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Single-Family Rental REIT Report

1st Quarter 2022



SFR REIT REPORT 1Q 2022

The single-family rental sector continued its strong performance into early 2022. Continued demand raised average REIT occupancies to 97.9 percent and kept rent growth near record highs. With mortgage rates spiking above 5.0% in April, monthly mortgages are almost double from 2020, which will keep demand for the SFR sector high through 2022.

- Occupancies at the end of 1Q22 ranged from 97.5 to 98.1 percent.
- Same-store revenue growth ranged from 8.9 to 10.4 percent.
- Same-store NOI growth ranged from 10.8 to 11.7 percent.

	Performance				FY 2022 Guidance		
	Revenue	Expenses	NOI	Occupancy	Revenue	Expenses	NOI
INVH	9.4%	4.5%	11.7%	98.1%	8.0% - 9.0%	5.5% - 6.5%	9.0% - 10.5%
AMH	8.9%	5.4%	10.8%	97.5%	7.25% - 9.25%	4.75% - 6.75%	8.50% - 10.50%
TCN	10.4%	8.1%	11.6%	98.0%	7.5% - 9.5%	7.0% - 9.0%	7.5% - 9.5%
Avg.	9.6%	6.0%	11.4%	97.9%	8.42%	6.58%	9.25%

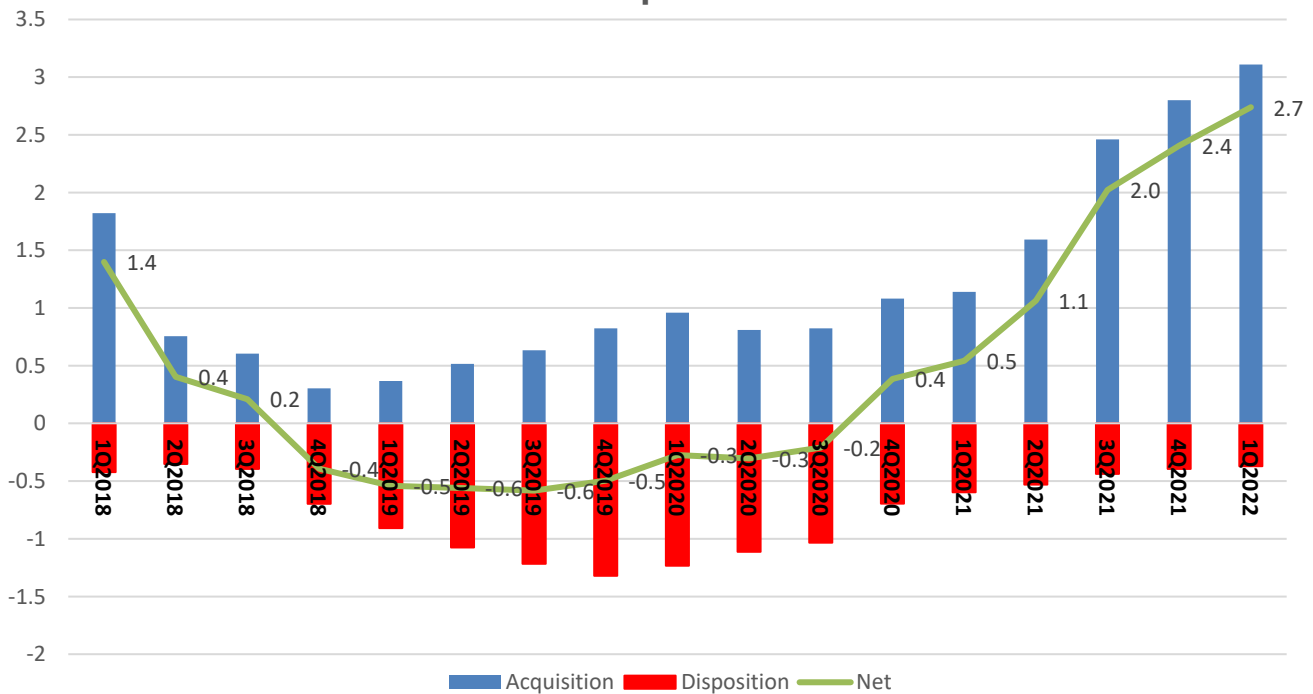
Guidance for 2022 changed slightly quarter over quarter. Revenue and NOI estimates were raised for INVH and TCN. However, expense estimates were also raised due to inflationary pressures.

