



FAMILY RENTAL HOUSING: A GROWING NEED AND EMERGING OPPORTUNITY

National Rental Home Council SFR Virtual Leadership Day

July 14, 2020

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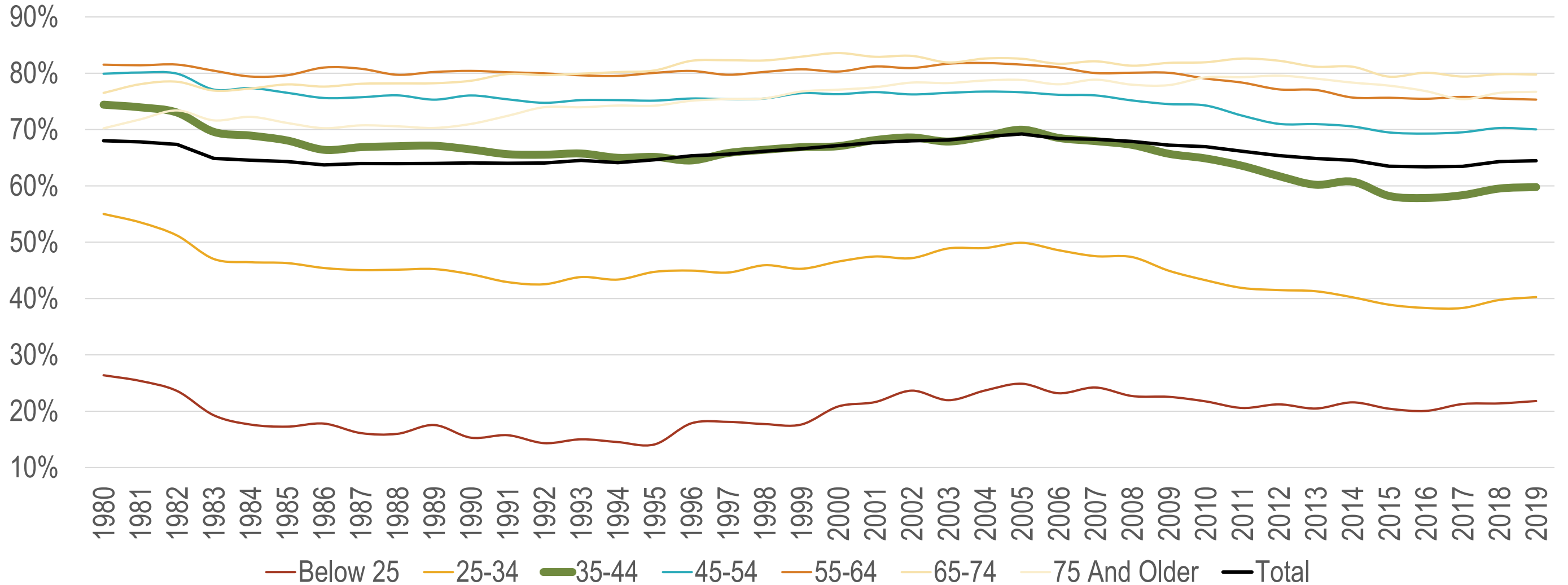
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FRAMING QUESTIONS

- ▶ **Who are family rental households in the United States?**
- ▶ **What can we say about this cohort as a market opportunity?**
- ▶ **Where do they live today and what are we building for them?**
(Hint: not much of late)
- ▶ **How is the development community responding to the opportunity?**
- ▶ **What role do lower-density housing typologies and higher-density typologies play?**
- ▶ **What are the constraints and policy concerns?**

