

Roundtable: The Rental Roller Coaster: The Rebirth of the SFR Market



Hosted By: 
Altisource[®]
YOUR ONE SOURCE™

MAY 6
2:00 p.m. – 3:00 p.m.

Andy Boerman, *Head of Product, Single-Family Rental, Altisource[®]*

David Howard, *Executive Director, National Rental Home Council*

Michael Finch, *Executive VP and Principal, SVN | SFRhub Advisors*

THEFIVESTARINSTITUTE

MBA
MORTGAGE BANKERS ASSOCIATION

IWMN

HW HOUSINGWIRE

Sizing the SFR Market



44+ million
rental households
in America



**~50% live in single-family
homes**

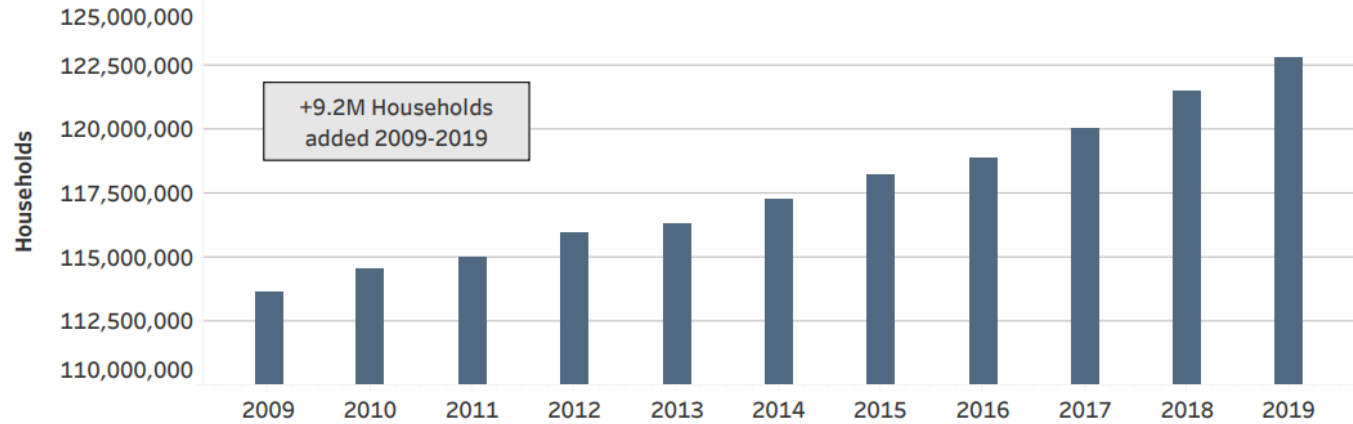
FOR RENT

Growth: Renters vs. Owners

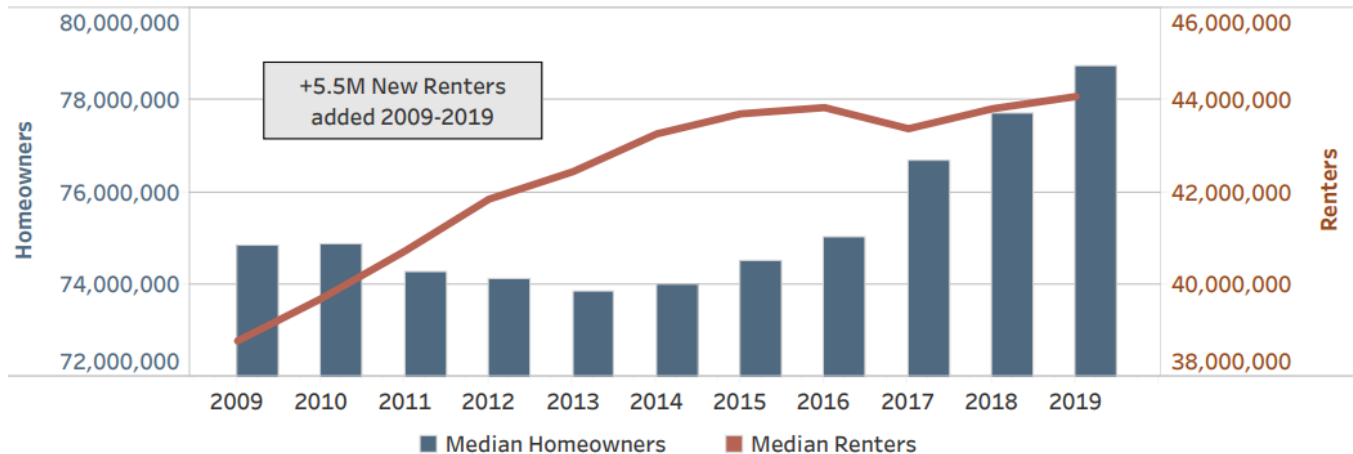
13+ million
New rental
households
expected by 2030

