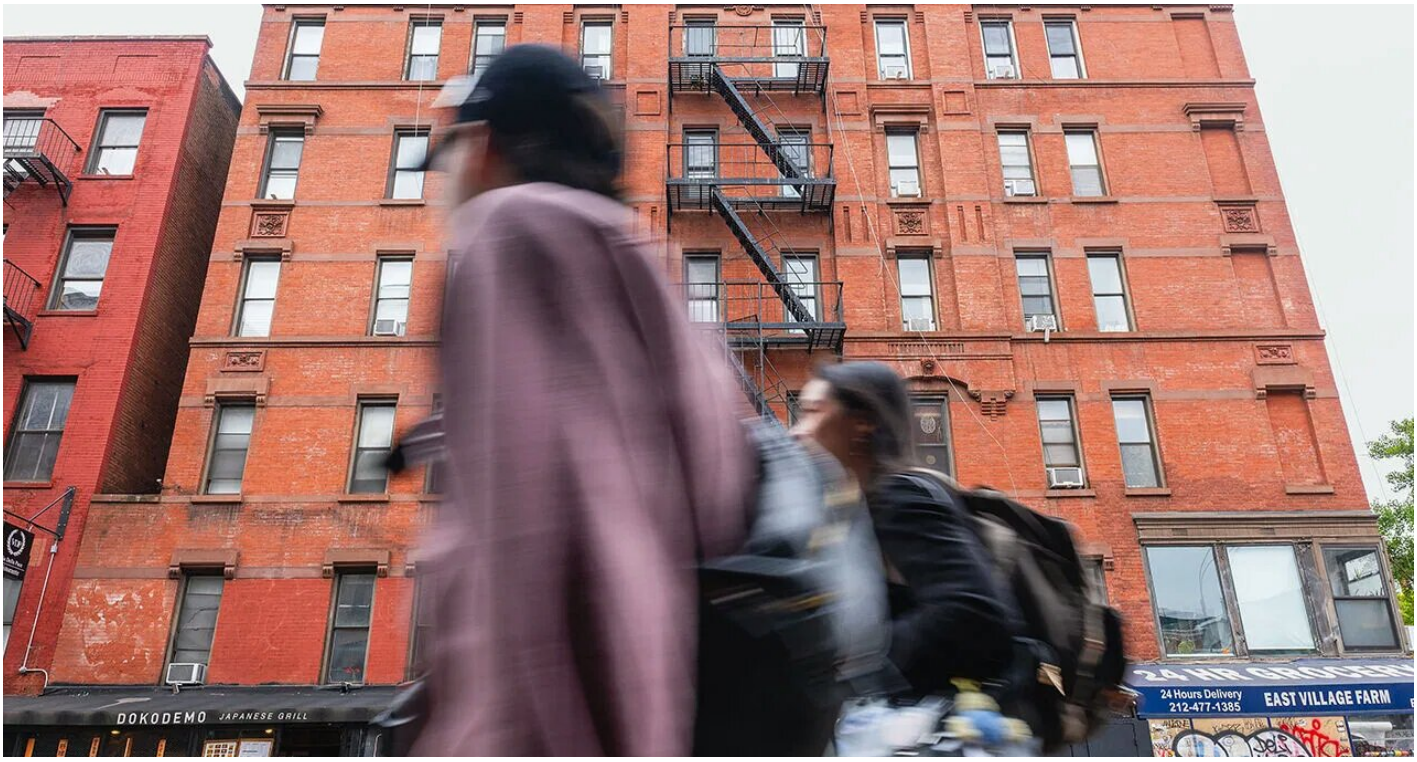
ADVERTISEMENT

Finance & economics | Past due

America's renters are in serious trouble

Several gauges of their financial health are flashing red

Save Share



The Economist

Insider | For you

Nov 3rd 2026 | 4 min read

Listen to this story

0:00 / 0:00

JACOB RAMIREZ, a 31-year-old operations manager for a café chain, has long struggled to make ends meet. In college he used a credit card to buy textbooks; after graduating, he occasionally did so to pay rent and utility bills. By 2022 he, his wife and their dog were in a one-bedroom flat in Pomona, east of Los Angeles. But rising rent and other expenses—"like an anaconda snake choking me out"—pushed him deeper into debt. In 2023, owing $28,000 on five cards, Mr Ramirez turned to a non-profit debt-counselling service. He is on track to pay his debts by 2028.

America's economy is growing steadily, thanks to an artificial-intelligence boom and robust consumer spending. But for three or four years a divide has been opening between homeowners and renters like Mr Ramirez, who make up a third of American households. An analysis by *The Economist* suggests that tenants are increasingly missing payments and turning to costly short-term credit, even as homeowners' finances remain resilient. Is America experiencing a renters' recession?

Their difficulties represent a turnaround. During the global financial crisis of 2007-09 it was homeowners who suffered. By 2010 one in 20 mortgages was in foreclosure and one in ten delinquent. House prices had fallen by nearly a quarter; nearly one in four homeowners owed more than their dwellings were worth.

