

**RISING INTEREST RATES** ”  
**DESTABILIZE RENTERS’**  
**INCOMES, INTERFERE WITH**  
**HOUSING PRODUCTION AND**  
**DEPRESS APARTMENT RENTS**

**PRO IN THE KNOW**

## Disparate impact

of high interest rates has adversely impacted millions of low- and middle-income families—and housing providers. More often high interest rates depress stock and housing prices, and other asset values—impacting all income strata.

**Just not this time.**



### Stock prices

fell then rebounded to near record levels after the Fed began raising interest rates

### Homeowners’

property values continue to rise in much of the country. Those with long-term fixed mortgages at rock bottom rates (2020 or earlier) are insulated from Fed policies.

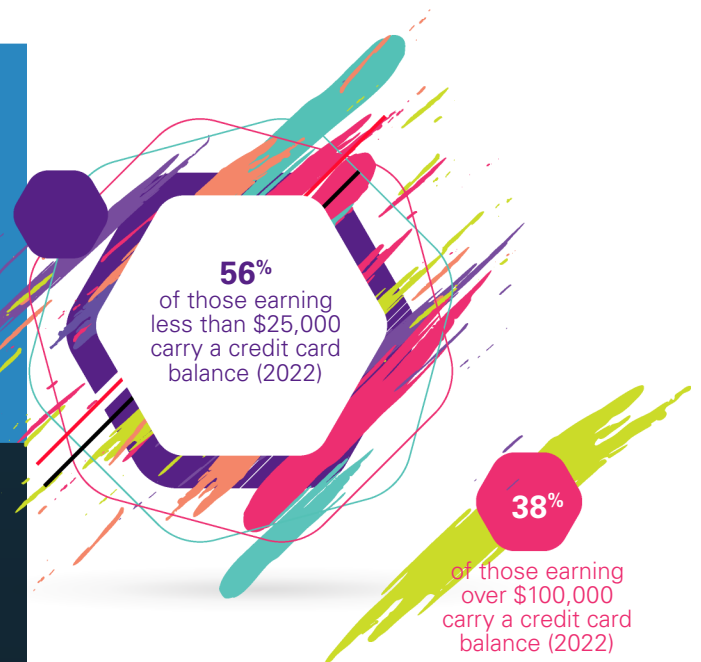
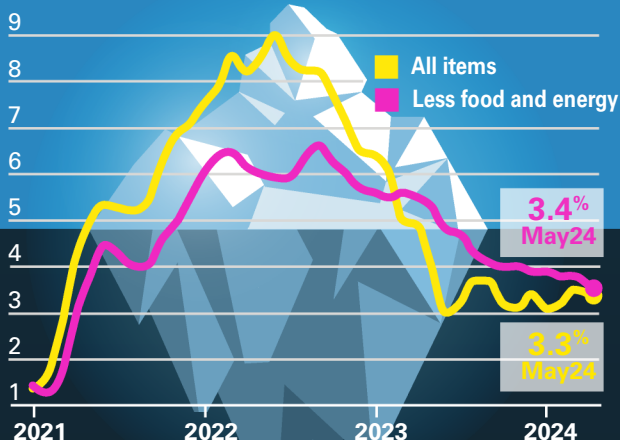
### Upper half: flush

Wealth for the upper half of U.S. incomes dipped after the Fed’s initial rate increase in 2022, but is again at record highs

### Lower half: squeezed

For the bottom half, wealth is frozen below the level before rate increases

**U.S. Consumer price index**  
 Y/Y percent change (Jan 2021 to May 2024)





**More residents** are falling behind on credit card payments and auto loans while taking on more debt



**Monthly interest** expenses have soared since the Fed began raising interest rates two years ago



**Inflation, drop in savings** and slow wage growth have increased borrowing costs

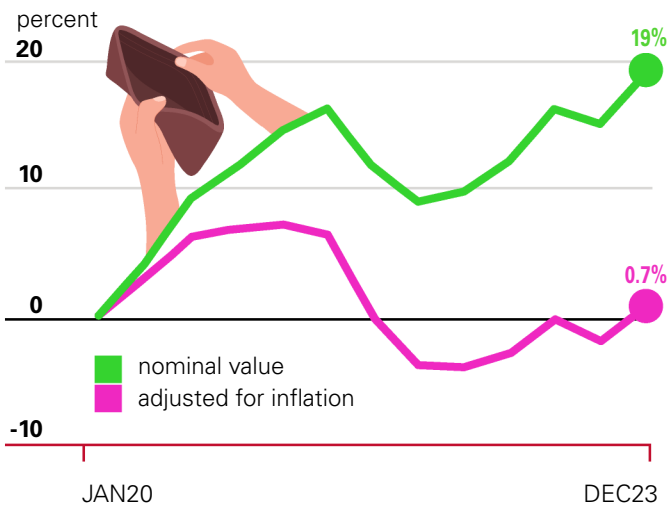
**With the government's continued spending,** policy-makers must keep interest rates high—even if those policies hurt renters already struggling

High rates curb the construction of apartments and houses, which over time **push up rents**

High rates curb the construction of apartments and houses, which over time **push up rents**

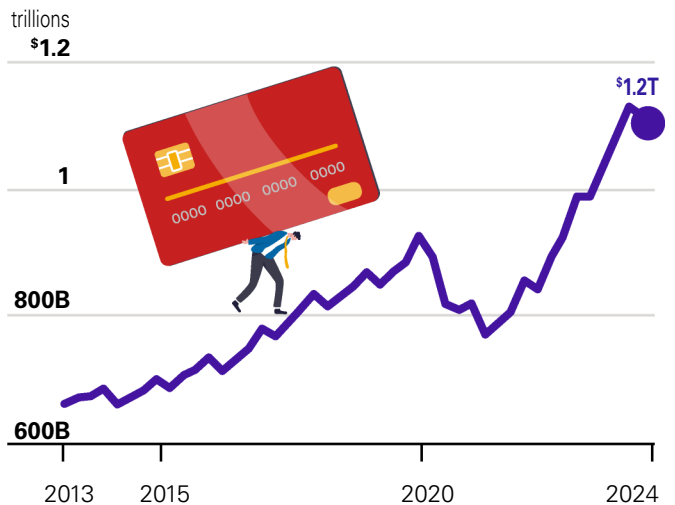
### Change in household net worth

all assets, including stocks, bonds, cash and property, minus debts, seasonally adjusted



### Total household credit card debt

Americans have taken on a record \$1 trillion of credit card debt (March)



SOURCE: HIGH INTEREST RATES ARE HITTING POORER AMERICANS THE HARDEST, BEN CASSELLMAN AND JEANNA SMIALEK, THE NEW YORK TIMES, CHART 1—U.S. BUREAU OF STATISTICS (MAY 15, 2024); CHART 2—SOURCE: FEDERAL RESERVE BANK OF ST. LOUIS, SEASONALLY ADJUSTED, CHART 3—FEDERAL RESERVE BANK OF NEW YORK; WSJ.COM; CNBC; BARRONS