



SINGLE-FAMILY RENTALS IN BUILD-TO-RENT COMMUNITIES

JUNE 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

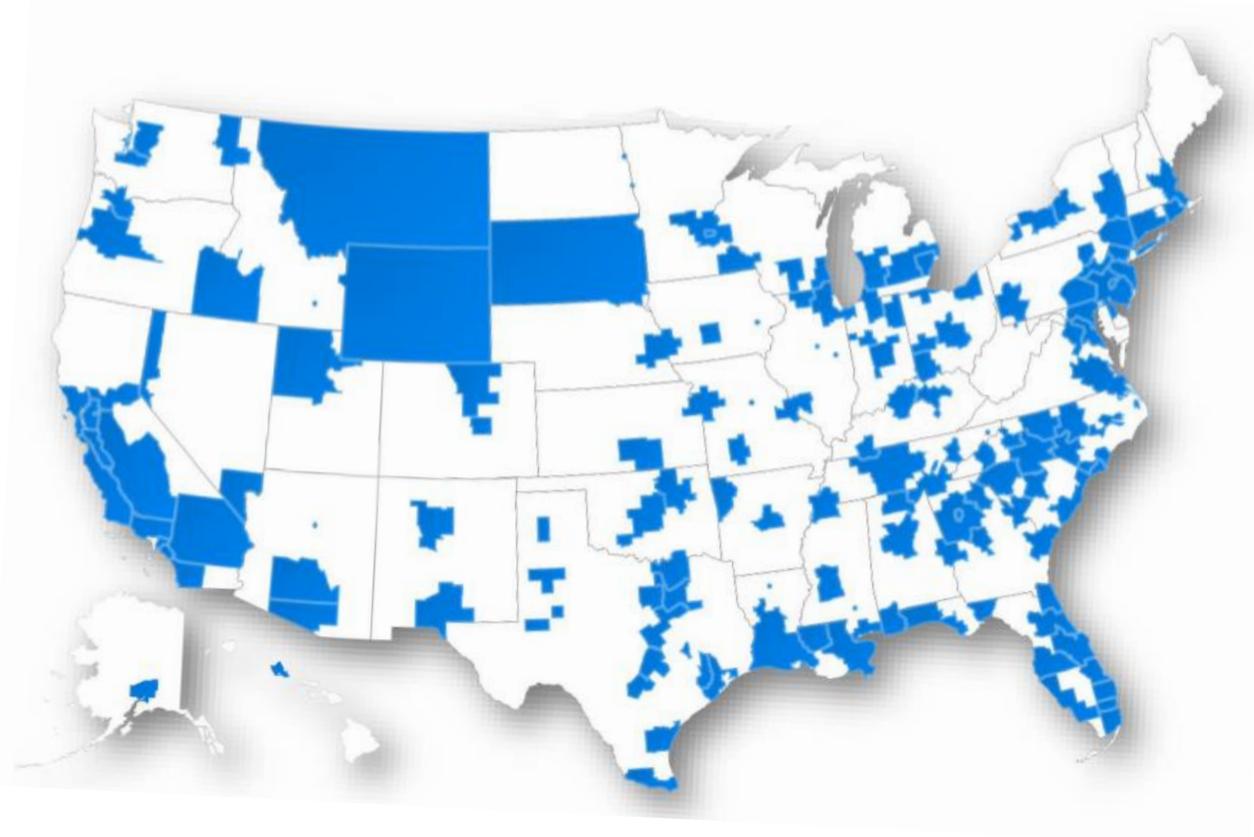
TRADITIONAL SINGLE-FAMILY

- 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	1,434	180,380
Under Construction	432	72,299
Planned	187	36,370
Prospective	292	53,443
TOTALS	2,345	342,492



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 June 2024 | Source: Yardi Matrix



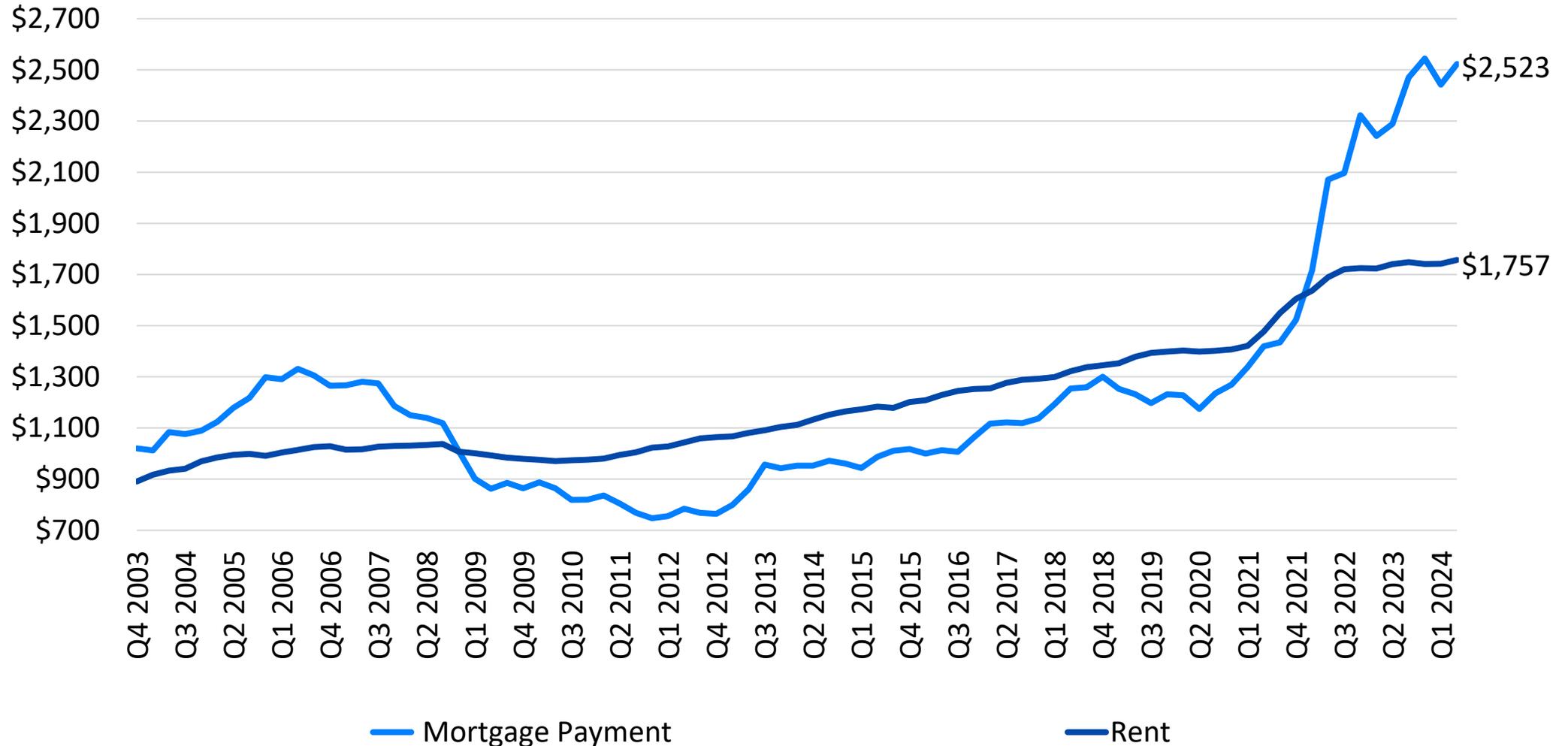
SFR BTR Demand Strong Among Millennials and Blue-Collar Workers

