APARTMENT ADVISORY
DECEMBER 2021

Arguably no industry is more dependent on demographics data than real estate. Demographics are an interesting area of study, and, more importantly, they can impact good business decisions. Both commercial and residential real estate investments are unique compared to other asset classes in a multitude of ways, but three traits in particular necessitate a very deep understanding of underlying demographic data: the size of the investment, longer time horizons, and asset appreciation potential.

To better understand exactly who today's apartment renters are, RealPage data scientists analyzed more than 11 million individual apartment leases to create an industry-leading cluster analysis of U.S. apartment renters. This resulted in seven renter cohorts based on a suite of demographic variables, including renter income, age, marital status, kids, pets, cars and more. Apartment product selection criteria were also included, such as property age, class, location, number of occupants, lease term, effective rent, rent-to-income ratio, length of stay and propensity to renew.

Demographics

Median Renter Income
$60,000

Median Adult Renter Age
31.8

Effective Rents

Mean Effective Rent (Unit)
$1,249

Mean Rent/Income Ratio
22.6%

Unit Characteristics

**Mean Sq. Foot (Unit)**
897 SF

Mean Bedroom Count
1.5 Bedroom

Miscellaneous

Mean New Lease Term
12.7 Months
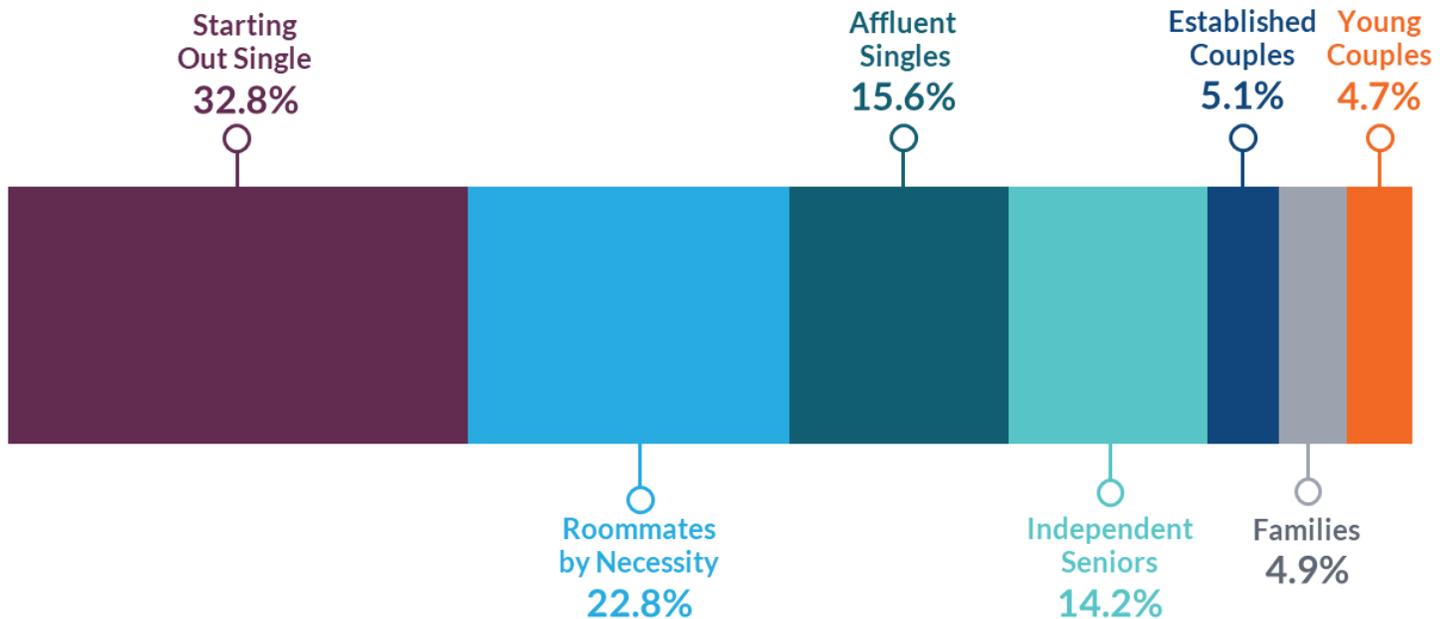
Mean Number of Pets
0.2/Unit

