

# Event Session

## The Evolving Single-Family Rental Landscape: Balancing Growth, Sustainability, and Market Dynamics

Date: February 25-26, 2025

00:00:00 --> 00:00:01: Come on in, don't be shy.

00:00:01 --> 00:00:06: I'd encourage people to come forward, but nobody will do it.

00:00:06 --> 00:00:06: Well, thanks for joining everybody.

00:00:12 --> 00:00:14: I'm glad you're here.

00:00:14 --> 00:00:18: My shameless plug for the panel was maybe not as successful as I'd hoped.

00:00:19 --> 00:00:21: But oh, you do.

00:00:21 --> 00:00:23: Right, people will be will be hearing the enthusiasm and applause in those rounding rooms.

00:00:23 --> 00:00:23: They're going to join us.

00:00:24 --> 00:00:26: So I'm going to, I'm delighted to moderate this session today.

00:00:26 --> 00:00:28: And you know, I always, I always think that there's an implied?

00:00:28 --> 00:00:29: After opportunity in the name of this conference housing opportunity.

00:00:30 --> 00:00:33: And that's because I, I think one of the things that we're talking about is as a housing community, are we creating opportunities for everything?

00:00:33 --> 00:00:34: That's one of the underlying questions.

00:00:35 --> 00:00:40: But the other question that we're asking is where are the opportunities that even a pattern of inequality can create in our markets.

00:00:40 --> 00:00:41: And I think around the single family rental business, it's both there really is a business opportunity and there's an opportunity to continue to see this business evolve in a way that really does cut in the direction of opportunity

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00:01:20 --> 00:01:21: for all.

00:01:21 --> 00:01:23: I've, I've sort of guessed that maybe a lot of

00:01:23 --> 00:01:26: people in the room are not doing single family rental

00:01:26 --> 00:01:27: all day every day.

00:01:27 --> 00:01:30: Maybe just am I right people?

00:01:30 --> 00:01:32: Is this for folks that this is not like their

00:01:32 --> 00:01:33: main business?

00:01:34 --> 00:01:34: Yeah.

00:01:35 --> 00:01:38: And I've also guessed, I won't ask anybody to raise

00:01:38 --> 00:01:42: their hand that somewhere along the way the single family

00:01:42 --> 00:01:45: rental business or the build for industry kind of got

00:01:45 --> 00:01:48: a bad reputation as not being good for communities and

00:01:48 --> 00:01:51: good for tenants, which I don't think is true.

00:01:51 --> 00:01:54: And I think it's changing really rapidly.

00:01:55 --> 00:01:59: And I think evolution in the title of this discussion

00:01:59 --> 00:02:01: is, is an apartment word.

00:02:02 --> 00:02:04: And so you are very lucky.

00:02:04 --> 00:02:08: We have a panel of really talented practitioners today.

00:02:09 --> 00:02:11: And what we want to do is I think characterize

00:02:12 --> 00:02:15: the way in which this business is really changing and

00:02:15 --> 00:02:19: exciting and fundamental ways and give people a chance to

00:02:19 --> 00:02:21: talk about how they're doing that.

00:02:21 --> 00:02:24: And so we're going to organize our time into sort

00:02:24 --> 00:02:27: of four modules, if we will, if you will product,

00:02:27 --> 00:02:27: right?

00:02:28 --> 00:02:30: Like what what actually are we talking about?

00:02:30 --> 00:02:33: What is single family rental and how is it changing?

00:02:33 --> 00:02:34: It's it's new, right?

00:02:34 --> 00:02:38: Not everybody even uses the language in exactly the same

00:02:38 --> 00:02:38: way.

00:02:38 --> 00:02:40: Customer, right?

00:02:40 --> 00:02:43: Like that's the opportunity in terms of housing Americans.

00:02:43 --> 00:02:44: Who's the customer?

00:02:44 --> 00:02:49: How's that changing capital, right.

00:02:49 --> 00:02:51: I think that this came up in our panel this

00:02:51 --> 00:02:54: morning, our discussion this morning that capital markets are

00:02:54 --> 00:02:57: opening

00:02:57 --> 00:02:59: up for housing and for single family rental to occur

00:02:59 --> 00:03:00: and then impact and maybe that'll be the most interesting

00:02:59 --> 00:03:00: discussion.

00:03:01 --> 00:03:04: How I think they're really interesting ways in which these

00:03:04 --> 00:03:08: groups are really thinking about how the programs can

evolve

00:03:08 --> 00:03:11: to have a positive impact on the lives of tenants.

00:03:11 --> 00:03:12: And so we'll drill into that thing.

00:03:12 --> 00:03:15: So I thought we'd start by like maybe just going

00:03:15 --> 00:03:16: around, we can start at the end.

00:03:16 --> 00:03:19: I'm going to let everybody introduce themselves, talk a little

00:03:19 --> 00:03:22: bit about your business and what you're doing and where

00:03:22 --> 00:03:24: you're doing it and how, and well, maybe each take

00:03:24 --> 00:03:26: two or three minutes and then we'll kind of get

00:03:26 --> 00:03:28: into sort of a moderated discussion.

00:03:28 --> 00:03:29: Sure.

00:03:29 --> 00:03:29: Thank you.

00:03:29 --> 00:03:34: So Lisa Taylor with Greystar, my office in our corporate

00:03:34 --> 00:03:39: office in Charleston, SC Greystar has an investment property

00:03:39 --> 00:03:42: management,

00:03:42 --> 00:03:45: development, construction arms.

00:03:45 --> 00:03:45: We are you know, fully integrated.

00:03:46 --> 00:03:51: We manage about 900,000 homes across the US.

00:03:51 --> 00:03:55: We are in 17 countries, so we're a large book

00:03:55 --> 00:03:56: of business.

00:03:56 --> 00:04:02: Of that domestic 900,000 units about 32 thousand 32,500 are

00:04:02 --> 00:04:05: in the built to rent space.

00:04:05 --> 00:04:08: So we're not in the scattered sites, but we have

00:04:08 --> 00:04:10: you know purpose built community.

00:04:11 --> 00:04:16: We're in 22 States and we also, you know, have

00:04:16 --> 00:04:20: a specialized student housing.

00:04:20 --> 00:04:23: The bulk of our business is in conventional multifamily kind

00:04:24 --> 00:04:26: of our newest arm is the bill to rent.

00:04:26 --> 00:04:29: And then we have also an active adult 55 and

00:04:29 --> 00:04:30: older.

00:04:30 --> 00:04:33: So we promote, we can house you from cradle to

00:04:33 --> 00:04:35: pickleball, so.

00:04:36 --> 00:04:40: And Lisa, how Big Gray Star's view of how important

00:04:40 --> 00:04:43: single family rental will be in your growth in the

00:04:43 --> 00:04:46: next 5 years, Can you just give us a sense

00:04:46 --> 00:04:49: of how much energy in the company is around this

00:04:50 --> 00:04:51: sub asset class?

00:04:51 --> 00:04:51: Yes.

00:04:51 --> 00:04:55: So we created a platform, you know, we, so we,

00:04:55 --> 00:05:00: our investment group has raised, we're now on our second

00:05:00 --> 00:05:05: or third fund very large relationships of the 32,000 units

00:05:05 --> 00:05:09: that we manage about 2000 are our owned assets.

00:05:09 --> 00:05:13: I work with the third party group, but we have  
00:05:13 --> 00:05:19: dedicated resources and and goals to probably quadruple that in

00:05:19 --> 00:05:23: the next 5 years both in terms of their owned  
00:05:23 --> 00:05:24: assets.

00:05:24 --> 00:05:28: So it's it'll be a 10,020 thousand platform where the  
00:05:28 --> 00:05:32: third party we can see it's easily could be you  
00:05:32 --> 00:05:35: know a 50,000 unit platform or or more in five  
00:05:35 --> 00:05:36: years.

00:05:37 --> 00:05:39: And then maybe next and if you could sort of  
00:05:39 --> 00:05:42: describe a little bit of the evolution from the sort  
00:05:42 --> 00:05:45: of scattered site which is both your company's evolution and  
00:05:45 --> 00:05:47: the industries evolution for the.

00:05:48 --> 00:05:49: I'm Dan with Center Creek.

00:05:49 --> 00:05:52: I think we are the smallest of the players up  
00:05:52 --> 00:05:55: here, but we're probably the most focused on being explicitly  
00:05:55 --> 00:05:58: workforce and affordable on the single family side.

00:05:58 --> 00:06:00: So I, I left a very large private equity firm,  
00:06:00 --> 00:06:01: I'd like to say to start this very small one.

00:06:02 --> 00:06:06: And although we're getting bigger and doing, we started  
doing  
00:06:06 --> 00:06:08: scattered single family, right.

00:06:08 --> 00:06:11: So scattered single family is buying old homes, distressed  
homes,  
00:06:11 --> 00:06:14: not that don't necessarily have to be old, but that's  
00:06:14 --> 00:06:17: the ones we were focused on and renovating them, renting  
00:06:17 --> 00:06:17: them out.

00:06:18 --> 00:06:21: I think early on there was a lot of conversation  
00:06:21 --> 00:06:24: about, oh, Wall Street's buying up Main Street and we  
00:06:24 --> 00:06:25: said like, that's not us.

00:06:25 --> 00:06:30: What we're doing is taking obsolete inventory and  
rehabilitating it  
00:06:30 --> 00:06:34: and focused on rents that are affordable at 80% AML.

00:06:35 --> 00:06:37: And I do think when we're talking about sort of  
00:06:37 --> 00:06:41: the affordable housing story, affordable housing, you know,  
there's no  
00:06:41 --> 00:06:41: one magic bullet.

00:06:41 --> 00:06:43: It's really an all of the above strategy.

00:06:43 --> 00:06:45: So you know, zoning is going to be a part  
00:06:45 --> 00:06:46: of it and multi family is going to be part  
00:06:46 --> 00:06:46: of it.

00:06:46 --> 00:06:49: And single family needs to be a part of it  
00:06:49 --> 00:06:53: because as as you all may know, single family rental

00:06:53 --> 00:06:57: properties make up 50% of all rentals in the United States.

00:06:57 --> 00:06:57: So anyone who's thinking about affordable housing and has an

00:06:58 --> 00:07:01: image of like this, an apartment building in their head,

00:07:01 --> 00:07:04: you're missing half the addressable market.

00:07:04 --> 00:07:07: So if you care about affordable housing, you have to

00:07:07 --> 00:07:10: focus on single family or just you're missing what's out

00:07:10 --> 00:07:13: there.

00:07:13 --> 00:07:13: So we started with the scattered single family.

00:07:14 --> 00:07:16: We actually then started, it's in a funny way, we

00:07:17 --> 00:07:19: kind of almost leapfrogged and came back.

00:07:19 --> 00:07:20: We started a development company.

00:07:21 --> 00:07:22: We actually now build homes, everything from we do luxury

00:07:22 --> 00:07:25: homes because we make more money on them.

00:07:25 --> 00:07:27: We also do affordable and we try to do a

00:07:28 --> 00:07:31: mix when we're doing our housing to put some affordable

00:07:31 --> 00:07:35: within fancier or higher priced communities.

00:07:35 --> 00:07:38: And from that, and those are for sale.

00:07:38 --> 00:07:40: And from that if you look at the concentric circles,

00:07:40 --> 00:07:43: the middle is built to rent.

00:07:43 --> 00:07:44: So over the last two years we've gone into build

00:07:45 --> 00:07:46: to rent.

00:07:46 --> 00:07:47: If you're not familiar with it, purpose built housing for

00:07:47 --> 00:07:50: rental, it's an entire subdivision.

00:07:50 --> 00:07:52: It could look like a subdivision that is for sale.

00:07:53 --> 00:07:55: It's just not for sale.

00:07:55 --> 00:07:56: Every single home is a rental and that's been super

00:07:56 --> 00:08:00: interesting.

00:08:00 --> 00:08:01: We can talk about the product and and why we

00:08:01 --> 00:08:03: think it's a really good investment and a really good

00:08:03 --> 00:08:06: part of the story for workforce and affordable.

00:08:06 --> 00:08:09: Great, Shannon.

00:08:10 --> 00:08:11: Shannon, Yep.

00:08:13 --> 00:08:13: Hi, I'm Shannon Hersker.

00:08:13 --> 00:08:14: I am based in Phoenix.

00:08:15 --> 00:08:17: ICO lead Northmark's national build and rent Advisory group.

00:08:17 --> 00:08:20: Northmark is we have a capital advisory arm, an investment

00:08:21 --> 00:08:25: sales platform and then we are a direct Fannie, Freddie,

00:08:25 --> 00:08:29: HUD lender.