Acquisition Activity Continues at Record Levels

REITs continued their acquisition spree in 1Q22, with net acquisitions totaling over \$2.7B. The REITs were not the only ones buying, OpenDoor reported as of March 2022, the company was under contract to purchase 8,066 homes for an aggregate of \$3.2B. Additionally, Zillow reported they only have 100 homes remaining out of the 20,000 homes from their failed iBuying operation and expected the remaining to be sold by 2Q22.

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Net Acquisitions



Source: NAREIT T-Tracker

Invitation Homes acquired 822 homes in 1Q22 for \$341 million. The 518 wholly-owned acquisitions which totaled \$218 million were purchased at an average 5.3% cap rate. Invitation Homes expects \$2 billion in total gross acquisitions in 2022.

American Homes 4 Rent added 1,131 homes in 1Q22 and deployed \$414 million in capital which included 325 homes from the AMH Development program and 606 homes through acquisition channels. Additionally, they acquired the remaining interest in 200 AMH Development homes that were held in a JV. These homes were acquired in the low 4% range on in-place rents and mid to high 4% range at market. AMH reported disposition of 169 homes for net proceeds of \$50 million.

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Tricon acquired 1,900 homes in 1Q22 and are on pace to acquire 8,000 homes in 2022. Tricon indicated the correlation between home prices and rent growth has allowed them to maintain acquisition pricing in the 5% to 5.5% cap rate range.

The beginning of the year started with a wave of heavy hitter announcements including Heitman, Harrison Street, and Waterton. Despite the already significant amount of capital raised, companies continue to announce new ventures into the space.

1Q22 Announcements			
Companies	Date	Capital	Comments
Beacon Ridge	Mar-22	\$700M	New institutional partnership to expand SFR in high growth areas across US.
Magnolia Capital/Principal	Mar-22	Not Disclosed	JV to acquire at least 1,000 homes per year.
Second Avenue/Waterton	Mar-22	Not Disclosed	JV to acquire and develop homes throughout the US.
Bouwinvest/GPM	Feb-22	Not Disclosed	JV to develop 1,000 net zero BTR homes across US. First delivery early 2023.
Invitation Homes/Rockpoint Group	Feb-22	\$300M	JV to acquire premium homes. Average 30% - 60% higher price point than typical.
Land Tejas/Wan Bridge	Feb-22	Not Disclosed	JV to to develop 1,000 BTR homes throughout Texas.
TruAmerica	Feb-22	Not Disclosed	Launched a BFR development division. Initial rollout in Sunbelt.
Pretium Onyx East	Jan-22	\$600M	JV to develop over 2,000 BTR homes in Midwest and Florida.
Transcendent Investment/Electra Americ	Jan-22	\$1.25B	Acquisition of 3,500 homes. First phase 1,424 homes for \$504M and 2,000+ through 2022.
Harrison Street/Core Spaces	Jan-22	\$1.5B	JV to acquire and develop SFR and BTR properties.
Heitman/Sylvan Road	Jan-22	\$640M	JV to acquire more than 3,000 homes.

