



SINGLE-FAMILY RENTALS IN BUILD-TO-RENT COMMUNITIES

FEBRUARY 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

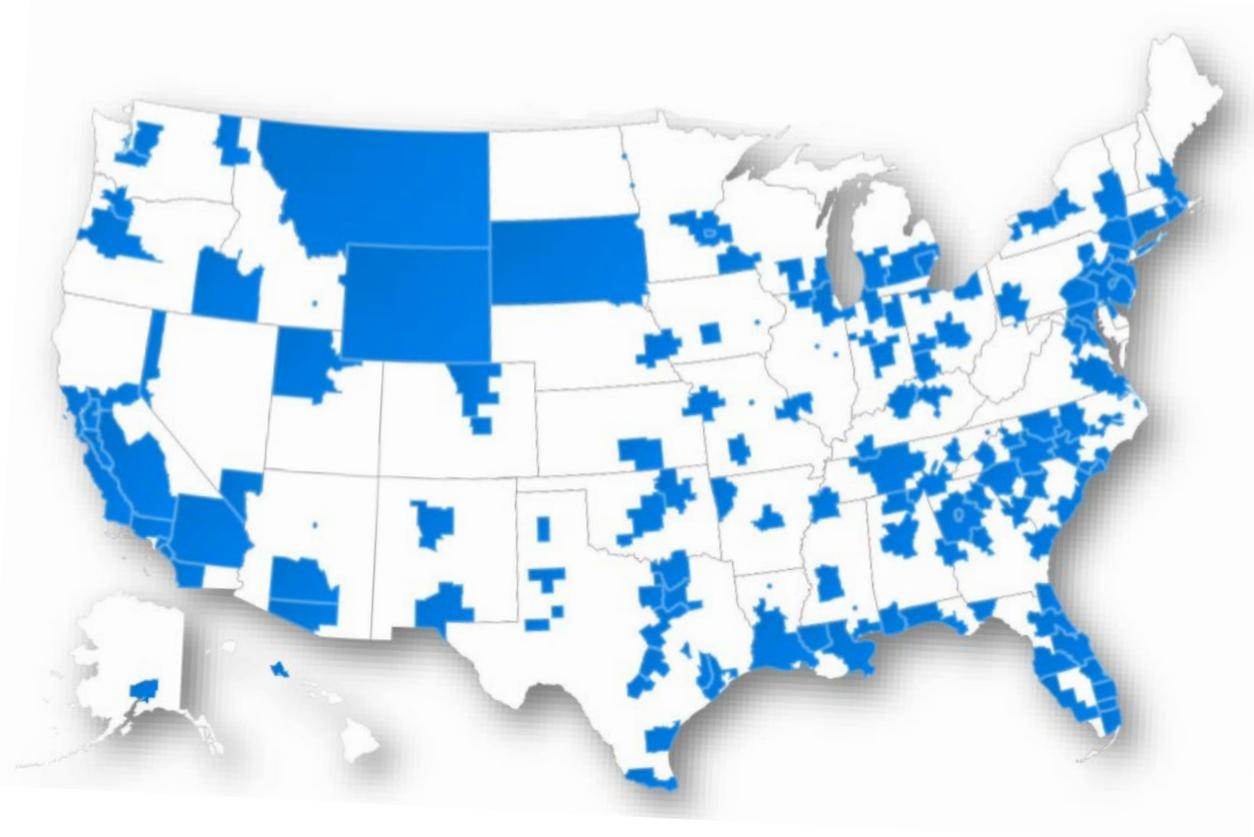
TRADITIONAL SINGLE-FAMILY

- 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

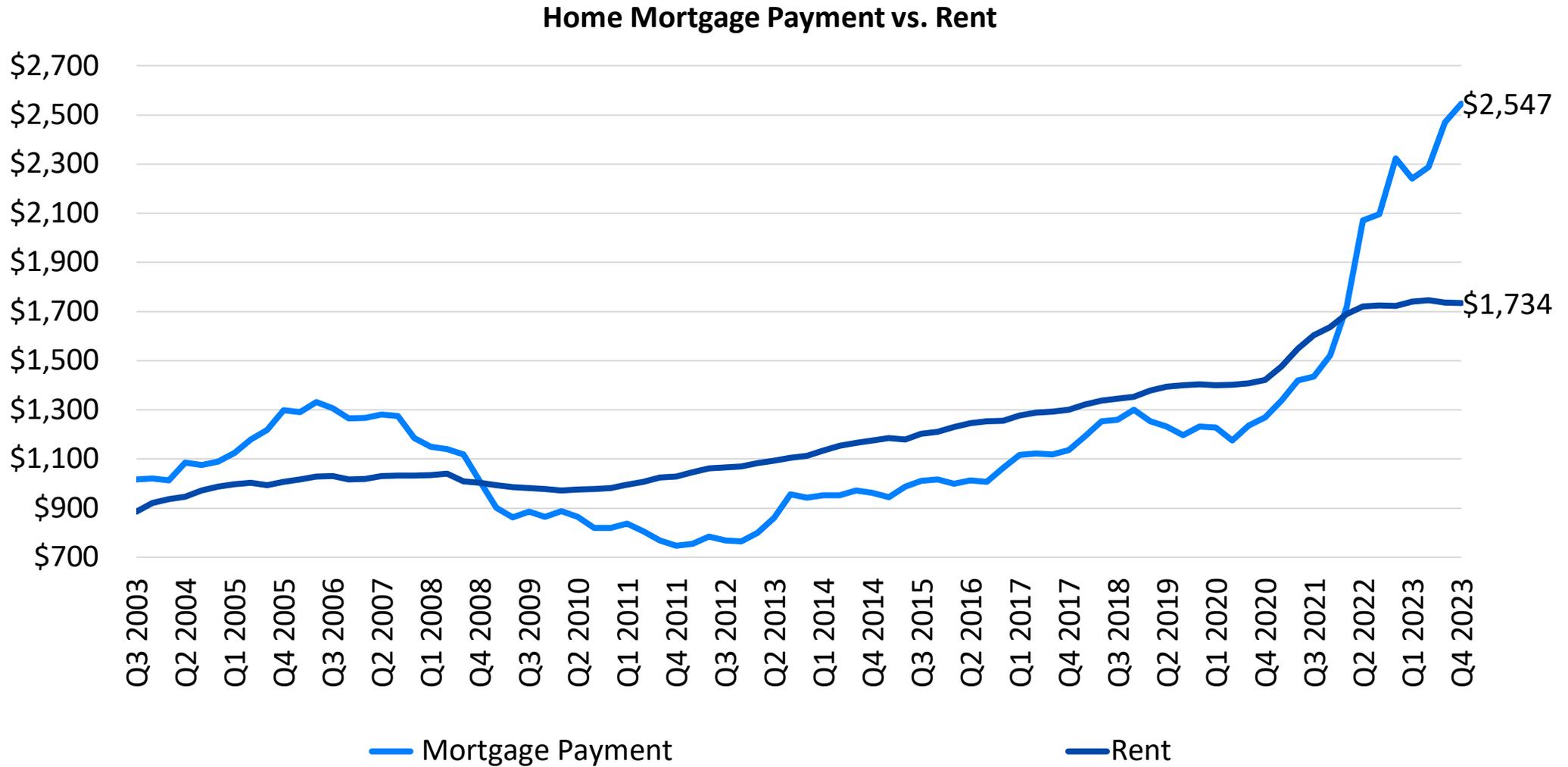


SFR BTR Demand Strong Among Millennials and Blue-Collar Workers

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



*Mortgage payments based on median home price for 30-year fixed rate mortgage, 90% LTV | Source: Yardi Matrix; Moody's Analytics

Renting Is Cheaper Than Purchasing A Home By Thousands of Dollars in Nearly Half of Matrix Top 30 Metros

Market	Mortgage Payment	Rent	Difference
San Francisco	\$7,337	\$2,802	\$4,535
San Diego	\$6,039	\$2,745	\$3,294
Seattle	\$5,004	\$2,205	\$2,799
Los Angeles	\$5,249	\$2,608	\$2,641
Denver	\$4,195	\$1,950	\$2,245
Portland	\$3,646	\$1,756	\$1,890
Washington DC	\$3,768	\$2,140	\$1,628
Boston	\$4,392	\$2,784	\$1,608
N. New Jersey	\$3,944	\$2,456	\$1,488
Miami	\$3,801	\$2,430	\$1,371
Las Vegas	\$2,834	\$1,483	\$1,351
Raleigh	\$2,931	\$1,635	\$1,296
Austin	\$3,002	\$1,755	\$1,247
Phoenix	\$2,890	\$1,670	\$1,220
Nashville	\$2,549	\$1,680	\$869

Market	Mortgage Payment	Rent	Difference
Charlotte	\$2,480	\$1,633	\$847
Twin Cities	\$2,339	\$1,516	\$823
Dallas	\$2,356	\$1,582	\$774
Houston	\$2,131	\$1,371	\$760
Orlando	\$2,613	\$1,858	\$755
Kansas City	\$2,007	\$1,272	\$735
Baltimore	\$2,426	\$1,704	\$722
Columbus	\$1,935	\$1,294	\$641
Atlanta	\$2,312	\$1,710	\$602
Tampa	\$2,454	\$1,855	\$599
Chicago	\$2,207	\$1,633	\$574
Indianapolis	\$1,841	\$1,280	\$561
Philadelphia	\$2,143	\$1,752	\$391
Detroit	\$1,560	\$1,264	\$296

Gateway markets are bold. New York excluded from list due to significant differences between metro division and Matrix boundaries. Data as of Q3 2023

