23 ARTICLES OF INTEREST RE: INSTITUTIONAL INVESTMENTS IN R1 PROPERTIES (6 Articles on other land-use related issues follow these 23)

CURRENT ARTICLES THAT DOCUMENT THE INVESTMENTS BEING MADE BY WALL STREET / INSTITUTIONAL INVESTORS / HEDGE FUNDS / VENTURE CAPITALISTS / PENSION FUNDS TO MONOPOLIZE OWNERSHIP OF R1 PROPERTIES FOR USE AS RENTAL (INCOME) PROPERTIES.

EDITORIAL NOTE: At the recent June 22nd Assembly Housing Committee hearing on SB 8, 9, 10, and 478, one of the Assembly members commented that he did not believe that corporate investment was an issue associated with increasing development rights on such land as "only 17%" of California single-family homes are currently owned by such investors – inferring that adding density to R1 lots will not have an impact on attracting institutional investors dedicated to generating profits for investors (who will also be absentee landlords). As institutional/corporate investors buy up R1 land, prices will rise as will the cost of housing. The following articles document the current growing involvement of corporate investors in the single-family home marketplace. The proposed laws that seek to increase density on R1 properties will make those California properties the prime targets of investments from these well-funded R1 focused Wall Street entities seeking to generate good returns for their investors. Potential homeowners will be competing with these wealthy investment funds in their efforts to purchase a home making homeownership harder to come by. A major danger to affordable housing in CA is not NIMBYs, it is WIMBYs – Wall Street in my backyard! Investments in these properties are deemed to be safe investments with reliable returns--- but what does that mean for the tenants living in these rental properties? If good returns are defined as being 8-10%/year, what does that mean for tenants facing rent increases? Does this create a new landowning vs. tenant class and increasing displacement of those who cannot meet steadily increasing rents? These articles should be shared with City Council members and elected STATEWIDE legislators who
Articles have been copied as access may be an issue for some..

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1) https://therealdeal.com/la/2021/06/25/another-investment-firm-dips-into-single-family-rentals/?tpcc=LA-Daily-Elert&utm_source=Sailthru&utm_medium=email&utm_campaign=LA%20Daily%20%7C%2006.26.2021&utm_term=Los%20Angeles%20Daily

Another investment firm dips into single-family rentals

KKR's My Community Homes will buy and manage rentals nationwide

National / June 25, 2021 11:50 AM / TRD Staff

There's a new single-family landlord on the block — and it's another investor.

KKR & Co. will invest real estate and private credit funds in the Miami-based platform My Community Homes, which will buy and manage rentals nationwide, Bloomberg reported.

The platform's debut follows a flood of investment into the single-family housing market by firms looking to buy and flip or rent properties to a growing number of millennials looking for larger spaces without the mortgage payment.

A Redfin report from May showed investors had spent $77 billion on houses over the last six months, up 40% from the second and third quarters of 2020.

It's unclear, Bloomberg said, where in the U.S. KKR will focus its acquisitions and how many homes the firm plans to scoop up. The company declined a request for comment.

Marcos Egipciaco is the platform's chief executive officer. He previously held the top job at Sovereign Real Estate Group, which helps institutional investors expand single-family portfolios.

Before My Community Homes, the credit arm of KKR financed the single-family rental company Home Partners of America. This week, Blackstone agreed to acquire the company for $6 billion.

Home builder Lennar Corp. launched a $4 billion project — Upward America Venture — to buy single-family homes, then turn them into rentals. Centerbridge Partners and Allianz Real Estate committed $1.25 billion to the endeavor in March. And this month, Invesco Real Estate supported Mynd Management's

[LADN] — *Dennis Lynch*

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2) https://therealdeal.com/2021/06/02/invesco-backed-mynd-to-spend-5b-on-single-family-rentals/

Invesco-backed Mynd to spend $5B on single-family rentals

Partnership makes Mynd one of the biggest players in the single-family market

National / June 02, 2021 05:00 PM / TRD Staff

Mynd Management is gearing up to dominate the single-family rental market with help from one major investor.

Thanks to Invesco Real Estate, Mynd will receive $5 billion to purchase 20,000 single-family rental homes in the U.S. over the next three years, Bloomberg News first reported.

The partnership will make Mynd one of the largest purchasers and managers of those homes in the U.S., the company said in a press release. The company will focus on buying for Invesco as it builds out its management platform of more than 7,000 homes across 25 cities.

Mynd operates a platform that aims to democratize real estate access and help investors buy, sell or manage single-family rentals across the country.

Invesco is also leading a $40 million financing round for Mynd, which will be spent on technology and acquisitions, according to Bloomberg News.

Mynd has been acquiring about 50 homes per month and hopes to up that number to 1,000 by next year, the publication reported.

The partnership comes at a time when more than half of the country's multifamily properties are owned by institutional investors. Meanwhile, ownership of single-family rentals makes up 2-3 percent, Bloomberg News reported.

Traditional commercial real estate investors whose key strategy was to invest in multifamily have since focused on single-family rentals, the publication reported.

"We're seeing the market flooded with institutional capital," Mynd CEO and co-founder Doug Brien told the publication.

This will make it more competitive for Mynd to find those properties, but its data-driven technology should give it a boost when it comes to making offers across the country, the publication reported.

Thomvest, Common Fund, Squarepoint and other investors also participated in the financing round, valuing Mynd at $300 million.

[Bloomberg News] — *Cordilia James*

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3) https://therealdeal.com/la/2021/07/02/single-family-data-startup-entera-raises-32m/?utm_source=internal&utm_medium=widget&utm_campaign=feature_posts

Single-family data startup Entera raises $32M

Goldman Sachs Asset Management leads funding round

National / July 02, 2021 07:09 AM / TRD Staff

A data startup that helps investors buy single-family homes got $32 million in backing led by Goldman Sachs.

Entera, founded by CEO Martin Kay, develops software that lets investors analyze property records to find homes that match their purchase criteria. Its clients include single-family-rental giant Invitation Homes. Entera's software has helped buyers acquire about $1 billion worth of properties since it launched in 2018, Bloomberg News reported.

"We've had insatiable demand from our customers, who want to spend a whole bunch of money," Kay told the publication. "We are trying to build everything we need to service existing customers and continue to grow."

Read more

- Another investment firm dips into single-family rentals

- Invitation Homes may double its single-family portfolio
- Blackstone to acquire single-family rental firm for $6B

Goldman's investment arm, Goldman Sachs Asset Management, led the funding round, which included Bullpen Capital, Craft Ventures and Valuestream Ventures, according to Bloomberg.

Until recently, institutional investors stayed away from single-family homes because they were difficult to acquire and costly to manage. But the foreclosure crisis during the Great Recession changed the equation, providing investors with cheaper options. The emergence of big data companies such as Entera is further advancing the single-family investing trend.

Goldman is backing Entera because its software allows investors to choose homes to buy and to complete transactions, said Paul Pate, a vice president in the growth equity business at Goldman Sachs Asset Management, in an email to the outlet.

"As a result, Entera is both a beneficiary and an enabler of the growing single-family rental asset class," he said.

[Bloomberg News] — *Akiko Matsuda*

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4) https://therealdeal.com/2021/06/14/meet-the-20-somethings-funneling-their-crypto-millions-into-real-estate/

Article on the movement of earnings from crypto currency trading to real estate

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5) https://www.globest.com/2021/06/29/reits-adopt-a-new-strategy-diversification/?kw=REITs%20Adopt%20a%20New%20Strategy:%20Diversification&utm_source=email&utm_medium=enl&utm_campaign=thoughtleadertemp&utm_content=20210629&utm_term=rem

REITs Adopt a New Strategy: Diversification

The pandemic sent commercial real estate portfolios into disarray, but the recovery has REITs expanding their investment strategy.