00:08:29 --> 00:08:30: So the bread and butter of the overall company really

00:08:30 --> 00:08:34: is multifamily and any kind of you know rental housing

00:08:34 --> 00:08:38:

00:08:38 --> 00:08:39: within the agencies.

00:08:39 --> 00:08:43: I focus specifically on mostly on the debt and equity

00:08:43 --> 00:08:49: side, construction lending, bridge lending and then permanent financing, stable,

00:08:49 --> 00:08:49: stabilized.

00:08:50 --> 00:08:54: We probably have 26 offices nationally with the investment sales

00:08:54 --> 00:08:58: platform, 12:00 or so investment sales guys in different regions

00:08:58 --> 00:09:02: throughout the country that's specialized in builder rent.

00:09:03 --> 00:09:07: And last year, our platform within builder rent did just

00:09:07 --> 00:09:10: over a billion between sales and financing.

00:09:11 --> 00:09:11: Terrific, Lynn.

00:09:14 --> 00:09:14: Thank you.

00:09:14 --> 00:09:17: I am the Chief Compliance Officer for Progress Residential.

00:09:18 --> 00:09:24: Our parent company, Predium Advisors is an alternative investment vehicle

00:09:24 --> 00:09:28: and at present and is involved in many facets of

00:09:28 --> 00:09:34: the housing industry and particularly creating avenues for home ownership

00:09:34 --> 00:09:37: and rental opportunities across the country.

00:09:38 --> 00:09:41: We're involved in a very aggressive credit strategy.

00:09:41 --> 00:09:45: We're involved in two lending platforms which I may be

00:09:45 --> 00:09:48: able to talk about a little bit later that provides

00:09:48 --> 00:09:52: specific supports to people who are challenged in efforts to

00:09:52 --> 00:09:53: purchase homes.

00:09:53 --> 00:09:57: We also in terms of my role at Progress, we

00:09:57 --> 00:10:03: manage approximately 92,000 single family homes across the country concentrated

00:10:03 --> 00:10:08: in Sunbelt and some of our major metropolitan areas.

00:10:09 --> 00:10:13: And I think from the perspective of Progress and, and

00:10:13 --> 00:10:19: certainly from Pretium's vantage point, we're looking for every opportunity

00:10:19 --> 00:10:25: that we can facilitate creating opportunity for individuals and families

00:10:25 --> 00:10:28: to rent in areas they want to live in as

00:10:28 --> 00:10:32: well as opportunities to purchase homes that they may be

00:10:32 --> 00:10:38: unable to purchase without some specific supports through our lending

00:10:38 --> 00:10:39: vehicles.

00:10:39 --> 00:10:41: Right, great.

00:10:41 --> 00:10:44: So the first module we are going to spend some

00:10:44 --> 00:10:45: time on this product.

00:10:46 --> 00:10:49: And one of the reasons why I think this space

00:10:49 --> 00:10:53: is so interesting is because there's really a very wide  
00:10:53 --> 00:10:57: spectrum of what the physical product looks like from, you  
00:10:57 --> 00:11:02: know, what people have sometimes called horizontal  
apartments or cottage  
00:11:02 --> 00:11:06: style single family to, you know, large, you know, sometimes  
00:11:06 --> 00:11:10: multi Storey single family homes and everything in between.  
00:11:10 --> 00:11:13: And it's really an open question as to how much  
00:11:13 --> 00:11:16: of what is it going to get built or whether  
00:11:16 --> 00:11:18: there's an emerging sort of product type.  
00:11:18 --> 00:11:21: And Lisa, you spoke a little bit around what sort  
00:11:21 --> 00:11:25: of a state-of-the-art single family rental community looks like.  
00:11:25 --> 00:11:28: What do you think is sort of emerging?  
00:11:29 --> 00:11:32: So I think just in the vernacular there, it has  
00:11:32 --> 00:11:34: four different product types.  
00:11:34 --> 00:11:37: So when we talk about bill to rent typically even  
00:11:37 --> 00:11:41: single family they're they're not necessarily interchangeable,  
but you'll often.  
00:11:41 --> 00:11:42: Hear it refer to.  
00:11:42 --> 00:11:45: We do sort of use them as similt as as  
00:11:45 --> 00:11:46: sort of synonyms.  
00:11:46 --> 00:11:47: That That's right.  
00:11:48 --> 00:11:52: But we start with there's an increase certainly in Phoenix  
00:11:52 --> 00:11:56: markets, one of the biggest markets for horizontal multi or  
00:11:56 --> 00:12:01: cottage style that's a specific their specific development of  
one  
00:12:01 --> 00:12:06: and two-bedroom single family detached homes around 800  
square foot  
00:12:06 --> 00:12:10: for the one bedroom, maybe you know, 1200 square foot  
00:12:10 --> 00:12:11: for a 2 bedroom.  
00:12:11 --> 00:12:14: You may have a smattering of three bedrooms of zoning  
00:12:14 --> 00:12:15: requires it.  
00:12:15 --> 00:12:19: But it's really going and it's highly amenitized open six  
00:12:19 --> 00:12:23: or seven days a week and it's really going after  
00:12:23 --> 00:12:24: the apartment renter.  
00:12:24 --> 00:12:28: So it's just their their demographic is someone who's rented  
00:12:28 --> 00:12:30: in the past may be tired of having someone live  
00:12:30 --> 00:12:34: above or below them, but they really like the services  
00:12:34 --> 00:12:36: and they hope to hang out with friends and maybe,  
00:12:36 --> 00:12:38: you know, meet friends there.  
00:12:38 --> 00:12:43: So you know, that's the cottage style within our portfolio.  
00:12:43 --> 00:12:47: It's a small percentage, about 15%.  
00:12:47 --> 00:12:50: And then there's an attached product.  
00:12:50 --> 00:12:53: Most people consider it or, or refer to it as

00:12:53 --> 00:12:54: townhomes.

00:12:54 --> 00:12:56: Those are most often two-story.

00:12:56 --> 00:12:59: We do have some three story, we have 1/4 story

00:12:59 --> 00:13:01: and a really urban setting.

00:13:01 --> 00:13:05: And and then there are also an attached single story

00:13:05 --> 00:13:07: of the townhomes.

00:13:07 --> 00:13:13: Those are maybe starter families, preschool, pre preschool

00:13:13 --> 00:13:15: or or

00:13:13 --> 00:13:15: toddler age children.

00:13:15 --> 00:13:19: Not necessarily all families, but pretty good amount of

00:13:19 --> 00:13:24: families

00:13:19 --> 00:13:24: occupy that space, whereas the single story row home,

00:13:24 --> 00:13:25: they're

00:13:24 --> 00:13:25: not that many of those.

00:13:25 --> 00:13:29: There's one group, Redwood Capital based in in Ohio that

00:13:29 --> 00:13:31: does really a great job.

00:13:31 --> 00:13:33: They have about 17,000 units in that sector.

00:13:34 --> 00:13:37: But it's become there was a term we we learned

00:13:37 --> 00:13:41: or I learned last week and and or two weeks

00:13:41 --> 00:13:43: ago at the Zonda conference.

00:13:44 --> 00:13:45: Newark did.

00:13:46 --> 00:13:47: I don't know if you that came on yours.

00:13:47 --> 00:13:53: So Newark is naturally occurring retirement community.

00:13:53 --> 00:13:55: So in that yeah.

00:13:55 --> 00:13:57: And and that's, you know, single story.

00:13:57 --> 00:14:00: The people that who are selling homes, they may be

00:14:00 --> 00:14:03: moving to be closer to their grandkids, not necessarily their

00:14:04 --> 00:14:05: children, but to their grandkids.

00:14:06 --> 00:14:09: It has really an an older demographic.

00:14:09 --> 00:14:13: So, you know, that's we that that's a specific demographic

00:14:14 --> 00:14:17: and then you have what we would all what we're

00:14:17 --> 00:14:18: here for.

00:14:18 --> 00:14:23: Is that what most people think for single family rental,

00:14:23 --> 00:14:27: either the scattered site or it could be a community

00:14:28 --> 00:14:31: built mostly detached 345 bedrooms.

00:14:31 --> 00:14:35: You think about, you know, families looking to be in

00:14:35 --> 00:14:38: a particular market for the the schools or, you know,

00:14:38 --> 00:14:43: convenient to after school activities or sporting, you know, to

00:14:43 --> 00:14:44: tote the kids around.

00:14:45 --> 00:14:47: And that's basically the four different types.

00:14:47 --> 00:14:51: And in, you know, the projects that come to Gray

00:14:51 --> 00:14:54: Star over time, is there a trend?

00:14:54 --> 00:14:56: Is there sort of a product type that seems to



00:14:56 --> 00:14:59: have particularly energy around it or is it just or  
00:14:59 --> 00:15:01: is the real headline how diverse it?  
00:15:01 --> 00:15:05: Is so I think most, most of our assets, the  
00:15:05 --> 00:15:10: the owners and, and the really the demand are really  
00:15:10 --> 00:15:16: comfortable in that 3 bedroom lane, a three bedroom  
townhome,  
00:15:16 --> 00:15:20: a three bedroom house, because it's been overlooked.  
00:15:20 --> 00:15:24: That platform was not built and in the apartment industry  
00:15:24 --> 00:15:27: for two decades, you know, people just avoided it.  
00:15:28 --> 00:15:30: So it was a kind of the missing middle.  
00:15:30 --> 00:15:33: And now it's, it makes it for an affordable, you  
00:15:33 --> 00:15:36: know, opportunity or next step, whether it's in a town  
00:15:36 --> 00:15:38: home or a single family home.  
00:15:39 --> 00:15:40: That's what we've seen.  
00:15:40 --> 00:15:41: I think that's, that was a great overview.  
00:15:41 --> 00:15:42: I think it's right.  
00:15:42 --> 00:15:45: It's it's location specific, I think even more than geography  
00:15:45 --> 00:15:46: specific, right.  
00:15:47 --> 00:15:49: So by geography, I don't think it's actually this city  
00:15:49 --> 00:15:50: versus that city.  
00:15:50 --> 00:15:52: It's like where in the city are you, right?  
00:15:52 --> 00:15:54: So if you're a little closer to downtown, you can  
00:15:54 --> 00:15:56: get away with something that's more of a a townhome.  
00:15:57 --> 00:15:57: People will do that.  
00:15:57 --> 00:15:59: If you're going to be a little further out, people  
00:15:59 --> 00:16:01: are going to want land anyway, right?  
00:16:01 --> 00:16:03: So I think that that effects part of it.  
00:16:03 --> 00:16:05: I'll say just on the, you know, sort of more  
00:16:05 --> 00:16:08: workforce side, we're trying to do a little bit more  
00:16:08 --> 00:16:10: into the, the the townhome approach because we're trying to  
00:16:11 --> 00:16:13: do more efficient land use, slightly smaller homes, home size  
00:16:13 --> 00:16:15: that and helps us naturally keep the rents down.  
00:16:17 --> 00:16:19: And so it really, but it depends where you are,  
00:16:19 --> 00:16:21: right and the kind of density you can offer and  
00:16:21 --> 00:16:22: the kind of product that you would offer.  
00:16:23 --> 00:16:24: You kind of got to look around and you're not  
00:16:24 --> 00:16:25: going to build a whole bunch of townhomes in the  
00:16:25 --> 00:16:27: middle of nowhere because people just aren't going to live  
00:16:27 --> 00:16:27: in that.  
00:16:28 --> 00:16:31: And I would add just even, but you know geography  
00:16:31 --> 00:16:34: being based in Phoenix, as you know Lisa pointed out  
00:16:35 --> 00:16:38: that was kind of the start of the horizontal cottage

00:16:38 --> 00:16:39: style communities.

00:16:39 --> 00:16:41: I think at one point years back we had 90

00:16:41 --> 00:16:45: some projects under construction or in lease up of that

00:16:45 --> 00:16:46: type of product.

00:16:46 --> 00:16:49: So people in Phoenix a few years ago just couldn't

00:16:49 --> 00:16:54: wrap their head around the detached single family home style,

00:16:54 --> 00:16:55: you know, community.

00:16:55 --> 00:16:57: And then, I mean, I'm national, so I come to

00:16:58 --> 00:17:00: the East Coast or the southeast and there's a lot

00:17:00 --> 00:17:02: more townhomes or the detached single family homes.

00:17:02 --> 00:17:04: And I've talked to people that are like, I don't

00:17:04 --> 00:17:07: understand why you would do the horizontal cottage style.

00:17:07 --> 00:17:08: It's just like an apartment.

00:17:08 --> 00:17:10: But I think there's huge benefits to both.

00:17:10 --> 00:17:13: And now you're starting to see, you know, Phoenix is

00:17:13 --> 00:17:16: now having more townhomes and a few detached communities.

