



# SINGLE-FAMILY RENTALS IN BUILD-TO-RENT COMMUNITIES

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SEPTEMBER 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

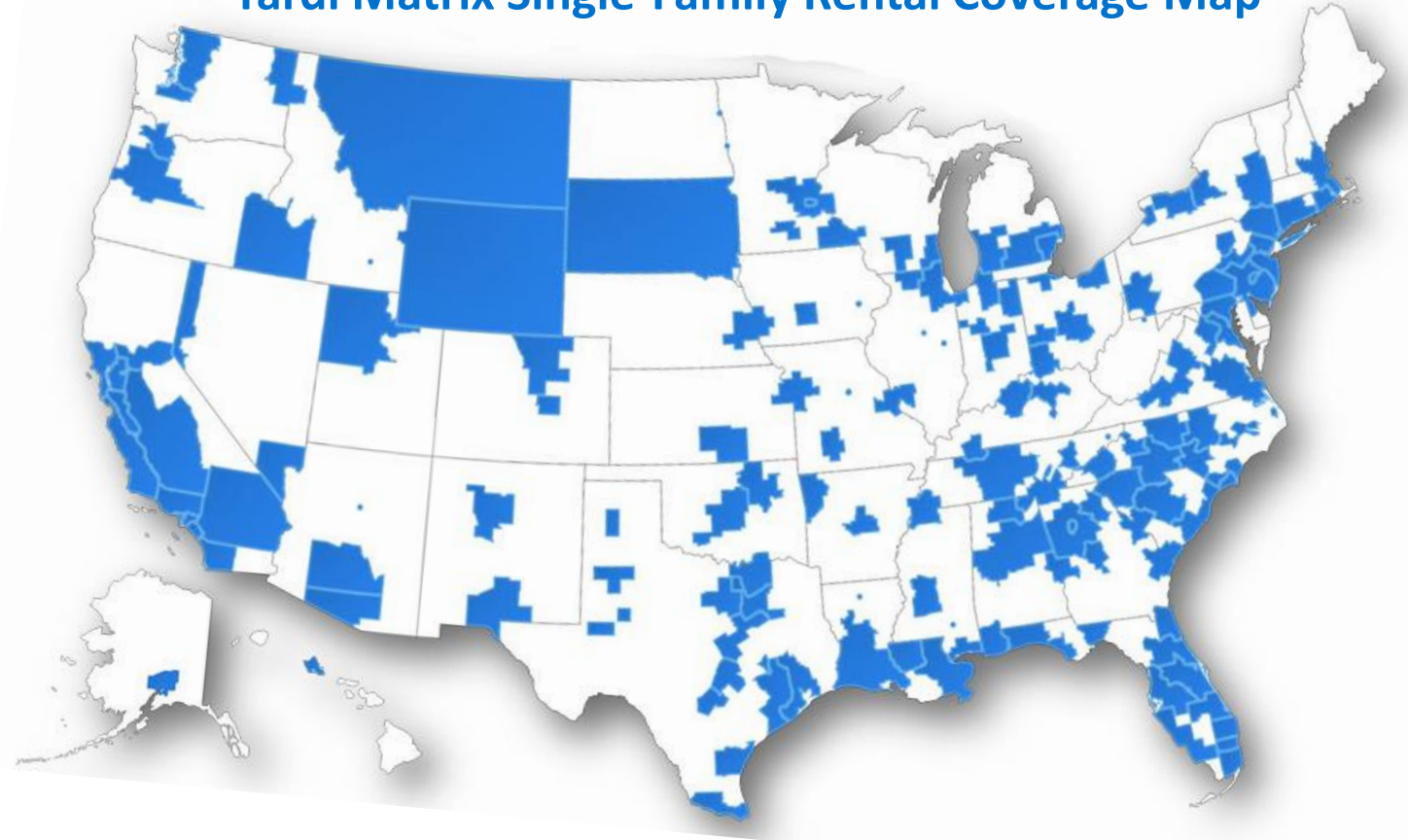
## TRADITIONAL SINGLE-FAMILY

- 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!

Status	Properties	Units
Completed	1,497	188,582
Under Construction	436	73,925
Planned	174	32,696
Prospective	305	55,182
<b>TOTALS</b>	<b>2,412</b>	<b>350,385</b>

Yardi Matrix Single-Family Rental Coverage Map



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 August 2024 | Source: Yardi Matrix



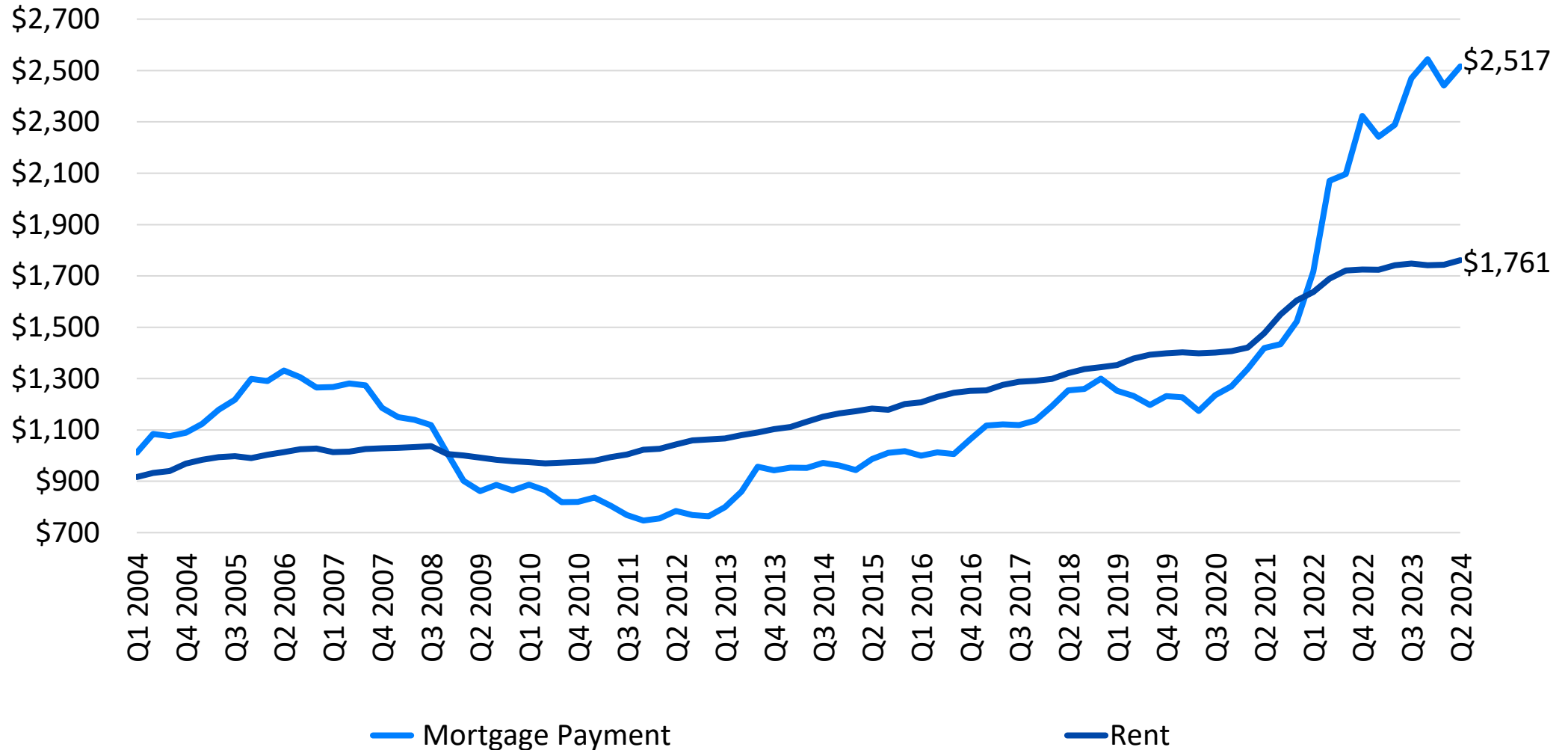
# SFR BTR Demand Strong Among Millennials and Blue-Collar Workers

