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DELIVERING TRANSPARENCY

Single-Family Rental REIT Update

March 2025



SFR REIT UPDATE - MARCH 2025



PERFORMANCE

Average Revenue Growth

4.7% ▲ 0.1% QoQ

Average NOI Growth

5.0% ▲ 0.1% QoQ

Average Expense Growth

4.0% No change QoQ

Average Occupancy

96.8% No change QoQ

Blended Average Rent Growth

2.8% ▼ 1.6% QoQ

GUIDANCE

Average Revenue Growth

3.00% ▼ 1.63% QoQ

Average NOI Growth

2.63% ▼ 2.12% QoQ

Average Expense Growth

3.75% ▼ 0.63% QoQ

NEWS

Major Partnerships & Financing Deals Announced

- AvalonBay to invest $1B in build-to-rent
- Brookfield's Maymont Homes acquires Divvy for $1B
- JP Morgan launches a new build-to-rent construction development firm

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This report examines the current state of the single-family rental (SFR) market, which maintained strong fundamentals in 2024. INVH and AMH both reported positive year-over-year growth in key financial metrics. Initial 2025 outlooks suggest a more cautious but still positive trajectory. Recent market news indicates continued institutional investment in the build-to-rent (BTR) sector and increasing allocations to SFRs by institutional funds.

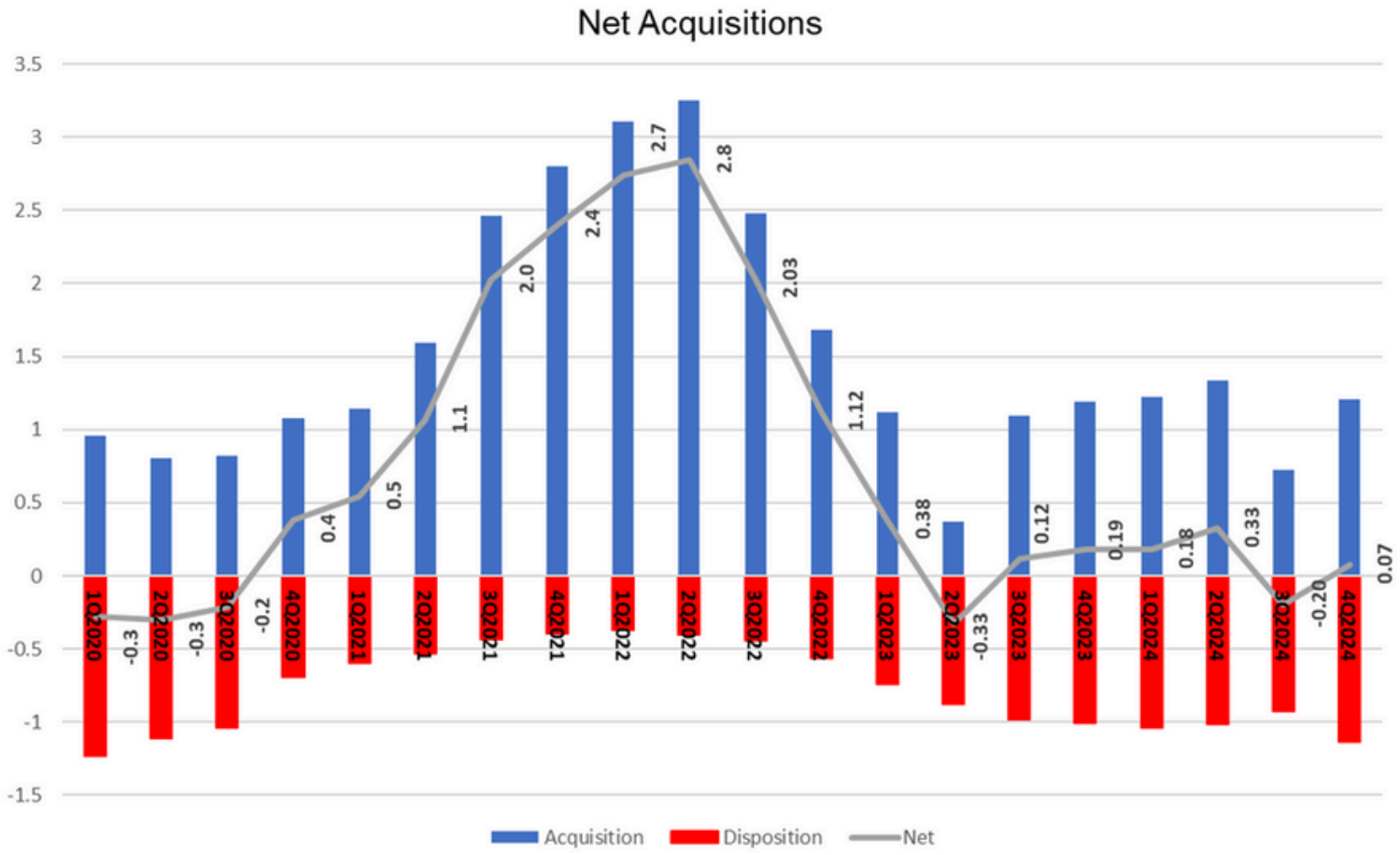
97.3%	**5.0%**	**5.3%**
↕	↕	↕
96.2%	**4.3%**	**4.6%**
Occupancies for 2024	Same-store revenue growth	Same-store NOI growth

