

The New American Dream

Today's Renters are Creating a Second Path



In the past, home ownership was one of the primary measures of success and fulfillment of whether or not someone has achieved the American Dream, but that is no longer the case. The American Dream is evolving. There are two viable paths to obtaining it; one being the more traditional path toward home ownership; the other through life-long renting by choice.

In a post-pandemic world, where remote work is available to many, renting has become increasingly attractive. While there will always be a segment of the population that are renters by default due to their economic situation, a growing number of people are opting to rent by choice, despite the financial ability to choose between renting and home ownership. Individuals don't want such a sizable amount of their wealth dedicated to obtaining and holding a mortgage. They want to live a lifestyle that is more flexible and less stressful than what home ownership typically provides. For example, they would rather not have to deal with the costs and responsibilities that come with owning a home.

While today's renter prioritizes flexibility, that doesn't mean they're averse to the idea of community. Renters still have the desire to be good neighbors, host friends and family, and value meeting and befriending new people in their community.

To provide you a better understanding of what this new American dream means not only for renters, but for property owners, Entrata, along with Method Research and PureSpectrum, surveyed 2,000 US renters living in large apartment communities¹ between January 3 and January 12, 2024. The following is a report of our key findings from the survey.

The American Dream

In the not so distant past, the American Dream consisted solely of having a house with a two-car garage, white picket fence, a couple of kids, and a dog, but that is now not the only case.

41%

of renters say their “American Dream” has nothing to do with homeownership.

1 in 5 renters

(20%) expect to be lifelong renters by choice, an increase of 5 percentage points from 2021 (15%).

Financial Flexibility Increasingly Important

Now, the American Dream involves flexibility—both in terms of personal finances and freedom of mobility. Instead of being locked into a 30-year mortgage and having much of their net worth tied up in an asset that isn’t liquid, more and more people are opening themselves up to the possibility of being life-long renters by choice and not by circumstances.

66%

of renters say renting fits their current lifestyle more than owning a home.

23%

of renters like the location flexibility renting gives them and 17% like the financial flexibility of not being tied to a mortgage.

1 in 3 renters

(33%) say they could afford a home that meets their needs in 2024 but choose not to buy.

¹ For the purposes of this survey, large apartment communities are apartment communities that consist of 50 or more units.

Home Ownership Brings with It Too Many Hassles

In addition to financial freedom and freedom of movement, renters are looking for freedom from the responsibilities that come with home ownership, including yard work and maintenance. Another chunk have experienced owning a home and realized that it wasn't for them.

23%

of renters don't want the responsibility of owning and maintaining a home.

21%

of renters who say they could afford a home still don't want the responsibility of owning a home.

1 in 5 renters

(20%) who've owned a home in the past say they didn't want to be responsible for property maintenance

"I don't like being financially responsible for home maintenance."

"I can call management when anything is not working, I don't pay the gardener or the pool maintenance."



Been There, Done That

A large portion of those surveyed have previously owned a home and have come to the decision that renting is a better fit for them and their lifestyle. Some of the top reasons respondents shared for beginning to rent again include moving and divorces/breakups.

33%

of renters have owned a home previously and rent now.

Of those renting,

1 in 7

had previously owned a home but are now choosing to rent.

Previous home owner’s top reasons for renting now are moving to a new geographic area (30%) and divorces or break-ups (30%).

Top Reasons Former Owners Started Renting

20%

Different Amount of Space

Gen Z

49%

Moved to a New Geographical Area

Millennial

38%

Divorce or Breakup

Gen X

32%

Divorce or Breakup

Baby Boomers

“I move often for work and can’t be held down to a property.”



Younger Renters Feel Financially Secure

Despite the economic uncertainty of recent years, respondents feel that they have strong financial footing and are well positioned to grow in their careers.

46%

of renters have the financial means to pursue their hobbies.

65%

of renters working are happy with the direction of their career; even more (73%) see a path to pursue their career goals.

>1/3

of renters say being a renter gives them more career opportunities than being a homeowner.

63%

A majority of renters think they have a similar or better quality of life than their parents at a similar age.

Finding a Sense of Community Still Important

Despite not having a large personal space to host family and friends, renters still value community and are finding ways to congregate and build relationships with others living in their same building and apartment community.

40%

of renters have been able to use communal spaces of their apartment for social gatherings.

>1/3

More than a third (34%) of renters have their friends or family over at least once a month.

29%

of renters said they'd be interested in spending time with friends in community spaces at their apartment at least once a month.

51%

of renters enjoy the community aspect of living in an apartment.

67%

of renters have helped neighbors in their apartment community; 61% have had neighbors in their apartment community help them.

Today’s renters are well-informed on their personal finances and they know the value of having strong credit:

94%

of renters have a basic understanding of what their credit score is.

41%

of renters say they’re happy with their credit score.

2 in 5

renters (41%) say they would want to improve their credit score for lower auto loan rates, around the same number (39%) want to improve their credit score for lower or \$0 deposits on utilities, rental units, etc.

87%

of renters who know their credit score use credit monitoring apps or services like Credit Karma or Experian.

3 in 5

Nearly 3 in 5 (59%) of renters who know their credit score have a credit score of 650+.

Lifelong Renters Don’t Need to Save for Down Payments

Because respondents don’t have the burden of a mortgage or saving for a down payment hanging over their head, renters are saving for experiences, retirement savings, or paying down their credit cards.

Household debt in America rose

1.3% to \$17.29 Trillion

in the third quarter of 2023.²

56%

of renters say they’re prioritizing paying off debts right now rather than saving.

43%

of renters prefer to have their savings in investments that are easy to liquidate rather than real estate.

America’s retirement savings crisis could cost federal and state governments an estimated

\$1.3 Trillion by 2040³

>1/3

(36%) of renters prefer to invest in retirement than save for a home.

~3/4

Nearly three quarters of renters (74%) are spending their discretionary money on experiences like dining, international travel, and entertainment (e.g. concerts, sporting events, etc.).

² Federal Reserve Bank of New York

³ National Conference of State Legislatures

Conclusion

While there will always be a certain percentage of the population that are renters by default because of their economic situation, steadily more people are becoming renters by choice regardless of economic factors. As noted in the report, there are myriad reasons for this shift, most notably, renting gives these individuals the flexibility needed to fit their lifestyle. Whether that be the financial freedom of not being tied to a mortgage and the upkeep of a home or the freedom to move more easily than if they owned a home.

Despite all of this, renters still crave and are getting to experience a sense of community. This is important, especially for Gen Z who spent the first years of renting isolated in their apartments due to COVID-19 restrictions.

Finally, because these renters by choice don't have to worry about saving for a down payment or being "house poor" after purchasing a home, their investment strategy differs greatly from homeowners. They're able to contribute more toward their retirement and save for travel and other experiences that their non-renting counterparts might miss out on.

To learn more about how Entrata can help you continue to innovate and stay ahead of the competition through technology, request a demo today.



Entrata powers over 20,000 communities worldwide helping clients achieve and exceed their goals.