Source: Yardi Matrix; Moody's Data Analytics

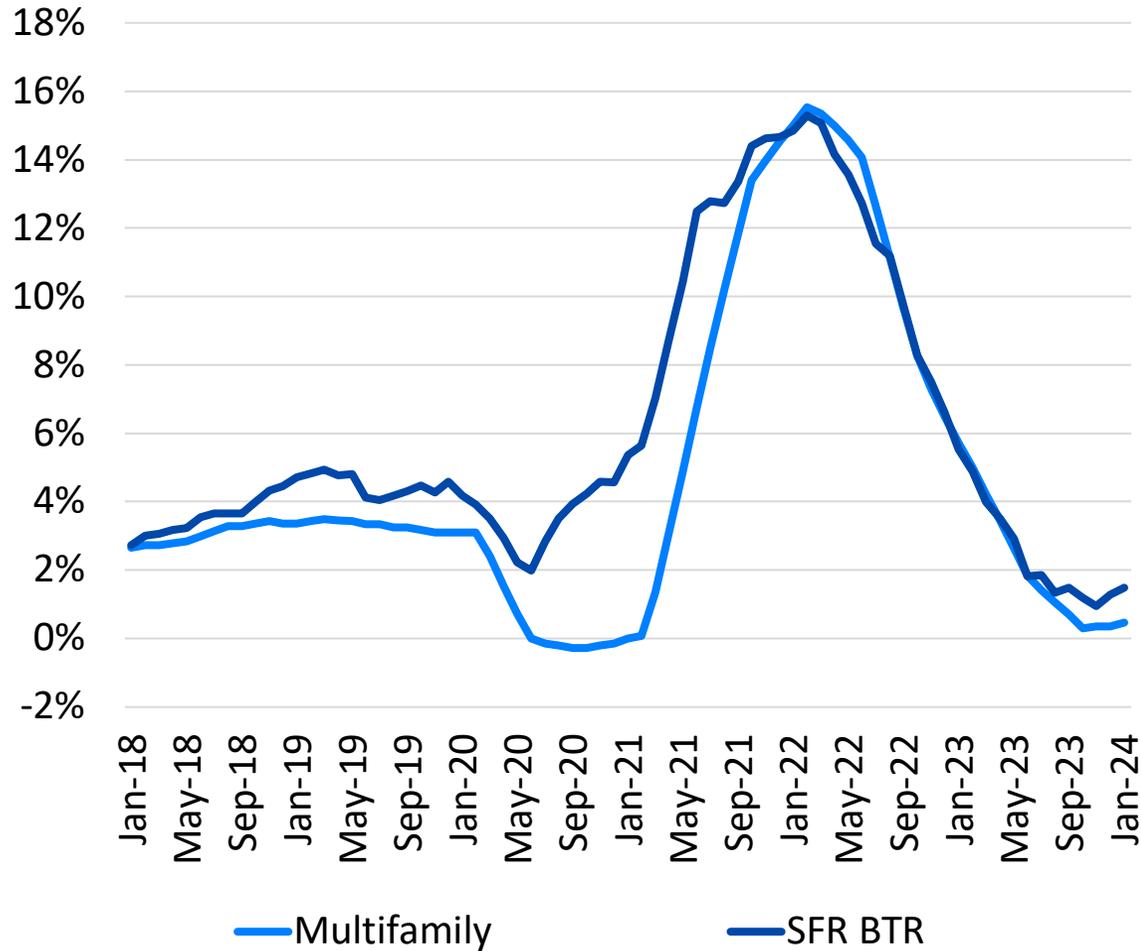


SFR BTR Development Trends

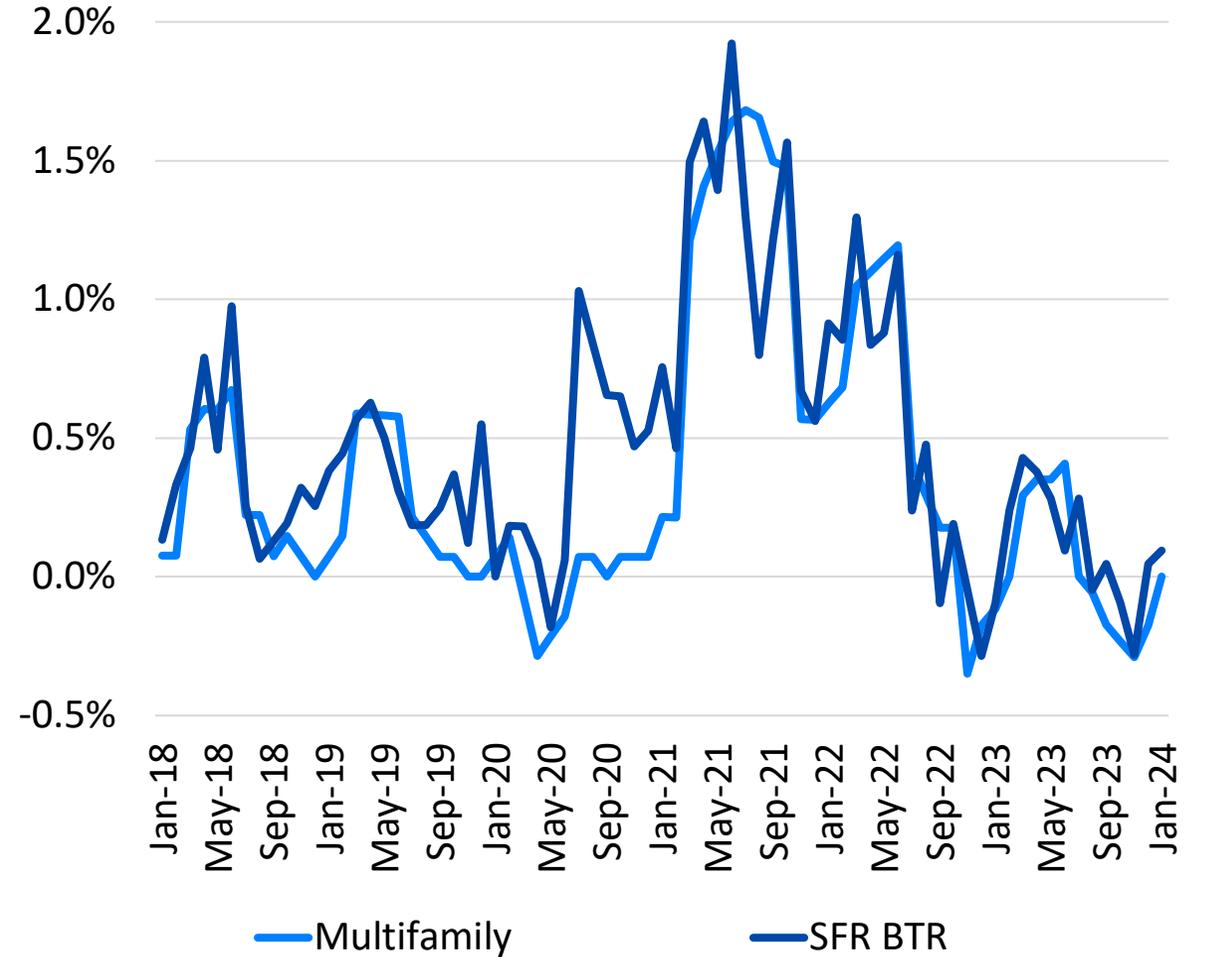
- Amenities
 - Most popular: on-site maintenance and a community
 - Highly desired: better parking, storage, privacy and a yard (even if small)
 - Bonus: apartment-like amenities such as a pool, clubhouse and trails
- **Smart home technology is a MUST** – will likely become standard
 - Plan for future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