Performance (2024)					2025 Guidance		
	Revenue	Expenses	NOI	Occupancy	Revenue	Expenses	NOI
INVH	4.3%	3.7%	4.6%	97.3%	1.75% - 3.25%	2.75% - 4.25%	1.00% - 3.00%
AMH	5.0%	4.3%	5.3%	96.2%	2.50% - 4.50%	3.00% - 5.00%	2.25% - 4.25%
Avg.	4.7%	4.0%	5.0%	96.8%	3.00%	3.75%	2.63%

Both REITs ended 2024 with strong NOI growth in the mid-4% to low-5% range. However, their 2025 guidance is more cautious due to the supply wave affecting the market in both 2024 and 2025. INVH projects midpoint revenue growth at 2.50%, expense growth at 3.50%, and NOI growth at 2.00%. AMH remains slightly more optimistic, projecting 2025 growth at 3.50% in revenue, 4.00% in expenses, and 3.25% in NOI.

Acquisition Activity

Acquisitions turned positive in 4Q24 due to the large portfolio purchase AMH made for $480M. The high cost of capital and REITs' selective buy box will continue to keep activity low in the near term.



Source: NAREIT T-Tracker

INVH reported acquiring approximately 501 homes for $171M this quarter while disposing of 581 homes for $241M in 4Q24. In 2024, the company acquired 2,200 homes for $764M and disposed of 1,575 homes for $646M. Looking ahead, INVH projects wholly owned acquisitions in the range of $500 to $700M along with joint venture acquisitions between $100 and $200M, resulting in a combined midpoint of $750M—comparable to its total acquisitions in 2024. The company expects dispositions to range from $400 to $600M, with a midpoint of $500M, primarily achieved through ongoing portfolio culling and leveraging individual sales to owners on the MLS. Additionally, INVH maintains a pipeline of 2,000 homes under development and continues to broaden its build-to-rent model, with most acquisitions this quarter sourced from larger homebuilders and underwritten at cap rates in the 6% range.

AMH, through its development program, delivered 339 wholly owned homes alongside 124 homes via joint ventures, totaling 463 newly developed homes. Traditional acquisitions were limited to just six homes,

while 386 homes were sold. For 2025, AMH's guidance anticipates no new wholly owned acquisitions; instead, the company expects to deliver between 1,800 and 2,000 wholly owned properties with an investment ranging from $700 to $800M. During the quarter, AMH emphasized its very narrow buy box, having screened over 15,000 newly constructed homes, noting most deals underwritten to mid-4% cap rates and did not move forward. The company continues to focus on its internal development pipeline, which generates mid-5% initial yields.

AvalonBay expects the build-to-rent model to become a significant component of its portfolio in the coming years, with plans to invest over $1B through both acquisitions and development. The company anticipates that most of this activity will stem from its in-house development program and its developer funding program. AvalonBay views this strategy as complementary to its existing apartment portfolio, enhancing its ability to capture a larger share of renters throughout their lifecycle.