00:17:16 --> 00:17:18: And so I, I definitely, but then to your point

00:17:18 --> 00:17:22: in Texas, in Dallas specifically, you know, we've sold recently

00:17:22 --> 00:17:25: a few of the cottage style in Dallas and then

00:17:25 --> 00:17:27: some of the outskirts have, you know, up to four

00:17:27 --> 00:17:30: and five bedroom large detached with garages and yards.

00:17:31 --> 00:17:33: So, so definitely varies.

00:17:33 --> 00:17:36: I think 1 interesting thing to add to the product

00:17:36 --> 00:17:38: type is we're seeing more of the mixed type of

00:17:38 --> 00:17:39: product.

00:17:39 --> 00:17:41: I don't know what you guys have seen too.

00:17:41 --> 00:17:43: And I think that also helps to your point with

00:17:43 --> 00:17:45: the land basis and just density overall.

00:17:45 --> 00:17:48: But you know, you're seeing some of these communities now

00:17:48 --> 00:17:51: that are being built with half townhomes, half detached.

00:17:51 --> 00:17:53: Just or even townhomes and.

00:17:53 --> 00:17:53: Multifamily.

00:17:53 --> 00:17:54: Exactly.

00:17:55 --> 00:17:55: Yep.

00:17:55 --> 00:17:59: Then what's your philosophy or is there an emerging, you

00:17:59 --> 00:18:02: know, focus product focus or is or is the strategy

00:18:02 --> 00:18:06: to be broad and opportunistic, which I think Dan makes

00:18:06 --> 00:18:07: a good point.

00:18:07 --> 00:18:10: I mean, I think it is to be broad and

00:18:10 --> 00:18:15: opportunistic for us as as pretty and then progress in

00:18:15 --> 00:18:20: the sense that we are really committed to the notion

00:18:20 --> 00:18:27: that scattered detached single family provides such an an opportunity

00:18:27 --> 00:18:32: for our demographic, which is pretty much focuses 19 to

00:18:32 --> 00:18:36: 39 year old and and includes a lot of families.

00:18:36 --> 00:18:39: And it is clear to us as we learn more

00:18:39 --> 00:18:44: and are always working to learn more about our residents

00:18:44 --> 00:18:48: and what they're looking for and what their experience is,

00:18:48 --> 00:18:53: is they really it's, it's such a different product than

00:18:53 --> 00:18:58: in many ways multifamily traditionally, because the minute a family

00:18:58 --> 00:19:03: steps into that single family detached home in that neighborhood,

00:19:03 --> 00:19:07: whether they're renting or not, it becomes more a part

00:19:07 --> 00:19:08: of them.

00:19:08 --> 00:19:12: And I think there are challenges to be honest that

00:19:12 --> 00:19:16: come along with that because the investment I think is

00:19:16 --> 00:19:21: more of an emotional investment than in people you have

00:19:21 --> 00:19:23: traditionally in multifamily rentals.

00:19:24 --> 00:19:29: And so for us, that isn't a continual effort to

00:19:29 --> 00:19:36: properly identify and reward and make those residents feel that

00:19:36 --> 00:19:39: we are in it with them, right?

00:19:40 --> 00:19:40: For sure.

00:19:40 --> 00:19:42: Can I just say, you know, when you talk about

00:19:42 --> 00:19:44: bad rap a little bit for the industry, we have

00:19:44 --> 00:19:45: to acknowledge it's there.

00:19:45 --> 00:19:49: I think what's interesting is I would say product wise,

00:19:49 --> 00:19:52: and I'll say this at a conference where people are

00:19:52 --> 00:19:55: mostly multifamily, we have a better product than you guys,

00:19:55 --> 00:19:57: right, Like our product typically is.

00:19:57 --> 00:19:59: You mentioned it's 3 bedrooms.

00:19:59 --> 00:20:01: You don't have neighbors or sharing a wall with you.

00:20:01 --> 00:20:02: Sometimes you do.

00:20:02 --> 00:20:04: If it's a townhome, you have a yard.

00:20:05 --> 00:20:08: And our rents can be comparable to apartments that are

00:20:08 --> 00:20:09: right nearby.

00:20:09 --> 00:20:11: If you want 3 bedrooms, you're not going to get

00:20:11 --> 00:20:12: that in almost any apartment.

00:20:12 --> 00:20:14: You're certainly not going to get 4 bedrooms.

00:20:14 --> 00:20:16: And we probably have a little bit more.

00:20:16 --> 00:20:18: There's like a kitchen area, there's a need and there's

00:20:18 --> 00:20:19: a yard.

00:20:19 --> 00:20:23: I mean, it is a completely different, a living experience.

00:20:23 --> 00:20:25: And I think, you know, you didn't quite say it,  
00:20:25 --> 00:20:27: but like, I think you were saying it's a home.  
00:20:28 --> 00:20:29: It's not just a rental.  
00:20:29 --> 00:20:32: And when we're looking on the affordability side and what  
00:20:32 --> 00:20:34: the impact is on people, that also leads to stability.  
00:20:34 --> 00:20:35: People stay longer.  
00:20:37 --> 00:20:39: Parents can be part of their community, kids can stay  
00:20:39 --> 00:20:40: in school districts.  
00:20:40 --> 00:20:41: There's lower turnover.  
00:20:41 --> 00:20:43: That's good for us as investors, but it's good for  
00:20:43 --> 00:20:44: them to be in a place.  
00:20:45 --> 00:20:46: So I'll just say as a as a challenge to  
00:20:46 --> 00:20:48: people who are here and may be skeptical, the trick  
00:20:48 --> 00:20:50: is not to really think about how do you get  
00:20:50 --> 00:20:51: investors out of single family?  
00:20:52 --> 00:20:53: It's how do you do it, right?  
00:20:54 --> 00:20:56: Because my gosh, it's a really good product and it's  
00:20:56 --> 00:20:57: a really good offering.  
00:20:57 --> 00:20:59: And you know, again, I'll just give a shout out  
00:20:59 --> 00:21:00: to John O Callahan, right?  
00:21:00 --> 00:21:03: I mean, there's some groups here who are nonprofits and  
00:21:03 --> 00:21:06: doing it, you know, completely from the, let's do this  
00:21:06 --> 00:21:08: completely from an impact perspective.  
00:21:09 --> 00:21:11: And I really don't think it's the product.  
00:21:11 --> 00:21:12: It's really more the approach.  
00:21:12 --> 00:21:13: Yeah, you know, I like that.  
00:21:13 --> 00:21:14: Go ahead, Lisa.  
00:21:14 --> 00:21:15: I was just going to add.  
00:21:15 --> 00:21:18: So most of my career has been in apartments.  
00:21:18 --> 00:21:21: We try to call them homes too, but that's we  
00:21:21 --> 00:21:22: mark it hard.  
00:21:23 --> 00:21:26: But this does feel a little bit more like a  
00:21:26 --> 00:21:30: house and townhomes, the cottage style row home, any of  
00:21:30 --> 00:21:32: those even if you share the side walls.  
00:21:33 --> 00:21:37: This sector answers or that solves two of our biggest  
00:21:38 --> 00:21:42: complaints since the beginning of time, which are is noise  
00:21:42 --> 00:21:43: and parking.  
00:21:43 --> 00:21:46: So here we've just kind of teed it up and  
00:21:46 --> 00:21:49: and said you're not going to have those issues generally  
00:21:49 --> 00:21:51: speaking, you know, in this by.  
00:21:51 --> 00:21:54: The way we're transitioning into the customer discussion,  
very.

00:21:54 --> 00:21:54: Very.

00:21:55 --> 00:21:55: Elegantly.

00:21:56 --> 00:21:59: But I'll admit one of the mistakes that we made

00:21:59 --> 00:22:02: our company is we started describing this product 10 years

00:22:03 --> 00:22:04: ago as family rental housing.

00:22:04 --> 00:22:07: And the interesting thing is it's not just family rental

00:22:07 --> 00:22:07: housing.

00:22:08 --> 00:22:10: I think it speaks to your point, Dan, which is

00:22:10 --> 00:22:14: in many research, it's a better housing solution for lots

00:22:14 --> 00:22:16: of people at different life stages.

00:22:16 --> 00:22:19: Somebody want to pick up on that theme like who

00:22:19 --> 00:22:21: is the customer and why and why is it a

00:22:21 --> 00:22:22: better home?

00:22:23 --> 00:22:25: I have some data points.

00:22:25 --> 00:22:30: So within our single family rental the average age is

00:22:30 --> 00:22:30: 40.

00:22:31 --> 00:22:35: There's a single family detached average age is 40 years

00:22:35 --> 00:22:35: old.

00:22:37 --> 00:22:42: About 32% have families so the the rest do not.

00:22:42 --> 00:22:44: Whether you know pre family or probably.

00:22:44 --> 00:22:45: Surprising.

00:22:45 --> 00:22:48: Empty nester, right, That is that's, you know, with our

00:22:48 --> 00:22:51: demographic, I think the townhomes slightly younger.

00:22:51 --> 00:22:58: The average age is 36, still very qualified demographic, rent

00:22:58 --> 00:23:05: income ratio for the townhomes, it's maybe 29, the rent

00:23:05 --> 00:23:07: income ratio.

00:23:07 --> 00:23:11: So it's a very qualified person with a single family

00:23:11 --> 00:23:12: home is like 24%.

00:23:12 --> 00:23:15: So it's definitely a sweet spot.

00:23:15 --> 00:23:19: So they're very, you know, for most intents and purposes,

00:23:19 --> 00:23:24: you know, rent, not necessity, but just it's a preferred

00:23:24 --> 00:23:25: to rent.

00:23:26 --> 00:23:29: And then the cottage style home, excuse me, those slightly

00:23:29 --> 00:23:33: younger, you know, again, they're coming right out of the

00:23:33 --> 00:23:34: apartments.

00:23:34 --> 00:23:37: So the average age there is 35 S just a

00:23:37 --> 00:23:42: little bit younger than than the the townhome and very

00:23:42 --> 00:23:46: few, it's maybe 15% have families and and that they,

00:23:46 --> 00:23:51: you know, 40% have dogs, you know, they've replaced the

00:23:51 --> 00:23:51: children.

00:23:53 --> 00:23:56: I think it's funny in Phoenix early on it was,

00:23:56 --> 00:23:59: it was like 72% of the renters within builder rent

00:23:59 --> 00:24:00: had a dog.

00:24:00 --> 00:24:02: And so, you know, you look at some of the

00:24:02 --> 00:24:05: cottage style communities in Phoenix and it was the doggie

00:24:05 --> 00:24:07: door was the biggest amenity of all.

00:24:07 --> 00:24:10: So it was just it's just funny.

00:24:10 --> 00:24:14: But yeah, I agree with what you were saying.

00:24:16 --> 00:24:18: I think that the shared, well, I think that just

00:24:18 --> 00:24:22: like having those types of communities without the shared walls

00:24:22 --> 00:24:25: and, and I think you're going to have runners by

00:24:25 --> 00:24:27: choice and renters by need, of course.

00:24:27 --> 00:24:29: So I, you know, there, I think for a while

00:24:29 --> 00:24:32: back to the negativity, people were saying, you know, you

00:24:32 --> 00:24:35: don't have runners by choice, but I do obviously with

00:24:35 --> 00:24:38: high mortgage rates and the inability to buy homes, you're

00:24:38 --> 00:24:39: going to have that regardless.

00:24:39 --> 00:24:42: But if you are forced to rent, I think as

00:24:42 --> 00:24:45: we keep mentioning that you're going to want a larger,

00:24:46 --> 00:24:49: you know, space with the backyard, certain cases, a garage.

00:24:50 --> 00:24:53: Then I also think there's baby boomers and empty nesters

00:24:53 --> 00:24:55: that, you know, like the lock and leave and they

00:24:55 --> 00:24:58: don't, you know, they don't want maybe to be on

00:24:58 --> 00:24:58: the 2nd floor.

00:24:58 --> 00:25:00: They don't like the noise and maybe they have a

00:25:00 --> 00:25:01: dog and they like to entertain.

00:25:01 --> 00:25:04: And so they're going to they're going to choose this

00:25:04 --> 00:25:06: product over like a garden style apartment.

00:25:06 --> 00:25:10: So I think it's it's both demographics.

00:25:11 --> 00:25:13: I, I'm sorry, I do want to add one thing

00:25:13 --> 00:25:14: that Lynn had commented on.

00:25:14 --> 00:25:18: Just, you know, with the, the sense of being a

00:25:18 --> 00:25:21: home or, you know, my home parking.

00:25:21 --> 00:25:24: And I think that's one of our issues, but parking

00:25:24 --> 00:25:25: is still paramount.

