

THE BUILD-TO-RENT BOOM



The build-to-rent sector has been expanding rapidly over the past few years. For those unaware, a build-to-rent property is a hybrid concept involving traditional single-family homes built to rent, as the name implies. The idea typically involves a large community of detached garden-style units that feature private backyards, smart technology, and the perks of communal amenities like pools, onsite maintenance, fitness centers, dog parks, recreational areas, and other standard leisure amenities.

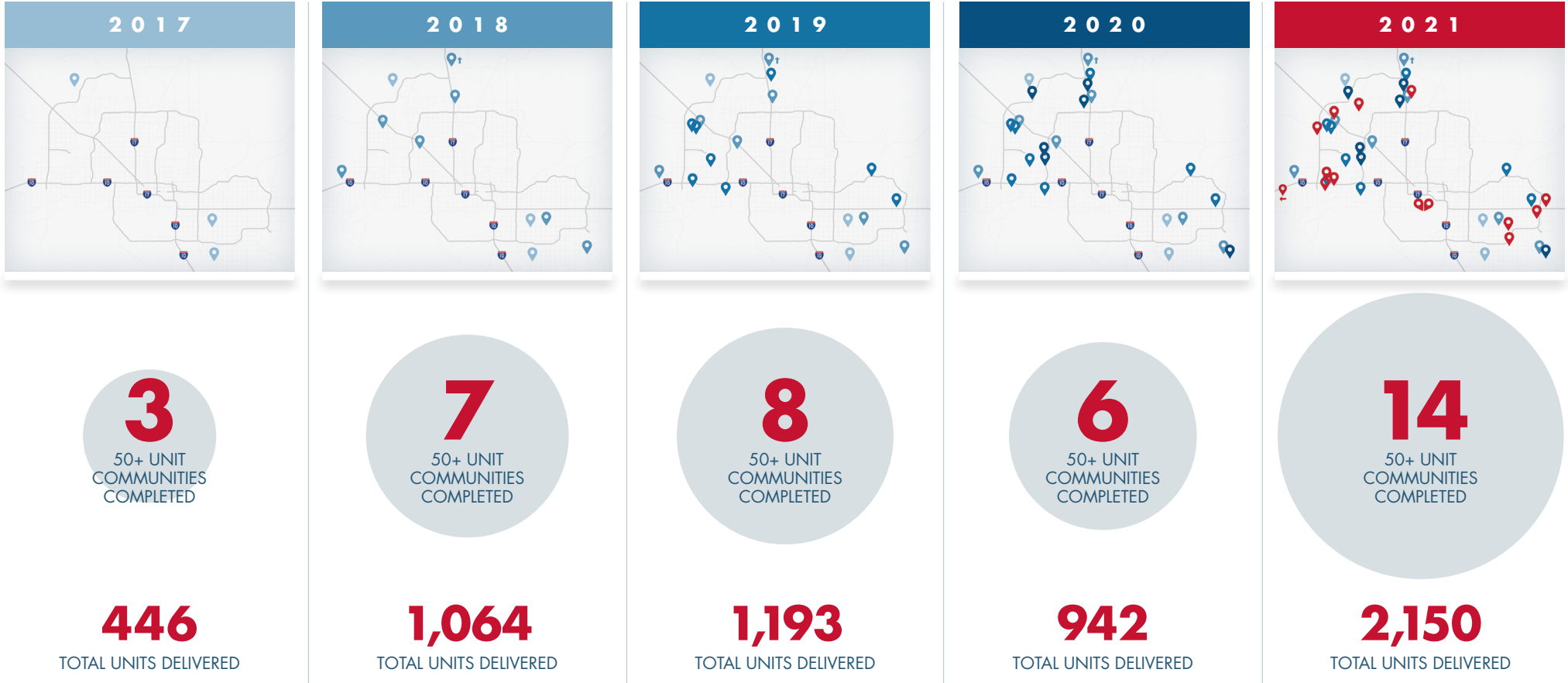
Phoenix was considered ground zero for this property type due to its flat landscape, availability of large plots of land, and favorable demographics. After initial data like robust demand for the product returned positive, institutional investor interest began to skyrocket. Over the past five years, BTR properties have emerged in all corners of the Phoenix MSA at a fast rate.

Over time, more positive trends in the sector have emerged. BTR tenants have been shown to stay longer, be more educated, earn a higher income, and have more substantial credit ratings than the traditional multifamily renter. This new sector will allow people that want to live the single-family home life-

style but without the headache of being responsible for upkeep. Given the current state of the housing market, with prices and interest rates rising in tandem, more will likely elect to live in BTR communities.

The development of BTR properties is only increasing in Phoenix. 2022 projects to deliver more units than 2021, with approximately 20% of multifamily construction being BTR properties. More states with significant population growth have adopted the hybrid concept after its success in Phoenix.

- Drew Ricciardi, Research Manager



SOURCES: ABI RESEARCH, ARIZONA BUILDER'S EXCHANGE (AZBEX), YARDI MATRIX, VIZZDA