– Urban Institute

US Household Growth



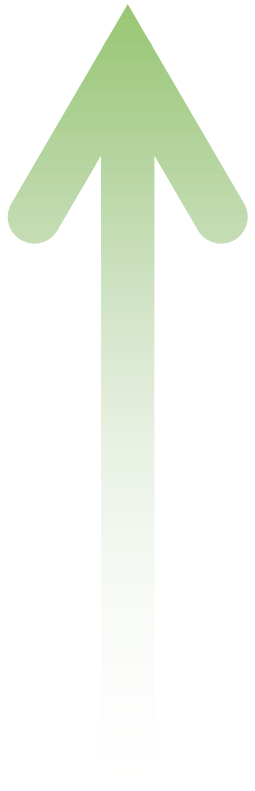
Homeowner & Renter Growth



Source: U.S. Census Bureau

Sustained Growth in SFR...

...even during COVID-19



Economic Factors

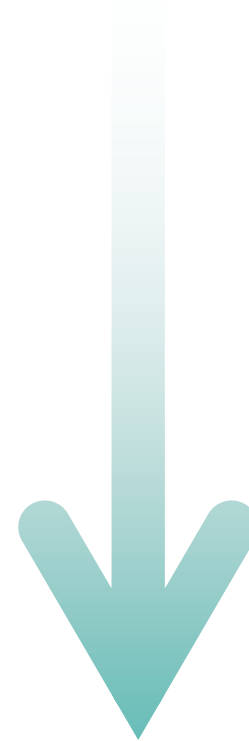
- Credit standards
- Home prices
- Student loan debt
- Rental options
- Occupancy rates

Demographic Factors

- Population growth & household formation
- Desire for more space

Operational Factors

- Financing options
- National & regional service providers
- Technology advances



Economic Factors

- Low inventory (~4M units undersupplied, according to Freddie Mac)
- Not building enough entry-level homes
- Pandemic impacts
- Vacancy rates

Demographic Factors

- Desire to own a home

Poll Question #1

Q:

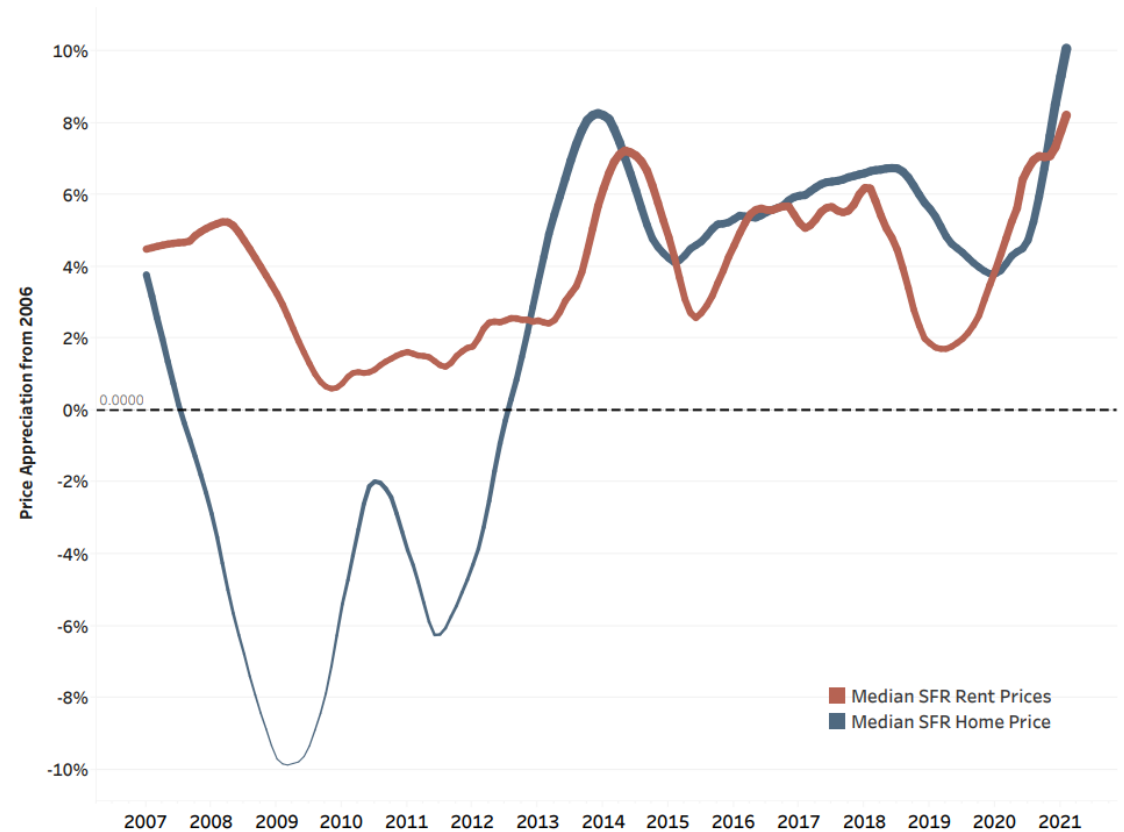
What do you believe is the biggest driver of long-term growth in the single-family rental market?

