Houlihan Lokey



Single-Family Rental (SFR) Market Update

October 2026

The 21st Century ROAD to Housing Act

Since 2011, following the global financial crisis, chronic underbuilding has pushed the median U.S. home price up 77% to roughly $403,000, now requiring a household income of $116,780 to afford—well above what most Americans earn. This affordability crisis is why Congress took up the bill, and institutional investors drew significant regulatory scrutiny within that debate, with policymakers and bill sponsors pointing to their visible concentration in certain metros as justification for restricting them, even though several economists argue the actual effect on affordability—even in those markets—remains limited.

Jul. 29, 2025
Senate Banking Committee advances its own bill, S. 2651 (ROAD to Housing Act), 24-0. This is a Senate-only effort; the House has not yet introduced anything comparable.

Oct. 9, 2025
Full Senate passes S. 2651 unanimously. This version is purely about housing supply and affordability; it does not yet touch institutional investors at all.

Dec. 17, 2025
The House starts writing its own separate bill, H.R. 6644 (Housing for the 21st Century Act), advancing it out of committee 50-1. Two competing bills now exist: one per chamber.

Jan. 20, 2026
Trump signs Executive Order 14376, directing the Treasury to draft rules restricting large institutional investors from buying single-family homes; this sets the template that neither bill has yet.

Feb. 9, 2026
House passes its own bill, H.R. 6644, 390-9. Still two separate bills, and neither one yet includes any institutional-investor restrictions.

Mar. 12, 2026
The Senate takes up H.R. 6644, replacing its text with a combined version incorporating both chambers' priorities and Trump's investor restrictions, including a seven-year forced-sale rule for BTR investors. From here on, there is only one bill.

Apr.–May 2026
A survey of 14 major operators (ResiClub) finds ~6,000 BTR units delayed or canceled; developers are pausing deals to see how the Senate's proposed seven-year rule will play out.

May 20, 2026
The House, which never wrote the investor restrictions itself, objects to the seven-year forced-sale rule and amends H.R. 6644 to strip it out entirely.

Jun. 22–23, 2026
With the House's changes incorporated, the Senate passes the final, reconciled bill 85-5, and the House passes the identical text 358-32.

Jul. 11, 2026
Trump lets the constitutional 10-day signing window lapse without acting, so the bill becomes law automatically, without his signature.

Jan. 7, 2027
Effective date of the institutional investor restrictions.

What the Act Does

- Defines a "large institutional investor" as an entity controlling 350 or more single-family homes, capturing direct ownership, primary management authority, or holding more than a 25% equity stake in a property-owning joint venture.
- The Acquisition Ban: Freezes the traditional "scattered-site" acquisition model, legally barring institutional capital from purchasing additional existing single-family homes defined as 1–2 unit dwellings, subject to certain excepted purchases.
- Protects existing portfolios, applying the acquisition ban strictly to future, nonexempt purchases.
- Imposes civil penalties of up to $1,000,000 per violation or three times the property's purchase price, while establishing a HUD-administered national renter outreach resource for tenant dispute resolution.

Excepted Purchases (Still Permitted)

- Build-to-Rent (BTR): Acquisition and development of newly constructed single-family rental communities.
- Portfolio Transfers: Bulk sales of grandfathered or legally acquired portfolios directly to other institutional buyers.
- Renovate-to-Rent: Purchasing substandard homes that require immediate capital improvements equal to at least 15% of the purchase price.
- Homeownership Programs, Two Distinct Pathways: One requires credit-bureau rent reporting plus meaningful financial support toward the renter's eventual purchase. A separate program adds a 30-day right of first refusal (ROFR) alongside the rent reporting requirement.

Removed in the Final Bill

- Seven-Year Forced Sale, Removed: The original Senate mandate forcing institutions to sell BTR properties within seven years of construction was stripped entirely; BTR communities can now be held for the investor's intended investment horizon with no forced disposition timeline.
- BTR Tenant Protections: The renter "first-look" and ROFR requirement was removed specifically from the BTR exception, treating BTR similarly to traditional multifamily properties.
- Mandatory Divestment: Provisions requiring institutional owners to liquidate existing portfolios were entirely rejected, legally shielding grandfathered assets from forced sales.

