



SINGLE-FAMILY RENTALS IN BUILD-TO-RENT COMMUNITIES

MAY 2024

National Housing Snapshot

Total U.S. Housing Units	142.5	MILLION UNITS
Total Occupied Households	127.4	MILLION UNITS
Renter Occupied Households <i>~20MM Professionally Managed Multifamily</i>	44.0	MILLION UNITS
Single Family Rentals <i>3-4% (~600K-800K units) Institutional Owned SFR ~340K units in Build-to-Rent Communities</i>	20.0	MILLION UNITS

The Four Types of Single-Family Build-to-Rent

HORIZONTAL MULTIFAMILY

- 1,500 sq ft
- 1-3 bedrooms
- \$1,300-\$1,900 rents
- Single-level cottage homes, enclosed small backyards
- NextMetro & Lennar in Phoenix and Denver pioneered concept
- Fully amenitized community-pool/clubhouse

TWO-STORY TOWNHOMES AND/OR ATTACHED ROW HOUSES

- 1,700 sq ft
- 2-3 bedrooms
- \$1,300-\$1,900 rents
- Western U.S.
- Partial to no amenities

LUXURY SINGLE-FAMILY

- 2,000-3,000 sq ft
- >4 bedrooms
- \$4,500-\$7,000 monthly rents
- California + Nevada
- No community amenities

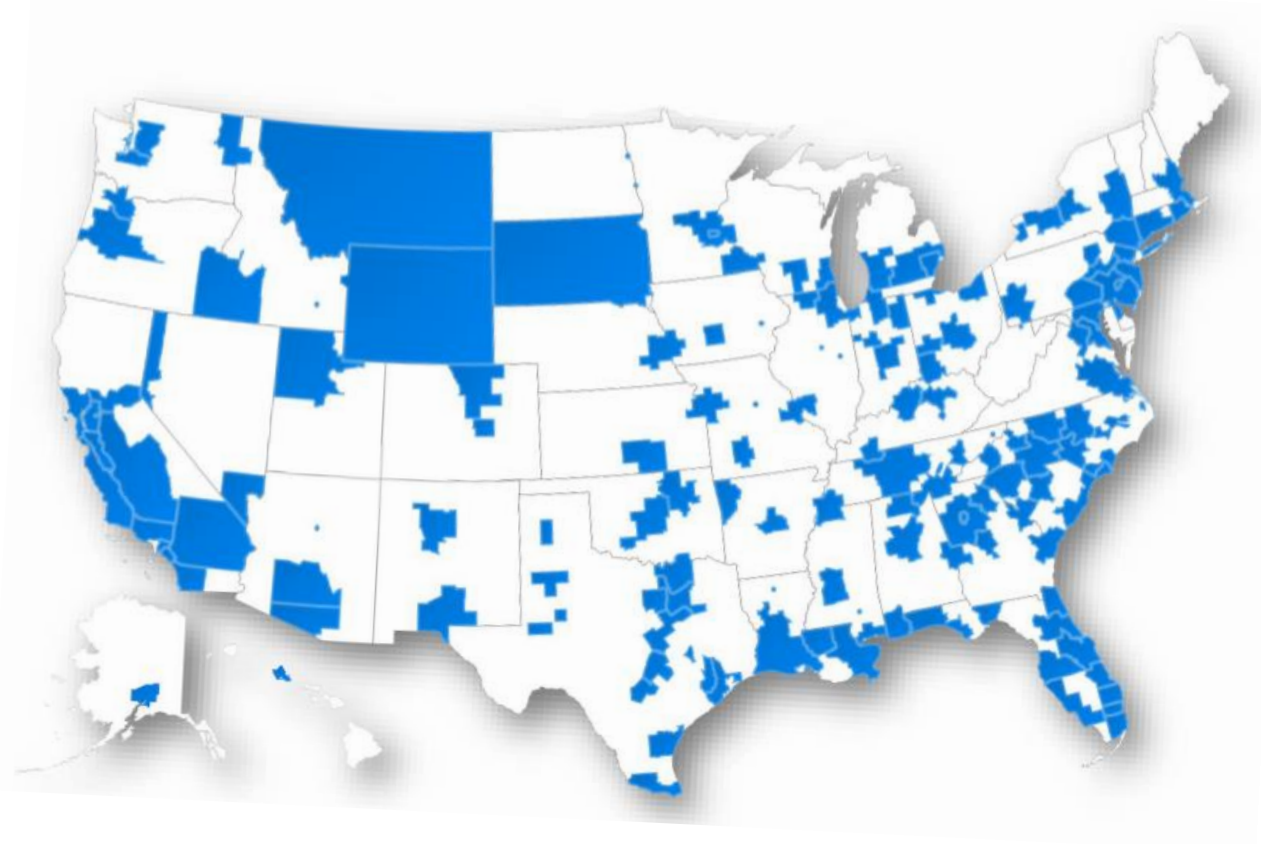
TRADITIONAL SINGLE-FAMILY

- 1,800-2,500 sq ft
- 3-4 bedrooms
- Southeastern U.S. (Nashville, TN)
- Larger lot sizes

Single-Family Rentals in Build-to-Rent Communities (SFR BTR) Are *now a Part of the Yardi Matrix Data Service!*

Yardi Matrix Single-Family Rental Coverage Map

Status	Properties	Units
Completed	1,294	163,569
Under Construction	382	64,151
Planned	178	35,511
Prospective	262	48,230
TOTALS	2,116	311,461



Yardi Matrix coverage include single-family rentals and built-to-rent over 50 units. Complete explanation of our definition is available upon request