National Rents: Year-over-Year

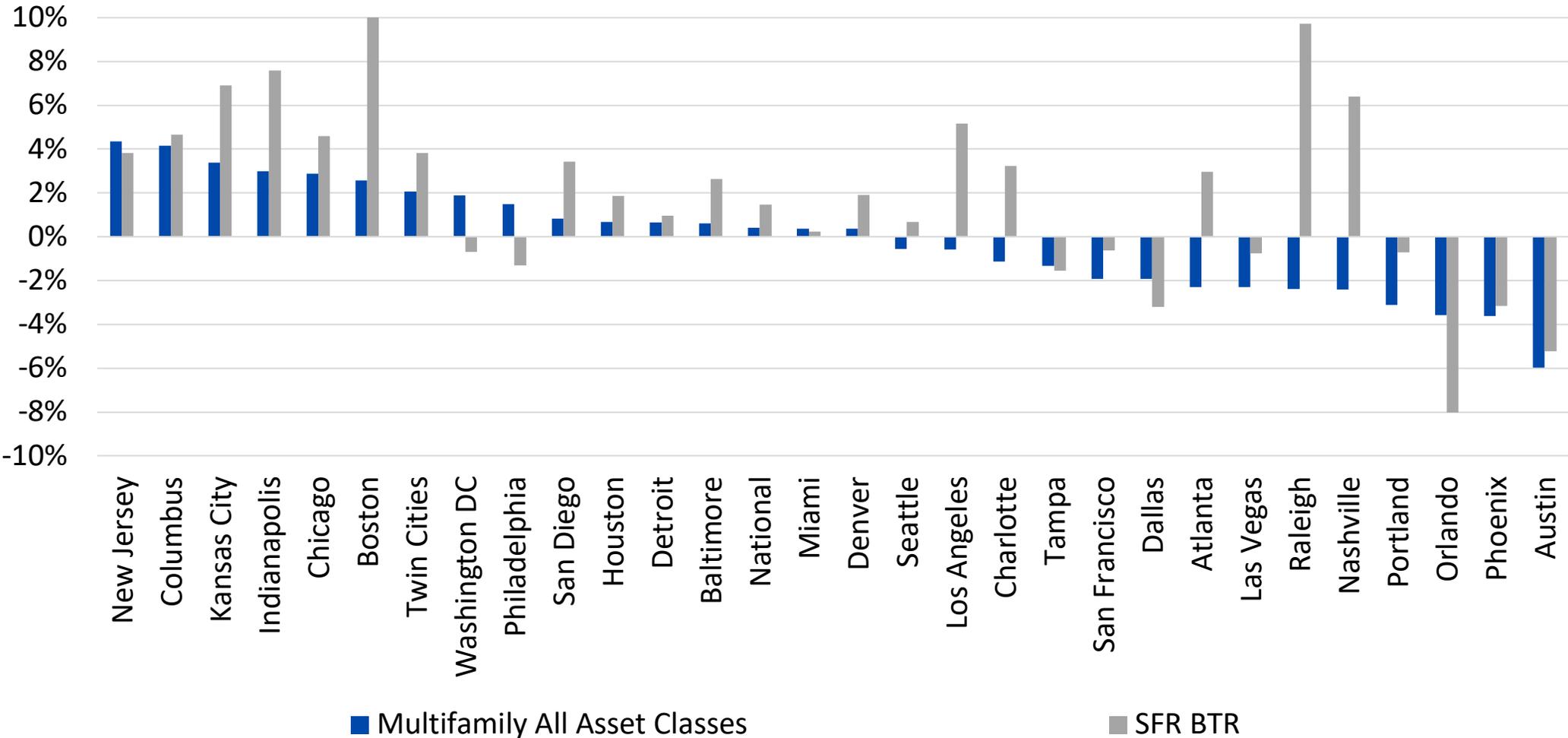


National Rents: Month-over-Month



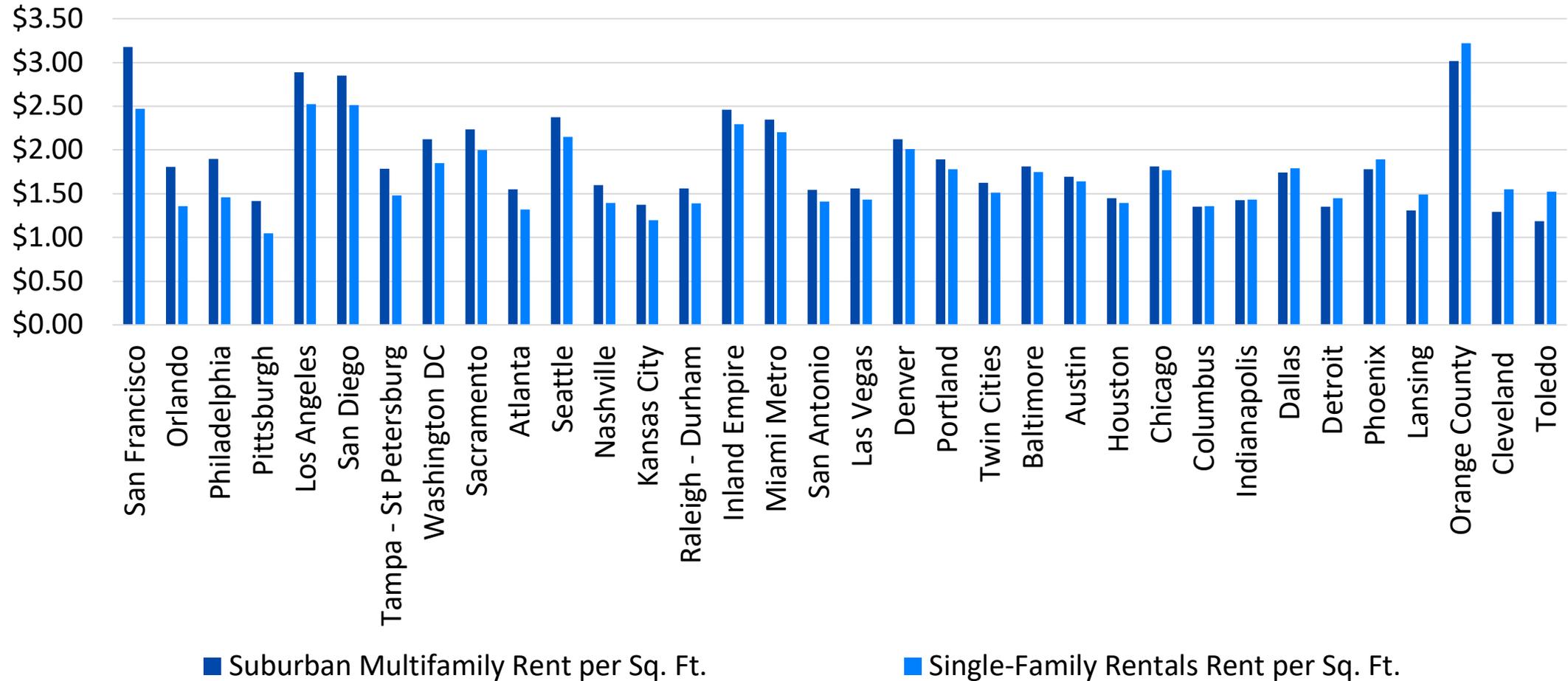
Raleigh, Nashville, Charlotte, Atlanta and L.A. Are Seeing Strong SFR BTR Rent Growth Despite Overall Multifamily Rent Declines