By Bendix Anderson | June 29, 2021 at 03:45 AM Globe Street.com

The pandemic sent commercial real estate portfolios into disarray. The recovery is restoring some of that order, but leaving investors to sort out which sectors were temporarily disrupted or permanently altered. The same held true for real estate investment trusts, says Brian Sutherland, VP of commercial at Santa Barbara-based Yardi, and it's led some to revisit their investment strategy.

"The biggest change is portfolio diversification," says Sutherland.

Traditionally, most REITs specialized in a single category of commercial real estate. Today, however, REITs that previously focused on office are expanding into coworking. Those who primarily invested in multifamily are diversifying into industrial. In addition to observing these trends in the market, Sutherland says that Yardi has also partnered with clients seeking to diversify their portfolios. "Our solutions cross all asset classes, giving us a unique breadth of perspective into the various sectors of real estate," says Sutherland. "As our clients' strategic direction changes we can help them understand and navigate new markets."

Behind this shift is a common motivation: growth. But chasing it was complicated by the pandemic, making the current speed of diversifications in the recovery somewhat unprecedented. "It is happening at a much faster pace than we have ever seen before," notes Sutherland. "REITs need to continually grow. And if in their sector they have capital and they can't deploy it because there are no available deals, they need to adapt."

Many of these REITs already have some experience in managing real estate other than their core specialty. Others in recent decades have taken advantage of whole, master-planned neighborhoods composed of different property types.

"That trend in some capacity has been going on for a while, with the live, work, play and stay centers," says Sutherland. "We will see more of that."

REITs also own a growing number of individual buildings that mix more than one property type under one roof. Downtown areas are lined with office and apartment towers that have retail space on the first floor. As their neighborhoods evolve, those mixed-use towers are including increasingly varied kinds of real estate.

"I suspect we are going to see more multifamily build-outs happening in current office towers. We are going to see hospitality mixed in," says Sutherland. "We are going to see coworking in office buildings as well, potentially as an amenity within the property."

Retail properties are also diversifying. Some will include retail space in front, along the sidewalk, and industrial space in back that helps the retail tenants fulfill orders more quickly and potentially compete more effectively with pure online retailers like Amazon.

As REITs own and manage more of these mixed-use properties, it becomes less and less of a leap for them to simply add different types of real estate to their portfolios.

"It has to do with answering to their investors and continuing to grow," says Sutherland. "As things evolve, it is important to put capital where the market is moving. Paying attention to market trends, in this case the increase in portfolio diversification, helps identify where the best results will come from."

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6) https://therealdeal.com/2021/05/21/institutional-buyers-are-flooding-single-family-market/

Institutional buyers are flooding single-family market

Dropped record $77B on homes in past 6 months, according to Redfin

National / May 21, 2021 12:15 PM / TRD Staff

UPDATED, May 24 2021, 12:00 p.m.: Institutional buyers are in spending mode.

Investors dropped a record $77 billion on homes in the past six months, according to Business Insider, citing a Redfin report. That compares to the $55 billion spent on homes in the second and third quarters of 2020, when buying dropped as Covid cases surged and cities imposed restrictions.

Overall, the number of homes acquired by investors jumped 2.7% in the first quarter compared to the same period last year.

The massive purchases have added to the nationwide housing crunch amid what has been a red-hot market.

Investors are most focused on single-family homes, which made up the biggest share of acquisitions and first-quarter growth, year over year. Nearly 39,000 of the 55,000 homes investors bought in Q1 were single-family properties, up 4.8% from last year.

Read more

- Investors increasingly compete with first-time buyers for homes
- Institutional investors, higher material costs lead to rising home prices
- Investors building single-family rentals to meet demand

Among the investors cited in the Redfin report were Invitation Homes and American Homes 4 Rent, both single-family-rental behemoths. Redfin's report also included iBuyer Opendoor snapped up 3,594 homes in Q1, Business Insider reported. Others like Offerpad and Zillow, have taken to gobbling up houses, sight unseen.

Small real estate companies and individuals looking to flip properties accounted for a portion of investors in cities like Miami, Atlanta, Las Vegas, Phoenix, and Charlotte, North Carolina.

Redfin chief economist Daryl Fairweather said he expects the buying momentum to accelerate.

"Investors took a huge pause during the pandemic, and they still haven't made up for all the homes they didn't purchase during that period," she told the publication.

With a larger institutional presence, an already tight housing market could grow tighter. Single-family-rental companies can also overshadow smaller buyers with all cash deals and a more aggressive approach to closing.

[BI] — *Suzannah Cavanaugh*

Correction: An earlier version of this story stated that Opendoor bought 55,000 homes in Q1; the company bought 3,594 homes.

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7) https://therealdeal.com/2021/04/05/investors-increasingly-compete-with-first-time-buyers-for-homes/%E2%80%9D

Investors increasingly compete with first-time buyers for homes

1 in 5 homes sold to someone who never lives there

National / April 05, 2021 12:15 PM / TRD Staff

Another housing bubble is inflating — but unlike the one that burst in 2008, buyers contributing to this bubble are less likely to live in those properties. This time, investors are pouring money into the growing single-family home rental market.

Investors have been gobbling up distressed single-family homes in the wake of the Great Recession, which led to foreclosures on hundreds of thousands of homes. But as the supply of those distressed properties dried up, investors — including private equity firms and pension funds — are competing with first-time homebuyers in the resale market, the Wall Street Journal reported.

“You now have permanent capital competing with a young couple trying to buy a house,” John Burns, CEO of John Burns Real Estate Consulting, told the publication, noting that about one in every five houses sold is bought by someone who won’t live there. “That’s going to make U.S. housing permanently more expensive.”

Home prices are expected to climb 12 percent this year, on top of last year’s 11 percent hike, according to Burns’ firm, which told the publication that another 6 percent increase will follow in 2022. The pace of appreciation is akin to what happened in 2004 and 2005.

For an extreme example, look to Conroe, Texas, where D.R. Horton recently built 124 rental homes. The homebuilder rented those homes out and subsequently put the entire subdivision up for sale. A bidding war broke out in December, and Fundrise LLC, an online property-investing platform, won with its $32 million bid, which was submitted on behalf of about 150,000 individual investors.

The price tag was about twice as much as D.R. Horton typically makes by selling homes to the middle class, its CFO told the Journal. [WSJ] — *Akiko Matsuda*

Read more

- Home sale prices near 100% of asking prices
- D.R. Horton pays $14M for land in Jupiter and Florida City for two housing projects
- Investors building single-family rentals to meet demand

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8) https://therealdeal.com/2021/06/09/venture-capital-fund-closes-fund-to-invest-in-rent-tech/

Venture capital fund closes fund to invest in “rent tech”

Participants included Invitation Homes, Greystar Real Estate Group and Starwood Capital Group

National / June 09, 2021 05:47 PM / By Keith Larsen

Big money is pouring into single-family rentals.

RET Ventures, a Utah-based venture capital firm, raised $165 million for a fund that plans to invest in technology for single-family rental and multifamily owners and operators across the U.S.

