

A hand holding a key is the central focus of the top half of the page. The hand is positioned on the left, holding a large, textured key. The background is a blurred image of a house, suggesting a rental property. The entire image has a teal color overlay.

AMERICA'S SINGLE-FAMILY RENTAL HOME PROVIDERS

KEEPING FAMILY HOUSING AFFORDABLE AND
GREAT NEIGHBORHOODS ACCESSIBLE

Market Commentary

APRIL 2021



housing

hous·ing | \ 'haü-zin

Housing, or more generally living spaces, refers to the construction and assigned usage of buildings collectively, *for the purpose of sheltering people* - Oxford English Dictionary

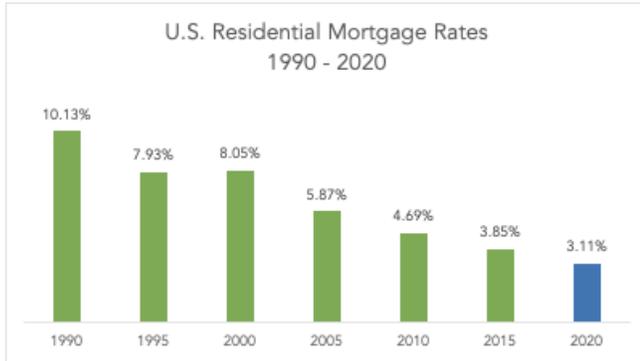
Perhaps no definition of housing is more appropriate for the times. During the past year, Americans looked to housing as a way to shelter from uncertainty while adjusting to new realities of working and schooling from home. In response, housing providers – both builders of new homes and owners of rental homes – moved quickly and proactively to meet the expansive growth in demand. Historically low interest rates and unprecedented economic stimulus contributed to housing demand reaching record levels, producing a surge in home purchase activity not seen in years.

The growth in demand for housing was not limited to the home purchase market, but rather was more a product of a larger shift to those residential options viewed by many as more suitable for spending greater amounts of time at home. In this mix, single-family rental homes emerged as an attractive and viable housing alternative for Americans in need of both flexibility and affordability. As 'work from home' and 'school from home' brought added urgency to the search for housing, single-family rental homes provided a convenient, cost-effective solution offering access to great neighborhoods complete with a wide range of community and lifestyle amenities.

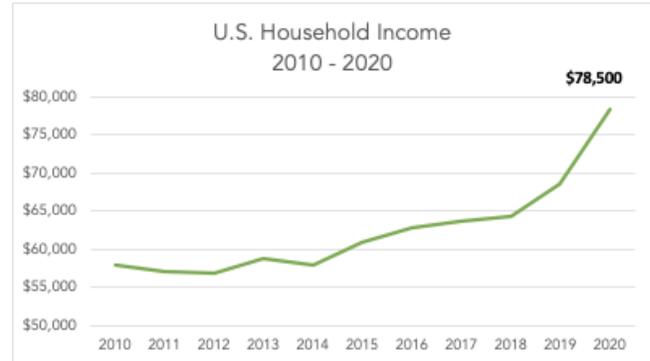
This *Market Commentary* shows that 2020 was a year that pushed housing demand to new heights, and in the process demonstrated the importance of offering viable options that meet the housing needs of all Americans.

2020: The year of the home buyer

Home buyers caused a frenzy in the 2020 housing market that few expected during the early months of the year. While the market was relatively strong heading in to 2020, pandemic response measures intended to provide stimulus to the economy yielded ultra-low interest rates and a steady flow of liquidity that pushed housing demand to new levels.



Source: Freddie Mac



Source: Federal Reserve Economic Data

The result of the low rate, high liquidity environment catapulted sales of existing and new homes to 14-year highs, with mortgage originations setting new records.



Source: U.S. Census Bureau; Y-charts



Source: Inside Mortgage Finance

A combination of government-mandated foreclosure-prevention programs and steadily increasing levels of home equity served to push distress and foreclosure activity to lows not seen in years.



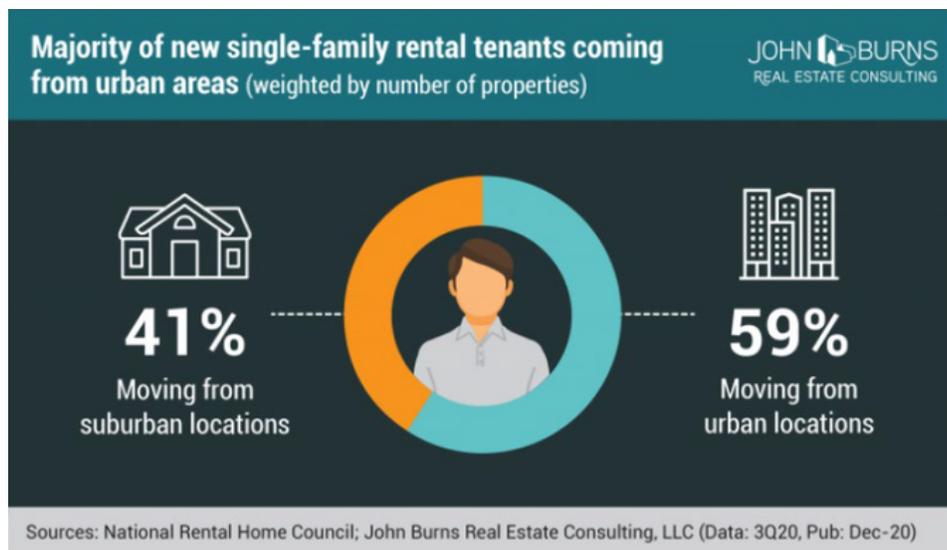
Source: Federal Reserve Economic Data



Source: Statista; Bankrate.com

Single-family rental homes and rental affordability

The pursuit of housing in 2020 extended beyond the home purchase market. Many families prioritizing flexibility and affordability in their search for housing turned to the convenience of single-family rental homes. Whether driven by a need for more space to accommodate the realities of working and schooling from home, or motivated to take the first steps on the path toward homeownership, Americans sought out single-family rental homes in strong numbers.