Data as of January 2024 | Source: Yardi Matrix



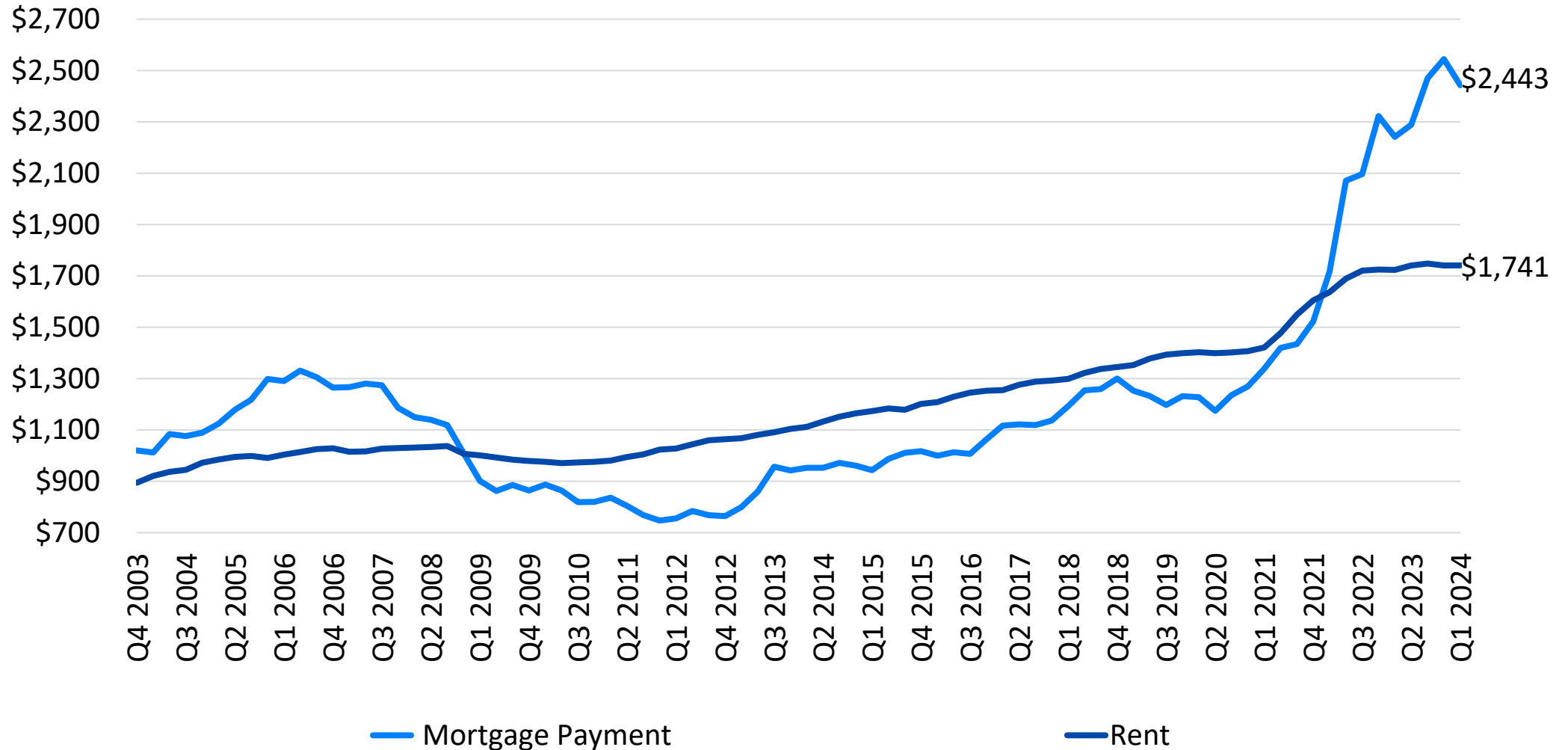
SFR BTR Demand Strong Among Millennials and Blue-Collar Workers

SINGLE-FAMILY RENTAL DEMAND DRIVERS:

- **Work from home**
 - 52% of workers are back to the office – hybrid work is becoming the norm
 - More conducive to work than noisy apartments
 - Offers more space for multiple workspaces
- **Household formation growth** during the pandemic as a result of:
 - Employment/wage growth
 - Stimulus payments
 - Increased savings
- **Declining affordability of homeownership**
 - 61% of renters in the largest metros are priced out of homebuying
 - SFR is prime for millennials and blue-collar workers who would like to buy a house but are priced out
- **Demographics**
 - Millennials and blue-collar workers
 - Ages 24 to 40
 - Salaries averaging \$60,000 to \$70,000 a year

Renting Has Become a Better Deal Compared to the Cost of Owning

Home Mortgage Payment vs. Rent



Renting Is Cheaper Than Purchasing A Home By Thousands of Dollars in Nearly Half of Matrix Top Metros

Market	Mortgage Payment	Rent	Difference
San Francisco	\$7,618	\$2,775	\$4,843
San Diego	\$6,074	\$2,726	\$3,348
Seattle	\$5,182	\$2,184	\$2,998
Los Angeles	\$5,579	\$2,601	\$2,978
Denver	\$4,264	\$1,940	\$2,325
Portland	\$3,764	\$1,732	\$2,033
Boston	\$4,530	\$2,769	\$1,761
Washington DC	\$3,865	\$2,137	\$1,728
N. New Jersey	\$4,140	\$2,475	\$1,665
Miami	\$3,977	\$2,437	\$1,540
Las Vegas	\$2,961	\$1,474	\$1,487
Austin	\$3,144	\$1,717	\$1,427
Raleigh	\$3,001	\$1,612	\$1,390
Phoenix	\$3,002	\$1,652	\$1,350
Charlotte	\$2,565	\$1,614	\$950

Market	Mortgage Payment	Rent	Difference
Nashville	\$2,589	\$1,657	\$932
Orlando	\$2,732	\$1,834	\$898
Twin Cities	\$2,407	\$1,518	\$888
Dallas	\$2,434	\$1,565	\$868
Baltimore	\$2,512	\$1,699	\$813
Houston	\$2,169	\$1,371	\$798
Kansas City	\$2,063	\$1,277	\$785
Columbus	\$2,027	\$1,298	\$728
Tampa	\$2,537	\$1,847	\$690
Atlanta	\$2,380	\$1,693	\$688
Indianapolis	\$1,849	\$1,288	\$561
Philadelphia	\$2,252	\$1,747	\$504
Chicago	\$2,292	\$1,891	\$402
Detroit	\$1,583	\$1,263	\$320

Gateway markets are bold. New York excluded from list due to significant differences between metro division and Matrix boundaries. Data as of Q4 2023