The company surpassed its initial target of $130 million. Participants included affiliates of some of the largest apartment and single-family rental operators in America, among them Essex Property Trust, Invitation Homes, Mid-America Apartment Communities, Greystar Real Estate Group, Starlight Capital and Starwood Capital Group.

Investors are increasingly betting on the single-family rental market, where demand has exploded thanks to remote work and rising costs of home ownership. Large single-family rental companies such as Invitation Homes Inc. and American Homes 4 Rent are increasing their share of the housing market.

Critics worry, however, that single-family rentals could worsen the affordability crisis or lead to more evictions.

Read more

- Invesco Backed Mynd to spend $5B on single family rentals
- Covid-19 brings single-family rentals into investor spotlight
- This is your home on tech

Christopher Yip, a partner at RET Venture, said the fund is investing in early-stage companies. A particular focus is on something he calls “rent-tech”, which involves technology tied to rental properties.

He said the strategy is to address “pain points” for rental owners and operators.

RET Ventures is among the growing number of funds to invest in proptech. For many of these companies, the goal is to “modernize” technology-resistant parts of the real estate industry such as home closings, title insurance and construction.

Valuations for these firms have skyrocketed as many seek to go public through special purpose acquisition companies. RET Ventures has backed SmartRent, a home automation company for property managers and renters that plans to go public through a SPAC at an initial valuation of $2.2 billion.

RET Ventures has also invested in Passive Logic, an autonomous building platform, and Kasa Living, a short-term rental company, according to CrunchBase.

RET Ventures was founded in 2017 by John Helm, who was previously chief financial officer of the commercial brokerage Marcus & Millichap.

Contact Keith Larsen

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9) https://therealdeal.com/national/2021/03/05/covid-19-brings-single-family-rentals-into-investor-spotlight/

Commercial real estate investors are sinking their teeth into the hottest new asset class: single family rentals (SFRs). An intense demand for the product along with technology that makes managing complex single family portfolios easier than ever is bringing institutional investment from the nation's largest brokerages and asset managers to the sector. Long considered a niche asset class for local players, major firms are going big, vying for dominance in one of commercial real estate's fastest growing asset classes.

Read more

- Pit stop: How gas stations as a real estate asset class are being disrupted
- The new reality in commercial construction due to Covid-19
- The "office-pocalypse" might spark the great repurposing

Investing in single family homes is nothing new. Home flipping shows like Fixer Upper and Flip Or Flop have popularized the method for small time investors looking to earn something on the side. The problem has always been scalability. Flipping homes may be good money, but relying on appreciation for profit isn't guaranteed (remember 2008?). Managing even a few single family homes can be a headache as problems pile up like in Tom Hanks' classic The Money Pit. Managing renters can be even more difficult. https://therealdeal.com/national/2021/03/05/covid-19-brings-single-family-rentals-into-investor-spotlight/That's all changing.

"The industry was cynical about the ability to manage these single family homes. The early operators like Colony Starwood and Invitation Homes cracked the code," RET Ventures Partner John Helm said. "They did this with tech. Once they demonstrated that you could do this, it has taken off."

Rockpoint Group partnered with Invitation Homes on a $1 billion JV aimed at operating SFR across the Western US and Sunbelt regions. Rangewater put together an $800 platform to build and manage 15 SFR communities. JLL, one of the largest commercial brokerages in the United States, launched an entire team dedicated to SFR. JLL's team has already pulled the trigger on a $133.7 million deal on behalf of Haven Realty Capital for a six-property portfolio of new and to-be-built homes in the greater Atlanta area.

"Demand for less-dense environments, more space for work and school, and a desire for the 'lock-and-leave' lifestyle support substantial demand for single-family rental homes," JLL Senior Director Matthew Putterman said. Putterman helps lead recently established JLL's National Multi-Housing Group. "Since the Great Financial Crisis, the adoption of new management and leasing technologies has enabled investors and operators to aggregate substantial portfolios in ways that didn't previously exist."

JLL said creating a SFR was in "direct response to the increase in institutional investor interest, which traditionally consisted of mom-and-pop investors." A nationwide housing shortage coupled with older millennials looking to leave big city life to start families has bolstered single family rental demographics.

COVID has created an intense demand for more space, driving shifts to suburban living, which has created the strongest housing rally since the 2008 crisis. Rents in institutionally owned SFR portfolios have grown more than 3 percent annualized in 2020, according to DBRS Morningstar. Retention rates have also been improving, which are now similar to self-storage.

Warren Buffet famously said if he had a way to manage single-family homes, he'd buy a couple hundreds thousand. Managing multifamily properties is far simpler. Hundreds of units can be managed by a single person. That many homes would be far too spread out to provide the same level of tenant experience. Technology is changing that. The entire SFR process has been reinvented. Early on during showings, virtual tours are helping renters narrow down choices to make decisions faster. When they're ready to view, digital lockboxes make it so a property manager can unlock a home remotely. If they're ready to sign, renters can apply, pay their deposit and sign their lease using their mobile phone. Once they're moved in, mobile apps allow tenants to place maintenance requests, which fleet of service fans across the market respond to using digital inventory management and route optimization. Connected devices are helping to prevent maintenance requests, signaling to owners when there's a water leak, open door or other issue. The improvements are win-win for both landlords and tenants. Renters feel less pain with a seamless experience making them more likely to sign and stay while owners have a powerful tool for managing assets they can't always be near.

Assembling homes into an investment portfolio requires deep market knowledge and plenty of local experience. In major metros, being even just two streets down the block can dramatically impact a homes' value. It takes experience to know that and that knowledge is hardly applicable in other markets. Tracking down housing data is much harder than commercial real estate. For one, single family homes are built at a rate most commercial operations can hardly fathom. In the last 4 yours alone, 90 million homes have been built in the United States. Tracking ownership, market intelligence and rental rates for just the homes built in the last four years is a feat. Sites like Roofstock and Zillow have been doing just that.

A major reason institutional investment is in a rush to move into the sector is that major players have yet to be established. Unlike multifamily, where huge corporations and REITs control the vast majority of assets, each with hundreds of complexes and tens of thousands of units, SFR is still a small time game. Institutional owners, who own more than 100 homes, comprise less than 3 percent of total inventory, according to JLL data. Establishing dominance won't be easy. Beyond their competition, SFR is still a tough business to be in even with technology. Supply is a major issue. A booming housing market means investors assembling a portfolio are competing with families who want a home. Properties built specifically for renting are still a sliver of America's overall housing stock. Though the number has been steadily increasing for nearly 20 years, new starts only totaled 14,000 during the third quarter of 2020, a 27 percent jump over the previous year, according to the National Association of Home Builders. The large percentage increase is directly related to the few number of starts.

With the push of institutional money into single family rentals we are likely to see even more tech sprout up to help them manage large portfolios. If the trend gets large enough it might even be able to sap some of the investment and human capital from the multifamily industry. Owning a single family rental is not for everyone but more and more large commercial real estate shops are deciding that it is in their wheelhouse and is a better asset type than their other options. [Propmodo]

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10) https://torrancedailybreeze-ca-app.newsmemory.com/?publink=2cd408b96_1345e37

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11) CalMatters, Sacramento's go-to publication, published Rick Johnson's article entitled, "More housing and more drought calls for more thought." https://calmatters.org/category/commentary/

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12) Single-Family Home Rentals Are Excelling in the Pandemic | GlobeSt

Single-Family Home Rentals Are Excelling in the Pandemic

Stay-at-home orders tied to the COVI/D-19 pandemic have not tamped down the demand for single-family house rentals, executives from two REITs said...

