

COMPREHENSIVE HOUSING MARKET ANALYSIS

Puerto Rico

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of July 1, 2025



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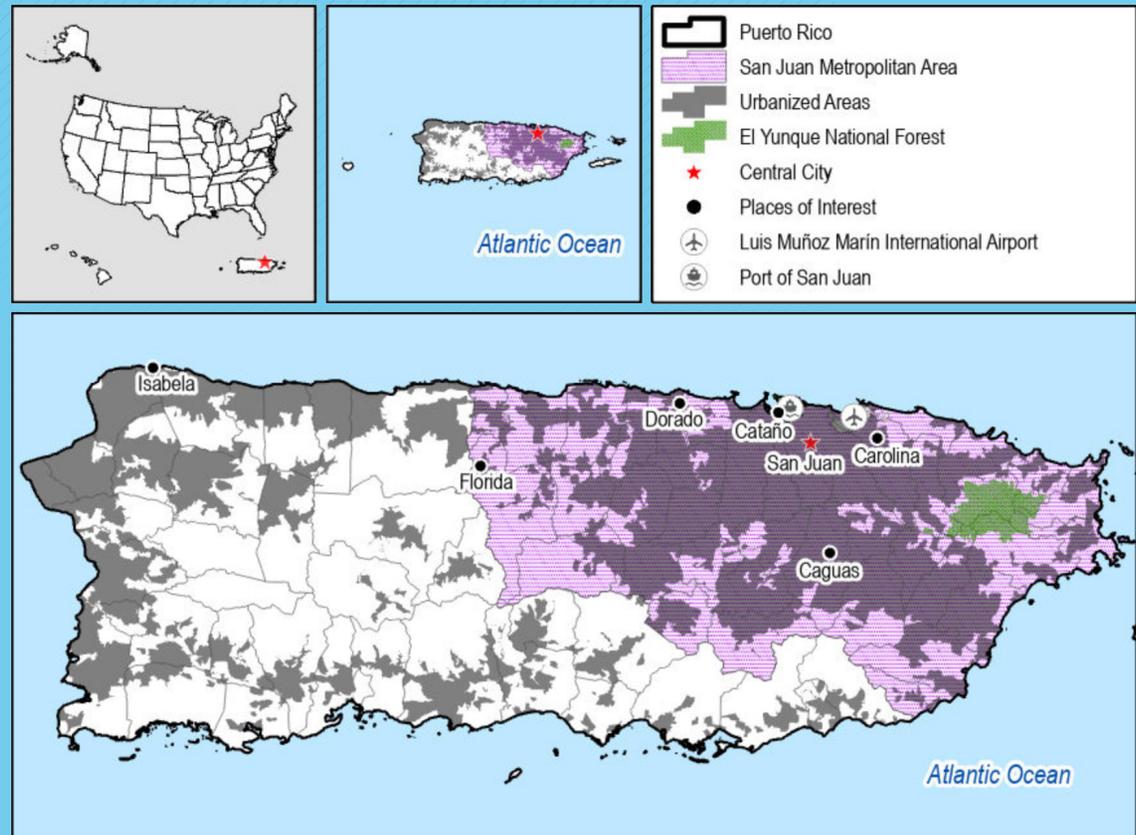
Executive Summary

Housing Market Area Description

The Commonwealth of Puerto Rico (hereafter, Puerto Rico) is an archipelago consisting of the main island of Puerto Rico and several smaller islands on the eastern edge of the Caribbean Sea. Puerto Rico is divided into 78 county-equivalent areas called “municipios.” Puerto Rico became a territory of the United States in 1898 with the Treaty of Paris, which officially ended the Spanish-American War. In 1917, with the signing of the Jones-Shafroth Act, Puerto Ricans were granted U.S. citizenship and could move freely between Puerto Rico and the U.S. mainland.

The current population of Puerto Rico is estimated at 3.18 million.

Puerto Rico is the most populous of the five U.S. inhabited territories and is a major tourist destination. Puerto Rico has nearly 300 miles of coastline, is home to El Yunque National Forest—the only tropical rainforest in the National Forest System—and is home to three of the five bioluminescent bays in the world.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#).
 Additional data for Puerto Rico can be found in this report's [supplemental tables](#).
 For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Weak, but Improving: The economy of Puerto Rico has continued to add jobs since 2021, but the level of nonfarm payrolls, at 957,800, is 8.9 percent below the 2005 peak of 1.05 million, before the prolonged recession that began in 2006 and ended in 2017.

Nonfarm payrolls rose by 6,700 jobs, or 0.7 percent, during the 12 months ending June 2025, compared with a 1.6-percent gain during the 12 months ending June 2024. Seven of the 11 nonfarm payroll sectors added jobs during the past year. The leisure and hospitality sector had the largest gain, expanding by 3,200 jobs, or 3.4 percent, and the mining, logging, and construction sector had the fastest rate of growth, up 2,500 jobs, or 6.8 percent. The unemployment rate was 5.5 percent during the 12 months ending June 2025, down from 5.8 percent a year ago. During the next 3 years, job growth in Puerto Rico is expected to be relatively steady, with nonfarm payrolls increasing at an average rate of 0.7 percent annually.

Sales Market



Tight: The sales vacancy rate is estimated at 1.0 percent as of July 1, 2025, down from 1.4 percent in April 2020.

Despite mortgage interest rates remaining above 6.0 percent since late 2022, the median sales price for a home in Puerto Rico as of June 2025 increased 25 percent from a year earlier to approximately \$300,600 (Stellar Multiple Listing Service [MLS]); however, home sales have slowed from a peak of 12,550 in 2021 (Office of the Commissioner of Financial Institutions, Government of Puerto Rico). The average number of days on the market for homes that sold has declined from 68 days in June 2023 to 60 days as of June 2025 (Stellar MLS). During the 3-year forecast period, demand is estimated for 15,250 new homes. The 1,475 homes under construction will satisfy a portion of that demand during the first year of the forecast period.

Rental Market



Slightly Tight: The monthly median gross rent in Puerto Rico increased an average of 4 percent annually from 2020 to 2023, compared with an average annual rate of 1 percent from 2010 to 2019 (American Community Survey [ACS] 1-year data).

The overall rental vacancy rate is estimated at 7.0 percent, down from 8.3 percent in April 2020. Market conditions have shifted from balanced to slightly tight since 2020 because of increased demand for rental units. The number of renter households has increased 0.8 percent annually since 2020, up from the 0.2-percent average increase from 2010 to 2020, outpacing owner household growth during both periods. During the forecast period, demand is expected for 4,500 new rental units. The 820 units under construction are expected to satisfy a portion of rental demand during the first year of the forecast period.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Puerto Rico	Total Demand	15,250
	Under Construction	1,475
		820

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2025. The forecast period is July 1, 2025, to July 1, 2028.

Source: Estimates by the analyst



Economic Conditions

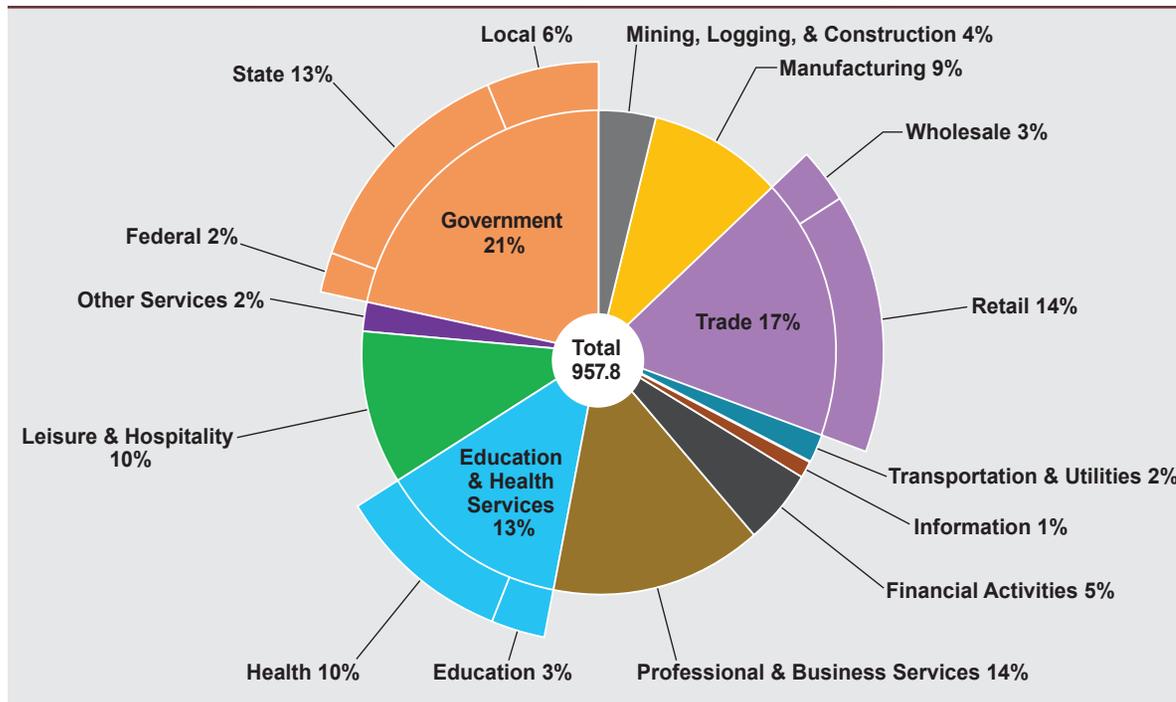
Largest Sector: Government

Nearly 63 percent of government sector jobs in Puerto Rico are in the state government subsector.

Primary Local Economic Factors

The government sector, with 198,700 jobs, or 21 percent of total nonfarm payrolls, has the largest concentration of jobs in Puerto Rico (Figure 1). This sector has generally been losing jobs after peaking at 316,500 jobs in 1996, when it accounted for 33 percent of all jobs; however, the proportion is higher than the 15-percent proportion nationwide. Nearly all decline in government-sector jobs in Puerto Rico was because of job reductions in the commonwealth government. The commonwealth government, which corresponds to the Bureau of Labor Statistics-defined state government subsector, is referred to hereafter as the commonwealth government subsector and accounts for nearly 63 percent of government-sector jobs in Puerto Rico, compared with 23 percent in the nation. Jobs in the commonwealth government subsector in Puerto Rico also peaked in 1996 at 247,700 jobs, and, as of the 12 months ending June 2025, the number of jobs had declined to 124,300. Reasons for the losses in the subsector include the 10-year phaseout of Section 936 of the U.S. tax code, also known as the Possession Tax Credit, which resulted in companies—particularly manufacturing

Figure 1. Share of Nonfarm Payroll Jobs in Puerto Rico, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through June 2025. Source: U.S. Bureau of Labor Statistics

companies—leaving Puerto Rico and contributed to net out-migration, both of which reduced tax revenue. Section 936, which had granted U.S. manufacturing corporations a tax exemption on income earned in U.S. territories, fully expired in 2006; combined with the Great Recession, this resulted in a recession in Puerto Rico lasting from November 2006 to June 2017. The decreased tax base strained government finances and led to job cuts in the commonwealth government subsector, which have continued to the present day.