Institutional Portfolios

Public REITs such as INVH and AMH are seeing more competition from private equity firms such as Pretium Partners which operates over 90,000 homes in its Progress Residential Platform and is the largest owner of single-family rentals. The top institutional owners are summarized in the following table.

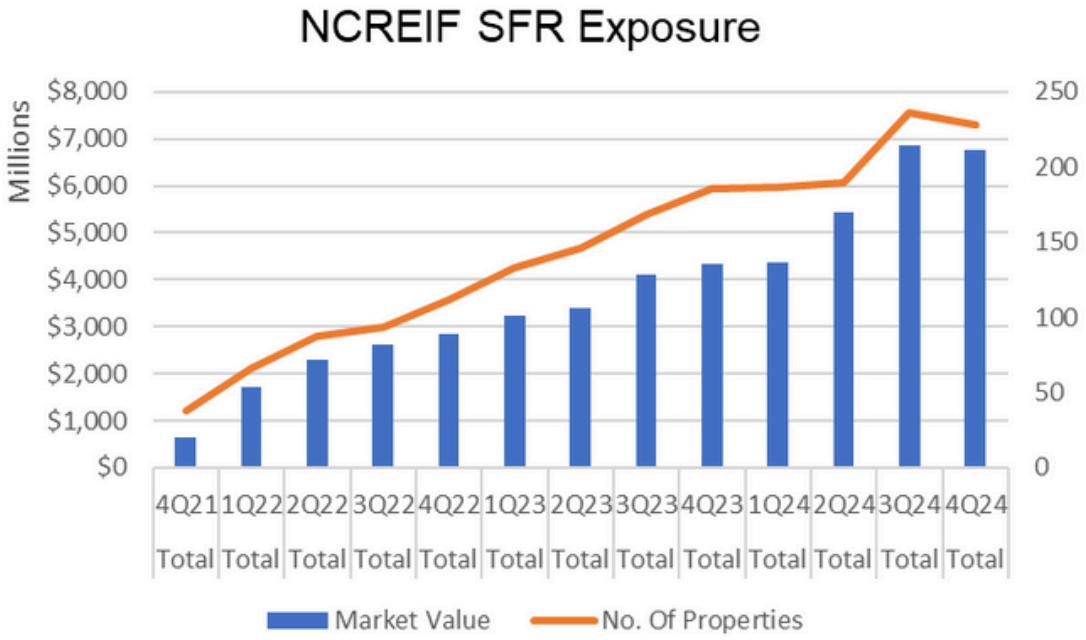
Largest Institutional Owners		
Company	Region	Units
Progress Residential	Sunbelt / Midwest	90,000
Invitation Homes	West / Sunbelt	85,138
American Homes	Sunbelt / Midwest	60,531
Tricon (including HPA)	Sunbelt / West	60,000
FirstKey	Sunbelt / Midwest	48,000
Main Street Renewal	Sunbelt	42,000
VineBrook Homes	Sunbelt / Midwest	21,000
Maymont Homes (including Divvy)	Sunbelt / Midwest	15,000

Blackstone announced it will shut down Home Partners of America and roll the properties into Tricon (acquired for $3.5B in 2024). This move increases Tricon's portfolio to roughly 60,000 homes, positioning it to challenge for the title of the third-largest institutional owner.

Maymont Homes (Brookfield) acquired the failed start-up Divvy in February 2025 for $950M. The Divvy portfolio is expected to add roughly 4,900 units to Maymont's portfolio, which currently comprises approximately 10,000 homes.

Private Markets

The National Council of Real Estate Investment Fiduciaries' (NCREIF) released their Expanded NCREIF Property Index which gave the first insights into investments among these institutional investors. Investments within the single-family rental space for NCREIF funds are summarized in the following table.

