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Breakout

U.S. becoming a 'renter nation' says Olefson

By [Kevin Chupka](#)
46 minutes ago
Breakout



To many, the American dream always included the requisite house, white picket fence and 2.5 kids. While that goal is all still attainable, you may soon have to live in someone else's house with someone else's fence. According to real estate attorney and author Shari Olefson we may soon become a nation of renters with Wall Street playing landlord.

The culprit, at least in part, is the expiration of the [Mortgage Debt Forgiveness Relief Act](#). This piece of legislation, one that expired at the end of 2013, made it easier for owners with underwater mortgages to short sell their homes without having to pay income tax on the chunk of cash the bank forgave. In short, its expiration might make it worth your while to go into foreclosure instead of short selling.

Olefson says this potential surge in foreclosures would be most common in places that are still recovering from the housing bubble. "These also happen to be the states where you've got the big companies, the Blackstones and the big funds, investing in rentals. So a lot of these properties will end up as rentals," she says.

And there lies the rub. As Olefson points out, investing in "scattered residential rentals" is very different than buying a high rise. "It's not like having an apartment building," she notes, "where all the kitchens are exactly the same, and they're the same age and you have an onsite manager...You're gonna see hundreds of complaints from renters in those homes finding hidden problems they weren't aware of, or multiple calls to management and not having a response."

From there she worries these big companies will dump investments they aren't pleased with, flooding the market in areas where the home recovery is tenuous at best.

Adding insult to injury, these investors are driving prices higher. Olefson argues, "prices of homes in an area should be based on the area's income but investors are bidding based on the rent they think they can generate and we know rents are going up much faster than incomes. So the homes are becoming less affordable for folks who want to buy making renting just a much more viable option."

So where does it go from here? Olefson worries that Washington could get involved. Specifically, that lobbying efforts for renter benefits will succeed, making rentals an even better option than ownership, or in other words, making the U.S. a Renter Nation.

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Wider trade gap may mean slower Q4 economic growth

WASHINGTON (AP) — The U.S. trade deficit widened in December after hitting a four-year low in November. But for 2013, the gap reached its lowest point since 2009 as exports rose to a record.
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WASHINGTON (AP) — A lightning strike that injured an air traffic controller at Baltimore's main airport has exposed a potential vulnerability at airport towers during storms and is prompting Federal Aviation Administration officials to inspect hundreds of towers nationwide, The Associated Press
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Kia debuts its first electric vehicle for U.S. market

By James B. Kelleher CHICAGO (Reuters) - Kia Motors Corp rolled out an electric version of its Soul compact car on Thursday that the Korean automaker plans to begin selling in some U.S. markets later this year. The 2015 Soul EV, unveiled at the media kick-off for the 2014 Chicago Auto Show,
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Insurers Slash Specialty Hospitals to Keep Premiums Low

Health insurers under pressure to keep premiums low are eliminating some hospitals from coverage in a cost-cutting strategy that threatens to freeze out centers that provide specialized care, limiting patient options. Left out are hospi-
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Brent steady above \$106; premium to U.S. crude narrows

Brent crude held steady above \$106 a barrel on Thursday as worries over global economic growth dented the demand outlook, with its premium to U.S. crude continuing to narrow as more cold weather hit the United States. The oil
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Eurozone rates unchanged despite deflation fear

European Central Bank President Mario Draghi said the eurozone economy remains weak and will recover "at a slow pace" but that, for now, additional stimulus isn't needed. The bank left its interest ...
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Myra, Ira and the Family History of Confusion

Yet another financial acronym, MyRA, arrived last week, and it deliberately rhymes with the retirement account known as the IRA. That might have been a good idea if, says Danny Altman, founder of branding company A Hundred
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This one jobs report will make or break the year

After a giddy 2013, it's put-up or shut-up time in 2014, writes Jeff Reeves. The hard data of Friday's jobs report could make or break the market.
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Toronto Home-Sales Decline Highlights Canadian Slowdown

The Toronto real estate market is showing signs of cooling to start the year as January sales dropped 2.2 percent to the lowest for that month since 2009. Home sales in the nation's largest housing market fell to 4,135 units from 4,229
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GSK optimistic as sales beat forecasts

GSK said sales rose five percent in the fourth quarter of last year, narrowly beating expectations and indicating that the U.K. pharmaceutical giant's fortunes may be picking up.
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[video] Why the Spike in February IPOs?

Feb. 5 (Bloomberg) -- Triton Research Founder and CEO Rett Wallace discusses the markets and the spike in IPOs on Bloomberg Television's "Bloomberg Surveillance." (Source: Bloomberg) Goldman to Fidelity ...
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Euro-zone retail sales drop sharply in December

MADRID (MarketWatch) -- Retail sales fell 1.6% in the euro zone in December, Eurostat said Wednesday. The largest December decreases in retail sales were in Germany, 2.4%, Belgium, 1.9% and Finland, 1.3%. ...
[MarketWatch](#)

U.S. service sector growth, hiring improves in January

Growth picked up in the U.S. service sector in January, with steady strength in private-sector hiring, suggesting the winter weather that socked the country over the last several weeks had a limited effect on the economy. The overall pace of job growth wasn't far off ADP's recent trend, and hiring...
[Reuters](#)

Birdback Raises \$2.4M To Replace Wallet-Bulging Vouchers & Loyalty Cards With Card-Linked Fintech

Fintech startup Birdback reckons we already carry one loyalty card to rule them all: our existing credit or debit card.
[TechCrunch](#)

Time Warner Highlights HBO Results: FBR Ponders Change to Over-the-Top Video

In this morning's news release, the company touted HBO's successes, noting that "HBO remains in a league of its own, once again receiving the most Primetime Emmy Awards of any network, while tying for the most Golden Globe
[Barrons.com](#)

U.S. retailers at Senate hearing: hackers have upper hand

By Alina Selyukh WASHINGTON (Reuters) - U.S. retailers speaking to a U.S. Senate panel on Tuesday bemoaned the sophistication of hackers and urged better collaboration with banks on anti-theft technology. In a relatively collegial hearing before the Senate Judiciary Committee, executives of...
[Reuters](#)

Obama secures \$750M in pledges to get kids online

ADELPHI, Md. (AP) — Claiming progress in his goal to put the world at the fingertips of every American student,

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Top 5 items on Microsoft CEO's To-Do list

LOS ANGELES (AP) — As with any new CEO, Microsoft's Satya Nadella will have a packed agenda that includes filling top management roles and re-examining strategy. The tech giant on Tuesday named Nadella to replace Steve Ballmer. He is only the third chief executive in Microsoft's 38-year

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