## **SINGLE-FAMILY RENTAL DEMAND DRIVERS:**

- **Work from home**
  - 53% 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
<b>San Francisco</b>	\$7,462	\$2,782	\$4,680
San Diego	\$6,018	\$2,713	\$3,305
Seattle	\$4,997	\$2,188	\$2,809
<b>Los Angeles</b>	\$5,337	\$2,598	\$2,739
Denver	\$3,949	\$1,940	\$2,009
Portland	\$3,560	\$1,735	\$1,825
<b>Boston</b>	\$4,410	\$2,779	\$1,631
<b>Washington DC</b>	\$3,746	\$2,153	\$1,593
N. New Jersey	\$4,022	\$2,487	\$1,535
<b>Miami</b>	\$3,938	\$2,455	\$1,483
Las Vegas	\$2,843	\$1,478	\$1,365
Phoenix	\$2,877	\$1,646	\$1,231
Austin	\$2,872	\$1,697	\$1,175
Raleigh	\$2,774	\$1,601	\$1,173
Nashville	\$2,522	\$1,648	\$874

Market	Mortgage Payment	Rent	Difference
Charlotte	\$2,479	\$1,607	\$872
Dallas	\$2,346	\$1,557	\$789
Baltimore	\$2,467	\$1,707	\$760
Twin Cities	\$2,290	\$1,541	\$749
Orlando	\$2,580	\$1,834	\$746
Houston	\$2,068	\$1,371	\$697
Columbus	\$1,985	\$1,314	\$671
Kansas City	\$1,935	\$1,291	\$644
Atlanta	\$2,306	\$1,684	\$622
Tampa	\$2,409	\$1,841	\$568
Indianapolis	\$1,823	\$1,301	\$522
Philadelphia	\$2,185	\$1,753	\$432
Detroit	\$1,599	\$1,274	\$325
<b>Chicago</b>	\$2,215	\$1,905	\$310

