



VIRTUAL | MARCH 16-17, 2021

HOUSING OPPORTUNITY CONFERENCE



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Family Rental Housing: A Growing Need and Emerging Opportunity

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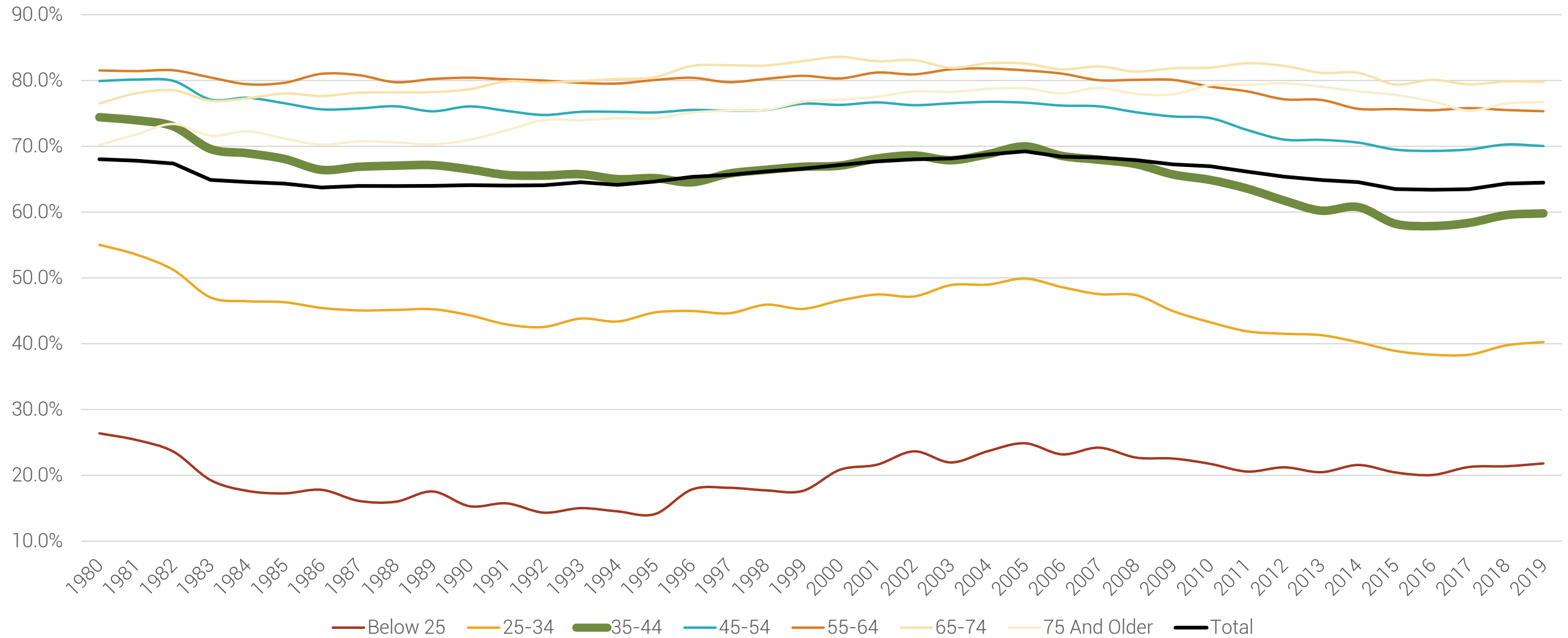
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Framing questions

