July 2021

Contacts

Jeff Adler
Vice President & General Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Jack Kern
Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Paul Fiorilla
Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Chris Nebenzahl
Editorial Director
Chris.Nebenzahl@Yardi.com
(800) 866-1124 x2200

Casey Cobb
Research Analyst
Casey.Cobb@Yardi.com
(800) 866-1124 x3914

Institutions Are Flocking To Build Single-Family Rentals

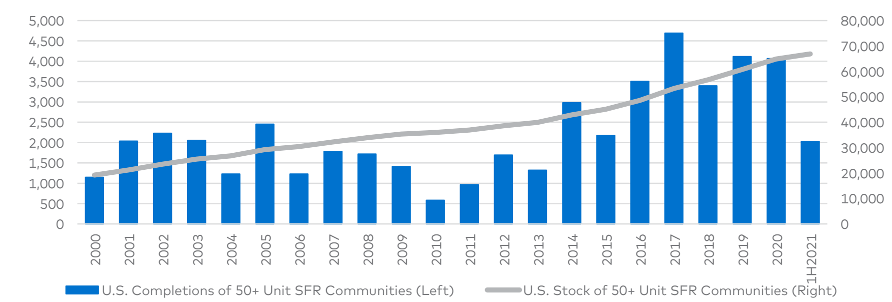
The institutionally owned single-family rental market, formed in the ashes of the 2000s housing bubble, has been rejuvenated by COVID-19. The revival comes with a new twist: the build-to-rent segment, in which homebuilders develop single-family homes to rent.

Both the institutional single-family rental and build-to-suit segments gained momentum as a result of the pandemic, which created ideal conditions. Families wanted more space and the privacy of a detached home, but without the inherent limitations of a mortgage and homeownership.

Single-family rentals have long been a major subsection of the housing market, representing about one-third of the 46 million rental homes in the U.S. However, nearly 98% of single-family rentals are operated by mom-and-pop owners. Institutions did not enter the segment until after the Global Financial Crisis in 2008 and remain a small slice of the market.

That is changing, though. The potential for growth has prompted many institutional players to jump into the niche, with more than $10 billion allocated to the sector by institutions over the last few years, according to corporate announcements and news reports.

National Stock and Completions, SFR 50+ Unit Communities



Source: Yardi Matrix

Increasingly, the way institutions are growing their presence is to build their own communities. Some 12% of new single-family construction in 2021 is being done for rentals, according to John Burns Real Estate Consulting. With so much capital looking to invest in the sector and the demand for rentals rising, we would expect build-to-rents to increase rapidly for at least the next several years.