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Landlords are relying on free rent and gift cards to fill vacant units.

Apartment Glut Gives Renters A Break On Prices

BY REBECCA PICCIOTTO

Renters across much of the U.S. have enjoyed easing prices and months of free rent this year. Now, this tenant-friendly environment looks poised to extend deep into next year, and perhaps beyond.

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Apartment rents nationally are advancing at their slowest pace in years, thanks to the glut of new units that has taken longer than expected to absorb. More recently, job concerns among young people are posing a new threat to the rental market.

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The U.S. unemployment rate for people aged 20 to 24 was 9.2% in August, more than double the overall rate. If a weaker job market continues, it could lead more of these renters to seek roommates or move back with their families, rather than get their own place.

Anika Nelson, 22 years old, graduated from North Dakota State University in May. She planned to move to a Denver rental with her fiancé this summer, as soon as she secured a job. But five months and more than 50 applications later, she is still job hunting.

In October, the couple rented a place in Denver without jobs. It helped that their landlord offered them 12 weeks of free rent to sign a lease in a newly constructed building with a gym, co-working space, rooftop deck and a pool. But if she can't land a job, she will likely move back home to South Dakota.

"A lot of people my age are doing that right now," she said.

National rent prices edged higher for part of this year, buoyed by price rises in the Northeast and Midwest where new supply has been limited. But last month, national average rent fell 0.3% from August, the steepest September drop in more than 15 years, according to data firm CoStar.

Landlords in many major metro areas are slashing prices. Those in the Sunbelt and Mountain West states are

offering the deepest rent cuts, especially in cities like Austin, Texas, Denver and Phoenix.

Multifamily owners and analysts anticipated that 2025 would be the year that surplus supply balanced out and they regained their pricing power.

Instead, landlords are now betting on the ability to raise rents by the end of 2026, or at least sometime in 2027.

Note

Even that might be wishful thinking. Analysts at data company Yardi Matrix recently lowered their projections for 2027 rent growth. They expect "more tepid" growth that year because of more new apartments coming online than originally expected.

Note

Previously reliable demand drivers are starting to fizzle. Hiring for entry-level jobs is tightening. Employment growth is decelerating in cities such as Denver and Las Vegas.

Note

"What you don't forecast is job anxiety being as deep as I think it is," said Tony Julianelle, chief executive of real-estate investment firm Atlas Real Estate.

Sluggish rent growth is good news for inflation, since housing is the largest component of the consumer-price index. Note Note
Annual inflation heated up slightly in September. But it was less than expected, in part because of modest rent increases.

During the early years of the pandemic, developers raced to capitalize on historically low borrowing rates and population migration to the Sunbelt. That resulted in the biggest apartment construction boom in four decades. But supplychain delays and construction labor shortages dragged out development so that even when cities were oversaturated with new apartments, there were still more coming. Note

Remote workers who once helped power the Sunbelt's population boom are getting called back to the office. And as President Trump cracks down on international immigration, the influx of new foreign residents is slowing.

Note

"There was a saying: 'Stay alive until 2025,'" said David Schwartz, chief executive of real-estate investment firm Waterton. "We're in the camp, 'We'll be in heaven in 2027.'" Until then, landlords are relying on months of free rent, shopping gift cards, free parking or even paying for moving costs just to get tenants to sign a lease. When that isn't enough, they resort to price cuts.

Apartments are getting leased at record levels. But that is largely because of all the supply and because building owners are offering more tenant incentives. They agreed to concessions such as months of free rent on 37% of rentals in September—a record for that month—according to Zillow.

Some of the signs emerged this summer. Summer is typically the hottest leasing season of the year, when college graduates start new jobs and rent new apartments. This summer saw national rent growth cool even further, said Grant Montgomery, CoStar's national director of multifamily analytics.

Empty apartments sat on the market slightly longer this summer compared with last year, according to Apartment List data.

Note

"2025 was the year without a summer leasing season," Montgomery said. "We really started to see the air come out of rents."

Spencer McKean is one of the beneficiaries. The 29year-old videogame programmer has been renting a onebedroom apartment in Denver at roughly the same $1,575 a month for the past three years. That comfortably makes up less than 30% of his income. This year, his landlord is charging him for only nine months of rent on his 11-month lease.

"I just got two months off," said McKean.