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

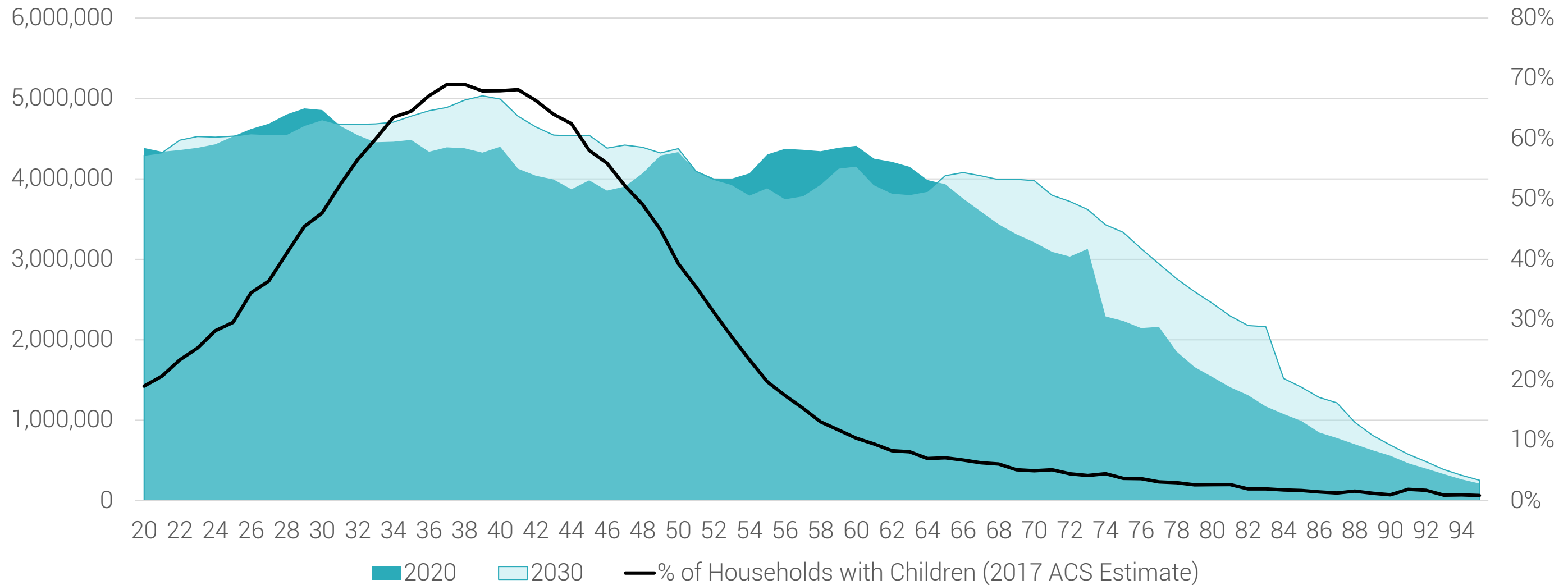
Rentership rates rising in every age cohort

Homeownership by Age; United States
1980-2019



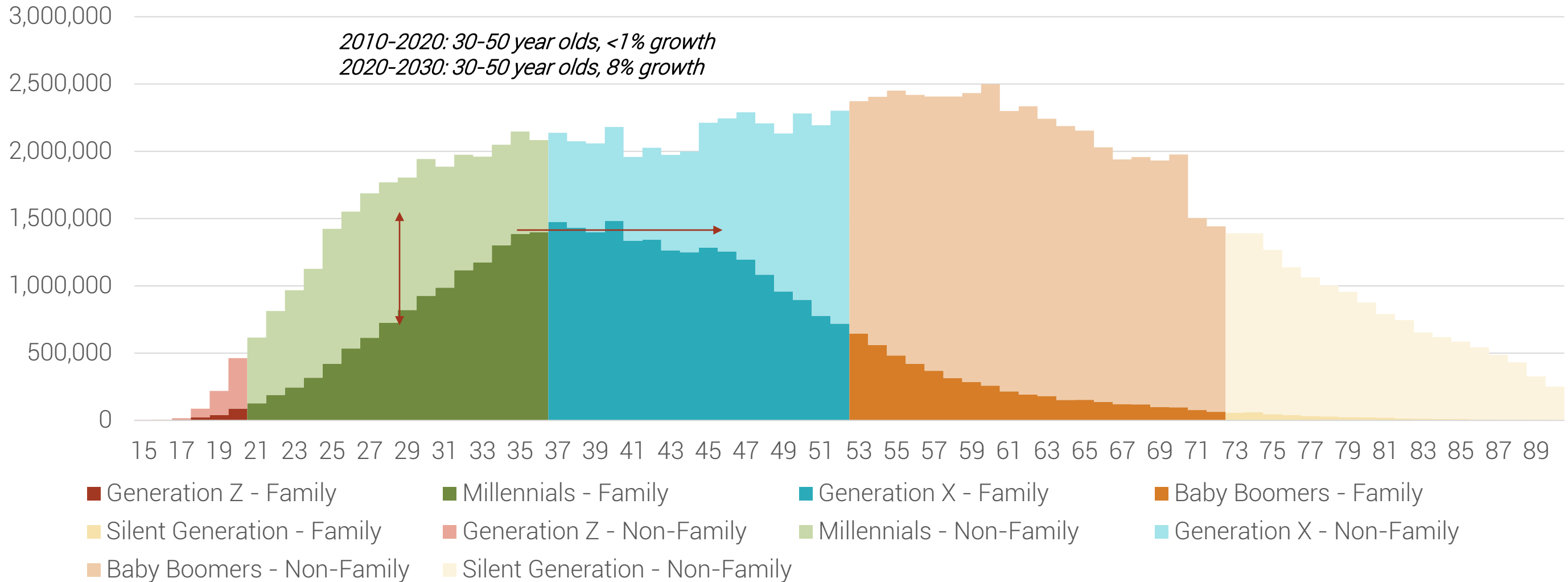
As we start a new decade, why should we care so much?