Sources: H.R. 6644, CBS News, Federal Reserve Bank of St. Louis, Redfin, TIME, CARH, U.S. Senate Committee on Banking, Housing, and Urban Affairs, Bipartisan Policy Center, Federal Register, House Financial Services Committee, Latham & Watkins, GlobeSt., ResiClub, NBC News, CNN, Baker Botts LLP, HousingWire.
Note: The legislative milestones and timelines are for illustrative purposes only. They do not represent enacted law or guaranteed future regulatory developments.

One Threshold, Two Realities—The 350-Home Cliff

A single 350-home threshold falls on unequal players—a rounding error for scaled platforms, a hard cliff for smaller operators, and a tailwind for consolidation.

One Threshold, Uneven Impact

- **Compliance Costs Are Fixed, Not Scaled:** New HUD reporting, renter-notice, and dispute-resolution requirements cost little at the bottom line for operators with existing investor-grade infrastructure (Progress Residential, BX, INVH, AMH), but represent a first-time build for smaller entities crossing the 350-home line.
- **Grandfathering Locks in Today's Gap:** No divestment requirement; existing portfolios are fully protected, and Treasury is statutorily barred from tightening the definitions or threshold administratively.
- **Growth Channels Reward Capital, Not Just Compliance:** BTR development, portfolio transfers, and renovate-to-rent remain legally open to any operator, but exploiting them takes capital that most smaller operators do not have. The Act's exceptions are scale-neutral on paper; in practice, they mainly benefit operators who already have investment-grade access to the unsecured debt market, leaving smaller entities with fewer alternatives once their scattered-site channel is closed.
- **One Rule, Two Realities:** The 350-home threshold applies identically to household names and smaller entities alike—"institutional by law," not by brand. A uniform rule falling on unequal starting positions produces a divergent outcome: a hard cliff for an operator near the line, a rounding error for a platform already scaled well past it.