SINGLE-FAMILY RENTAL DEMAND DRIVERS:

- **Work from home**
 - 54% of workers are hybrid
 - 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 is Still 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	\$7,264	\$2,776	\$4,488
San Diego	\$5,874	\$2,707	\$3,167
Los Angeles	\$5,399	\$2,598	\$2,801
Seattle	\$4,975	\$2,186	\$2,789
Denver	\$4,062	\$1,940	\$2,122
Portland	\$3,609	\$1,730	\$1,879
Boston	\$4,374	\$2,773	\$1,601
Washington DC	\$3,726	\$2,149	\$1,577
N. New Jersey	\$3,996	\$2,485	\$1,511
Miami	\$3,841	\$2,453	\$1,388
Las Vegas	\$2,818	\$1,477	\$1,341
Austin	\$3,000	\$1,694	\$1,306
Raleigh	\$2,861	\$1,601	\$1,260
Phoenix	\$2,862	\$1,647	\$1,215
Charlotte	\$2,448	\$1,607	\$841

Market	Mortgage Payment	Rent	Difference
Nashville	\$2,466	\$1,647	\$819
Orlando	\$2,606	\$1,832	\$774
Twin Cities	\$2,303	\$1,531	\$772
Dallas	\$2,326	\$1,556	\$770
Baltimore	\$2,429	\$1,700	\$729
Houston	\$2,074	\$1,370	\$704
Kansas City	\$1,965	\$1,291	\$674
Columbus	\$1,936	\$1,312	\$624
Tampa	\$2,432	\$1,840	\$592
Atlanta	\$2,271	\$1,682	\$589
Indianapolis	\$1,788	\$1,300	\$488
Philadelphia	\$2,185	\$1,750	\$435
Chicago	\$2,205	\$1,900	\$305
Detroit	\$1,512	\$1,273	\$239

Gateway markets are bold. New York excluded from list due to significant differences between metro division and Matrix boundaries. Data as of Q1 2024

