



MONTHLY
WEBINAR

AUGUST UPDATE FOR REAL ESTATE CAPITAL MARKETS & BUILD-TO-RENT SINGLE FAMILY TAKEAWAYS

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TODAY'S PANELISTS



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AGENDA

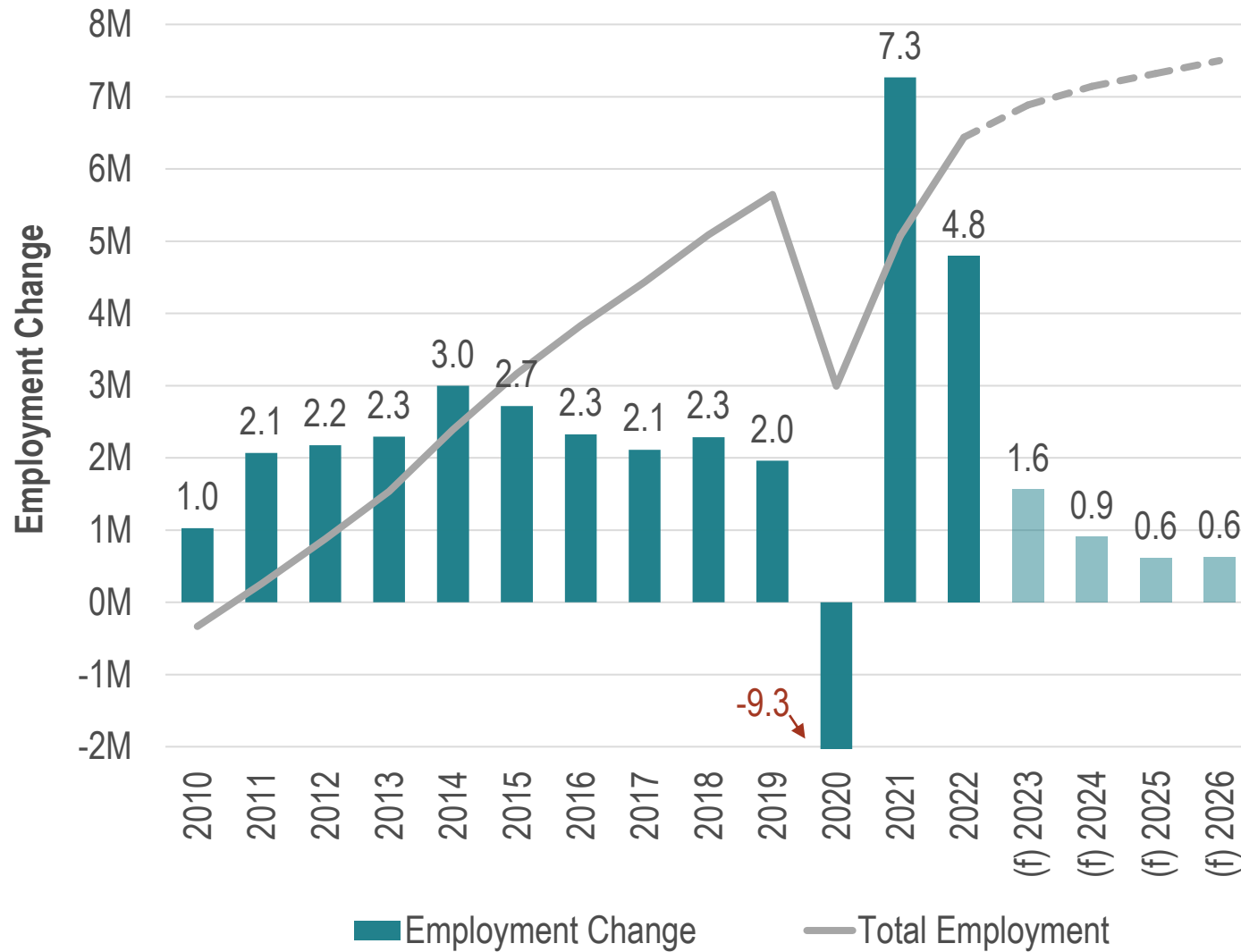
- ▶ **Macroeconomic Update**
- ▶ **BTR Single Family Takeaways:**
 - » **Product**
- ▶ **Q&A**

MACROECONOMIC UPDATE

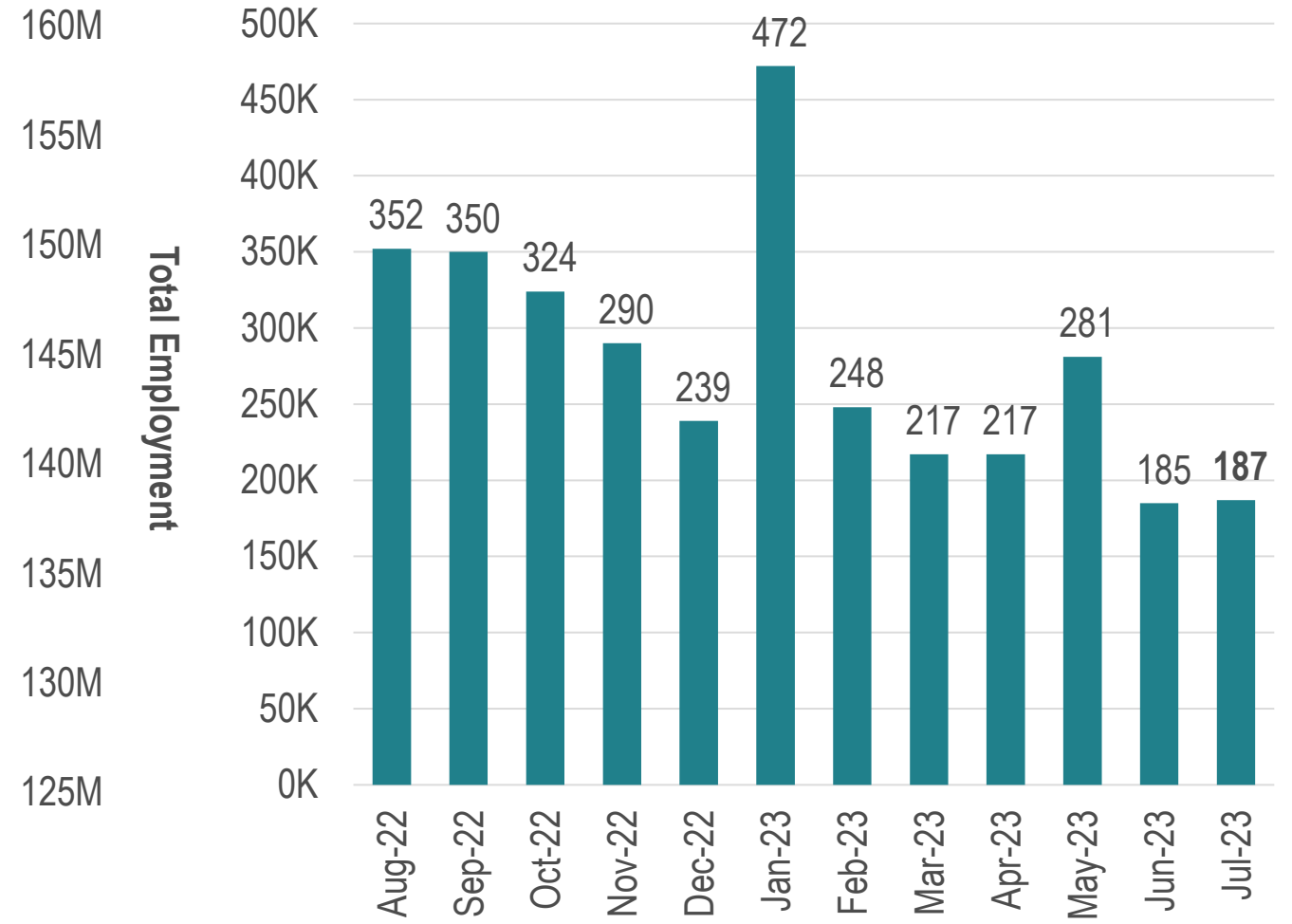
JOB GROWTH SLOWED IN JULY, JUST marginally ABOVE 2010-19 AVERAGE