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



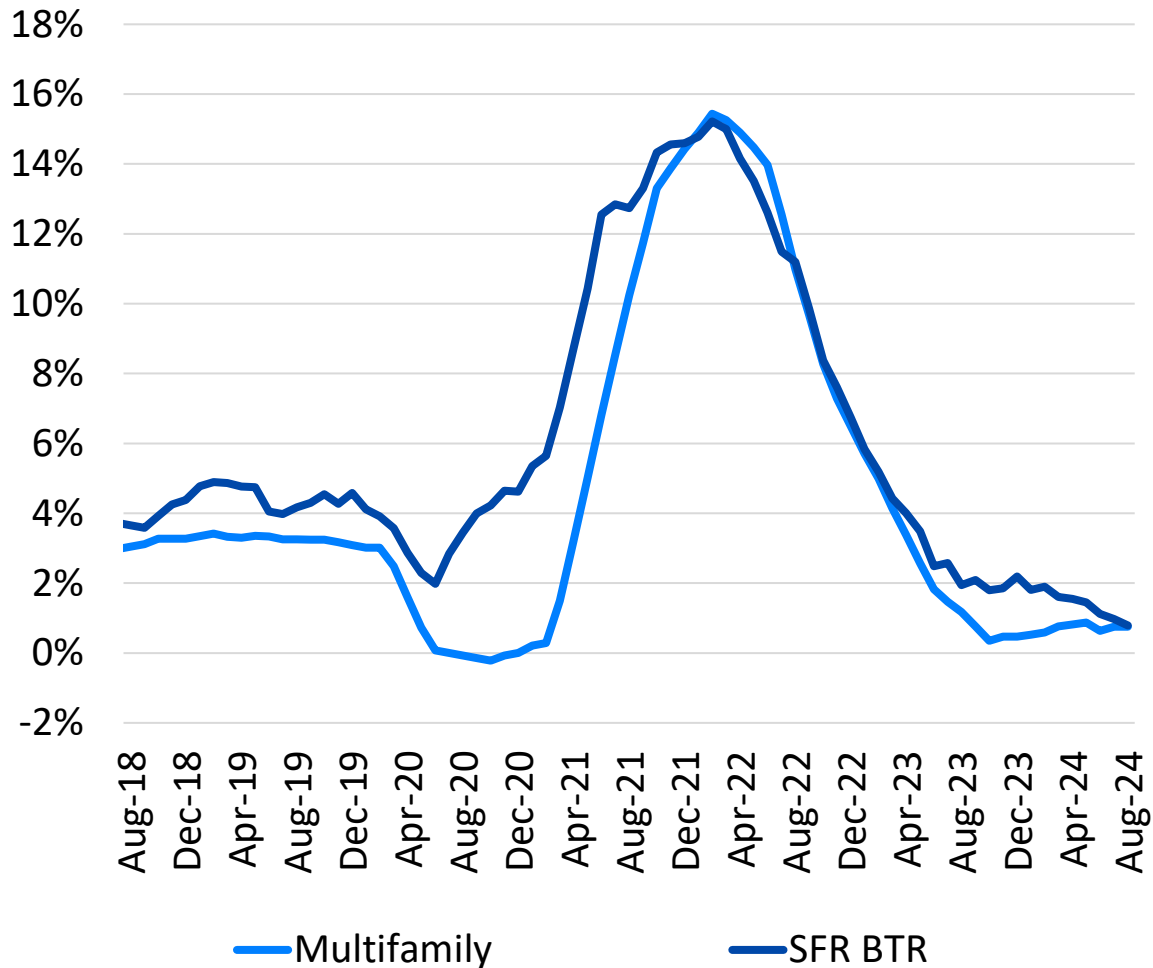
# SFR BTR Development Trends

- 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

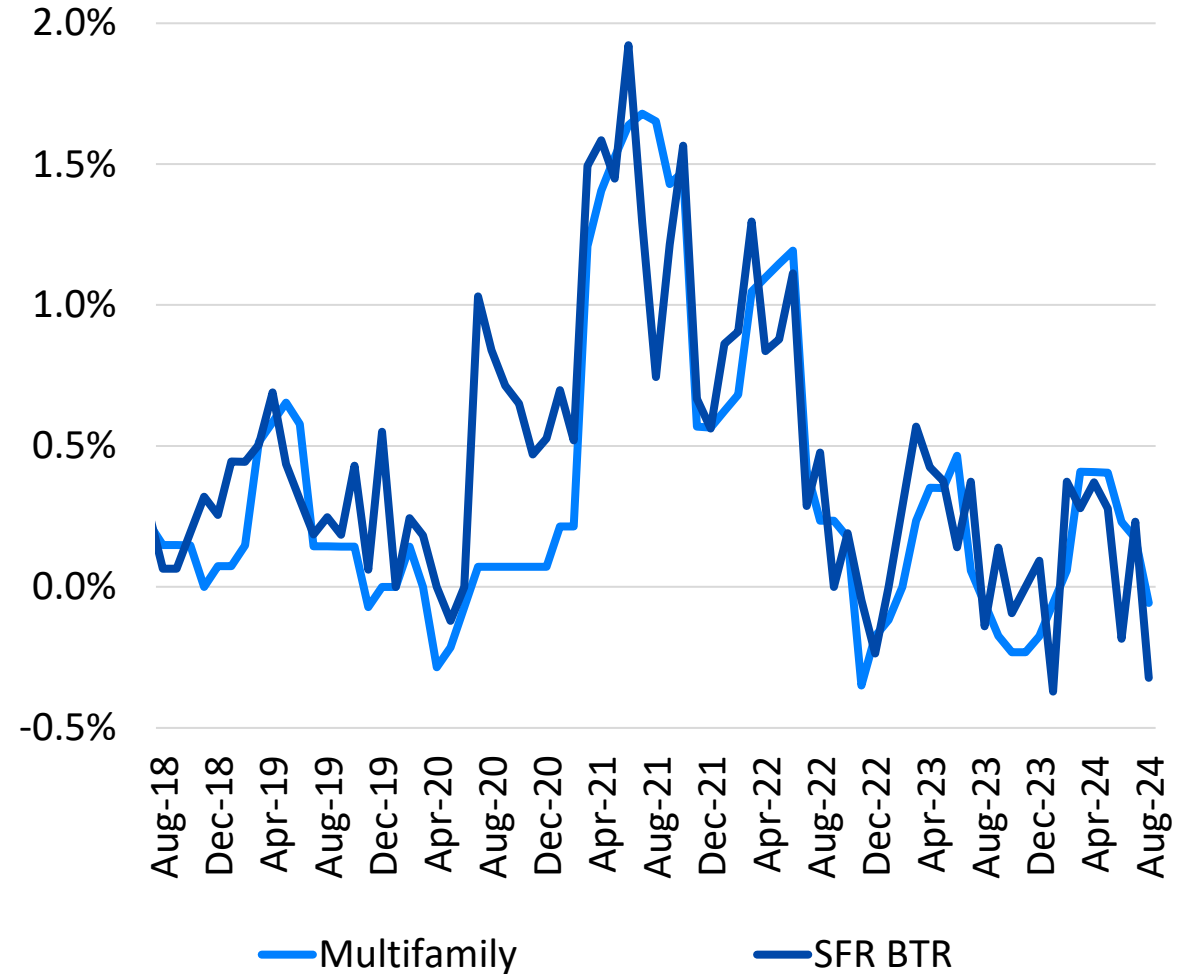


# Rent Growth for SFR BTR Properties Has Been Stronger Than Multifamily in Recent Months, But Growth Dipped in August

### National Rents: Year-over-Year

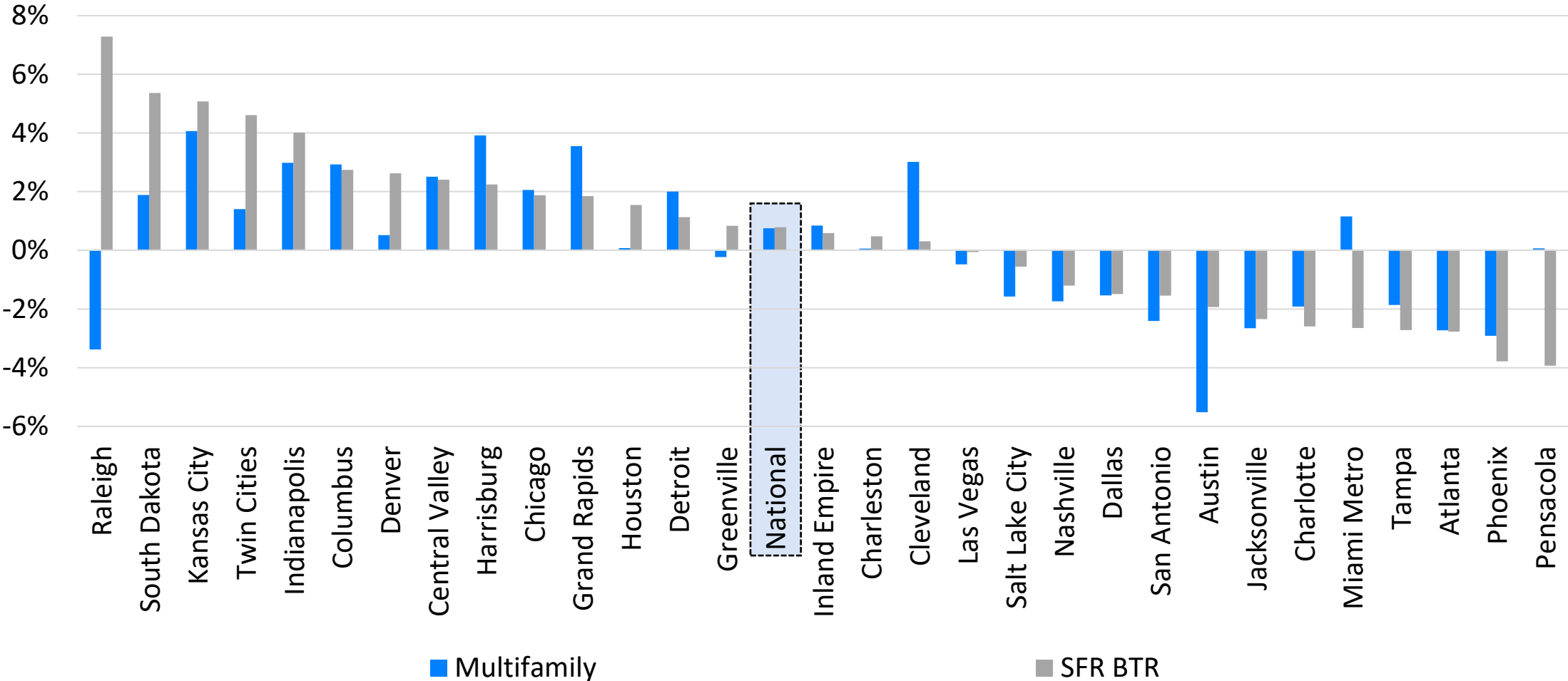


### National Rents: Month-over-Month



# Aside From Raleigh, Rent Growth for SFR BTR and Multifamily Properties Were Similar by Market, With Sunbelt Markets Weaker Than the National Average