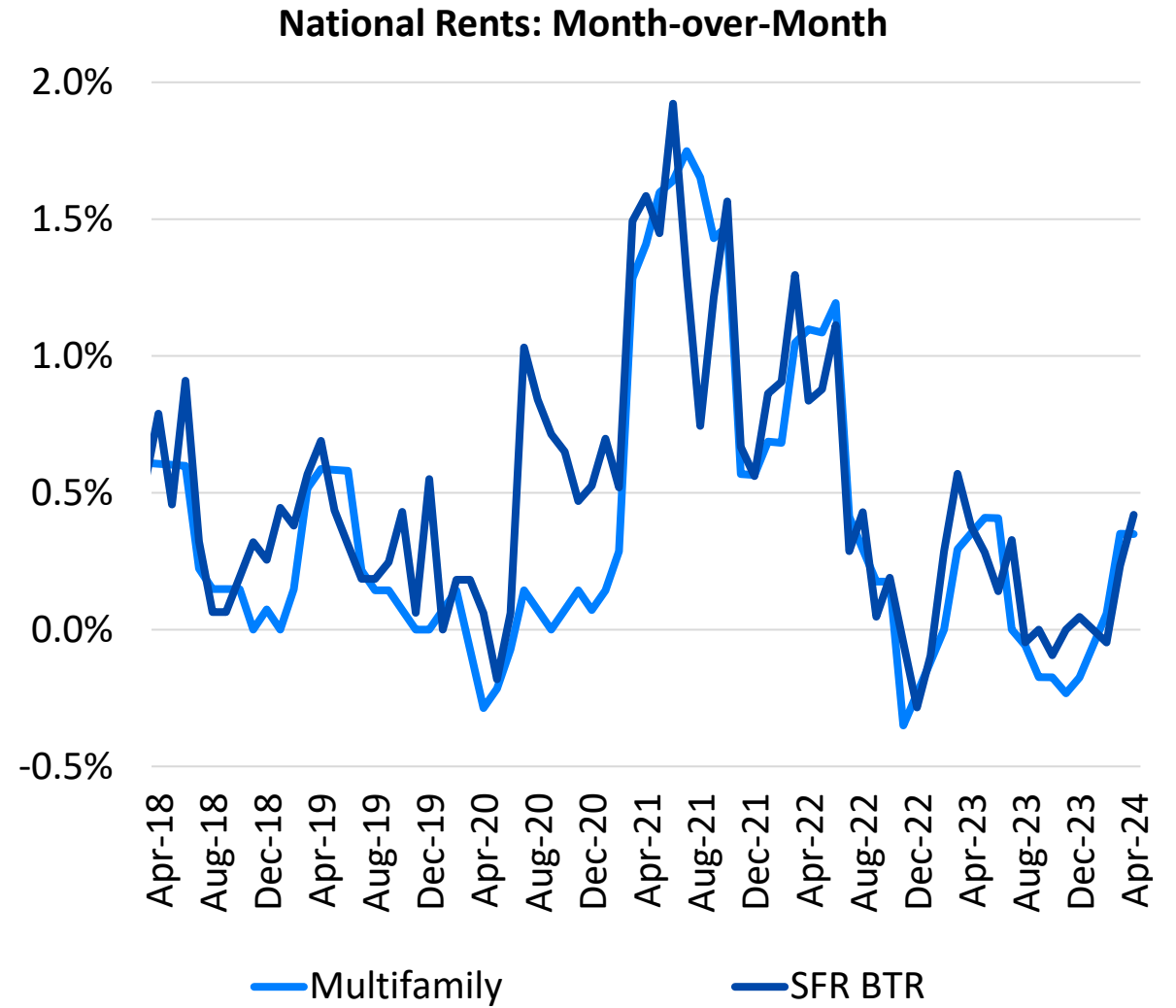
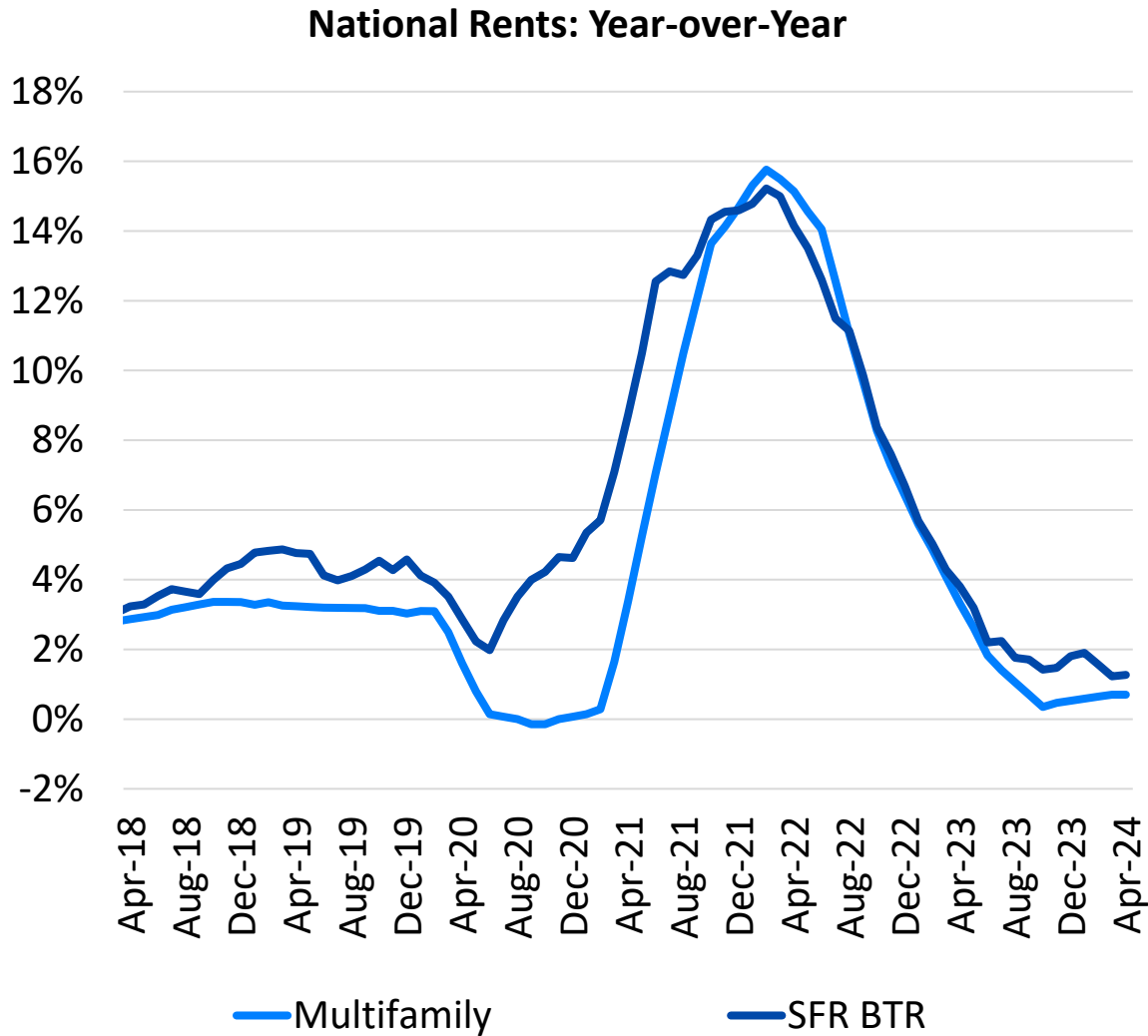
Source: Yardi Matrix; Moody's Analytics



SFR BTR Development Trends

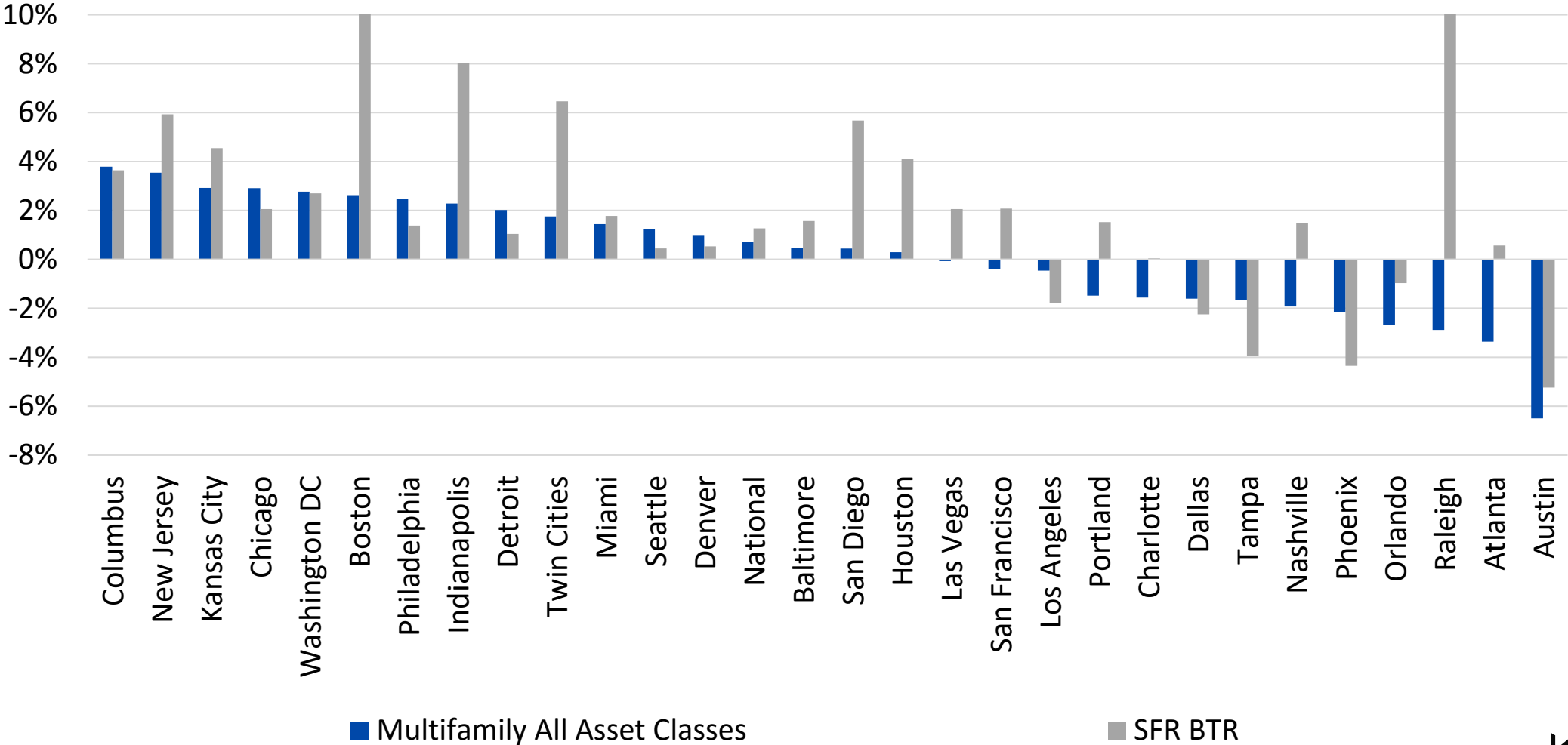
- Amenities
 - Most popular: on-site maintenance and a community
 - Highly desired: better parking, storage, privacy and a yard (even if small)
 - Bonus: apartment-like amenities such as a pool, clubhouse and trails
- **Smart home technology is a MUST** – will likely become standard
 - Plan for future demand – EV charging in garages
- Design homes to accommodate frequent moving
 - Resilient materials (e.g., laminate faux wood flooring, granite/quartz countertops)
 - Wider hallways
 - Standardized appliances
- Flex SF and lot size by location based on consumer demand
 - Young singles and couples prefer pet-friendly units
 - Young families prefer large common areas
 - Singles and couples want an attached garage