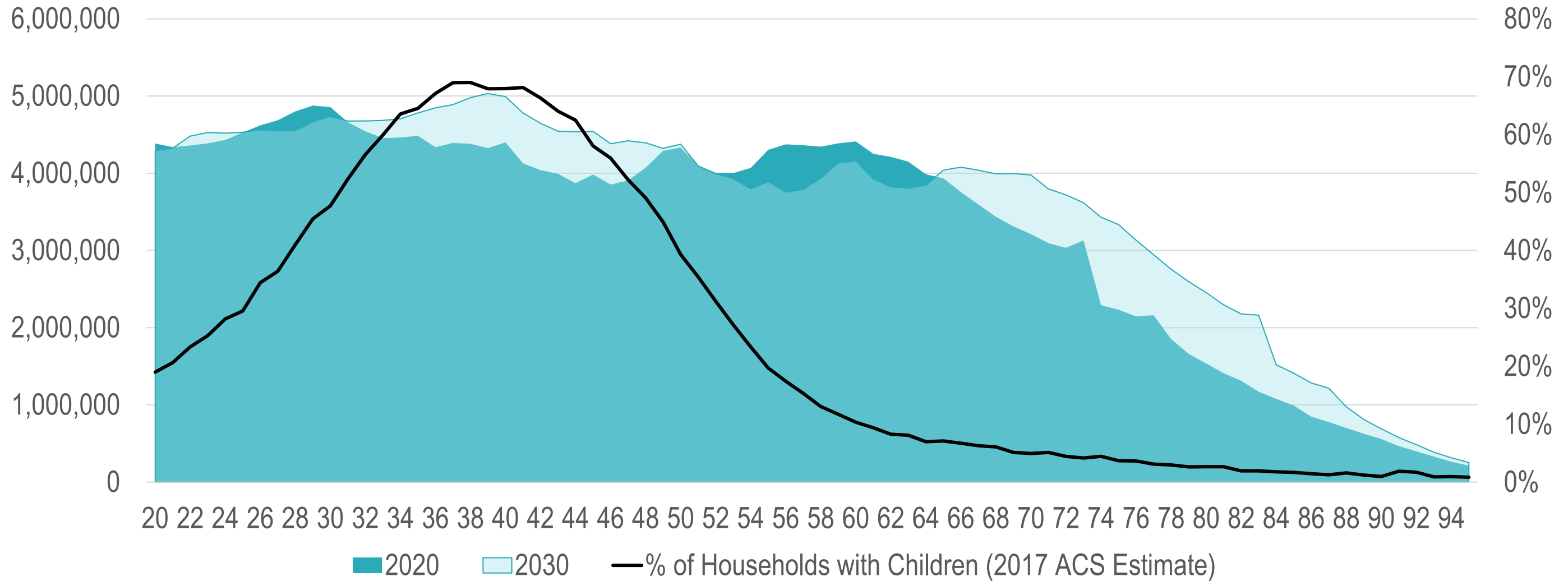
RENTERSHIP RATES RISING IN EVERY AGE COHORT

Homeownership by Age; United States 1980-2019



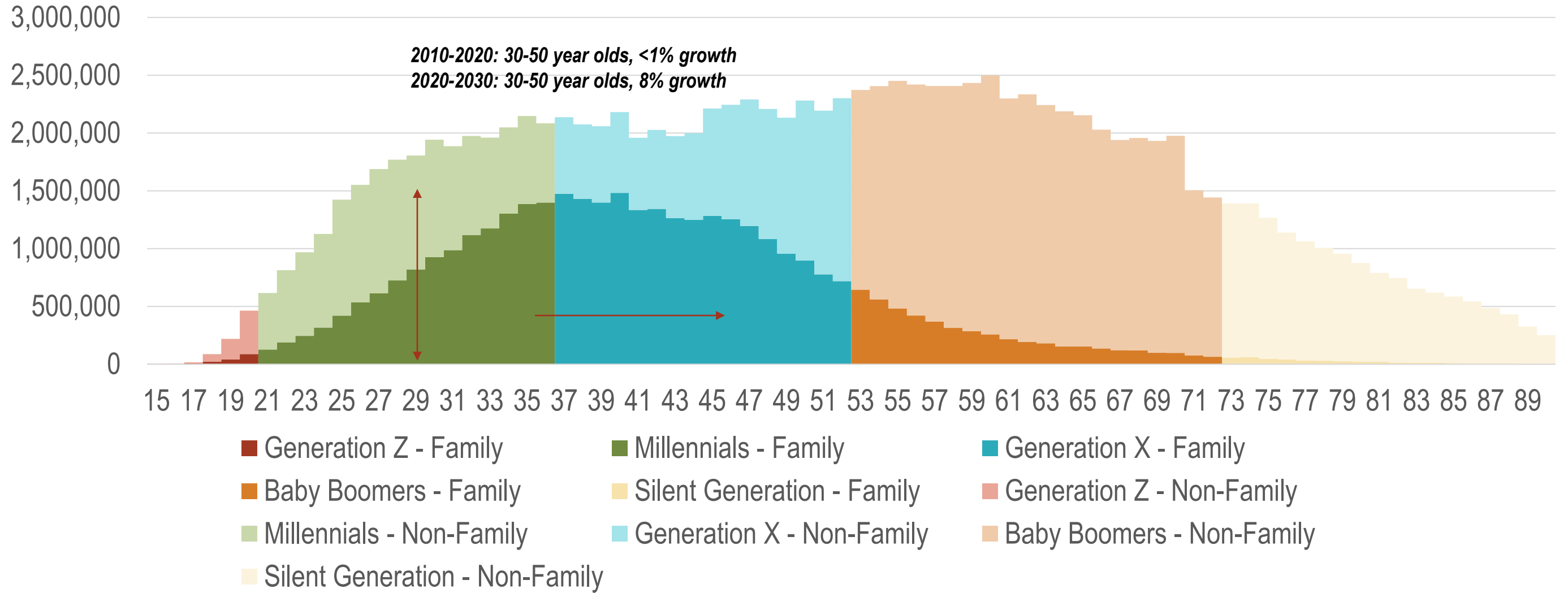
AS WE START A NEW DECADE... WHY SHOULD WE CARE SO MUCH?

