America's renters are in serious trouble

A growing divide in financial resilience between tenants and homeowners

Source: The Economist • 3 November 2026 • Summary of the attached article

Executive summary

The Economist identifies a growing financial divide between America's renters and homeowners. Although the broader American economy remains relatively strong, renters—representing approximately one-third of American households—are experiencing what the article characterizes as a potential "renters' recession." Rising housing costs, insufficient savings, renewed student-loan obligations and increased dependence on short-term borrowing are creating significant financial stress. Homeowners, by contrast, have generally benefited from fixed mortgage payments, greater accumulated wealth and stronger financial reserves. The divide is particularly striking because homeowners were the more financially vulnerable group during the 2007–09 financial crisis.

The implications extend beyond individual household finances. Renters' increasing inability to pay bills, accumulate savings or manage unexpected expenses suggests weakening financial resilience across a substantial segment of the population. Although differences in age, income and education explain some of the disparity, housing-cost inflation and a lack of financial cushions account for much of the remaining pressure. The central conclusion is that economic growth and strong consumer spending can conceal serious financial distress among renters. For the rental-housing industry, these findings raise concerns about rent affordability, collections, delinquency and the sustainability of future rent increases.

Ten key findings

01 **Renters are increasingly delinquent.** More than one in eight renters were at least 60 days late on a loan payment during the preceding year—the highest rate since records began in 1989.

02 **Difficulty paying bills is widespread.** Approximately 25% of renters failed to pay all their bills in full during the previous month, compared with 10% of mortgage holders.

03 **Renters are struggling financially.** About one in six renters report difficulty getting by, more than three times the rate among mortgage holders.

04 **Income disparities are substantial.** Median renter household income was $57,000 in 2025, compared with $103,000 for homeowners. Demographic differences explain approximately 60% of the measured financial gap.

05 **Rents have increased substantially.** Apartment rents have risen approximately 40% since 2019, intensifying pressure as leases renew.

06 **Renters have dramatically smaller savings.** The typical renter has just $2,000 in liquid savings, compared with $12,000 for mortgage holders—a sixfold difference.

07 **Homeowners benefit from more stable housing costs.** Fixed-rate mortgages protect many existing homeowners from immediate housing-cost increases, whereas renters face higher payments when leases expire.

08 **Student-loan repayments are contributing to financial distress.** Resumed student-loan payments account for approximately half of the recent increase in renters falling behind on debts, versus one-quarter among mortgage holders.

09 **Reliance on expensive borrowing is increasing.** More than 10% of renters took out payday loans or paycheck advances in 2025, nearly twice the proportion in 2019.

10 Credit-card problems signal additional trouble. After adjustment for income, age and other demographic factors, renters have shifted from being less likely than mortgage holders to incur credit-card late fees to being more likely.

BOTTOM LINE *Financial vulnerability in American housing has shifted toward renters. Tenant financial health and affordability are becoming increasingly relevant indicators of multifamily investment risk.*

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