

WHITE PAPER · JUNE 2026

The Garage Premium in Rental Townhome Communities

A Cross-Sectional Econometric Analysis

Quantifying the impact of garages based on an examination of 1,574 townhome communities in the United States.

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Executive Summary

Hunter Housing Economics teamed up with Yardi Matrix to determine the premium that can be obtained when BTR developers include one- or two-car garages in their developments. Using Yardi Matrix's proprietary database of 1,574 rental townhome properties encompassing more than 238,000 units across 89 vintage cohorts (1910-2026), this white paper presents an original econometric cross-section analysis of the financial impact of attached garage configurations on rental income, net operating income, and investment-grade financial metrics. Because the Yardi Matrix database records garage type as an embedded property-level amenity rather than an explicit field, we deploy a structurally validated proxy variable approach - anchoring garage classification to year of construction, floor-plan square footage, rental category, and submarket positioning, consistent with best practices in applied real estate econometrics. Our ordinary least squares (OLS) hedonic regression isolates the garage premium after controlling for bedrooms, square footage, vintage, market quality, rating, and occupancy.

The headline findings are unambiguous: Properties with market-rate garage access command annualized rent premiums of approximately **\$1,680-\$2,580 per unit per year** (one-car equivalent) and **\$2,940-\$4,440 per unit per year** (two-car equivalent) relative to no-garage units of comparable bedroom count and square footage. On a per-square-foot basis, garage-enabled communities sustain a **+\$0.18-\$0.37 per SF rent premium**. At a 6.0% **NOI** capitalization rate, the implied value creation from a two-car garage configuration is approximately **\$37,850 per unit** - making the incremental construction cost of a two-car garage (typically \$18,000-\$35,000) worthwhile for a large number of townhome developments.

These findings carry immediate implications for developers, lenders, and investors evaluating rental townhome projects: garages are usually a good investment, although *local market dynamics can sway the decision*.

1,574

TOWNHOME PROPERTIES
ANALYZED

\$4,440

MAX ANNUAL RENT
PREMIUM/ UNIT (2-CAR)

\$38K

IMPLIED VALUE/ UNIT (2-
CAR GARAGE)

+25%

NOI PREMIUM VS. NO-
GARAGE PROPERTIES

1. Introduction and Research Motivation

The institutional rental townhome sector - once a niche product type - has emerged as one of the fastest-growing asset classes in U.S. residential real estate. Between 2015 and 2026, Yardi Matrix tracked the delivery of more than 200 institutional-scale townhome communities (50+ units), reflecting demand from renters who desire single-family-style living without homeownership. A distinguishing feature of the modern rental townhome product versus conventional garden-style apartments is the attached garage - a structural characteristic that dramatically differentiates the product's cost basis, target demographic, and achievable rent.

Despite the sector's rapid growth, the question of *how much* a garage is worth - and whether the incremental cost of providing a two-car versus one-car garage justifies the construction cost - remains poorly quantified in the published literature. This white paper addresses that gap directly.