Projected Population by Age; United States 2020-2030



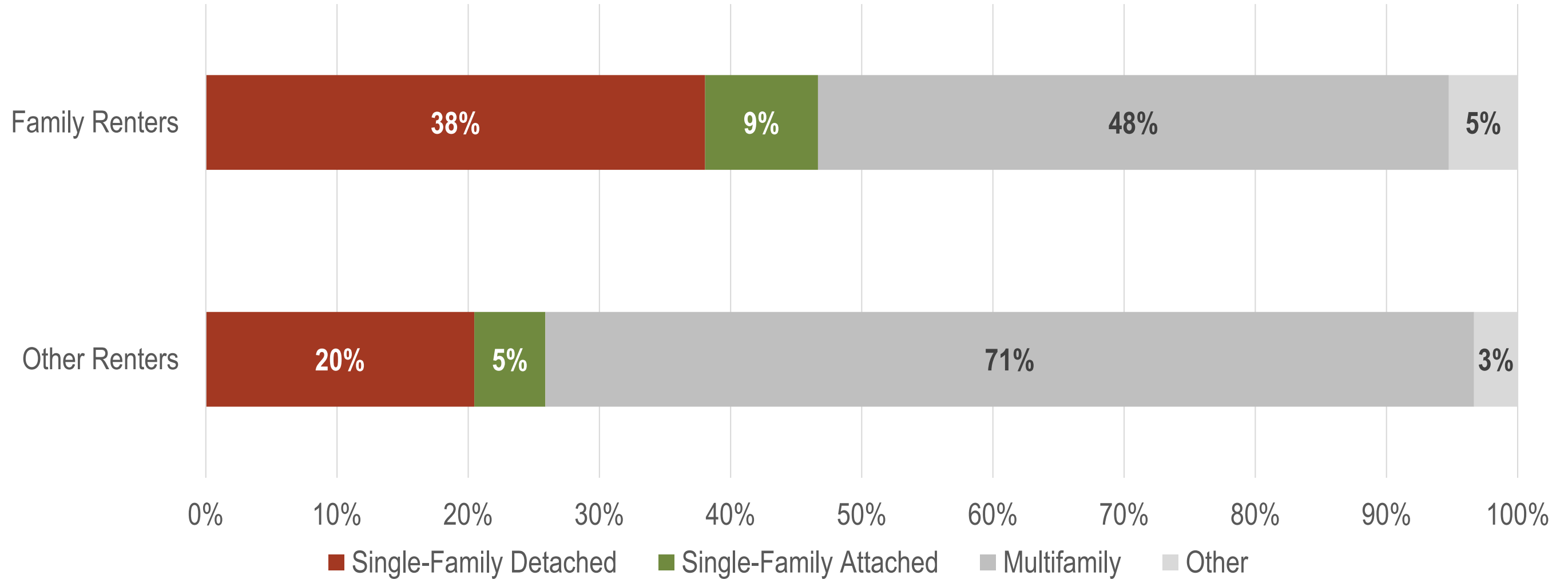
LATER PERHAPS, BUT FAMILY FORMATION RATE LARGELY UNCHANGED

Family Composition by Age Cohort and Generation; United States
2019



SO WHAT TYPE OF HOUSING DO THESE RENTERS LIVE IN TODAY?