- a) Household demographics
- b) Low supply of homes
- c) Professionalized property management
- d) More rental options

Rental Trending Data

SFR rents have historically stayed positive **even in recessionary periods**

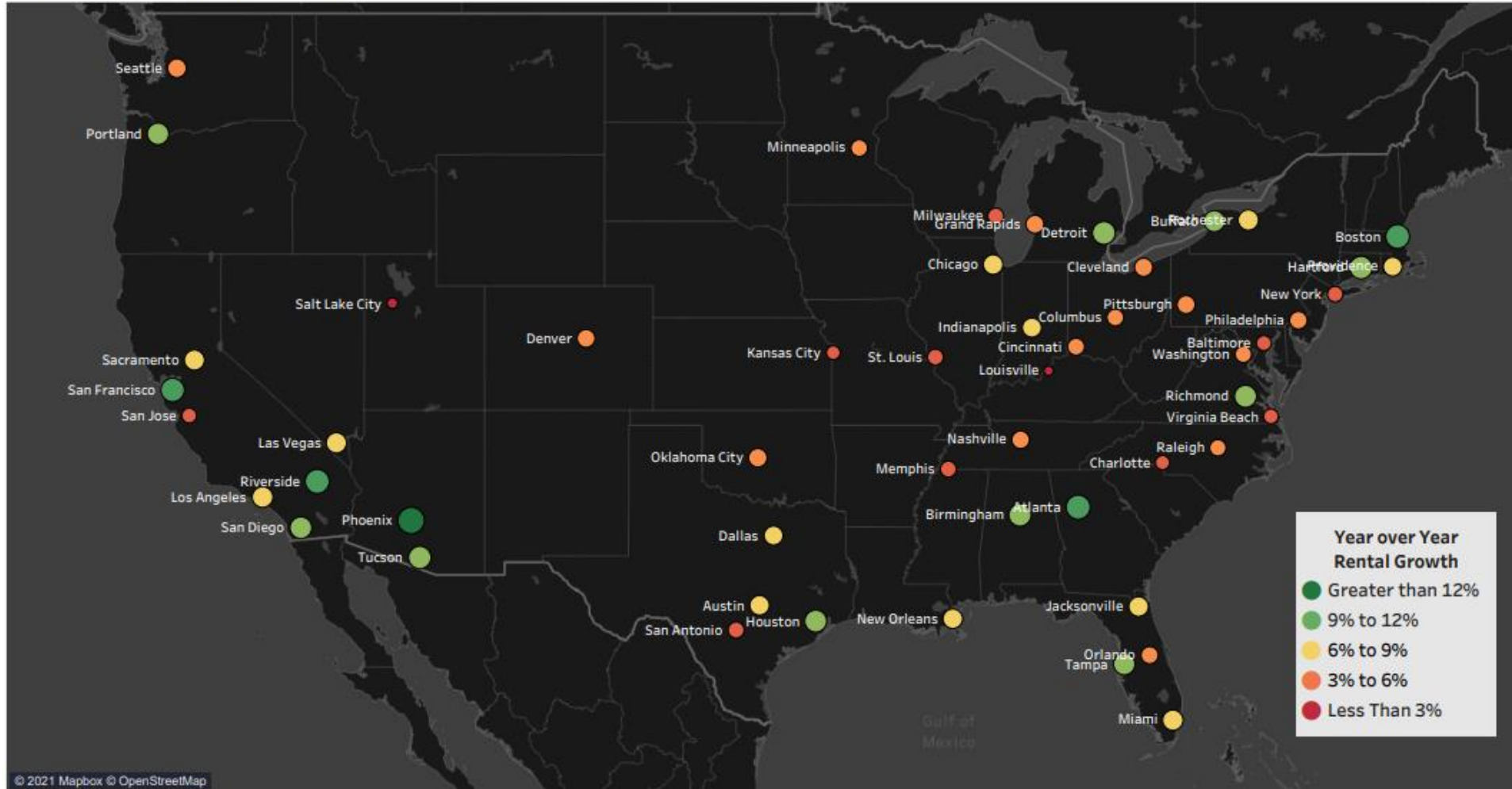
Rent vs Home Price Appreciation (2006-current)



