rental demand continues to outpace the supply of rental units in Florida, this imbalance creates increases in rental prices if left unchecked.¹ During the 2023 Legislative Session, the Florida Legislature passed the “Live Local Act” to address this imbalance and begin addressing issues related to affordable housing options for Florida’s workforce. As the “Sunshine State,” Florida attracts many people ranging from new families to retirees looking for a warm place to down-size. Affordability is a huge factor in determining whether an individual will move to or stay within a state.

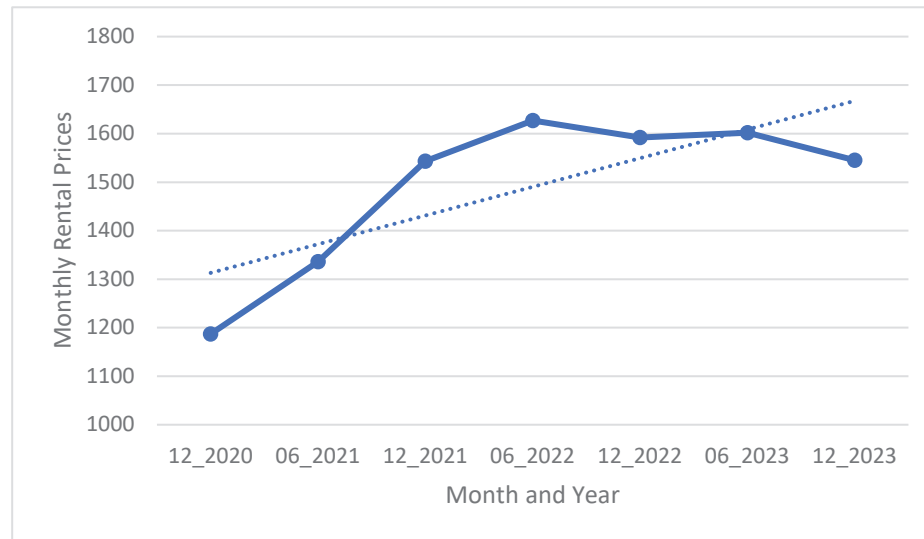
The high prices that individuals are paying for everyday essentials, including housing, continue to strain the budgets of Floridians today. As the cost of purchasing homes continues to rise, it places an additional strain on the rental market, exacerbating rental market prices beyond what was seen before the pandemic. High rental prices continue to impact Floridians’ budgets at a time when inflation is high, and the prices of other consumer goods and services have also increased. This continued pace of rental market prices could have several negative impacts on Florida’s workforce and economy.

Statewide Rental Price Increases

Statewide rental demand has continued to increase as Florida experiences record numbers of people entering the state and looking for housing. This recent rental market price growth surged in 2021 from early pandemic numbers when vacancies began to diminish. Median rental prices throughout the state rose from \$1,187 in December 2020 to \$1,545 in December 2023.² Rental prices peaked in June 2022 and have steadily declined over the last 18 months (see Figure 1). This change in rental prices is primarily due to the steady supply and demand for rental housing in Florida coinciding with almost 1,000 people moving into Florida daily. Additionally, the challenges facing would-be homebuyers who decide to rent instead of buy homes due to high interest and mortgage rates put additional strain on Florida’s rental market.³

1 Florida TaxWatch, Florida’s Housing Market: Trends of Supply and Demand, March 2023.
2 Apartment List Rental Data, retrieved January 2024.
3 Florida Realtors, 2024 Rental Forecast: Supply Up, Slower Rent Growth, December 7, 2023.