Projected Population by Age;
United States 2020-2030



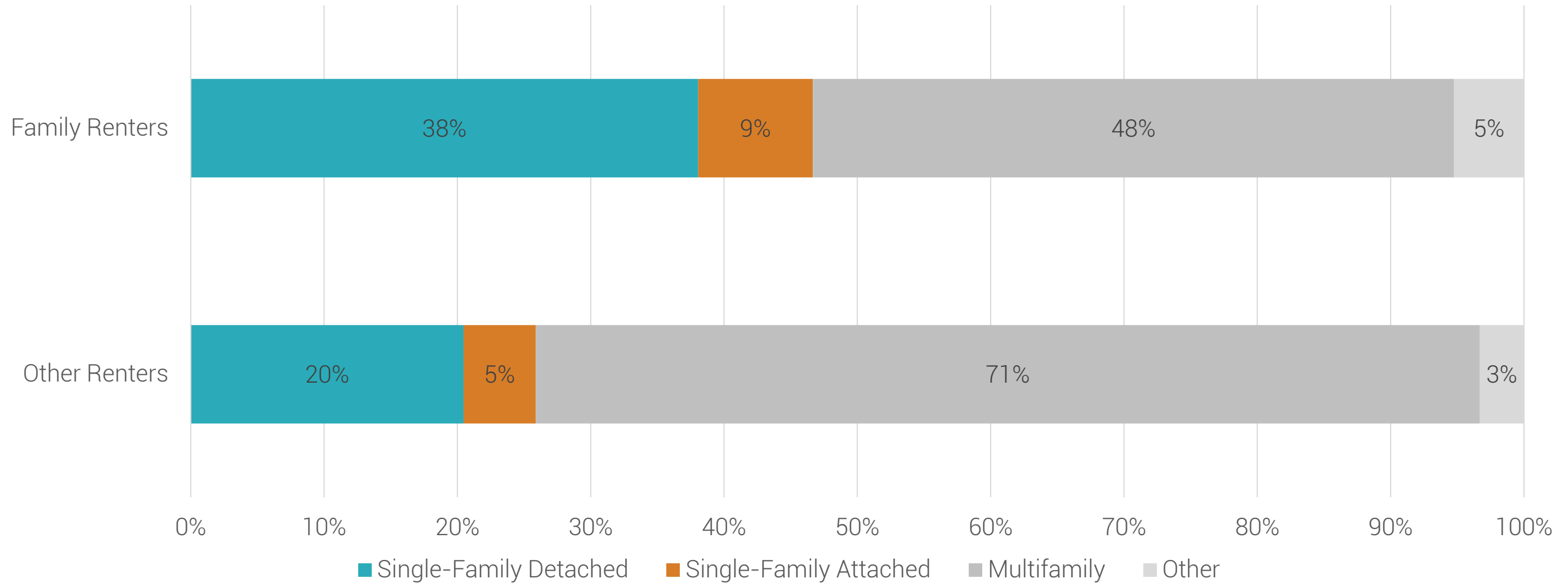
Later perhaps, but family formation rate largely unchanged