Manufacturing is an important part of the economy in Puerto Rico, particularly advanced manufacturing, which includes, but is not limited to, the production of aerospace products, medical devices, and pharmaceuticals. As of the 12 months ending June 2025, the manufacturing sector accounted for 83,500 jobs, or 9 percent, of nonfarm payrolls, higher than the 7-percent proportion nationwide (Table 1). With approximately \$55.63 billion in production as of fiscal year 2024, the manufacturing sector accounted for 44.2 percent of the gross domestic product in Puerto Rico, the largest proportion of any sector (Puerto



Rico Planning Board). However, manufacturing sector jobs have declined from the peak of 159,000 jobs, or 17 percent, of nonfarm payrolls in 1995. Jobs in the sector steadily declined from 1996 through 2017, reaching a low of 71,400 jobs. The period included the 10-year phase-out of Section 936, two national recessions that affected the local economy, and Hurricanes Irma and Maria in 2017. The sector has added jobs nearly every year since 2018, with the only declines occurring in 2020 and during the past 12 months.

The warm tropical climate, beaches, and the availability of outdoor recreation opportunities support the tourism industry and contribute notably to the economy in Puerto Rico. In 2024, passenger arrivals at the Luis Muñoz Marín International Airport, the busiest airport in Puerto Rico, increased 8 percent from 2023, to 6.6 million, the highest on record (Discover Puerto Rico). In addition, more than 1.4 million cruise passengers visited the San Juan Cruise Port Terminal in 2024, up 10 percent from the previous year (Discover Puerto Rico). The flights and cruise ships support jobs in the transportation and utilities sector. This sector has added jobs at the third fastest rate since job growth resumed in Puerto Rico in 2021 following the COVID-19 pandemic;

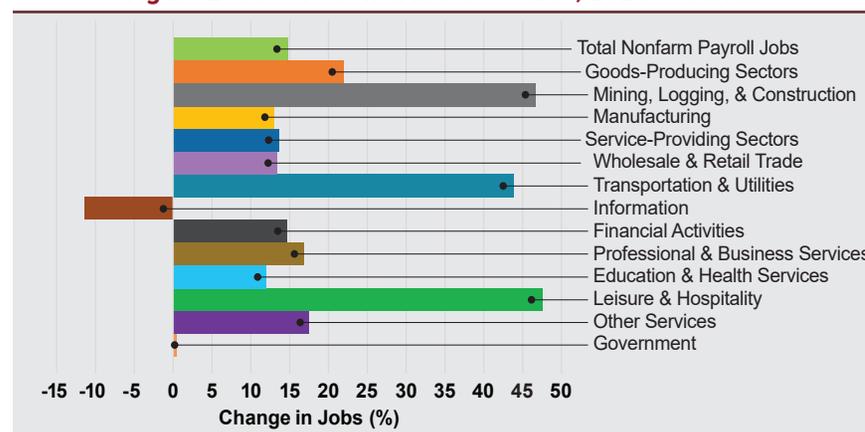
Table 1. 12-Month Average Nonfarm Payroll Jobs (1,000s) in Puerto Rico, by Sector

	12 Months Ending June 2024	12 Months Ending June 2025	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	951.1	957.8	6.7	0.7
Goods-Producing Sectors	121.0	122.5	1.5	1.2
Mining, Logging, & Construction	36.5	39.0	2.5	6.8
Manufacturing	84.5	83.5	-1.0	-1.2
Service-Providing Sectors	830.1	835.3	5.2	0.6
Wholesale & Retail Trade	165.4	167.2	1.8	1.1
Transportation & Utilities	23.6	23.9	0.3	1.3
Information	14.2	13.9	-0.3	-2.1
Financial Activities	49.0	50.2	1.2	2.4
Professional & Business Services	139.1	137.9	-1.2	-0.9
Education & Health Services	124.7	125.6	0.9	0.7
Leisure & Hospitality	95.3	98.5	3.2	3.4
Other Services	19.1	19.4	0.3	1.6
Government	199.7	198.7	-1.0	-0.5

Notes: Based on 12-month averages through June 2024 and June 2025. Numbers may not add to totals due to rounding. Data are in thousands. Source: U.S. Bureau of Labor Statistics

only the leisure and hospitality and the mining, logging, and construction sectors grew more rapidly (Figure 2). Because of increases in tourism, the wholesale and retail trade and the leisure and hospitality sectors, the second and fifth largest payroll sectors, respectively, have grown significantly. Outdoor recreation activities support retail businesses selling recreation gear and include spending on activities such as surfing, camping, hiking, fishing, snorkeling, and biking. The retail trade subsector includes the largest employer, Walmart Inc., with approximately 13,300 employees (Table 2).

Figure 2. Sector Growth in Puerto Rico, 2021 to Current



Note: Current data are based on the 12-month averages ending June 2025. Source: U.S. Bureau of Labor Statistics

Table 2. Major Employers in Puerto Rico

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Walmart Inc.	Wholesale & Retail Trade	13,300
Popular, Inc. (Banco Popular de Puerto Rico)	Financial Activities	7,225
Supermercados Econo Inc.	Wholesale & Retail Trade	6,550
Metro Pavia Health System, Inc.	Education & Health Services	4,950
Grupo HIMA San Pablo, Inc.	Education & Health Services	4,875
Walgreens Boots Alliance, Inc.	Wholesale & Retail Trade	4,500
Ana G. Méndez University	Education & Health Services	3,875
Inter American University of Puerto Rico Inc.	Education & Health Services	3,850
Medtronic plc	Manufacturing	3,725
Caribbean Restaurants, LLC	Leisure & Hospitality	3,450

Note: Excludes local school districts. Source: Caribbean Business Book of Lists

Economic Periods of Significance

2011 Through 2018: Job Loss

The economic downturn in Puerto Rico that started in 2006, when the repeal of Section 936 took full effect, continued through 2011, when nonfarm payrolls declined by 7,400, or 0.8 percent, from a year earlier, compared with a 1.2 percent gain in the nation. The economy briefly rebounded in 2012 with a 15,900-job gain, or 1.7 percent, the same rate as the nation, when Puerto Rico enacted Act 20 (the Puerto Rico Export Services Act) and Act 22 (the Individual Investors Act) to attract high-net-worth individuals and businesses to Puerto Rico through several tax exemptions. During the year, all sectors except the manufacturing sector added jobs.

Economic contraction resumed in 2013, and from 2013 through 2018, jobs declined by an average of 12,800, or 1.4 percent, annually, whereas jobs increased an average of 1.8 percent a year nationwide. During the 6-year period, the largest job loss and fastest rate of decline in Puerto Rico occurred in 2017 because of the combination of strained government finances, which led Puerto Rico to file for bankruptcy, and the severe impacts of Hurricanes Irma and Maria in September 2017, which included a reduction of 2,300 jobs in the leisure and hospitality sector. Payroll losses from 2013 through 2018 were highest in the government sector, which contracted by an average of 8,600 jobs, or 3.6 percent, annually, with the commonwealth government subsector declining by an average of 7,000 jobs, or 4.2 percent, annually.

2019: Brief Recovery

In 2019, jobs rose in Puerto Rico, partly because of the recovery efforts following the hurricanes. During 2019, nonfarm payrolls were up by 17,000 jobs, or 2.0 percent, faster than the 1.3-percent increase in the nation. Job gains occurred in 10 of the 11 sectors in Puerto Rico that year. The largest job gain was in the leisure and hospitality sector, up by 5,000, or 6.7 percent, because of a rebound in tourism to Puerto Rico. By comparison, the government sector was down by 5,500 jobs, or 2.7 percent, and the entire decline resulted

from a 5,900-job loss, or a 4.2-percent decline, in the commonwealth government subsector. In 2019, Acts 20 and 22 were consolidated into Act 60 (the Incentives Code), which introduced requirements for individual investors to acquire residential property in Puerto Rico within 2 years of receiving their tax decree, reside in Puerto Rico at least 183 days each year, and make a minimum annual donation of \$10,000 to a Puerto Rico-based nonprofit; however, these changes did not take effect until January 1, 2020.

2020: Job Losses Following the Onset of the COVID-19 Pandemic

Improvements in the economy in Puerto Rico were interrupted by the COVID-19 pandemic; however, job losses in Puerto Rico during 2020 were less severe than in the nation. Nonfarm payrolls decreased by 45,300 jobs, or 5.1 percent, compared with a 5.8-percent decline nationally. Measures implemented to limit the spread of COVID-19 contributed to job losses in 10 nonfarm payroll sectors in the territory, with the largest and fastest decline in the leisure and hospitality sector, which fell by 12,800 jobs, or 16.1 percent. Job losses in the sector were largely due to significant limitations on travel and in-person contact. In 2020, tourism in Puerto Rico declined 60 percent to 977,000 visitors, compared with nearly 2.87 million visitors in 2019 (Discover Puerto Rico). Visitor spending fell by more than \$4 billion (Tourism Economics). No sectors added jobs during 2020, but the financial activities sector remained unchanged at 43,800 jobs.

2021 Through 2023—Economic Recovery

Jobs consistently increased during the 2021-through-2023 period, partly because of the easing of restrictions imposed during the pandemic, which boosted tourism dramatically, and an influx of federal funding for disaster recovery and pandemic relief. During the 3-year period, nonfarm payrolls in Puerto Rico increased by an average of 36,200 jobs, or 4.2 percent, annually, outpacing the average annual increase of 3.1 percent nationwide. Ten sectors added jobs. Gains were largest and fastest in the leisure and hospitality sector,



which increased by an average of 8,700 jobs, or 11.6 percent, annually. Partly because of increased tourism, the number of hotel and short-term rental registrations increased an average of 31 percent annually from 2021 through 2023, with registrations reaching a new high (Puerto Rico Tourism Company). The transportation and utilities and the mining, logging, and construction sectors

grew at the second and third fastest rates, up respective averages of 11.2 and 10.0 percent annually. The government sector added an average of 200 jobs, or 0.1 percent, annually during the period; nearly all the growth was concentrated in the local government subsector, but it was partly offset by average annual losses of 200 jobs in the commonwealth government subsector.

