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RESEARCH REPORT

RISING SINGLE-FAMILY RENTAL
AND BUILT-FOR-RENT MARKET



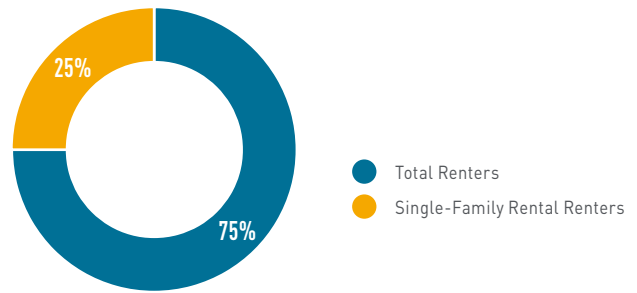
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RISING SINGLE-FAMILY RENTAL AND BUILT-FOR-RENT MARKET

Despite fluctuating interest rates over the past year, housing demand has continuously exceeded the amount of available supply on the market. In February 2023, the average new home net sales rate across the nation was 3.4 units per community, according to the Burns Home Builder Survey. Though this is lower than the two previous years, it still remains above pre-pandemic levels, despite mortgage payments being up 26.6% year over year.

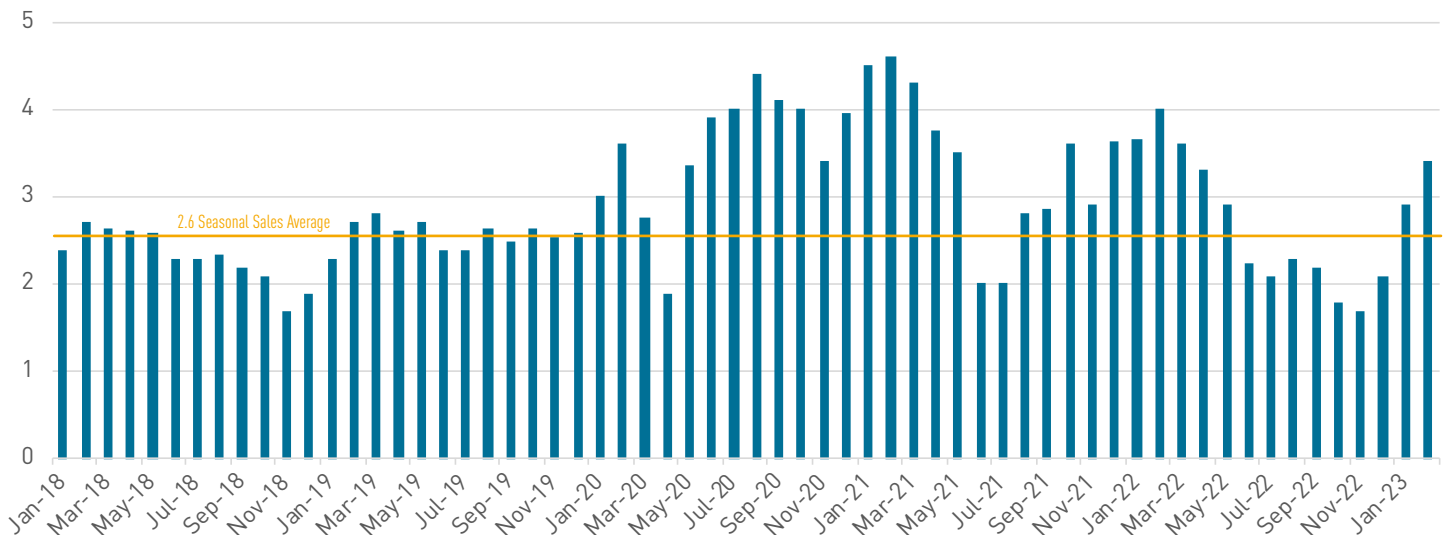
Given the strong housing demand and temperamental economy over the past few years, homebuilders have turned to built-for-rent (BFR) options. The new BFR product is considered safer and better performing as builders accommodate people who are choosing to rent rather than buy. BFR is among the fastest growing and best-performing asset classes within commercial real estate. Of the 47 million renters across the nation, 32% live in single-family rentals.

Total SFR Renters



BFR demand has been growing, with more people being priced out of homeownership and wanting more space than what some apartments offer. In the fourth quarter of 2022, there were about 17,000 single-family (SFR) and built-for-rent (BFR) starts, 6% higher compared to 4Q21. Overall, 69,000 SFR and BFR homes began construction in 2022, which is a 33% increase compared to the 52,000 estimated starts in 2021.

Average New Home Net Sales Rate per Community

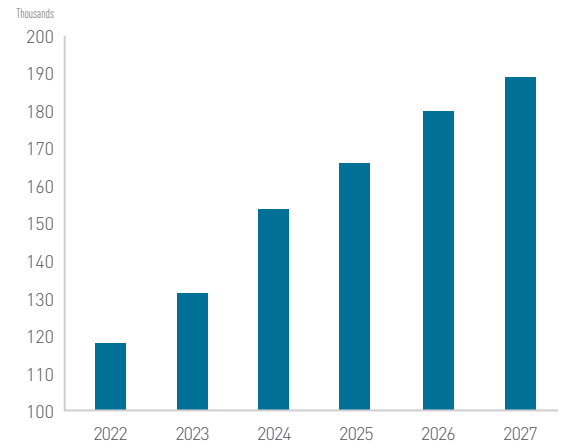




Five-Year Forecast

Though single-family home starts were down 13.1% annually in February, BFR production is predicted to outpace last year. Despite rising interest rates, the number of BFR units delivered is projected to grow 21% this year. Looking ahead, BFR development is projected to ramp up in the next five years, according to the Hunter Housing Economics Forecast. By 2027, BFR starts are projected to reach 188,000.

Annual U.S. BFR Starts



Florida Markets

At the beginning of 2023, Mosaic announced its plan to launch built-for-rent general contracting operations in Florida. Operations will be based in Tampa but will serve new BFR communities throughout the state, including Orlando and Jacksonville.

The Florida markets are ideally positioned to support incoming BFR and multifamily development. Multiple Florida metros experienced annual effective rent increases of over 20% and high net in-migration, piquing builders' interest in multifamily and BFR development.

Among the Florida markets, developers are beginning multimillion-dollar projects. In Tampa, ResiBuilt is investing in \$22 million BFR development, and Wolfson Development broke ground in early January on a 214-unit BFR project in Orlando.

Meanwhile, Orlando, Tampa, and Jacksonville are projected to have an influx of apartments. Between the three markets, over 31,300 units are predicted to come online in 2023 with nearly half of them in Orlando.

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