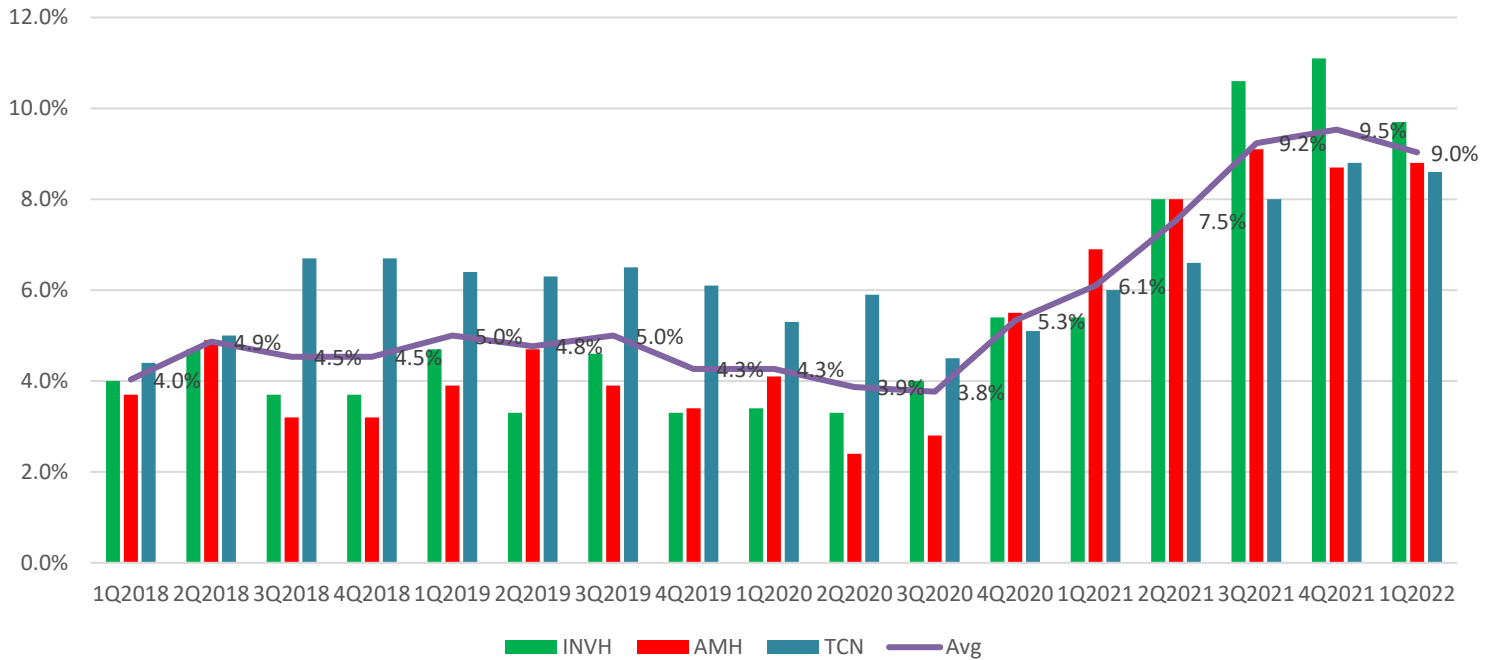
Sources: News Publications, John Burns Real Estate

Rental Rates

Historically low housing supply and demographic shifts continued to push rental rates higher in 1Q22. Trending with home price appreciation, SFR REITs have reported double-digit rent growth on new deals while maintaining occupancies in the high 90 percent range.

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SFR AVERAGE RENT GROWTH



The fourth quarter registered blended average rent growth of 9.0 percent, significantly above pre-pandemic performance of 3 to 5 percent but slightly below the 9.5% average last quarter. Blended rates were carried by new lease rental growth ranging between 12.3 and 17.9 percent, while renewals ranged between 6.5 to 9.7 percent. The decrease in blended average rent was not a function of market slow down, but rather an increase in renewals and decrease in turnovers.

1Q22 Rent Growth Breakdown			
	Renewal	New	Blended
INVH	9.7%	14.8%	9.7%
AMH	7.5%	12.3%	8.8%
TCN	6.5%	17.9%	8.6%
Avg.	7.9%	15.0%	9.0%

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Geographic Distribution

The Sunbelt continues to be a hotspot for SFR investment. Florida and Texas make up 28% to 36% of the REITs portfolios including other southeast markets, this increases to 58% to 79%.

SFR REIT Geographical Distribution			
Region	INVH	AMH	TCN
Southern California	9%	--	1%
Northern California	5%	--	3%
Seattle	5%	2%	0%
Phoenix	11%	6%	9%
Las Vegas	4%	3%	3%
Reno	--	--	1%
Denver	3%	0%	0%
Salt Lake City	--	3%	0%
Western US	37%	14%	16%
South Florida	10%	--	2%
Tampa	10%	5%	8%
Orlando	8%	3%	3%
Jacksonville	2%	5%	4%
Florida	30%	13%	17%
Atlanta	15%	10%	21%
Carolinas	6%	15%	18%
Nashville	0%	5%	5%
Southeast	22%	30%	44%
Houston	3%	5%	6%
Dallas	3%	8%	8%
San Antonio & Austin	--	2%	4%
Texas	6%	15%	18%
Chicago	3%	3%	0%
Minneapolis	1%	--	0%
Indianapolis	--	5%	5%
Cincinnati & Columbus	--	7%	0%
Midwest	4%	16%	5%
Other	0%	13%	0%
Source: REIT 1Q22 SEC Filings			

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Conclusion

Early indications are that the SFR Sector will continue its impressive growth into 2022. While focus in the SFR sector has been on the institutional capital, “mom and pop” owners (2-20 homes) accounted for 46% of the overall SFR investor acquisitions in 2021 while institutions acquired 20% of investor purchases. With the cost of capital increasing, institutions are poised to continue to increase their share of deals in 2022 or consolidate the market with “mom and pop” acquisitions.

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