Source: Yardi Matrix; Moody's Analytics

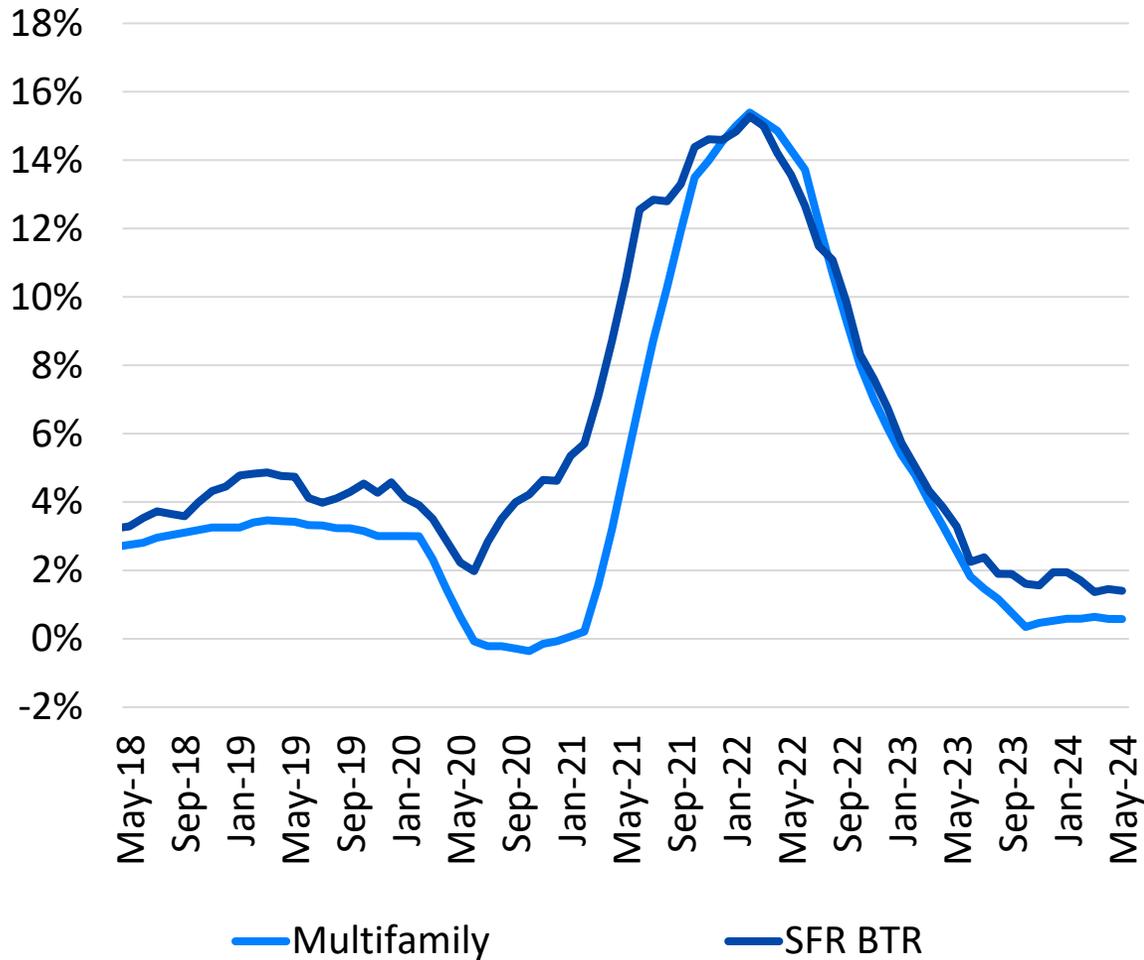


SFR BTR Development Trends

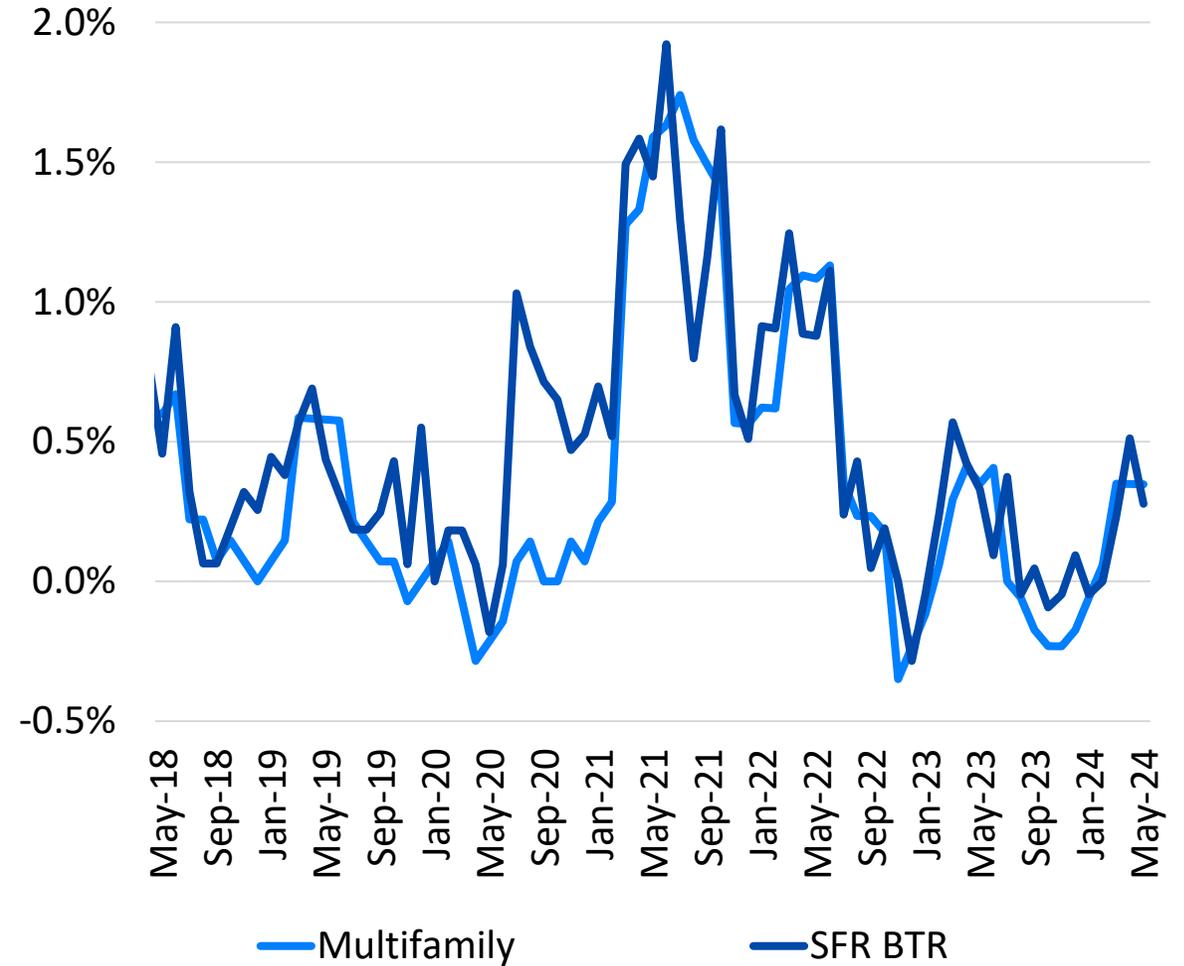
- Amenities
 - Most popular: on-site maintenance and a community
 - Highly desired: better parking, storage, privacy and a yard (even if small)
 - Bonus: apartment-like amenities such as a pool, clubhouse and trails
- **Smart home technology is a MUST** – will likely become standard
 - Plan for future 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 Than Multifamily in Recent Months