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



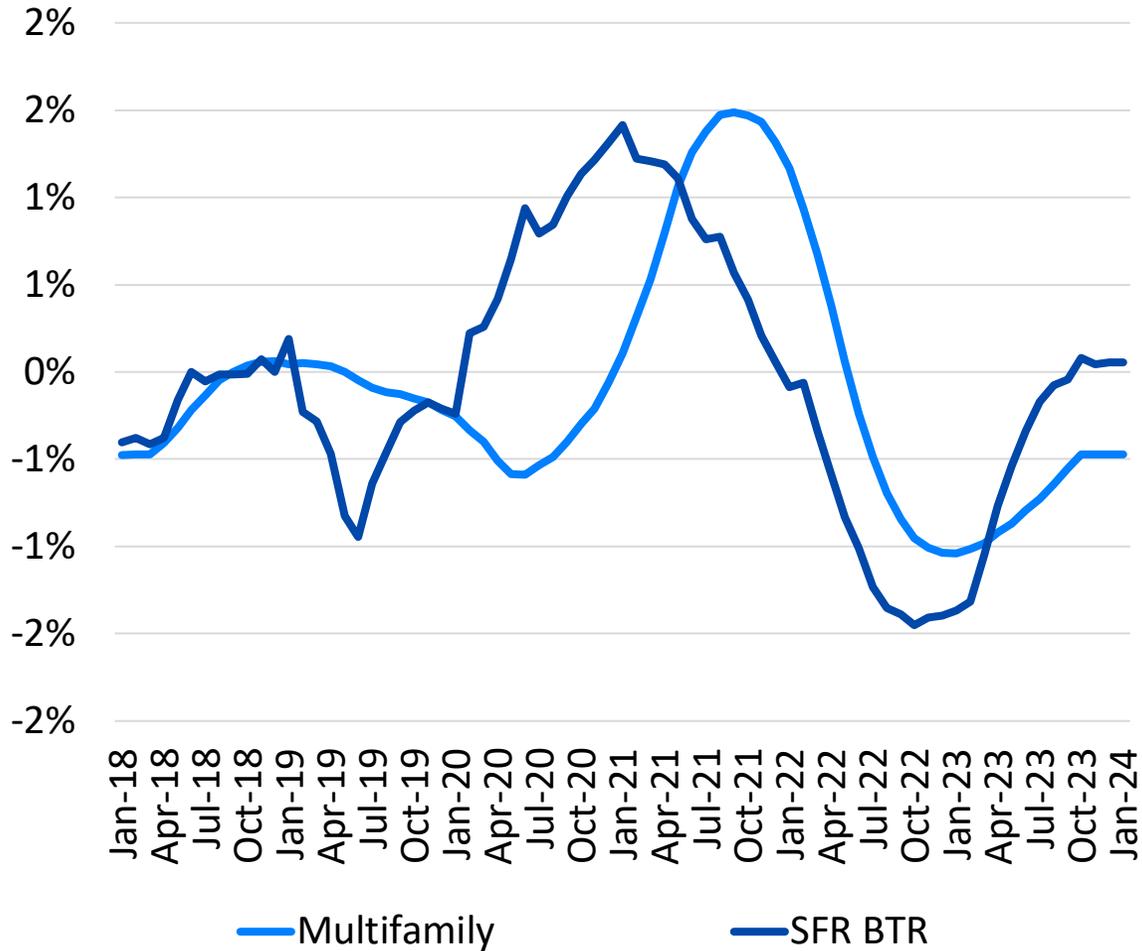
SFR BTR Rents per Sq. Ft. Are Closely Related to Suburban Multifamily Rents

