

Market Snapshot

How much have you paid in rent over your life?

Housing is the largest expense in most people's budget, and every renter knows – to the dime, how much of their paycheck goes out to their landlord or property management company. Still, keeping track of how much money you have paid in a year is an eye-opening and fruitful exercise in financial management. Knowing that the money you have paid in rent adds up over your lifetime helps prepare individuals and families for financial decision-making; especially when rent, unlike equity built through homeownership - never comes back!

So how much do you pay in one year? In five years? In 20 years? What could that money do for you if it was building equity. Homeownership has its costs in time, maintenance costs, and effort in maintaining a property on top of it being one of the largest financial decisions people can make in their lives. One major benefit of purchasing a home is that you are secured from regular rent increases, especially in hot real estate markets. Even if you are lucky enough to have rent control, by law your rent can go up by as much as 3% a year. While purchasing a home in California is expensive, living in California and not making active steps that put you on the path towards homeownership can accrue serious opportunity costs over time.

So, let's look at a mix of cities with different median rents to see how much these can add up: in San Jose (median rent, \$3,400), Fresno (\$1,300), and Sacramento (\$1,600) rents have gone up last year by 4%, 4.9% and 6% respectively. Over a year, this means an individual without roommates would pay \$40,800 in San Jose, \$15,600 in Fresno, and \$19,200 in Sacramento.

Assuming (very conservatively), that rent increases slow down over time, a 22-year-old who lives by themselves would have paid \$400,000 by 30 in San Jose, \$155,000 in Fresno and \$195,000 in Sacramento, given current rents and rent price growth. And by 50, that person would have paid \$1.3 Million in San Jose, \$520,000 in Fresno and \$660,000 in Sacramento.

In each place, having a roommate would split the amount in half or if you're young and it's available, living with family would save you by much more than that. The point isn't to calculate the sheer amount of money that we know that we pay in rent, it's to be aware of the choices and financial trade-offs that we need to make to live in the places we love and near our families and friends.

City	Annual Change	Median Rent	Rent Paid By 30	Rent Paid By 50
Bakersfield	1.5%	\$ 1,360	\$ 151,600	\$ 493,600
Concord	3.0%	\$ 2,600	\$ 299,100	\$ 983,600
Elk Grove	6.5%	\$ 1,900	\$ 235,000	\$ 791,000
Fremont	1.9%	\$ 3,200	\$ 359,700	\$ 1,174,300
Hayward	5.0%	\$ 2,799	\$ 335,600	\$ 1,118,700
Los Angeles	4.0%	\$ 2,870	\$ 337,100	\$ 1,116,100
Mountain View	2.0%	\$ 4,000	\$ 450,600	\$ 1,472,000
Oakland	-2.1%	\$ 2,950	\$ 304,700	\$ 967,500
Oxnard	1.5%	\$ 2,444	\$ 272,400	\$ 886,900
Palo Alto	4.0%	\$ 6,500	\$ 763,400	\$ 2,527,800
Riverside	5.9%	\$ 1,900	\$ 232,100	\$ 778,300
San Bernardino	4.8%	\$ 1,500	\$ 179,100	\$ 596,300
San Diego	2.9%	\$ 2,600	\$ 298,500	\$ 980,900
San Jose	4.0%	\$ 3,400	\$ 399,300	\$ 1,322,200
Santa Clara	3.0%	\$ 3,550	\$ 408,400	\$ 1,343,000
Simi Valley	5.0%	\$ 2,800	\$ 335,800	\$ 1,119,100
Stockton	6.6%	\$ 1,480	\$ 183,400	\$ 617,900
Sunnyvale	4.3%	\$ 3,850	\$ 455,000	\$ 1,509,600
Thousand Oaks	3.4%	\$ 3,200	\$ 371,200	\$ 1,224,100
Ventura	7.0%	\$ 2,690	\$ 336,100	\$ 1,135,200

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