

More homeowners becoming landlords

By Tim Logan, Los Angeles Times

The real estate market has long worked on a simple system: If you want to buy a new house, sell the old one and use the equity for a down payment.

But the last few years of low ownership costs and rising rents have some move-up buyers trying a new approach: Buy the new house. Keep the old one. And rent it out.

Real estate firm Redfin recently asked 1,900 prospective home buyers nationwide what they planned to do with their old house when they bought a new one. As you'd expect, the majority said they would sell. But 39% said they'd rent it out. In Western markets like Los Angeles that have seen big price growth lately, the percentage was even higher.

It's the first time that Redfin has conducted this kind of study. But real estate agents and property managers say they're seeing the same thing: a noticeable uptick in the number of home buyers who want to rent out their old place.

If this trend holds, it could mean even fewer homes for sale in an already tight market. But for a certain type of homeowner, becoming a landlord could make a lot of sense.

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