Current Type of Residence by Household Type; United States
2017



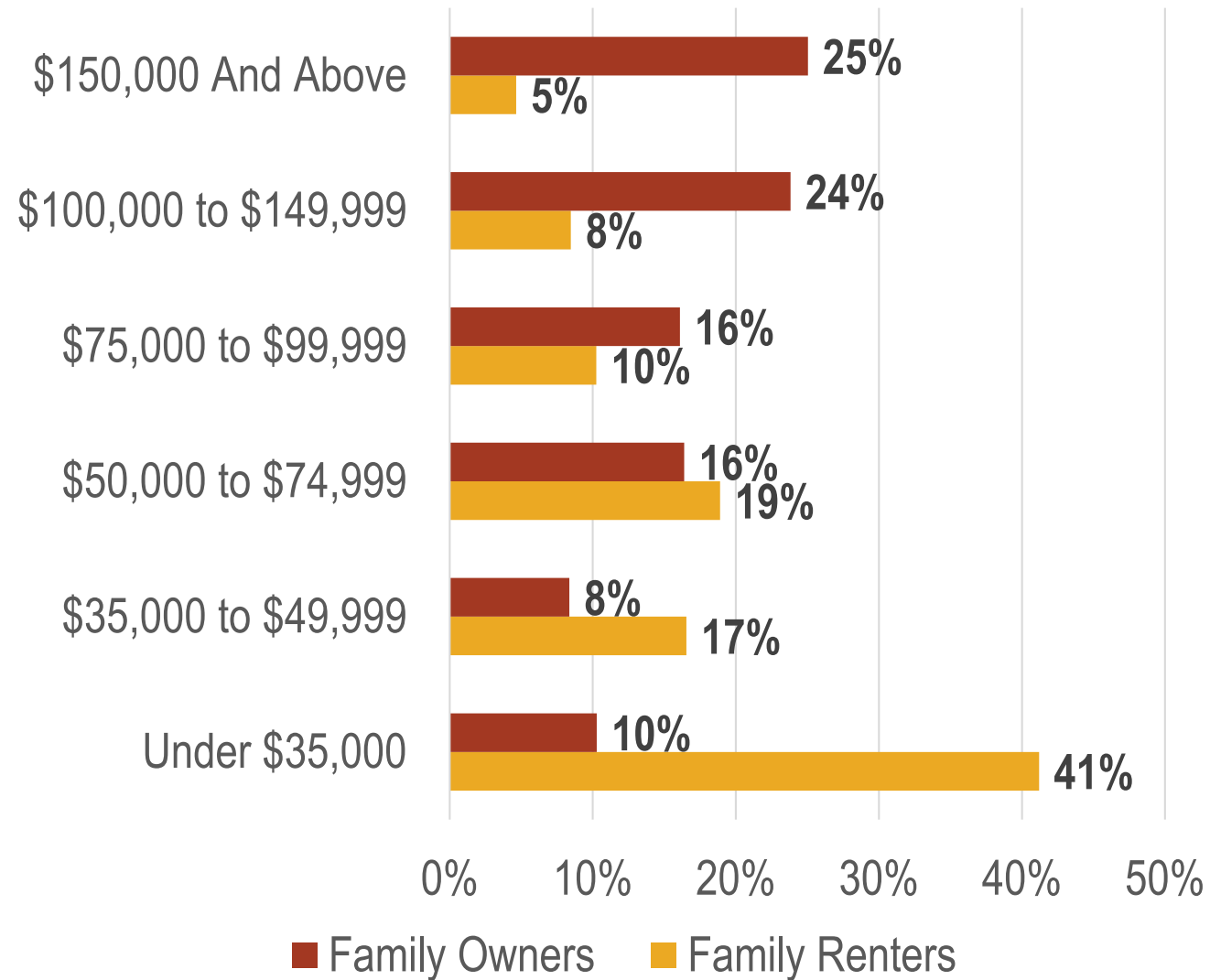
SO WHAT TYPE OF HOUSING DO THESE RENTERS LIVE IN TODAY?

Distribution of Occupied Rental Housing Unit by Product Type; Raleigh Durham MSA
2016-2018