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



Sorted by SFR BTR rent growth highest to lowest. Data as of August 2024 | Source: Yardi Matrix

# The Rate of SFR BTR Rent Growth is Moderating in Many Markets

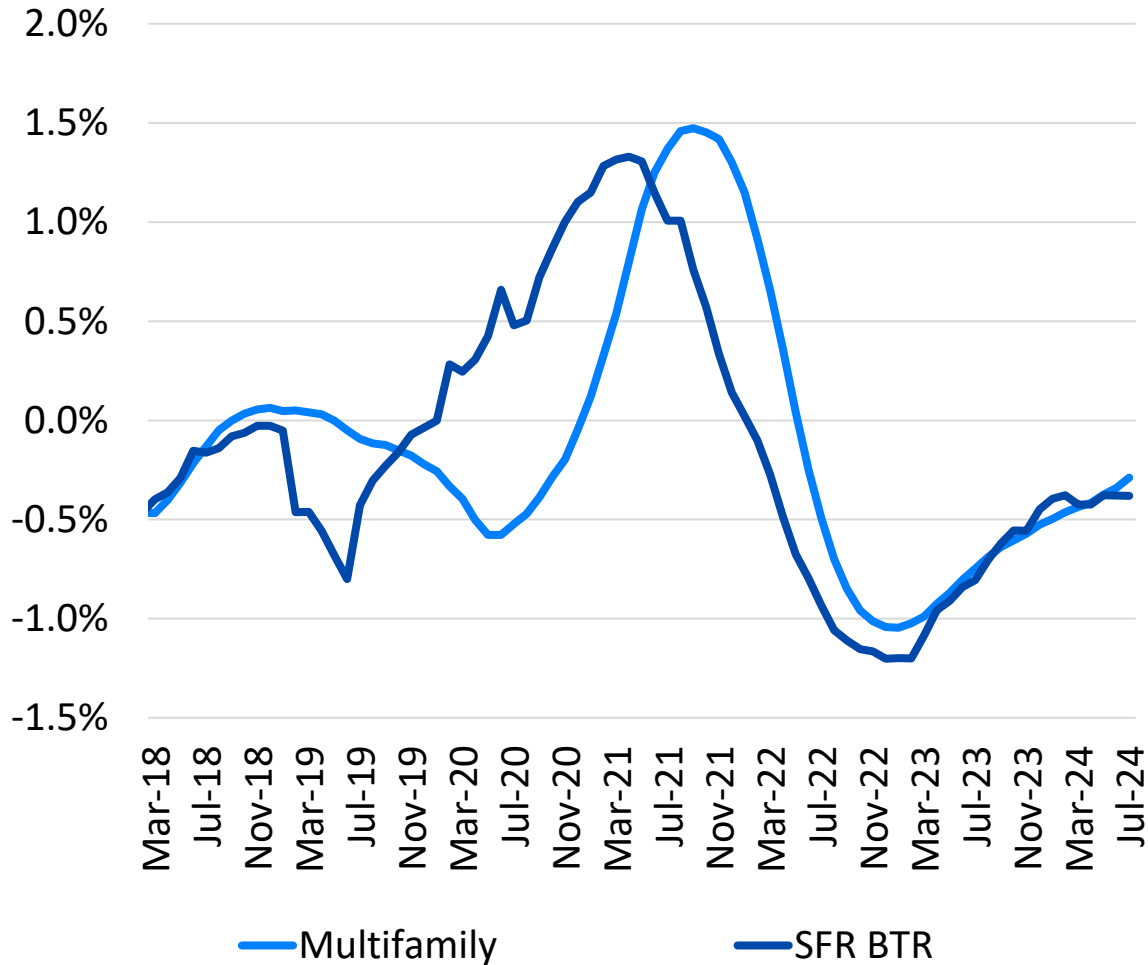
## SFR BTR Year-over-Year Rent % Growth

Metro	Aug-23	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Raleigh - Durham	-0.5%	11.8%	11.5%	11.6%	11.6%	9.1%	7.3%
South Dakota	0.1%	-0.4%	-0.3%	3.7%	8.0%	7.2%	5.4%
Kansas City	6.6%	5.5%	5.1%	5.6%	5.1%	5.1%	5.1%
Twin Cities	8.0%	6.3%	6.7%	6.1%	5.5%	4.0%	4.6%
Indianapolis	5.2%	8.1%	8.5%	8.1%	8.0%	6.1%	4.0%
Columbus	3.8%	0.7%	4.8%	3.3%	2.3%	1.5%	2.7%
Denver	1.2%	0.6%	1.4%	1.0%	1.9%	3.1%	2.6%
Central Valley	2.4%	-1.7%	-0.5%	0.5%	1.4%	1.6%	2.4%
Harrisburg	0.2%	1.7%	0.5%	0.5%	1.6%	1.9%	2.2%
Chicago	9.1%	2.3%	1.9%	1.1%	-0.6%	0.2%	1.9%
Grand Rapids	6.6%	4.3%	3.8%	3.1%	2.5%	2.3%	1.8%
Houston	2.6%	5.9%	5.5%	4.3%	2.5%	0.7%	1.5%
Detroit	-1.9%	1.8%	1.4%	0.9%	0.2%	-0.1%	1.1%
Greenville	-1.2%	-0.6%	1.2%	0.8%	1.8%	2.1%	0.8%
Inland Empire	0.5%	1.6%	1.9%	1.7%	2.1%	1.2%	0.6%
Charleston	0.9%	1.8%	1.0%	-0.7%	-0.7%	-0.4%	0.5%
Cleveland - Akron	1.5%	7.5%	7.7%	7.2%	6.1%	4.2%	0.3%
Las Vegas	1.7%	1.3%	1.9%	2.1%	0.5%	1.5%	-0.1%
Dallas	-2.4%	-2.1%	-2.6%	-1.6%	-1.3%	-0.2%	-0.3%
Salt Lake City	1.5%	0.3%	0.0%	-0.3%	0.1%	-0.9%	-0.6%
Nashville	3.3%	1.8%	2.2%	1.4%	0.4%	-0.7%	-1.2%
San Antonio	4.5%	0.1%	-0.5%	-1.4%	-2.5%	-2.0%	-1.5%
Austin	-2.9%	-4.3%	-3.8%	-3.2%	-3.7%	-1.2%	-1.9%
Jacksonville	5.8%	-2.8%	-3.2%	-1.7%	-2.1%	-2.1%	-2.3%
Charlotte	6.9%	-1.0%	-1.6%	-2.9%	-3.5%	-1.9%	-2.6%
Miami Metro	-0.6%	-1.5%	-1.5%	1.5%	1.8%	0.6%	-2.7%
Tampa	3.8%	-3.2%	-2.9%	-3.6%	-1.7%	-2.4%	-2.7%
Atlanta	5.2%	1.9%	2.4%	-0.9%	-2.6%	-2.7%	-2.8%
Phoenix	-3.8%	-2.8%	-4.2%	-4.5%	-4.3%	-3.9%	-3.8%
Pensacola	0.3%	0.0%	0.2%	-0.7%	-1.3%	-3.4%	-3.9%