May and June Job Growth Numbers Were Revised Lower in Further Sign of Cooling Labor Market

Total Non-Farm Employment



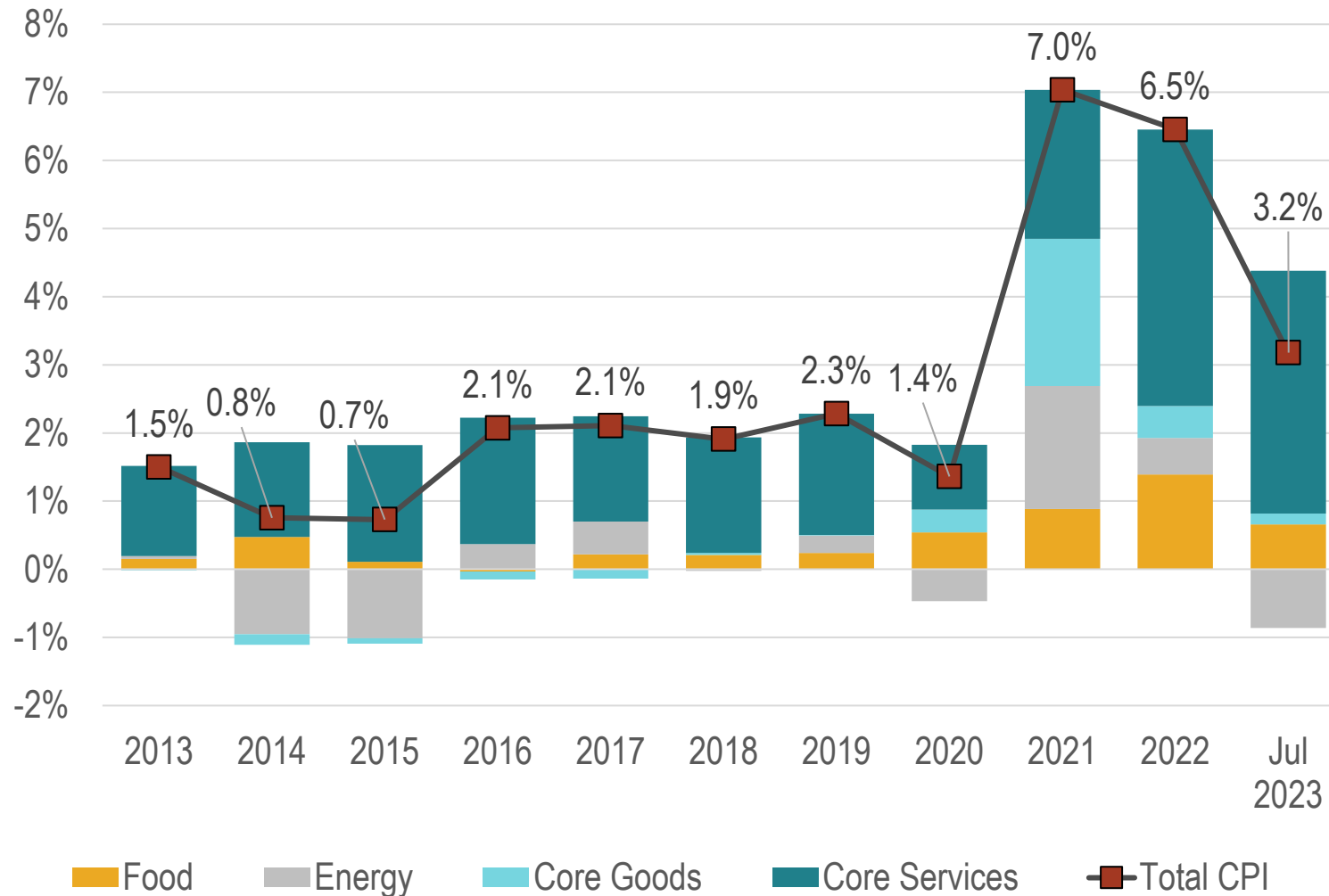
Monthly Change in Employment



CORE SERVICES (INC. SHELTER) INFLATION CONTINUED TO OUTPACE GOODS

July's Inflation Data Were Generally Positive but It Is Uncertain if the Fed Will View Recent Moderation as Sufficient

Annual CPI Inflation



July 2023 Inflation

	Monthly	Trailing 12-Month
Apparel	-1.0%	3.2%
Education & Communication	0.0%	1.2%
Food & Beverages	0.3%	4.8%
Other Goods & Services	0.1%	6.1%
Housing	0.3%	6.2%
<i>Shelter*</i>	0.4%	7.7%
Medical Care	-0.1%	-0.5%
Recreation	0.1%	4.1%
Transportation	0.2%	-3.0%
Food	0.3%	4.9%
Energy	0.3%	-12.5%
Core Goods	-0.3%	0.8%
Core Services	0.3%	6.1%
Total Core	0.2%	4.7%
All Items	0.2%	3.2%

Data are as of July 2023.

* Shelter is the main component of Housing; other components are Fuels & Utilities and Household Furnishings & Operations.

