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Houston is now the top market for 'accidental landlords' in the US What it means for sellers.

Story by Marissa Luck • 2026-10-6

Lisa Marshall is shown outside her rental property in Katy Wednesday, Sept. 30, 2026. Like many home sellers struggling to sell their properties these days, Lisa converted her property to a rental. (Melissa Phillip/Houston Chronicle)

When Lisa Marshall listed her family's Katy home late last year, she figured it would sell quickly. It's in a highly rated school district, and she invested tens of thousands of dollars into cosmetic upgrades. Instead, it "just sat and sat and sat," Marshall said.

After more than six months, \$30,000 in price reductions and one canceled offer, Marshall did what more home sellers are doing now: she decided to lease the property instead. She found a family member willing to rent it for \$2,000 a month. Even though her home is paid off, she will likely barely break even after factoring in property taxes, utilities, maintenance and homeowners' association fees.

"I'm in a much more fortunate position than some people, but it's difficult for us," Marshall said. "We just got to the point where I was like, 'I can't physically and financially continue.'"

Marshall is part of a rising number of so-called accidental landlords, or owners who are opting to lease rather than sell their homes amid tepid buyer demand and rising competition from soaring supplies of for-sale homes.

Houston now leads the nation as a hotspot for accidental landlords, outpacing Denver, Austin and San Antonio, according to real estate firm Zillow.

Overall, an estimated 4.3% of single-family rental listings in Houston are properties that owners gave up on selling in the previous three months — triple the rate of three years ago.

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"That likely undercounts the rentals that would've been sold otherwise had the market been firmer," said Kara Ng, senior economist at Zillow. "For every homeowner who tried (selling) first, there are likely some who were discouraged by the softer market, bypassed selling, and listed straight into a rental."

For some homeowners, becoming a landlord is an easy way to generate income. For others, it's a necessary decision complicated by unexpected costs, frustrating tenants and rents that barely cover their expenses.

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Ng said markets with more accidental landlords tend to have a greater supply of for-sale homes with price reductions, longer days on market and less competition among buyers. That's the case in Houston, where the number of single-family homes hit a record level this summer, according to the Houston Association of Realtors.

The effects are spilling into the rental market. Houston's supply of single-family, townhomes and condominiums available for lease ballooned by 80% in the past three years – hitting about 16,660 listings in September, according to John Burns Research, not including build-to-rent homes.

During the pandemic, it took less than a month to lease a single-family home, said Kevin Macicek, a broker with property management firm Area Realty. Now it can take up to 60 days, he said.

Ample supply is also keeping a lid on rent prices. And after spiking during the pandemic, rent growth started slowing in 2023. Houston single-family rents average \$2,054 today, roughly flat from a year ago, according to John Burns Research.

Where sellers are feeling pressured to lease

Sellers near neighborhoods filled with new construction homes often can't compete with builders offering incentives and discounted mortgage rates, said Paige Martin, lead of Houston Properties Team, a real estate brokerage. *Note*

"It's really tough. It's not uncommon for people in that position to lease for a while to ride it out," Martin said.

In Spring, Stacy Peacock said she is considering transitioning her family's for-sale home to a rental after the property sat unsold for almost two months.

"Once we listed it and pictures were up, everybody was like, 'Oh it's a beautiful house,'" Peacock said. "But it just hasn't sold yet, so we're like, 'What the heck is going on?'"

After relocating to Magnolia, the stress of paying for two mortgages, in addition to utilities and lawn maintenance at the Spring property, is starting to weigh on Peacock and her husband. They recently lowered the asking price by 4% to \$229,000.

Note
"It honestly made me feel dirty, because I'm like, 'No your home is worth this, and the comps are there,'" said Allison Sewell, a real estate agent with

Compass who is representing Peacock. But sometimes "it could just be about timing."

There are 26 homes for sale in the Timber Lane area where the Peacock's home is located, all within a similar price range, according to HAR. Less than three miles away, there are two subdivisions with builders offering discounted mortgage rates on newly built homes, too.

Sellers of homes in higher price ranges aren't immune to similar challenges. In a gated community in Cottage Grove, Arpita Sharma initially thought her three-bedroom home built in 2019 would sell for about \$810,000 when she listed it this spring. After several price reductions – the home now sits at \$769,000 – Sharma said she plans to begin marketing it for lease soon.

Sharma estimates her monthly carrying costs are about \$4,900, including the mortgage, taxes, insurance and homeowners' association fees. She's dipping into savings to cover those costs, plus the mortgage on the home she recently bought in the Heights.

"I do regret it now to be honest," Sharma said, of her recent move. "I didn't know I would end up in this situation, where I'm just stuck with this (other) house for sale."

Still, Sharma considers herself blessed to be in her financial position, and to have benefited from historically low mortgage rates in 2020, when she bought the home.

Meanwhile, owners who purchased properties after mortgage rates started rising mid-2022 are confronted with dual challenges: often they're saddled with higher interest rates, and sometimes, their home values haven't risen enough to cover the cost of moving.