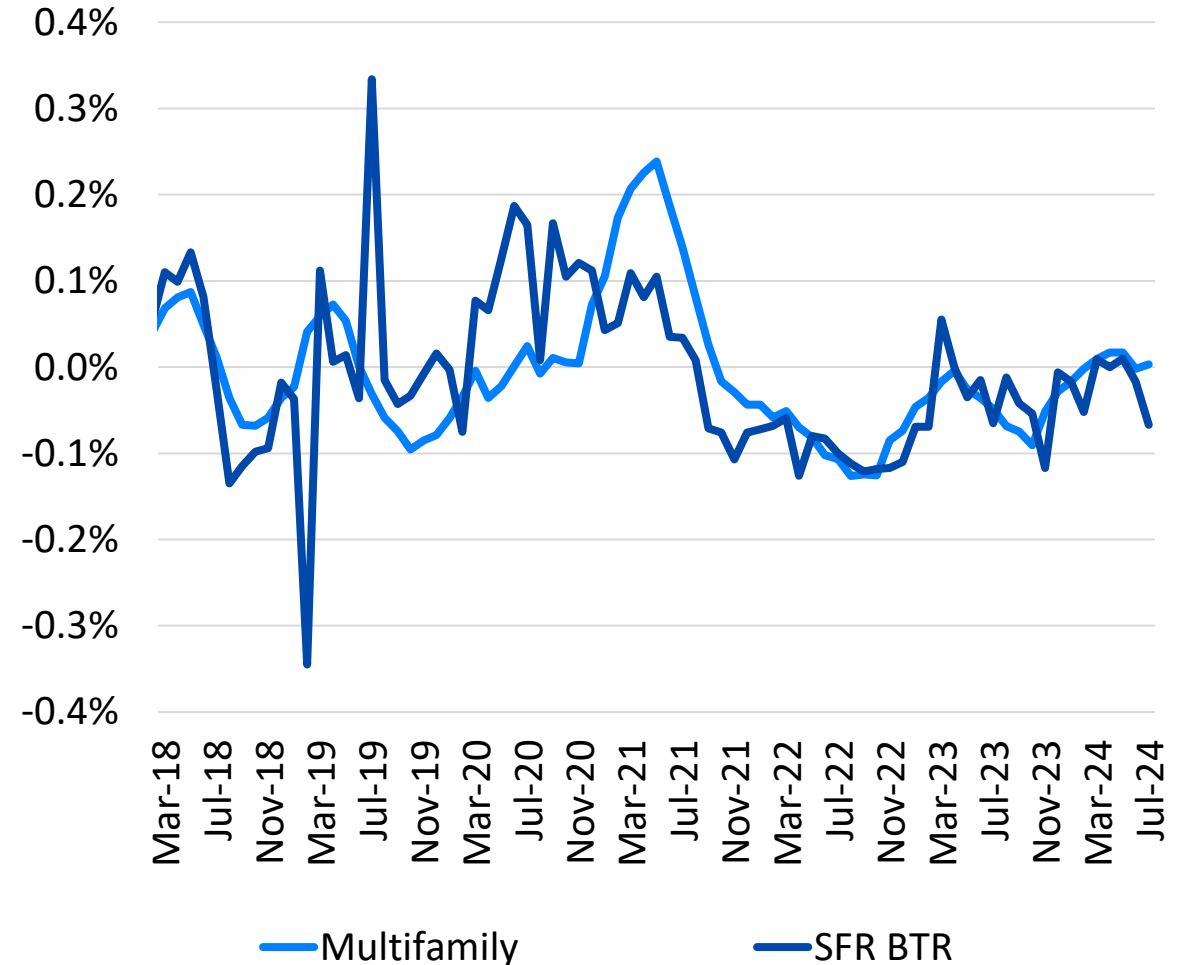


# SFR BTR Occupancy Growth Remains Negative, But is Improving

## National Occupancy: Year-over-Year

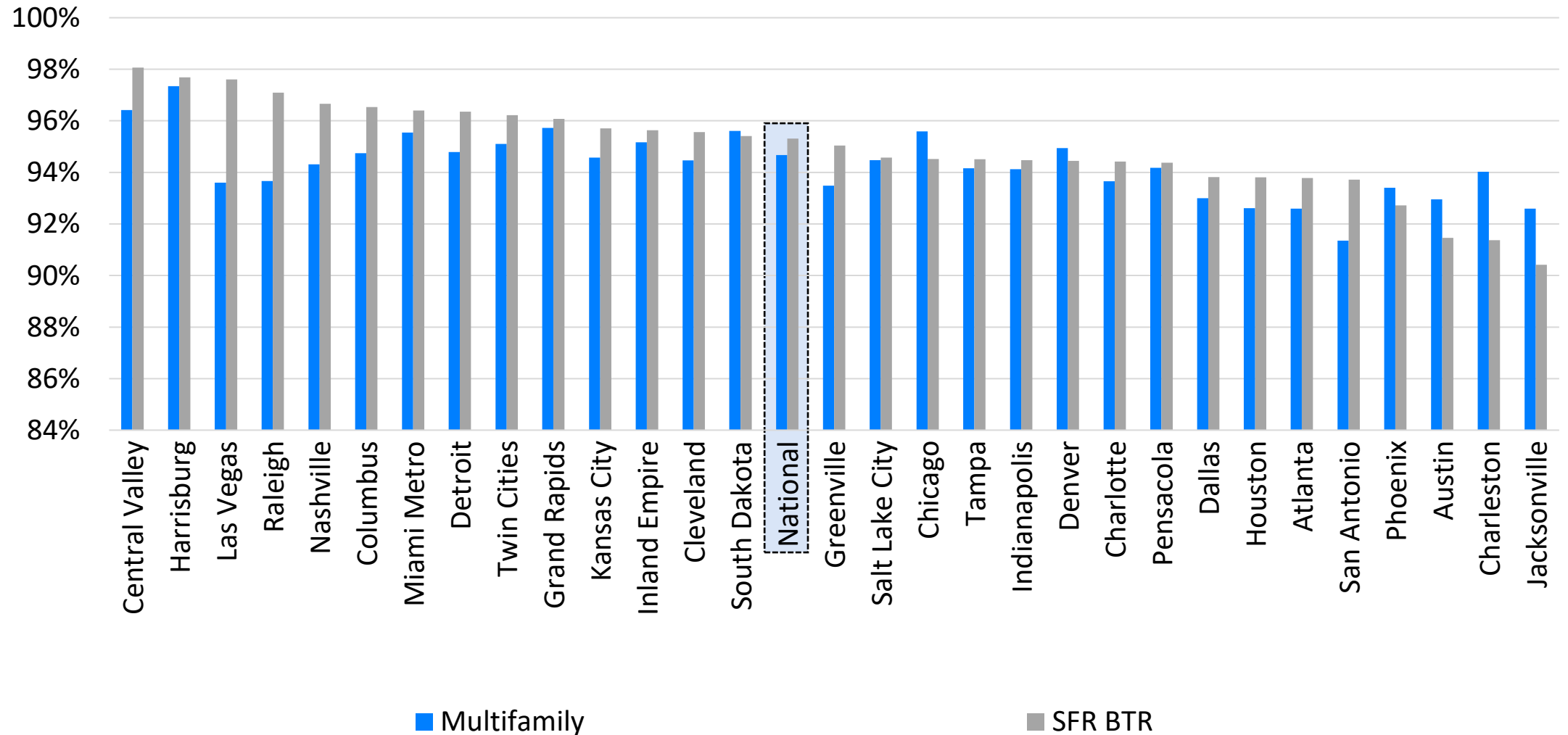