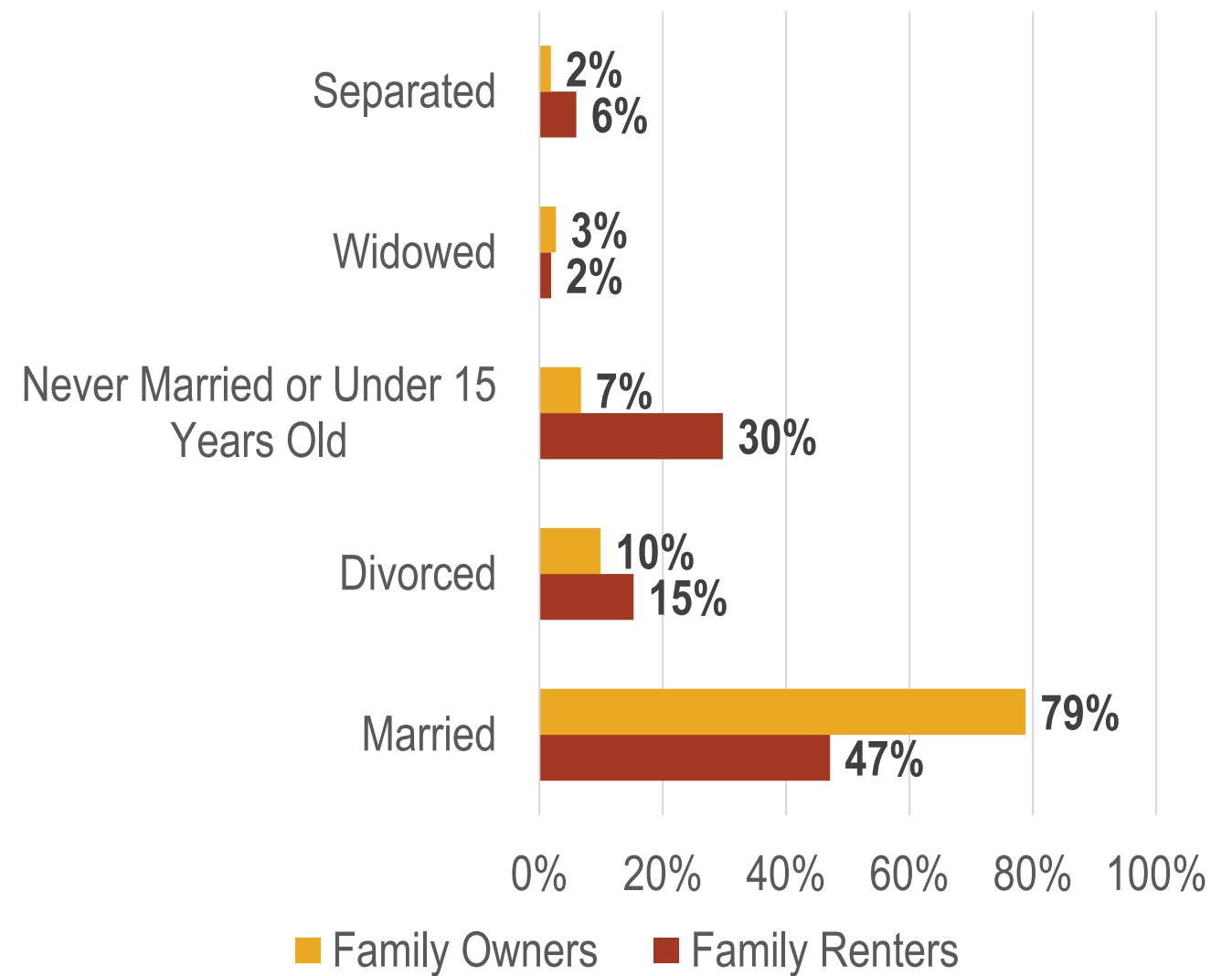
PRODUCT TYPE	HOUSEHOLD TYPE				TOTAL
	SINGLE	COUPLE	ROOMMATES	FAMILY	
SFD	3%	7%	5%	13%	27%
SFA	2%	3%	2%	4%	12%
2-4 Unit Buildings	2%	2%	2%	2%	7%
5-49 Unit Buildings	12%	10%	7%	10%	40%
50+ Unit Buildings	5%	4%	1%	1%	12%
Other	0%	0%	1%	1%	2%
Total	24%	26%	18%	31%	100%

AND WHO ARE THESE RENTAL HOUSEHOLDS?

