

## Macro Roundup Article

**Headline:** [Runaway Rents in Big American Cities](#)

**Article Link:** <https://www.home-economics.us/p/runaway-rents-in-big-american-cities>

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**Tweet:** [. @AzizSunderji notes that rents are rising faster than home prices, particularly in New York and Los Angeles, with home prices “merely stagnating and transactions drying up while the incomes and rents catch up.”](#)

**Summary:** Prices are unusually high, compared to incomes and rents, especially given today’s relatively high mortgage rates. But they are unlikely to correct through price declines, because home prices are “sticky”—sellers balk at selling at a loss. As Robert Shiller wrote in 2003, “home prices are sticky downward. That is, when excess supply occurs, prices do not immediately fall to clear the market.” Instead, this relationship has corrected in the past through prices merely stagnating and transactions drying up while the incomes and rents catch up. And that seems to be what’s happening these days, at least in some markets like New York. For what it’s worth this same pattern—of rents rising faster than prices in the core of the city—appears in Los Angeles, but not in the other cities I looked at.

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**Primary Topic:** Housing

**Topics:** Business Cycle, GDP, Housing, Op-Ed/Blog Post

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