Source: RentRange

SFR Rents Up YOY in Several Major Markets

YoY 3bd SFR Rental Price Increase



Source: RentRange

Poll Question #2

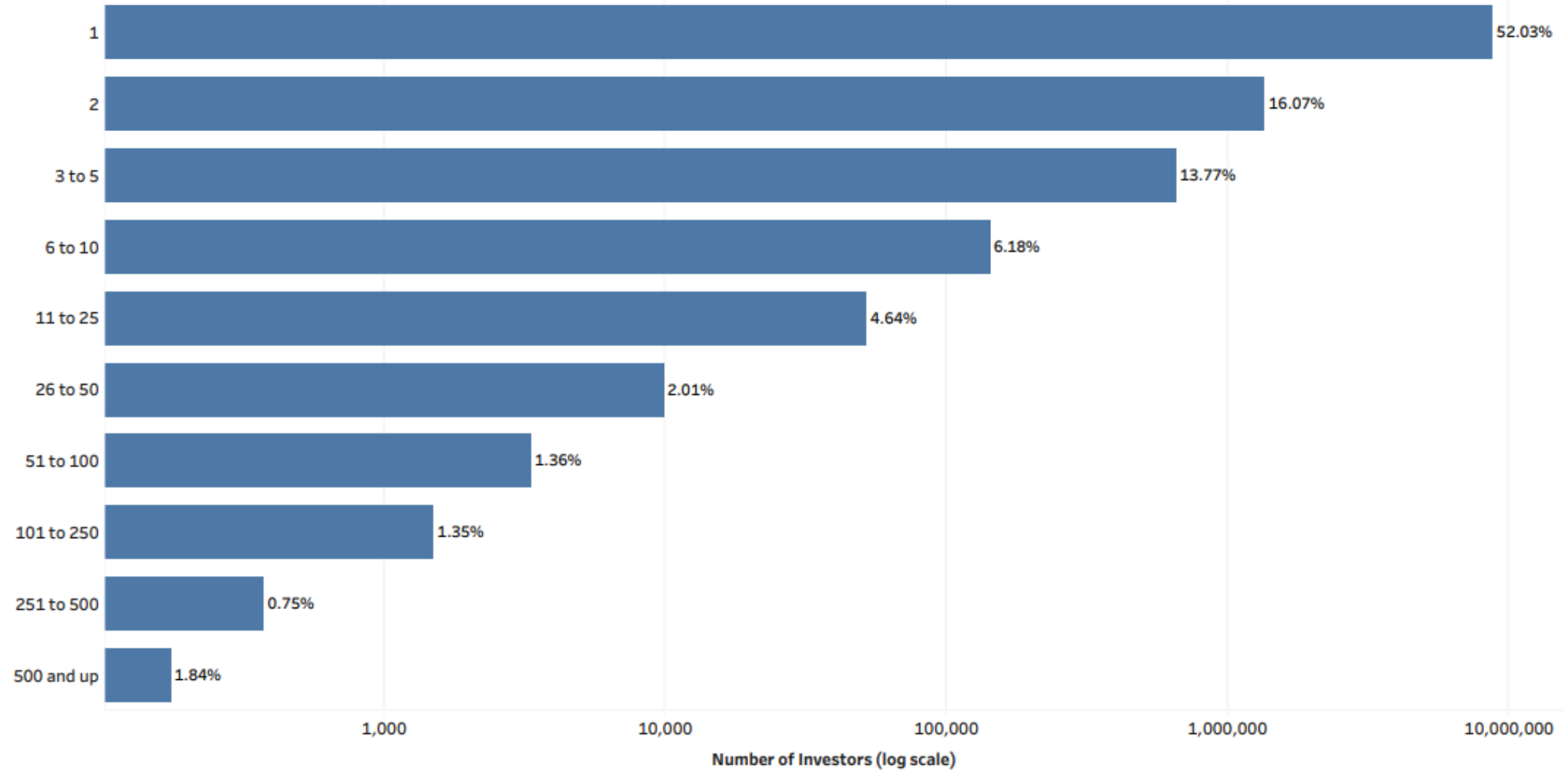
Q:

Do you expect in the next year SFR rents overall to:

- a) Increase from 2020
- b) Decrease from 2020
- c) Remain about the same as 2020

Understanding Depth and Segmentation of the Market

Investor Property Share



Source: RentRange

Poll Question #2

Q:

How many
single-family
rental properties
do you own?

- a) 0 - 2
- b) 3 - 10
- c) 11 - 50
- d) 51+

NRHC Goals



- 1. Share and amplify industry best practices**
- 2. Advance a positive, consistent narrative around the value of SFR**
- 3. Protect and enhance the legislative and regulatory interests of the SFR industry**

NRHC Executive Committee Members



Kevin Baldrige, Chief Operating Officer, Tricon Residential; NRHC Chairman

Colleen Keating, Chief Executive Officer, FirstKey Homes

Chaz Mueller, Chief Executive Officer, Progress Residential

Dave Singelyn, Chief Executive Officer, American Homes 4 Rent

Dallas Tanner, President & CEO, Invitation Homes

NRHC Committees



Communications & Marketing Committee:

Nicole Conniff, VP – Property Marketing, Tricon Residential

Finance Committee:

Christopher Lau, Chief Financial Officer, American Homes 4 Rent

Human Resources Committee:

Sherrie Suski, Chief People Officer, Tricon Residential

Legal/Legislative Committee:

Mark Solls, EVP & Chief Legal Officer, Invitation Homes;
Meredith Delcamp, Partner, Shutts & Bowen

Operations Committee:

Alan O'Brien, Head of Property Operations, Tricon Residential

Technology Committee:

Jules Perera, VP – Technology, Progress Residential

Federal Legislative Priorities



- **Affordability**
- **Climate Change**
- **Fraud**
- **Housing Opportunity**
 - Eviction Moratoria
 - Rental Assistance
 - HOA Protections
 - Pathway to Homeownership
- **NRHC PAC**

State Legislative Priorities



California – Rent Control; AB 1199

Florida – pending HOA legislation

Georgia – passed HOA legislation 2020

Tennessee – passed HOA legislation 2021

Q:

What percentage of your tenants have not paid full rent at any point since April 2020?

- a) None
- b) < 10%
- c) Between 10% and 25%
- d) Between 25% and 50%
- e) 50% or more