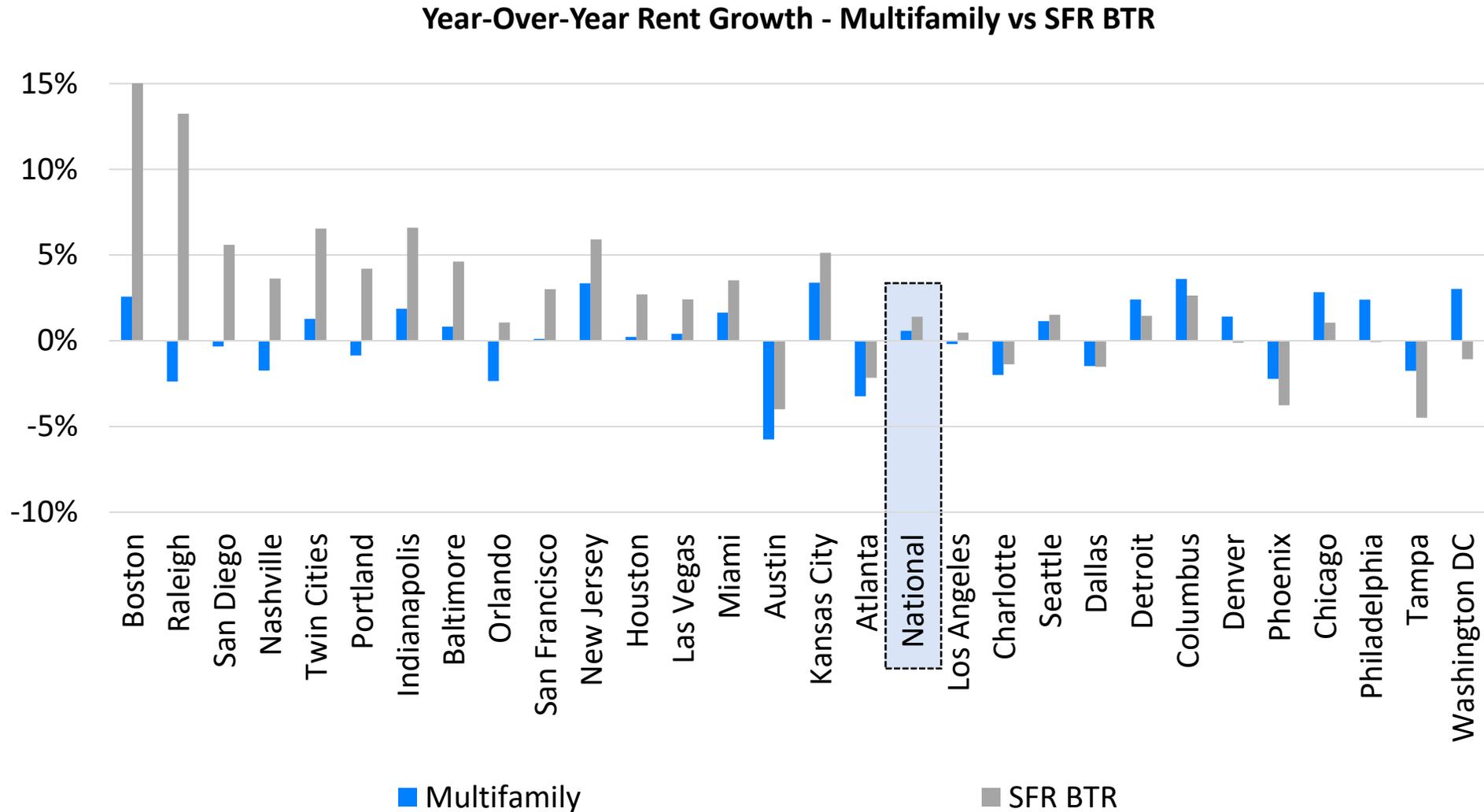
National Rents: Year-over-Year



National Rents: Month-over-Month

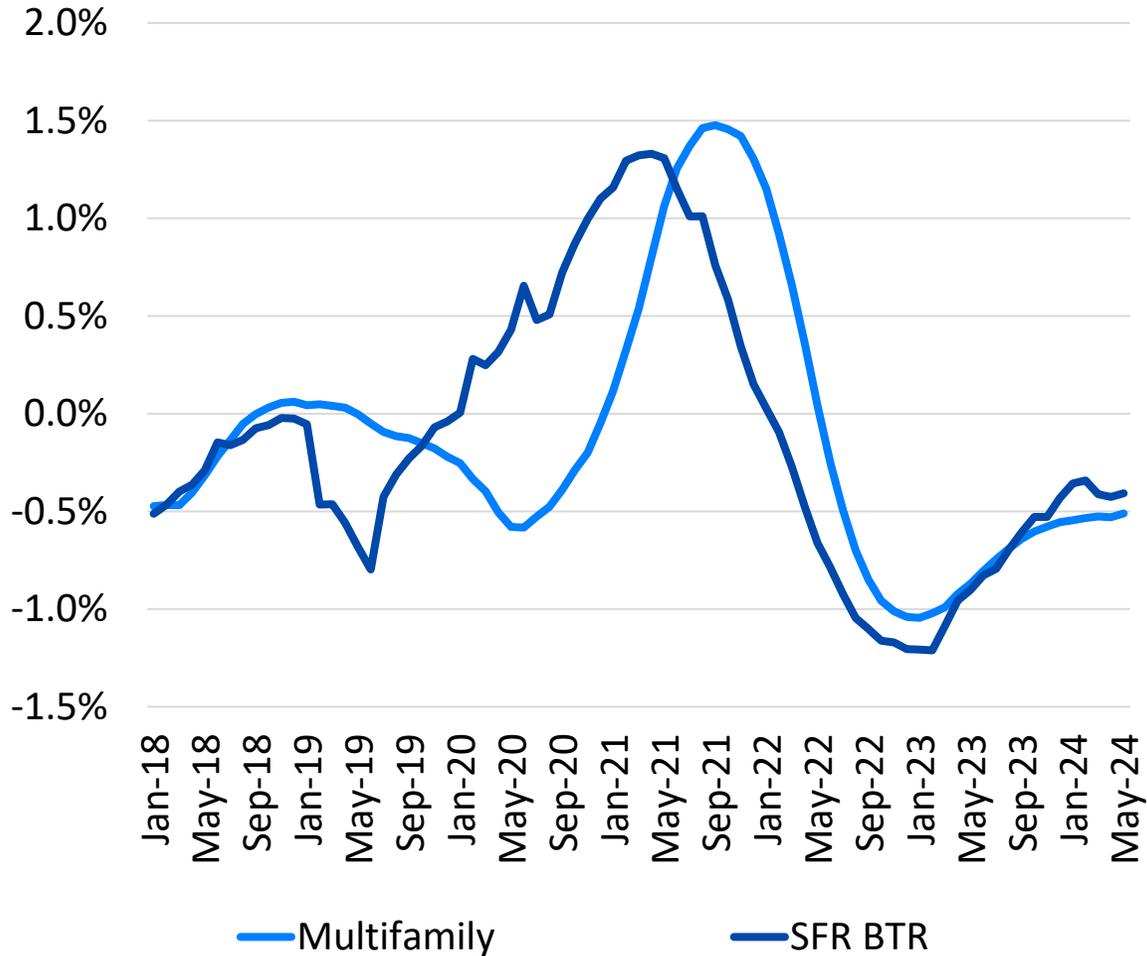


Annual Rent Growth Was Higher for SFR BTR Than for Multifamily in Most Markets

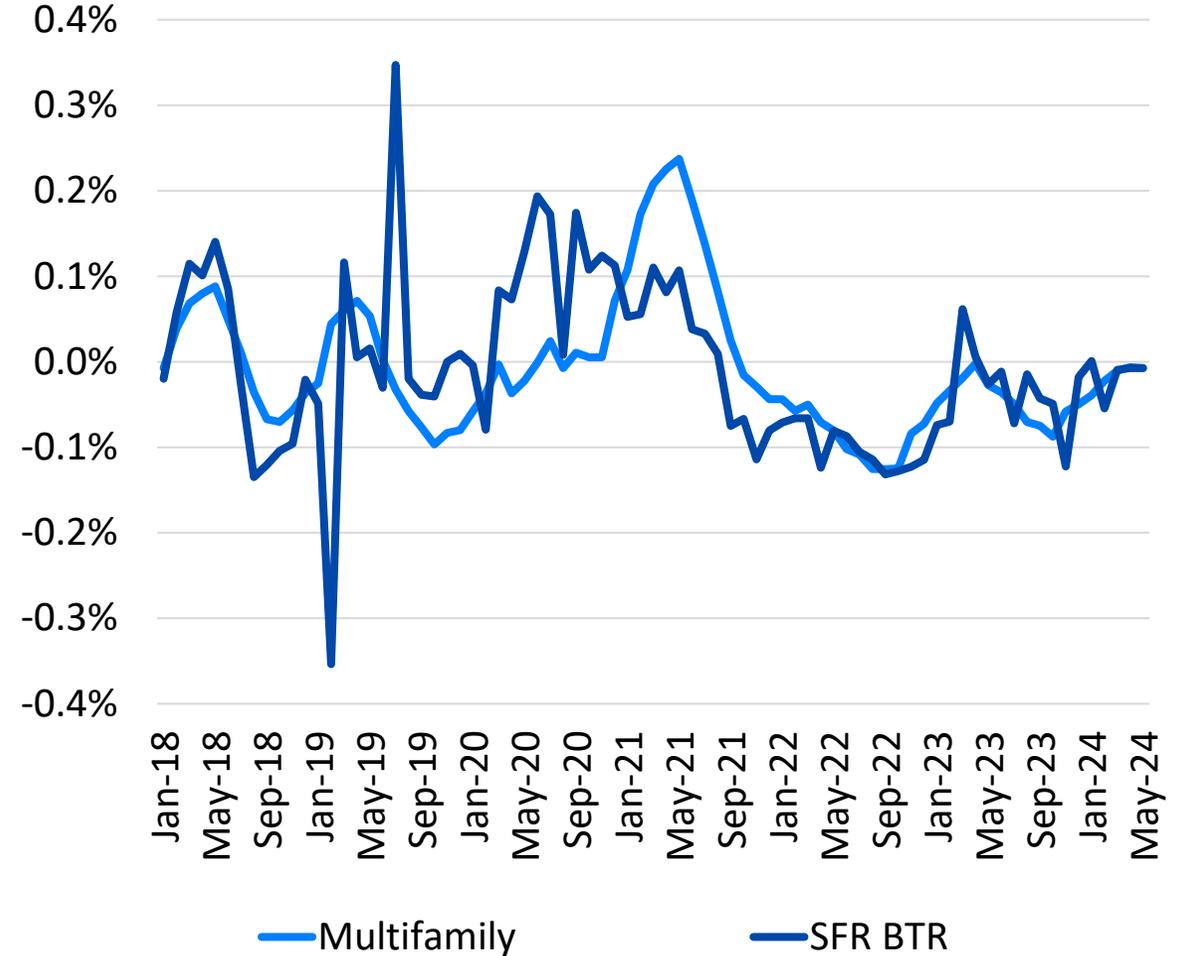