00:25:25 --> 00:25:28: I mean, these people live in these communities, so they're

00:25:28 --> 00:25:30: going to have their friends over, you know, they're not

00:25:30 --> 00:25:31: going to meet at a pub.

00:25:31 --> 00:25:34: They're going to want to have, you know, dinner, host

00:25:34 --> 00:25:35: dinner parties.

00:25:35 --> 00:25:37: So we really do have to make sure that we're

00:25:38 --> 00:25:39: it's appropriately parked.

00:25:39 --> 00:25:42: You can't have a three bedroom town with A1 car,

00:25:43 --> 00:25:45: undersized garage and no pad.

00:25:45 --> 00:25:47: I mean, we have some of those.

00:25:48 --> 00:25:49: They're hard, they're hard to lease.

00:25:49 --> 00:25:51: You're going to have to discount them if you build

00:25:51 --> 00:25:54: them to saying they're going to lease slow and they're

00:25:54 --> 00:25:55: and they're going to be discounted.

00:25:55 --> 00:25:57: But so parking is an issue.

00:25:57 --> 00:26:01: And again, to Lynn's point, they will they, the resident

00:26:01 --> 00:26:03: take such ownership.

00:26:03 --> 00:26:07: They don't want you parking your car in front of

00:26:07 --> 00:26:08: my home.

00:26:08 --> 00:26:11: You know, even it's a rental, it's not there.

00:26:11 --> 00:26:11: That's not there.

00:26:11 --> 00:26:13: It's a public street.

00:26:13 --> 00:26:15: But they will, they will fight like we, you know,

00:26:15 --> 00:26:17: we have to say no, come to the office.

00:26:17 --> 00:26:19: Let us handle those disputes.

00:26:19 --> 00:26:22: You know, don't you know, get in fights.

00:26:22 --> 00:26:25: Then you want to pick pick up on that or

00:26:25 --> 00:26:27: other trend you see in customer dynamics.

00:26:28 --> 00:26:31: You know, for us, it's somewhat driven by the market

00:26:31 --> 00:26:32: we're in, right?

00:26:32 --> 00:26:36: I think that in in some of in our communities

00:26:36 --> 00:26:41: that have universities, we get a lot of of students

00:26:41 --> 00:26:46: who group together and rent homes, which can be

00:26:46 --> 00:26:51: challenging

00:26:46 --> 00:26:51: in some instances because there are some local ordinances

00:26:51 --> 00:26:57: that

00:26:51 --> 00:26:57: prohibit the number of unrelated individuals that can occupy

00:26:57 --> 00:26:57: a

00:26:57 --> 00:26:57: home.

00:26:58 --> 00:27:02: And we learned that after the unrelated individuals occupied

00:27:02 --> 00:27:03: the

00:27:02 --> 00:27:03: home, which was a challenge.

00:27:04 --> 00:27:08: But I think that for us it's really driven more,

00:27:08 --> 00:27:13: the customer is driven more by the market than necessarily

00:27:13 --> 00:27:15: the product itself.

00:27:16 --> 00:27:21: And I think in for example, probably in Phoenix, we

00:27:21 --> 00:27:25: have less families, more of the baby boomer whatever the

00:27:26 --> 00:27:29: and then in in Atlanta, which is one of our

00:27:29 --> 00:27:34: largest markets, a very large concentration of families.

00:27:34 --> 00:27:34: Yeah.

00:27:35 --> 00:27:38: And I would just maybe I'd 11 fun anecdote and

00:27:38 --> 00:27:41: then a little demographic, but I was walking through one  
 00:27:41 --> 00:27:43: of our scattered homes that was vacant with some of  
 00:27:44 --> 00:27:46: our board and this guy came in to actually see  
 00:27:46 --> 00:27:48: it and he's walking around.  
 00:27:48 --> 00:27:49: He's like, and so I started talking to him.  
 00:27:49 --> 00:27:52: He's a hairdresser and it was a three bedroom, you  
 00:27:52 --> 00:27:53: know, 14115 hundred square foot home.  
 00:27:54 --> 00:27:55: And he looked at him and he's like, why am  
 00:27:55 --> 00:27:56: I paying this much for my apartment?  
 00:27:56 --> 00:27:58: He's like, I got to move in here.  
 00:27:58 --> 00:28:00: And so and he on his own, right, because it  
 00:28:01 --> 00:28:02: was the same as an apartment.  
 00:28:02 --> 00:28:03: So I think you have that.  
 00:28:04 --> 00:28:06: I'll just add, we also, we actually have a bunch  
 00:28:06 --> 00:28:09: of Section 8 voucher holders who are in our build  
 00:28:09 --> 00:28:12: to rent, which we weren't totally sure how much that  
 00:28:12 --> 00:28:14: would happen because the build to rent tend to be  
 00:28:14 --> 00:28:15: a little further out, right?  
 00:28:15 --> 00:28:18: Because you're not getting the concentration of land to build  
 00:28:18 --> 00:28:21: them sort of right into downtown core, which we do  
 00:28:21 --> 00:28:23: with our scattered single family and weren't sure if folks  
 00:28:23 --> 00:28:25: would necessarily want to drive.  
 00:28:25 --> 00:28:27: I think that's fantastic, right?  
 00:28:27 --> 00:28:30: So you're Section 8 voucher holders now with us and  
 00:28:30 --> 00:28:32: I know you guys have a big push in that  
 00:28:32 --> 00:28:32: too.  
 00:28:34 --> 00:28:35: They have a choice, right?  
 00:28:35 --> 00:28:38: They can live in a 1970s era brick home in  
 00:28:38 --> 00:28:41: the middle of downtown Atlanta.  
 00:28:41 --> 00:28:44: Well, maybe not the downtown Atlanta, but you know the  
 00:28:44 --> 00:28:47: close in suburb here where they can go out a  
 00:28:47 --> 00:28:49: little bit further and have a built to rent.  
 00:28:49 --> 00:28:51: And I think that's a fantastic option.  
 00:28:52 --> 00:28:55: And and I will say just one short comment to,  
 00:28:55 --> 00:28:58: to build on the affordable piece.  
 00:28:58 --> 00:29:01: You're, you're right, we are putting a lot of energy  
 00:29:01 --> 00:29:05: and a lot of focus in building our affordable platform  
 00:29:05 --> 00:29:07: and expanding it significantly.  
 00:29:07 --> 00:29:11: And right now seven major metropolitan, seven major  
 00:29:11 --> 00:29:15: markets.  
 00:29:11 --> 00:29:15: And I think it's, it is so amazing to see  
 00:29:15 --> 00:29:22: the opportunity that a voucher recipient experiences and the



welcome

00:29:22 --> 00:29:27: in having a home, which again, we revert back to

00:29:27 --> 00:29:32: the notion of the, the rental, the apartment, the home

00:29:32 --> 00:29:33: and that.

00:29:33 --> 00:29:36: And that is something that I think many Section 8

00:29:36 --> 00:29:42: voucher recipients never anticipate themselves having the opportunity to raise

00:29:42 --> 00:29:44: their family in that kind of environment.

00:29:44 --> 00:29:49: So I, I mean, it's, it's an incredible opportunity, I

00:29:49 --> 00:29:54: think to expand opportunity for voucher recipients to live in

00:29:54 --> 00:29:59: the communities they want to raise their children in, they

00:29:59 --> 00:30:01: want to send them to school in.

00:30:02 --> 00:30:04: So it's, I think it's a, it's a great.

00:30:04 --> 00:30:07: I think, sorry, one last point that you you had

00:30:07 --> 00:30:10: mentioned you talked about on your panel or on the

00:30:10 --> 00:30:12: earlier session the active adult.

00:30:12 --> 00:30:15: I think that that's going to continue to be an

00:30:15 --> 00:30:19: increase, you know increasing type of build to rent community,

00:30:19 --> 00:30:22: the 55 plus for many reasons, but I think that

00:30:22 --> 00:30:25: be a demographic to add in the next few years.

00:30:26 --> 00:30:29: One last question on demographics, maybe I'll start with you,

00:30:29 --> 00:30:32: Dan, the naysayer in the room may say like, oh,

00:30:32 --> 00:30:35: this is just like an interest rate, like, you know,

00:30:35 --> 00:30:37: hedge strategy for the short term.

00:30:38 --> 00:30:41: Your, your, your strategy is to say there's a, there's

00:30:41 --> 00:30:44: a customer, there's a workforce housing customer that's never going

00:30:44 --> 00:30:46: to be served by the for sale housing market.

00:30:46 --> 00:30:49: And this is sort of the logical long term evolution

00:30:49 --> 00:30:52: of housing provision for middle class Americans.

00:30:52 --> 00:30:55: I mean, I think it, I sort of mentioned it

00:30:55 --> 00:30:57: before, but again, if you look at the ACS data

00:30:57 --> 00:31:00: on, on population, 50% of rentals in the United States

00:31:00 --> 00:31:01: are single family.

00:31:01 --> 00:31:05: So that's of course the way this the data works

00:31:05 --> 00:31:05: there.

00:31:05 --> 00:31:07: Single family means that you know, anything that's 4 units

00:31:07 --> 00:31:08: and below, right?

00:31:08 --> 00:31:11: So I think a single family detached is like 35%,

00:31:11 --> 00:31:14: another 15 or something are the two to fours, right?

00:31:15 --> 00:31:17: That is not a product of interest rates, that is

00:31:17 --> 00:31:19: not a product of the recession.

00:31:19 --> 00:31:22: And I went and looked at the data back to

00:31:22 --> 00:31:24: 1990 and that was true, right?

00:31:24 --> 00:31:28: So the only thing that that rental single family is

00:31:28 --> 00:31:31: a part of the rental store and it always has

00:31:31 --> 00:31:31: been.

00:31:31 --> 00:31:33: My, my partner likes to call it the biggest secret

00:31:33 --> 00:31:34: hiding in plain sight.

00:31:35 --> 00:31:38: The only thing that changed in sort of, you know,

00:31:38 --> 00:31:42: the 2012 ish time was that institutional investors came in

00:31:42 --> 00:31:43: and started doing it.

00:31:43 --> 00:31:47: Right before then, 98% of all those rentals were owned

00:31:47 --> 00:31:50: by somebody who would have had five or fewer as

00:31:50 --> 00:31:51: it was mom and pops.

00:31:51 --> 00:31:54: It's only the institutionalization that's happened.

00:31:54 --> 00:31:55: So I really don't think it's an interest rate.

00:31:56 --> 00:31:59: It is a long term feature of our economy.

00:31:59 --> 00:32:01: And so then there's a question of can we do

00:32:01 --> 00:32:02: it?

00:32:03 --> 00:32:06: You know, can an institutional investor manage it more

00:32:06 --> 00:32:06: efficiently,

00:32:06 --> 00:32:06: right.

00:32:06 --> 00:32:09: We can probably do our repairs more quickly and for

00:32:09 --> 00:32:12: less money because we're not paying retail the way a

00:32:12 --> 00:32:14: mom and pop investor might do it.

00:32:14 --> 00:32:16: There's a lot of we can manage on a, on

00:32:16 --> 00:32:18: a more efficient scale.

00:32:19 --> 00:32:21: And I, I think I wrote one of the earliest

00:32:21 --> 00:32:24: papers through the Urban Institute, you know, in 2015 saying

00:32:24 --> 00:32:25: this is multifamily.

00:32:25 --> 00:32:28: Like it happens to be a slightly different product design,

00:32:28 --> 00:32:32: but cottage apartments and, and high rises are both

00:32:33 --> 00:32:34: multifamily.

00:32:33 --> 00:32:34: You call those multifamily.

00:32:34 --> 00:32:34: This is multifamily.

00:32:35 --> 00:32:37: And so let's look at it the way we look

00:32:37 --> 00:32:38: at multifamily.

00:32:38 --> 00:32:40: Let's they actually give us a financing that we give

00:32:40 --> 00:32:41: to multifamily.

00:32:41 --> 00:32:42: That's a whole other story.

00:32:43 --> 00:32:45: But I, I really, I don't think it's an interest

00:32:45 --> 00:32:46: rate play and.

00:32:47 --> 00:32:50: Shannon, there's maybe a good segue into the capital

00:32:47 --> 00:32:50: markets,

00:32:50 --> 00:32:55: another another type of institutionalization, institutionalization of finance.

00:32:56 --> 00:32:59: Tell us a little bit about how the markets have

00:32:59 --> 00:33:02: opened up and what's driving the like capital interest in

00:33:02 --> 00:33:05: the product and what's the state of play?

00:33:06 --> 00:33:06: Yeah.