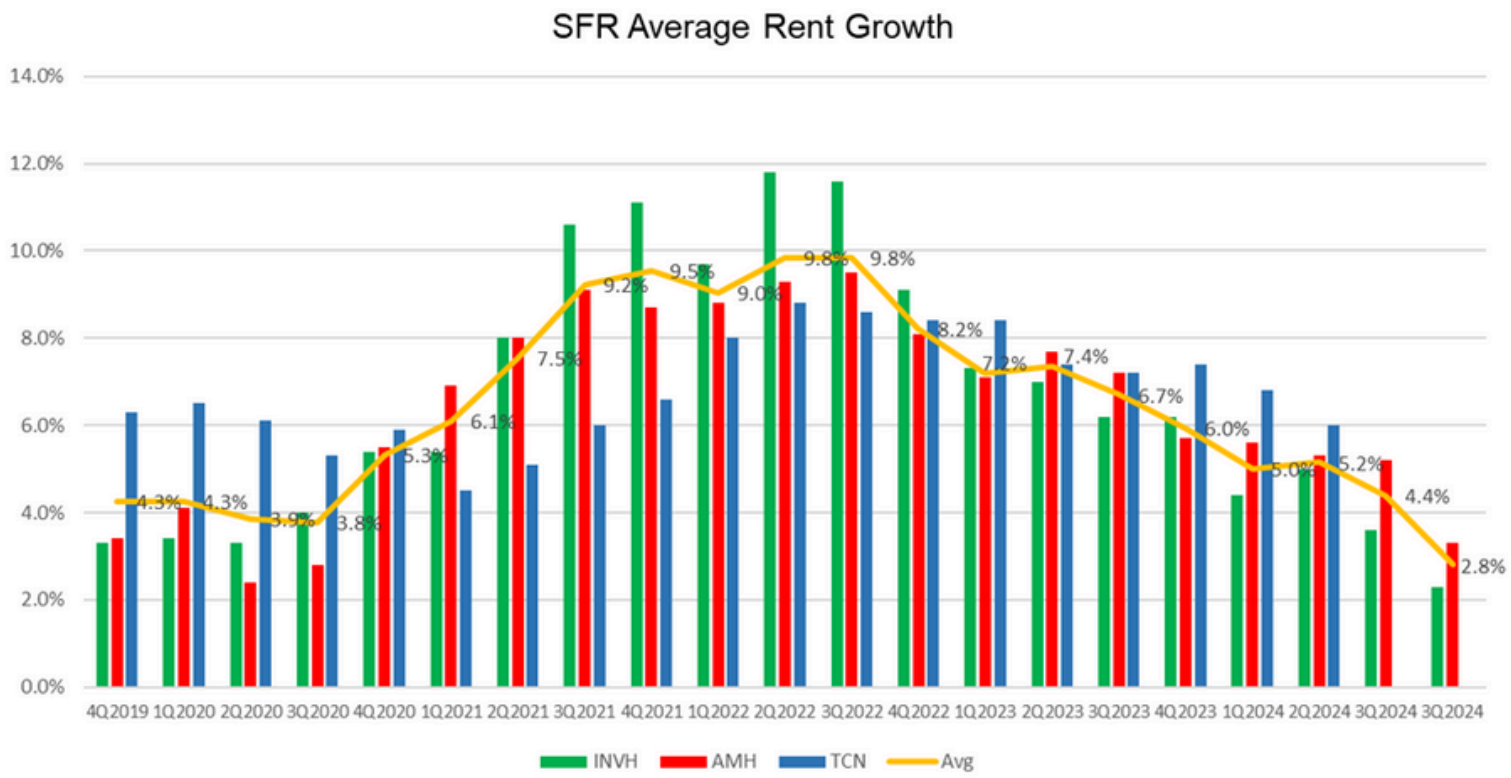


NCREIF funds continued to expand their exposure to the single-family rental sector throughout the year. As of 4Q24, the funds owned 228 properties with a combined market value of $6.78B—a significant increase from $4.32B in 4Q23. This quarter marked the first drop in both the number of properties and market value in the index, primarily due to the reduction of nine scattered-site properties as owners seized individual sale opportunities or selectively culled bottom-tier performers. Scattered-site properties comprised the largest share of the portfolio by market value at 50.2%, followed by purpose-built detached housing at 39.8%, with the remainder allocated to purpose-built attached housing. Despite this growth, single-family rentals accounted for only 2.9% of the $236B in total market value across NCREIF residential investments. With the rising popularity of "for rent" single-family housing, an increased allocation to this sector is anticipated in the coming years.

JPMorgan announced a new venture, Laseter—a vertically integrated development company created as a joint venture with Georgia Capital—to build single-family rentals, with initial developments slated to begin in Atlanta and Nashville in 2025. JPMorgan, an early entrant into the SFR space with investments in AMH and a $1B investment in Haven Homes in 2022, aims to capture higher yields during the lease-up and stabilization phases through this new development approach.