Figure 1. Rental Prices Across Florida Start to Steadily Decline After June 2022



Source: Apartment List Rental Data

Although the speed of rental price increases slowed around June 2022, rental prices remain higher than they were before the COVID-19 pandemic. As national vacancy rates sit at 6.5 percent and rental prices continue to decrease by one percent year-over-year, the prices of rental units should ease in the coming months.⁴ In 2023, rental prices experienced a negative 0.7 percent growth in rental prices for the first time since 2020 and preliminary forecasts show a decrease in demand overall for the rental market. As supply begins to outweigh demand in areas, prices on rental units are expected to fall to reflect this shift in the market.⁵

Over the last several years, rental unit construction projects across the state continue to increase despite the projected surplus of rental units. Before the Great Recession in 2005, Florida's construction permits for housing were at a record high of 209,162 permits open for single family units and 78,088 for multi-family units.⁶ In comparison, 124,478 construction permits for single family units and 68,714 construction permits for multi-family units were approved during 2023.⁷ Although these recent permit numbers are still below the 2005 numbers, there remains growing concern for how the new rental unit inventory in Florida will impact the reduction in rental unit prices going forward.

Rental prices in large cities and metropolitan areas such as Tampa, Miami, and Jacksonville have grown exponentially since 2020. These areas are often popular for renters looking for new jobs in a city that offers enjoyable places to work and live. With the increasing popularity of remote work, many individuals are also moving to these large cities where they can work and live in the same place. The median price for a one-bedroom apartment in Miami is \$2,600 and a two-bedroom apartment is \$3,500, which is a 0.60 percent growth year-over-year. Many other metropolitan areas throughout the state have shown declining rental price growth as of November 2023, indicating a potential slow-down in the rental market prices as 2024 continues (See Table 1).⁸

⁴ Apartment List, Apartment List National Rent Report, January 2024.

⁵ Ibid.

⁶ Florida TaxWatch, Florida's Housing Market: Trends of Supply and Demand, March 2023.

⁷ U.S. Census Bureau, 2023 Annual Building Permits.

⁸ Zumper, Zumper National Rent Report, November 28, 2023, retrieved from <https://www.zumper.com/blog/rental-price-data/>, accessed on January 19, 2023.

Table 1. 2023 Median Rent and Growth Across Florida Metropolitan Areas Has Mostly Declined Year-Over-Year Excluding Larger Metropolitan Areas

Metro Area	1 Bedroom Price	1 Bedroom Year-Over-Year	2 Bedroom	2 Bedroom Year-Over-Year
Miami, FL	\$2,600.00	-2.30%	\$3,500.00	0.60%
Fort Lauderdale, FL	\$2,000.00	-5.30%	\$2,800.00	-5.70%
Tampa, FL	\$1,600.00	-3.00%	\$1,900.00	-0.50%
Orlando, FL	\$1,570.00	-7.10%	\$1,850.00	-6.10%
St. Petersburg, FL	\$1,450.00	-5.20%	\$2,000.00	-8.30%
Jacksonville, FL	\$1,270.00	1.60%	\$1,450.00	-2.00%
Tallahassee, FL	\$970.00	4.30%	\$1,250.00	-2.30%

Source: Zumper Rental Data

Workforce Implications

As with many growing economies, increases in housing prices and general cost of living will continue to fluctuate as the economy adjusts and as changes in housing demand occur. Florida has long been known for its low taxes, diverse job opportunities, and favorable climate. During and after the pandemic, Florida’s economy bounced back strongly compared to other states and has attracted individuals from western and northern parts of the country as businesses began to reopen.

Although there is an influx of individuals and families moving to Florida, the cost of renting apartments and homeownership is still challenging for many households. Even as year-over-year rental prices decrease (Table 1), many households in Florida are still cost burdened when it comes to paying for housing. When households pay more than 40 percent of their income towards housing costs, they are considered cost burdened and may have to sacrifice paying for other essentials such as health insurance, gas, and childcare to help cover these higher housing costs.¹⁰

In 2021, the average median household income was \$61,777 in Florida, and more than 60 percent of households earning this median income were considered cost burdened by rental prices. The two counties in Florida with the most notable cost-burdened and low-income renters are Miami-Dade and Broward counties.¹¹ When considering the number of cost burdened households in Florida, notable considerations include occupation type, single- or double-income households, and opportunities for supplemental income. Furthermore, these considerations can impact affordability levels, and the state in which individuals and households choose to live and work.