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

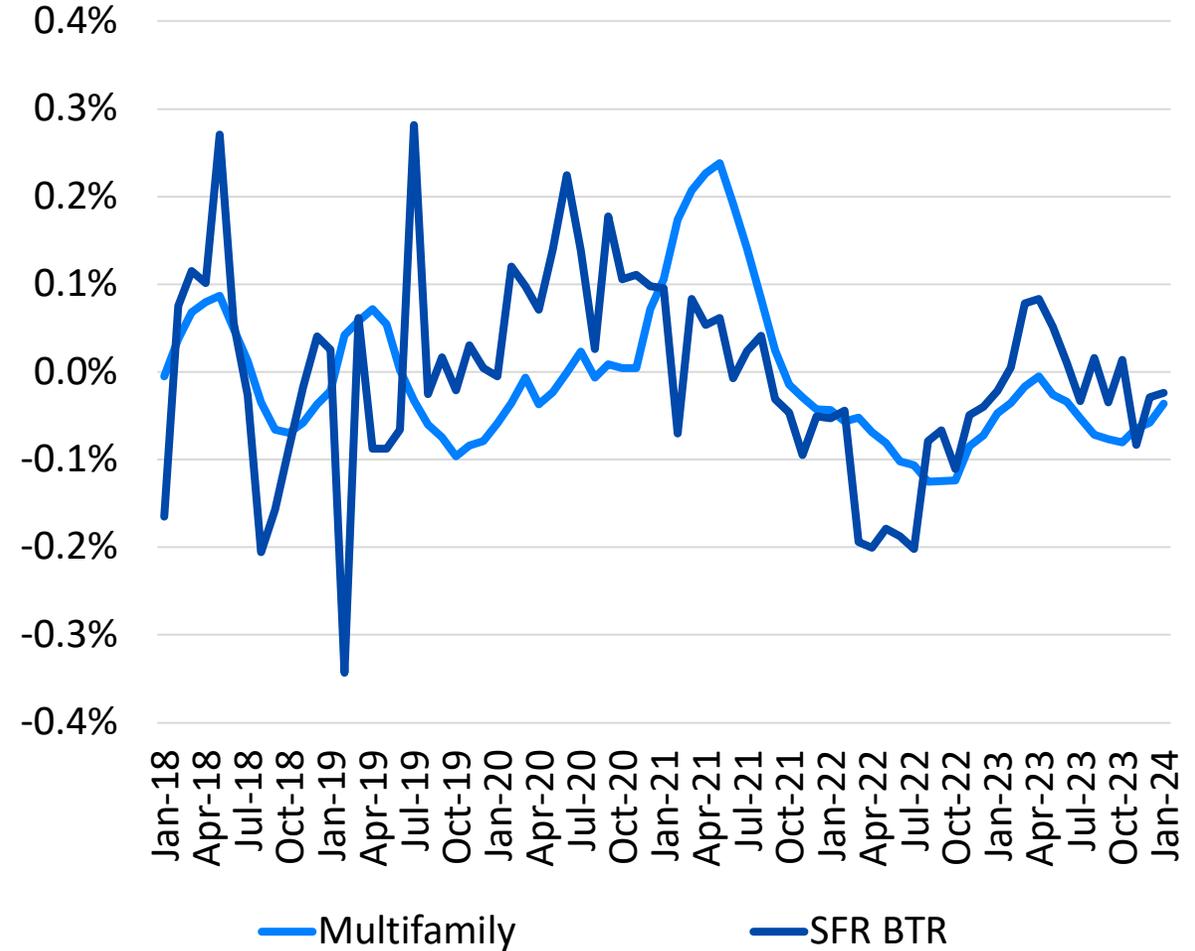


Occupancy Growth for SFR BTR Has Been Stronger in Recent Months

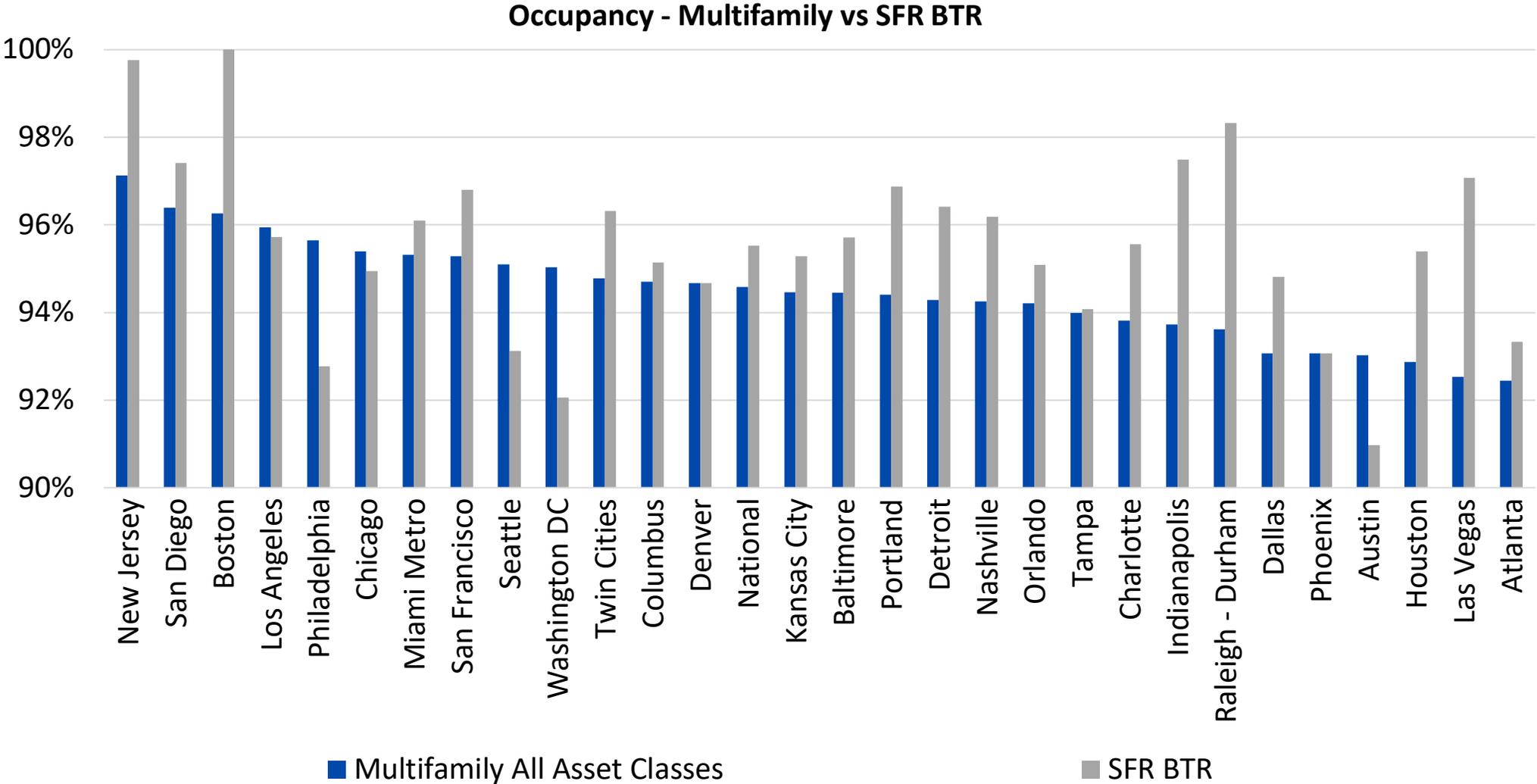
National Occupancy: Year-over-Year



National Occupancy: Month-over-Month



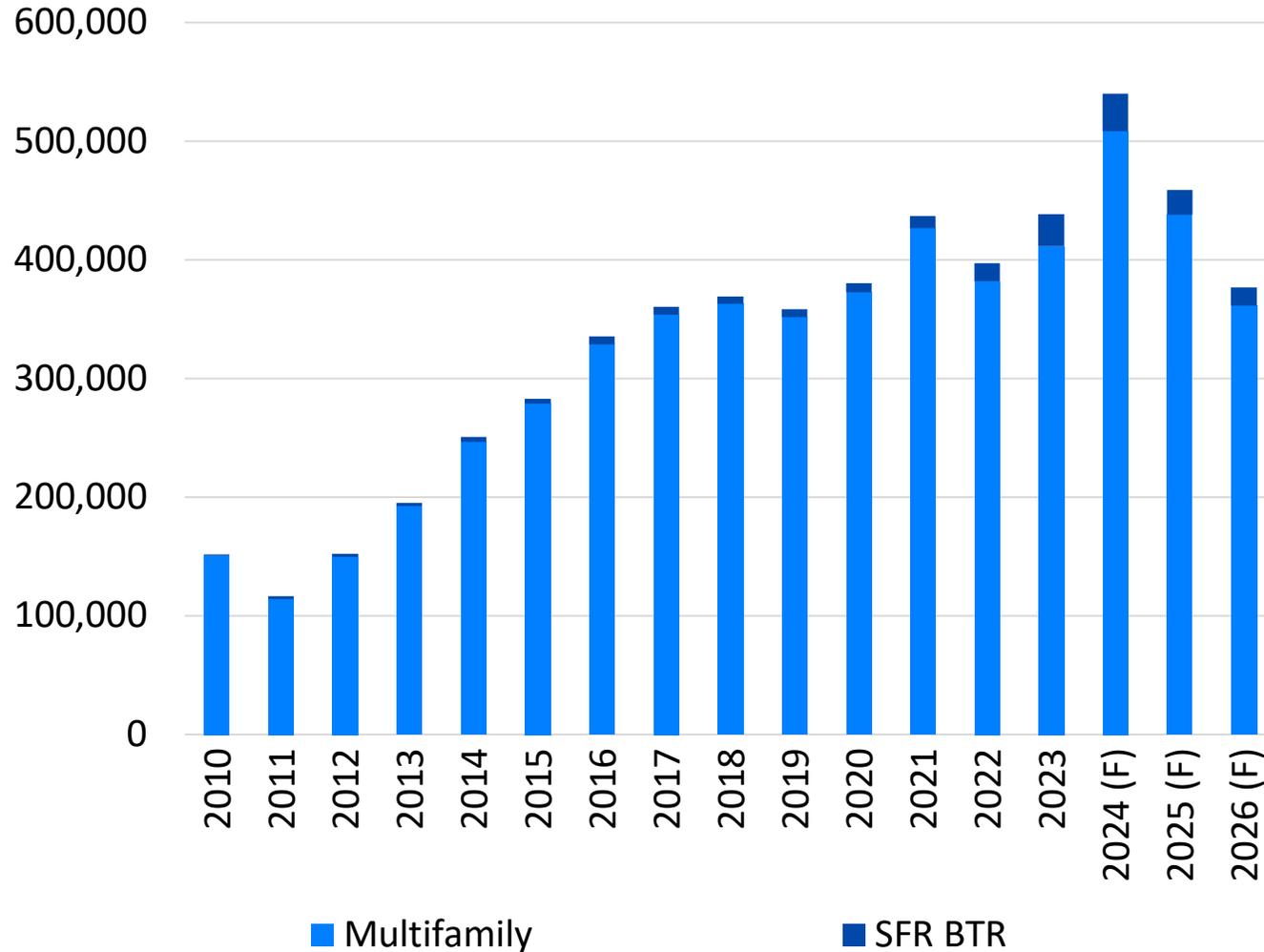
Over Two-Thirds of Matrix Top 30 Markets Are Posting Higher Occupancies In SFR BTR Than The Overall Multifamily Asset Class