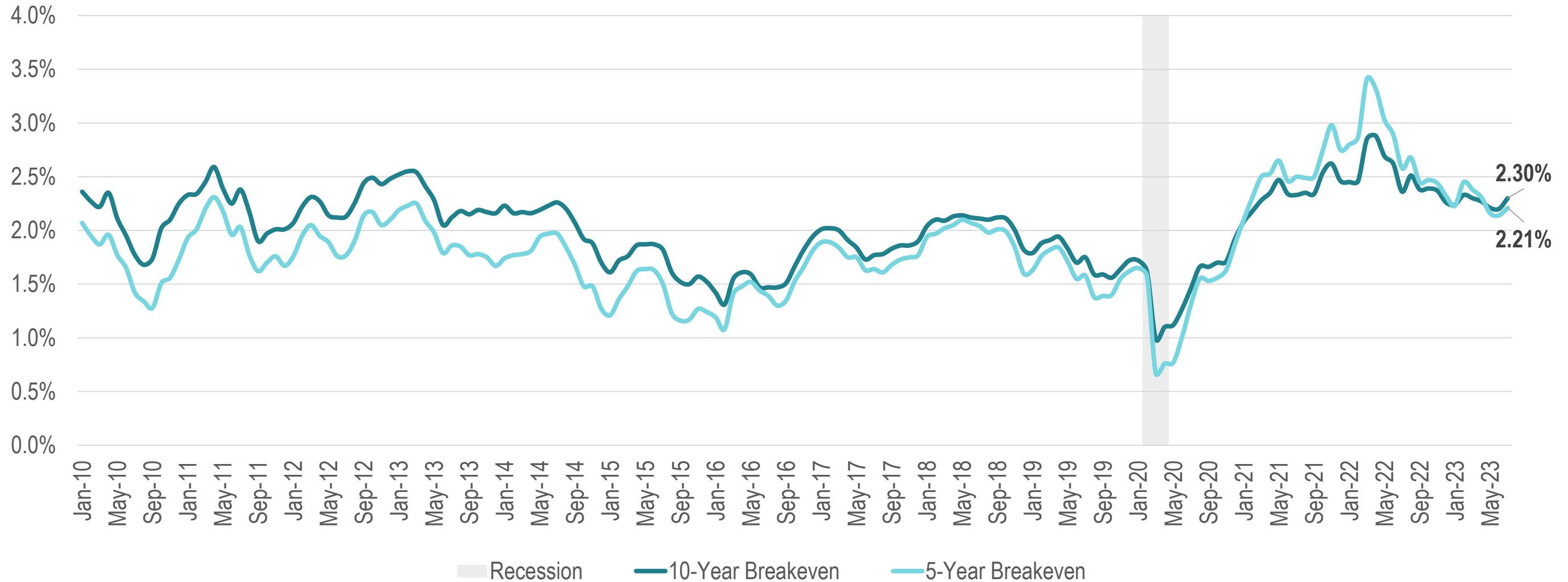
Note: Annual inflation figures refer to year-over-year inflation at the end of the year; figures are not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics

TIPS BREAKEVEN INFLATION RATES ROSE FOR FIRST TIME IN FIVE MONTHS

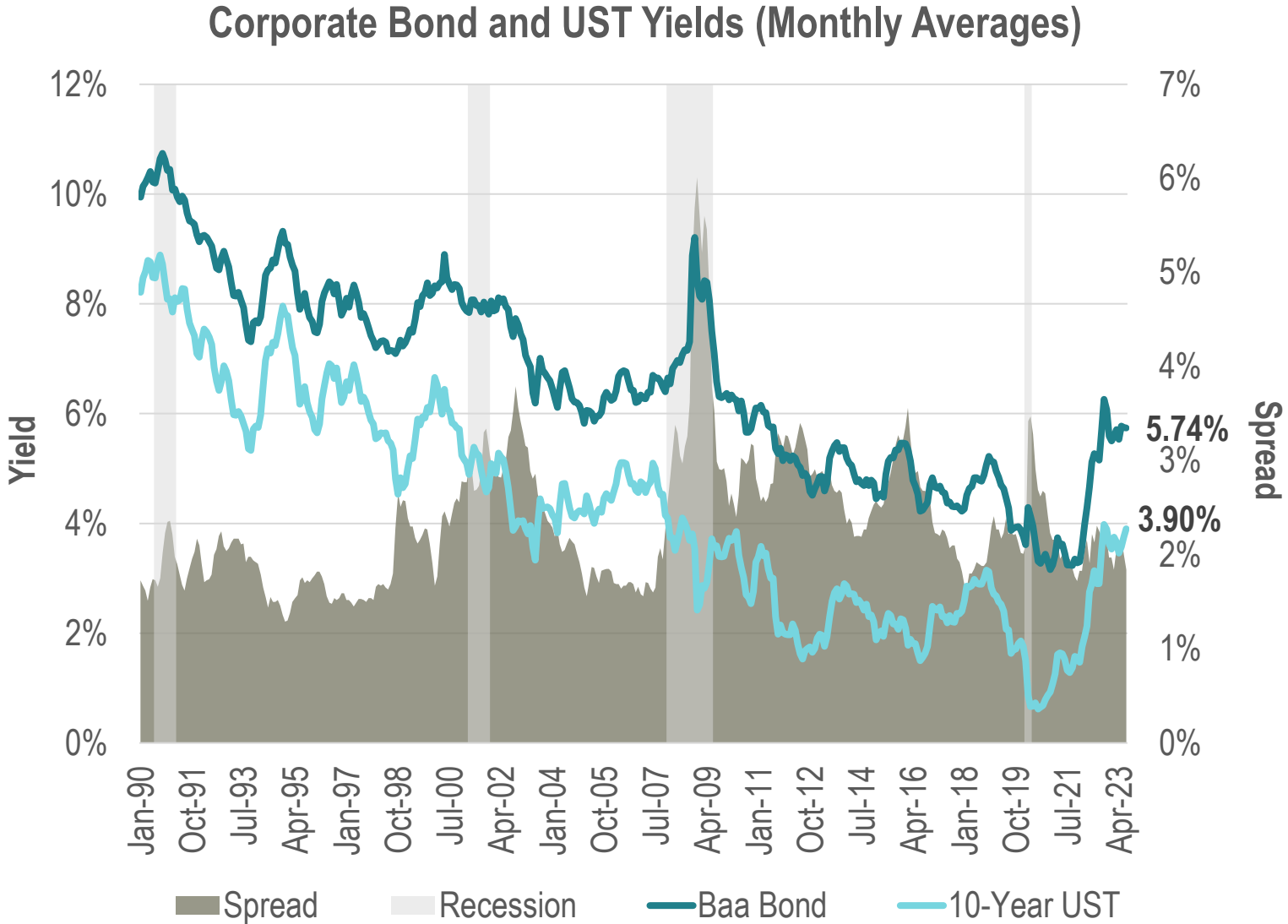
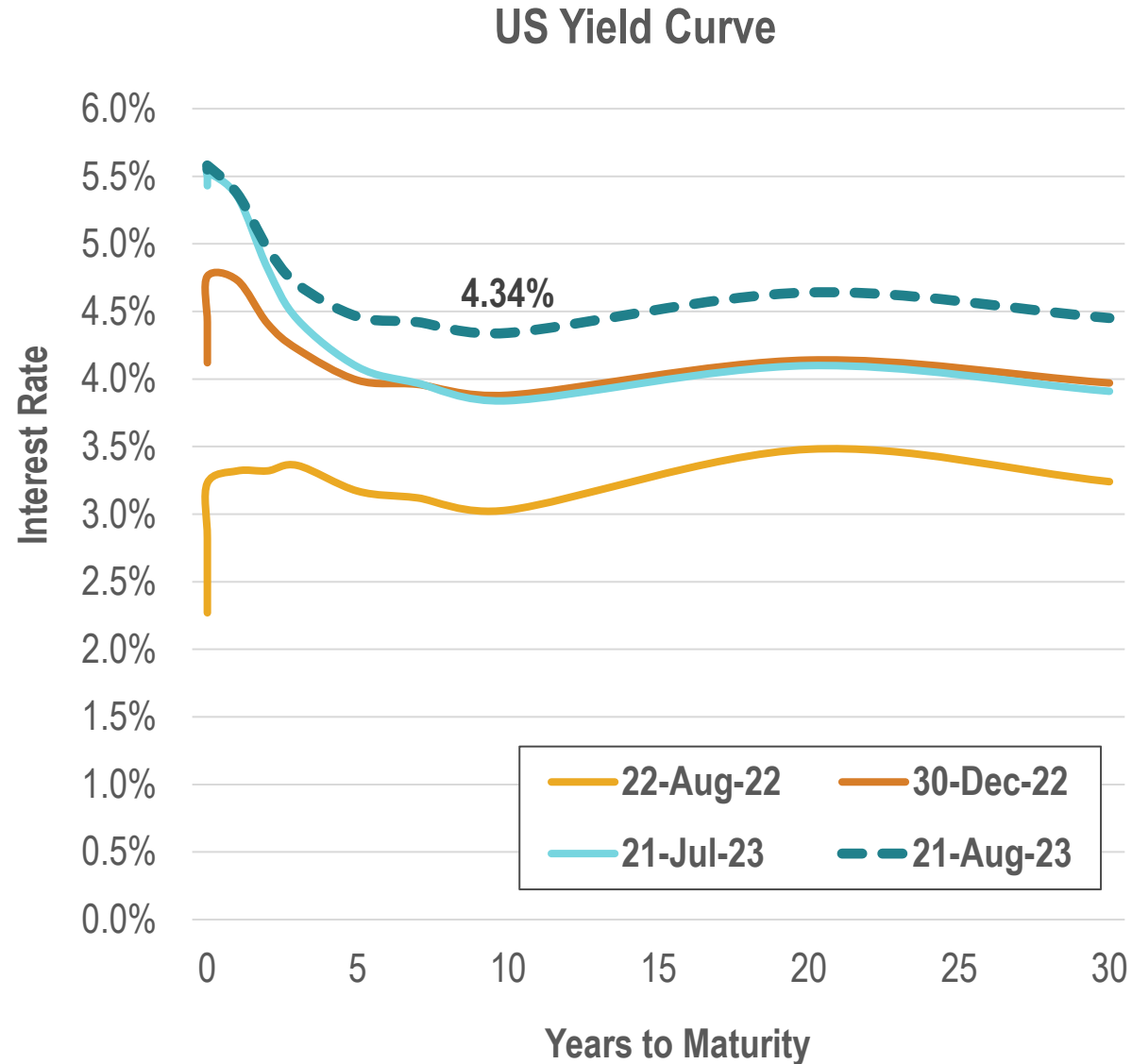
5- and 10-Year Inflation Expectations Both Increased, Averaging Modestly Above the Fed's 2% Target in July

TIPS-Implied Breakeven Inflation Rates (Monthly Averages)



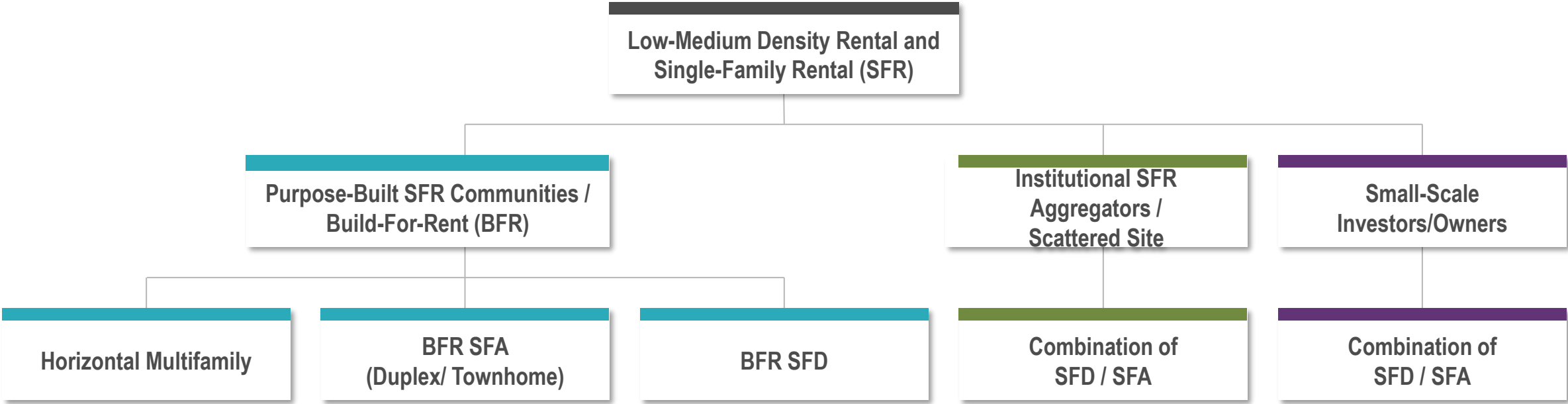
THE UST YIELD CURVE HAS BEEN INVERTED FOR OVER A YEAR

Baa Corporate Bond Yield Spreads to the 10-year UST Have Remained Only Modestly Below Average YTD