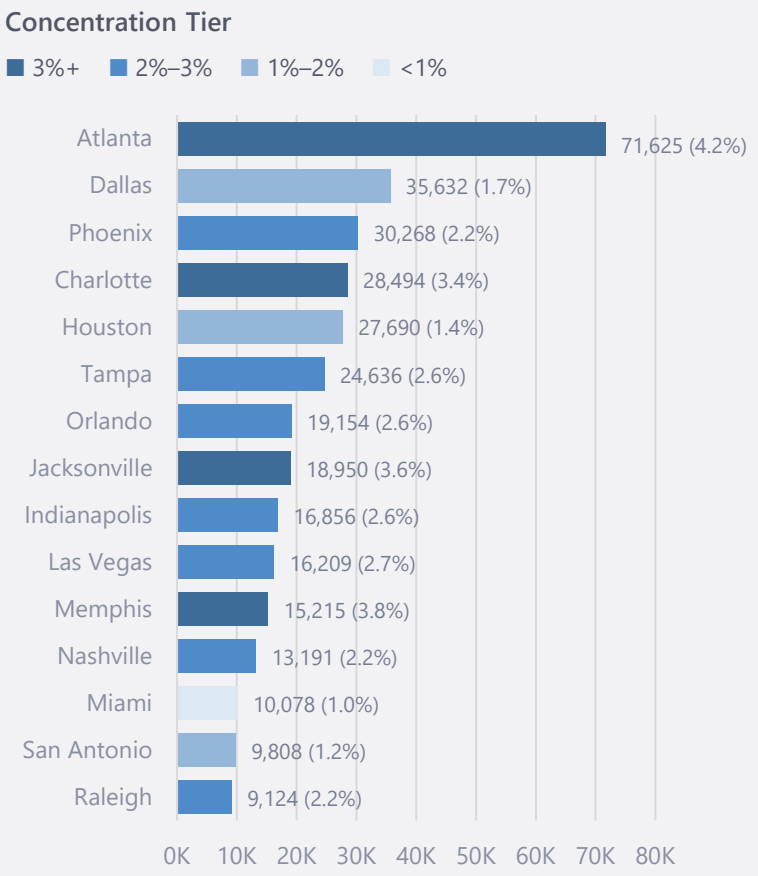
Takeaways

- **The Window to Watch:** AMH's CEO, Bryan Smith, expects consolidation activity to "play out over the next 12–18 months" as smaller operators adjust to the new legislation and become realistic on pricing—a signal that today's early, low-volume deal activity is likely to accelerate rather than fade.
- **Consolidation Still Permitted:** Large institutions can acquire other large institutions' portfolios outright, potentially accelerating industry consolidation rather than slowing it. Early evidence supports this: Scott Eisen, INVH's CIO, reports smaller portfolios in the sub-$100 million range coming to market post-passage, though no large transactions have priced yet.
- **Capital Is Rotating Into the Open Channels:** The tell is not net selling; both INVH and AMH have recycled scattered-site capital for years. Rather, it is the post-Act outlook. INVH raised full-year disposition guidance by $300 million to an $850 million midpoint while leaving acquisitions unchanged; AMH's ~$380 million of 1H 2026 net disposition proceeds have it tracking to the upper half of its $400 million – $600 million range, match-funding development. With the acquisition channel closing in January 2027 and grandfathered portfolios now hard to replicate, both REITs are steering capital toward development, lending, and consolidation—the channels the law leaves open.

Sources: H.R. 6644, Baker Botts LLP, John Burns Real Estate Consulting, Forbes, Parcl Labs, INVH Q2 2026 earnings call (July 30, 2026), AMH Q2 2026 earnings call (July 31, 2026).

Where 350+ Portfolio Investors Own the Most Single-Family Homes

Even in Atlanta, the most concentrated metro nationally, 350+ home investors own just 4.2% of single-family stock; most major metros sit at 1%–3%.



> These additional regulations, I think, are going to make that more difficult.
>
> – Bryan Smith, CEO, AMH, on subscale operators reliant on MLS acquisition

Supply Overview

Deliveries hit their highest level since 2006 in 2024, but single-family construction has corrected sharply since—down 7.2% in 2025 and another 4.7% year-to-date through August 2026.

Record Deliveries in 2024

2024 completions reached

1.63 million

units (up 12.4% YoY), the most since 2006.

↓

Single-family completions rose to

1.02 million

homes (+2.2%) and single-family starts reached

1.01 million

(+6.5%)—the second-highest total since 2007.

The 2025 Correction

Single-family starts fell to

939,700

units, down 7.2% from 2024, with permits down a similar 7.1% to 911,900.

↓

Yet, total starts only slipped

0.8%

because multifamily starts rose 17.5% over the same period, **suggesting the pullback is concentrated in single-family**, not broad-based.

2026 Off to a Slower Start

Single-family starts totaled

625,600

units through August 2026, down 4.7% from a year earlier; completions fell 11.7% to 580,900.