00:33:06 --> 00:33:10: So I think starting with the equity side, the investor

00:33:10 --> 00:33:13: half, I think in 2024, we had expected a larger

00:33:14 --> 00:33:18: uptick in activity, which we really didn't see, especially on

00:33:18 --> 00:33:20: ground up construction.

00:33:21 --> 00:33:24: And so that really was what was holding a lot

00:33:24 --> 00:33:25: of projects back.

00:33:25 --> 00:33:27: I mean the debt is there.

00:33:27 --> 00:33:30: I wouldn't say it was extremely easy by any means,

00:33:30 --> 00:33:33: but but the debt was there, it was the investor

00:33:33 --> 00:33:34: hesitation I'd say.

00:33:34 --> 00:33:37: So this year we're starting to see it open up

00:33:37 --> 00:33:38: really for the right deals.

00:33:38 --> 00:33:43: I mean, still very particular about location experience sponsor, still

00:33:43 --> 00:33:46: pretty high, you know, the seven return on cost metric

00:33:46 --> 00:33:50: that everyone wants to see that is really difficult to

00:33:50 --> 00:33:50: get to.

00:33:50 --> 00:33:54: But so we're seeing that activity increase.

00:33:55 --> 00:33:57: We're seeing different strategies as well.

00:33:57 --> 00:34:00: So you know, groups that had been long term developers

00:34:01 --> 00:34:04: have switched their strategy to to, you know, acquisitions like

00:34:04 --> 00:34:07: you had mentioned in the session earlier.

00:34:07 --> 00:34:09: If you can, you know, look at a project across

00:34:09 --> 00:34:12: the street and it's cheaper to buy, you know, that

00:34:12 --> 00:34:14: project than it is to build yours.

00:34:14 --> 00:34:17: They're like, OK, then what are we doing developing right

00:34:17 --> 00:34:19: now, whether that's right or wrong.

00:34:20 --> 00:34:22: And so I think that that'll continue to open up

00:34:22 --> 00:34:23: this year.

00:34:23 --> 00:34:26: We're starting to see new investors in the space, either

00:34:26 --> 00:34:29: smaller family office or money overseas coming in, just seeing

00:34:29 --> 00:34:32: this as an opportunity while some of the institutional groups

00:34:32 --> 00:34:34: are sitting on the sidelines.

00:34:35 --> 00:34:39: And then whether it's institutional or smaller groups, just really

00:34:39 --> 00:34:42: being creative and coming up with some unique structures on

00:34:42 --> 00:34:45: what that looks like rather than just a straight down

00:34:45 --> 00:34:48: the fairway, you know, JV equity play.

00:34:49 --> 00:34:52: So you know, interesting to see how that'll be this

00:34:52 --> 00:34:54: year for acquisitions.

00:34:54 --> 00:34:56: We've seen some of the groups come in and say,

00:34:57 --> 00:35:00: hey, we're going to pay cash for these properties that

00:35:00 --> 00:35:03: are 40% leased up, wait until they, you know, are

00:35:03 --> 00:35:06: fully stabilized and refinanced into an agency loan.

00:35:08 --> 00:35:10: So I think it'll be interesting this year.

00:35:10 --> 00:35:13: I think we're going to see more acquisitions than we

00:35:13 --> 00:35:17: had we had last year and hopefully development in in

00:35:17 --> 00:35:18: certain cases.

00:35:18 --> 00:35:21: But I don't see really rates changing too much.

00:35:21 --> 00:35:23: Construction costs haven't come down.

00:35:23 --> 00:35:26: So, but if you can get capitalized in today's market,

00:35:26 --> 00:35:29: I think you know, in 2627 when you're delivering, if

00:35:29 --> 00:35:32: it's ground up, then you should be in, in, you

00:35:32 --> 00:35:33: know, a good spot.

00:35:33 --> 00:35:37: And and you described that maybe they're on the sidelines,

00:35:37 --> 00:35:41: but the large institutions are are focused on the space

00:35:41 --> 00:35:41: or.

00:35:41 --> 00:35:41: Absolutely.

00:35:42 --> 00:35:44: I think even in in many cases the groups that

00:35:44 --> 00:35:48: we've talked to, they're more bullish on the build rent

00:35:48 --> 00:35:49: space than they are.

00:35:49 --> 00:35:51: That's right, multi family and so.

00:35:51 --> 00:35:53: Some of the reasons that that have come up today.

00:35:53 --> 00:35:56: Oh, yeah, Just, you know, and I think right now

00:35:56 --> 00:35:59: is a little different, but historically, and I think we'll

00:35:59 --> 00:36:01: go back to this, but I think you're going to

00:36:01 --> 00:36:04: see some rent premiums for build a rent over multifamily

00:36:04 --> 00:36:05: in certain markets.

00:36:05 --> 00:36:08: And just again, I mean the lifestyle, the space, the

00:36:08 --> 00:36:12: garages, the ability to entertain, just everything we've already

00:36:12 --> 00:36:15: mentioned

00:36:12 --> 00:36:15: today, they're, they want to be in the space developers

00:36:15 --> 00:36:16: want to develop.

00:36:16 --> 00:36:19: They still, you know, they, everyone wants to be there.

00:36:19 --> 00:36:22: It's just this uncertainty right now of where rates are

00:36:22 --> 00:36:23: going to go.

00:36:23 --> 00:36:25: Our construction costs going to come down are rents, Are

00:36:26 --> 00:36:28: we going to be able to look at trended rents

00:36:28 --> 00:36:29: at any point?

00:36:29 --> 00:36:30: Because right now it's untrended rents.

00:36:30 --> 00:36:35: So I think that it's still, it's not going anywhere.

00:36:35 --> 00:36:36: It's a great space.

00:36:36 --> 00:36:38: It's just I think people are just starting to to

00:36:38 --> 00:36:40: slowly get their feet wet and come back in.

00:36:40 --> 00:36:46: Initially we saw the institutional buyers and, and owners come

00:36:46 --> 00:36:51: in and they wanted to insist on individually plotted sites.

00:36:51 --> 00:36:54: So, you know, they thought that that gave them some

00:36:54 --> 00:36:57: protection on the back end, you know, an exit strategy,

00:36:57 --> 00:37:00: right, So you could sell them individually.

00:37:00 --> 00:37:03: They're a lot more open now to whether it's a

00:37:03 --> 00:37:07: cottage style or even, you know, townhome single tax plat

00:37:07 --> 00:37:09: that operates more like a multifamily.

00:37:09 --> 00:37:12: They're they're certainly embracing it.

00:37:12 --> 00:37:13: Yeah, I agree with that.

00:37:13 --> 00:37:14: And then, oh, go ahead, please.

00:37:15 --> 00:37:17: I just didn't know if you wanted me to touch

00:37:17 --> 00:37:17: on the debt or.

00:37:17 --> 00:37:19: Yeah, I was going to say you touch on the.

00:37:19 --> 00:37:21: Debt, so the debt again, it's not easy by any

00:37:21 --> 00:37:23: means, but I, I think the last 12 to 18

00:37:23 --> 00:37:26: months it's been challenging on construction.

00:37:26 --> 00:37:29: Just banks really pulled out of the market except for

00:37:29 --> 00:37:31: some existing relationships.

00:37:31 --> 00:37:33: We have lower leverage requiring even more equity.

00:37:33 --> 00:37:37: And so you know, it's, it's difficult, but right, I

00:37:37 --> 00:37:41: think now banks we're seeing them open back up, less

00:37:41 --> 00:37:45: deposit requirements, getting more creative on recourse.

00:37:45 --> 00:37:47: The debt funds are still really active.

00:37:47 --> 00:37:51: And then on the permanent side, agencies are still very

00:37:51 --> 00:37:53: much in the space.

00:37:53 --> 00:37:54: They like the space.

00:37:54 --> 00:37:57: I think it's important to note and this is all

00:37:57 --> 00:38:00: entirely, you know, separate conversation I could have, but I

00:38:00 --> 00:38:03: think if you are interested in holding long term, it's

00:38:03 --> 00:38:06: important to make sure that it is a contiguous purpose

00:38:06 --> 00:38:10: built community agencies like to have amenities as many as

00:38:10 --> 00:38:10: possible.

00:38:10 --> 00:38:13: It's not I would say there's a Gray line, but

00:38:13 --> 00:38:16: they do prefer it to be closely related to like

00:38:16 --> 00:38:19: a Class A apartment as you know, as it relates  
00:38:19 --> 00:38:20: to amenities.  
00:38:20 --> 00:38:24: And then lastly, I think HUD and we've talked about  
00:38:24 --> 00:38:27: this too, but right now HUD has been doing build  
00:38:27 --> 00:38:28: around townhomes.  
00:38:28 --> 00:38:31: There's requirements around him, you know, the DTAC or the  
00:38:31 --> 00:38:33: attached component of that.  
00:38:33 --> 00:38:36: And they've recently to change some of their debt service  
00:38:36 --> 00:38:39: coverage requirements to get more leverage on those.  
00:38:39 --> 00:38:42: And right now we're working with HUD closely to see  
00:38:42 --> 00:38:46: if they can embrace the purpose built build direct  
communities,  
00:38:46 --> 00:38:49: whether it's cottage style or detached just because it is  
00:38:49 --> 00:38:52: multifamily, but they're still not quite there.  
00:38:52 --> 00:38:55: But we're hoping maybe this year that HUD can come  
00:38:55 --> 00:38:57: in because it's a really good alternative if you're looking  
00:38:57 --> 00:38:58: to hold long term.  
00:38:59 --> 00:39:01: And your investor base is super diverse.  
00:39:02 --> 00:39:06: Is it, Is there a, an evolving take on this,  
00:39:06 --> 00:39:08: on this business?  
00:39:08 --> 00:39:10: It is incredibly diverse.  
00:39:10 --> 00:39:13: And I was, I was trying while you were talking,  
00:39:13 --> 00:39:15: I was trying to figure out how I can frame  
00:39:15 --> 00:39:17: what the investor base is.  
00:39:17 --> 00:39:20: I mean, and, and I'll be honest, it, it has  
00:39:20 --> 00:39:24: remained relatively constant in the last year, I would say,  
00:39:24 --> 00:39:28: because I think there's this sort of, we're sitting on  
00:39:28 --> 00:39:32: the edge of our chair waiting for what comes next,  
00:39:32 --> 00:39:32: right.  
00:39:32 --> 00:39:37: And I think that our investor groups are, are really  
00:39:37 --> 00:39:38: doing that.  
00:39:38 --> 00:39:42: We're being there are, they're being very deliberate, very  
intentional.  
00:39:43 --> 00:39:48: I think the BTR communities are incredibly attractive for all  
00:39:48 --> 00:39:52: the reasons we've talked about and I and so I  
00:39:52 --> 00:39:56: think it's for us, it's a very deliberate next year  
00:39:56 --> 00:39:59: probably in terms of where we're going and.  
00:40:00 --> 00:40:02: I'll say one thing on investors.  
00:40:02 --> 00:40:05: So we we made a big push for a couple  
00:40:05 --> 00:40:08: of years into the social impact investor world.  
00:40:08 --> 00:40:11: So our first institutional investor was Prudential impact  
investments.

00:40:11 --> 00:40:14: As you know, they put a billion dollars into work  
00:40:14 --> 00:40:18: into impact and they're fantastic Anchor, we have a fund  
00:40:18 --> 00:40:20: that's CRA eligible.  
00:40:20 --> 00:40:21: You guys probably familiar with that.  
00:40:21 --> 00:40:23: We have, you know, equity investments from two of the  
00:40:23 --> 00:40:26: top ten banks and then from one of the biggest  
00:40:26 --> 00:40:29: from Capricorn Investment Group, sort of one of the biggest  
00:40:29 --> 00:40:31: social impact investors in the country.  
00:40:32 --> 00:40:34: And we thought, OK, so we've kind of cracked the  
00:40:34 --> 00:40:35: code, right?  
00:40:35 --> 00:40:38: We're doing the affordable side of this and social impact  
00:40:38 --> 00:40:41: investors in part because they were looking at headlines and,  
00:40:41 --> 00:40:42: and stuff.  
00:40:42 --> 00:40:44: And I think they just were confused.  
00:40:44 --> 00:40:46: They're like, you're doing what like we do multifamily.  
00:40:46 --> 00:40:49: Like I was like, this is multifamily and they're like  
00:40:49 --> 00:40:50: they couldn't figure it out.  
00:40:50 --> 00:40:53: And so in some ways we kind of gave up  
00:40:53 --> 00:40:56: and we now talk with institutional investors.  
00:40:56 --> 00:40:58: And I think if you look at this product, it  
00:40:58 --> 00:41:01: stays for a long time and it throws off cash,  
00:41:01 --> 00:41:01: right?  
00:41:01 --> 00:41:03: So that the natural owner is a pension fund or  
00:41:03 --> 00:41:06: insurance fund and or, or some of the guys who  
00:41:06 --> 00:41:07: intermediate those.  
00:41:07 --> 00:41:10: And we have now had a whole lot more traction  
00:41:10 --> 00:41:15: talking to investors who understand traditional multifamily,  
understand workforce multifamily  
00:41:15 --> 00:41:17: and say, oh, you're doing workforce BTR.  
00:41:17 --> 00:41:17: Yeah, I got it.  
00:41:18 --> 00:41:20: And you don't really have to explain the story to  
00:41:20 --> 00:41:22: them now they all do one to seven, which is  
00:41:22 --> 00:41:22: ridiculous.  
00:41:23 --> 00:41:25: Guys, are you do you say, do you get that  
00:41:25 --> 00:41:26: or do you just say that?  
00:41:27 --> 00:41:28: But you know, we're doing a deal with a  
00:41:29 --> 00:41:31: big institutional, that investor that wants to get into space  
00:41:32 --> 00:41:33: and wants to put a lot of work into BTR  
00:41:33 --> 00:41:36: and they're and, and so it's that's evolved too.  
00:41:36 --> 00:41:37: It's a different flavor.  
00:41:37 --> 00:41:40: It's important to note too, you know, the differences between  
00:41:40 --> 00:41:42: the contained communities and the scattered.