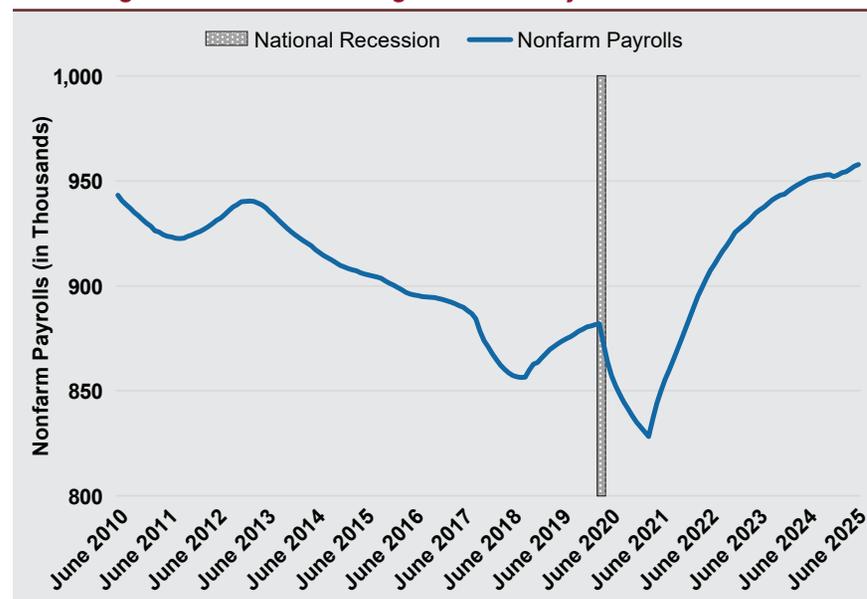
Current Conditions—Nonfarm Payrolls

Job growth has continued in the past 24 months, although the growth during the 12 months ending June 2025 was slightly below the national rate. During the 12 months ending June 2025, nonfarm payrolls rose by 6,700 jobs, or 0.7 percent, to 957,800 jobs, the highest level in more than 15 years (Figure 3). Payroll growth slowed from the gain of 14,900 jobs, or 1.6 percent, during the 12 months ending June 2024. The current rate of job growth is slower than the 1.2-percent rate nationally.

Seven of the 11 nonfarm payroll sectors in Puerto Rico added jobs during the 12 months ending June 2025, with the largest gain in the leisure and hospitality sector, increasing by 3,200 jobs, or 3.4 percent, to 98,500 jobs, following a gain of 5,200 jobs, or 5.7 percent, during the 12 months ending June 2024. With the recent growth, leisure and hospitality sector jobs reached a new peak. The second largest gain and fastest rate of growth was in the mining, logging, and construction sector, up 2,500 jobs, or 6.8 percent, with the construction subsector adding 2,600 jobs. Part of the increase is attributed to ongoing reconstruction efforts following Hurricanes Irma and Maria in 2017 and investments resulting from Act 60. The wholesale and retail trade sector grew by 1,800 jobs, or 1.1 percent, to 167,200 jobs, the second largest gain of any sector and similar to the growth a year earlier. Within the sector, job gains in the retail trade subsector accounted for two-thirds of the growth. Payrolls in the transportation and utilities sector rose by 300 jobs, or 1.3 percent, but this rise was slower than the 8.2-percent rise a year earlier.

Job gains were offset by a loss of 1,200 jobs, or 0.9 percent, in the professional and business services sector, which was slightly slower than the 2.3-percent decline a year earlier. In addition, the government and the manufacturing

Figure 3. 12-Month Average Nonfarm Payrolls in Puerto Rico



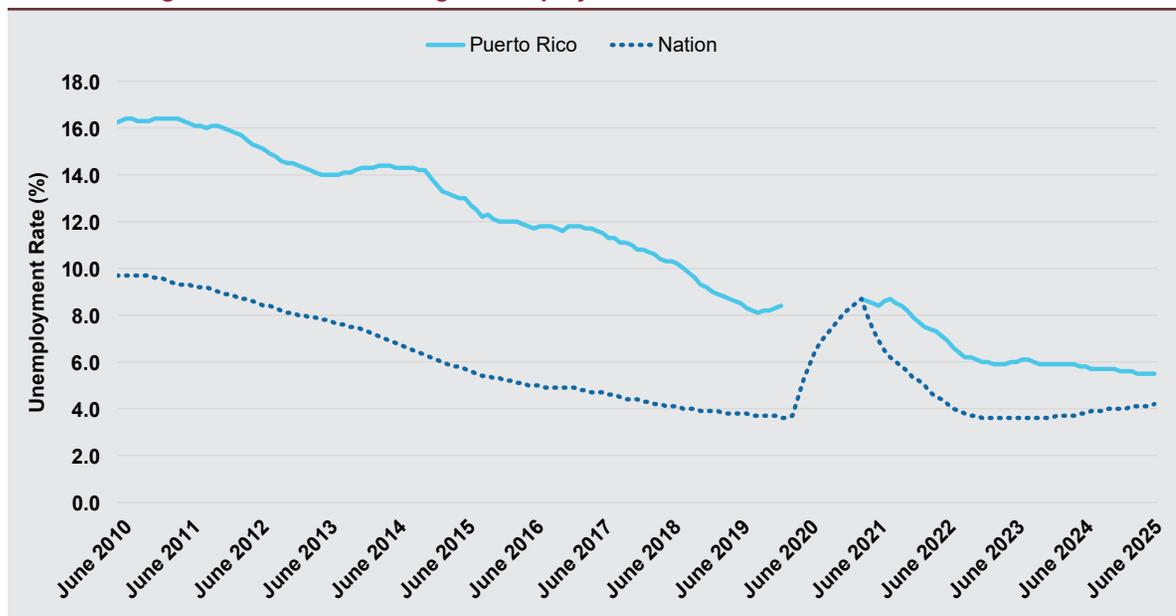
Note: Based on the 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

sectors each lost 1,000 jobs, or 0.5 and 1.2 percent, respectively, compared with increases of 1.3 and 2.0 percent the previous year. Within the government sector, job loss was entirely in the commonwealth government subsector, which declined by 3,500 jobs, offsetting gains of 1,300 and 1,200 jobs, respectively, in the federal and local government subsectors. The manufacturing sector lost jobs for the first time since growth in the sector resumed in 2021 following the COVID-19 pandemic.

Current Conditions— Unemployment

The unemployment rate has been declining in Puerto Rico since 2011 after peaking in 2010 at 16.4 percent. The unemployment rate declined every year from 2011 through 2019, reaching 8.3 percent, because the labor force contracted rapidly, down an average of 1.7 percent a year, and outpaced an average annual 0.7-percent decline in resident employment. Unemployment data were unavailable during March and April of 2020 because the U.S. Bureau of Labor Statistics was unable to collect data in Puerto Rico due to the COVID-19 pandemic (Figure 4). Similar to the national rate, unemployment in Puerto Rico likely increased significantly during the brief recession. The downward trend in the unemployment rate resumed from 2021 through 2023, reaching 5.9 percent. During this period, the labor force and resident employment both increased, a trend that has continued to the current date, and resident employment growth outpaced labor force growth, with averages of 2.4 and 1.3 percent a year, respectively. During the 12 months ending June 2025, the unemployment rate was 5.5 percent, down from 5.8 percent during the previous 12 months because resident employment was up 1.8 percent compared with a 1.4-percent increase in the labor force. Despite the ongoing decline, the unemployment rate in Puerto Rico has been continuously above the national average,

Figure 4. 12-Month Average Unemployment Rate in Puerto Rico and the Nation



Notes: Based on the 12-month moving average. The U.S. Bureau of Labor Statistics was unable to collect Puerto Rico unemployment data for March and April 2020, so the 12-month average rates for March 2020 through March 2021 are excluded.
Source: U.S. Bureau of Labor Statistics

although that gap has been narrowing, particularly since 2020, partly because the rate of job loss in Puerto Rico during the pandemic was less severe than in the nation.

Current Conditions—Nonfarm Payrolls in the San Juan Metropolitan Area

The San Juan metropolitan area, which includes 40 of the 78 municipios, accounted for 72 percent of all nonfarm payrolls in Puerto Rico during the 12 months ending June 2025. During the past 12 months, nonfarm payrolls rose by 5,800 jobs, or 0.9 percent, to 690,700 jobs, the same growth rate as the nation but faster than growth in the territory. Whereas the leisure and hospitality sector added the most jobs, up by 2,400, or 3.5 percent, the mining, logging, and construction sector added jobs at the fastest rate, up 7.3 percent, or 2,000 jobs. In addition, although the government sector accounted for the largest share of nonfarm payrolls in the San Juan metropolitan area—at 19 percent with 132,700 jobs—the proportion was lower than for Puerto Rico overall.



Commuting Patterns

Nearly all jobs in the San Juan metropolitan area were held by residents of the metropolitan area. Only 3.5 percent of jobs in the metropolitan area were held by residents from outside the metropolitan area. The proportion of metropolitan area residents who commuted to jobs outside the metropolitan area was slightly smaller at 2.8 percent of the population (Commuting to Work, 2016–2020 ACS 5-year data).

Forecast

Nonfarm payroll growth in Puerto Rico is expected to average 0.7 percent annually during the 3-year forecast period. The rate is similar to the most recent 12-month period, partly because recovery and reconstruction funding

following Hurricanes Irma and Maria is expected to be disbursed through 2030. In addition, the number of new business applications during the past 36 months has been relatively stable, averaging 23,050 a year, and new businesses are expected to contribute to steady job growth (U.S. Census Bureau). The transportation and utilities and the mining, logging, and construction sectors are expected to continue adding jobs at relatively rapid paces. Leisure and hospitality sector jobs are also expected to increase because several hotels are under construction, and the Ritz-Carlton, San Juan hotel is reopening in 2025, following 8 years and \$150 million of renovations after significant damage caused by Hurricane Maria. Most of the new jobs are expected to be in the San Juan metropolitan area.



Population and Households

Current Population: 3.18 million

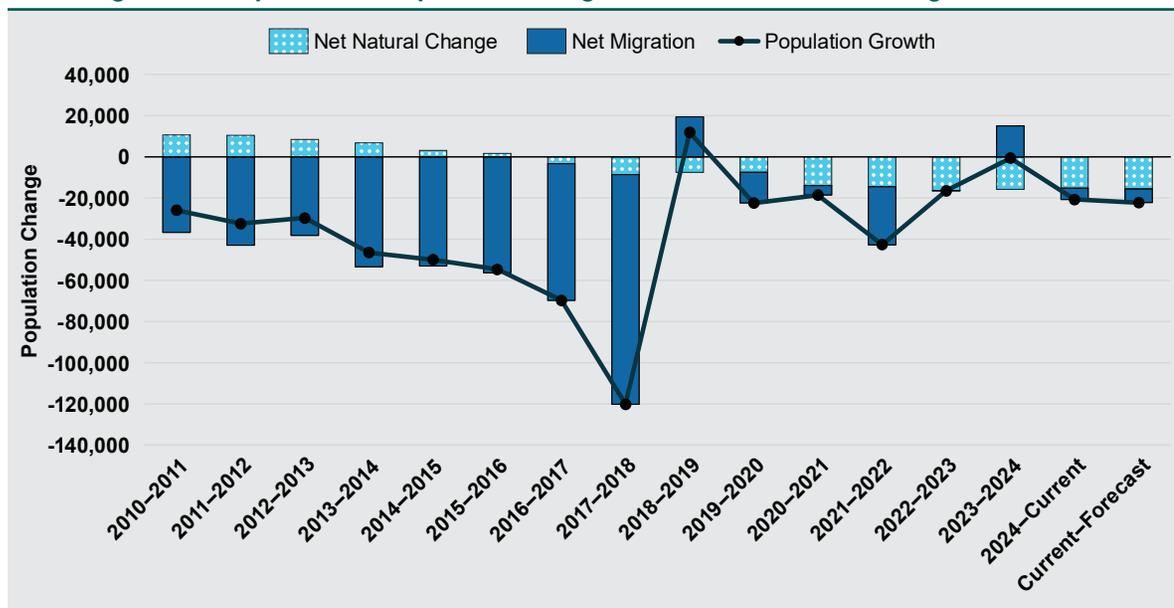
Since 2018, population decline in Puerto Rico has been slower compared with the 2010-to-2018 period due to a slowdown in net out-migration.