PRODUCT

DEFINING A RAPIDLY EVOLVING PRODUCT TYPE



BFR Communities provide cohesive offerings of single-family rental homes, with on-site management & maintenance within the below three subcategories:

Horizontal Multifamily Communities share many similarities with multifamily properties in terms of unit sizes, unit types, and amenities, but does not stack units

BFR Single-Family Attached vary in scale, density, and orientation, but typically provide attached garages and larger unit sizes than horizontal multifamily communities






BFR Single-Family Detached typically offer the largest homes of the three sub-categories, often containing three or more bedrooms

Institutional SFR Aggregators / Scatter Site consist of uniformly branded properties that are professionally managed and utilize a master leasing and operating platform; given housing supply constraints, aggregators are moving to bulk home takedown structures in partnerships with homebuilders

Small-Scale Investors/Owners represent the largest share of units in the single-family rental market; homes are owned and operated by small-scale investors who typically own fewer than three rental properties

Single-Family Definition: Single-family structures include fully detached, semi-detached (semi-attached, side-by-side), row houses, duplexes, quadruplexes, and townhouses. For attached units to be classified as single-family structures, each unit must be separated by a ground-to roof wall, have a separate heating system, individual meters for public utilities, and no units located above or below.

EVOLVING LOW-MID DENSITY RENTAL PRODUCT LANDSCAPE

Product Type	Picture	Neighborhood Location	Development Strategy
Suburban Single-Family Detached		Greenfield Lifestyle Suburb Greenfield Value Suburb	Provide traditional single family product in outlying suburbs or in MPCs. Located in areas with good school districts, proximate to other single family housing.
Single-Story Apartment-Style (also referred to as horizontal apartment)		Greenfield Lifestyle Suburb Middle-Income Suburb	Alternative to multifamily apartments, providing additional privacy and space at a similar price point
Suburban Single-Family Attached		Greenfield Lifestyle Suburb Middle-Income Suburb	Provide smaller, lower-priced single family product in outlying suburbs or in MPCs.
Urban/Suburban Infill SFA or Small-Lot SFD		Stable Urban Neighborhood Stable Suburb	Located in in-town locations just outside of the urban core offering high-quality product for lifestyle renters
Urban Rowhome/SFA		Emerging Economic Center High End Urban & Suburban	Located in urban core locations, likely in markets where high-density construction isn't feasible

CONCEPT PROFILE: HORIZONTAL (LOW-DENSITY) MULTI-FAMILY

Geographic Focus	Established Suburb or Emerging
Typical Bedroom Count	1BR-3BR
Typical SF	600-1,250 SF
Target Segmentation	Renters by choice who would otherwise choose multifamily or must rent due to financial constraints



CONCEPT PROFILE: SINGLE-STORY DUPLEX

Geographic Focus	Suburb
Typical Bedroom Count	2BR
Typical SF	1,100-1,600 SF
Target Segmentation	Targets renters looking for spacious single-story living in close proximity to major metro areas



CONCEPT PROFILE: 2-STORY DUPLEX

Geographic Focus	Suburb
Typical Bedroom Count	3BR-4BR
Typical SF	1,400-1,900 SF
Target Segmentation	Affluent families that are able to afford a larger SFR house but not quite able to afford a down payment on a house in the same upscale suburban neighborhood



4 BR / 2.5 Bath
1,645 square feet



CONCEPT PROFILE: ATTACHED TOWNHOMES

Geographic Focus	Infill Suburb, MPCs
Typical Bedroom Count	2BR-4BR
Typical SF	1,200-2,000 SF
Target Segmentation	Singles, young and mature families that can't afford to purchase a home or households looking for temporary living before purchasing