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



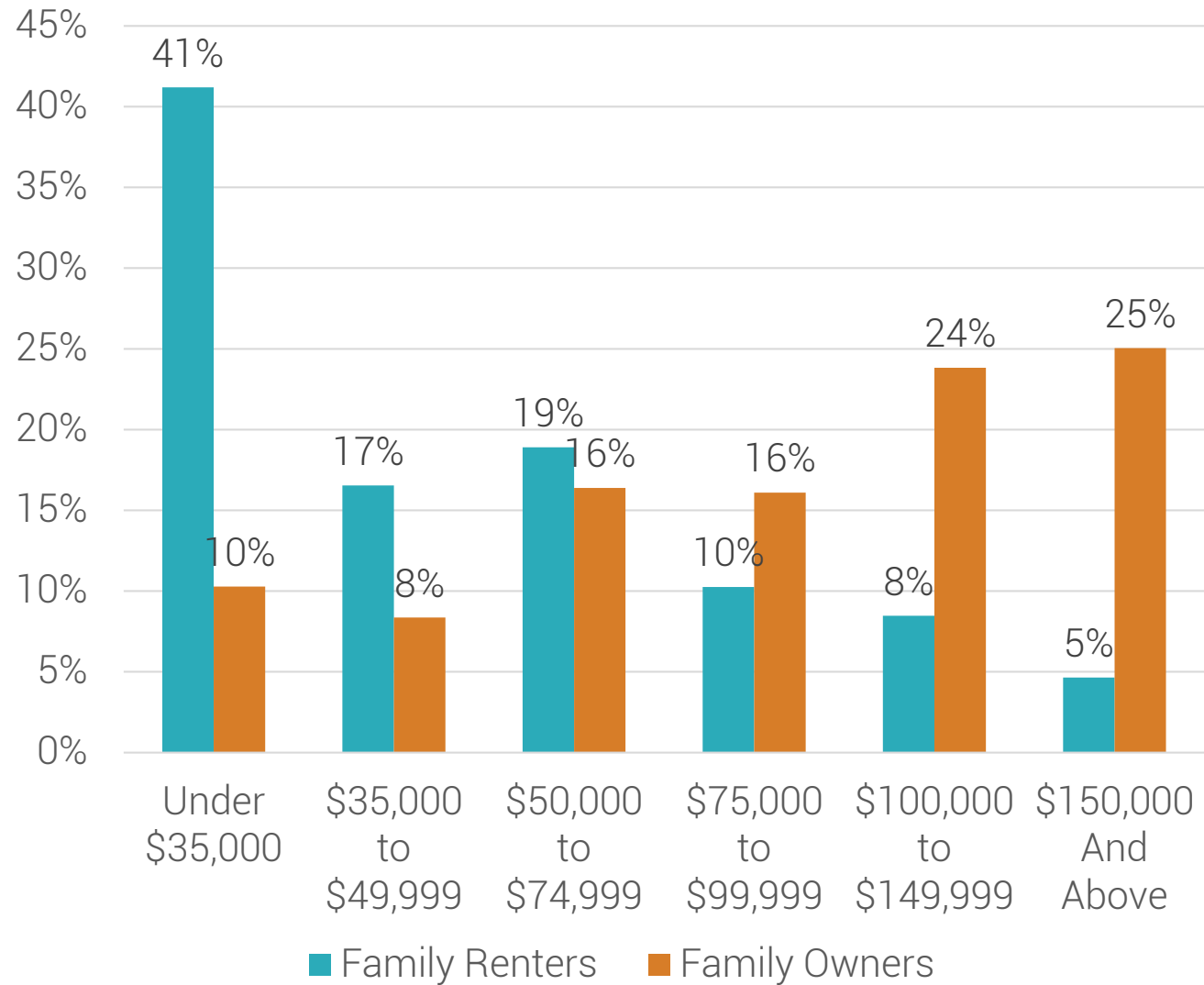
What type of housing do these renters live in today?