Population Trends

2010 to 2018: Accelerating Population Loss

Population loss during the 2010-to-2017 period was significant because of economic contraction in Puerto Rico and relatively rapid job growth in the United States, which motivated residents to move out of Puerto Rico to the mainland. These trends also caused net natural increase to slow because many of the people who left were of prime childbearing age. From 2010 to 2012, the population declined an average of 0.8 percent annually (U.S. Census Bureau decennial census count and population estimates as of July 1). During the period, net out-migration averaged 39,450 people a year and net natural increase averaged 10,650 people annually (Figure 5). Population loss accelerated to an average of 1.4 percent annually from 2012 to 2017 and was the result of net out-migration, which increased to an average of 53,450 people annually. During

Figure 5. Components of Population Change in Puerto Rico, 2010 Through the Forecast



Notes: Data displayed are average annual totals. The forecast period is the current date (July 1, 2025) to July 1, 2028. Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

the 6-year period, net natural increase slowed to an average of 3,400 people annually. The rate of net natural increase fell each year and shifted to net natural decline in the last year of the period.

The two hurricanes that made landfall in Puerto Rico in September 2017 had severe and widespread impacts, including on the economy, housing, and infrastructure, leading to a significant increase in net out-migration. From 2017 to 2018, net out-migration from Puerto Rico spiked to 111,600 people, and net natural decline totaled 8,550 people. As a result, the population declined 3.5 percent.

2018 to 2019: Return of Residents

From 2018 to 2019, the population increased 0.4 percent, entirely because of a shift to net in-migration of 19,550 people. This brief increase is attributed to the return of some residents from the U.S. mainland when economic conditions stabilized after electricity was restored and basic services became more available following the hurricanes. At the same time, net natural decline remained elevated at 7,525 people.



2019 to 2023: Slowed Net Out-Migration

Net out-migration resumed from 2019 to 2023, albeit at a much lower rate than during the 2010-to-2018 period, averaging 11,300 people a year, partly because job growth in Puerto Rico outpaced job growth in the United States and because a shift to remote work during the COVID-19 pandemic combined with the incentives provided by Act 60 motivated U.S. residents to move to Puerto Rico. At the same time, net natural decline increased substantially, averaging 13,400 people a year, partly because of COVID-19-related deaths during the period, resulting in an average population decline of 0.8 percent annually.

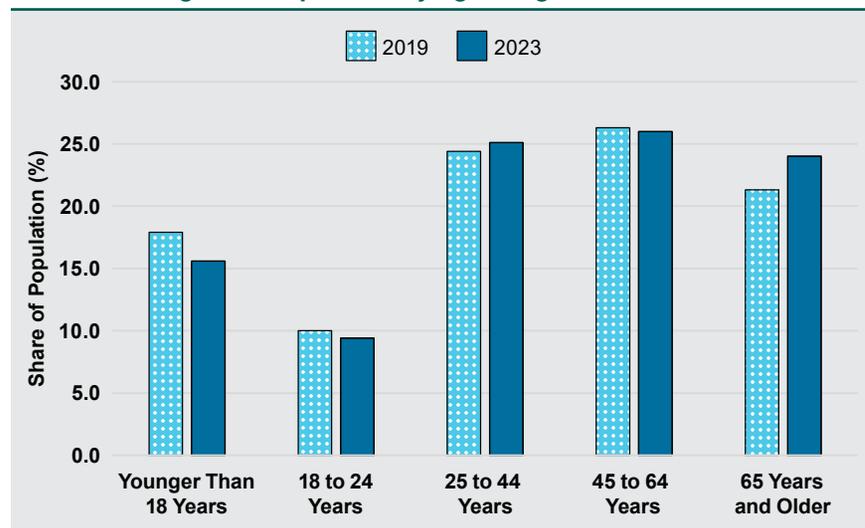
2023 to Current: Stabilization

The population declined by less than 0.1 percent, or 500 people, from 2023 to 2024. The slower decline was entirely the result of a shift to net in-migration of 15,200 people. At the same time, net natural decline totaled 15,700 people. In 2024, the population of the San Juan metropolitan area was estimated at 2.04 million and accounted for 64 percent of the population in Puerto Rico. Since 2024, net natural decline in Puerto Rico has slowed slightly, to 15,200 people, but net out-migration resumed, totaling 5,450 people, partly because of slowing job growth. As a result, the population decreased 0.6 percent.

Recent Age Cohort Trends in Puerto Rico: 2019 to 2023

Continued net natural decline is partly due to an aging population. The number of people in Puerto Rico who have reached retirement age—generally defined as residents aged 65 and older—increased an average of 3.2 percent annually from 2019 to 2023 (ACS 1-year data). That cohort accounted for 24 percent of the population in 2023, up from 21 percent in 2019 (Figure 6). Puerto Rico had the highest proportion of residents aged 65 and older and the oldest population in the nation. The median age in Puerto Rico in 2023 was 45.0 years, above the national median of 39.2 years. By comparison, the population of the San Juan metropolitan area was slightly younger than that of the territory but older than that of the nation, with a median age of

Figure 6. Population by Age Range in Puerto Rico



Source: 2019 and 2023 American Community Survey 1-year data

44.8 years. From 2019 to 2023, the number of residents in Puerto Rico aged 25 to 44 rose by an average of 0.7 percent annually. That age cohort includes residents in the early or middle stages of their careers, including many who work remotely. From 2019 to 2023, the number of residents in the cohorts younger than 18, aged 18 to 24, and aged 45 to 64 decreased by averages of 3.4, 1.6, and 0.2 percent, respectively, each year.

Household Trends

Partly because of the slower rate of population loss, the decline in households from 2010 to 2020 has shifted to household growth since 2020. The number of households in Puerto Rico is estimated at nearly 1.38 million, representing an average annual increase of 0.5 percent since 2020, compared with an average annual decline of 0.3 percent from 2010 to 2020 (Table 3). The number of households increased since 2020 despite a population decline because of a decrease in the average household size, which partly reflects the recent age cohort trends in Puerto Rico. Residents aged 65 and older tend to live

in households with fewer people, and the declining share of the population younger than 18 years has led to fewer families with children living at home. The reduction in households during the previous decade occurred partly because of population declines when residents left Puerto Rico for the U.S. mainland seeking job opportunities and also because of housing destruction and damage from the hurricanes. The Puerto Rico Department of Housing estimated that Hurricane Maria destroyed more than 75,000 homes, and approximately 335,000 had minor or moderate damage.

Immediately following Hurricanes Irma and Maria, many households were unable to rebuild their homes because disaster aid from the Federal Emergency Management Agency was unavailable, mostly because of a lack of documented ownership. Many Puerto Ricans do not have formal property deeds because, in some instances, homes were built informally, or ownership was later transferred without official documentation. Estimates indicate that before Hurricane Maria, up to 55 percent of housing in Puerto Rico, or between 260,000 and 700,000 homes, were built informally, without permits and oversight (Puerto Rico Builders Association 2018 study). In addition, a significant number of units are vacant because some units cannot be repaired or because of ongoing net out-migration from the territory. Among vacant units in Puerto Rico in 2023, approximately 127,200 were for sale or rent, sold or rented but not occupied, for seasonal or recreational use, or for migrant workers, representing a combined 38 percent of vacant units, whereas the remaining 62 percent, or nearly 208,500 units, were classified as “other” vacant, within the other vacant units category, a number down from the peak of nearly 254,100 units in 2019 but up from 166,000 units in 2010 (2010, 2019, and 2023 ACS 1-year data). Many of these units will likely remain vacant due to a lack of formal documentation and because of physical deterioration, which would deter potential investors from purchasing and potential homebuyers or renters from wanting to occupy these units.

Household Tenure

Among the households in Puerto Rico, the homeownership rate has been in decline since 2020 (Figure 7), but it has been higher in Puerto Rico and the San Juan metropolitan area than in the nation. The current homeownership rate in Puerto Rico is estimated at 69.7 percent, down from 70.2 percent in

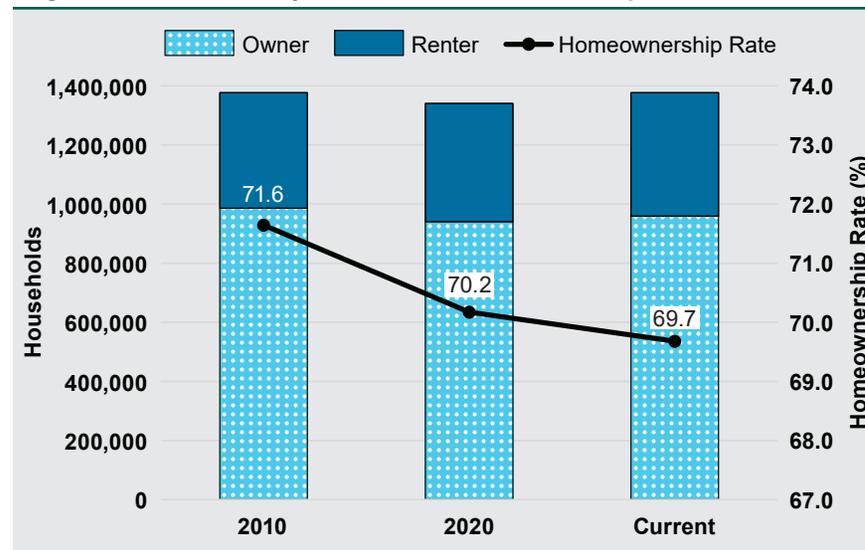
Table 3. Puerto Rico Population and Household Quick Facts

Population Quick Facts	2020	Current	Forecast	
	Population	3,285,874	3,183,000	3,116,000
	Average Annual Change	-44,000	-19,650	-22,200
Percentage Change	-1.2	-0.6	-0.7	

Household Quick Facts	2020	Current	Forecast	
	Households	1,340,534	1,376,900	1,388,000
	Average Annual Change	-3,600	6,925	3,700
Percentage Change	-0.3	0.5	0.3	

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is the current date (July 1, 2025) to July 1, 2028. Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Figure 7. Households by Tenure and Homeownership Rate in Puerto Rico



Note: The current date is July 1, 2025. Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

2020 and 71.6 percent in 2010. The rate has decreased less significantly since 2020, partly because of economic expansion and because low mortgage interest rates in 2021 encouraged homeownership. By comparison, during the previous decade, the weak economy made owning a home more difficult. Like

many urbanized areas, the San Juan metropolitan area had a lower estimated homeownership rate than the Commonwealth, at 68.4 percent as of 2023, but a higher rate than the national rate of 65.2 percent (2023 ACS 1-year data).

Although homeownership rates among all households in Puerto Rico and the San Juan metropolitan area are higher than in the nation, homeownership among the younger population has declined significantly and is much lower than the national rate. As of 2023, the respective homeownership rates in Puerto Rico for residents aged 25 to 34 and 35 to 44 were 31.7 and 56.5 percent (Table 4). Nationwide, the respective homeownership rates were 41.3 and 61.1 percent. In the San Juan metropolitan area, homeownership rates for residents aged 25 to 34 and 35 to 44 were 31.9 and 57.7 percent, respectively.