Rent Growth for SFR BTR Has Been Slightly Stronger in Most Recent Months



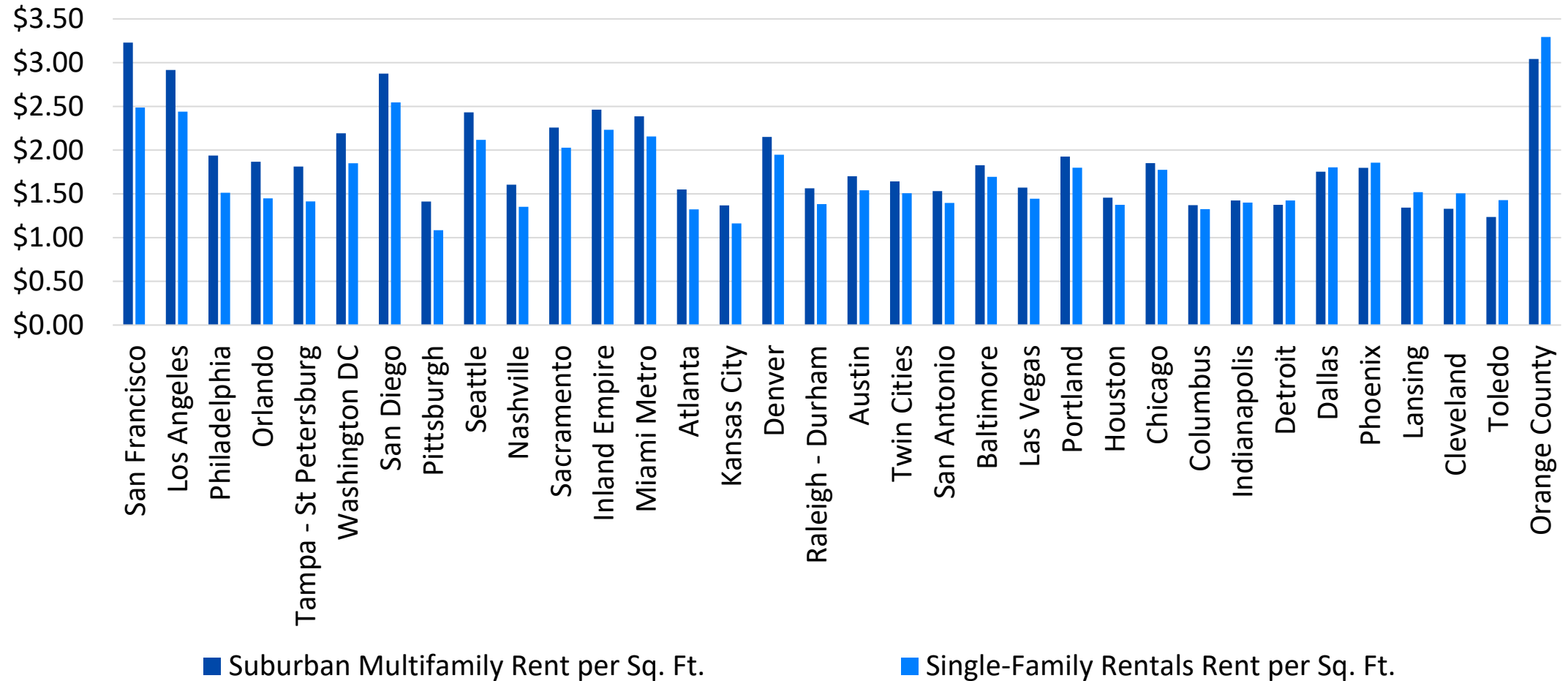
Raleigh, Nashville, and Portland Are Seeing SFR BTR Rent Growth Despite Overall Multifamily Rent Declines

