

Renters are overpaying by 18% in South Florida, study shows

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Rents have risen so much in South Florida that renters are now overpaying by more than 18%, according to a newly released index.

Researchers at three Florida colleges – Florida Atlantic University, Florida Gulf Coast University and Longwood University – analyzed rents since 2014 and used this data to predict where rent prices should be for renters. They then compared that number to today’s current rents. From there, they calculated the percentage difference to see how much renters are overpaying in rent.

Based on what past leasing histories suggest, South Floridians are paying 18.98% more than they should be, researchers found.

“It’s clear that rent increases have become a major problem across Florida, threatening the livelihoods of middle-class consumers,” said Ken H. Johnson, an economist in FAU’s College of Business.

In South Florida, the typical rent should be a little under \$2,500, according to projections based on the Zillow Rent Index.

But instead, the typical rent in South Florida is a little under \$3,000.

“If we measured this and it was 8%, it wouldn’t be much of a thing because it’s going to vary a little bit and we had a flat year in 2020,” he said. “But no one expected this much of an increase.”

Rents as a whole have risen about 32% in South Florida in February when compared to the year prior. In a normal year, rents will usually rise about 5%, Johnson pointed out.

Such a huge fluctuation usually indicates that “something systematic is going on that we don’t have a handle on,” Johnson said.

The South Florida rental market took off in the past years, as many potential home buyers, priced out of the housing market, turned to renting. Out of state buyers have also added pressure to a market where there is already limited inventory of homes available.

South Florida wasn’t the only metropolitan area in the state where renters are overpaying in terms of rent.

In Orlando, renters are overpaying by 10%; in Tampa, it’s 15.74% and in Fort Myers it’s 15.21%.

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“Demand has risen sharply as more people moved to Florida to escape COVID-19 restrictions, while at the same time, supply has leveled off because developers struggle to build units due to supply chain shortages and increasing costs for materials,” said Bennie Waller, Ph.D., of Longwood University.

There are some indications that the Orlando, Tampa and Fort Myers areas might see more moderate rent increases in the future, while South Florida doesn’t appear to be slowing down, which could be attributed to the severe lack of supply in South Florida, Johnson suggested.

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