Income Distribution of Family Households; United States 2017



Marital Status of Family Households; United States 2017



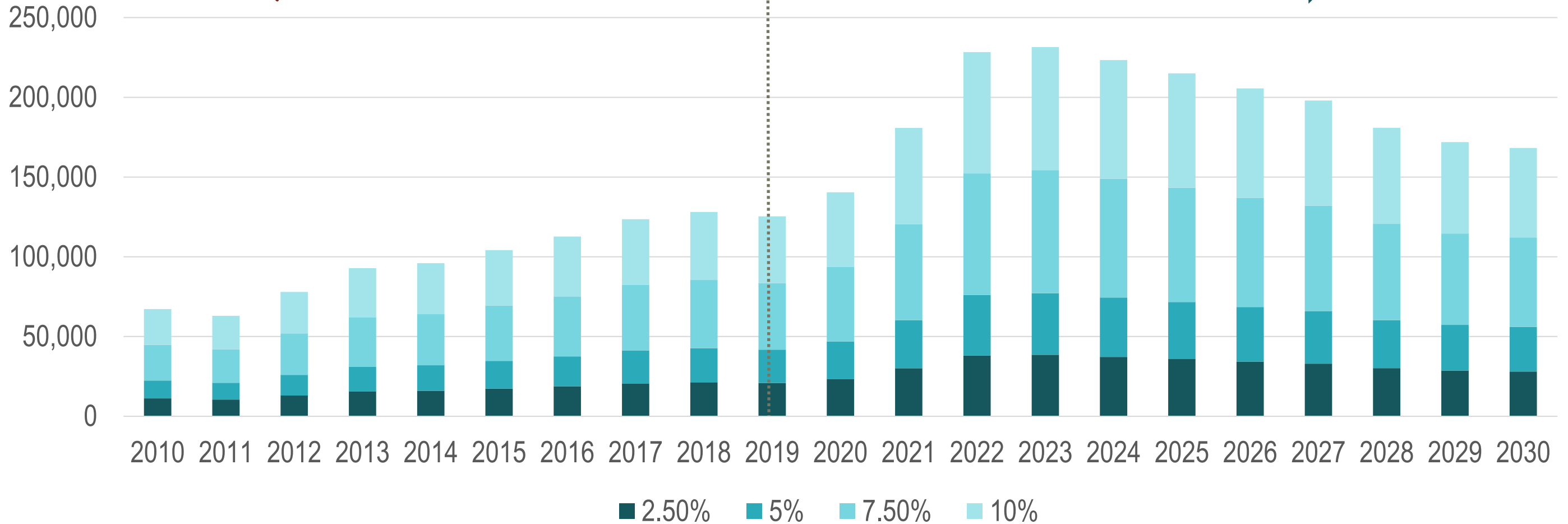
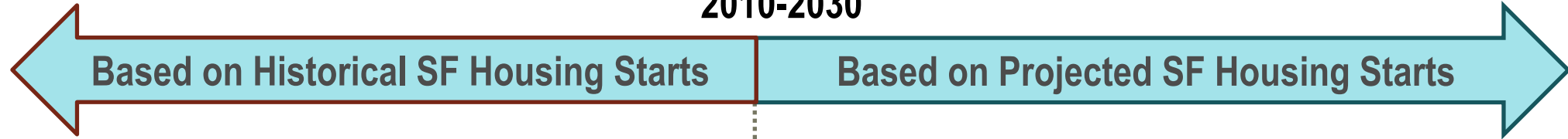
HOW QUICKLY WILL THE HOUSING INDUSTRY PIVOT?

RCLCO Macro Housing Demand Forecast; United States 2019-2029

	HISTORICAL GROWTH IN OCCUPIED INVENTORY		STRUCTURAL DEMAND	REALIZED DEMAND
	2010-2019	2015-2019	2019-2029	2019-2029
Headship			2015-2019 Avg.	
% Married			2015-2019 Trend	
% With Children			1990-2019 Trend	
% in MF			2015-2019 Avg.	
% Own			2010-2019 Trend	
NEW HHs	1,149,368	1,017,314	1,408,563	1,408,563
SF	588,558	747,535	960,314	860,314
Own	138,221	670,760	409,565	609,565
Rent	450,337	76,776	550,750	250,750
2-4 Unit/Other	39,086	-115,708	183,472	41,757
Own	39,404	43,838	83,515	41,757
Rent	-318	-159,546	99,958	0
MF	521,725	385,487	264,777	506,491
Own	227,348	249,073	173,669	215,426
Rent	294,377	136,414	91,108	291,065
Owners	404,973	963,671	676,071	866,748
Renters	744,395	53,643	661,611	541,815
Ownership Rate	35.2%	94.7%	50.5%	61.5%