Year-Over-Year Rent Growth - Multifamily vs SFR BTR



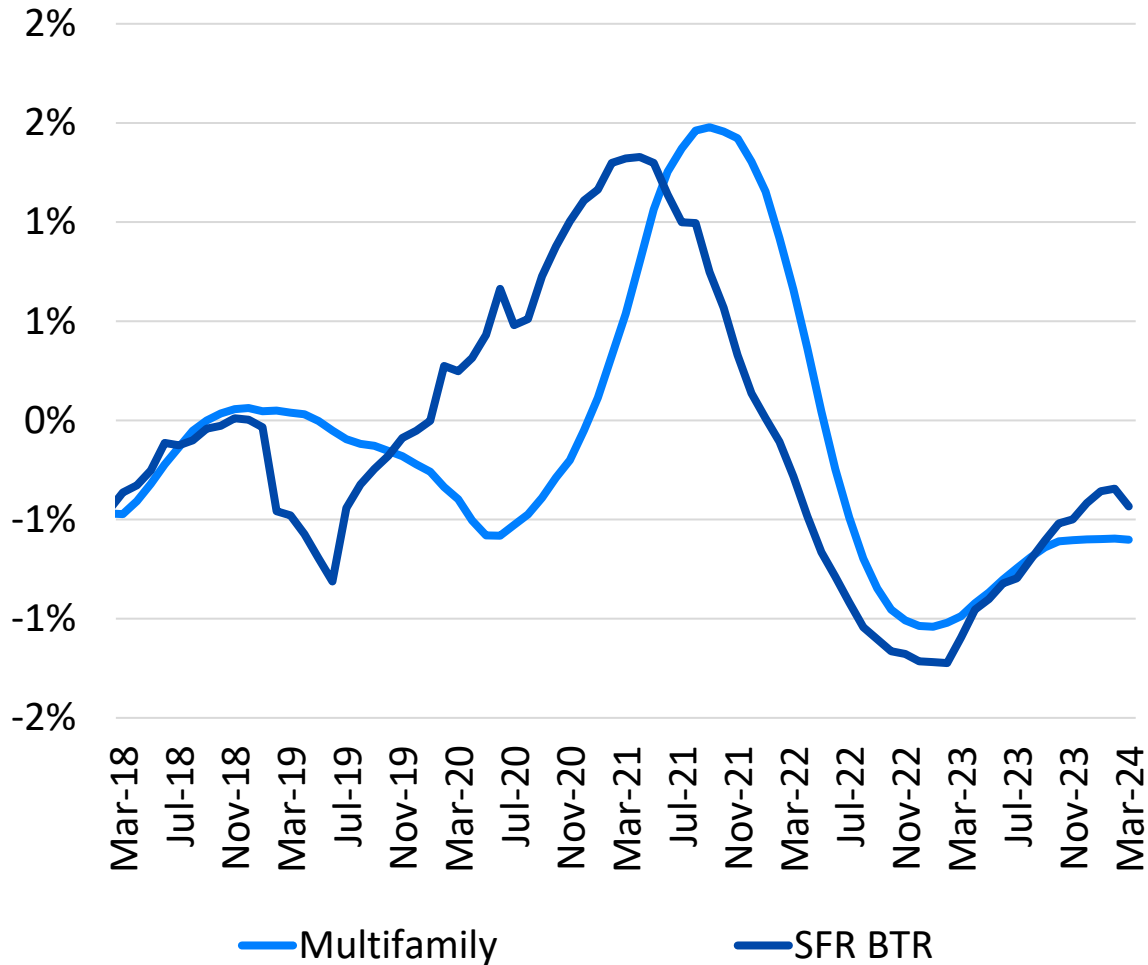
SFR BTR Rents per Sq. Ft. Are Closely Related to Suburban Multifamily Rents