Distribution Of Occupied Rental Housing Unit By Product Type;
Raleigh Durham MSA 2016-2018

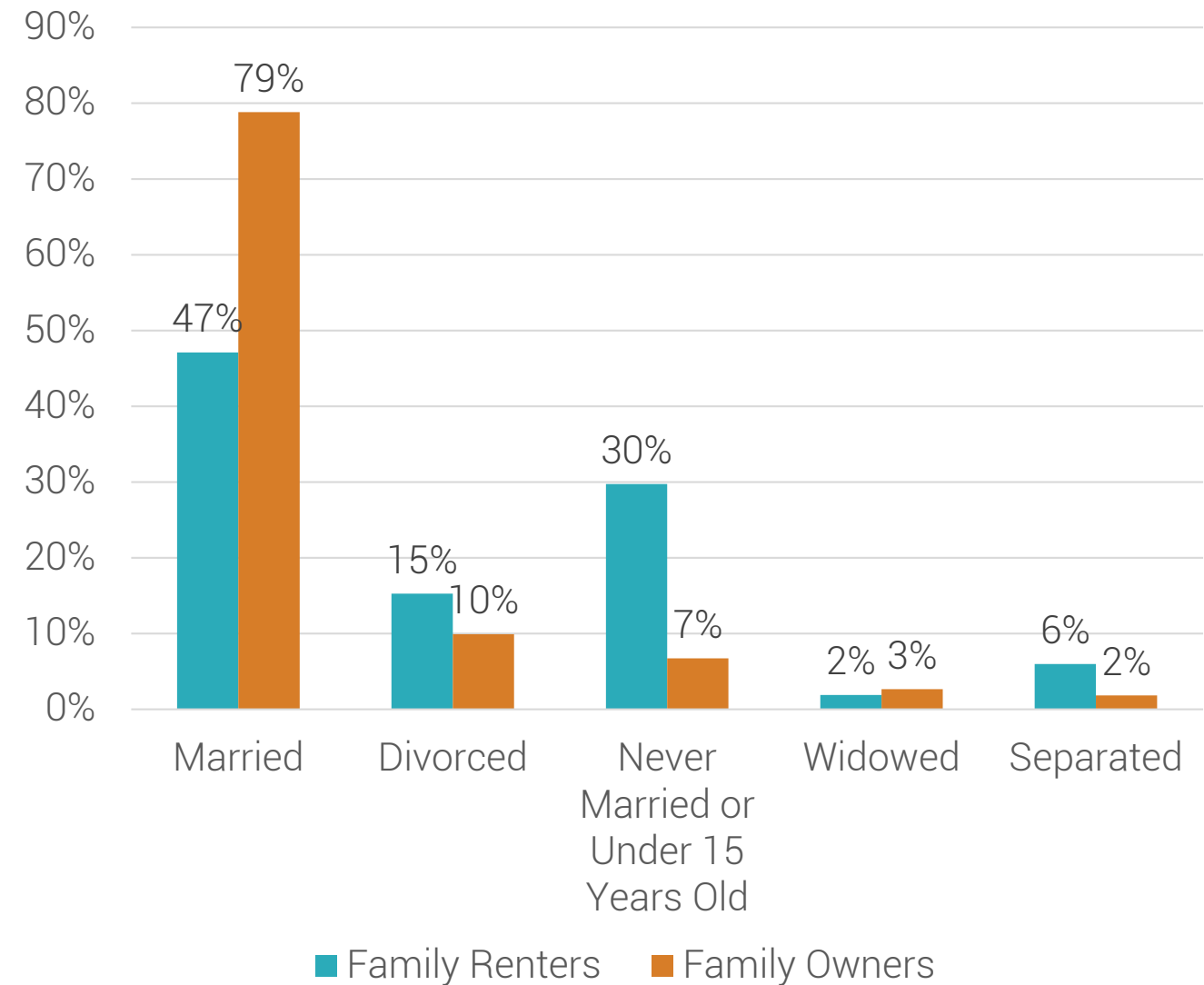
PRODUCT TYPE	HOUSEHOLD TYPE				TOTAL
	SINGLE	COUPLE	ROOMMATES	FAMILY	
SFD	3%	7%	5%	13%	27%
SFA	2%	3%	2%	4%	12%
2-4 Unit Buildings	2%	2%	2%	2%	7%
5-49 Unit Buildings	12%	10%	7%	10%	40%
50+ Unit Buildings	5%	4%	1%	1%	12%
Other	0%	0%	1%	1%	2%
Total	24%	26%	18%	31%	100%

Who are these rental households?