By **Cheryl Miller** | May 12, 2020 at 05:33 PM

Stay-at-home orders tied to the COVI/D-19 pandemic have not tamped down the demand for single-family house rentals, executives from two REITs said in recent first-quarter earnings calls.

Dallas Turner, president and CEO of Invitation Homes, said occupancy climbed to a record-high 97.2% in April as the company increased its access to working capital and paused sourcing new acquisitions to be ready for the pandemic's many uncertainties.

"Shelter-in-place has not impacted our ability to lease homes," Turner said. In fact, he said, residents have been moving into the company's properties at the same rate as last year and at a faster clip than they have been moving out.

David Singelyn, CEO of American Homes 4 Rent, said that while first-quarter home occupancy slightly lagged last year's numbers, demand for homes increased significantly in April and generated record levels of showings. Singelyn said he anticipates good leasing and occupancy numbers in May.

Demand for single-family rental homes is increasing as would-be buyers are postponing or canceling purchases during the economic downturn, Singelyn said. Single-family homes are also a draw to residents living in multi-family housing who are now looking for lower-density options in light of the pandemic and recommendations to maintain physical distancing, he said.

"Today's story is the COVID-19 crisis," said Singelyn.

Rent collections have not dropped precipitously, according to the executives, despite a national unemployment rate that has jumped to 14.7%, the highest since the Depression era. Charles Young, chief executive officer of Invitation Homes, said rent collection in April topped 95% of the company's historical average. Half of those missed rents have been paid since the April books were closed, Young said.

Rent payment numbers improved in May with collection rates through the fifth day of the month topping 100 percent of the pre-COVID-19 average, according to the company.

"We like our high-quality, sticky resident base, and we believe that the ripple effects of this pandemic could make the option to lease a single-family home even more attractive," Young said.

At American Homes 4 Rent properties, 82% of rent payments had been made through May 5, which tracks with April figures and falls within six percent of the company's historical rate, said chief operating officer Bryan Smith.

American Homes is not forgiving rent but it has suspended late fees and has stopped evictions. About four percent of residents in company properties have requested hardship assistance, Smith said. "The longer this crisis continues, the more difficult it may be for some of our residents to maintain regular rent payments," Smith added.

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13) https://www.kqed.org/news/11880453/fire-experts-warn-of-dangers-of-proposed-safety-regulations

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14)) https://www.wsj.com/articles/if-you-sell-a-house-these-days-the-buyer-might-be-a-pensionfund-11617544801

If You Sell A House These Days The Buyer Might Be A Pension Fund ($32 Million, Fundrise LLC)
By Ryan Dezember | Photographs by Jeff Lautenberger for The Wall Street Journal

A bidding war broke out this winter at a new subdivision north of Houston. But the prize this time was the entire subdivision, not just a single suburban house, illustrating the rise of big investors as a potent new force in the U.S. housing market. D.R. Horton Inc. built 124 houses in Conroe, Texas, rented them out and then put the whole community, Amber Pines at Fosters Ridge, on the block. A Who's Who of investors and home-rental firms flocked to the December sale. The winning $32 million bid came from an online property-investing platform, Fundrise LLC, which manages more than $1 billion on behalf of about 150,000 individuals. The country's most prolific home builder booked roughly twice what it typically makes selling houses to the middle class—an encouraging debut in the business of selling entire neighborhoods to investors. "We certainly wouldn't expect every single-family community we sell to sell at a 50% gross margin," the builder's finance chief, Bill Wheat, said at a recent investor conference.

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15) https://prospect.org/infrastructure/housing/blackrock-buying-houses-meme-single-family-rentalmarket/

Blackrock Invests in Buying Single Family Houses (June 16, 2021)

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16) https://www.washingtonpost.com/opinions/2020/08/06/nation-is-facing-housing-crisis-private-equityfirms-just-see-dollar-signs/\

Families See a Looming Catastrophe, Private Equity Firms See Dollar Signs (8/6/2020)

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17) https://ideas.repec.org/a/gam/jsoctx/v8y2018i4p93-d171162.html

The Impact of Single Family Rental REITS on Regional Housing Markets: A Case Study of Nashville, TN (transfer of wealth to investors instead of individuals and further exacerbates property wealth concentration and polarization.)

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18) https://www.theatlantic.com/technology/archive/2019/02/single-family-landlords-wall-street/582394/

When Wall Street is Your Landlord (2/13/2019) *By Alana Semuels*

With help from the federal government, institutional investors became major players in the rental market. They promised to return profits to their investors and convenience to their tenants. Investors are happy. Tenants are not.

This article chronicles the problems experienced by tenants of the investment company managed homes and notes the fees and increased evictions experienced by the tenants. Go to the article for full text.

"As the rental companies continue to acquire more real estate, they are competing with people who have repaired their credit in the decade since the recession, socked money away, and are now finally ready to buy again. "Our fear is that any home that goes into [an] investor's portfolio isn't just about homeownership today—it is locking that home out of potential homeownership for decades to come," says John O'Callaghan, the president and CEO of the Atlanta Neighborhood Development Partnership, a nonprofit that promotes affordable housing.

In some areas, renters say that it is difficult to find properties that *aren't* owned by the big institutional investors. Heather Bryant's Invitation Homes property in suburban Georgia had unreliable air-conditioning, a sewage system that frequently backed up, and a rodent problem that the company refused to address, she told me. But she and her husband kept re-signing the lease. "So many of the rental houses in Georgia are owned by them that it is nearly impossible to find someone who owns privately," she told me. Iyesha Stringer moved out of one Colony American house in the Atlanta area, disgusted with the company because it had withheld 60 percent of her deposit and didn't fix mold or flooding issues in the house. "I said I'd never rent from a big company again," she told me. She moved into another property, only to find out a few months later that Colony American had bought the house and was going to start managing it. It's now managed by Invitation Homes."

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19) Mega Landlords Are Snapping Up Zillow Homes Before the Public Can See Them - Bloomberg https://www.bloomberg.com/news/articles/2021-05-21/mega-landlords-are-snapping-up-zillowhomes-before-the-public-can-see-them

"A parade of investors, including JPMorgan Chase & Co.'s asset-management arm, Nuveen Real Estate and Brookfield Asset Management Inc. have committed billions in new capital to single-family rentals since the pandemic began."

Hot housing market drives alliance with real estate tech firms as landlords flush with cash tap iBuyers to find properties

By Patrick Clark / May 21, 2021, 11:00 AM PDT

Wall Street firms scouring the frenzied U.S. housing market are tapping a new source of properties that regular buyers can't reach.

Cerberus Capital Management and related entities bought more than 200 houses in the first quarter through next-generation home flippers called iBuyers, including 138 from Opendoor Technologies Inc. The pipeline to Wall Street from Silicon Valley often means the homes never hit the open market.

Other single-family landlords, flush with cash to bet on the demand for suburban rentals, are applying the same strategy. Their purchases come as many Americans can't afford to buy houses -- a side effect of the pandemic-driven real estate rush that's sparked bidding wars for a shortage of available properties.

"At a moment when we have once-in-a-generation low inventory, we have for-profit companies making the decision to withhold houses from the market," said Mike DelPrete, a real estate tech strategist who follows the iBuyers. "As a society, are we cool with that?"

