

Housing Innovation L ALLIANCE -

### **ESTIMATES + FORECASTS OF BUILD-FOR-RENT UNIT VOLUME**



### **KEY TRENDS**

MORE HOUSEHOLDS WHO CHOOSE

**BFR HAVE CHILDREN UNDER AGE 6** 

(COMPARED WITH SFR TENANTS)

Children in both groups

12.8%

No children

36% of all households are renters

SFR occupancies are at 98%

Moving toward larger, denser BFR projects

Retention rates are high,

Smaller metros seeing ncreased activity

Watch for more developments of 200+ units

Rent per square foot for SFR rising > 9% in many markets

single-family

rentals

Source: NAHB tabulation of the

2019 American Community Survey

Operators raising rents 9% to 14% on turnovers

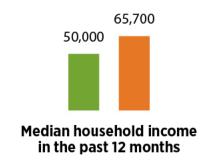
# **HIGHER-INCOME HOUSEHOLDS** IN BFR THAN IN SFR

**FOLLOW THE MONEY** 

**SEEKING BFR DEALS** 

not all of the funds that have been announced will ever get placed in BFR

Source: Hunter Housing Economics estimates



New construction single-family rentals

All single-family rentals

> \$20 billion

in equity

Average BFR

\$30 billion

in debt

household is 3 people

Source: NAHB tabulation of the 2019 American Community Survey

# TYPICAL RENTER **HOUSEHOLDS IN BUILD-FOR-RENT**

construction

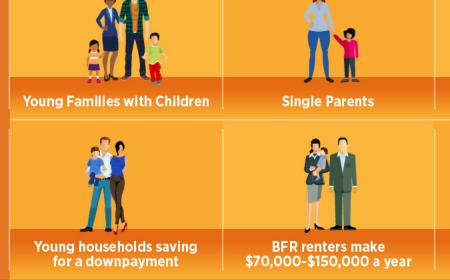
single-family

rentals

12.6%

Children under 6 only

Children 6-18 only



11.6%









Don't forget the pet!

### THE BUILD-FOR-RENT PROPOSITION STRIVING TO MEET AN UNDERSERVED NICHE\*

Amherst, Balcara Group, Capstone, Bright Realty, Paragon Development, Castle Rock, Empire Group, BB Living, NexMetro, Snowden Residential, Tricon AHV. Gardner Capital, Lafayette, BFR demand is forecasted to Christopher Todd Redwood Residential, Watermark Equity outstrip supply. Centerbridge, Crescent, Excanto Living, Builders under-serve demand Camillo Homes, AH4R, Bridge Tower, Invitation Homes, Lynd Living, Taylor Morrison Pretium, Resicap, Rockpoint, at the lower end of the Homes Urban, Lennar Cavan price spectrum. BFR is an opportunity to gap 2012-2014 2015 2016 2017 2018 2019 2020 2021 this growing niche market. **SFR STILL DOMINANT** ACCELERATION BFR EXPLODES \*List representative not exhaustive

### **EXAMPLES OF SEGMENTATION** IN BUILD FOR RENT

**Emerging BFR product types and** configurations. Each category includes unit size, community amenities, and age-targeting.

Some target larger families, four-bedroom units, and a work-from-home office. Others opt for simpler products to keep "chunk" rents below a certain threshold.





SUBURBAN TOWNHOMES

### 4 TO 6 UNITS/ACRE

Popular with families, often with dogs.

Example Players: AHV Communities. AH4R, Kinloch, Lennar, Clean Living Communities, Stellar Development

#### 10 TO 11 UNITS/ACRE

Attached single-family product in suburbs, for empty-nesters, singles, divorced people, roommates and couples without kids.

Example Players: BB Living, Stellar Development



#### 12 UNITS/ACRE

Combines advantages of a single-family home with those of apartments. Popular with single women, singles and young families. Example Players: NexMetro, Christopher

Todd, Bungalows



## Provide advantage of proximity to urban

10 TO 15 UNITS/ACRE

entertainment, jobs, as well as the services and shopping of a "close-in" suburb.

Example Players: Empire Group, Tricor, RedPeak



**SMALL DETACHED** 

### 7 TO 9 UNITS/ACRE

When zoning allows for small high-density detached homes. Appeals to young families, often with dogs.

**Example Players: Watermark Equity** Group, Tricon



5 TO 7 UNITS/ACRE

Popular with middle-class families, who need more than an apartment can offer.

Example Players: ERC Development

### FORECAST FOR THE BUILD-FOR-RENT CYCLE

2023

Land Pipeline

BFR = 145,000 units

2021 This Year: Ramping Up Rental homes have seen rent increases of 7-10%, BFR = 100,000 units BFR = 120,000 units

**Land Shortages Limit Production** 

The planning pipeline i filling. Projects planned in 2020 + 2021 come to market.

2022

Opens Up continue to hold demand, but projects in planning in prior years

Production Rises

Sites that were in planning in 2022 + 2023 increase supply, Still falling short of U.S.

BFR = 160,000+ units

2024

See Inscreased Competition Segmentation will become important as BFR competition Overall demand for rental homes still exceeds production.

2025

Hot Submarkets

BFR = 180,000+ units