

A young man and woman are smiling and standing in a modern kitchen. The man is wearing a dark blue t-shirt and has his arm around the woman's shoulder. The woman is wearing a red sweater and has her hand on the man's chest. They are both looking towards the camera. The background shows a kitchen with a window and some kitchenware.

Renters for a Weekend or a While: What's the Best Use of Your Investment Property?

Rental units are now the fastest-growing segment of the housing market. In the United States, the demand for long-term single-family rentals has risen 30 percent in the past three years.¹ And in Canada, rentals now account for one-third of the country's homes.²

At the same time, the short-term, or vacation, rental market is also booming. The popularity of online marketplaces like Airbnb and HomeAway has helped this market become one of the fastest growing segments in the travel industry.³

Now, more than ever, there is an abundance of opportunity for real estate investors. But which path is best: leasing your property to a long-term tenant, or renting your property to travelers on a short-term basis?

Long-Term (Traditional) Rental Market

Create an additional stream of income as your property appreciates in value over time.

Benefits:

- Stable, predictable cash flow
- Long-term tenants mean less day-to-day management of the property
- Renter covers utility bills
- No need to furnish the property

Limitations:

- No personal use of the property
- Less flexibility to maximize revenue during periods of peak demand
- Limited ability to monitor property use and upkeep
- Typically more wear and tear on the property

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Short-Term (Vacation) Rental Market

Help fund a vacation/second home purchase by renting out the property when you're not using it.

Benefits:

- Use and enjoy the property yourself when it's not rented
- Set the price and schedule you want
- Raise rates during times of peak demand
- Greater control over the property's use and maintenance

Limitations:

- Less predictable income
- More day-to-day management required
- You pay utility bills whether the property is occupied or not
- Laws and restrictions vary by location, so make sure you understand any existing or proposed restrictions on rentals in the area where you wish to purchase

Which Investment Strategy is Right for You?

- If your goal is steady, predictable income with less time and effort on property management, then a long-term rental may be the best choice for you.
- If your goal is to purchase a vacation or second home and you want to defray some (or all) of the expense, then a short-term rental* may be a good option for you.
- If your goal is to purchase a future retirement home now to hedge against inflation and rising real estate prices and interest rates, then ... it depends. You will need to consider factors like location, market demand, and property type.

**Note: Short-term rentals are restricted in some markets. We can help you assess regulations in your desired area.*

Here or Elsewhere ... We Can Help

If you're looking to purchase an investment property, vacation home, or future retirement home, give us a call. We can help you determine the best course of action. If that means buying outside of our area, we can refer you to a local agent who can help. Contact us to schedule a free consultation!

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Sources: 1. USA Today 2. The Globe and Mail 3. Phocuswright