Occupancy Growth for SFR BTR Has Been Stronger in Recent Months

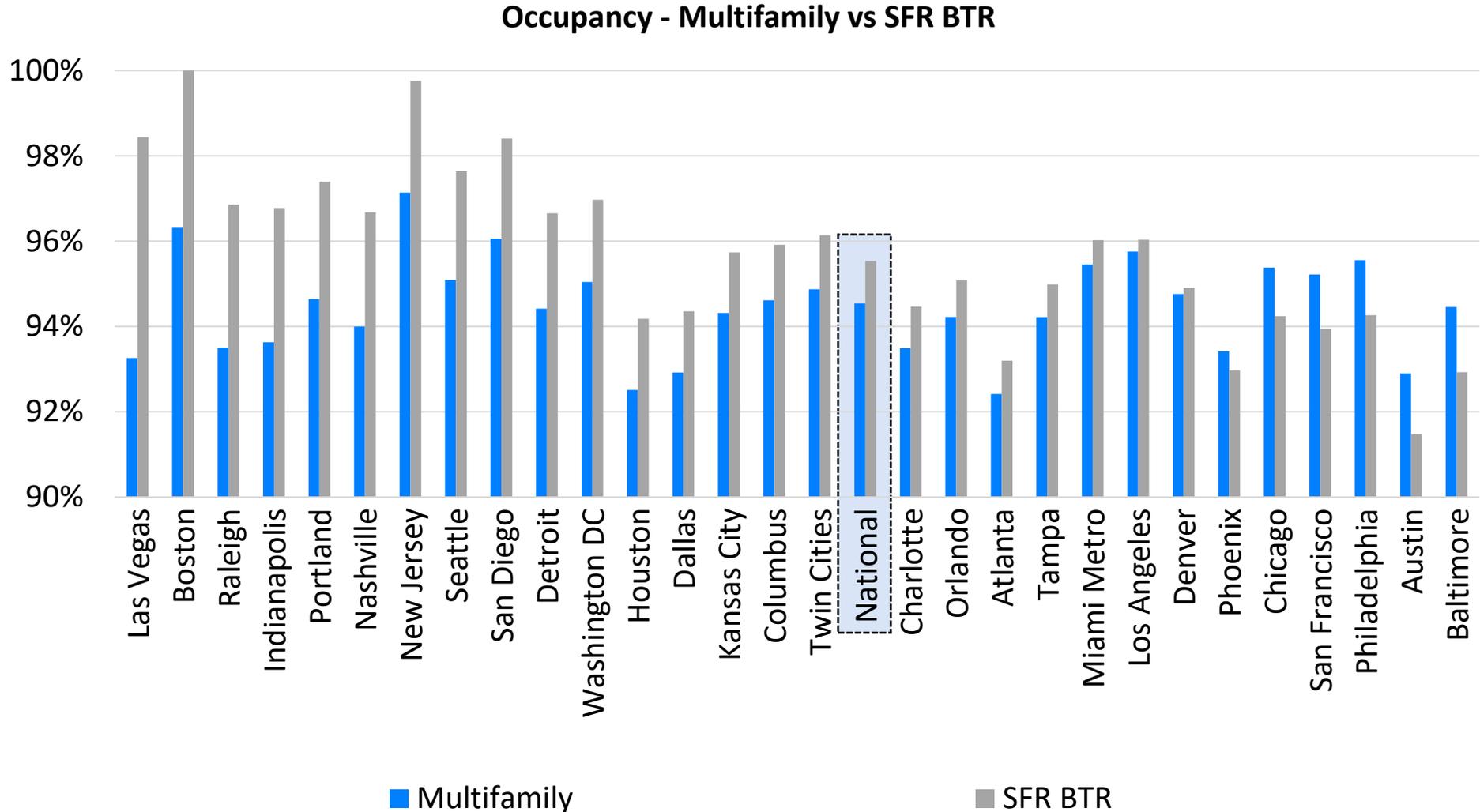
National Occupancy: Year-over-Year



National Occupancy: Month-over-Month



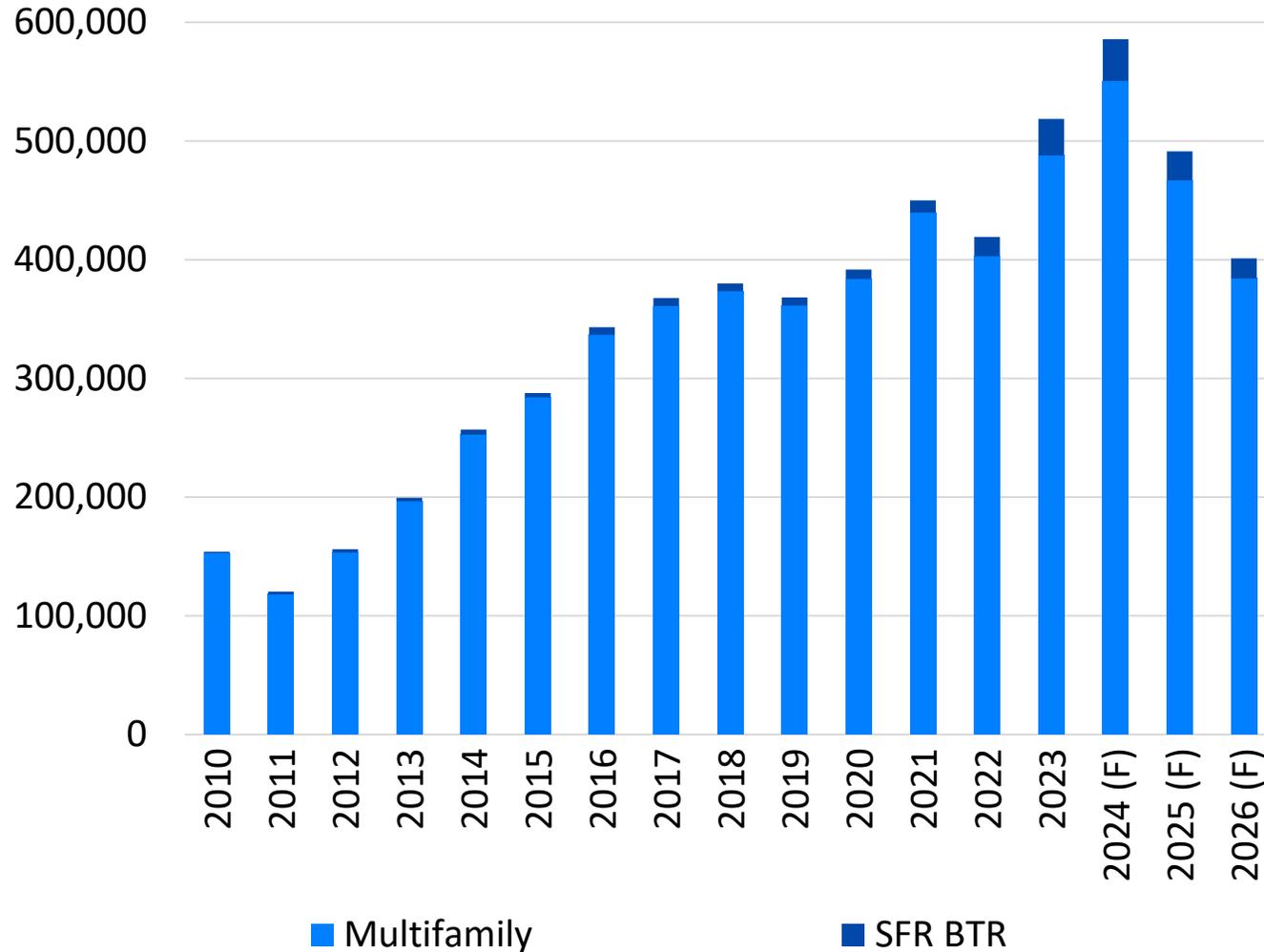
Occupancy is Also Higher for SFR BTR Than for Multifamily in the Majority of Matrix Top Markets



Sorted by largest difference between SFR BTR and multifamily occupancy. New York excluded due to lack of SFR BTR product. Data as of May 2024 | Source: Yardi Matrix