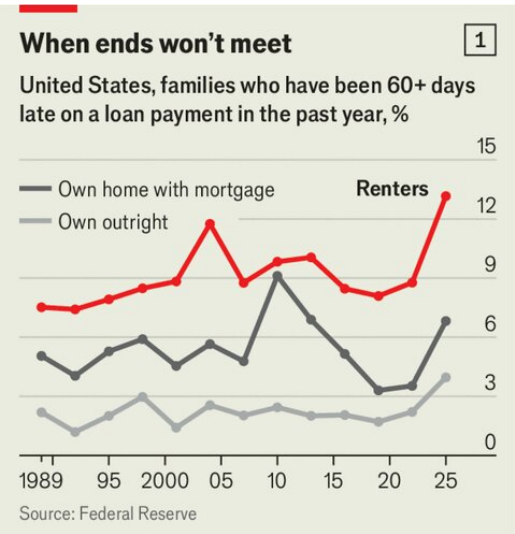


CHART: THE ECONOMIST

Now it is the turn of renters to suffer more. The Federal Reserve's latest Survey of Consumer Finances (SCF), published last month, shows that in the past year more than one in eight were at least 60 days late on a loan payment, the most since records began in 1989 (see chart 1). Another Fed survey, in late 2025, found that a quarter had not paid all their bills in full the previous month, compared with one in ten mortgage-holders (see chart 2). About one in six finds it "difficult to get by", more than three times the rate among mortgage-holders.

Some of the divide reflects demography. Renters tend to be younger, poorer and less educated: their median household income in 2025 was $57,000, against $103,000 for homeowners. But these characteristics explain three-fifths of the gap between renters and mortgage-holders, we calculate. What about the rest?

Partly, the rent. Since 2019 rents in America have risen by 42% according to the

up by 34%. Mortgage-holders' housing costs outpaced their incomes by a similar margin. But much of this reflects higher payments for new buyers, who have been screened by lenders for their ability to pay and whose mortgage payments are typically fixed for several years. Renters face higher payments when leases expire, whether they can afford them or not.



CHART: THE ECONOMIST

Next, a lack of savings to fall back on. The typical renter has $2,000 in liquid savings, according to the SCF, versus $12,000 for mortgage-holders. Homeowners also tend to have larger investment portfolios. "A lot of homeowners are supporting their spending by withdrawing from their brokerage funds," says Ted Gayer of the JPMorgan Chase Institute, a think-tank within a bank. The resumption of student-loan repayments after the covid-19 pandemic added to the strain, accounting for about half of the recent rise in renters falling behind on their debts, but only about a quarter of that among mortgage-holders.

ADVERTISEMENT

Explore more

Economy Follow
Finance & economics Follow
United States Follow
Property Follow
United States' economy Follow
→ See the latest from topics you follow

Renters are putting off paying [illegible]. They have gone from being less likely than mortgage-holders to incur late fees on credit cards to being more likely, after controlling for income, age and other demographic factors, according to our calculations using data from the FINRA Foundation. Some renters are turning to other forms of short-term borrowing. Another Fed survey finds that more than one in ten took out a payday loan or pay-cheque advance in 2025, nearly twice the share in 2019. Saving must wait: "As rents increase, the ability to save, whether it's for a down-payment, for an emergency, for whatever, is really much harder," says

This article appeared in the Finance & economics section of the print edition under the headline "Past due"

The Economist
Insider | For you

And some, like ing help. Once his debts are cleared, he hopes to start saving ers have a much longer road ahead. ■

For more exper stories in economics, finance and markets, sign up to Money Talks only newsletter.



From the November 7th 2026 edition

Discover stories from this section and more in the list of contents

Explore the edition

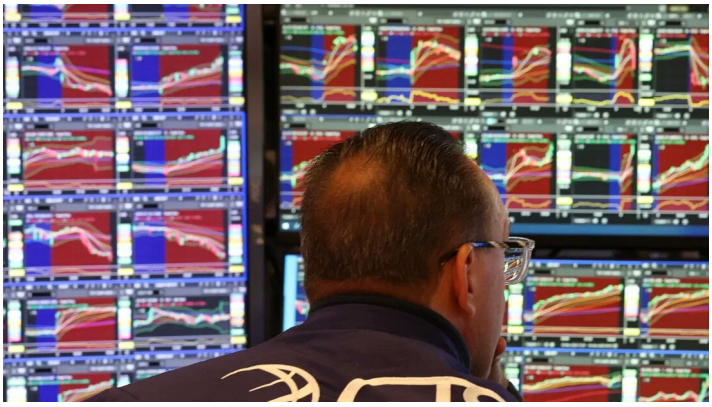
Save Share Reuse this content

More from Finance & economics →

Markets realise they hate America's blue wave

Investors worry that Democratic dominance will slow down the AI boom

4 min read



Indebted tycoons haunt China's banking system

Lenders are feeling the hangover from years of Wild East capitalism

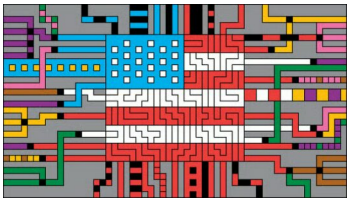
3 min read



AI is turning protectionists into free traders

Barriers to commerce are rising—except in technology

6 min read



William Nordhaus, favourite economist of the right and the left

5 min read



What markets make of the midterms

4 min read



China's AI stock-market struggles are a warning

4 min read



Get *The Economist* app on iOS or Android

THE ECONOMIST
About
Reuse our content
Subscribe
Gift subscriptions
The Economist Pro
SecureDrop

THE ECONOMIST GROUP
The Economist Group
Economist Enterprise
Economist Enterprise Events
Economist Education Courses

CONTACT
Help and support
Advertise
Press centre
Affiliate programme

The Economist
Insider | For you

Working here

Executive Jobs

To enhance your experience and ensure our website runs smoothly, we use cookies and similar technologies. Manage cookies

Terms of use Privacy Cookie Policy Accessibility Modern Slavery Statement Sitemap Your Privacy Choices

Registered in England and Wales. No. 236383 | Registered office: The Adelphi, 1-11 John Adam Street, London, WC2N 6HT | VAT Reg No: GB 340 436 876
© The Economist Newspaper Limited 2026