Income Distribution of Family Households;
United States 2017



Marital Status of Family Households;
United States 2017



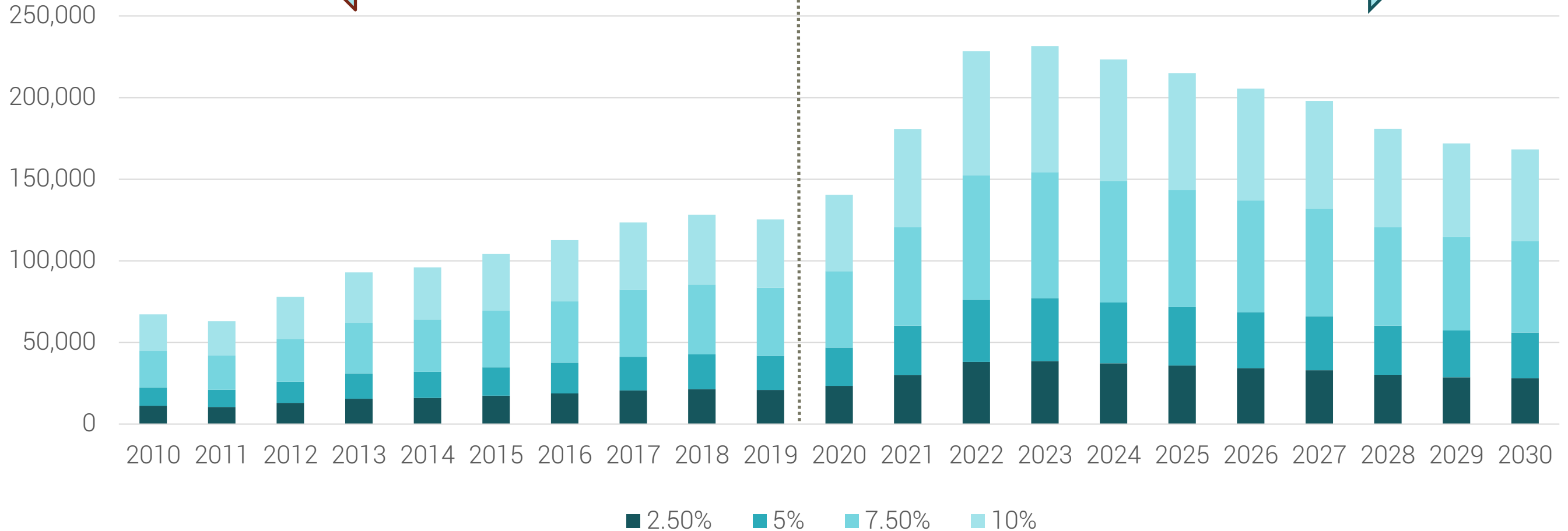
How quickly will the housing industry pivot?