Cerberus, which manages $53 billion in assets, operates more than 24,000 rentals through a portfolio company called FirstKey Homes. The firm recently borrowed $2.5 billion against a portion of the property portfolio at a fixed rate of 1.99%, according to Kroll Bond Rating Agency.
In addition to the homes it bought from Opendoor in the first quarter, Cerberus purchased 52 from Zillow Group Inc., the listing site that started flipping homes in 2018, and 28 from Offerpad, according to analytics firm PropertyRadar. The data, which was compiled from public records, may not be complete.

"Homes purchased through iBuyers are a minimal 1% of our entire portfolio of homes," a representative for FirstKey said in a statement.

IBuyers have sprung up in recent years seeking to profit by streamlining the notoriously complex process of selling a home. They use software to estimate values and make rapid offers to homeowners who express interest in selling their properties. When an owner accepts, the iBuyers make light repairs and put the home back on the market, seeking to profit by charging convenience fees.

Read more: Opendoor Faces an Expensive Path to Profitability in Real Estate

Cerberus isn't the only large landlord turning to the tech companies. Invitation Homes Inc., the largest single-family landlord, tapped iBuyers for more than 5% of the 700 homes it purchased in the first quarter, Chief Executive Officer Dallas Tanner said on a recent conference call. Tricon Residential Inc. and Donald Mullen's Pretium also bought homes through this emerging channel.

For the iBuyers, selling to Wall Street can offer better economics and a leg up in the race to get bigger. It limits expenses, cutting out commissions to real estate agents, and lets the tech firms move homes quickly and benefit from economies of scale. But in a tight housing market, there's increasing competition for the entry-level properties sought by first-time buyers and landlords alike.

“We’re in housing shortage, and whatever inventory institutional landlords are gobbling up means there’s less available to first-time homebuyers,” said Lawrence Yun, chief economist at the National Association of Realtors. “In that sense, the investors are an obstacle to the everyday buyer.”

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20) A $60 Billion Housing Grab by Wall Street - The New York Times (nytimes.com)

Hundreds of thousands of single-family homes are now in the hands of giant companies — squeezing renters for revenue and putting the American dream even further out of reach.

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21) Corporations are buying houses — robbing families of American Dream (nypost.com) https://nypost.com/2020/07/18/corporations-are-buying-houses-robbing-families-of-american-dream/

How corporations are buying up houses — robbing families of the American Dream

By Larry Getlen / July 18, 2020 | 8:51am

One morning in 2012, Phoenix real-estate developer Geoff Jacobs was playing golf when he got a surprising phone call.

One of his employees, trying to bid on a house they wanted at auction, told him the price had reached their agreed-upon ceiling of $85,000 — a rare occurrence, since they usually snagged the homes they wanted without competition.

Jacobs told his employee to go up to $87,000. But the price kept rising.

“The price jumped to $90,000. Then $95,000. The home wound up selling for about $100,000,” writes Ryan Dezember in his new book, “Underwater: How Our American Dream of Homeownership Became a Nightmare” (Thomas Dunne Books), out now.

“Jacobs was bewildered. Who was this aggressive bidder? By the end of the day, he had a name. The bidder was from an outfit called Invitation Homes.”

Invitation Homes, it turned out, was owned by Blackstone Group, the world’s largest real-estate investor. Created after a company called Treehouse Group was folded into Blackstone, then renamed in 2012, Invitation Homes was on a $10 billion spree, purchasing $150 million worth of houses per week.

“At an auction in Sacramento, a house flipper named Ryan Heck was bewildered by a bidder who bought every house that hit the block,” Dezember writes, noting that the bidder went one dollar over every other bid until the other bidders conceded.

Since 2010, 700 houses in Spring Hill, Tenn., have been purchased by just four companies, who together own about 5 percent of the houses in the town.

“Neither Heck nor the other regulars recognized the dollar-over guy. It turned out he was with an out-of-town concern called Treehouse and had instructions to buy everything that cost less than what it would cost to build a similar house. Every house auctioned that day fit the bill.”

Moving forward, Heck tried to compete, sometimes even peeking over other bidders’ shoulders to “run the dollar-over routine on them.” But he was outmatched.

“He had a handful of cashier’s checks,” Dezember writes. “The new guys had duffle bags full.”

‘Underwater” describes how, in the wake of the 2008 financial crisis, corporations began buying suburban houses en masse and then renting them out, often for more than residents would have otherwise paid in rent or mortgage.

This has become so common that, while the phenomenon “didn’t exist a decade ago,” corporations bought one out of every 10 suburban homes sold in 2018.

Corporate homeownership can not only subject tenants to higher living costs, but often destroys their ability to buy these homes themselves, as companies pay top dollar to take them off the market.

As a result, America is quickly becoming a renter nation.

“Between 2006 and 2016, when the homeownership rate fell to its lowest level in fifty years, the number of renters grew by about a quarter,” Dezember writes.

Rich investors like Warren Buffett (left) and B.W. Hughes are buying up many of the single-family homes that have long sustained the US middle class.Getty Images (2)

While he notes that companies own around 300,000 US homes so far, this is just the tip of the iceberg, as they’re wealthy enough to buy, and tech-savvy enough to manage, “multiples more” with “ruthless efficiency.”

These companies aren’t just depriving potential homeowners of a place to call their own, he writes: they’re destroying the ability for thousands of middle-class American families to accumulate wealth.

“Home-price appreciation has historically been how Americans achieve financial prosperity,” Dezember writes. “Unlike stocks and bonds, ownership of which is concentrated at the top, houses are widely held. Roughly half of housing wealth is owned by America’s middle class.”

The bonanza really took off in 2011, when Morgan Stanley issued a report called “A Rentership Society.” With over 1.6 million foreclosed homes in the United States and more on the way, the report forecast “a surge in the number of renters and a potentially massive opportunity for investors to convert the glut of repossessed homes into rental properties.”

America's investment managers were all in. By 2012, "more than $1 billion had been raised by investors for the purpose of doing just that. Some of the biggest names in finance were hoarding houses."

Individual investors were soon mostly gone or absorbed into larger companies with investors like Warren Buffett, KKR of "Barbarians at the Gate" fame, and investment behemoth The Carlyle Group. Heck himself wound up joining American Homes 4 Rent, which was founded by billionaire self-storage magnate B. Wayne Hughes, and would own about 48,000 houses by the end of 2016. There is even a lobbying organization, the National Rental Home Council, to look after their interests in the government, such as defeating rent-control laws.

Unlike stocks and bonds . . . houses are widely held. Roughly half of housing wealth is owned by America's middle class.

- Ryan Dezember in new book 'Underwater'

As the industry grew, foreclosure auctions in certain cities became major affairs. The first Tuesday of every month is auction day throughout Georgia, and corporate homebuyers fly in "for what was known among investors as Super Tuesday."

"Heck and others of B. Wayne's bidders would gather at a Sheraton Hotel the evening before, and divvy up $20 million or so of cashiers checks," Dezember writes.

Their mission was to buy homes near good schools that families would feel comfortable in, nothing older than 20 years or smaller than three bedrooms and two bathrooms.

The industry's ideal buyer was well-defined. Dezember notes that a company called Progress Residential, which owned around 20,000 homes, sought to provide "an aspirational living experience to tenants who were typically about 38 years old and married, with a child or two, annual income of about $88,000, less-than-stellar FICO credit scores around 665, and a hobbling $45,000 of debt. If they wanted to live the middle-class lifestyle to which they were accustomed, they'd have to rent."

Buying foreclosed homes had its pitfalls, as buyers couldn't see inside the homes before the purchase. While occasionally they'd get a treat, like marble countertops, often the surprises were more horrific.