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

New Supply is Expected to Decline After 2024's Peak

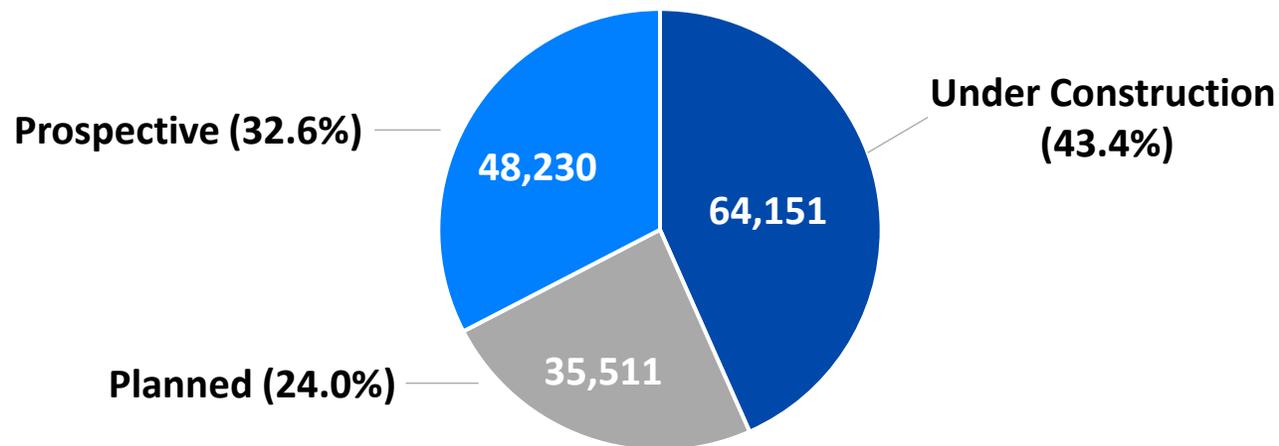
Supply Pipeline



Year	# of SFR BTR Deliveries	SFR BTR Deliveries as a % of Total MF
2010	1,134	0.8%
2011	2,119	1.9%
2012	2,612	1.7%
2013	2,745	1.4%
2014	4,056	1.6%
2015	3,771	1.4%
2016	6,434	2.0%
2017	6,552	1.9%
2018	6,495	1.8%
2019	6,752	1.9%
2020	7,676	2.1%
2021	9,978	2.3%
2022	15,455	4.0%