Table 4. Homeownership Rates by Age of Householder

	Puerto Rico			Nation		
	2010	2020	2023	2010	2020	2023
Householder Aged 25 to 34 Years	49.8	38.1	31.7	42.0	39.0	41.3
Householder Aged 35 to 44 Years	67.9	60.3	56.5	62.3	58.8	61.1
Total Households	71.6	70.2	68.4	65.1	64.4	65.2

Sources: 2010 and 2020 Decennial Census; 2023 American Community Survey 1-year data

Forecast

During the 3-year forecast period, the population is expected to decrease by an average of 0.7 percent annually to reach 3.12 million by July 1, 2028. Net natural decline is expected to be comparable to the rate since 2023 because births will continue to decline and deaths will remain elevated, especially because net out-migration is expected to continue among younger residents while older residents age in place. At the same time, net out-migration is anticipated to rise despite job growth and the presence of outdoor recreation opportunities that continue attracting some new residents. During the next 3 years, household growth is expected to average 0.3 percent annually, slowing from the average rate since 2020. Household growth is expected because of a continued decline in the average household size. The increase in households will contribute to demand for new housing.



Home Sales Market

Market Conditions: Tight

Home sales prices declined from 2010 to 2017 but began increasing during the second quarter of 2018, and price growth has accelerated since the second quarter of 2022 (Federal Housing Finance Agency [FHFA]).

Current Conditions

The home sales market in Puerto Rico is currently tight, with an estimated vacancy rate of 1.0 percent (Table 5), down from 1.4 percent in 2020. Conditions began tightening in 2018, and by 2020, the sales market was tight despite significant job losses after the onset of the pandemic. Slower net out-migration since 2018 and mortgage interest rates that reached their lowest levels in more than 50 years encouraged homebuying. As of the last week of June 2021, the average interest rate for a 30-year fixed-rate mortgage was 3.0 percent (Freddie Mac). The rate began rising thereafter, and rates have remained above 6.0 percent despite a small decrease in the past year. Rising home sales prices also contributed to a slight cooling in the market, with sales declining from their peak in 2021, but conditions remain tight. The average mortgage interest rate was 6.8 percent as of the last week of June 2025, down slightly from 6.9 percent a year earlier. Since 2023, the June for-sale inventory in Puerto Rico, measured as months of supply, has been unchanged at 6 months (Stellar MLS).

Sales of Homes for Primary Use

Because historic home sales data are not readily available for Puerto Rico, the following sections report mortgage origination data as a measure of home sales. The data are referred to as home sales.

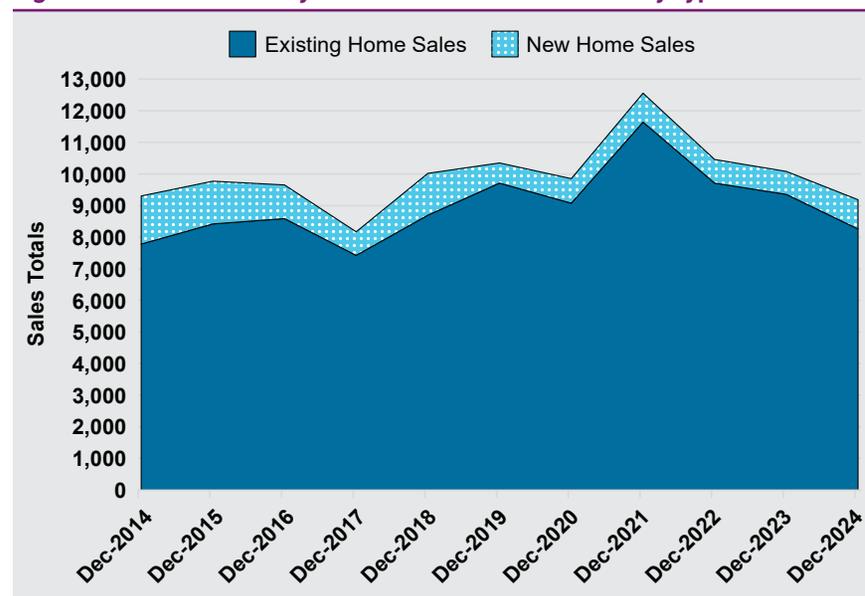
Sales in Puerto Rico of homes used as a primary residence, which are to be occupied most of the year, began decreasing in 2022, following a recent high level of home sales in 2021 (Figure 8). From 2014 through 2016, an average of 9,575 homes were sold annually before declining to fewer than 8,175 homes in 2017 (Commissioner of Financial Institutions of Puerto Rico).

Table 5. Home Sales Quick Facts in Puerto Rico

	Puerto Rico	Nation
Home Sales Quick Facts		
Vacancy Rate	1.0%	NA
Months of Inventory	6.0	4.0
Total Home Sales	10,000	4,856,000
1-Year Change	-8%	-6%
Median Home Sales Price	\$300,600	\$431,600
1-Year Change	25%	6%
Mortgage Delinquency Rate	NA	1.0%

NA = data not available.
 Notes: The vacancy rate is as of the current date; Puerto Rico home sales are for 2024 and median prices are for June 2025; national home sales and prices are for the 12 months ending June 2025; months of inventory for Puerto Rico and the nation are for June 2025; mortgage delinquency data for the nation are as of June 2025.
 Sources: Vacancy rate—estimates by the analyst; months of inventory for Puerto Rico—Stellar Multiple Listing Service (MLS); months of inventory for the nation—Redfin, a national real estate brokerage, with estimates by the analyst; mortgage delinquency rate for the nation—Cotality; home sales for Puerto Rico—Commissioner of Financial Institutions of Puerto Rico; home sales for the nation—Cotality, with adjustments by the analyst; sales prices for Puerto Rico—Stellar MLS; sales prices for the nation—Cotality, with adjustments by the analyst

Figure 8. 12-Month Primary Residence Home Sales Totals by Type in Puerto Rico



Note: Excludes sales to nonresidents.
 Source: Commissioner of Financial Institutions of Puerto Rico

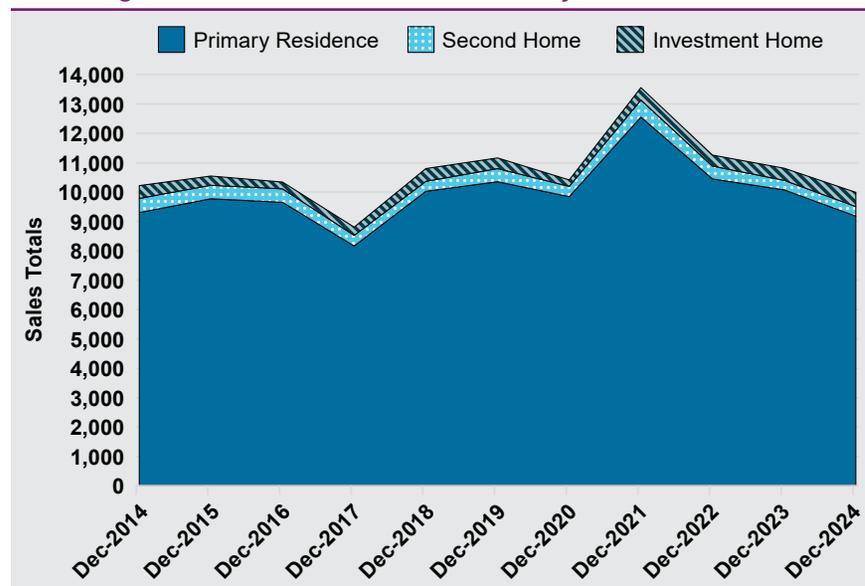
Whereas new home sales accounted for an average of 1,325 homes annually, or 14 percent, of total home sales from 2014 through 2016, the proportion dropped to 9 percent in 2017, when new home construction halted during the latter portion of the year following the hurricanes; the remaining 91 percent of home sales were existing home sales. During 2018, home sales rose to 10,000 homes, and new home sales accounted for 13 percent of all sales. Whereas total home sales continued rising in 2019 to 10,350 homes because of job growth and a brief period of net in-migration, the proportion of new home sales declined to 640 homes, or 6 percent, in 2019, the lowest proportion during the period from 2014 through 2024. In 2020, because of significant job losses after the onset of the pandemic, overall sales declined slightly to fewer than 9,850 homes before increasing to 12,550 homes in 2021. Higher mortgage rates since late 2022 and rising home sales prices contributed to a decline in home sales, averaging 10,250 units a year during 2022 and 2023. From 2020 through 2023, new home sales accounted for 7 percent of all home sales. In 2024, home sales declined further, to 9,175 homes; however, the 930 new home sales accounted for 10 percent of the total.

Sales of Investment and Second Homes

Sales of investment and second homes accounted for an average of 7 percent of total home sales between 2014 and 2024 (Figure 9). In 2014, these sales accounted for 9 percent of all sales, dropping to an average of 7 percent from 2015 through 2019 before declining to 5 percent in 2020. From 2021 through 2023, that proportion increased to 7 percent annually and rose slightly to 8 percent in 2024.

Second home sales as a share of combined second home and investment sales were relatively high from 2014 through 2022, averaging 56 percent a year. That proportion declined to an average of 42 percent a year during 2023 and 2024. The recent increase in investor home sales coincided with rising tourism to Puerto Rico. It is estimated that in 2023, there were more than 25,000 homes used as short-term rentals, up from 1,000 homes in 2014 (Hispanic Federation). This growth in investor demand contributed to increased competition for homes and drove up overall home sales prices.

