DELIVERING TRANSPARENCY

Single-Family Rental REIT Report

2nd Quarter 2022

Strong demand kept average REIT occupancies at 97.9 percent and pushed rent growth higher to 9.8 percent on a blended basis. Even with housing prices cooling slightly in 2Q22, the rapidly rising mortgage rates created tailwinds in the near term for the rental sector. John Burns Real Estate estimates owning a home costs $839 per month more than renting nationally which is $200 per month higher than any time in recent history.

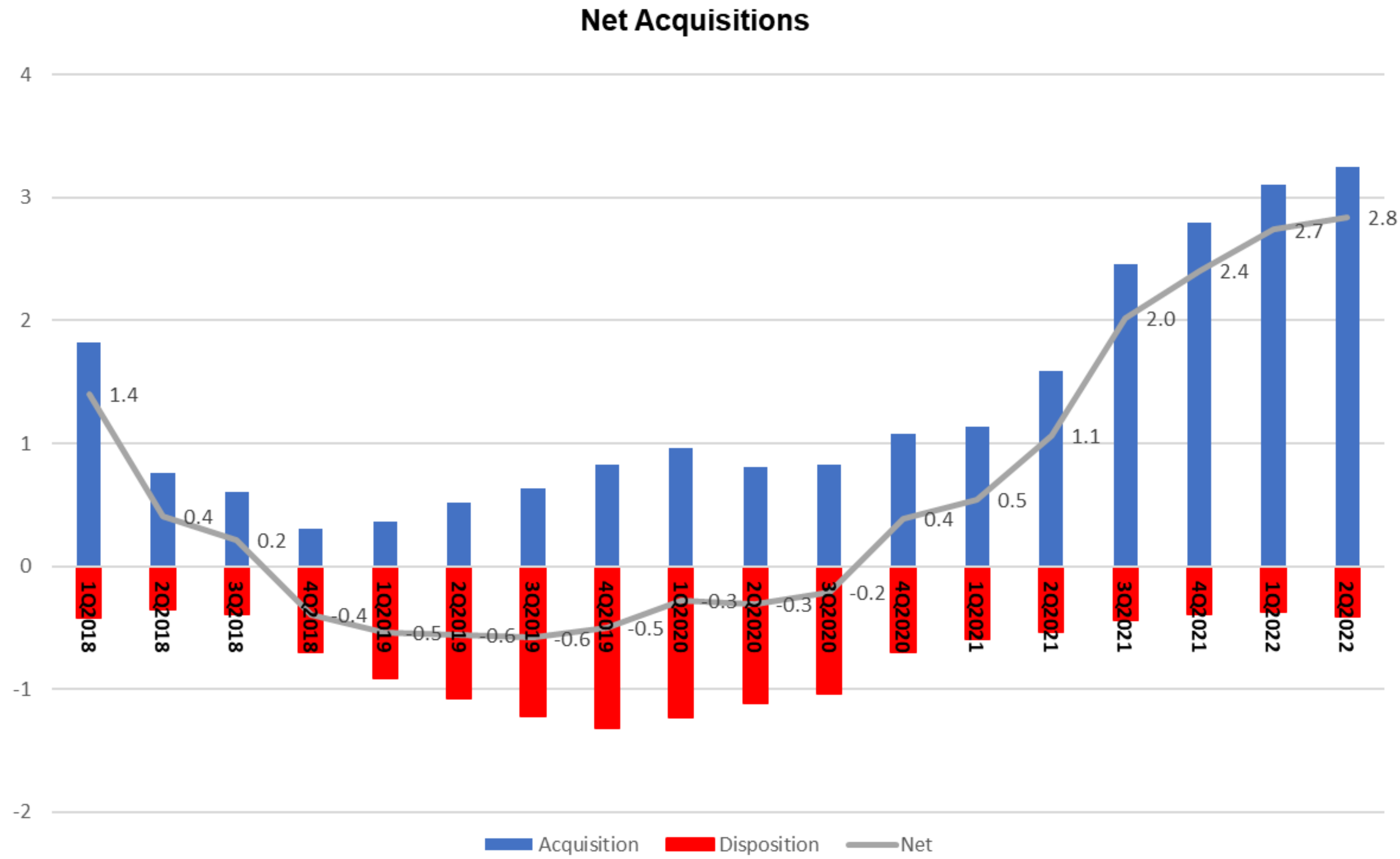
- Occupancies at the end of 2Q22 ranged from 97.4 to 98.3 percent.
- Same store revenue growth ranged from 8.2 to 10.4 percent.
- Same store NOI growth ranged from 10.2 to 12.4 percent.

