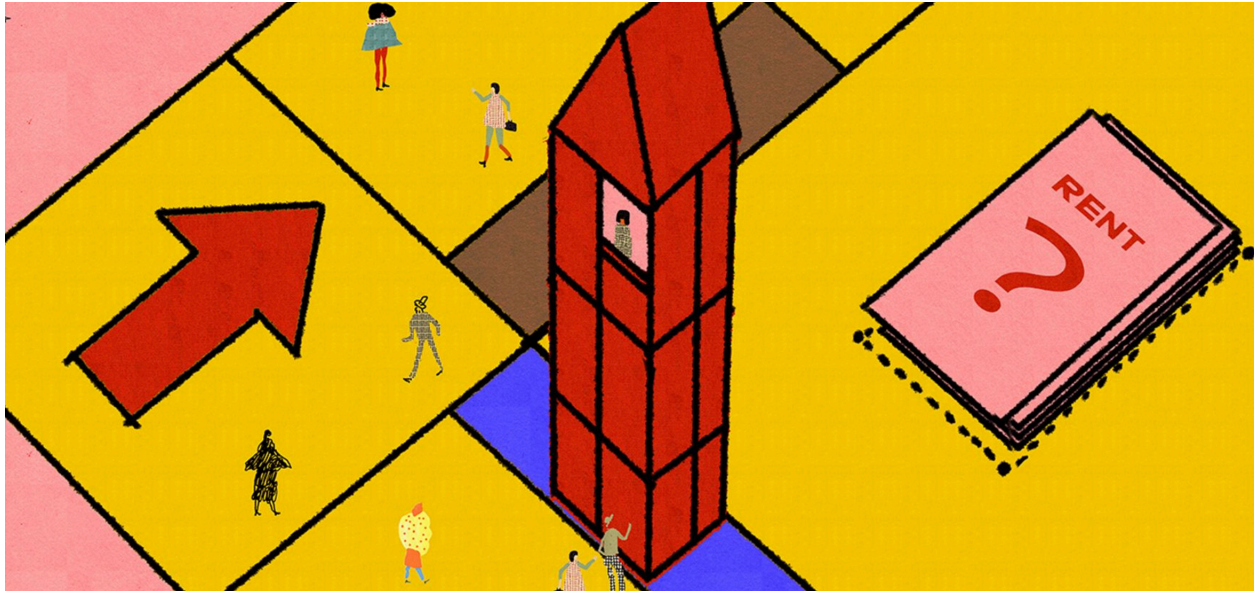


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REAL ESTATE | PROPERTY REPORT

Three Million U.S. Households Making Over \$150,000 Are Still Renters

High cost of homeownership and a tight housing market drive demand for rental properties

By [Will Parker](#)

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Lee Robbins, a 36-year-old accountant, left Indiana for central Florida five years ago in search of sun and a six-figure job. He found both in Sanford, Fla., but one thing hasn't changed. Mr. Robbins is still a renter.

With the city's median home price up more than \$100,000 during the pandemic, Mr. Robbins said he needs a few more years [to save for a down payment](#) even though he now makes six-figures. "It's not what I envisioned, to be in a two-bedroom apartment with my son," Mr. Robbins said.

Jessica Bronner, a 30-year-old who co-owns a flooring business near Richmond, Va., can afford to buy a house. But she doesn't see it as a good investment right now and is renting instead. "I think the market's still very inflated and it doesn't make sense to buy," she said.



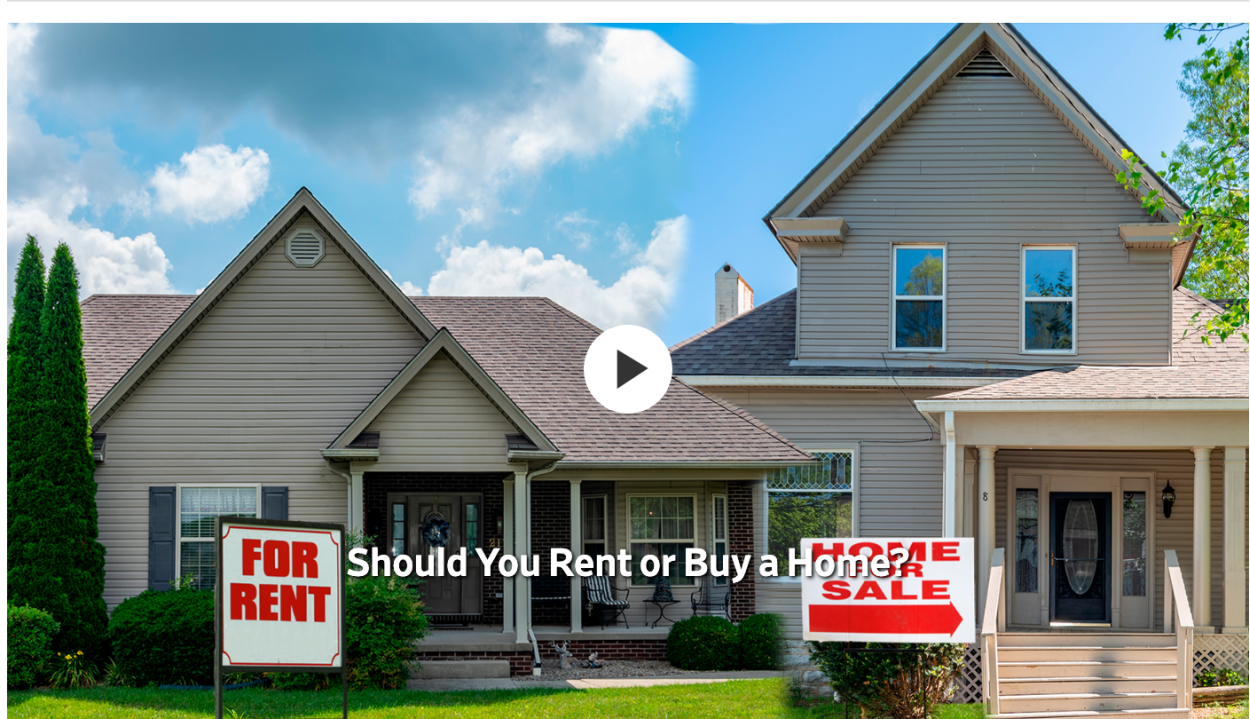
Jessica Bronner, co-owner of a flooring business near Richmond, Va., thinks it is a bad time to buy a house. PHOTO: BEAU BRONNER