## National Occupancy: Month-over-Month



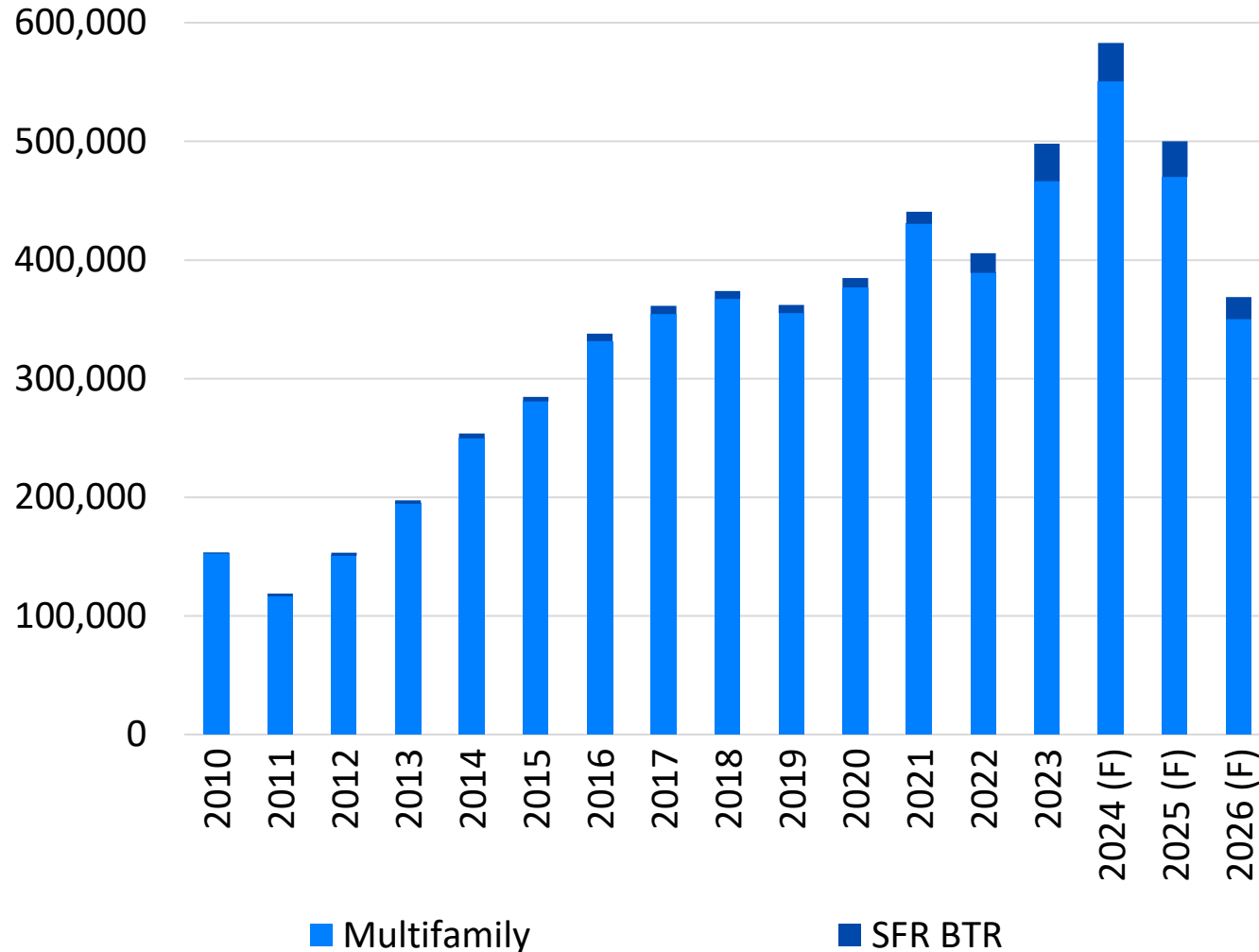
# SFR BTR Occupancy is Higher Than Multifamily in the Majority of Matrix Top Markets