"There were wild stories," Dezember writes. "A corpse in the Carolinas. Basement marijuana farms. A turnover crew that renovated the wrong house in California, surprising a family just back from vacation with a new kitchen and news that their possessions were in a landfill."

As investors realized the extent of their gold mine, they branched out beyond simply buying foreclosures and hit the open market, competing with everyday homebuyers.

{Image }

As more corporations buy up homes, they are also forcing up rental prices, making it harder for

Americans to save — and eventually buy a home themselves.Getty Images

Dezember recalls a three-bedroom, two-bath home in Spring Hill, Tennessee, that went on the market in April 2017. In the strong, fast-growing market, the seller had four bids on the house within hours.

“The high bid of $208,000 came from a couple with a child looking for their first house,” Dezember writes. “American Homes 4 Rent matched their offer, all cash.”

American Homes got the house, the seventh it had purchased on that street.

In fact, since 2010, 700 houses in Spring Hill have been purchased by just four companies, including American Homes 4 Rent and Progress Residential, Dezember writes. Together, the four owned about 5 percent of the houses in the town.

As a result, rents skyrocketed. When Dezember visited with the town’s vice mayor, Bruce Hull, in April 2017, he was told that, “It hasn’t been that long since you could get a three-bedroom, two-bath for $1,000 a month.”

Those houses were now closer to $1,800 a month, and this was by design.

At a real-estate investing conference, American Homes CEO David Singelyn said that the average income for applicants to his company’s homes had risen from $86,000 to $91,000 in one year, and that this was a sign that “rents had room to rise,” Dezember writes.

“This is a choice they make to pay rent, and their wherewithal to pay rent today as well as pay rent in the future, with increases, is sufficient,” Singelyn said. “It’s just up to us to educate tenants on a new way, that there will be annual rent increases.”

{ Image}

“American Homes raised [their tenants’] rent by hundreds of dollars a month with little notice,” Dezember writes.

And since the company had bought so many homes in the area, “there wasn’t much-disgruntled tenants could do but pay up if they wanted to rent in Spring Hill and keep their kids in its top-rated schools.”

One Spring Hill man’s rent had grown by 35 percent over three years after American Homes 4 Rent bought the house he lived in.

“He and his wife wrote to the company repeatedly to appeal for more modest increases. There was no response.

“Not long after they signed [their lease], American Homes responded to their earlier pleas and knocked $20 off the monthly rent.”

On a large scale, the trend of corporations buying up homes and renting them out could have a drastic long-term effect on the ability of many families to own a piece of the American Dream.

“Many Americans save money only unintentionally, when they make their mortgage payments each month and accrue equity in their homes,” Dezember writes.

“If homeownership falls out of fashion for even a generation, there could be dire economic consequences unless renters become diligent savers and prudent investors. If that happened on a grand scale, it would be as momentous a shift in American behavior as abandoning homeownership en masse.”

FILED UNDER **FAMILIES** **,** **HOUSING** **,** **REAL ESATE** **,** **7/18/20**

….“On a large scale, the trend of corporations buying up homes and renting them out could have a drastic long-term effect on the ability of many families to own a piece of the American Dream.

“Many Americans save money only unintentionally, when they make their mortgage payments each month and accrue equity in their homes,” Dezember writes.

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22) The new American Dream: rent your home from a hedge fund. | Sovereign Man

Disappearing Middle Class: The new American Dream: rent your home from a hedge fund. By Simon Black.

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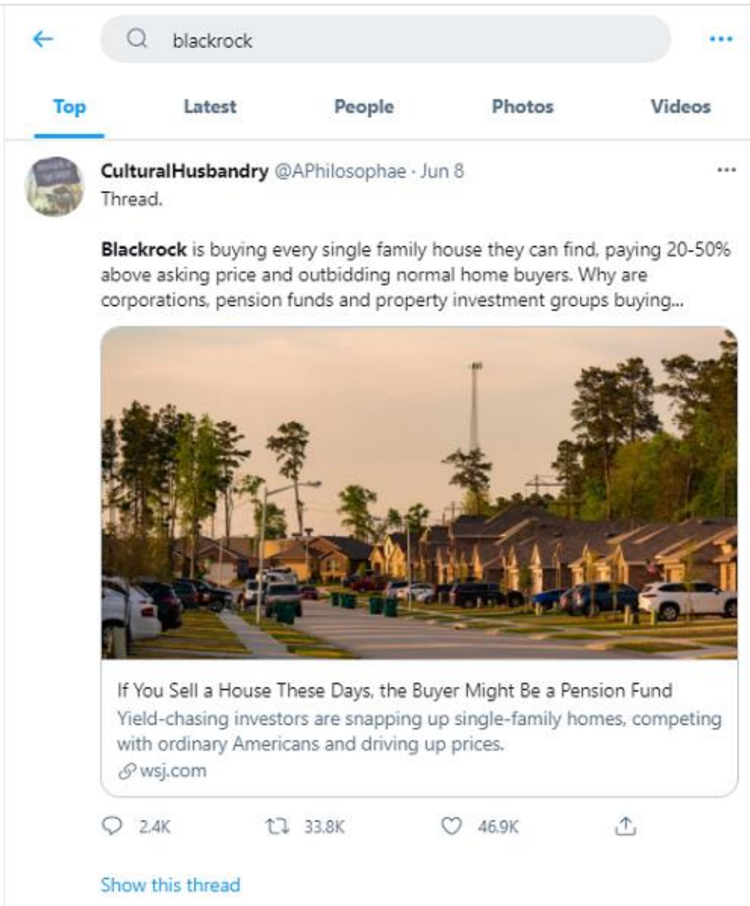
23) https://www.swfinstitute.org/news/86983/see-the-wall-street-investors-buying-single-family-american-homes

See the Wall Street Investors Buying Single Family American Homes

Posted on 06/12/2021

As the COVID pandemic prompted the Federal Reserve to flood the country with U.S. dollars, the price of single-family homes in the U.S. have increased as there remains a tight supply in single-family housing. Inflation has crept in and there is increased speculation in American real estate in 2020 and 2021. The Wall Street Journal issued a story on BlackRock and their activities in buying homes. Single-family homes are widely regarding among the populace as the American dream, the idea of owning property. Furthermore, Wall Street banks’ greed on underwriting risky loan products drove the housing bubbles in 2006 and 2007, which ended up as the global financial crisis of 2008. Then taxpayers bailout out Wall Street and other companies like AIG, General Motors, and Ally Financial. In the ashes of the financial crisis, private equity firms like BlackRock created Invitation Homes to buy up cheap homes and rent them out. Other investors followed suit such as GI Partners backing Waypoint, and the Alaska Permanent Fund Corporation backing American Homes 4 Rent.



Note: Top of Twitter for search tag "BlackRock".

The article by the WSJ is giving BlackRock substantial press attention its its single-family home investing strategies.

In a Fox News television interview, Pedro Gonzalez, an associate editor of Chronicles Magazine, said, "Homeownership gives people a stake in a society. It's a way to build generational wealth."

Single-Family Homes

According to data from Invitation Homes, there are 128 million households and 62% are owned homes, while 38% are rented. Out of the rental batch of 49 million units, 35% are Single-family rentals, 62% are apartments, and 4% are mobile homes and others. In the investor presentation, institutional owners are just at 300,000 units for single-family homes vs. 16.2 million which are called "Moms and Pops".

