August 2023

Contacts

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

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

Doug Ressler
Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

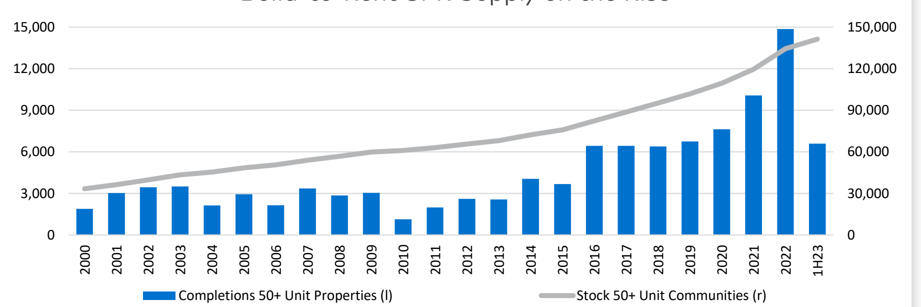
Despite Temporary Stall, Institutional SFR Growth A Good Long-Term Bet

After a period of rapid expansion fueled by low mortgage rates and fast-paced home price appreciation, the institutional single-family rental industry has retrenched into a moderate growth mode with a focus on improving operational efficiency. The new phase is less exciting than rapid expansion and outsize returns, but it puts the industry in position to thrive over the long term.

Institutional SFRs were affected by COVID-19, like all housing segments. Low interest rates and rising home prices spurred sales, while robust household formation fueled demand. Institutions took advantage of historically high multifamily prices and investors looking for higher yields by raising capital to buy single-family homes. The result was rapid growth, although institutions still own a small share of single-family homes. Institutions currently own roughly 600,000 SFR units, about 3% of the 17 million single-family rental homes and a small fraction of the 82 million occupied single-family homes in the U.S.

Institutional SFR portfolios comprise scattered site properties (homes acquired individually) and SFR communities, most of which were built as rentals. Yardi Matrix tracks communities with 50 or more SFR units. Our database encompasses more than a quarter-million single-family rental units, comprising 141,000 operating properties and 121,000 units in the build-to-rent (BTR) pipeline, which include 50,000 that are under construction.

Build-to-Rent SFR Supply on the Rise



Source: Yardi Matrix