Occupancy - Multifamily vs SFR BTR



# New Supply is Expected to Decline After 2024's Peak

Supply Pipeline

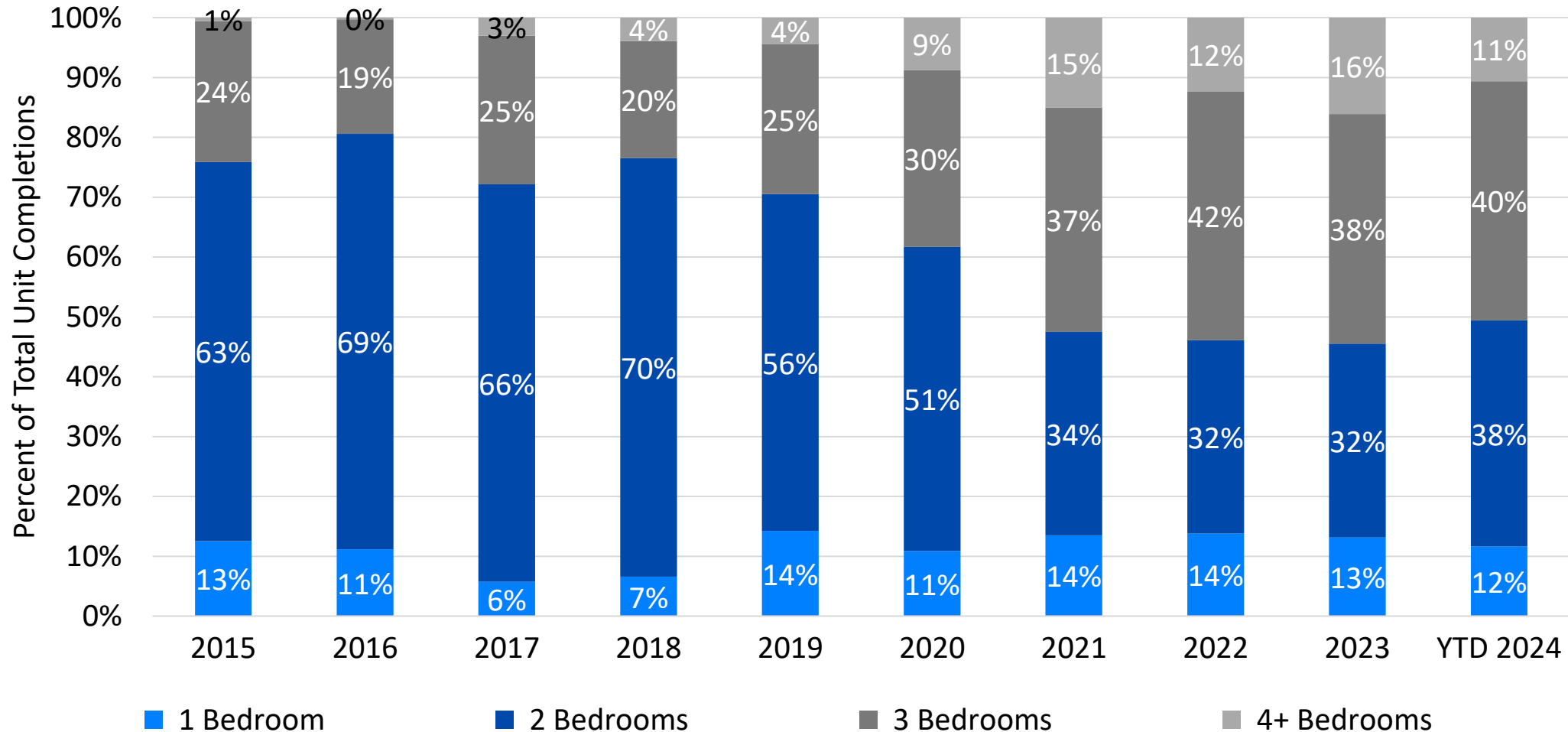


Year	# of SFR BTR Deliveries	SFR BTR Deliveries as a % of Total MF
2010	1,134	0.7%
2011	2,191	1.9%
2012	2,537	1.7%
2013	2,825	1.5%
2014	4,150	1.7%
2015	3,771	1.3%
2016	6,340	1.9%
2017	6,883	1.9%
2018	6,563	1.8%
2019	6,919	1.9%
2020	7,892	2.1%
2021	10,339	2.4%
2022	16,463	4.2%
2023	31,639	6.8%
2024 (F)	32,407	5.9%
2025 (F)	30,236	6.4%
2026 (F)	18,631	5.3%

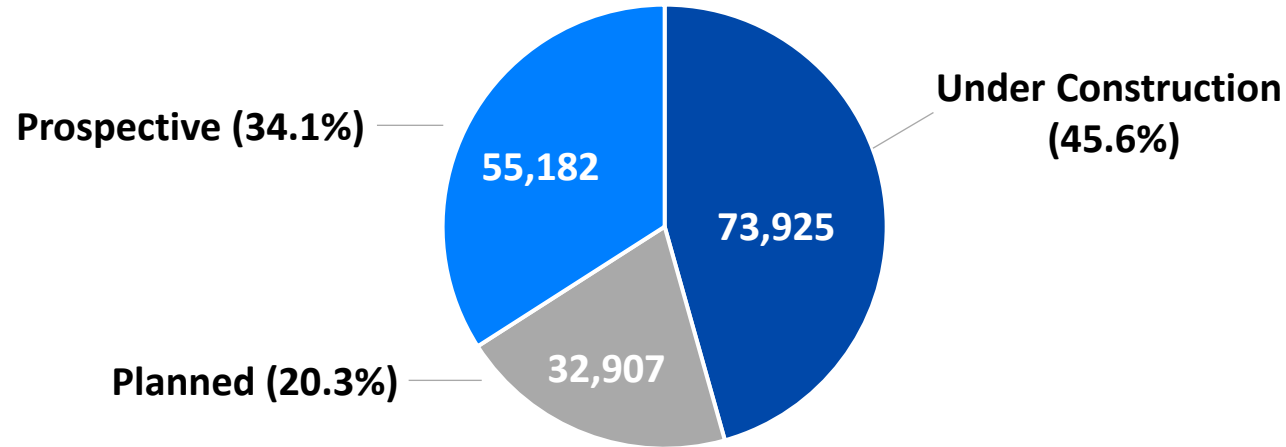


# Two Bedroom Units No Longer Make Up the Majority of SFR BTR Completions As Units With 3+ Bedrooms Have Become More Popular in Recent Years

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
Mankato	344	614.3%
Urban Boston	326	339.6%
Orlando	3,021	265.5%
Huntsville	2,285	245.2%
Providence	192	193.9%
Central East Texas	366	181.2%
Wilmington	299	170.9%
N. New Jersey	97	156.5%
Louisville	290	152.6%
SW Florida Coast	1,944	138.2%