Major Players

Invitation Homes
Dallas-based Invitation Homes Inc. is a listed company with origins with the Blackstone Group Inc. In the first quarter of 2021, Invitation Homes acquired 696 homes for US$ 233 million worth of homes and is part of a US$ 1 billion acquisition target in 2021.

In November 2017, Invitation Homes acquired listed company Starwood Waypoint Homes to create largest single-family landlord company. At the time, the merger created a company that owned approximately 82,000 single-family rentals. Earlier, Starwood Waypoint Residential Trust merged with Colony American Homes two years ago to form Colony Starwood Homes to create a single-family rental giant. Colony Starwood Homes changed its name to Starwood Waypoint Homes.

Invitation Homes has housing investment joint ventures with Rockpoint Group, L.L.C. (80% Rockpoint, 20% Invitation JV ownership) and the Federal National Mortgage Association (FNMA) (90% FNMA, 10% Invitation JV ownership).

American Homes 4 Rent, L.P.
American Homes 4 Rent originally had backing from the Alaska Permanent Fund Corporation. American Homes 4 Rent in February 2020 formed an operating venture with investors advised by J.P. Morgan Asset Management focused on constructing and operating newly built rental homes. American Homes 4 Rent, holds a 20% ownership interest in the joint venture, which has an evergreen term. Subsequent to March 31, 2020, as contemplated by the joint venture agreement, the parties entered into an amended agreement to increase the size of the partnership to US$ 625 million.

Tricon Capital Group
In February 2017, Tricon Capital Group Inc. acquired listed company Silver Bay Realty Trust Corp. by transaction that had a total enterprise value of approximately US$ 1.4 billion, comprised of the equity purchase price of approximately US$ 820 million and approximately US$ 600 million of Silver Bay debt.

Mynd
Invesco Real Estate has giving Mynd Management a financial line to spend up to US$ 5 billion in order to buy 20,000 single-family rental homes in the U.S. in the next three years. Mynd is founded by an executive from Waypoint.

Front Yard Residential Corporation (acquired)
In January 2021, Pretium and a group of its investors, and funds managed by the Real Estate Equity and Alternative Credit strategies of Ares Management Corporation announced the completion of their acquisition of Front Yard Residential Corporation (NYSE: RESI), a company headquartered in the U.S. Virgin Islands. The completion of the transaction makes Pretium the second-largest owner and operator of SFR properties in the United States with a portfolio of over 55,000 cash-flowing single-family rentals. Pretium will manage the venture and partner with Ares to further optimize and expand Front Yard's attractive and well-diversified portfolio of SFR assets.

Georgia-based HavenBrook Homes was run by Patrick Whelan, the former CEO of Beazer Pre-Owned Rental Homes platform. On August 8, 2018, Front Yard Residential Corporation acquired property manager HavenBrook Partners, LLC as well as the portfolio of 3,236 properties managed by HavenBrook. The combined purchase price of the properties and the property manager was US$ 485 million. HavenBrook Homes went on a buying spree in 2014 and purchased 400 homes in the Twin Cities in Minnesota. The HavenBrook Homes deal was backed by Freddie Mac through a affordable single-family rental pilot program for large property owners and a guaranteed, interest only loan. Freddie Mac then sold that loan to Wall Street investors as securities. However, on the same day, the Federal Housing Finance Agency (FHFA), which oversees Freddie, shut the pilot program down.

Pretium
Pretium is a specialized alternative investment management firm focused on U.S. residential real estate, residential credit, and corporate credit. Pretium was founded in 2012 to capitalize on secular investment and lending opportunities arising as a result of structural changes, disruptions, and inefficiencies within the economy. In January 2021, the Public Sector Pension Investment Board (PSP Investments) and Pretium launched of a joint venture that will initially invest US$ 700 million into single-family rentals across major markets in the southeastern and southwestern United States.

Other competitors include:
BlackRock
Amherst Residential

In late May 2021, Goldman Sachs Group Inc. provided a US$ 300 million credit facility to Washington, D.C.-based Fundrise, a real estate company that lets small investors invest in single-family homes.

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24) https://www.globest.com/2021/01/19/institutional-capital-is-remaking-the-sfrh-asset-class/?kw=Institutional%20Capital%20is%20Remaking%20the%20SFRH%20Asset%20Class&utm_source=email&utm_medium=enl&utm_campaign=nationalamalert&utm_content=20210119&utm_term=rem&enlcmp=nltrplt4

Institutional Capital is Remaking the SFRH Asset Class

SFRH 2.0 includes large institutional portfolios.

By **Les Shaver** | January 19, 2021 at 07:50 AM

After collecting single-family homes all around the country during the Global Financial Crisis, large institutions figured out how to manage these scattered-site properties.
That process of collecting and managing those assets is Michael Carey, Senior Director at Altus Group, calls SFR 1.0. In that period, he says a lot of investors were buying homes one at a time "on the courthouse steps."

"The ability to manage the space, which you couldn't do at the initial phases post-GFC, has led to an institutional asset class," Carey says. "The evolution of this asset class has happened a lot faster than anyone predicted, and it's just accelerated with COVID."
Now, that sector has evolved, we moved into SFR 2.0. In addition to figuring out the management riddle, the sector's metrics are a lot more transparent now, contributing to institutional acceptance.

Right now, Carey says the SFR space offers a premium over multifamily yields, which is drawing a lot of investors. That delta may not be there forever, though.

“We’re seeing that gap close because there’s so much money coming into this [SFR] space right now,” Carey says. “There are billions of dollars coming in, just from who we track and our clients. We were looking at $5 to $6 billion coming into the market from March to September, and there’s more than that. That’s just our clients and what we know. So it’s a lot bigger than that.”

Carey expects to see “an explosion” in the number of homes owned by institutional investors.

In 2018 and 2019, Carey says institutional investors purchased about 46,000 homes. In 2020, even with the COVID pause in the Spring, he tracked about 55,000 to 65,000 homes purchased by institutions.

“We think easily there will be 70,000 to 100,000 homes being purchased and constructed in 2021 and 2022,” Carey says. “There are about 50,000 build-for-rent homes that are under construction or planned for development. So that’s a big number.”

As institutions have moved into the space, Carey says there is a greater focus on NOI margins. Ten years ago, they were about 55%. Now, they are 62% to 65% in some of the newer properties. In build-for-rent homes, they are at 70%.

“They’re [the builders] are really focusing on technology,” Carey says. “It’s not just the management of the home, but the repairs, the work orders that come through and the leasing. For example, you see self-showings or contactless move-ins. “

These efficiencies and scale are partially why purpose-built single-family rental communities are taking off in SFR 2.0. Carey says the big players will look for portfolios of up to 2,000 homes.

“Whether it’s build-for-rent or a scatterplot single-family homeownership, you need to have scale in a market,” Carey says. “You need scale in order to operate it efficiently. You can’t go in and own a hundred homes. It does not work.”

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25) https://www.globest.com/2021/07/20/5b-tricon-jv-targets-single-family-rental-homes/?kw=%245B%20Tricon%20JV%20Targets%20Single-Family%20Rental%20Homes&utm_source=email&utm_medium=enl&utm_campaign=nationalamalert&utm_content=20210720&utm_term=rem&enlcmp=nltrplt4

$5B Tricon JV Targets Single-Family Rental Homes

The joint venture is targeting the middle-market demographic in the US Sun Belt.