The Single-Family Rental Home Market

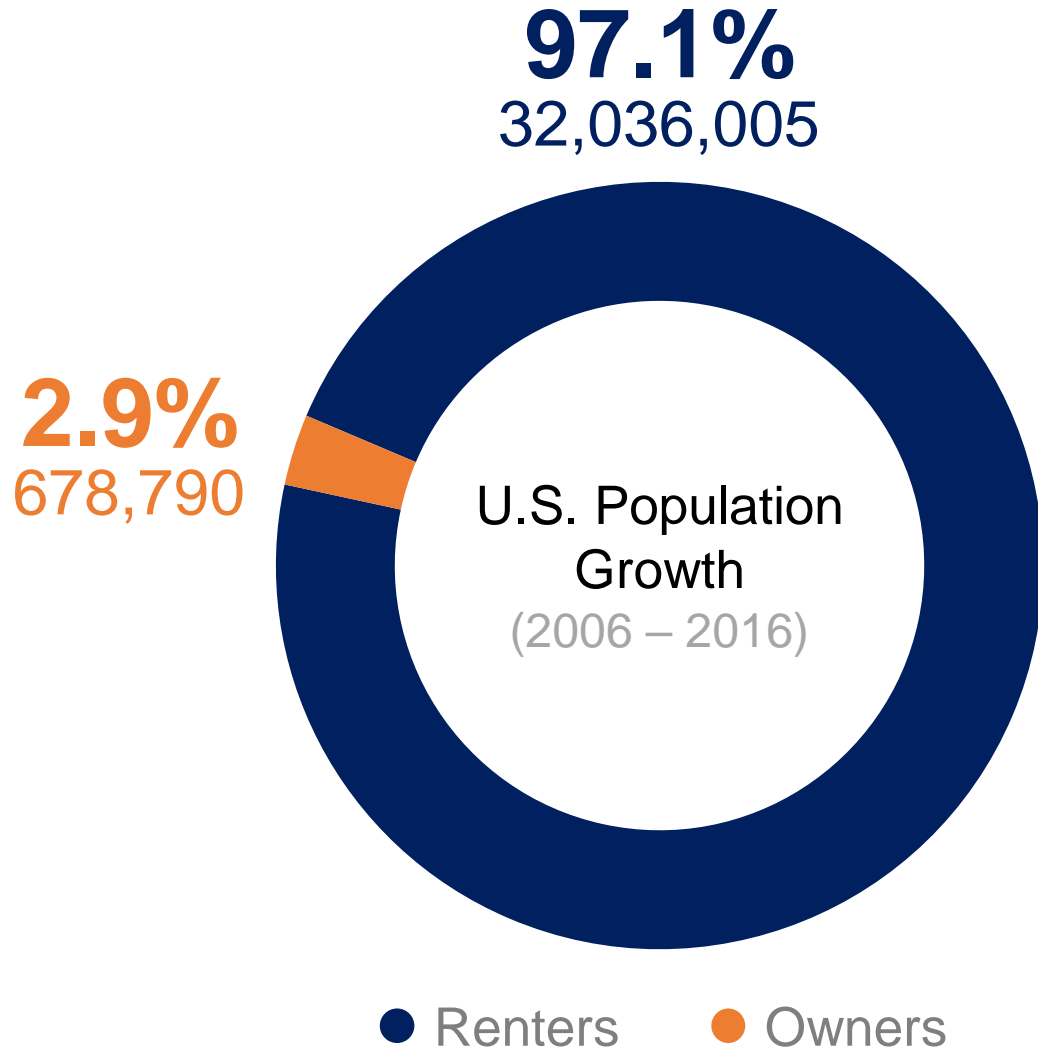


- **23 million single-family homes in the U.S. represents half of all rental housing**
- **90% of properties** accounted for by small owners
- **Growing demand for SFR housing**
- **Innovations in property and portfolio management**
- **Legislative and regulatory risk**

Q:

One year from now, how many single-family rental home properties do you plan to own compared to 2020?