“Robust growth is still occurring within our state. While not at the same rates as during the pandemic, we’re still seeing notable increases.”

- Richard Doty, GIS Coordinator and Research Demographer University of Florida’s Bureau of Economic and Business Research⁹

⁹ Brittany Sylvestri, University of Florida, “Is Florida’s Rental Market Really Cooling Off?”, retrieved from <https://news.ufl.edu/2023/07/fl-rental-market/>, accessed on January 18, 2023.

¹⁰ Florida TaxWatch, “An Update on Florida’s Housing Rental Market,” January 2023.

¹¹ Brittany Sylvestri, University of Florida, “Is Florida’s Rental Market Really Cooling Off?” July 2023.

State-to-State Migration

According to the 2022 U.S. Census Bureau’s American Community Survey (ACS), state-to-state migration continues to increase throughout the United States as households look for more affordable options in nearby states. This state-to-state migration is common among northeastern residents moving from places like New York to Florida or from California to Texas.¹² Closer state-to-state migration such as Florida residents moving to Georgia has become increasingly popular over the last several years (Table 2). This is particularly interesting, given that Georgia (unlike Florida) has a personal income tax.

Table 2. Over the Last Seven Years an Increasing Number of Florida Residents Are Choosing to Leave Florida and Live in Georgia

Year	Estimated Yearly Florida-to-Georgia Resident Changes
2015	47,286
2016	44,846
2017	47,035
2018	51,020
2019	46,235
2020	N/A
2021	49,163
2022	51,380

Source: U.S. Census Bureau State-to-State Migration Flows

At the end of 2022, the U.S. Census Bureau published estimates for state-to-state migrations where both migration patterns into and out of Florida were cited. In 2022, 738,969 new residents moved into Florida and 51,380 Florida residents moved to Georgia.¹³ This change in residencies accounts for more than 15 percent of the total new Georgia residents for the given year.¹⁴ While there is still a steady increase in the number of individuals and families moving into Florida on a daily basis, this state-to-state migration—especially with neighboring states such as Georgia—could lead to potential negative impacts on Florida’s workforce and economy as more people choose to live and work in states with lower rental prices.

In 2023, the average overall rent for an apartment in Georgia was \$1,323; whereas in Florida, the average overall price was \$1,545 in 2023.¹⁵ This difference could lower the financial burden that households face when searching for apartment rentals in nearby states. This difference could also provide more financial flexibility for those individuals to afford quality healthcare, childcare, and other essentials, and lead to lost economic activity in Florida if families relocate to another state.

¹² Mehreen Ismail, U.S. Census Bureau, “Number and Percentage of State-to-State Movers Increased Between 2021 and 2022,” November 2023.

¹³ U.S. Census Bureau, 2022 State-to-State Migration Flow Table, accessed on January 19, 2024.

¹⁴ Mehreen Ismail, U.S. Census Bureau, “Number and Percentage of State-to-State Movers Increased Between 2021 and 2022,” November 2023.

¹⁵ Apartment List Rental Data, retrieved January 2024.

Looking Ahead

As the rental market in Florida begins to stabilize, consideration for how high rental prices affect young professionals and new families looking to move to Florida is important because it impacts the state's workforce, economic growth, and future development. If young professionals and young families cannot afford to live in Florida, there is a risk of losing critical workforce — especially considering that nearby states, such as Georgia, continue to develop and entice young professionals and families to live and work in those states instead. As surrounding states become more affordable options for current and future Florida residents to consider and begin to offer more opportunities for an enjoyable work and home life, Florida's workforce and economy could be at risk.

Florida's economic development and daily influx of new residents will likely continue to increase the demand for long-term rental market as 2024 progresses. So, as Florida continues to work to address affordable housing options, the continued support for renters in Florida seeking reprieve from high rental prices should remain a top priority. As the 2024 Legislative Session continues, Florida Legislators will continue to work through the challenges facing Florida's workforce and work to keep Florida a desirable and affordable place to live and work.

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