The median renter age is 31.8, compared to the overall median U.S. age of 38.4, though, of course, those figures shift over time. Generational talk, especially about Millennials, permeates the industry. It's important to remember that Millennials are aging, ranging from their mid-20s to early 40s. Another group of renters – Gen Z – is moving into the renter pipeline and impacting some categories of our cohort analysis. While the peak Millennial age group of 28- to-30-year-olds (peaking around 4.8 million in those peak individual years) shows there's a drop between those and the peak Gen Z years (peaking around 4.3 million for 18- and-19-year-olds), the difference isn't as big as sometimes advertised.
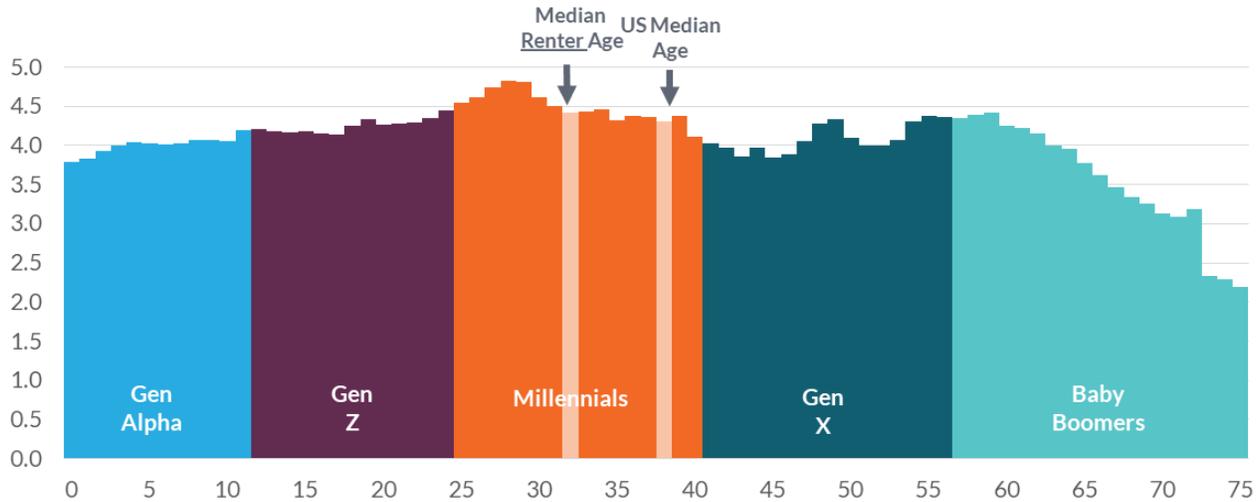
Sources: RealPage, Inc.; Census Bureau (2019 Estimates)

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Let's get a snapshot of each of the seven renter cohorts that we identified in our cluster analysis of more than 11 million lease transactions.

Starting Out Single **32.8%**

Affluent Singles **15.6%**

Established Couples **5.1%**

Young Couples **4.7%**

Roommates by Necessity **22.8%**

Independent Seniors **14.2%**

Families **4.9%**

Source: RealPage, Inc.

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Starting Out Singles account for about 33% of the U.S. renter population. This group of younger, unmarried individuals claim the youngest median age of all the cohorts at 27. The median income from this group is just over $41,000 per year, which also ranks lowest among the cohorts. These budget-savvy renters tend to lease the most affordable units. With an average rent of $987 per month, this group has the lowest rental rates among all cohorts – about $260 less than the typical U.S. rent.

Roommates by Choice make up about 23% of the U.S. renter population. At 28.1 years, this is the second youngest cohort. Their median income ranks third highest with an annual income of about $80,000. Their rents skew on the higher side at an average of $1,419, giving these wealthier renters more options to live in expensive housing markets.

The **Affluent Singles** group differs in a lot of ways from our first two groups. The median age is one of the oldest among all renter groups at 37.9. Their median annual income is tied for the highest among all cohorts at $100,000. This renter group has a high propensity to rent the more expensive units at a property. With an average rent of $1,562 per month, many Affluent Singles can be found in the urban cores.

Independent Seniors comprise 14.2% of the nation's renters. Their median age of 56.5 years is the oldest among cohorts and their annual income is one of the lowest at about $48,000 per year, likely affected by retirement. In turn, their rents also tend to run lower than typical at $1,074 per month.

Established Married Couples make up a relatively small portion of the nation's renter base at 5.1%, but that rate is much higher in certain markets. This group of renters is in their mid-30s and boasts the highest median income (tied with Affluent Singles) at $100,000. With their high incomes, rents tend to run on the higher side at about $1,500 per month.

Families have a median age of 35.2, median income of $60,000 and average monthly rent of $1,298. The fact that these households have 2.3 children per unit on average makes them stand out. With more people in the household, this cohort tends to lease the largest floorplans. The average unit size leased by this cohort is 1,112 square feet.

Young Couples also trend middle-of-the-road on most metrics. These renters have a median age of 32.3, earn a median income of $74,000, and have an average rent of about $1,400 per month. This group of renters lives together but is rarely married. With an average of two pets per lease, they are the only cohort with more than one pet per household. With more pets, it stands to reason that this group rents slightly larger units.
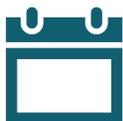
MISCELLANEOUS FUN FACTS

Denver has the **highest number of pets** per household (0.5 pets per household).

Anaheim has the **highest number of vehicles** per household (1.5 cars per household).

Riverside has the **highest number of children** per household (0.5 children per household).

West Palm Beach has the **oldest** median renter age (36.0)...
... while **Columbus** has the **youngest** median renter age (29.0).

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