00:41:42 --> 00:41:43: There's different investors for both.

00:41:43 --> 00:41:47: And you're seeing some of the largest institutional groups in

00:41:47 --> 00:41:51: the scattered space that are even building their own projects

00:41:51 --> 00:41:51: now.

00:41:51 --> 00:41:54: And you're seeing some of the Avalon Bay and some

00:41:54 --> 00:41:57: of the largest multi family groups that are also getting

00:41:57 --> 00:41:58: into builder rent.

00:41:58 --> 00:41:59: Yeah, so.

00:42:00 --> 00:42:02: We're, we're kind of moving now into our last topic

00:42:02 --> 00:42:05: and which I think was maybe the most interesting.

00:42:05 --> 00:42:08: And then I wanted to leave some time for questions,

00:42:08 --> 00:42:12: but impact, I mean, maybe provocative take, I think there's

00:42:12 --> 00:42:17: more energy around thinking about our owners, developers

00:42:17 --> 00:42:21: can have

00:42:17 --> 00:42:21: impact on tenant quality of life, safety in, in single

00:42:21 --> 00:42:23: family rental than in multifamily.

00:42:24 --> 00:42:25: Maybe then I'll start with you.

00:42:25 --> 00:42:27: You guys are focused like.

00:42:28 --> 00:42:32: We are, we are and I think, you know, we've

00:42:32 --> 00:42:36: really tried to align our perspective to be committed to

00:42:36 --> 00:42:41: providing the best resident centric experience we can for our

00:42:41 --> 00:42:43: for our residents.

00:42:43 --> 00:42:47: And I think the the commitment to that is challenging

00:42:47 --> 00:42:52: because keep in mind we're scattered site managers, right?

00:42:52 --> 00:42:55: We, we don't have the benefit of an on site

00:42:55 --> 00:42:56: leasing office.

00:42:57 --> 00:43:01: We don't have the benefit of a maintenance person that

00:43:01 --> 00:43:01: is on site.

00:43:02 --> 00:43:06: So there are challenges and that come along with that.

00:43:06 --> 00:43:09: But I think that as we look at our goal

00:43:09 --> 00:43:13: as as a company and, and and certainly as Pradium's

00:43:13 --> 00:43:17: goal is to provide the highest quality resident experience.

00:43:17 --> 00:43:19: So our residents want to stay with us.

00:43:20 --> 00:43:23: And I think and to be to be clear, we

00:43:23 --> 00:43:26: have residents who tell us all the time, I moved

00:43:26 --> 00:43:28: here when my child is 4.

00:43:28 --> 00:43:30: I want my child to stay in the school system

00:43:30 --> 00:43:32: until they graduate from high school.

00:43:32 --> 00:43:36: So we have a responsibility, if that's the goal, to

00:43:36 --> 00:43:39: be able to make that home, the home they want

00:43:40 --> 00:43:43: it to be for that length of time, right.

00:43:43 --> 00:43:47: We are very committed to the renewal, the ongoing



relationship  
00:43:47 --> 00:43:50: that we can have with residents to be.  
00:43:50 --> 00:43:53: And there are challenges obviously as I've mentioned.  
00:43:53 --> 00:43:56: And I think for US, one of the most significant  
00:43:57 --> 00:44:01: challenges is looking at resident stability, how we can provide  
00:44:01 --> 00:44:05: resident stability when a resident is challenged, when they're  
at  
00:44:05 --> 00:44:09: risk, Whatever happens in our lives that put us at  
00:44:09 --> 00:44:13: risk of, of potentially an eviction or any other challenge  
00:44:13 --> 00:44:16: that might come along that would risk their ability to  
00:44:17 --> 00:44:19: continue occupying that property.  
00:44:19 --> 00:44:23: We're engaging with nonprofits in the communities to be in  
00:44:23 --> 00:44:26: the room with a nonprofit and how we can evaluate  
00:44:27 --> 00:44:30: resident risk very early, how we can triage those risks.  
00:44:31 --> 00:44:34: Because as I sit here, it's clear, and you all  
00:44:34 --> 00:44:37: know this being in the multifamily space, the minute we  
00:44:37 --> 00:44:41: file an eviction, someone moves from housing stability to a  
00:44:41 --> 00:44:43: place of being unstably housed.  
00:44:44 --> 00:44:49: So our goal is to make that transition stop.  
00:44:49 --> 00:44:52: We don't want residents filed on.  
00:44:52 --> 00:44:56: We would like to do everything we can with partnerships  
00:44:56 --> 00:44:59: with nonprofits to try and avoid those scenarios.  
00:44:59 --> 00:45:04: So for us, it's a housing stability program that really  
00:45:04 --> 00:45:09: does show our commitment to our residents as as really  
00:45:09 --> 00:45:10: our partners.  
00:45:10 --> 00:45:12: And the business cases.  
00:45:12 --> 00:45:14: In the long run, this saves.  
00:45:14 --> 00:45:18: Oh, I mean, I'm certainly it does because it reduces  
00:45:18 --> 00:45:21: our turn costs, which are significant.  
00:45:21 --> 00:45:25: It reduces clearly legal fees for the impacts that we  
00:45:25 --> 00:45:29: have to, you know, the fees for running residents through  
00:45:29 --> 00:45:31: an eviction process.  
00:45:31 --> 00:45:35: It also frankly, you know, we don't want to be  
00:45:35 --> 00:45:39: the landlord who is in has the most residents in  
00:45:39 --> 00:45:43: Fulton County court on an on an eviction calendar.  
00:45:44 --> 00:45:47: We want to be the landlord who doesn't see residents  
00:45:47 --> 00:45:49: in eviction court, right?  
00:45:49 --> 00:45:52: And because there is to, I mean, I think we  
00:45:52 --> 00:45:55: can all say this pretty clearly, being in the SFR  
00:45:55 --> 00:45:58: industry has reputational challenges, right?  
00:45:58 --> 00:46:01: And, and So what we need to do is find  
00:46:01 --> 00:46:02: every Ave.

00:46:02 --> 00:46:05: we can to show that that we are making a  
00:46:05 --> 00:46:10: positive impact both by providing housing and also the  
investments  
00:46:10 --> 00:46:10: we make.  
00:46:12 --> 00:46:14: And I'll say, you know, we, I guess our firm  
00:46:14 --> 00:46:17: was built from the ground up, sort of pun intended,  
00:46:17 --> 00:46:19: I guess, but to be an impact approach to this,  
00:46:19 --> 00:46:19: right?  
00:46:20 --> 00:46:22: So I mentioned I was at a firm, we dealt  
00:46:22 --> 00:46:24: with a lot of non performing loans, right?  
00:46:24 --> 00:46:26: And you're buying NPLS and it's sort of this piece  
00:46:27 --> 00:46:27: of paper.  
00:46:27 --> 00:46:30: And like now we're buying a house and you know,  
00:46:30 --> 00:46:33: immediately we're like, we're struck by the fact that this  
00:46:33 --> 00:46:36: is a house, somebody lives in this house, right?  
00:46:36 --> 00:46:37: The house is in the community.  
00:46:38 --> 00:46:40: You even you have a responsibility of the person living  
00:46:40 --> 00:46:40: in your house.  
00:46:40 --> 00:46:41: You have a responsibility of the community.  
00:46:41 --> 00:46:43: The house can't be bad.  
00:46:43 --> 00:46:47: So it really started first with us with product, right?  
00:46:47 --> 00:46:49: So we go beyond what the standards have to be.  
00:46:49 --> 00:46:51: I mean, we're going into every house and we used  
00:46:51 --> 00:46:53: to buy much more of a big focus on older  
00:46:53 --> 00:46:53: homes.  
00:46:54 --> 00:46:58: These are like we say we, we are repurposing obsolete  
00:46:58 --> 00:46:59: inventory.  
00:46:59 --> 00:47:02: It's the 9619 sixties inventory.  
00:47:03 --> 00:47:06: We're doing major overall of the plumbing and electrical and  
00:47:07 --> 00:47:10: heating, and we would consider roof and window and  
insulation  
00:47:10 --> 00:47:12: sort of a system.  
00:47:12 --> 00:47:14: You have to go in and do that, right?  
00:47:14 --> 00:47:17: And give somebody a because I mean, I have to  
00:47:17 --> 00:47:19: be proud of the fact someone's going to live in  
00:47:19 --> 00:47:19: that house.  
00:47:20 --> 00:47:22: And you know, that's, that's the first step.  
00:47:22 --> 00:47:23: And then it's like, OK, well, what are we doing  
00:47:23 --> 00:47:24: now that they're in the house?  
00:47:25 --> 00:47:27: And we started doing a raft of resident services, so  
00:47:27 --> 00:47:30: financial literacy training, credit counseling for free.  
00:47:30 --> 00:47:31: A little bit.  
00:47:31 --> 00:47:34: To your point, we thought, OK, the business case, maybe

00:47:34 --> 00:47:36: it reduces our bad debt, maybe it reduced our turnover.

00:47:36 --> 00:47:39: But also it's the right thing to do.

00:47:40 --> 00:47:42: And during COVID, when there was lockdown and my kids

00:47:42 --> 00:47:45: were on Zoom doing school, we're like, OK, what about

00:47:45 --> 00:47:47: all the people live in our homes?

00:47:47 --> 00:47:49: So we got a master account and got free Internet

00:47:49 --> 00:47:51: for every single person who rents from us.

00:47:51 --> 00:47:54: And we can do things like that because we're in

00:47:54 --> 00:47:55: a position to deliver it to them.

00:47:57 --> 00:47:58: We have a program to help the renter who has

00:47:59 --> 00:48:01: gone through credit counseling buy the house from us.

00:48:02 --> 00:48:03: And you know, not everybody.

00:48:03 --> 00:48:06: In fact, the turnover is actually low because there's a

00:48:06 --> 00:48:08: reason a lot of the folks are renting and they

00:48:08 --> 00:48:10: can't necessarily make the transition.

00:48:10 --> 00:48:12: But we're going to bend over backwards to help them

00:48:12 --> 00:48:12: do it.

00:48:13 --> 00:48:15: And if they never buy the house from us and

00:48:15 --> 00:48:18: their credit score still goes from A500 to a 680,

00:48:18 --> 00:48:20: next time they go to get a car loan, they're

00:48:20 --> 00:48:21: in a better spot.

00:48:21 --> 00:48:22: That's a win.

00:48:22 --> 00:48:25: So I think all of that together and that I

00:48:25 --> 00:48:28: loved your point Stability, I mentioned it earlier, it is

00:48:28 --> 00:48:29: good for us.

00:48:29 --> 00:48:31: If you're in the multifamily world, you wouldn't believe what

00:48:31 --> 00:48:32: our turn costs are.

00:48:32 --> 00:48:33: They're way higher.

00:48:33 --> 00:48:35: I mean just painting like it's a much bigger house.

00:48:36 --> 00:48:40: So we don't want turnover, but the family doesn't want

00:48:40 --> 00:48:41: turnover, right?

00:48:41 --> 00:48:43: So if they can stay there a long time, that

00:48:43 --> 00:48:45: is good for the family and the kids.

00:48:45 --> 00:48:48: Being part of one place and and growing up in

00:48:49 --> 00:48:50: a school district is huge.

00:48:51 --> 00:48:53: So, you know, we're one of the banks that came

00:48:53 --> 00:48:54: down who saw what we were doing.

00:48:55 --> 00:48:57: And he looked and he said the house is the

00:48:57 --> 00:48:57: amenity.