- a) More
- b) Less
- c) About the same



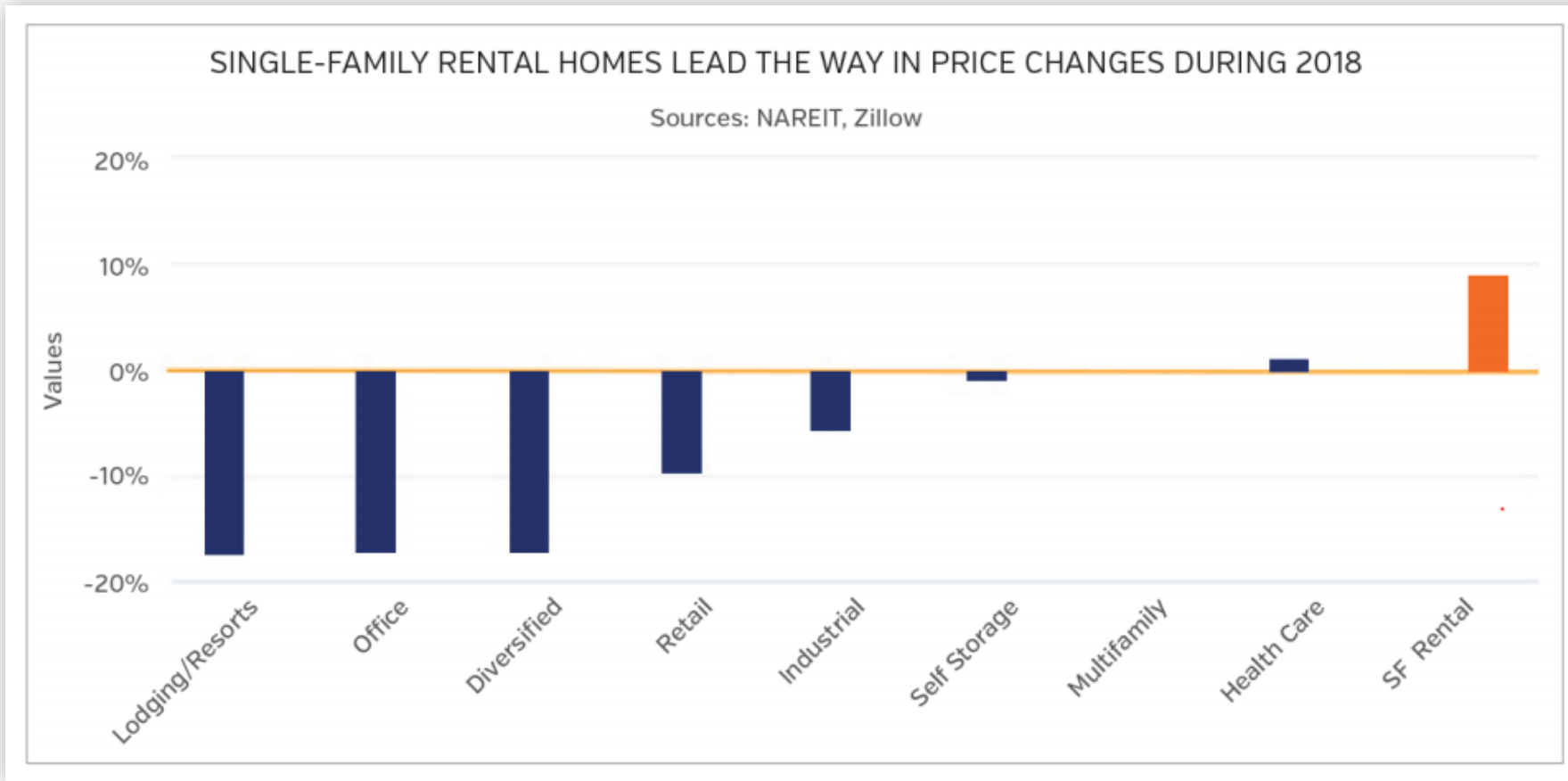
SFR/BFR Is Number One

SFR — Single-family residential (SFR) investment rental home portfolios

- Eclipsed multifamily investment in 2016
- Huge shift to home rental vs. home ownership in the USA
- 3 of 5 living generations will rent