Rental Rates

Rent growth continues to moderate each quarter, returning to pre-pandemic levels as anticipated. However, a negative new rental growth of 2.2% in INVH's portfolio was unexpected and reflects the pressure from increased BTR deliveries across the United States. With new starts declining, the supply–demand imbalance is expected to stabilize over the next 18 months as units are absorbed and the for-sale housing market contends with high mortgage rates. Market participants project rent growth of 3% to 4% in 2025 for most markets.



In 4Q24, blended average rent growth slowed to 2.8%, marking a 160-basis-point increase from the previous quarter. Rent growth is anticipated to normalize to pre-pandemic levels of 3% to 5%. Renewal rent growth will remain the primary revenue driver for operators, with turnover rates historically low—hovering in the low 20% range—and average tenant stays reaching upwards of 39 months.

4Q24 Rent Growth Breakdown			
	Renewal	New	Blended
INVH	4.2%	-2.2%	2.3%
AMH	4.9%	0.2%	3.3%
Avg.	4.6%	-1.0%	2.8%

Geographic Distribution

The Sunbelt continues to lead SFR investment. Florida and Texas make up 26% to 38% of the REITs portfolios are heavily weighted towards southeast markets ranging between 57% to 59% of portfolio distribution.

SFR REIT Geographical Distribution		
Region	**INVH**	**AMH**
Southern California	9%	--
Northern California	5%	--
Seattle	5%	2%
Phoenix	11%	5%
Las Vegas	4%	4%
Reno	--	--
Denver	3%	0%
Salt Lake City	--	3%
Western US	**36%**	**15%**
South Florida	10%	--
Tampa	11%	5%
Orlando	8%	4%
Jacksonville	2%	5%
Florida	**31%**	**14%**
Atlanta	15%	10%
Carolinas	7%	15%
Nashville	0%	6%
Southeast	**22%**	**31%**
Houston	3%	4%
Dallas	4%	6%
San Antonio & Austin	--	2%
Texas	**6%**	**12%**
Chicago	3%	3%
Minneapolis	1%	--
Indianapolis	--	5%
Cincinnati & Columbus	--	7%
Midwest	**4%**	**15%**
Other	**0%**	**14%**

Source: REIT 4Q24 SEC Filings

Conclusion

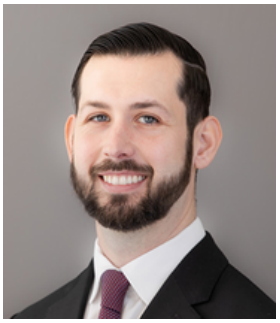
While the SFR sector demonstrated robust fundamentals in 2024, early 2025 indicators suggest that market participants are recalibrating their growth expectations amid an evolving landscape. Increased supply—from both new developments and BTR projects—coupled with broader economic uncertainties, has prompted more cautious guidance from leading REITs. Nonetheless, the sector's resilience is evident in its sustained high occupancy rates, ongoing institutional interest, and innovative strategies to enhance operational efficiency.

Looking ahead, the SFR market is poised to navigate these challenges by embracing technology-driven property management solutions and sustainability initiatives. As operators and investors focus on streamlining operations and optimizing portfolios, strategic moves—such as the increased emphasis on in-house development and targeted acquisitions—are likely to balance the pressures of a shifting supply–demand dynamic. Ultimately, while growth may moderate compared to the boom of previous years, the SFR sector's adaptability and focus on tenant retention and operational excellence will remain key drivers of success in 2025 and beyond.

About Capright

Capright specializes in institutional valuation and advisory services throughout the United States. As a truly independent third-party, Capright has emerged as the leading provider mark-to-market valuations for many of the largest privately-owned commercial real estate platforms. In addition to valuation services, Capright offers NAV calculation, daily pricing, valuation process implementation, debt mark-to-market, option and JV interest valuation, compliance review, audit assistance, litigation support, and managed services. In partnership with several of the largest institutional investment managers and data platforms, Capright has pioneered industry-leading analytical tools to set higher levels of accuracy and credibility for assets requiring higher-frequency valuation compliance.

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