Figure 9. 12-Month Home Sales Totals by Use in Puerto Rico



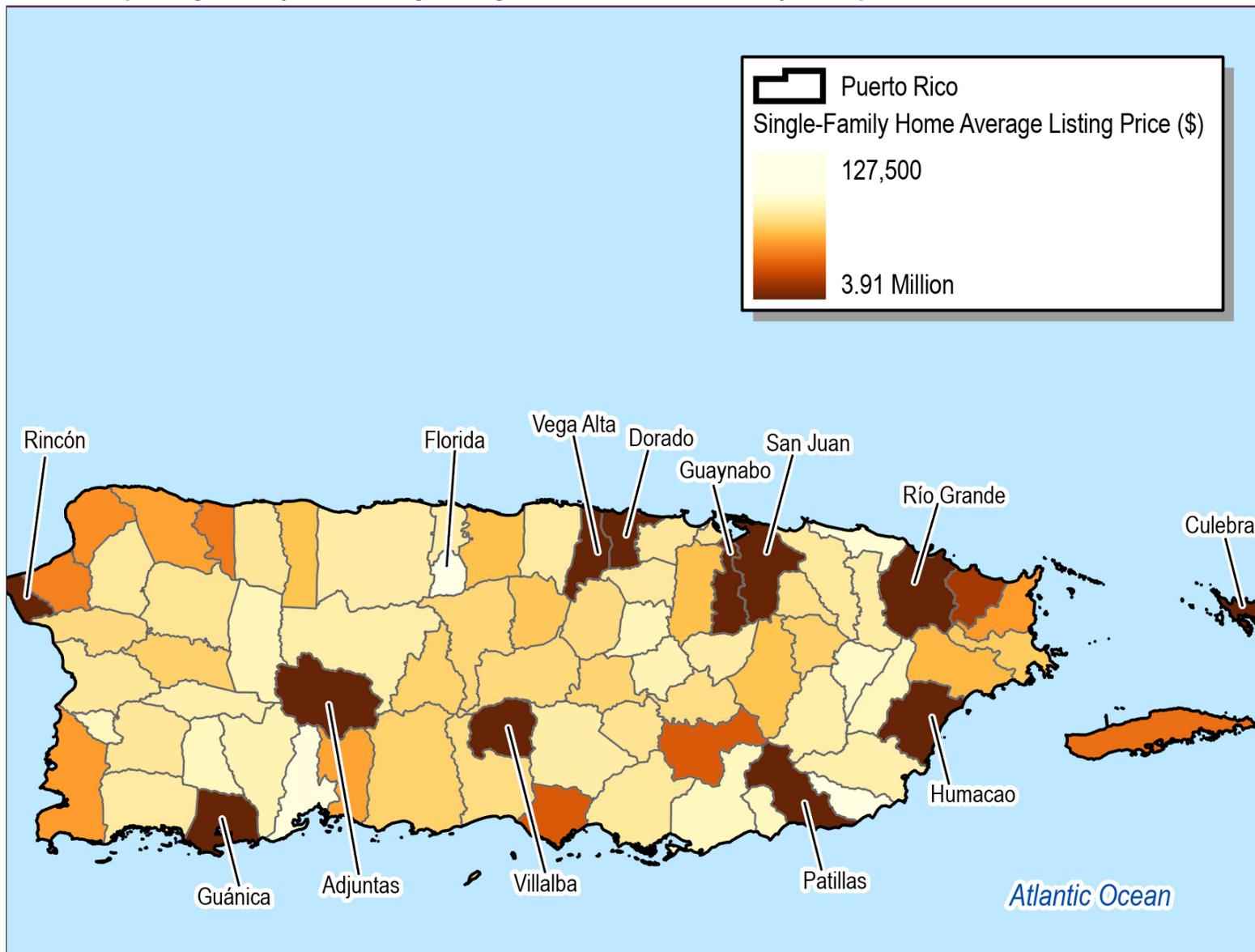
Source: Commissioner of Financial Institutions of Puerto Rico

Home Sales Listings by Geography

According to data collected by RED Atlas Inc., a property listing site in Puerto Rico, as of the first quarter of 2025, the highest proportion of single-family and multifamily homes listed for sale was in the San Juan Municipio, at nearly 23 percent of all listings in Puerto Rico. The municipios of Carolina and Dorado, just east and west, respectively, of the San Juan Municipio, had the second and third highest proportions but represented a minimal portion of overall listings, accounting for 6 and 5 percent, respectively. Twelve municipios in Puerto Rico had single-family home average listing prices above \$1.00 million, and nearly all municipios were on the coast, including the municipio of Dorado, which had the highest average sales price at \$3.91 million as of the first quarter of 2025 (Map 1). The Dorado Municipio also had the highest multifamily average listing price, at \$4.51 million, but only four other municipios had average multifamily listing prices above \$1.00 million (Map 2).



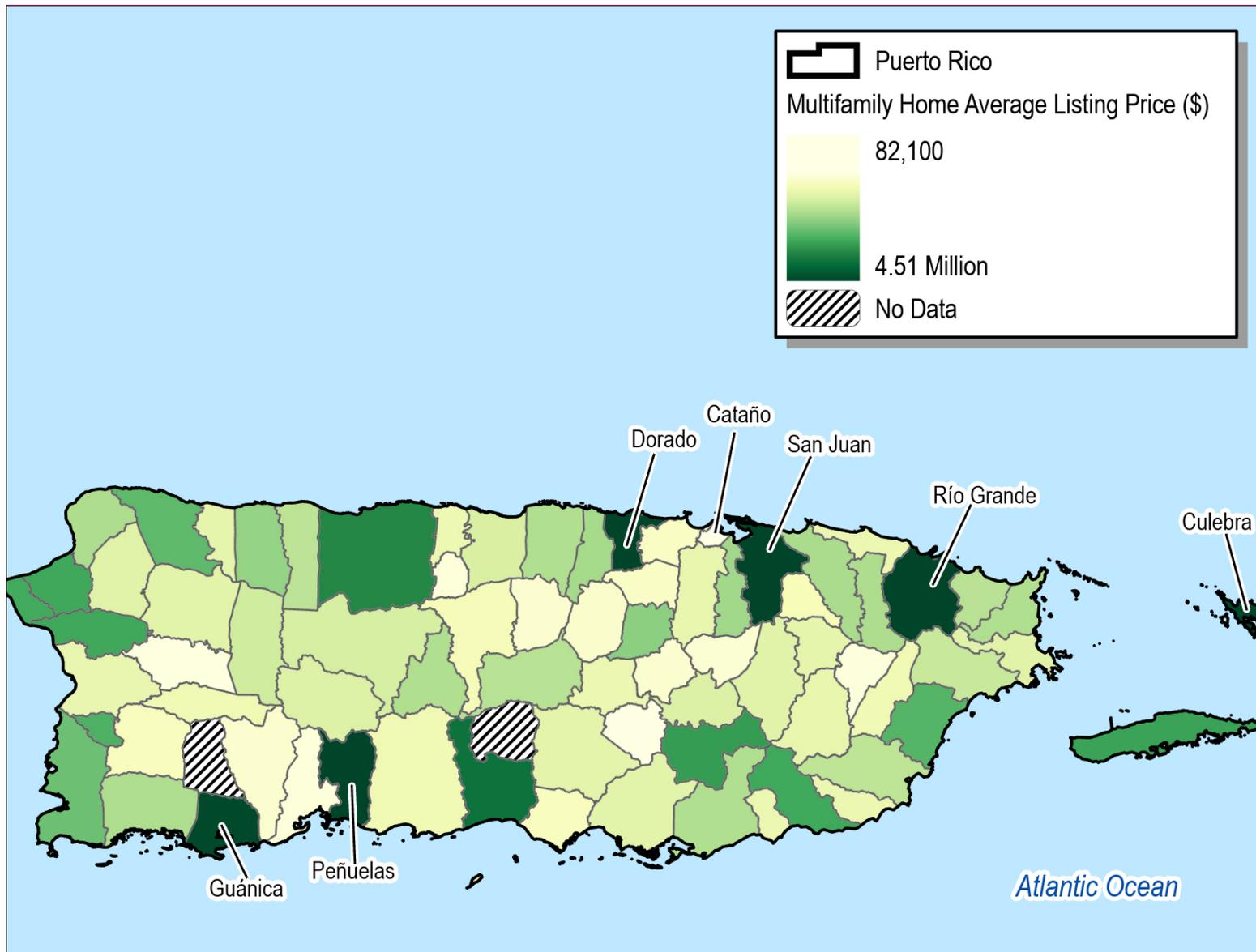
Map 1. Single-Family Home Average Listing Sales Prices in Puerto Rico by Municipio as of the First Quarter of 2025



Source: RED Atlas Inc.



Map 2. Multifamily Home Average Listing Sales Prices in Puerto Rico by Municipio as of the First Quarter of 2025



Source: RED Atlas Inc.

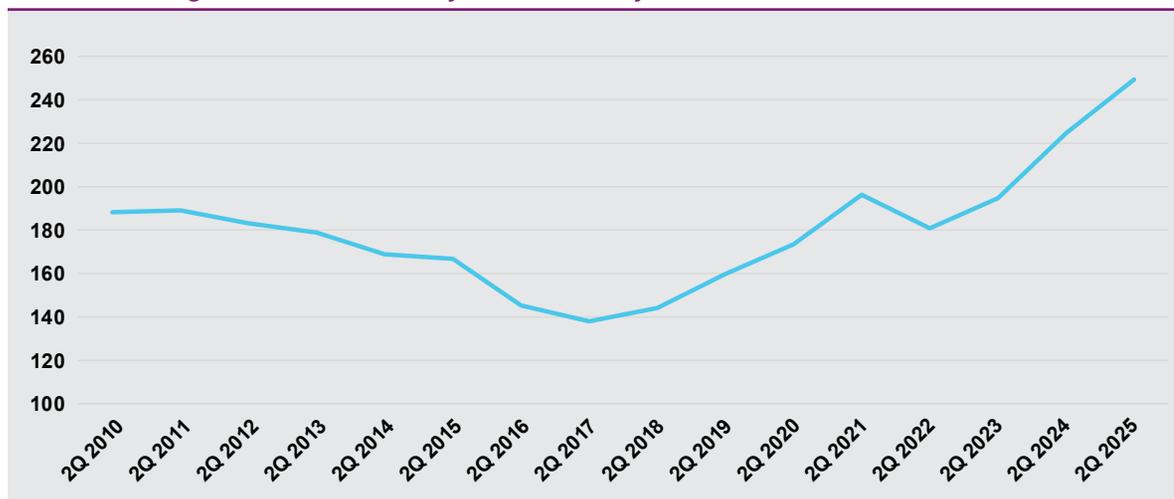


The listing price in the Guánica Municipio was slightly below \$1.00 million, at \$988,000. The lowest for-sale listing price for single-family homes was \$127,500 in the municipio of Florida, which is west of the Dorado Municipio, and, for multifamily homes, was \$82,100 in the municipio of Cataño, which is between the San Juan and Dorado Municipios.

Changes in Home Sales Prices

Trends in home prices for Puerto Rico are based on the Federal Housing Finance Agency (FHFA) quarterly, purchase-only, non-seasonally-adjusted house price index, for which 1995 is the base year, with a value of 100. The index generally declined from the second quarters of 2011 through 2017 but has since risen in most years on an annual basis, with particularly strong increases from the second quarter of 2023 to the second quarter of 2025 (Figure 10). As of the second quarter of 2010, the index was 188.2 and generally declined each subsequent year through 2017 to reach 138.0. This period included an economic downturn and continuous net out-migration that led to soft sales market conditions. The index began to rise relatively slowly to 144.1 as of the second quarter of 2018, immediately following Hurricanes Irma and Maria, and rose more significantly during the second quarters of 2019 through 2021, reaching 196.3. This rise was the first period of sustained year-over-year increases since the second quarter of 2007. The

Figure 10. Purchase-Only FHFA Quarterly House Price Index in Puerto Rico



2Q = second quarter. FHFA = Federal Housing Finance Agency. Source: Federal Housing Finance Agency

reasons for the rise in the index included reduced housing inventory following the hurricanes, investor purchases of homes that were converted to short-term rentals, and increased demand because of slower net out-migration and tax incentives for investors to acquire residential property as part of Act 60. The index also increased because of the rising cost of building new homes, leading to increased demand for existing homes. The index declined temporarily as of the second quarter of 2022 but resumed its upward trajectory during the same quarters from 2023 through 2025 to reach the highest second quarter index value of 249.3 in 2025.

