



## Forget Luxury Apartments; the Hottest Rentals Are Single-Family Homes

By Clare Trapasso  
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The hottest rentals around aren't necessarily those gleaming high-rises with doormen and valets, Olympic-size pools, climbing walls, and happy hour. Instead, single-family homes are seeing the biggest spike in popularity.

The number of house rentals jumped 31% from 2006 to 2017, according to a [recent RENTCafé report](#). Meanwhile, apartment building rentals grew only 14% over the same decade.

The rental listings site analyzed national U.S. Census data to come up with its findings.

"We found it interesting that there was such a huge increase on the single-family rental side, especially given the large number of new apartments completed in the last few years," says **Nadia Balint**, a real estate writer for RENTCafé. Many of "these people who are renting single-family homes cannot afford to buy homes."

There was an influx of single-family homes hitting the rental market after the financial crisis, as these types of houses were scooped up by investors when prices hit rock bottom. The abodes were often fixed up and then rented out to tenants who had lost their own homes to foreclosures or short sales.

Often these ex-homeowners couldn't afford to buy again, or they didn't have good enough credit or were just reluctant to make the commitment again.

Even now that the economy has recovered, rising prices and mortgage rates are making it difficult for many renters to make the transition into buying. Rental homes tend to be leased out to younger adults with roommates, families with children, and baby boomers seeking to downsize.

"The availability of starter homes and more affordable homes is pretty low right now," Balint says. "That's probably why renters are looking at single-family rentals when they get to a point where they need the extra space."

But it's worth pointing out that the apartment rental market is still significantly larger than those seeking to lease out whole houses. There were 26 million apartments for rent, compared with 15 million single-family homes, in 2016. And since the economy has recovered, builders have rushed to put up more luxury apartment towers in recent years.

Some cities have seen much larger rises in the number of house rentals than others. In Phoenix, single-family rentals shot up 77%, from 56,900 in 2007 to 100,800 in 2016, according to the report. (RENTCafé looked at the 30 largest cities by population for the report.) About 44,000 single-family homes were turned into rentals in Phoenix during that decade.

Phoenix was followed by Boston, at 63%; Fort Worth, TX, at 60%; Austin, TX, at 55%; and Charlotte, NC, also at 55%.

However, in addition to Phoenix, the most single-family rentals by sheer numbers were in Los Angeles, at 184,000; Philadelphia, at 111,600; Houston, at 102,100; and New York, at 94,000.

"It's a great alternative to apartment living and homeownership," says **Mark Wolf**, CEO and founder of AHV Communities, which builds communities of detached, single-family homes in the suburbs. "A lot of people want to be mobile. They don't want to be saddled with mortgage debt, and they want to live maintenance-free."

His company is currently leasing out 1,500- to 2,000-square-foot homes in three suburban Texas subdivisions. The first is an 82-house development in San Antonio. The other two are in the Austin suburbs: a 92-house development in Georgetown and an 83-house development in Pflugerville. The communities feature on-site management, pools, fitness centers, clubhouses, and maintenance (e.g., lawn mowing) included in the rent.

The homes range from three to four bedrooms and come with attached garages and full lawns. The rent starts at \$1,700 a month.

"They're truly suburban homes," Wolf says. They're geared toward the "many people who don't want to own and [the] many folks who can't own."

Despite the popularity of these rental homes, nationally their rise is beginning to slow from the heyday of 2008 to 2014. House rentals were essentially flat, rising only 0.5% year over year in 2016, according to the most recent data available.

That's because there aren't too many companies out there like AHV Communities building these kinds of homes. And investors are more reluctant to purchase rentals now that it's a seller's market in most places.

"Now that the prices are going back up, it doesn't make much sense any more to buy [houses] at a lower price and rent them out," Balint says.