CONCEPT PROFILE: SINGLE-FAMILY DETACHED HOMES

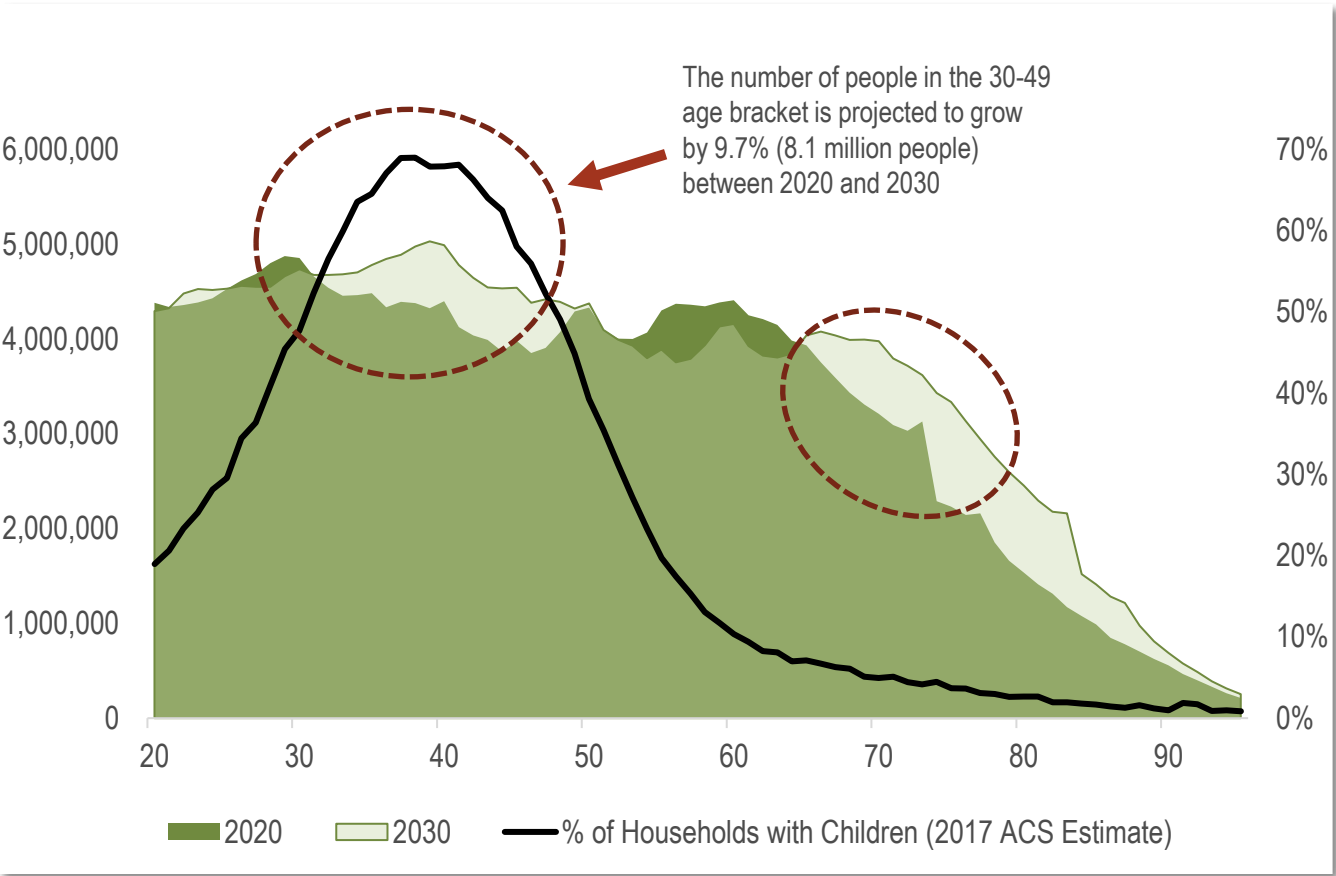


4 Bedroom, 2.5 Bath
2,178 Square Feet
Harvest – Argyle, TX (DFW)

DEMOGRAPHIC TRENDS AND AFFORDABILITY CHALLENGES DRIVE BTR DEMAND

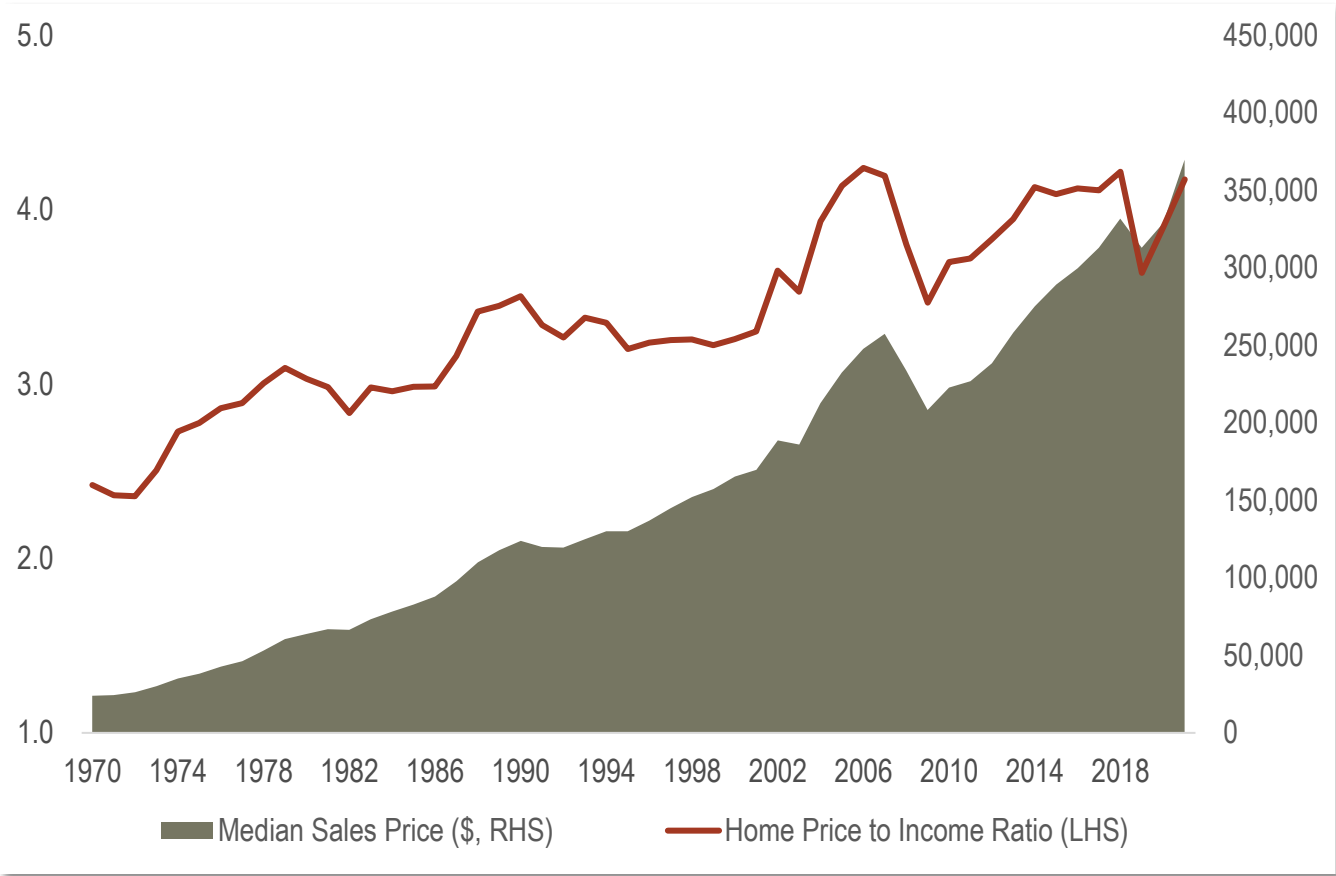
Significant projected household growth among family-age and empty nester populations

Projected Population by Age
United States; 2020-2030



Lack of affordable for-sale housing has intensified demand for rental property

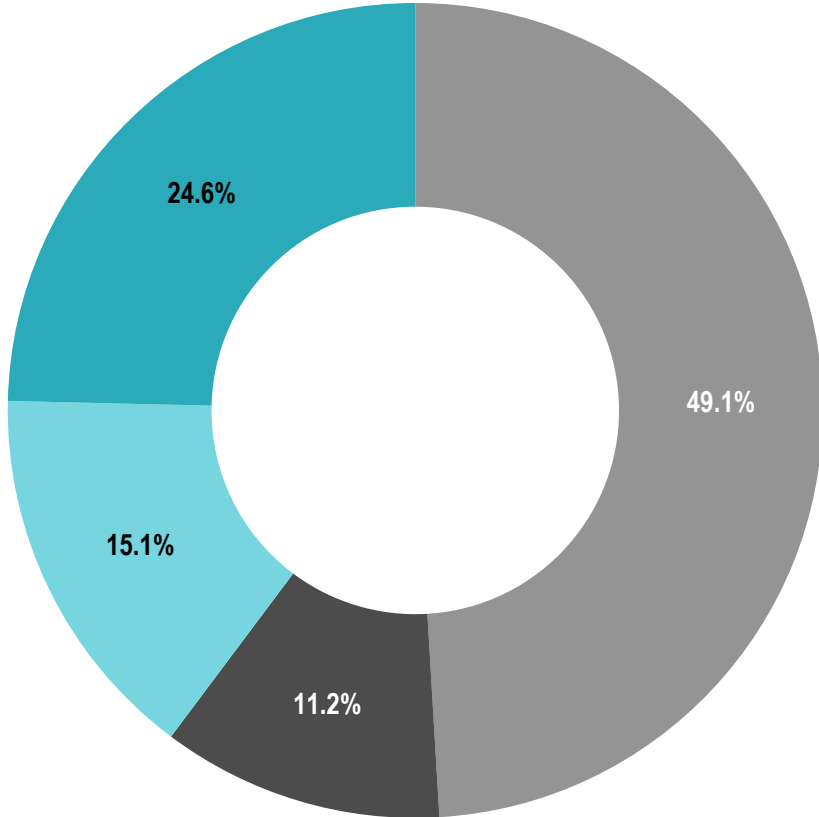
Home Price to Income Ratio and Median Sales Price
United States; 1970-2022