In Spring, real estate agent Jose Moreno of Nan and Co. Properties said one of his clients wanted to sell his home, but would have had to pay his lender about \$15,000 to \$20,000 to cover the gap between the price he paid for the home in 2022 and the price he could sell it for today.

"He was going to take huge negative equity at closing ... because he bought in a seller's market and he paid a premium," he said. Moreno advised him to lease it instead.

Some agents, like Tricia Turner, founder of Tricia Turner Group, are encouraging their clients to market homes for lease and sale at the same time. "Let's see what the market does," she tells them.

A glut of rental listings

Accidental landlords are entering a rental market filled with soaring supplies, particularly in dense, urban neighborhoods, such as Midtown, Rice Military, the Heights and the East End. Jessica Newhouse, vice president with John Burns Research, said she was recently evaluating a potential investment in the East End for a client when she noticed 20 available townhome rentals all similarly priced and available within a quarter mile of one another.

"There's just a lot of the same product in those in-town markets that have seen an influx of new construction and investor activity, but it all ends up in the same pool of listings, so the pricing power gets pretty thin," Newhouse said.

Accidental landlords are also competing with a relatively new market segment: build-to-rent homes, or single-family and townhome properties purposefully built by investors for lease and not for sale. Houston now has 16,225 build-to-

rent homes – compared to 2,931 less than a decade ago, according to John Burns Research.

Lackluster rents and surprise expenses

Some new landlords are surprised when the going market rate for rent in their area won't cover all their expenses, said Taylor Laurence, president at property management firm Realvest. *Note*

"In the market that we've had for the last couple years, what we're telling our clients is, 'If you're breaking even, you're doing well,'" Laurence said.

Repairs are another unexpected expense for homeowners accustomed to deferring maintenance. "A lot of these people are like, 'Oh well, if I just wiggle this the right way, it's fine.' But you can't really do that with a tenant," Laurence said.

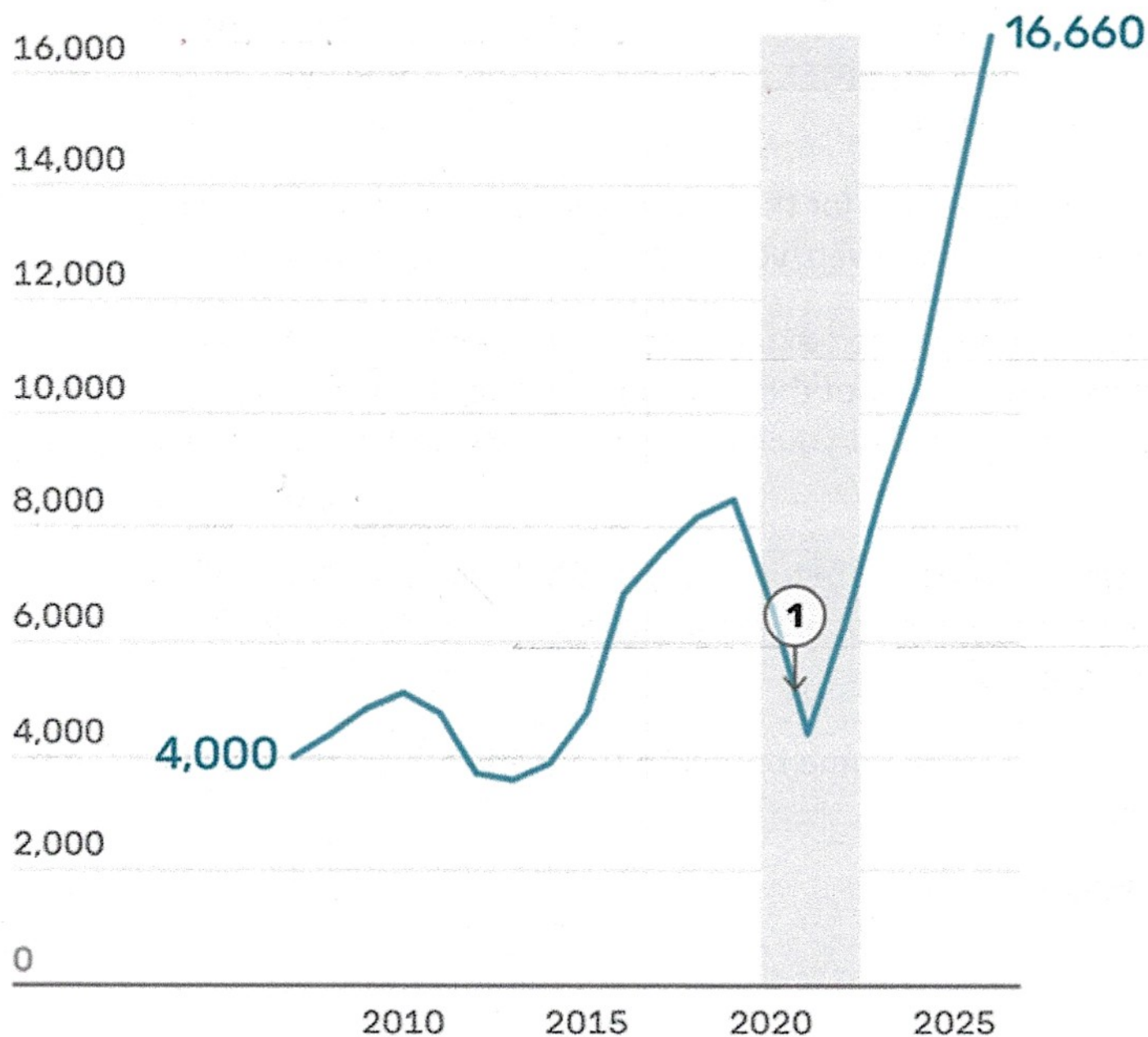
Many accidental landlords are betting they can hold off on selling until the market improves, but that's not always a guarantee, said Martin, lead with the Houston Properties Team. *Note*

"The downside is you could come back into the market in a year and still have the same frustration."

