

Boomers' new retirement plan is millennials paying rent

By Patrick Clark, Bloomberg

Pete Pollinger and his wife, Julie, are relocating from Boca Raton to Melbourne, a city of about 70,000 on Florida's Space Coast, named for its proximity to NASA rocket sites at Cape Canaveral and the Kennedy Space Center.

They weren't just hunting for a place to live. As they get ready to move this year, they're also looking for single-family homes they can buy, fix, and rent out.

"We want to be more in control of our financial destiny," said Pollinger, 51, a computer systems consultant. "As far as traditional investments go, we have less control of what really happens to those."

He and Julie hope to build a portfolio of about 10 homes, buying when they see good value or selling a fixed-up home when the market presents the opportunity to take a profit.

The Pollingers are joining the ranks of what Redfin Chief Executive Glenn Kelman calls Landlord Nation, a group of mom-and-pop investors who have seized on low mortgage rates and robust rent growth to plow savings into rental properties. Together, they've lifted the percentage of single-family houses used as rental properties to stratospheric heights, even as many would-be first-time home buyers struggle to reach ignition.

The number of starter homes on the market dropped by more than 44 percent from the first quarter of 2012 to the first quarter of this year, according to research published by Trulia. With entry-level homes in short supply, median prices in the category increased by nearly a third.

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