Source: U.S. Census Bureau; FRED; RCLCO

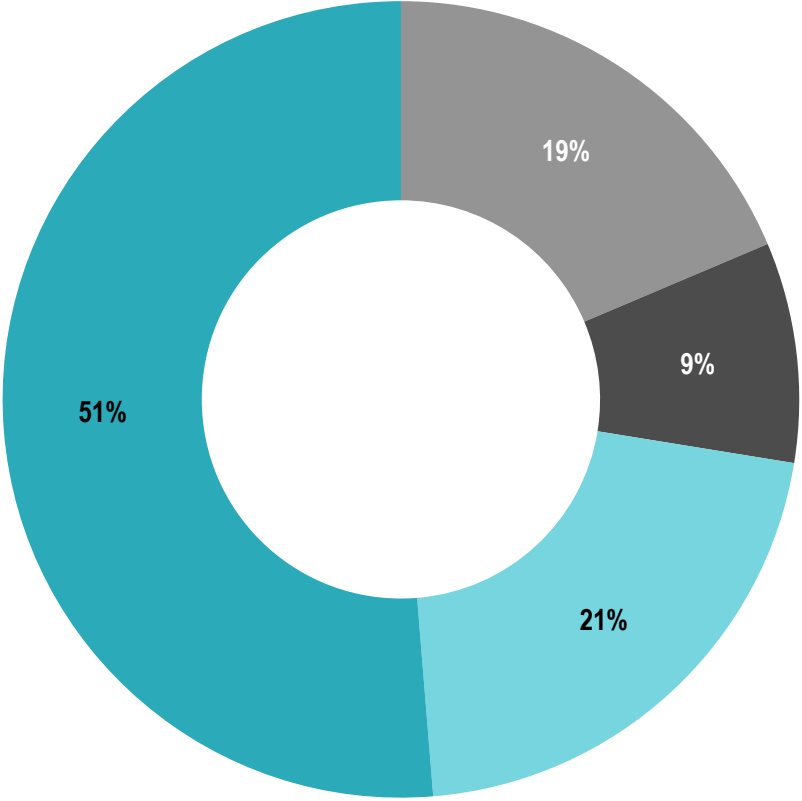
MISMATCH BETWEEN CURRENT AND IDEAL HOUSING TYPES

Current Housing Type



40% Currently in Single-family

Ideal Rental Housing Configuration



72% Prefer Single-family

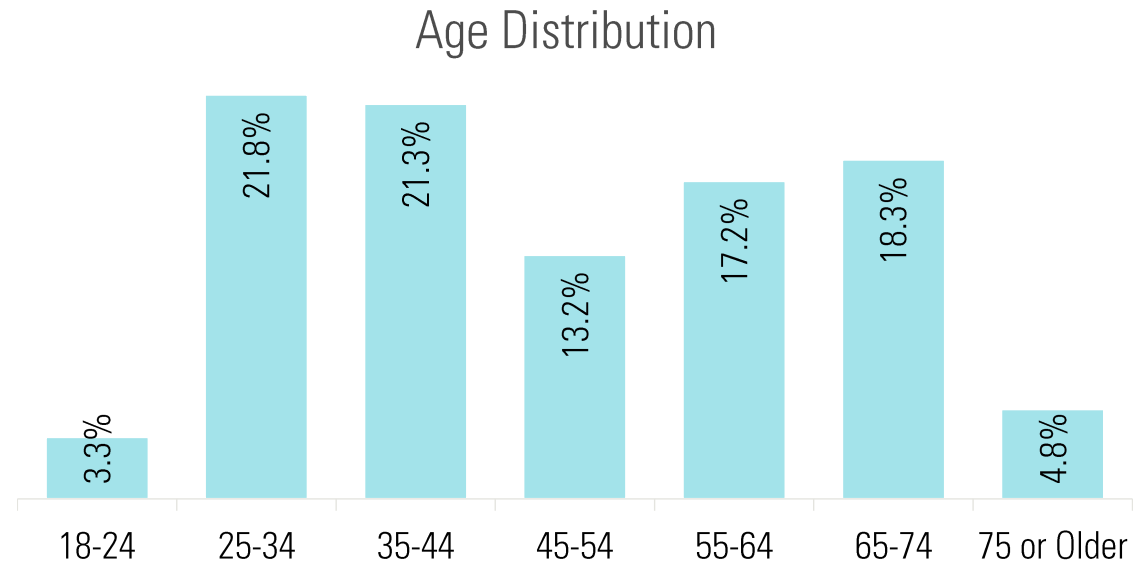


- Multifamily apartment: 5 or more units in the building
- Small Multifamily Apartment: Less than 5 units in the building
- Single family attached (Townhome/Duplex)
- Single-family detached

PREFER SMALL SINGLE-FAMILY (HORIZONTAL MF/ATTACHED <1,500 SF)

Customer Demographics

- ▶ Compared with MF, larger share age 25-44 but still relatively diverse in age, more children living at home than in MF but singles/couples still the largest group (64%)

