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EXCLUSIVE

Single-Family Rental Development Expands

By [Carrie Rossenfeld](#) | Orange County



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NEWPORT BEACH, CA—Opportunity for **developing single-family rental housing**, which has increased in popularity since the end of the downturn, exists in many Sunbelt markets, **AHV Communities'** CEO **Mark Wolf** tells GlobeSt.com. The firm recently announced its commitment to deploy \$100 million in the **development** of single-family home-rental communities in major markets across the Sunbelt states during 2016. These will be luxury single-family home communities owned, managed, maintained and operated like luxury class-A **multifamily** properties. AHV says it is concentrating on the Sunbelt states because demand for detached-home rental living is strong and supply is limited. We spoke exclusively with Wolf about this type of housing and why demand for it is growing.

GlobeSt.com: Why is the development of single-family rental communities becoming more necessary?

Wolf: The expansion of single-family rentals has been on the upswing since the end of the downturn; however, the rental pool has historically consisted of existing older product located sporadically across any given market. There is a real opportunity to meet demand for newly constructed homes and drive upside through operational efficiencies achievable with the management of contiguous product situated together as one whole community. We have found the opportunity with our new developments to provide an increased value proposition to renters while creating a unique, efficient platform managed much like a multifamily community would be. Our new communities combine the management, services and amenities typically found in a luxury **apartment**, however these offerings are presented in a newly constructed detached home. We aren't familiar with any other **developers** combining these offerings at the quality level we are.

GlobeSt.com: Is this demand only in certain markets?

Wolf: Our current portfolio is in Austin and San Antonio. We entered those markets in 2012 because of the high **economic** growth potential that has not only been proven, but also seems to be settling in for the long haul as fundamentals remain extremely strong across the corridor. We see opportunities in similar markets, especially across the Sunbelt states, where strong demand is being generated, particularly among **Millennials** and **Baby-Boomers**. We always look closely at the supply/demand equilibrium, as well as job and population growth, in any market before we consider moving into it. We don't have a formula necessarily, but an approach that is disciplined and starts with the land.

GlobeSt.com: Why is now the right time for this type of development?

Wolf: New development will meet current demand among renters for high caliber new homes. While some can neither afford nor qualify for **home ownership** or are consciously choosing to hold off on it, these individuals and families are still drawn to the lifestyle of a new single-family home. Having some of the benefits of home ownership with the freedom and flexibility of a **lease** is attractive to many folks across all age cohorts. When you add in professional management and luxury amenities, the value proposition makes it even greater. As interest rates increase, we believe our communities will become even more attractive.

GlobeSt.com: What types of investors are seeking these assets?

Wolf: Our strategy is to hold our communities long term, and we partner with strategic **capital** from both the **high-net-worth** and **institutional** groups. Additionally, we believe our communities will garner interest from a large pool of investors if and when we sell. Whether it be the public single-family rental **REITs**, apartment REITs or private investors/funds, we see strong demand for these communities and the upside they are able to produce. We are providing an exceptional product with a very low-risk, high-return proposition for investors of all types. It is essentially a lower-density apartment and the permanent **financing** that is available makes it a great cash-flow investment.

About Our Columnist

Carrie Rossenfeld is a reporter for the West Coast region of GlobeSt.com and Real Estate Forum. She was a trade-magazine and newsletter editor in New York City before moving to Southern California to become a freelance writer and editor for magazines, books and websites. Rossenfeld has written extensively on topics including commercial real estate, running a medical practice, intellectual-property licensing and giftware. She has edited books about profiting from real estate and has ghostwritten a book about starting a home-based business.