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# Build-to-Rent Fuels Growth In Institutional Single-Family Rental Market

With home sales cooling as rising mortgage rates bump up against soaring property values, institutional single-family rental property companies are adjusting growth strategies and facing the prospect of lower total returns.

Institutions' growth is currently focused on build-to-rent projects or acquiring portfolios from smaller owners. BTRs are on track to deliver far more units in 2022 than in any previous year. According to Yardi Matrix's SFR database of projects with 50 or more units, more than 25,000 units are under construction. Nearly 4,300 were delivered in the first half of 2022, and the industry will easily surpass 2021's record-high 7,705 deliveries.

Institutional ownership of SFRs is growing rapidly as investors seek property segments with outsize growth prospects as long-term demand for single-family rentals solidifies. Institutions have committed more than \$60 billion to buying single-family homes over the past year, according to various corporate announcements and news articles. MetLife Investment Management estimated in a recent research paper that institutions own some 700,000 single-family rentals in 2022, about 5% of the 14 million SFRs nationally. MIM forecasts that by 2030, institutions will increase SFR holdings to 7.6 million homes, more than 40% of all SFRs.