Recent Home Sales Prices

As of June 2025, the median sales price for a home in Puerto Rico was approximately \$300,600, up 25 percent from June 2024, when the median sales price of \$240,000 was up 23 percent from a year earlier (Stellar MLS). Despite the very steep increases, home sales prices in Puerto Rico are significantly below home prices in the nation. As of the 12 months ending June 2025, the median price for a home on the mainland was \$447,000, up 1 percent from the previous year (Redfin, a national real estate brokerage). Nevertheless, affordability is a challenge for many homebuyers in Puerto Rico, where the median household income in 2024 was approximately one-third the national median (2024 ACS 1-year data).

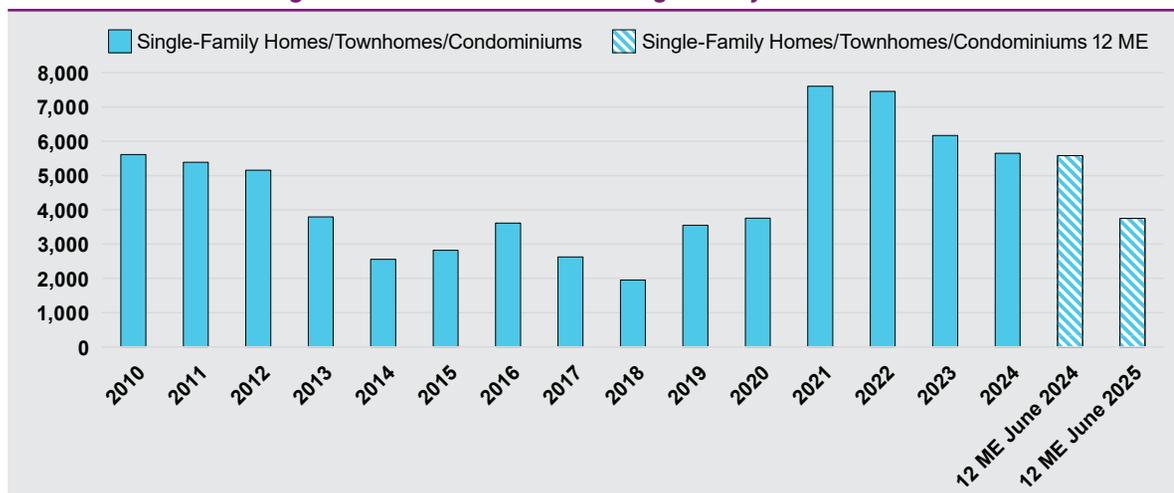
Housing Affordability

Several programs promote homeownership in Puerto Rico, including the Homebuyer Assistance Program. The program was established in July 2020 following Hurricanes Irma and Maria, funded by the HUD Community Development Block Grant-Disaster Recovery (CDBG-DR) program, and administered by the Puerto Rico Housing Finance Authority. The program grants up to \$55,000 to households with a Critical Recovery Workforce member and up to \$45,000 for households with a Non-Critical Recovery Workforce member. The grant can be used for the down payment and closing costs of a residence intended for primary use. An additional \$5,000 can be provided to households that purchase a home in a designated urban center. Since the program was established, approximately 14,700 households have benefited from the \$595 million awarded of the \$763 million budgeted for the program.

Sales Construction Trends

Homebuilding activity, as measured by the number of single-family homes, townhomes, and condominiums authorized by building permits, has been relatively high since 2021 despite a recent slowdown (Figure 11). During 2010, approximately 5,625 homes were permitted, and construction then declined at an average rate of 18 percent a year to reach 2,550 homes in 2014. Construction subsequently averaged 3,025 homes a year from 2015 through 2017 before declining to a low of 1,950 homes in 2018. Following Hurricane Maria,

Figure 11. Annual Sales Permitting Activity in Puerto Rico



12 ME = 12 months ending.

Source: Department of Economic Development and Commerce of Puerto Rico, with estimates by the analyst

much of the construction was focused on repairs and rebuilding instead of new construction. In addition, certain permit requirements for reconstruction, replacement, and repair projects were temporarily waived following the hurricane, and some new construction may have occurred that was not accounted for in permits. Home construction rose to an average of 3,650 homes a year during 2019 and 2020 before increasing to a recent peak of 7,600 homes in 2021, when home sales demand surged. Home construction remained elevated in 2022 at 7,450 homes, and during 2023, home construction declined but remained elevated at approximately 6,175 homes. Contributing to the high level of construction since 2021, long-term recovery and reconstruction funding continued to be disbursed. During the 12 months ending June 2025, approximately 3,750 homes were permitted, down 33 percent from the 5,575 homes permitted during the previous 12-month period.

Sales Construction Activity

Home construction has been concentrated in the San Juan metropolitan area. From 2019 to 2023, the number of units in the HMA (both occupied and vacant) in buildings with five or more units increased by 14,850 units, of which 89 percent were in the metropolitan area, and the number of detached and attached single-family homes increased by 37,700 units, of which 74 percent were in the metropolitan area (2019 and 2023 ACS 1-year data). Several condominium properties are under construction in the San Juan Municipio,

including two adjacent luxury properties in the Condado neighborhood: the 32-unit The Icon, expected to be complete in the summer of 2026, and the 66-unit Vanderbilt Residences, expected to be complete in February 2027. Prices at these properties start at \$1.81 million and \$5.65 million, respectively, for two-bedroom units. In addition, in the western portion of the San Juan metropolitan area, the Dorado Municipio includes several single-family and condominium properties underway that are affiliated with the Ritz-Carlton Reserve resort, including La Cala, which has 5 lots for sale of the 14 beachfront single-family homes expected at buildout. Prices for these homes start at \$31.5 million.

Forecast

During the next 3 years, demand is expected for 15,250 new homes in Puerto Rico (Table 6). This estimate does not include the demand for investment or second homes. Demand is expected to slow throughout the 3-year forecast period because of moderate job and household growth. The 1,475 homes under construction are expected to satisfy a portion of the demand during the forecast period.

Table 6. Demand for New Sales Units in Puerto Rico During the Forecast Period

Sales Units	
Demand	15,250 Units
Under Construction	1,475 Units

Note: The forecast period is July 1, 2025, to July 1, 2028.
 Source: Estimates by the analyst



Rental Market

Market Conditions: Slightly Tight

Growth in rental housing demand has been strong, with the number of renter-occupied housing units increasing by approximately 17,600 since 2020, nearly double the increase of 9,525 units from 2010 to 2020, when conditions were balanced.

Current Conditions and Recent Trends

As of July 1, 2025, the overall rental market in Puerto Rico is slightly tight, with an estimated vacancy rate of 7.0 percent, down from 8.3 percent in 2020, when market conditions were balanced (Table 7). Rental conditions tightened partly because the tight sales market conditions created obstacles to homeownership, leading to increased rental demand. Rental occupancy has shifted slightly to higher density multifamily structures; however, most renters occupy detached and attached single-family homes. In 2023, 27.4 percent of all renter households resided in buildings with five or more units, typically apartments, up less than 1 percentage point from 26.5 percent during 2021 but substantially lower than the national rate of 47.5 percent (2021 and 2023 ACS 1-year data). Approximately 10.8 percent of renter households in Puerto Rico resided in buildings with two to four units in 2023, up slightly from 10.3 percent in 2021. The share of renter-occupied housing consisting of attached and detached single-family homes declined to 61.7 percent in 2023 from 63.2 percent in 2021.

Types of Renter-Occupied Units: Puerto Rico Public Housing Administration Units

As of 2023, Puerto Rico had approximately 110,500 renter-occupied units in buildings with five or more units, up 14 percent from the 96,850 in 2021 (2021 and 2023 ACS 1-year data). The Puerto Rico Public Housing Administration (PRPHA) manages a large portion of rental housing in the territory and is the second largest public housing agency in the United States, based on the number of units managed, following the New York

Table 7. Rental Market Quick Facts in Puerto Rico

Rental Market Quick Facts	2020 (%)	Current (%)	
	Rental Vacancy Rate	8.3	7.0
	2021 (%)	2023 (%)	
	Occupied Rental Units by Structure		
Single-Family Attached & Detached	63.2	61.7	
Multifamily (2–4 Units)	10.3	10.8	
Multifamily (5+ Units)	26.5	27.4	
Other (Including Mobile Homes)	0.0	0.1	

Notes: The current date is July 1, 2025. Percentages may not add to 100 due to rounding. Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2021 and 2023 American Community Survey 1-year data

City Housing Authority. During 2024, PRPHA had a portfolio of 52,878 public housing units, with a vacancy rate of 7.0 percent, up slightly from 6.0 percent during 2023 (HUD, Picture of Subsidized Housing). In addition, PRPHA provided nearly 33,944 renter households with housing choice vouchers in 2024. Voucher holders can rent eligible single-family homes, condominiums, townhomes, or apartments in the private market in Puerto Rico. These vouchers can be transferred to locations on the U.S. mainland. Affordable rental housing also includes 17,533 units managed by PRPHA with project-based housing vouchers. As of 2024, the vacancy rate at these properties was 8.0 percent, up from 7.0 percent in 2023.

Low-Income Housing Tax Credit Units

The Low-Income Housing Tax Credit (LIHTC) is the most significant subsidy for the construction of affordable rental housing in Puerto Rico. From 2010 to 2019, 1,675 new affordable apartment units in 15 properties were built. In 2020 and 2021, two additional properties were built, with nearly 180 units combined, including 84 units at the Paraiso Dorado development in the Dorado Municipio. Since 2010, nearly 1,675 units have also been acquired and rehabilitated through the use of LIHTC subsidies. In total, since the LIHTC was created in 1986, it has led to the construction of approximately 18,700 units in Puerto Rico. In September 2020, following Hurricanes Irma and Maria, the CDBG-DR Gap to LIHTC Program was established. The program is intended to allow developers to build or redevelop LIHTC rental housing for low-to-moderate-income households by filling any construction financing gaps with



grants or loans. As of December 2023, \$414.20 million of the \$1.42 billion allocated to the program had been awarded.

Market-Rate Units

In contrast to the large share of rental housing in Puerto Rico that is subsidized or income-restricted, the number of market-rate properties is limited. In addition, many renters occupy units originally built for owner occupancy, including condominiums in multifamily buildings, that are leased from the individual owners. Market data for vacancies and average rents are not available for the individually rented units or the small number of managed apartment communities.

Monthly Median Gross Rent

The monthly median gross rent, which measures the rent and the estimated average monthly cost of utilities and fuel for renter-occupied housing, has been rising in Puerto Rico but is substantially lower than in the United States. In 2010, the median gross rent in Puerto Rico was \$429 and increased an average of 1 percent a year to \$482 in 2019 (2010 and 2019 ACS 1-year data). By comparison, the median gross rent in the United States rose an average of 3 percent a year during the same period to \$1,097 in 2019. The rate of rent growth in Puerto Rico accelerated from 2020 to 2023, rising an average of 4 percent annually. The rate of growth was faster in the nation, up an average of 6 percent annually during the same period. At \$557, as of 2023, the median gross rent in Puerto Rico was 60 percent lower than the \$1,406 median gross rent in the nation.