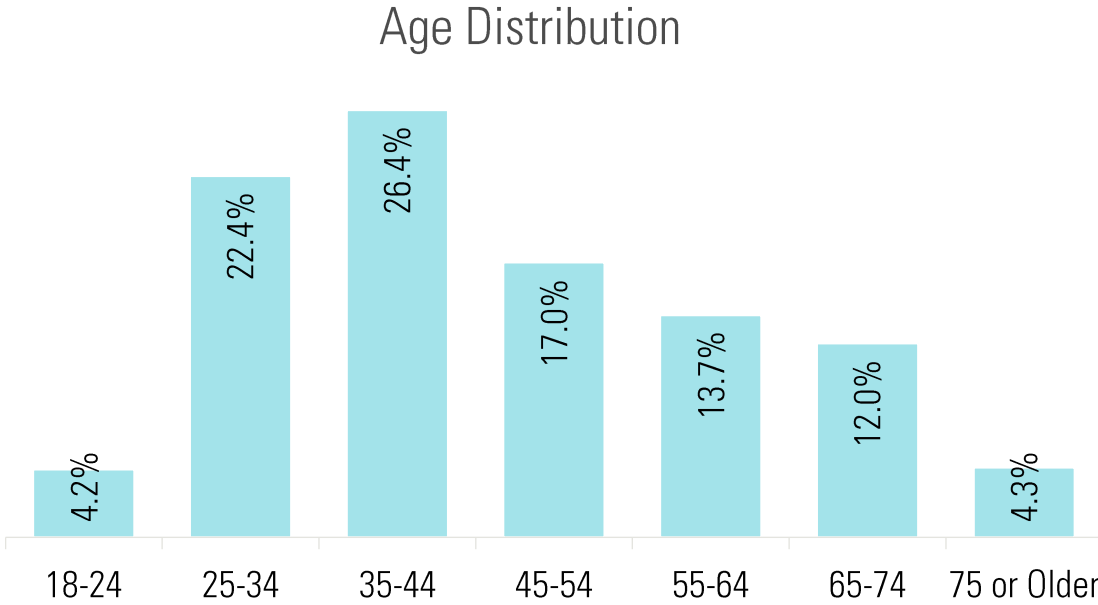


	Count	%
Single with no children	213	35.5%
Couple with no children	170	28.3%
Single with children under 18	46	7.7%
Couple with children under 18	75	12.5%
Single with children over 18 living at home	28	4.7%
Couple with children over 18 living at home	28	4.7%
Multi-generational, with elder parent(s) living at home	8	1.3%
Multi-generational, with elder parent(s) and children living at home	5	0.8%
Roommates (unrelated people living together)	27	4.5%
TOTAL	600	100%

PREFER LARGE SINGLE-FAMILY (>1,500 SF)

Customer Demographics

- ▶ Compared with Small SF, much of this group is in family or pre-family years and skews somewhat younger, this group is more likely to have children living at home (48%) or be couples



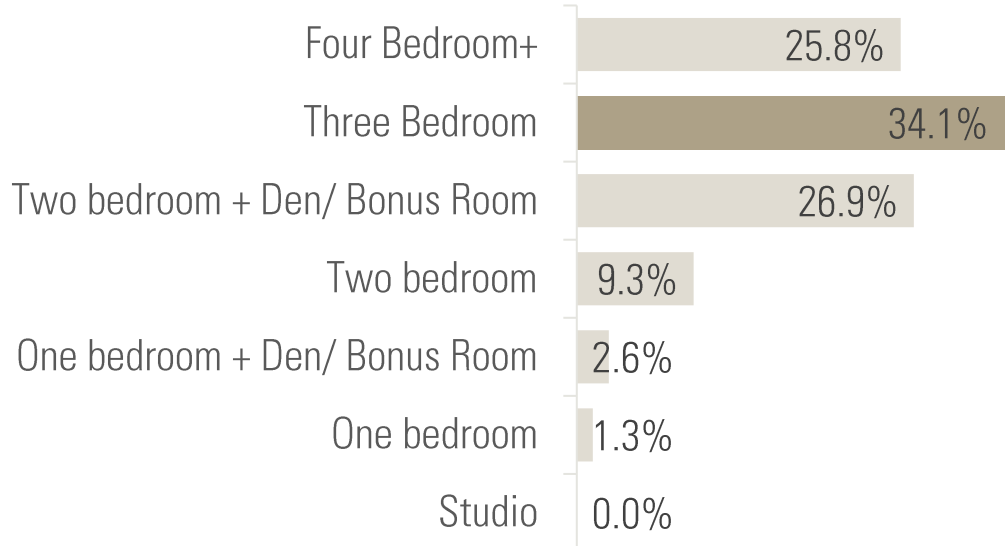
	Count	%
Single with no children	171	19.9%
Couple with no children	209	24.3%
Single with children under 18	71	8.3%
Couple with children under 18	227	26.4%
Single with children over 18 living at home	35	4.1%
Couple with children over 18 living at home	52	6.1%
Multi-generational, with elder parent(s) living at home	25	2.9%
Multi-generational, with elder parent(s) and children living at home	29	3.4%
Roommates (unrelated people living together)	40	4.7%
TOTAL	859	100%

PREFER LARGE SINGLE-FAMILY (>1,500 SF)

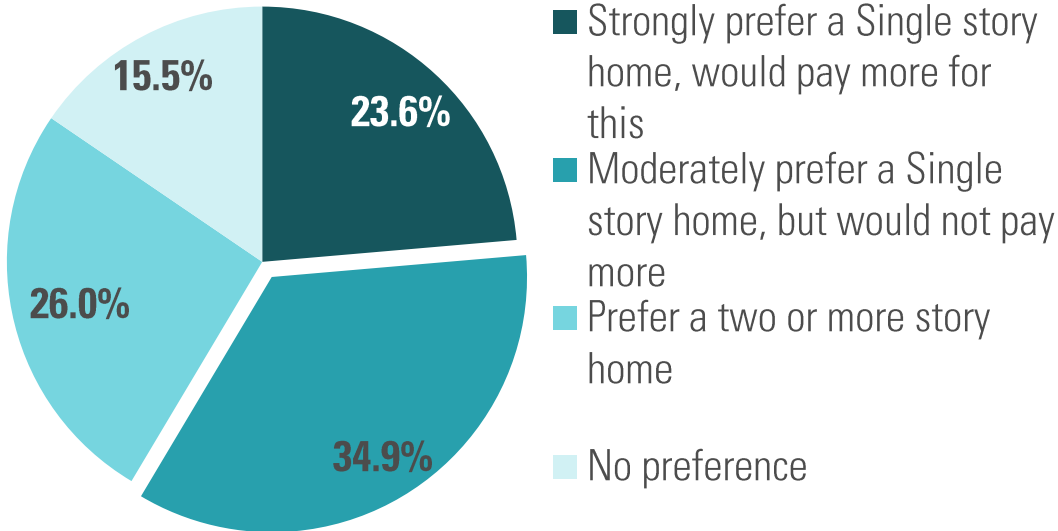
Configuration preferences

- ▶ **83%** of renters seeking small single-family would pay an average of **\$300** more monthly rent to live in a professionally managed Build-for-Rent Community
- ▶ Three-bedroom configurations most popular in this group, a den/bonus room would most likely be used as a home office or guest bedroom
- ▶ Single story home popular but less than in Small SF, 59% prefer this, but only 24% would pay more

Ideal Bedroom Configuration



Single-Story or Multi-Story Preference



Scan QR Code to Learn More



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The charts depicted within this presentation are for illustrative purposes only and are not indicative of future performance.

THANK YOU! – QUESTIONS?



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