00:49:00 --> 00:49:04: I think one other point that is important to make

00:49:04 --> 00:49:08: is as much as Pretium focuses on clearly the management

00:49:08 --> 00:49:13: of the properties under ownership, we also really look at

00:49:13 --> 00:49:18: the opportunity we can create as an investment manager for  
00:49:18 --> 00:49:23: providing and expanding home ownership opportunities,  
which we can all  
00:49:23 --> 00:49:28: agree are we're very challenged to provide at this right  
00:49:28 --> 00:49:28: now.  
00:49:28 --> 00:49:32: And one of the things we've done in Atlanta particularly  
00:49:32 --> 00:49:35: is we've partnered with a nonprofit that has a tremendous  
00:49:35 --> 00:49:39: reputation here, the Atlanta Neighborhood Development  
Corporation.  
00:49:40 --> 00:49:43: And what we are doing is partnering with them in  
00:49:43 --> 00:49:47: providing them a first look at properties that were on  
00:49:47 --> 00:49:52: our list for disposition, giving them an opportunity to take  
00:49:52 --> 00:49:57: a look, evaluate those properties and potentially purchase  
them for  
00:49:57 --> 00:50:01: use in affordable housing, whether it be sale or rental.  
00:50:01 --> 00:50:05: And one in 2024, I think we sold 17 properties  
00:50:05 --> 00:50:09: to the organization and we have two under contract now.  
00:50:09 --> 00:50:11: So the goal is not for our I, I would  
00:50:11 --> 00:50:15: say this pretty clearly from the premium perspective, as much  
00:50:15 --> 00:50:19: as we recognize our commitment to single family rental, we  
00:50:19 --> 00:50:22: also recognize our commitment to doing what we can to  
00:50:22 --> 00:50:26: increase the opportunity for people to purchase homes  
because we  
00:50:26 --> 00:50:29: understand there's a lot of people who want to rent,  
00:50:29 --> 00:50:32: but there's also a lot of people that want the  
00:50:32 --> 00:50:33: opportunity to purchase.  
00:50:34 --> 00:50:34: Anybody.  
00:50:34 --> 00:50:35: Yeah, please.  
00:50:35 --> 00:50:37: I was just going to say good time for questions.  
00:50:37 --> 00:50:37: Linda, how are you?  
00:50:37 --> 00:50:37: Well, good.  
00:50:37 --> 00:50:38: How are you guys?  
00:50:38 --> 00:50:38: Nice to see you.  
00:50:42 --> 00:50:42: Thank you.  
00:50:42 --> 00:50:44: Linda Mandolini with Eden Housing in California.  
00:50:44 --> 00:50:46: In 1996, Eden opened.  
00:50:46 --> 00:50:49: We're an affordable developer only affordable mostly tax  
credit.  
00:50:50 --> 00:50:53: We opened a 150 unit townhome community using the low  
00:50:53 --> 00:50:55: income housing tax credit.  
00:50:55 --> 00:50:58: The stability that you all talk about is exactly what  
00:50:58 --> 00:50:59: we have experienced.  
00:50:59 --> 00:51:01: But I do want to ask you a little bit.

00:51:01 --> 00:51:02: I have two questions.

00:51:02 --> 00:51:03: First is.

00:51:03 --> 00:51:07: Really about the operating expenses, because we looked in the

00:51:07 --> 00:51:10: downturn to buy whole ZIP codes, we went out shopping

00:51:10 --> 00:51:13: and could we buy ZIP codes and we concluded that

00:51:13 --> 00:51:16: buying ZIP codes of single family foreclosed properties, A, we

00:51:16 --> 00:51:19: didn't have access to the right equity, but B, that

00:51:19 --> 00:51:21: the operating cost would crush us.

00:51:21 --> 00:51:23: And so could you talk a little bit about that?

00:51:23 --> 00:51:27: And then secondly, have you seen we've done this in

00:51:27 --> 00:51:30: a multifamily space, We call it a turnkey step in

00:51:30 --> 00:51:33: the shoes transaction where you build a single family for

00:51:33 --> 00:51:36: rent property with us as your partner and then we

00:51:36 --> 00:51:39: step in your shoes and buy the whole thing out

00:51:39 --> 00:51:41: with the tax credit.

00:51:41 --> 00:51:44: Have you all considered that model so you could do

00:51:44 --> 00:51:46: 100% affordable build for rent?

00:51:47 --> 00:51:48: So that's my two questions.

00:51:48 --> 00:51:52: So maybe take the first one, the operating cost challenge,

00:51:52 --> 00:51:55: which has been a challenge maybe to frame the question

00:51:55 --> 00:51:58: like any or are we getting it under control?

00:51:58 --> 00:52:00: Any sense of like that's easing as an issue, maybe

00:52:00 --> 00:52:01: at least a you start?

00:52:02 --> 00:52:04: So I'm not sure if that's scattered site or purpose

00:52:04 --> 00:52:06: built, you know, it's a little different.

00:52:07 --> 00:52:14: Yeah, yeah, that's right.

00:52:14 --> 00:52:18: And and I would say deficiency is the key and,

00:52:18 --> 00:52:22: and the main areas of controllable expenses that we look

00:52:22 --> 00:52:25: at or you know, how are we going to staff

00:52:25 --> 00:52:25: it.

00:52:25 --> 00:52:28: We do have on site staffing, but we have to

00:52:28 --> 00:52:28: be flexible.

00:52:29 --> 00:52:32: Is it a shared staffing or you know, some hybrid

00:52:32 --> 00:52:32: approach?

00:52:33 --> 00:52:38: We have we really work on retention.

00:52:38 --> 00:52:41: So whether it's the the feel good about, you know,

00:52:41 --> 00:52:43: not having them, you know, kicked out or just we

00:52:43 --> 00:52:45: don't want them to move out regardless.

00:52:45 --> 00:52:49: And and we really focus on I think we have

00:52:49 --> 00:52:53: under 30% turnover, which is pretty successful.

00:52:54 --> 00:52:59: Those are two of your big biggest cost assessments need

00:52:59 --> 00:53:04: out that for operating a non operating expense for but

00:53:04 --> 00:53:05: taxes are hard.

00:53:05 --> 00:53:07: I'm not that's not my gig.

00:53:08 --> 00:53:13: But insurance we do Greystar did create a separate insurance

00:53:13 --> 00:53:15: master insurance program.

00:53:15 --> 00:53:19: So we offer that to our clients and it's really

00:53:19 --> 00:53:22: you know, we have 200,000 units on our our multifamily

00:53:22 --> 00:53:26: program and you know, 20 communities on, on the single

00:53:26 --> 00:53:28: family detachment specific.

00:53:28 --> 00:53:33: So trying to attach or approach the efficiency.

00:53:33 --> 00:53:36: I don't know about purchasing for a purchase of All.

00:53:36 --> 00:53:39: Mean so just to your scattered 1, I think it

00:53:39 --> 00:53:41: I'd even bifurcate that a little bit, right?

00:53:41 --> 00:53:43: If you're talking about buying entire zip codes, first of

00:53:43 --> 00:53:45: all, I don't think you can, right, because I spent

00:53:45 --> 00:53:47: a lot of time with neighborhood housing services in Chicago

00:53:47 --> 00:53:49: and I remember touring neighborhoods and everything's foreclosed, right?

00:53:49 --> 00:53:51: And they said we're going to buy entire blocks.

00:53:51 --> 00:53:54: You can't really do it right because nobody owns entire

00:53:54 --> 00:53:55: blocks.

00:53:55 --> 00:53:58: Getting through the chain of title is shockingly hard, even

00:53:58 --> 00:53:59: working with the city.

00:54:00 --> 00:54:02: But if you were to buy but and I, I'd

00:54:02 --> 00:54:05: say it's a Tale of two cities because there's kind

00:54:05 --> 00:54:07: of what we do, which may be close to what

00:54:07 --> 00:54:07: you do.

00:54:07 --> 00:54:09: There's maybe a little what Pretium does and which is

00:54:09 --> 00:54:11: a little different and for two reasons.

00:54:11 --> 00:54:14: So Pretium has way more scale than we will ever

00:54:14 --> 00:54:17: have and within you and that is huge.

00:54:17 --> 00:54:18: You need it.

00:54:18 --> 00:54:20: Until you have the scale they have, it's going to

00:54:20 --> 00:54:20: be really hard.

00:54:21 --> 00:54:24: The second thing is Predium typically buys a newer vintage

00:54:24 --> 00:54:25: home than we do.

00:54:26 --> 00:54:30: When we're doing the 19601970 home, the operating costs are

00:54:30 --> 00:54:34: going to clobber you more than you can ever imagine.

00:54:34 --> 00:54:35: It's one of the reasons we're not doing.

00:54:37 --> 00:54:37: Right.

00:54:37 --> 00:54:39: Well, and, and, and so that, and so you might  
00:54:39 --> 00:54:40: be right, right.  
00:54:40 --> 00:54:42: As much as you go in and you think, oh  
00:54:42 --> 00:54:45: gosh, OK, we're going to completely redo this home and  
00:54:45 --> 00:54:47: we do and we're going to harden it and we  
00:54:47 --> 00:54:47: do.  
00:54:48 --> 00:54:50: It's, it's harder than like it's not a great thing.  
00:54:50 --> 00:54:53: So I think the newer vintage homes, which is where  
00:54:53 --> 00:54:56: the premiums kind of went and their scale because they,  
00:54:56 --> 00:54:58: even though you know, you're buying one at a time,  
00:54:58 --> 00:55:01: end up with a whole lot more concentration.  
00:55:02 --> 00:55:05: That's a way to do it, I would say.  
00:55:05 --> 00:55:06: Not for the faint of heart.  
00:55:06 --> 00:55:08: I don't know that it's something that you want to  
00:55:08 --> 00:55:08: take on.  
00:55:08 --> 00:55:09: That would be my suggestion.  
00:55:09 --> 00:55:11: Fascinated with your live tech idea?  
00:55:12 --> 00:55:14: Yeah, I was going to address, I think it would  
00:55:14 --> 00:55:17: be exciting if you could do pre occupancy take outs.  
00:55:18 --> 00:55:19: I mean to speak out of both sides of my  
00:55:19 --> 00:55:22: mouth on the one hand like it's competitive, like you  
00:55:22 --> 00:55:23: know, you really would have to be aggressive.  
00:55:24 --> 00:55:26: On the other hand, I think it would be the  
00:55:27 --> 00:55:30: the yield is still higher than on a multi family  
00:55:30 --> 00:55:31: by like that.  
00:55:31 --> 00:55:33: So like, you know, the tax credits would go far.  
00:55:33 --> 00:55:35: I think tax credits would go far.  
00:55:35 --> 00:55:38: It depends also on your your housing finance agency  
00:55:38 --> 00:55:39: because  
00:55:38 --> 00:55:39: they get all completely there.  
00:55:39 --> 00:55:43: We tried it once and they got completely confused.  
00:55:43 --> 00:55:45: Whether this is single family or multi family that might  
00:55:45 --> 00:55:45: be tricky.  
00:55:46 --> 00:55:47: It's solvable.  
00:55:48 --> 00:55:50: It depends on the Housing Finance Agency.  
00:55:50 --> 00:55:51: Right.  
00:55:56 --> 00:56:01: Yeah, yeah.  
00:56:09 --> 00:56:10: I think it would be great and you would probably  
00:56:11 --> 00:56:13: do the smaller product and you'd make it tailored and.  
00:56:13 --> 00:56:14: Let's take one on this side.  
00:56:14 --> 00:56:15: We got a lot of questions, sure.  
00:56:16 --> 00:56:17: For Dan, try to be specific.