New Supply is Expected to Decline After 2024's Peak

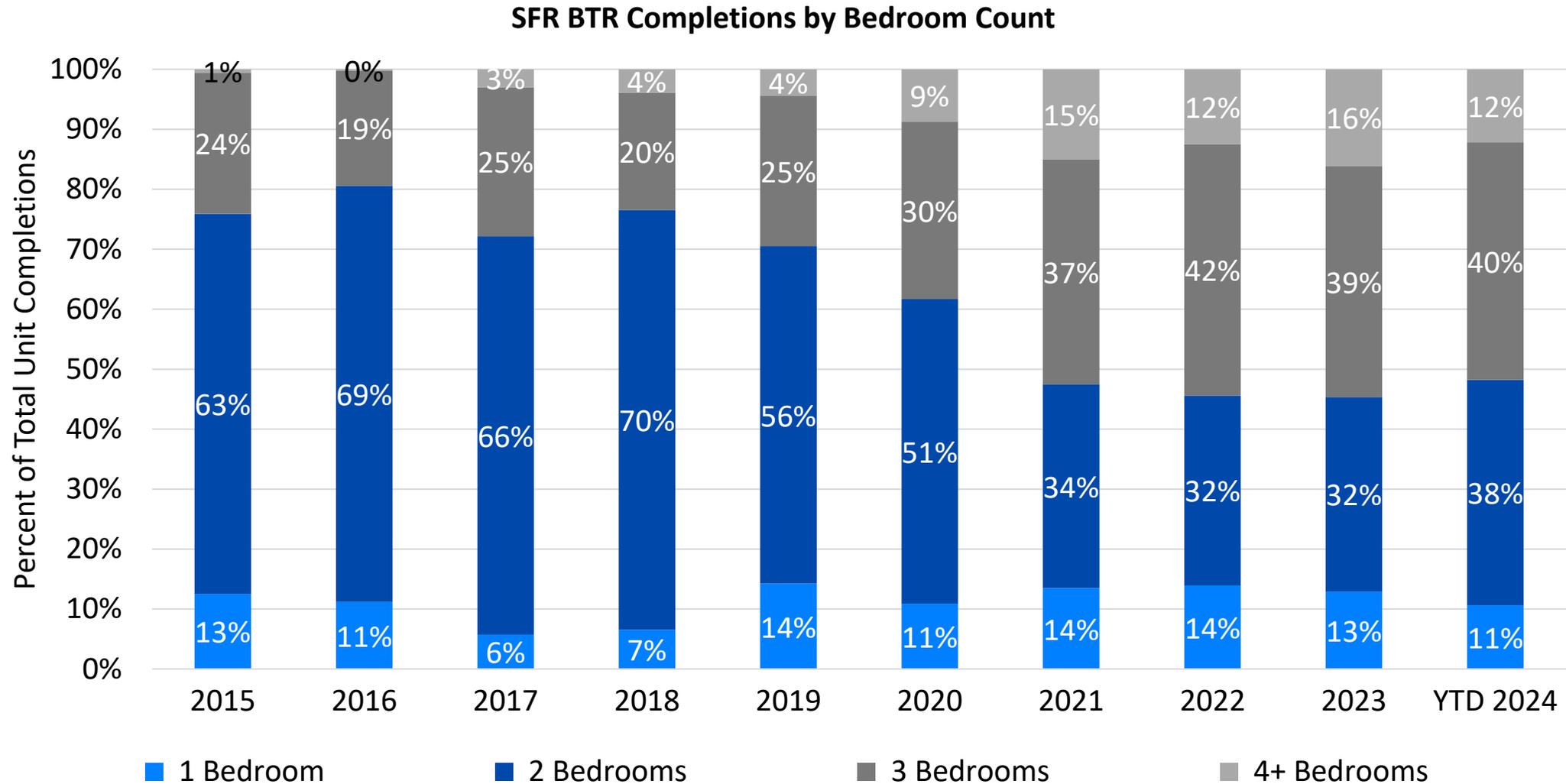
Supply Pipeline



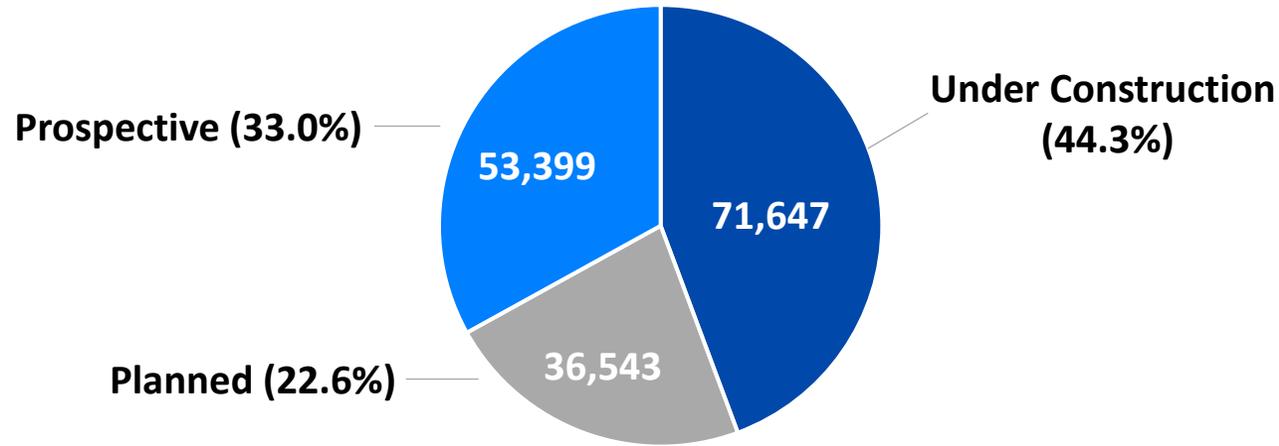
Year	# of SFR BTR Deliveries	SFR BTR Deliveries as a % of Total MF
2010	1,134	0.7%
2011	2,191	1.9%
2012	2,612	1.7%
2013	2,825	1.4%
2014	4,150	1.6%
2015	3,771	1.3%
2016	6,340	1.9%
2017	6,766	1.9%
2018	6,563	1.8%
2019	6,919	1.9%
2020	7,892	2.1%
2021	10,339	2.4%
2022	16,158	4.0%
2023	30,733	6.3%
2024 (F)	35,170	6.4%
2025 (F)	24,509	5.2%
2026 (F)	16,941	4.4%



Two Bedroom Units No Longer Make Up the Majority of SFR BTR Completions As Units With 3+ Bedrooms Have Become More Popular in Recent Years