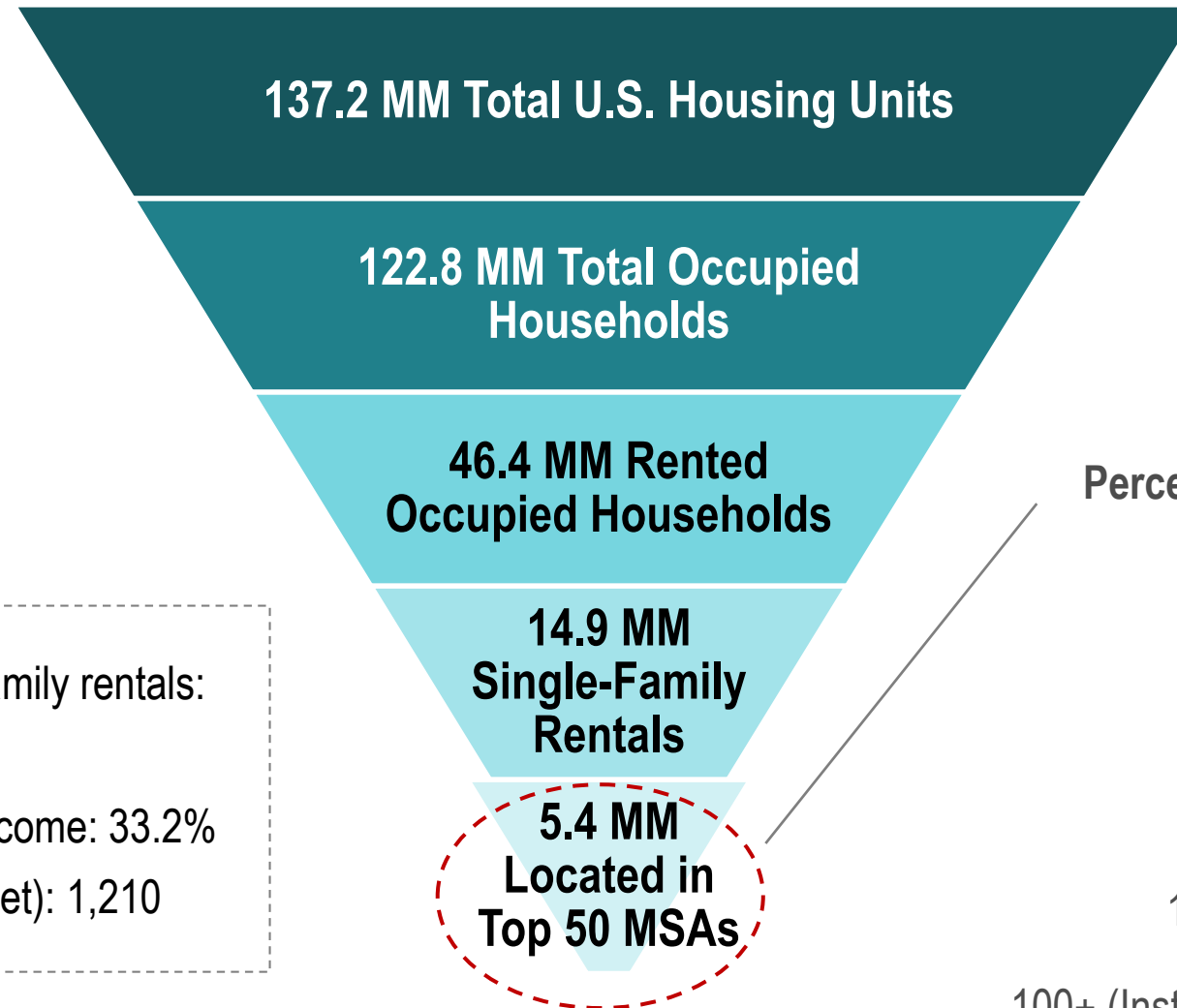
AND WHO ARE WE BUILDING FOR?

Annual SFR Supply Additions by Change in % of SFD Purpose-Built as SFR; United States
2010-2030



AND WHO ARE WE BUILDING FOR?

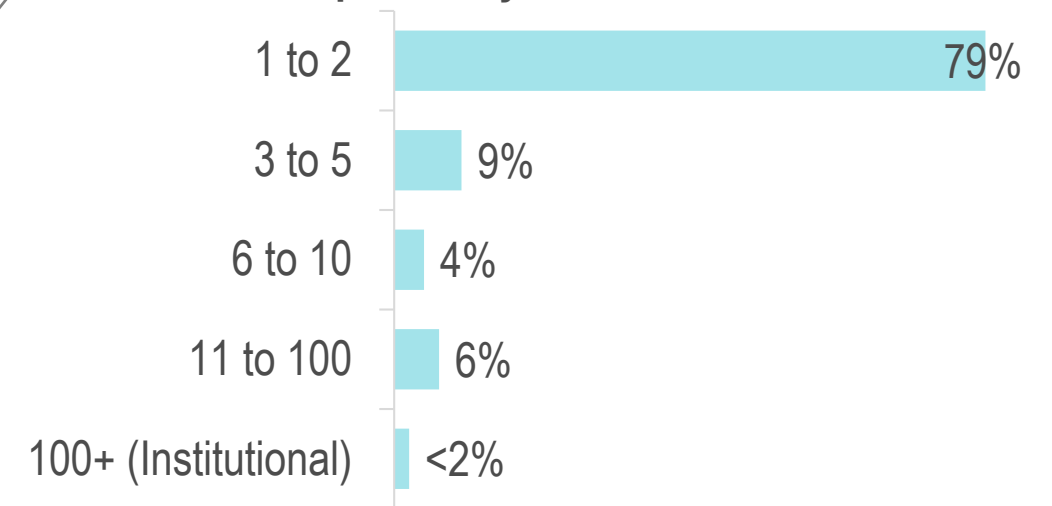
Average Size of New Multifamily Units Delivered; United States 1980-2019