	Performance				FY 2022 Guidance		
	Revenue	Expenses	NOI	Occupancy	Revenue	Expenses	NOI
INVH	10.4%	6.2%	12.4%	98.0%	9.0% - 10.0%	6.0% - 7.0%	10.0% - 11.5%
AMH	9.4%	7.9%	10.2%	97.4%	7.75% - 9.25%	4.75% - 6.75%	9.25% - 10.75%
TCN	8.2%	3.7%	10.5%	98.3%	8.0% - 9.5%	7.0% - 8.5%	8.5% - 10.0%
Avg.	9.3%	5.9%	11.0%	97.9%	8.92%	6.67%	10.25%

All three REITs revised revenue and NOI guidance upwards quarter-over-quarter. This resulted in an average 50 basis point increase in revenue forecasts and 100 basis point increase in NOI forecast.

Acquisition Activity

REITs continued acquiring in 2Q22, with net acquisitions totaling over $2.8 billion on a trailing-twelve-month basis. However, velocity slightly slowed over the past two quarters. Redfin indicates investors bought 87,500 homes in 2Q22, making up 19.4 percent of all homes purchased (a decrease from 20.5 percent in 1Q22). However, total home acquisitions are still higher than the 2019 average of approximately 60,000. Four markets (Jacksonville, Atlanta, Las Vegas and Phoenix) exceeded investor market share of 30 percent with Miami coming in at number 5 with 29 percent investor market share.



Source: NAREIT T-Tracker

Invitation Homes acquired 955 homes in 2Q22 for $426 million. The 511 wholly-owned acquisitions which totaled $227 million. Invitation Homes revised its guidance for acquisitions downward from $2 billion to $1.5 billion in total gross acquisitions in 2022, citing current and anticipated market conditions for the near term, as well as the increase in cost of capital for the guidance revision.

American Homes 4 Rent added 928 homes in 2Q22 and deployed $414 million in capital which included 315 homes from the AMH Development program, and 613 homes acquired through their acquisition channel. An additional 214 newly constructed homes were added to joint ventures for an aggregate 529 program deliveries in 2Q22. AMH reported disposition of 197 homes for net proceeds of $61 million.

American Homes 4 Rent revised acquisition guidance for the year to 1,500 to 1,900 homes for 2022 which is a reduction of about $200 million from prior expectations. AMH noted cost of capital for the revision in guidance and indicated they are still acquiring but at a reduced level and will be looking for opportunities in the near term at higher yields as inventory grows.

Tricon acquired a record 2,500 homes in 2Q22 and maintained guidance to acquire 8,000 homes in 2022. Tricon indicates the correlation between home prices and rent growth has allowed them to pursue acquisition pricing in the 5.25 percent to 5.5 percent cap rate range. Unlike its peer group, Tricon sees opportunity in the near term to expand its portfolio at higher yields, but did note, their peer group already has amassed scale which could explain their selective nature in this environment while Tricon tries to grow to 50,000 units by 2024.

Institutional Portfolios

Public REITs such as Invitation Homes and American Homes 4 Rent are seeing more competition from private equity firms such as Pretium Partners which has reportedly operates 80,000 homes in its Progress Residential Platform and is now the second largest owner of single-family rentals. The top institutional owners are summarized in the following table.