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



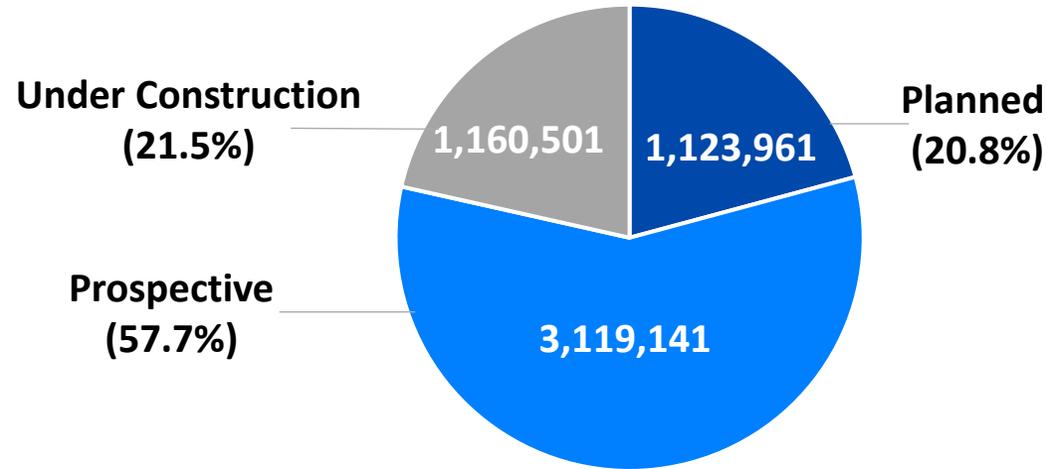
Top 10 Markets	Units	UC as a % of Existing Stock
Mankato	228	407.1%
Huntsville	2,551	383.0%
Orlando	3,021	265.5%
Providence	192	193.9%
SW Florida Coast	1,887	191.4%
Central East Texas	366	181.2%
Wilmington	299	170.9%
Urban Boston	156	162.5%
N. New Jersey	97	156.5%
Savannah	1,283	152.6%

Top 10 Markets	Units	Planned as a % of Existing Stock
Boston - Urban	341	355.2%
Bay Area – S. Bay	106	212.0%
Fayetteville NC	755	174.4%
Omaha	514	161.1%
Wilmington	280	160.0%
SW Florida Coast	1,446	146.7%
N. Central Florida	1,247	146.2%
Huntsville	941	141.3%
Colorado Springs	373	140.2%
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 – S. Bay	183	366.0%
Bay Area - East Bay	798	359.5%
Colorado Springs	580	218.0%
Athens	1,896	211.6%
Orlando	2,313	203.3%
Columbia	644	185.1%
Boston - Urban	150	156.3%
Chattanooga	591	133.1%



New Multifamily Supply Pipeline: Where is New Supply Concentrated?



Top 10 Markets	Units	UC as a % of Existing Stock
Montana	5,674	30.6%
Huntsville	10,566	23.4%
Boise	5,779	21.2%
Colorado Springs	9,358	20.4%
Austin	53,567	18.2%
SW Florida Coast	16,489	18.2%
South Dakota	5,153	17.3%
New Bern	1,934	17.1%
Charlotte	34,411	15.7%
Brooklyn	25,246	15.5%

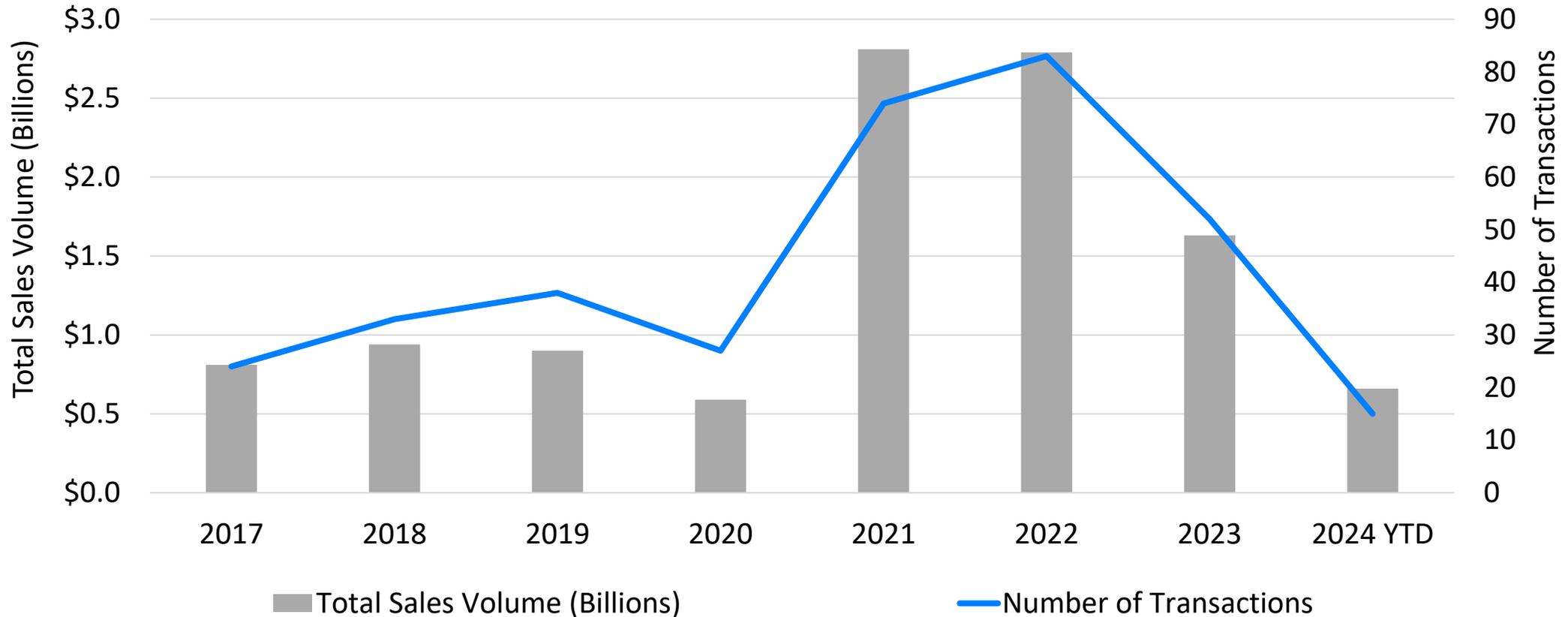
Top 10 Markets	Units	Planned as a % of Existing Stock
Boise	8,390	30.7%
Miami	49,963	30.1%
Asheville	6,338	28.8%
Port St. Lucie	4,026	20.6%
Fort Lauderdale	23,569	19.5%
SW Florida Coast	16,932	18.7%
Clarksville	2,703	18.7%
Portland ME	2,871	17.7%
Los Angeles - Met	36,189	17.0%
N. New Jersey	43,031	16.2%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Miami	122,302	73.8%
SW Florida Coast	57,000	63.0%
Boise	17,166	62.9%
Port St. Lucie	11,634	59.6%
Wilmington	12,108	46.8%
Raleigh - Durham	80,801	43.5%
Orlando	112,837	42.0%
N. Central Florida	24,859	41.6%
Central Coast	14,460	40.4%
Montana	7,308	39.4%



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%	2.8%	2.4%

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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