A glut of rental listings

Houston single-family rental listings surge

Rental supplies have skyrocketed since the pandemic. The chart shows the average number of single-family, townhome and condominium home rentals available for lease.



① Pandemic housing boom

Chart: Marissa Luck / Houston Chronicle • Source: John Burns Research and Consulting

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Houston homeowner Arpita Sharma is photographed on Sept. 18, 2026 at the Cottage Grove property she's considering converting into a rental soon. (Raquel Natalicchio/Houston Chronicle)

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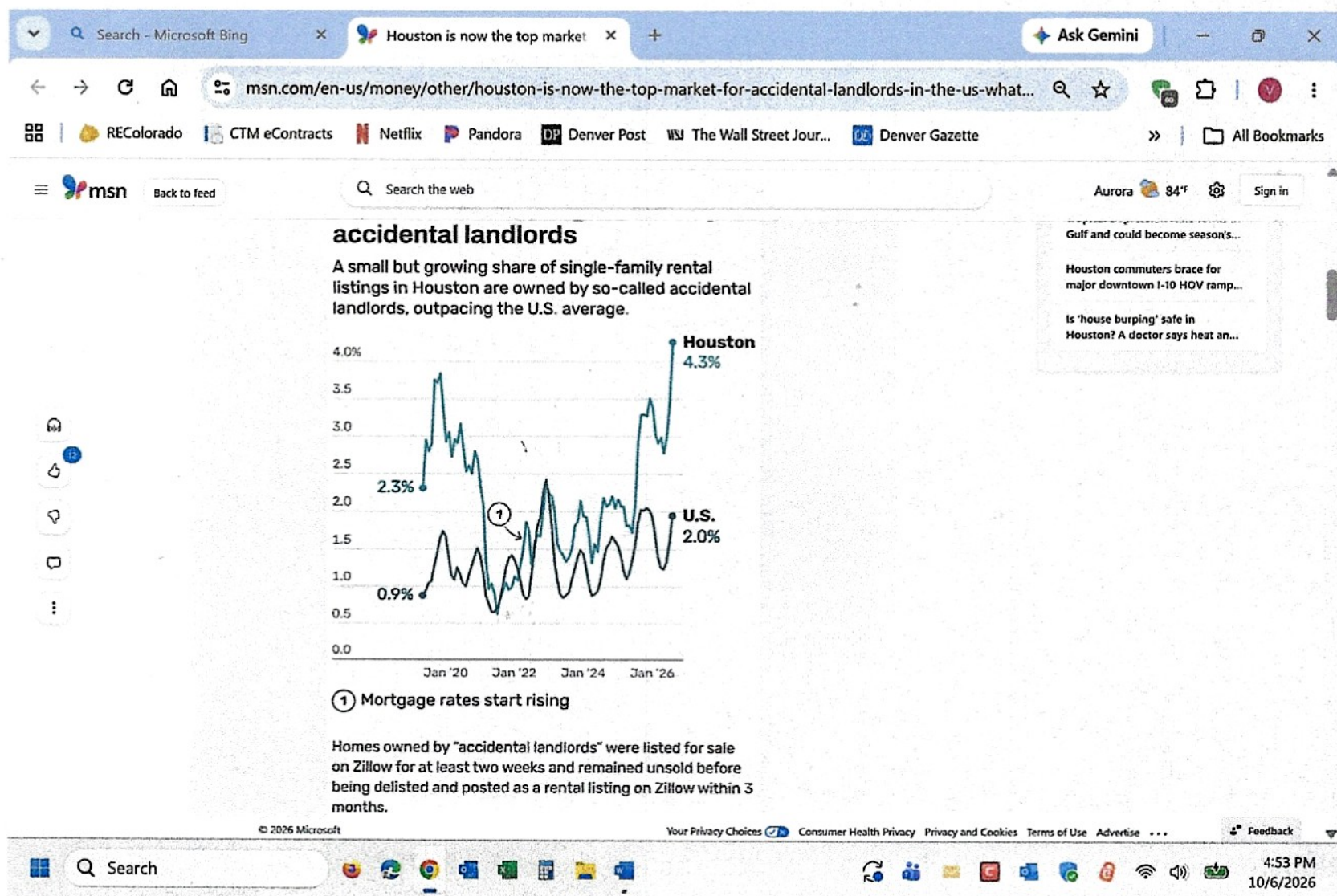
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