Comparing All CRE Asset Classes for Investment



- Office
- Retail
- Industrial
- Medical Office
- Hospitality

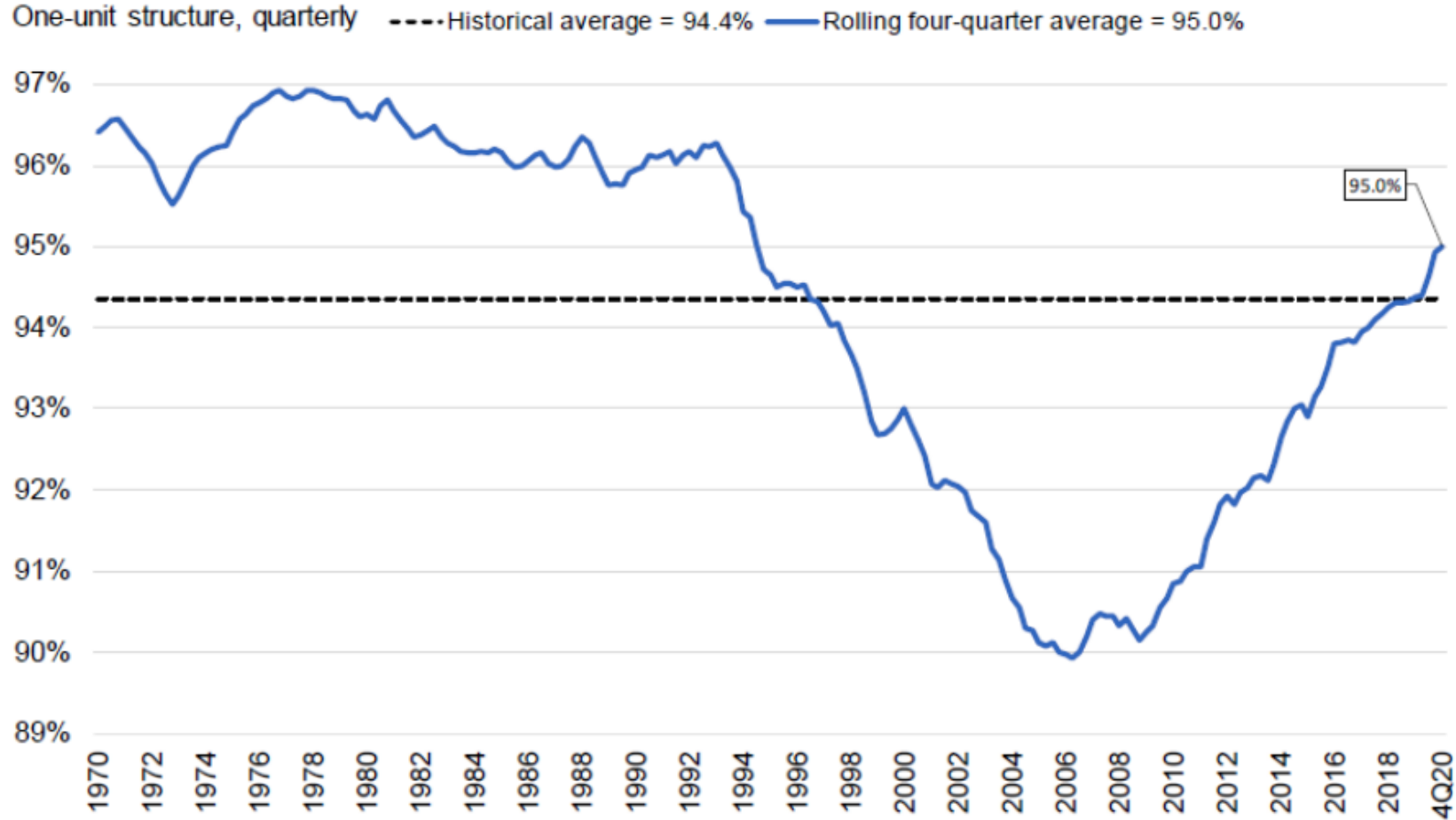


Q:

Which asset class
are you interested in
investing this year?

- a) Build-for-Rent (BFR)
- b) Existing Single-Family Residential
- c) Fix & Flips
- d) Multifamily
- e) Other

Rental Occupancy Rates



Sources: US Census Bureau, Current Population Survey/Housing Vacancy Survey; John Burns Real Estate Consulting, LLC (Data: 4Q20, Pub: Mar-21)

Other Factors Driving Bullish 2021 SFR Rent Growth Thesis

- **Rapidly rising construction costs**, home/land prices making it harder to pencil SFR and build-for-rent deals unless rents push higher.
- **Public REITs pushing rents on new leases 6% - 12% but have been less inclined to push renewals.** With vaccine rollout, headline/political risk of renewal hikes will gradually subside.
- **With record high occupancy, SFR tenants will have few choices on where else to go if they can't/don't want to buy a home.** Many will simply have to pay higher rents.
- **Pickup in households relocating given relaxed/permanent work-from-home policies.** Likely to choose SFR if testing new area prior to purchasing home (if they inevitably do so).
- **Institutional SFR ownership accelerating** and general pattern is for rents to shift higher during transition from mom/pop to institutions.

Q&A



**THANK YOU
FOR ATTENDING**