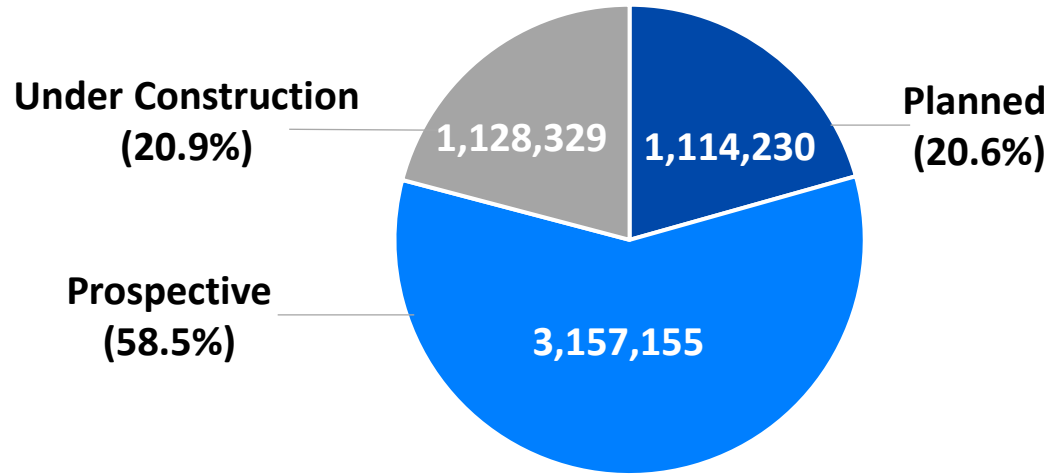
Top 10 Markets	Units	Planned as a % of Existing Stock
Bay Area - S. Bay	106	212.0%
Northern Virginia	394	189.4%
Omaha	514	161.1%
Wilmington	280	160.0%
Colorado Springs	373	140.2%
Orlando	1,494	131.3%
Fayetteville NC	567	130.9%
N. Central Florida	1,014	118.9%
Huntsville	941	101.0%
Central East Texas	200	99.0%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Mankato	892	1,592.9%
Bay Area - S. Bay	183	366.0%
Bay Area - East Bay	798	359.5%
Northern Virginia	675	324.5%
Urban Boston	267	278.1%
Wilmington	382	218.3%
Colorado Springs	580	218.0%
Orlando	2,313	203.3%
Athens	1,801	201.0%
Columbia	644	185.1%





# New Multifamily Supply Pipeline: Where is New Supply Concentrated?



Top 10 Markets	Units	UC as a % of Existing Stock
Montana	5,911	31.4%
Huntsville	9,186	19.8%
SW Florida Coast	16,871	18.2%
Austin	51,843	17.4%
Colorado Springs	8,104	17.2%
Charlotte	35,368	16.0%
Brooklyn	25,381	15.6%
South Dakota	4,633	15.2%
Boise	4,296	15.1%
New Bern	1,670	14.7%

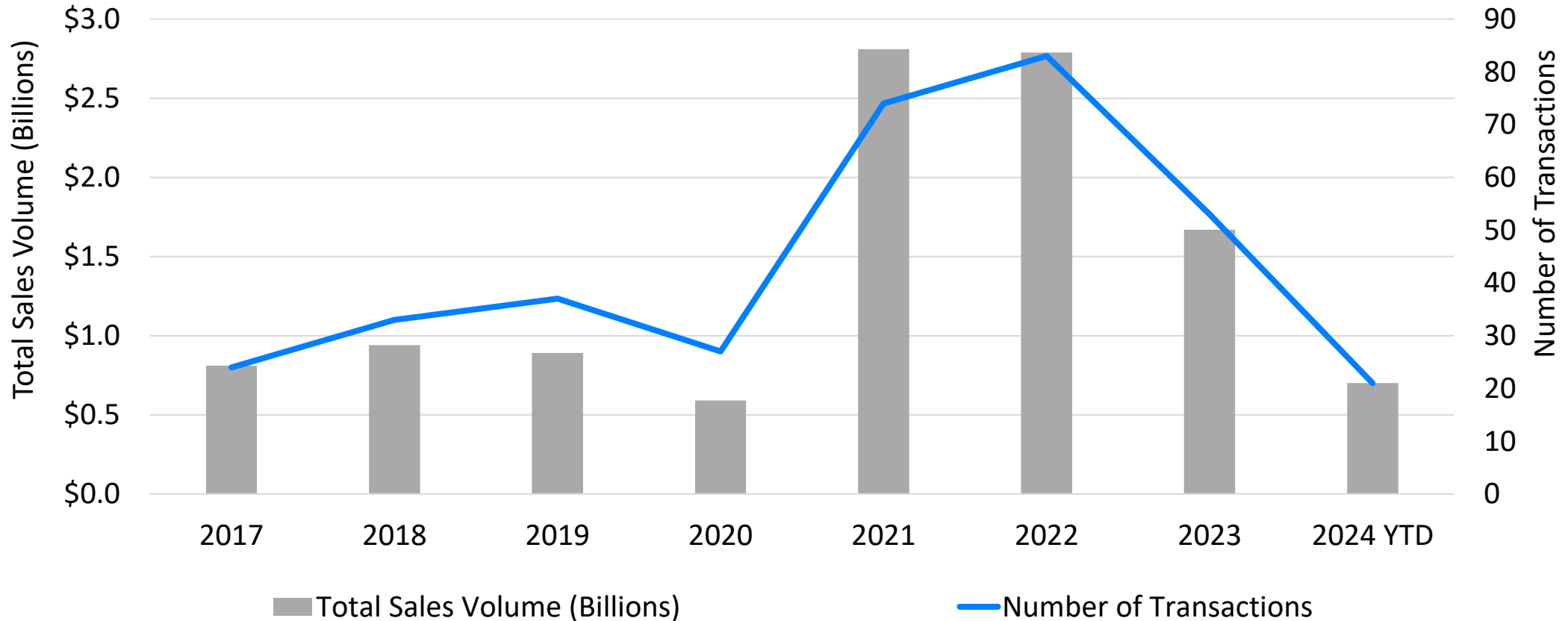
Top 10 Markets	Units	Planned as a % of Existing Stock
Boise	9,231	32.4%
Miami	48,384	28.8%
Asheville	6,121	27.5%
Port St. Lucie	4,546	23.0%
SW Florida Coast	17,937	19.4%
Fort Lauderdale	23,369	19.2%
Portland ME	3,157	18.9%
Los Angeles - Met	34,659	16.2%
San Francisco	21,211	15.1%
N. New Jersey	40,105	15.0%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Miami	131,534	78.4%
SW Florida Coast	55,403	59.9%
Port St. Lucie	11,254	57.0%
Boise	14,669	51.5%
Wilmington	12,312	47.6%
Raleigh - Durham	83,498	44.2%
Orlando	114,322	42.1%
Central Coast	14,956	41.8%
N. Central Florida	24,694	40.6%
White Plains	32,773	39.9%



# 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%	2.9%	2.3%



# 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**
  - 60% of builders report selling homes to investors from February 2024 – April 2024
  - As of August 2024, investors account for one-quarter of all new and resale residential transactions
- In Q2 2024, investors purchased 16.8% of all homes sold in the U.S.
  - Meanwhile, investor activity in multifamily units, condos, townhouses, etc. has declined
  - However, institutional ownership still comprises only about 3% of the market
- Landlords are looking towards new construction as the inventory of existing homes is bought up by traditional and investor buyers
  - **Invitation Homes** to buy up to **\$1B** in houses in 2024
  - In 2023, **Pretium Partners** made a deal with home builder, D.R. Horton, to pay **\$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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