Key metrics of the 14.9 million single-family rentals:

- ▶ Median monthly rent: \$1,073
- ▶ Median housing cost as % of income: 33.2%
- ▶ Median size of home (square feet): 1,210

Percentage of Total U.S. Single-Family Rental Properties by Portfolio Size



1. SUBURBAN SINGLE-FAMILY HOMES FOR-RENT SECTOR EMERGING IN THE FAST-GROWING SUNBELT REGION

Homestead at Hartness Cottage Homes; Greenville, South Carolina



- ▶ *70% three-bedrooms*
- ▶ *Average unit size of 1,650 SF*
- ▶ *Rents \$1.16*
- ▶ *Low cost amenities focused on outdoor, active lifestyle*



2. SUBSIDIZED AFFORDABLE RENTAL APARTMENTS FOR FAMILIES NOT EXCLUSIVELY BUT INCENTIVE HOUSING SERVES A FAMILY CUSTOMER TOO

El Centro de La Raza - Plaza Roberto Maestas Housing



3. URBAN RENTAL APARTMENTS FOR FAMILIES

STILL VERY LITTLE ACTIVITY HERE

Kin on Union; Brooklyn, New York



- *Condo project pivoted to family rentals*
- *Light design modifications for family target*
- *Studios, 1's, 2's and 3-BR's*
- **Space:** *Family-friendly amenity spaces, gym, roof deck, stroller parking, baby-proofing kits*
- **Services:** *Nanny sharing + other childcare solutions, early childhood development programming, community-building app, tailored family perks + partnerships*
- *Achieving \$6.00 psf (10% above underwritten rents), lease-up started on March 27th*

4. SUBURBAN RENTAL APARTMENTS FOR FAMILIES

VERY LIMITED GREENSHOTS, MAYBE UNDER APPRECIATED

Skye at Arbor Lakes; Maple Grove (Minneapolis), Minnesota



- *50%+ Two-bedrooms or more*
- *Average unit size of 1,200*
- *Rents \$1.50 (compelling)*
- *Simple, durable finishes*
- *Family amenities!*



AND WHO ARE WE BUILDING FOR?

Average Size of New Multifamily Units Delivered; United States
1980-2019



5. RENTAL TOWNHOMES

PRODUCT SOLUTION GAINING MOMENTUM AS MANY YOUNG FAMILIES ARE PRICED OUT OF OWNING IN DESIRABLE URBAN OR INNER SUBURBAN NEIGHBORHOODS

Camden Highland Village Townhomes; Houston, Texas



- ▶ *38 three-bedroom or more townhomes in upscale urban Houston setting*
- ▶ *Average unit size of 2,300 SF*
- ▶ *Rents \$2.06*
- ▶ *Luxury finishes*
- ▶ *Attached two-car garages, private entrances*
- ▶ *Shared amenities with neighboring apartment community*



5. DETACHED/ATTACHED APARTMENTS

SOME MOVEMENT HERE AS DEVELOPERS FILL GAP FOR NEEDED TRANSITIONAL LIVING

Sunrise on the Monon; Carmel (Indianapolis), Indiana



- ▶ *Stacked apartments, look like townhomes*
- ▶ *Attached one- and two-car garages*
- ▶ *Benefits from high-performing public schools in upscale suburban setting*
- ▶ *46% two-bedroom or more*
- ▶ *Average unit size of 1,100 SF*
- ▶ *Rents \$1.31*



DEVELOPMENT COMMUNITY – WHY SO LITTLE ATTENTION HERE?

- ▶ **Why bother? Business is good. . .**
- ▶ **Headlines (“Millennials”) so misleading?**
- ▶ **Capital market guidance**
- ▶ **There’s no good market data**
- ▶ **Not clear if the “juice is worth the squeeze”**

REGULATORY ROAD BLOCKS

- ▶ **Single-family zoning**
- ▶ **Communities (sadly) don't want school kids**
- ▶ **Traffic impacts is an unwinnable battle**
- ▶ **Impact fee relief?**
- ▶ **Do zoning and building codes in America drive the industry to luxury housing?**

DISCUSSION QUESTIONS

- ▶ **As an industry can (should?) we discuss this as both a business opportunity and a social equity objective?**
- ▶ **How do we address the institutional capacity constraints in homebuilding?**
- ▶ **Can we avoid the future of for-rent and for-sale homebuilders competing for lots?**
- ▶ **What can we do to continue to evolve the values discussion around renting?**
- ▶ **Who will fill the information vacuum on built to rent production?**



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