2023	27,367	6.7%
2024 (F)	31,600	6.2%
2025 (F)	20,769	4.7%
2026 (F)	15,499	4.3%



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



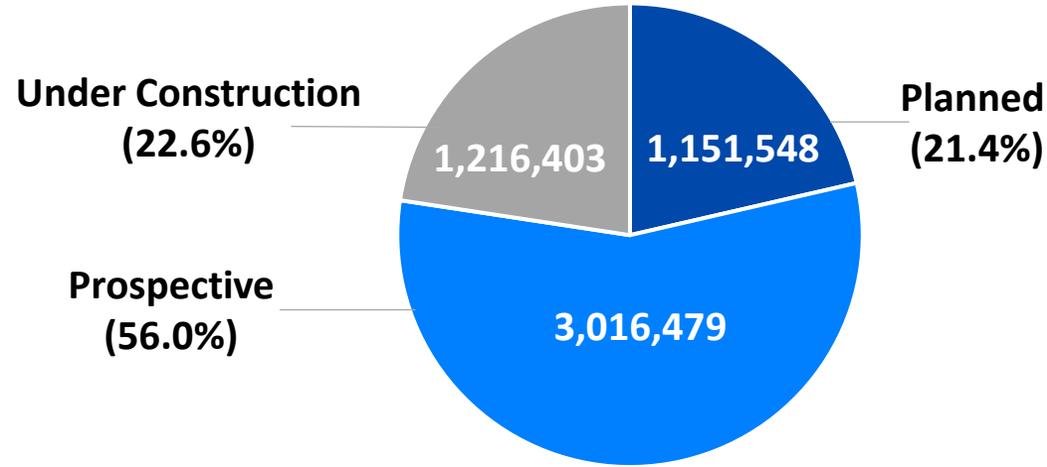
Top 10 Markets	Units	UC as a % of Existing Stock
Huntsville	2,487	949.2%
Wilmington	578	330.3%
Atlanta - Urban	511	279.2%
Savannah	1,354	265.0%
Orlando	1,895	219.8%
Omaha	299	198.0%
Knoxville	400	158.7%
N. New Jersey	97	156.5%
Jacksonville	2,093	152.9%
St Louis	385	137.0%

