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SFR Institutions Navigate "Growing Pains" Stage As Acquisition Pace Slows

The institutional single-family rental market has slowed its growth rate over the past two years, but property fundamentals remain strong. The national occupancy rate has declined during that time, but it remains solid by historical standards. SFR rent growth has decelerated in a similar trajectory to multifamily, but that comes after a long stretch of above-trend increases. Demand remains robust due to demographics and social trends that are likely to remain in place for years.

The segment's growth has shifted since 2022, from purchases of scattered-site properties to build-to-rent projects and partnerships with homebuilders. Acquisitions of BTR communities with 50 or more units over the last two years slipped from the 2022 peak of \$3.0 billion, but the segment produced a solid \$2.2 billion in transactions in 2024. Transactions remain concentrated in high-growth markets such as Phoenix, Atlanta, Charlotte and Denver, where the bulk of SFR-BTR stock is located. Buyers are mostly private companies or REITs, but some affordable housing organizations are active, as well.

Formed in the wake of the global financial crisis, the institutional SFR-BTR market is in a "growing pains" stage, wrestling with issues that include acquisition and development strategies, expanding geographic concentration beyond its current regional scope, and best practices in property management.