April 2024 Rent per Sq. Ft.
Suburban Multifamily vs. Single-Family Rentals

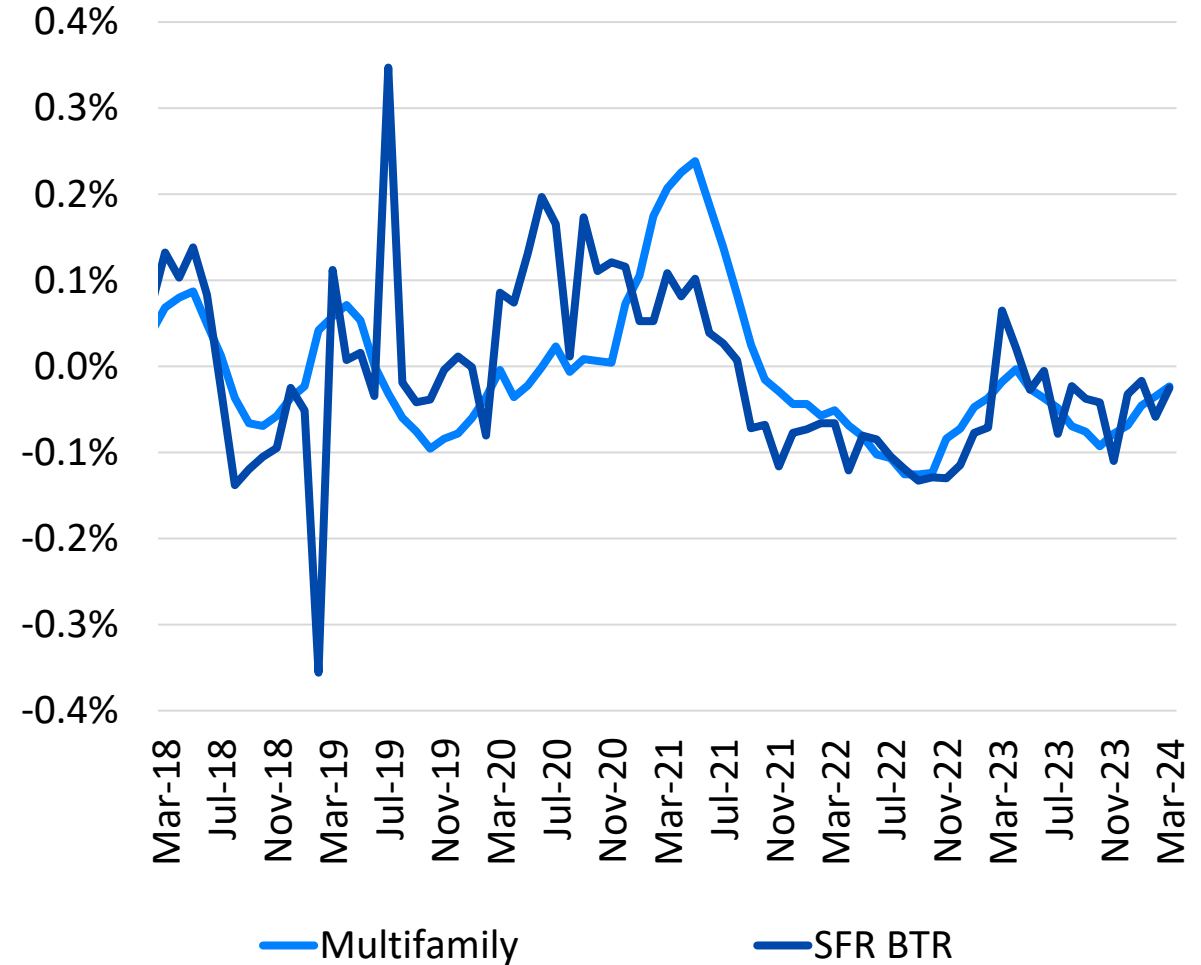


Occupancy Growth for SFR BTR Has Been Stronger in Recent Months

National Occupancy: Year-over-Year

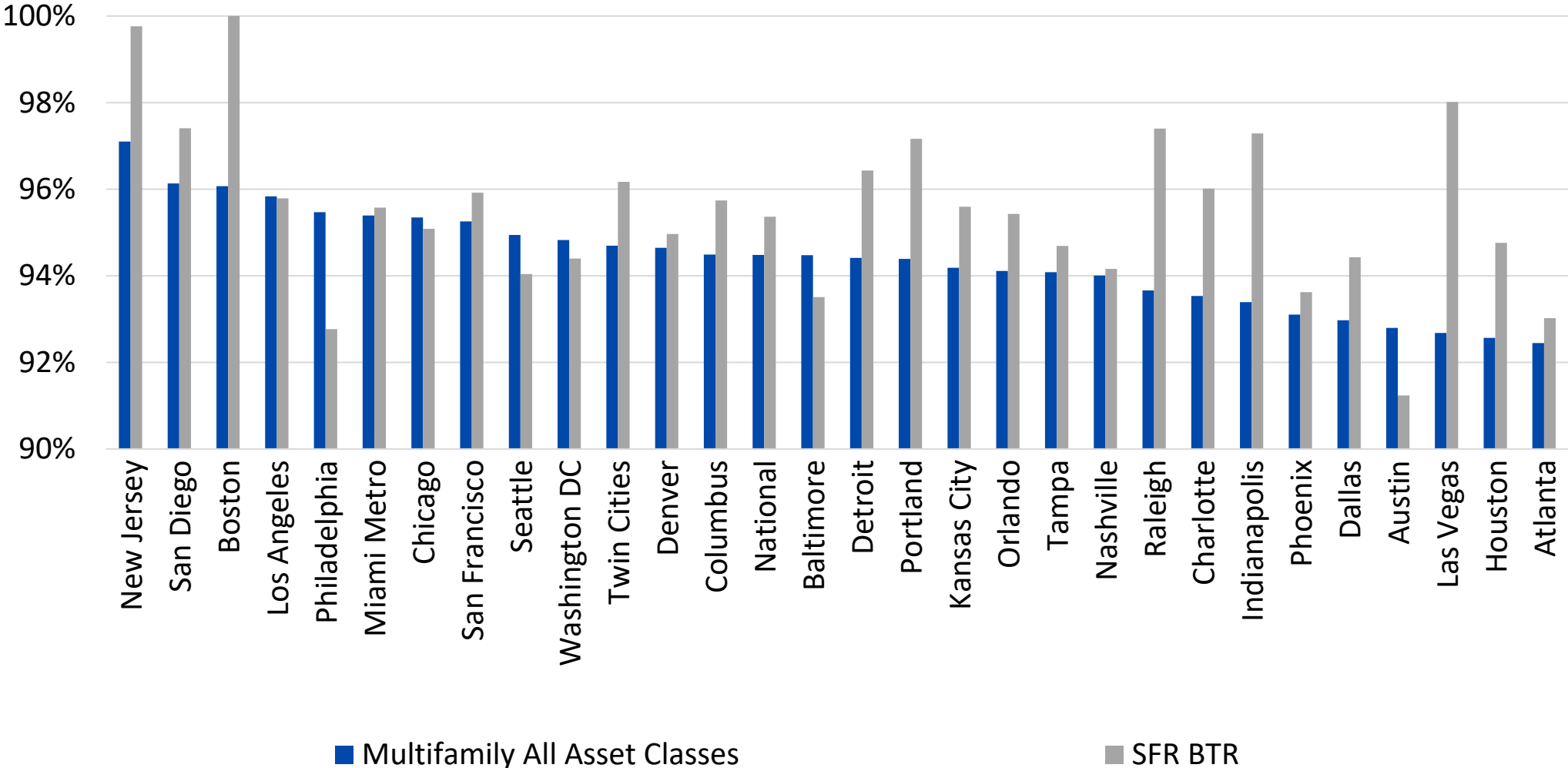


National Occupancy: Month-over-Month



Over Three-Fourths of Matrix Top 30 Markets Are Posting Higher Occupancies In SFR BTR Than The Overall Multifamily Asset Class

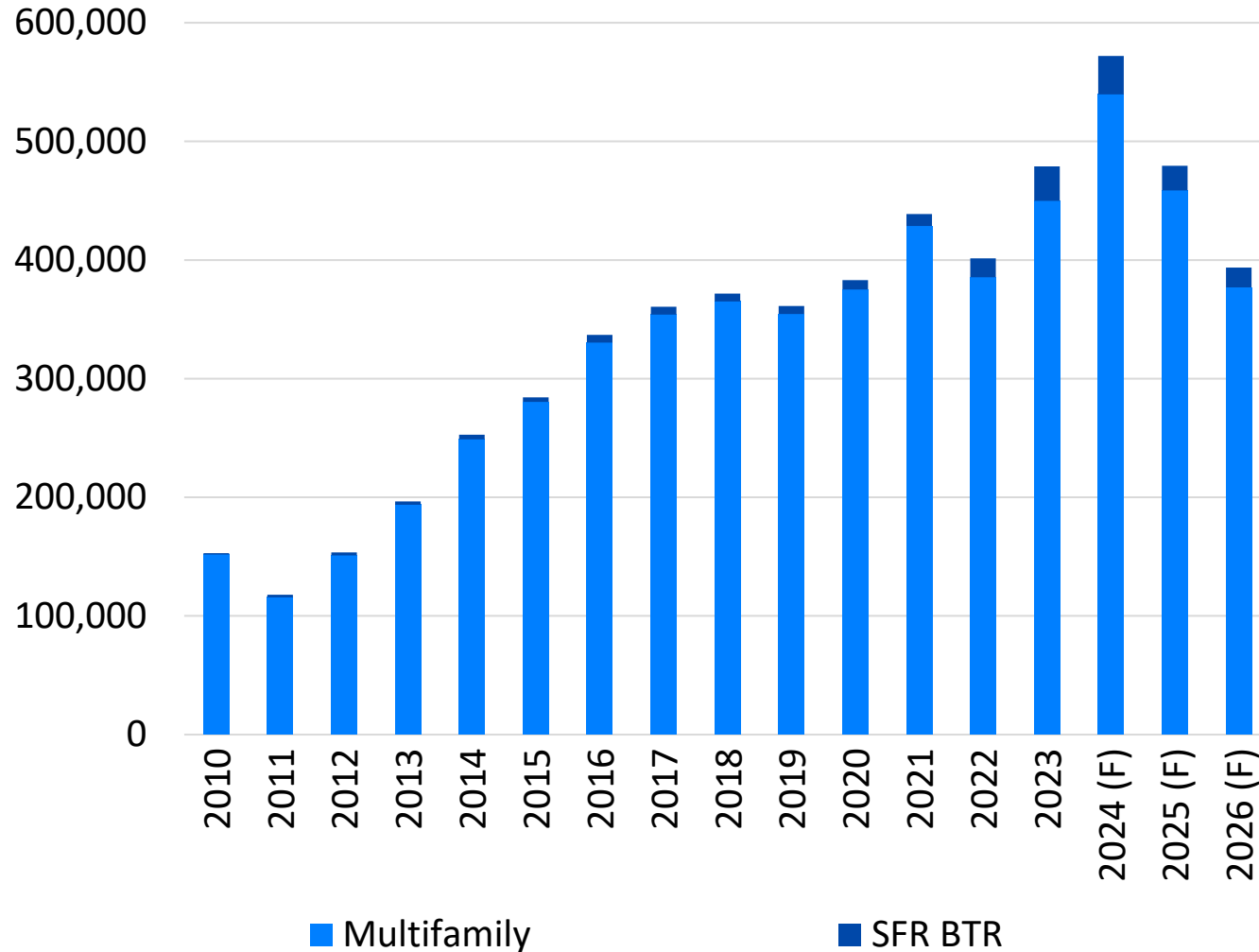
Occupancy - Multifamily vs SFR BTR



Filtered for properties completed in 2022 and earlier. New York excluded due to lack of SFR BTR product. Data as of March 2024 | Source: Yardi Matrix