By **Les Shaver** | July 20, 2021 at 06:38 AM

Tricon Residential has entered into a joint venture arrangement with three institutional investors to acquire single-family rental homes targeting the middle-market demographic in the US Sun Belt.
The joint venture, referred to as SFR JV-2, will have an initial equity commitment of $1.40 billion.

Investors will have the ability to increase the vehicle size to $1.55 billion, including Tricon's co-investment of $450 million. That represents approximately $5 billion of purchasing power with leverage. Over three years, SFR JV-2 is expected to acquire more than 18,000 single-family rental homes primarily from resale channels. The JV will complement Tricon's other investment vehicles, which target new single-family rental homes. Tricon will be the asset manager and property manager of the joint venture, the largest JV in its history.

"With the closing of this joint venture, Tricon is well-positioned to accommodate the incredible demand we are seeing across the US Sun Belt for high-quality single-family rental homes at an accessible rental price point," Gary Berman, president and CEO of Tricon Residential said in a prepared statement.

Berman says Tricon has now raised $2 billion of third-party equity commitments year-to-date and has the capital in place to grow its single-family rental portfolio to nearly 50,000 homes over the next three years. "We anticipate growing our portfolio by over 6,000 homes in the coming year and are already well on track with more than 1,500 homes acquired in Q2," Berman said.

Tricon's existing single-family rental joint venture preceded SFR JV-2 and has acquired over 9,000 homes and is now fully invested. Investors in this vehicle include the Teacher Retirement System of Texas, Pacific Life Insurance Company and one of Tricon's existing global investors.

Tricon's new joint venture comes at a time [when SFR rents are surging](https://www.globest.com/2021/07/19/sfr-rents-are-also-surging/) (link to: https://www.globest.com/2021/07/19/sfr-rents-are-also-surging/ copied below). In June, rents rose 11.1% and occupancy increased 1.1% year-over-year in the single-family rental sector, according to Yardi Matrix.

"The demand for the SFR sector is holding strong as people continue to seek more space," according to Yardi. "The competitive housing market, driven in part by a lack of supply, is also sending would-be buyers to the SFR space."

25b) https://www.globest.com/2021/07/19/sfr-rents-are-also-surging/

SFR Rents Are Also Surging

Showing the massive appeal of sunbelt markets, Tampa, Phoenix and Miami posted the strongest YOY rent increases in June.

By **Les Shaver** | July 19, 2021 at 07:36 AM

In June, rents rose 11.1% and occupancy increased 1.1% year-over-year in the single-family rental sector, according to Yardi Matrix.

"The demand for the SFR sector is holding strong as people continue to seek more space," according to Yardi. "The competitive housing market, driven in part by a lack of supply, is also sending would-be buyers to the SFR space."

The sector's strength was widespread. Each of the 30 top metros tracked by Yardi posted YOY rent growth in June. Seventeen of those markets had double-digit rent growth, while

24 had flat or increasing occupancy on a YOY basis in May. Showing the massive appeal of sunbelt markets, Tampa (31.3%), Phoenix (23.9%) and Miami (23.6%) posted the strongest YOY rent increases in June.

Single-family landlords are following a similar trajectory for multifamily rent growth. Apartment asking rents jumped 6.3% on a year-over-year basis in June, which was the most significant YOY national increase in the history of Yardi's dataset.

Other sources also show that June was a top-performing month for multifamily. Realtor.com, for example, just reported that the US median rent price rose 8.1% year-over-year and 3.2% month-over-month to a new high of $1,575 in June.

RealPage also noted strong rent growth. The company said that effective US asking rents are up 2% in June alone, an uptick that pushed year-over-year pricing increases up 6.3%. That's the highest 12-month increase recorded since early 2001. And the average US monthly apartment rent rings in at $1,513, also a high watermark.

Still, don't expect these sharp increases to continue forever. "Rent growth will not be able to continue at these levels indefinitely, but conditions for above-average growth are likely to persist for months," according to Yardi.

Many factors have driven the astronomical rent growth we've seen this summer, Yardi also notes. One of those is migration to the Southwest and Southeast. Just look at apartment rent growth in Phoenix (17.0%), Tampa and the Inland Empire (both 15.1%), Las Vegas (14.6%) and Atlanta (13.3%).

"These metros were lower cost compared to larger gateway metros, but with double-digit rent increases, the affordability of these metros has begun to decline," according to Yardi. The unprecedented amount of government stimulus hitting the economy over the last year-and-a-half has also driven rent growth. Yardi says this stimulus led to consistent levels of collections across the country. As lockdowns limited travel and spending, household savings are also rising, increasing by more than $2.5 trillion since the beginning of the pandemic.

Supply and demand factors are also playing a role in these rent increases. According to the S&P Case-Shiller, home prices are up 14% year-over-year through June. These sharp increases are keeping people out of the home buying market and in rentals. Supply is also an issue with the US is on track to build 1.5 million units in 2021, according to the Census Bureau, which is not enough to meet demand.

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Estimates of Wall Street investments in SFR market from the reference materials above:

Fundrise LLC $320 million

Invitation Homes (82,000 properties) $ 6 billion.. In the first quarter of 2021, Invitation Homes acquired 696 homes for US$ 233 million worth of homes
American Homes 4 Rent LP (52,000 properties) $ 2 billion
Invesco RE and Mynd Management $ 5 billion
Canadian Private Wealth Fund $ 700 million
First Key Homes $ 2.5 billion
Blackrock
Amherst Residential
Pretium (with PSP Investments) $700 million
Front Yard Residential Corporation (55,000 properties) Purchased by Pretium and funds managed by the Real Estate Equity and Alternative Credit strategies of Ares Management Corporation

In the last 2 quarters of 2020: 55,000 homes were bought by private investment vehicles (hedge funds, institutional investors) totaling $77 billion

Mynd has $5 billion available to purchase 20,000 SRF in the next 3 years.

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Related topics:

https://www.globest.com/2021/07/21/rising-lumber-prices-add-92-per-month-to-apartment-rents/

Rising Lumber Prices Add $92 Per Month To Apartment Rents

Softwood lumber product costs have risen to $42,882 in an average single-family home, and $14,631 in an average multifamily project.

By **Ted Knutson** | July 21, 2021 at 07:26 AM

Increases in softwood lumber prices have raised the average rent apartment tenants would pay on new construction between April 17, 2020 and July 8, 2021 by $92 per month and $9,990 to the market value of a new rental unit, according to a new report by the National Association of Home Builders.
The increase is somewhat less than the April 2020-April 2021 of $119 monthly NAHB reported three months ago.

The trade group noted the total cost to a builder for all the softwood lumber products going into a home was $5,940 for the products in an average multifamily home Random Lengths reported on April 17 of this year.

At first glance, the latest estimates might seem high relative to recent declines in framing lumber prices, but NAHB said there are a several factors to keep in mind:

First, framing lumber prices are still roughly twice as high as they were in April 2020.

Second, framing lumber is only one of the softwood lumber products used in the average home. The softwood prices NAHB uses in its figures include plywood, oriented strand board (OSB), particleboard, fiberboard, shakes and shingles along with framing lumber.

Third, unlike framing lumber, prices of the other softwood items have not declined substantially in recent weeks.

That all said, prices have been clearly on the rise for the last 15 months.

Based on Random Lengths prices reported on July 8, 2021, the costs have risen to $42,882 for the softwood lumber products in an average single-family home, and $14,631 for the products in an average multifamily home. These numbers represent a 153% ($25,955) and 146% ($8,691) increase in single-family and multifamily builders' softwood lumber costs, respectively.
