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Single-Family Build-For-Rent Market Expanding

March 15, 2016

When people think about the ongoing debate between buying and renting, it usually boils down to a debate between a house and an apartment. However, there's a new movement afoot among developers that's gaining steam over the last year, and it could throw a wrench in the rent versus buy debate.

Single-family build-to-rent developments have become one of the hottest segments of real estate development, according to CoStar.com. The single-family home developments are built for and targeted specifically to renters.

For example, AHV Communities has recently acquired a 92-lot site near Austin, Texas that will act as the first project of a \$100 million commitment to build single-family rental communities in major Sunbelt markets.

AHV Communities is just one example of a multifamily builder that has grown tired of the shrinking yields offered by apartments and is looking for the next big thing. It isn't just disenchanted multifamily builders who are hopping aboard this trend, however, as Lennar, D.R. Horton, and KB Home are all part of a group of more than ten residential builders that are turning their attention to the single-family rental market.

A look at statistics shows that the move toward single-family rental developments makes sense. Just because the rent versus buy debate has the appearance of being a house versus apartment debate, 29 percent of the country's 44.3 million renter households rent a detached single-family dwelling. Another 6 percent rent condos or townhomes. That means over one-third of the rental market rents something other than an apartment in a multifamily dwelling. That is a large number that looks like it may finally be getting its day in the sun.

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