High-earning Americans like Ms. Bronner and Mr. Robbins are more likely to rent their place of residence than in the past. The number of renter households making \$150,000 or more a year rose by 87% between 2016 and 2021 to more than 3 million, according to five-year estimates from the U.S. Census Bureau.

Overall, about 44 million households rented and the median income for all households was nearly \$71,000 in 2021, according to the Census.

No city saw a bigger increase in higher-earning renters than Austin, Texas, where renter households making \$150,000 or more rose by 154% over the five-year period, according to an analysis of the census data by researchers at RentCafé, an apartment-listing website. Cities across the South and Southwest—from Nashville, Tenn., to Atlanta and Phoenix—also experienced large increases in these renters after many highly paid workers [moved to the region during the pandemic](#).

The number of Americans earning more than \$150,000 has been rising in recent years. But [higher mortgage rates](#) and steeper home prices have put home purchases beyond the reach of many of these relatively high-earners. Other affluent renters can't find a house that meets all their expectations, or want to rent in a new city before making a decision on what to buy. Some want to remain mobile and prefer the flexibility of renting over the commitment of homeownership.



Economists have long said that renting and investing in the stock market is a better investment than owning a house, and in 2022 that looked especially true. WSJ's Dion Rabouin explains. Photo illustration: Elizabeth Smelov

Real-estate companies have followed the trend of wealthier renters, and helped accelerate it. Large investment companies [have been buying up suburban homes](#) by the thousands and renting them out to above-average earners. Major apartment developers focus on [amenity-packed buildings](#) catering to professionals making high wages. Home builders, meanwhile, are building more single-family [houses designed to be rented instead of sold](#).

The drift of the relatively affluent toward renting is making the rental market a much more competitive place, said Whitney Airgood-Obrycki, a researcher at Harvard University's Joint Center for Housing Studies.

“There are markets that are already tough on lower- and middle-income renters, and it’s just becoming more difficult with this influx of higher-income earners,” she said.



An executive at AHV Communities, which builds single-family rental homes, said higher rents are here to stay.
PHOTO: AHV COMMUNITIES

While [rents have softened recently](#), the high costs associated with homeownership and the unusually low supply of homes for sale are likely to leave more people renting. That could serve as something of a floor for the rental market and prevent prices from falling much more this year. Some landlords who own homes they rent to higher-earners say they aren't expecting to budge much on rent.

"Higher rents are here to stay," said Mark Wolf, chief executive of AHV Communities, which builds single-family rental homes in places in the South and the West Coast. At one of Mr. Wolf's developments near Seattle, the average household income is more than \$200,000, he said.

For transplants in new cities, renting for a year or two before buying is an obvious choice. But some high-earners who have recently moved say they will rent indefinitely.

Al Hughes, a 35-year-old tech entrepreneur, sold his house in Nantucket, Mass., last year and moved with his wife to San Antonio. They looked at buying but didn't find

anything they thought was a better value than what they found to rent, Mr. Hughes said. The new 1,400-square-foot house they lease has a backyard and two-car garage. It costs about \$2,400 a month, including the landscaping fee.



Al Hughes, a renter in San Antonio, says he and his wife are no longer interested in buying a home. PHOTO: GABRIELLE HUGHES

“We want a backyard, but we don’t want to necessarily have to take care of it all the time,” Mr. Hughes said. “We don’t really have an interest in buying anymore.”

Other high-earning renters can’t buy because they have debt, poor credit or low savings, a group that apartment developers sometimes call “structural renters.” Developers expect these tenants to make up a large share of overall renters for the foreseeable future.

Even when they have minimal savings, high-earning renters have more spending power than renters with lower incomes. Builders compete for them by outfitting

properties with modish amenities, such as sprawling fitness centers and outdoor areas with swimming pools and fire pits.

“They really demand what they want, because they’re able to pay for it,” said Whitson Huffman, co-chief executive of real-estate investment firm Capital Square.

Even so, many renters making six-figure incomes are frustrated that they aren’t building wealth through homeownership.

Mr. Robbins, the accountant who rents in Sanford, Fla., has student debt, which has made it more difficult to obtain a mortgage, he said. When he is ready to buy, he is preparing to pay what he expects will still be an elevated price.

“I don’t want to bleed my money away to a landlord forever,” Mr. Robbins said.