New Supply is Expected to Decline After 2024's Peak

Supply Pipeline

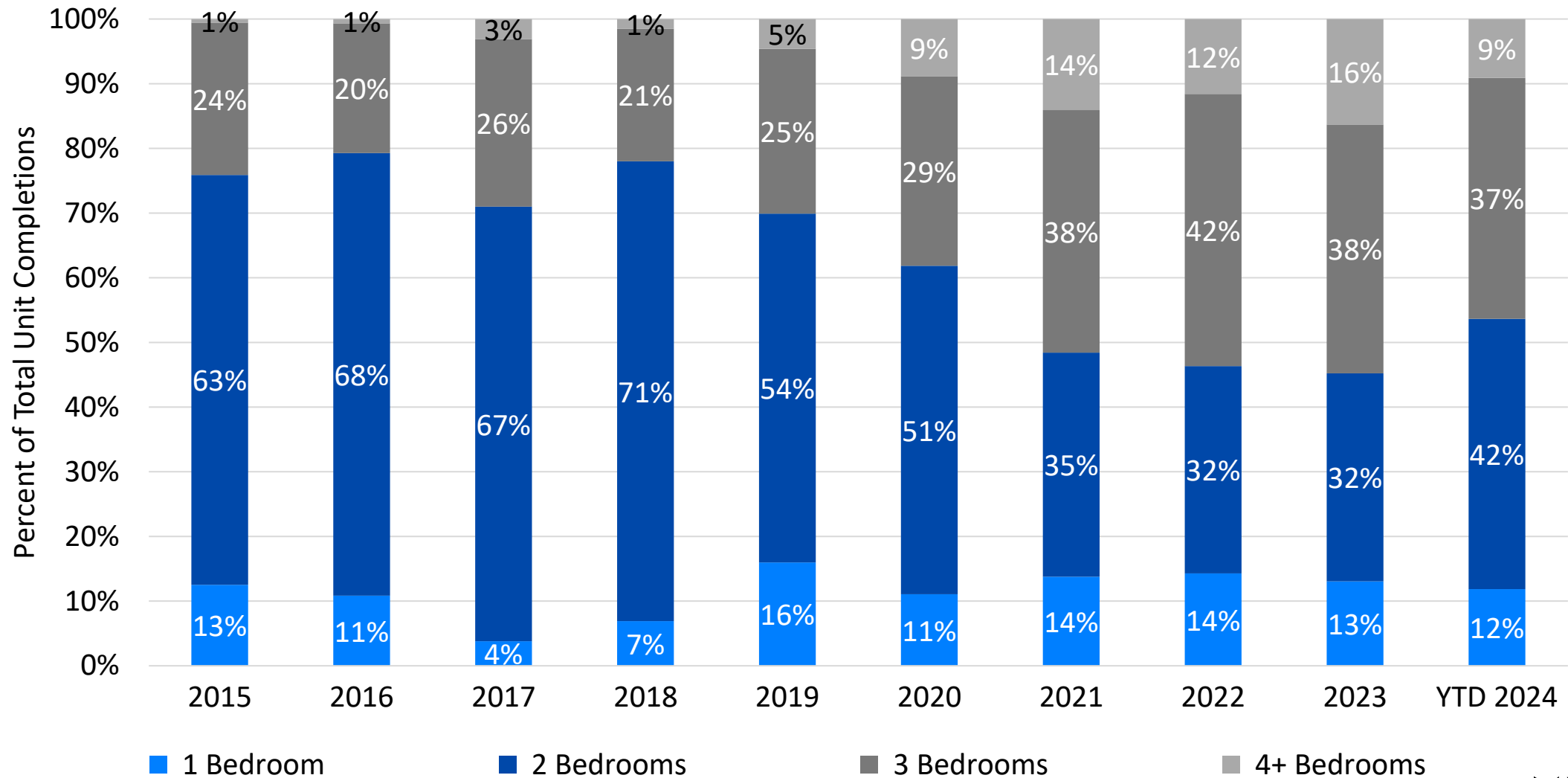


Year	# of SFR BTR Deliveries	SFR BTR Deliveries as a % of Total MF
2010	1,134	0.7%
2011	2,191	1.9%
2012	2,612	1.7%
2013	2,825	1.5%
2014	4,056	1.6%
2015	3,771	1.3%
2016	6,434	1.9%
2017	6,552	1.9%
2018	6,640	1.8%
2019	6,752	1.9%
2020	7,839	2.1%
2021	10,078	2.4%
2022	15,957	4.1%
2023	29,088	6.5%
2024 (F)	32,349	6.0%
2025 (F)	20,759	4.5%
2026 (F)	16,688	4.4%

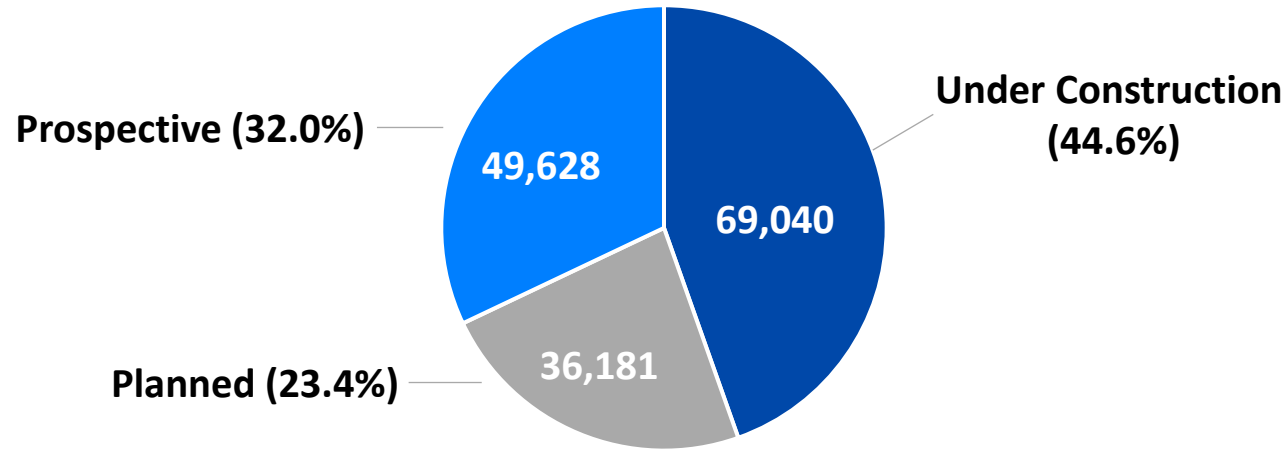


Two Bedroom Units No Longer Make Up the Majority of SFR BTR Completions and Units with 3+ Bedrooms Have Become as Equally Popular in Recent Years

SFR BTR Completions by Bedroom Count



New SFR BTR Supply Pipeline: Where is New Supply Concentrated?



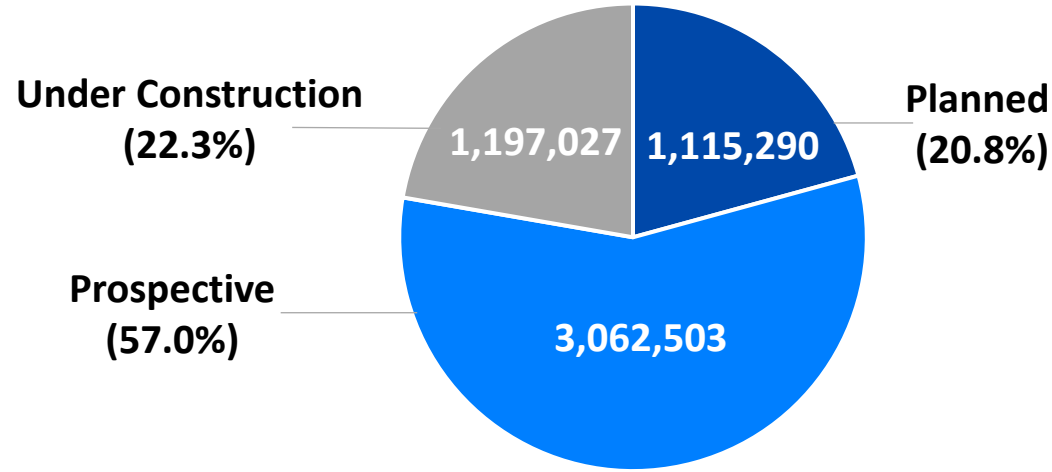
Top 10 Markets	Units	UC as a % of Existing Stock
Huntsville	2635	452.7%
Mankato	228	407.1%
Orlando	2617	252.1%
Omaha	299	198.0%
Providence	192	193.9%
Colorado Springs	486	182.7%
Atlanta - Urban	444	176.9%
Wilmington	299	170.9%
SW Florida Coast	1592	161.5%
N. New Jersey	97	156.5%