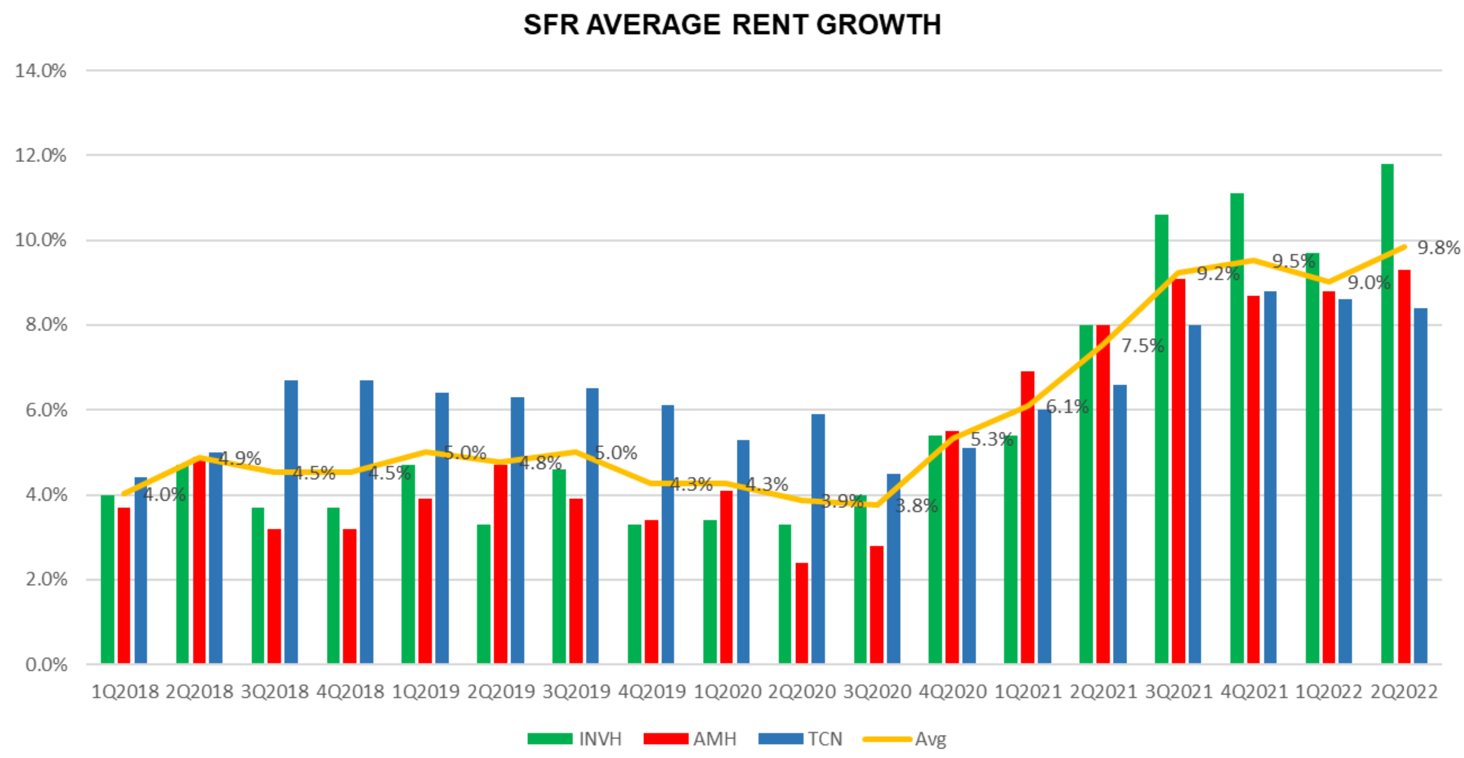
LARGEST INTITUTIONAL OWNERS

Company	Region	Units
Invitation Homes	West / Sunbelt	83,093
Progress Residential	Sunbelt / Midwest	80,000
American Homes	Sunbelt / Midwest	57,760
FirstKey	Sunbelt / Midwest	44,500
Main Street Renewal	Sunbelt	33,000
Tricon	Sunbelt / West	33,000

Source: Company Reports, Press Releases, Published Reports

Rental Rates

While home price appreciation has flattened to reduce, the increase in mortgage rates has increased the monthly cost of homes giving a near term tailwind to the rental market. SFR REITs continued double-digit rent growth on new deals while maintaining occupancies in the high 90 percent range.



The second quarter registered blended average rent growth of 9.8 percent to an all time high an increase from 9.0 percent over the prior quarter. Rental increases remain significantly above pre-pandemic performance of 3 to 5 percent. Blended rates continue to be propped up by new lease rental growth ranging between 14.2 and 19.6 percent, while renewals ranged between 6.4 to 10.2 percent. Tricon has implemented a 6.5 percent renewal cap for the remainder of 2022, which will continue to drag on the blended rent growth. Additionally, all REITs reported near-record lows for turnover, weighing rent growth heavily towards the renewal side.

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2Q22 Rent Growth Breakdown			
	Renewal	New	Blended
INVH	10.2%	16.7%	11.8%
AMH	7.4%	14.2%	9.3%
TCN	6.4%	19.6%	8.4%
Avg.	8.0%	16.8%	9.8%

Geographic Distribution

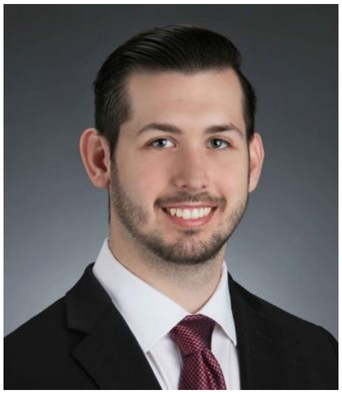
The Sunbelt continues to be a hotspot for SFR investment. Florida and Texas make up 27 percent to 36 percent of the REITs portfolios including other southeast markets, this increases to 58 percent to 79 percent.

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%	6%	5%
Southeast	**22%**	**30%**	**44%**
Houston	3%	5%	6%
Dallas	3%	7%	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%**	**15%**	**5%**
Other	**0%**	**13%**	**0%**
Source: REIT 2Q22 SEC Filings			

Conclusion

Guidance for the public sector REITs indicate that rent growth and high occupancies will remain through 2022. However, cost of capital is at the top of mind, and acquisitions appear to be slowing in the near term as price discovery occurs and inventory builds.

For more information on the single-family sector, please reach out to:



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