00:56:17 --> 00:56:21: So for your attainable product, let's say more location centric  
00:56:21 --> 00:56:23: as opposed to outskirts.  
00:56:24 --> 00:56:27: Typical land size, typical units per acre and typical amenities,  
00:56:27 --> 00:56:30: if any, that you want to proceed necessary to provide  
00:56:30 --> 00:56:32: in that kind of project.  
00:56:32 --> 00:56:34: So if you're going to be close in, not as  
00:56:34 --> 00:56:36: much as sort of I think the answer right.  
00:56:36 --> 00:56:38: So my, my, my partner is the architect and I  
00:56:38 --> 00:56:41: like I know spreadsheets, he knows hammers.  
00:56:41 --> 00:56:44: He maxed out at 40 units fee simple per acre,  
00:56:44 --> 00:56:47: which some people don't believe can happen.  
00:56:47 --> 00:56:48: And he likes to show them pictures.  
00:56:49 --> 00:56:51: But that was in downtown DC, like near the stadium.  
00:56:51 --> 00:56:53: And like, OK, you can do that because someone will  
00:56:53 --> 00:56:55: buy that product and they sold really well.  
00:56:55 --> 00:56:56: You're not going to get that density.  
00:56:56 --> 00:57:00: Like I'm not even close if you're in a in  
00:57:00 --> 00:57:02: town ish area.  
00:57:02 --> 00:57:06: I mean, you know, I don't know if we're doing,  
00:57:06 --> 00:57:09: I guess single family detached.  
00:57:09 --> 00:57:11: I mean, if you hit like, I don't know, 10  
00:57:11 --> 00:57:13: an acre, you'd probably be pretty darn happy.  
00:57:13 --> 00:57:15: I mean, and I guess I'm asking for you guys  
00:57:15 --> 00:57:18: from an investment size like three to five acres, you  
00:57:18 --> 00:57:18: know, 3 to 15.  
00:57:18 --> 00:57:20: So we will, we will do smaller.  
00:57:21 --> 00:57:23: So we could do, I mean, because on three acres  
00:57:23 --> 00:57:25: we'll put a lot of houses and if it's in  
00:57:25 --> 00:57:27: a place where you can do the kind of density  
00:57:27 --> 00:57:30: because first of all, zoning will let you and also  
00:57:30 --> 00:57:32: because people would want to live in that kind of  
00:57:32 --> 00:57:33: product there.  
00:57:33 --> 00:57:34: Yeah.  
00:57:34 --> 00:57:35: If you guys, if you have a bunch of three  
00:57:35 --> 00:57:37: acre lots, we'd love to talk to you.  
00:57:38 --> 00:57:38: Let's go over here.  
00:57:39 --> 00:57:42: Yeah, I just want to say, well, first of all,  
00:57:42 --> 00:57:43: I, I'm Jamie Smart.  
00:57:43 --> 00:57:46: I'm the CEO of the New York City Housing Partnership.  
00:57:46 --> 00:57:48: You all are blowing my mind right now.  
00:57:49 --> 00:57:49: I am.  
00:57:49 --> 00:57:50: Really in a good way, we hope.



00:57:51 --> 00:57:51: Yes.

00:57:53 --> 00:57:54: First of all, is it possible?

00:57:54 --> 00:57:57: Can you come see some of these type cottage?

00:57:57 --> 00:57:58: You should.

00:57:58 --> 00:58:01: See them, You should really love to, it's an education.

00:58:02 --> 00:58:02: There's a corner.

00:58:02 --> 00:58:06: There's a corner in Phoenix that has I think three

00:58:06 --> 00:58:09: of the four corners is a different type of cottage

00:58:09 --> 00:58:12: and then halfway like half a mile away is enough.

00:58:12 --> 00:58:16: Is 1/4 happy to to tour around maybe?

00:58:16 --> 00:58:18: It's a good chance this used to be sort of

00:58:18 --> 00:58:22: like a sunbelt product, but actually like you'll be surprised

00:58:22 --> 00:58:23: how much you find in the north.

00:58:23 --> 00:58:27: I would say, I mean, obviously it's not appropriate for

00:58:27 --> 00:58:31: Manhattan, but we have areas of Queens and Staten Island

00:58:31 --> 00:58:33: that we work in where I just think as a

00:58:33 --> 00:58:36: matter of policy, the city is not built a three

00:58:36 --> 00:58:38: bedroom anything for decades.

00:58:39 --> 00:58:41: And there's so much pent up demand, you would not

00:58:41 --> 00:58:42: believe it.

00:58:42 --> 00:58:45: I mean, New Yorkers are already paying half their income

00:58:45 --> 00:58:48: for rent and they think that, well, why I'm paying

00:58:48 --> 00:58:51: all this rent, but I'm getting no amenities whatsoever, not

00:58:51 --> 00:58:52: getting any new product.

00:58:53 --> 00:58:56: So it's really something that I think would explode with

00:58:56 --> 00:58:58: the right connections.

00:58:58 --> 00:59:02: New York, NY has very generous real estate tax benefits

00:59:02 --> 00:59:05: that take your investment down to 0 in, in terms

00:59:05 --> 00:59:07: of like having to pay taxes.

00:59:08 --> 00:59:11: And New York also has its own rent voucher program

00:59:11 --> 00:59:14: that that is above and beyond Section 8 because we

00:59:14 --> 00:59:18: all know that there's five people waiting for Section 8,

00:59:18 --> 00:59:20: everyone Section 8 voucher.

00:59:20 --> 00:59:22: So New York is actually added to that.

00:59:22 --> 00:59:22: Interesting.

00:59:23 --> 00:59:25: So I'd love to follow up, yeah.

00:59:25 --> 00:59:28: Please come up everyone, one and one and one and

00:59:28 --> 00:59:28: maybe one.

00:59:29 --> 00:59:30: My name is Micah.

00:59:30 --> 00:59:33: With Ronco Construction, you're actively doing build for rent

00:59:33 --> 00:59:37: projects.

00:59:33 --> 00:59:37: My question for Shannon and Lisa is how much of

00:59:38 --> 00:59:42: your guys's stuff or is it modular versus stick framed  
 00:59:42 --> 00:59:44: and what so for?  
 00:59:44 --> 00:59:46: US pre construction went through all the headache in the  
 00:59:46 --> 00:59:49: nuts and bolts is still is more cost effective to  
 00:59:49 --> 00:59:51: stick, frame and train our trade partners.  
 00:59:51 --> 00:59:54: That's basically an apartment complex knocked over with  
 four walls.  
 00:59:54 --> 00:59:55: Modular still doesn't make sense.  
 00:59:55 --> 00:59:57: And you're like, why does it not make sense?  
 00:59:57 --> 01:00:00: Well, you got to put it on a semi, pay  
 01:00:00 --> 01:00:01: extra shipping cost.  
 01:00:01 --> 01:00:06: And then also, what is your guys's approach to EV  
 01:00:06 --> 01:00:08: charging stations?  
 01:00:08 --> 01:00:11: Like do you have a certain number of EV charging  
 01:00:11 --> 01:00:13: stations per 100 parking stalls?  
 01:00:13 --> 01:00:15: Or is that something that residents get concerned about if  
 01:00:16 --> 01:00:18: they, you know, everybody's driving a Tesla, so move to  
 01:00:18 --> 01:00:20: move to modular construction.  
 01:00:20 --> 01:00:21: Is there any energy around it?  
 01:00:21 --> 01:00:23: But not in the built to rent space.  
 01:00:23 --> 01:00:26: I think because of those, you know, outskirt location.  
 01:00:26 --> 01:00:32: Greystar does have a modular factory in Pennsylvania.  
 01:00:32 --> 01:00:33: We're building our first multifamily.  
 01:00:33 --> 01:00:36: So it's a stacked and, and you're right, you, you  
 01:00:36 --> 01:00:38: lose efficiency when you, you know, put it on a  
 01:00:38 --> 01:00:39: truck.  
 01:00:39 --> 01:00:42: But you know, we're we, we can get some density  
 01:00:42 --> 01:00:47: and we're trying to figure out the, the logistics between  
 01:00:47 --> 01:00:50: the transportation for the EV charging.  
 01:00:50 --> 01:00:52: You know, most of ours have a garage and we  
 01:00:52 --> 01:00:55: just try to say makes you don't even have to  
 01:00:55 --> 01:00:58: provide a wall pack, but maybe that you have whatever,  
 01:00:58 --> 01:00:59: you know, 240 amps.  
 01:00:59 --> 01:01:01: So, you know, someone can bring their own kind of  
 01:01:01 --> 01:01:02: wall pack.  
 01:01:02 --> 01:01:06: I would just add too, from my perspective we're getting  
 01:01:06 --> 01:01:10: a lot of requests for modular, you know new projects.  
 01:01:10 --> 01:01:13: I'd think that the only hold up that we've had  
 01:01:13 --> 01:01:16: is that there are a lot of lenders that just  
 01:01:16 --> 01:01:18: can't wrap their head around it.  
 01:01:18 --> 01:01:20: And so it's more on the, hey, can you get  
 01:01:20 --> 01:01:20: a loan?

01:01:20 --> 01:01:22: Can you help us get a loan?

01:01:22 --> 01:01:24: And then the lenders are like, I don't know, like,

01:01:24 --> 01:01:25: you know, I don't know if I want to do

01:01:25 --> 01:01:26: this, but I did.

01:01:26 --> 01:01:28: You were talking with a new term.

01:01:28 --> 01:01:31: I guess it's MTR now, modular for rent or modular

01:01:31 --> 01:01:34: to rent is, you know, everyone's using that too.

01:01:34 --> 01:01:37: So I think between I think it'll become more popular.

01:01:37 --> 01:01:39: I just, I think it's educating some of the lenders

01:01:39 --> 01:01:40: on being comfortable.

01:01:40 --> 01:01:42: I have one other thing just for a shameless.

01:01:42 --> 01:01:43: Plug I do have a.

01:01:43 --> 01:01:45: Built for rent comp sheet anybody wants?

01:01:45 --> 01:01:46: To look at it, I'll.

01:01:47 --> 01:01:47: Send it to you.

01:01:47 --> 01:01:48: Maybe the last one, I'm sorry.

01:01:49 --> 01:01:50: I'll try to be quick.

01:01:50 --> 01:01:53: I'm Jonathan Gilbert with KB Advisory Group here in Atlanta.

01:01:53 --> 01:01:56: We do a lot of market analysis, market research and

01:01:56 --> 01:01:58: supply and demand analysis around housing.

01:01:58 --> 01:02:00: It seems that a lot of the conversation we have

01:02:00 --> 01:02:03: in this space is about either build to rent or

01:02:03 --> 01:02:04: institutional ownership.

01:02:04 --> 01:02:07: But it seems that a huge part of the market

01:02:07 --> 01:02:11: out there, especially for the natural occurring affordable stuff,

01:02:11 --> 01:02:14: is

01:02:14 --> 01:02:14: mom and pop operated and owned stuff where people own

01:02:15 --> 01:02:17: 236 units.

01:02:17 --> 01:02:20: And those are really, really hard to track through the

01:02:20 --> 01:02:21: traditional data sources because they don't register with

01:02:21 --> 01:02:23: whoever that

01:02:23 --> 01:02:25: data source is.

01:02:25 --> 01:02:28: Do you all have an idea of how big the

01:02:28 --> 01:02:30: market is of total single family rentals, How much of

01:02:30 --> 01:02:31: it is owned by small mom and pop operators?

01:02:31 --> 01:02:35: And what data sources do you guys go to for

01:02:35 --> 01:02:43: that info?

01:02:43 --> 01:02:49: I have some data, John Burns maybe a competitor.

01:02:49 --> 01:02:50: Anyway they have 16,000,000 renting homes, 7.5 million

01:02:50 --> 01:02:53: renting townhomes

01:02:53 --> 01:02:55: and all except 2% are only 2% are are institutionally

01:02:55 --> 01:02:57: managed.

01:02:57 --> 01:02:59: So the vast majority are going to be mom and

01:02:53 --> 01:02:54: pops.  
01:02:54 --> 01:02:55: And that was to your point I would.  
01:02:55 --> 01:02:57: Have said 4% at this point, but it's probably that's  
01:02:57 --> 01:02:58: the order of magnitude like in.  
01:02:58 --> 01:02:59: Low single.  
01:02:59 --> 01:03:00: Digit, it is tiny.  
01:03:00 --> 01:03:01: It is tiny.  
01:03:01 --> 01:03:01: OK.  
01:03:01 --> 01:03:02: And I'm I'm guessing.  
01:03:02 --> 01:03:03: We're going to let people go.  
01:03:03 --> 01:03:07: 3 quick takeaways like I think I hope just how  
01:03:07 --> 01:03:11: dynamic and fast moving this industry is comes across.  
01:03:12 --> 01:03:14: I really was driven by the OR or inspired by  
01:03:14 --> 01:03:17: the idea about like this is about the quality of  
01:03:18 --> 01:03:21: the housing meeting life stage and not really so much  
01:03:21 --> 01:03:22: about affordability.  
01:03:23 --> 01:03:26: And lastly, I really do hope people, you know, kind  
01:03:26 --> 01:03:29: of are, are impressed with the energy around figuring out  
01:03:29 --> 01:03:32: how to do the right thing because it's the right  
01:03:32 --> 01:03:35: thing from a business point of view and it's the  
01:03:35 --> 01:03:38: right thing from a owners perspective.  
01:03:38 --> 01:03:41: And it's exciting to see these green shoots.  
01:03:41 --> 01:03:42: Thank you.  
01:03:42 --> 01:03:45: This is a terrific group of experts and I hope  
01:03:45 --> 01:03:48: everybody got something out of it today.

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