The cost to purchase a three bedroom home is rising faster in 83% of U.S. housing markets than the cost of renting a three bedroom home.

Renting a home is more affordable than owning a home in 18 of the 25 most populous counties in the U.S. (72%) and 29 of 44 counties with populations over 1 million (66%).

- 2021 Rental Affordability Report, January 2021



While home prices have appreciated more than 60% since November 2012, incomes have only appreciated by 20% and rents by 30% over the same time period.

- February 4, 2021

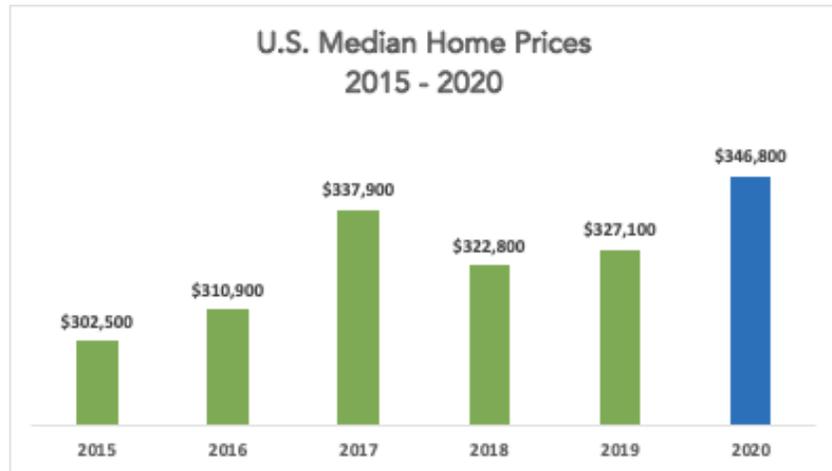


...household formations have occurred at nearly double the pace of housing starts for the last six months.

- March 23, 2021

Demand for homes outpacing supply

Even though home sales in 2020 far outpaced preceding years, the supply of homes was not enough to meet demand, with estimates revealing a shortage of more than 350,000 homes. The excess demand for available homes served to inflate the cost to purchase a home, giving rise to concerns about ongoing affordability.



Source: Federal Reserve Economic Data

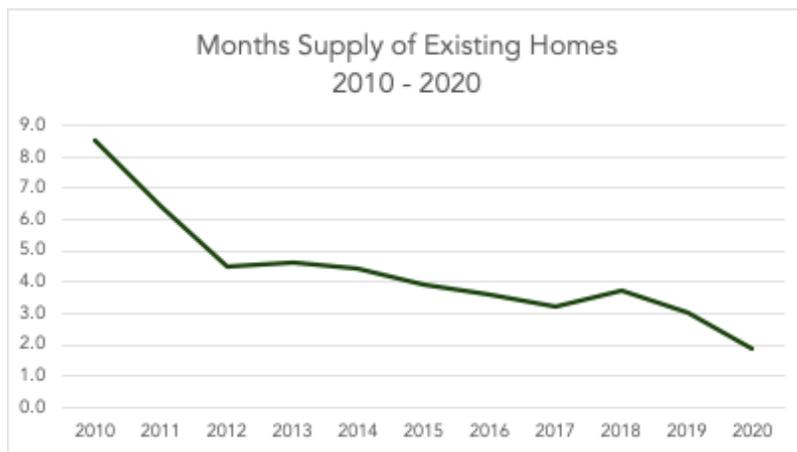
As home prices have increased in response to growing demand, more Americans are being priced out of the market.

U.S. households that can afford to purchase a single-family home

Source: National Association of Home Builders



Finally, supply remains a concern for both housing providers and home buyers.



Source: Y-charts

Large single-family rental home providers



Large single-family rental home providers are at-times active in the home purchase market. However, the impact of these companies on the overall housing market in 2020, and the rental home market in particular, was negligible.

In 2020, there were **7,645,000** new and existing homes purchased in the United States. Of these purchases, large single-family rental home providers accounted for **10,400**, or just under **.14%**. When factoring in the **3,600** homes these companies *sold* in 2020, the net property growth of large single-family rental home providers was **6,800**, less than one-tenth of one percent of the homes purchased during the year.

Large single-family rental home providers devoted significant resources in 2020 to supporting local neighborhoods and being responsible community stakeholders. During the year, companies paid over **\$600 million** in residential property taxes, providing critical funding for local schools, public safety, parks and open space, and other important services.

Large single-family rental home providers also continued to support community-based employment in 2020 by conducting business with over **8,000** local companies, contractors, and vendors.

And in 2020, large single-family rental home providers demonstrated a notable commitment to diversity and inclusivity in corporate employment practices. Among the companies, females represent **43%** of the workforce, and employees of color account for **46%**.

NRHC Members: Keeping Family Housing Affordable and Great Neighborhoods Accessible



The National Rental Home Council (NRHC) is the nonprofit trade association representing the single-family rental home industry. NRHC members provide families and individuals with access to high quality, single-family rental homes that contribute to the vitality and vibrancy of neighborhoods and communities. For more information on NRHC or the single-family rental home industry visit www.rentalhomecouncil.org.