Top 10 Markets	Units	Planned as a % of Existing Stock
Boston - Urban	341	355.2%
Huntsville	686	261.8%
N. Central Florida	793	176.6%
Orlando	1,428	165.7%
Colorado Springs	410	154.1%
Fayetteville NC	567	150.0%
Omaha	200	132.5%
SW Florida Coast	1,187	120.4%
Louisville	207	108.9%
Chattanooga	357	108.8%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Northern Virginia	885	425.5%
Bay Area - East Bay	798	359.5%
Omaha	422	279.5%
Orlando	2,206	255.9%
Colorado Springs	580	218.0%
Athens	1,547	207.4%
Chattanooga	591	180.2%
Savannah	778	152.3%
Fayetteville NC	562	148.7%
Charlotte	2,704	120.7%



New Multifamily Supply Pipeline: Where is New Supply Concentrated?



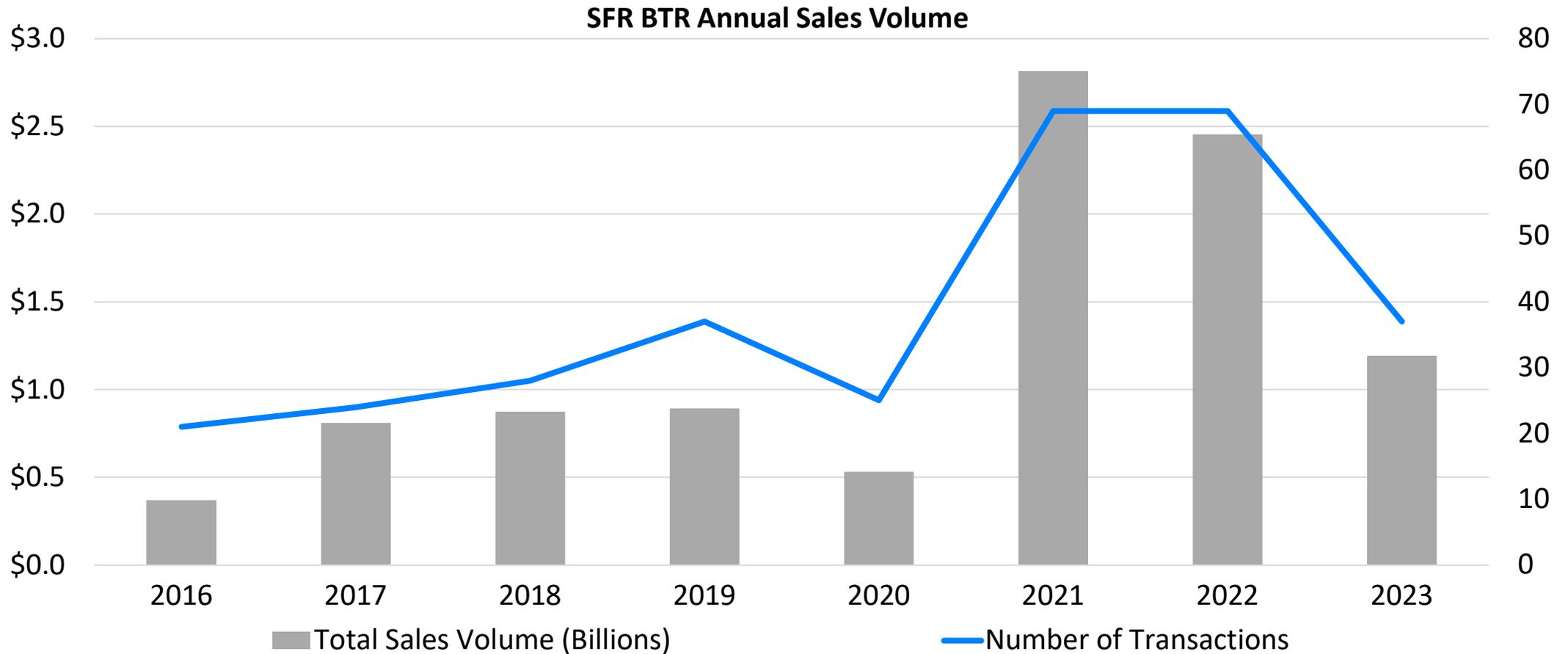
Top 10 Markets	Units	UC as a % of Existing Stock
Montana	4,988	28.0%
Huntsville	11,750	27.3%
Port St. Lucie	3,990	24.2%
Boise	6,097	22.9%
South Dakota	6,139	21.4%
Austin	58,165	20.4%
Colorado Springs	9,284	20.3%
SW Florida Coast	15,273	17.3%
Miami	27,524	17.0%
Charlotte	35,338	16.6%

Top 10 Markets	Units	Planned as a % of Existing Stock
Boise	9,075	34.1%
Asheville	6,722	31.2%
Miami	49,522	30.6%
Port St. Lucie	4,545	27.6%
Fort Lauderdale	21,714	18.3%
LA Metro	34,493	16.4%
N. New Jersey	41,927	16.0%
Wilmington	3,788	15.6%
San Fran Peninsula	21,338	15.5%
SW Florida Coast	13,617	15.4%

Top 10 Markets	Units	Prospective as a % of Existing Stock
Miami	120,600	74.4%
Port St. Lucie	10,825	65.7%
SW Florida Coast	57,817	65.5%
Boise	15,519	58.3%
Clarksville	6,877	50.7%
Wilmington	11,935	49.2%
Raleigh - Durham	81,102	44.7%
Montana	7,544	42.3%
Orlando	108,743	41.5%
N. Central Florida	23,247	39.6%



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



SFR BTR as a % of Total MF Transactions	2016	2017	2018	2019	2020	2021	2022	2023
	0.5%	0.6%	0.7%	0.9%	0.8%	1.2%	1.6%	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**
- 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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