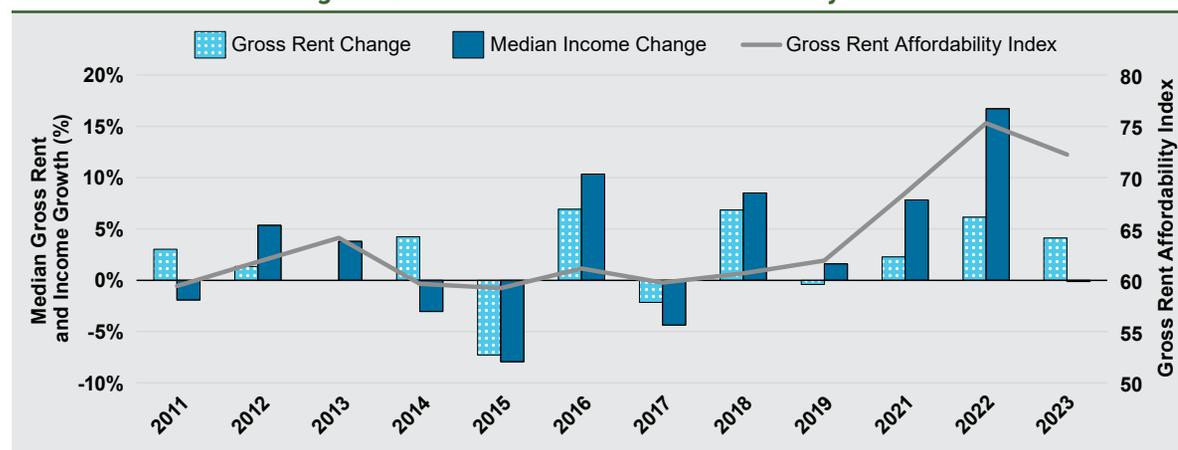
From 2010 to 2015, the monthly median gross rent in the San Juan metropolitan area was 7 percent higher on average than in Puerto Rico. The median gross rent was 9 percent higher from 2016 to 2019 in the metropolitan area and 10 percent higher in 2021, when demand increased significantly. In 2022 and 2023, the monthly median gross rents in the metropolitan area were only 6 percent higher.

A substantial share of renters in Puerto Rico are not in the formal rental market. As of 2023, approximately 35 percent of renter households paid no cash rent, whereas, in the same year, 5 percent of renter households in the nation did not pay cash rent (2023 ACS 1-year data). Reasons include units rented to friends or relatives, who may have a verbal agreement, or units for occupants providing services, such as caretakers, ministers, tenant farmers, or others (U.S. Census Bureau).

Housing Affordability: Rental

Rental housing affordability in Puerto Rico improved dramatically in 2021 and 2022, largely because of income growth. Although affordability declined in 2023, it remained elevated compared with the 2011-to-2019 period. Whereas the San Juan metropolitan area is slightly more affordable than Puerto Rico overall, Puerto Rico and the metropolitan area are significantly less affordable than the nation. From 2011 to 2019, the monthly median gross rent and the median income of renters in Puerto Rico each rose by averages of 1 percent annually. As a result, the HUD Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, was relatively stable during the period, remaining within a range from 59.2 to 64.1 (Figure 12). The index increased substantially in 2021 and 2022 to reach 75.3. From

Figure 12. Puerto Rico Gross Rent Affordability Index



Notes: Rent affordability is for Puerto Rico. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available. Source: American Community Survey 1-year data



2020 to 2022, the median gross rent increased an average of 3.5 percent annually, but the median income rose an average of 11 percent a year. The index in 2023 declined to 72.2 because the median income declined less than 1 percent, while the median gross rent rose 4 percent. The index in the San Juan metropolitan area was slightly higher at 73.8 in 2023. By comparison, the index was 92.0 for the nation in 2023.

From 2017 to 2021, 15.3 percent of renters in Puerto Rico had severe cost burdens, defined as paying 51 percent or more of their income toward housing costs, higher than the 12.3-percent share with moderate-to-high cost burdens (Table 8). Renters in Puerto Rico, however, were less likely than those in the nation to experience either moderate-to-high or severe cost burdens during the period.

Rental Construction Trends

Rental construction activity, as measured by the number of units permitted, rose to recent highs in 2021 and 2022, partly because of ongoing recovery efforts, but the level of construction was low compared with the early 2010s (Figure 13). From 2010 through 2012, an average of approximately 2,300 rental units were permitted annually, but construction then declined steadily to reach 1,100 units in 2014, partly because of job and population losses that reduced demand. Construction recovered slightly to an average of 1,375 units a year during 2015 and 2016 before declining in 2017 and 2018 to a low of 650 units,

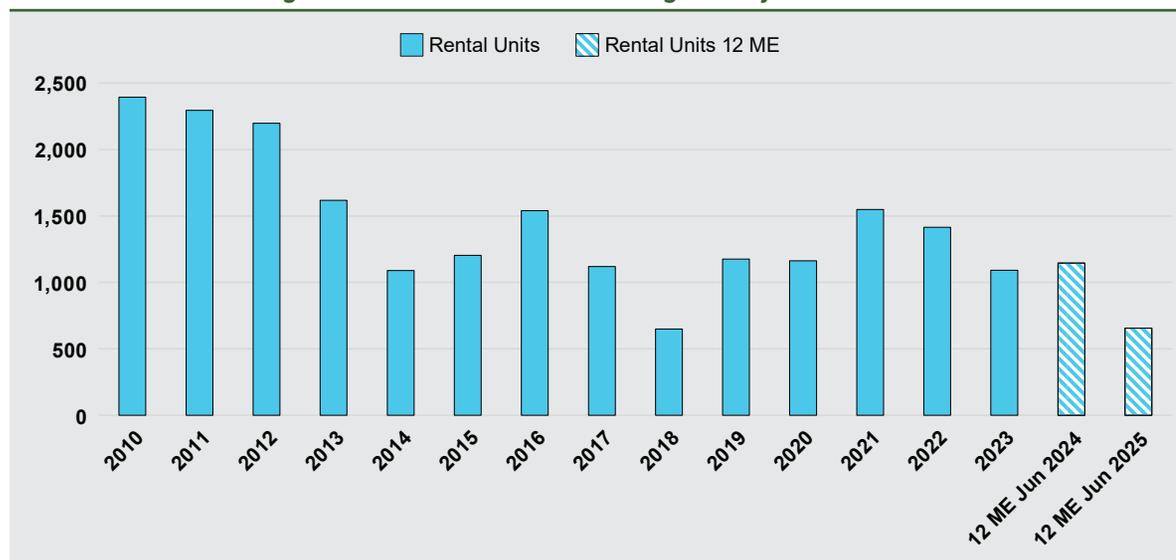
Table 8. Percentage of Cost-Burdened Renter Households by Income in Puerto Rico and the Nation, 2017–21

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Puerto Rico	Nation	Puerto Rico	Nation
Renter Households with Income <50% HAMFI	6.6	25.9	26.7	49.9
Total Renter Households	12.3	21.7	15.3	22.2

HAMFI = HUD Area Median Family Income.

Sources: Consolidated Planning/Comprehensive Housing Affordability Strategy Data; 2017–21 American Community Survey 5-year estimates

Figure 13. Annual Rental Permitting Activity in Puerto Rico



12 ME = 12 months ending.

Note: Includes apartments and other units intended for rental occupancy.

Source: Department of Economic Development and Commerce of Puerto Rico, with estimates by the analyst

just after Hurricanes Irma and Maria. Rental permitting rose to an average of 1,175 units a year during 2019 and 2020 before increasing further to an average of 1,475 units annually during 2021 and 2022, when a large portion of the recovery and reconstruction funding was disbursed. Beginning in 2023, rental construction slowed slightly to 1,100 units, and during the 12 months ending June 2025, approximately 660 units were permitted, down 43 percent from the 1,150 units permitted during the previous 12-month period.



Rental Construction Activity

Several new affordable developments, funded by federal programs, are under construction throughout Puerto Rico. In the San Juan metropolitan area, in the Caguas Municipio, is Sunrise at River Park apartments, a 210-unit LIHTC property with CDBG-DR Gap funding, that began construction in December 2024. When complete, the \$93.3 million property will include one-, two-, and three-bedroom units in six three-story buildings. In the western part of Puerto Rico, in the Isabela Municipio, construction of the Miraflores Village Apartments began in May 2025. With 168 affordable units, the property will be the largest multifamily development in the municipio in more than 20 years. The property is funded by LIHTC and HOME Investment Partnerships Program funds and, when complete, will include one-, two-, and three-bedroom units.

Forecast

During the 3-year forecast period, demand is estimated for 4,500 new rental units (Table 9). Demand is expected to be relatively stable during each year of the forecast period because of relatively steady economic and household growth and is expected to be strongest in the San Juan metropolitan area. The 820 units under construction in Puerto Rico are anticipated to satisfy a portion of demand during the first year of the forecast period.

Table 9. Demand for New Rental Units in Puerto Rico During the Forecast Period

Rental Units	
Demand	4,500 Units
Under Construction	820 Units

Note: The forecast period is July 1, 2025, to July 1, 2028.

Source: Estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Cost Burdened	Spending more than 30 percent of household income on housing costs. Moderate-to-high cost burden refers to households spending 31 to 50 percent of their income on housing costs. Severe cost burden refers to households spending 51 percent or more of their income on housing costs.
Critical Recovery Workforce	Essential personnel in sectors such as public safety, emergency response, education, healthcare, and other vital services.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Existing Home Sales	Includes resales and real estate owned sales. Resales are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party.
Forecast Period	7/1/2025–7/1/2028—Estimates by the analyst.
Low-to-Moderate Income	Households with incomes not more than 80 percent of the Area Median Family Income, as established by HUD. This income standard changes from year to year and varies on the basis of household size and geography.



Home Sales/ Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Decline	Resident deaths are greater than resident births.
Net Natural Increase	Resident births are greater than resident deaths.
No Cash Rent	Units not paying cash rent are generally provided free by friends or relatives who live elsewhere and allow occupancy without charge. These units could also be rent-free houses or apartments provided to compensate caretakers, ministers, tenant farmers, sharecroppers, or others. Housing units on military bases (not military barracks) are also classified in this category.
Other Vacant Units and “Other” Other Vacant Units	In this analysis conducted by HUD, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the U.S. Census Bureau. A housing unit is classified as “other” other vacant when it does not fit into any other vacant category.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated July 21, 2023.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2020 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The census tracts referenced in this report are from the 2020 Census.



4.	The San Juan metropolitan area is coterminous with the San Juan-Bayamón-Caguas, PR Metropolitan Statistical Area and includes the municipios of Aguas Buenas, Aibonito, Barceloneta, Barranquitas, Bayamón, Caguas, Canóvanas, Carolina, Cataño, Cayey, Ceiba, Ciales, Cidra, Comerío, Corozal, Dorado, Fajardo, Florida, Guaynabo, Gurabo, Humacao, Juncos, Las Piedras, Loíza, Luquillo, Manatí, Maunabo, Morovis, Naguabo, Naranjito, Orocovis, Río Grande, San Juan, San Lorenzo, Toa Alta, Toa Baja, Trujillo Alto, Vega Alta, Vega Baja, and Yabucoa.
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C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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