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%

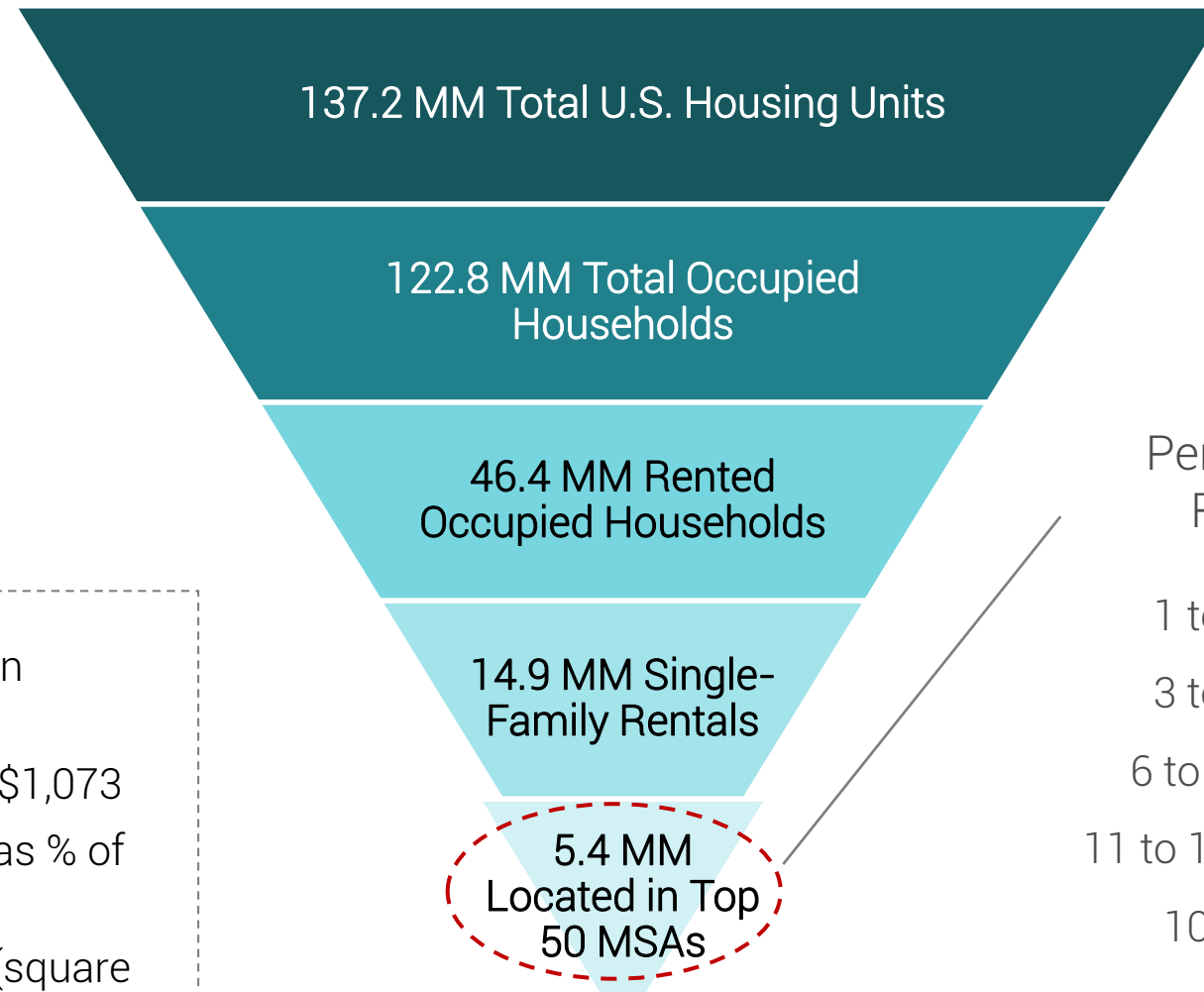
Who are we building for?

Annual SFR Supply Additions By Change In % Of SFD Purpose Built As SFR;
United States 2010-2030

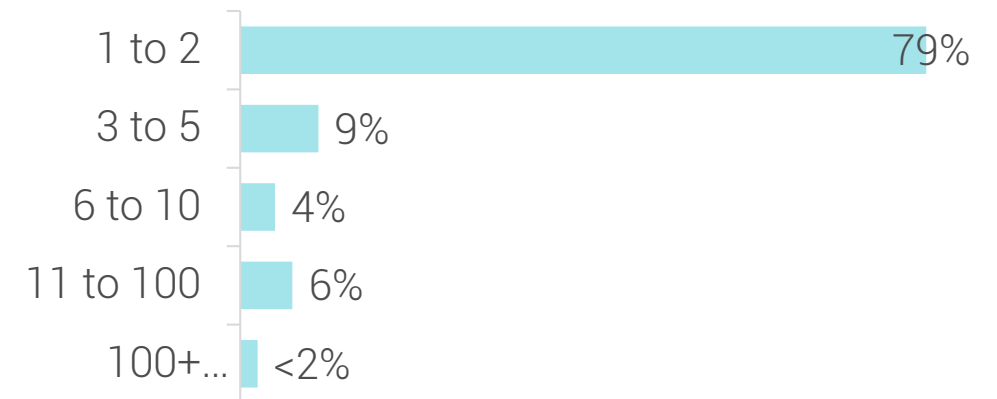


Who are we building for?