Top 10 Markets	Units	Planned as a % of Existing Stock
Boston - Urban	341	355.2%
Omaha	514	340.4%
N. Central Florida	1,247	179.4%
Fayetteville NC	755	174.4%
Wilmington	280	160.0%
Orlando	1,330	128.1%
Huntsville	740	127.1%
SW Florida Coast	1,187	120.4%
Chattanooga	357	113.0%
Louisville	207	108.9%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Mankato	820	1464.3%
Northern Virginia	885	425.5%
Bay Area - East Bay	798	359.5%
Colorado Springs	580	218.0%
Athens	1547	207.4%
Orlando	2115	203.8%
Chattanooga	591	187.0%
Columbia	644	185.1%
Charlotte	2942	109.4%
Savannah	778	108.5%



New Multifamily Supply Pipeline: Where is New Supply Concentrated?



Top 10 Markets	Units	UC as a % of Existing Stock
Montana	5,227	28.5%
Huntsville	11,160	25.2%
Boise	6,078	22.4%
Colorado Springs	9,328	20.3%
Austin	57,264	19.7%
Port St. Lucie	3,554	19.5%
SW Florida Coast	17,284	19.3%
South Dakota	5,496	18.6%
New Bern	2,006	17.9%
Charlotte	36,078	16.6%

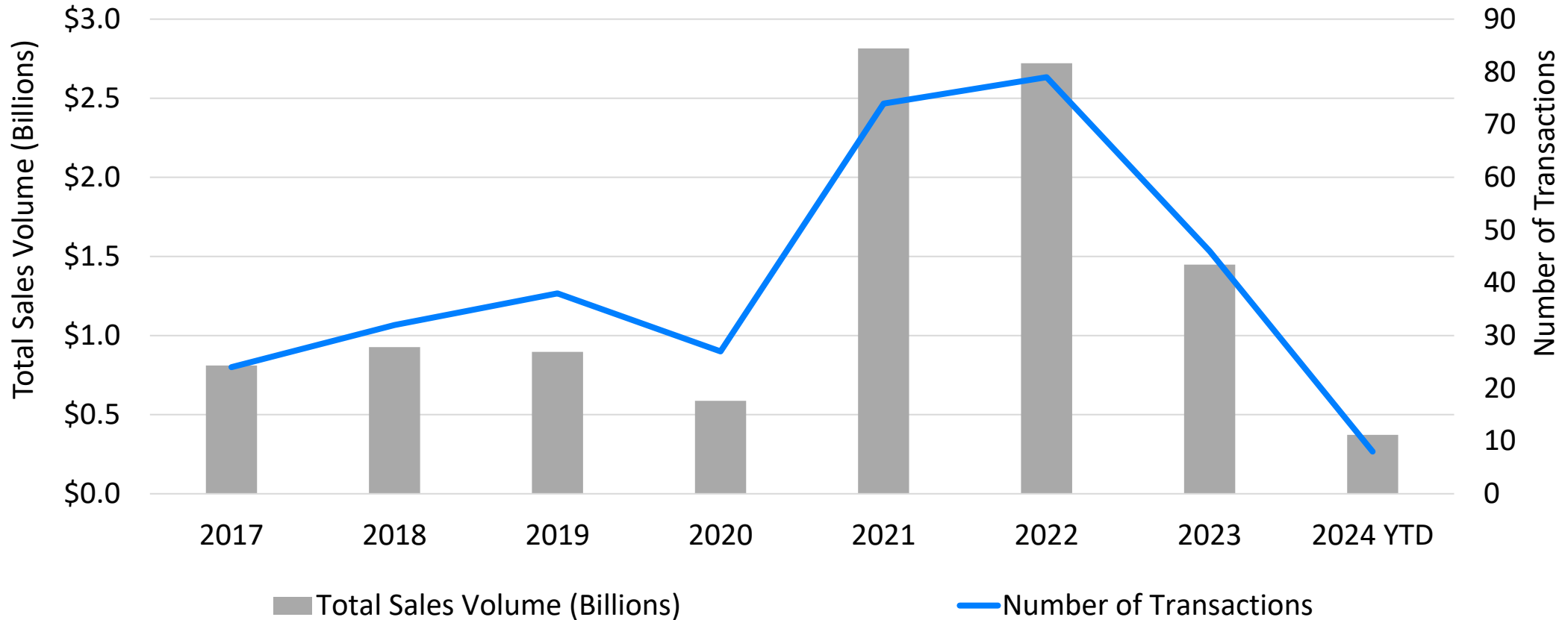
Top 10 Markets	Units	Planned as a % of Existing Stock
Asheville	6,725	30.6%
Miami	50,187	30.5%
Boise	7,898	29.1%
Port St. Lucie	4,735	25.9%
Portland ME	2,939	19.1%
Fort Lauderdale	22,923	19.1%
Los Angeles-Metro	36,334	17.1%
SW Florida Coast	15,035	16.8%
Clarksville	2,258	16.3%
N. New Jersey	42,148	15.9%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Miami	115,431	70.1%
SW Florida Coast	58,375	65.2%
Boise	17,041	62.9%
Port St. Lucie	11,279	61.8%
Wilmington	12,106	48.8%
Raleigh - Durham	84,349	45.6%
Orlando	113,942	42.9%
N. Central Florida	24,091	40.6%
Montana	7,329	40.0%
Central Coast	13,869	39.0%



While SFR BTR Sales Have Slowed, They Continue to Account for More of the Total Multifamily Transaction Volume

SFR BTR Annual Sales Volume



SFR BTR as a % of Total MF Transactions	2017	2018	2019	2020	2021	2022	2023	2024 YTD
	0.6%	0.8%	0.9%	0.8%	1.3%	1.7%	2.5%	2.2%

However, This Could Also Create SFR/BTR Investment Opportunities

- Low housing inventory and elevated interest rates will continue to drive demand for rental housing as an increasing number of traditional home buyers are pulling out of the market
- **Builders are stuck with more inventory than they can sell as sales slow**
 - Selling to landlords is cheaper— involves less customizations and reduces sales and marketing expenses
 - **Offering bulk packages of unsold houses at discounts as high as 20% to landlords**
- Investor focus is primarily existing homes
 - As of July 2023, new home purchases were only around 2% of investor home purchases (John Burns RE Consulting)
- Landlords are looking towards new construction as the inventory of existing homes is bought up by traditional and investor buyers
 - **Pretium Partners** paying home builder, D.R. Horton, **\$1.5B for more than 4,000 new homes** across the Southeast and Southwest regions
 - **\$3.5 Blackstone** deal to take **Tricon Residential Inc.** private and will continue to complete the company's **\$1B development pipeline** of new single-family rental homes



THANK YOU

Feel free to contact me with any questions.

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