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



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



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

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

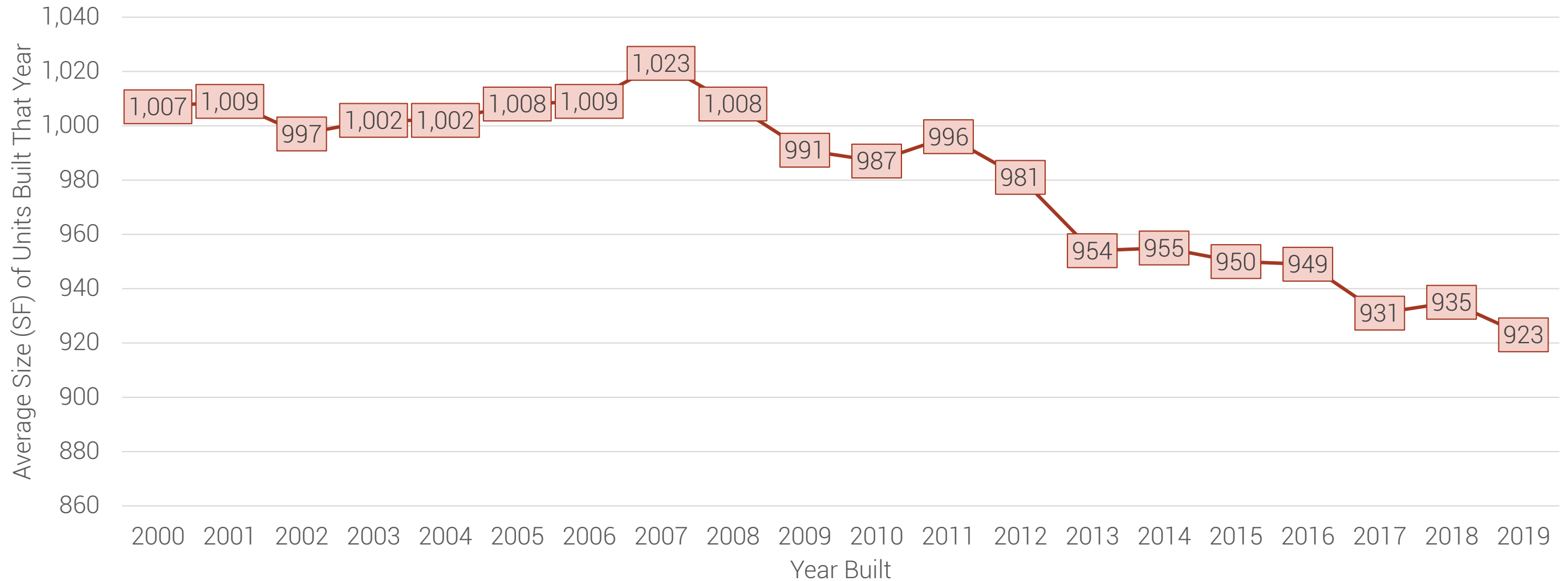


- ▶ *50%+ Two-bedrooms or more*
- ▶ *Average unit size of 1,200*
- ▶ *Rents \$1.50 (compelling)*
- ▶ *Simple, durable finishes*
- ▶ *Family amenities!*



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*



6. 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?

1. Why bother Business is good. . .
2. Headlines (“Millennials”) so misleading?
3. Capital market guidance
4. No good market data
5. Not clear if the “juice is worth the squeeze”

Regulatory road blocks

1. Single-family zoning
2. Communities, sadly, don't want school kids
3. Traffic impact is an unwinnable battle
4. Impact fee relief?
5. Do zoning and building codes in America drive the industry to luxury housing?

Discussion questions

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