↓

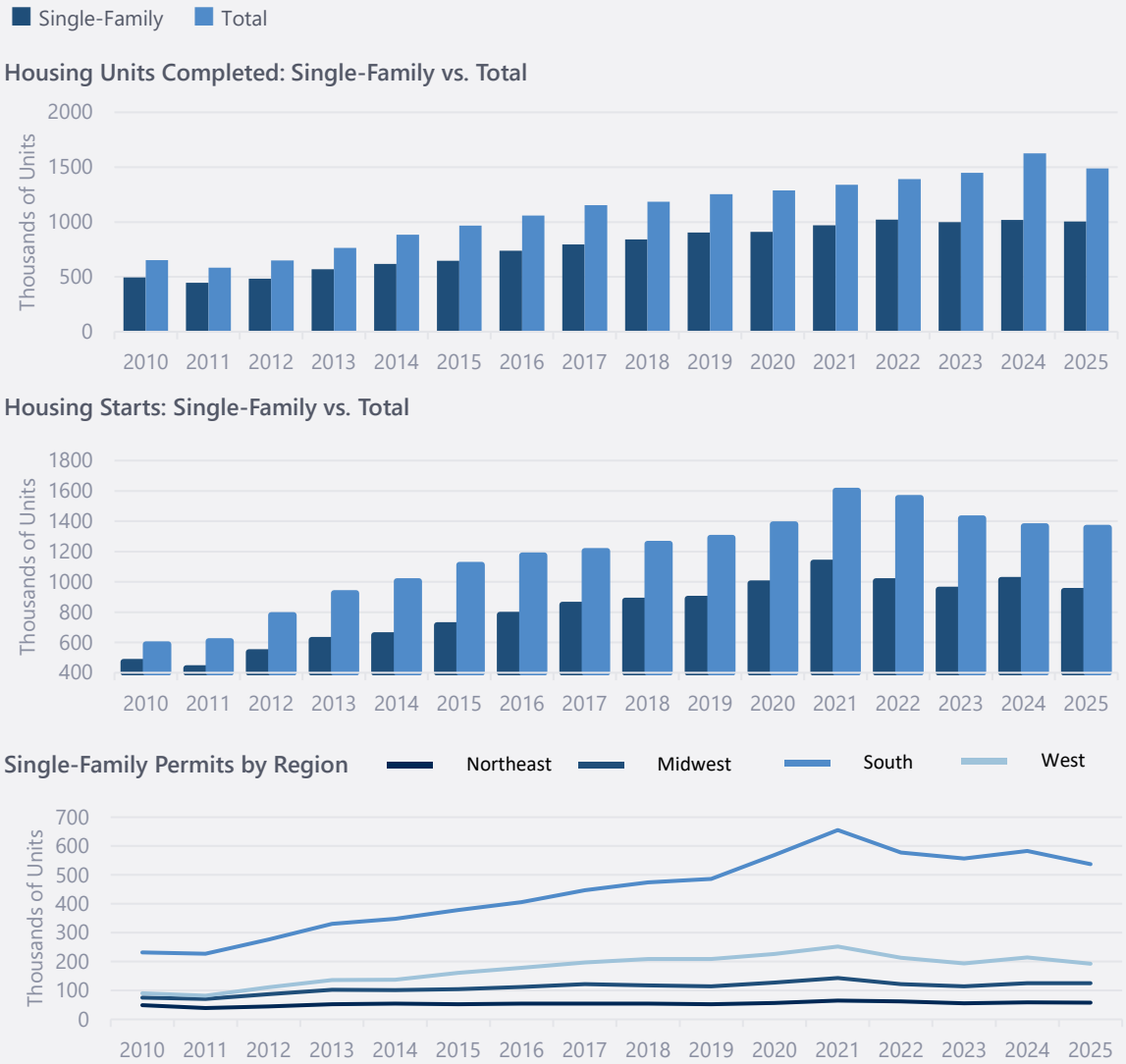
Zillow projects 2026 will be the weakest year for single-family construction since

2019

though NAHB expects a modest rebound to 940,000 starts as builders work through elevated inventory.

Single-Family Construction Activity, 2010–2025

Completions, starts, and regional permits; record 2024 volume followed by a sharp single-family pullback.



Regional Divergence: Northeast, Midwest, and West permits have held steady since 2010; the South, hit hardest by the recent supply shock, has pulled back sharply from its 2021 peak.

Sources: U.S. Census Bureau, Federal Reserve Bank of St. Louis (FRED), NAHB, Zillow, Census New Residential Construction, August 2026 (CB26-147).

Where Supply Was Heaviest, Rent Growth Was Weakest

Regions building the most supply saw the weakest rent growth, while the most supply-constrained markets saw the strongest.

One Blended Rate, Two Compositions

National single-family rent growth eased from roughly 3% in mid-2025 to a trough of 2.51% in March 2026, then rose for five straight months to 3.02% by August—a real, sustained slowdown, but never negative nationally, and now reaccelerating. Pricing power has also bifurcated. INVH and AMH earned nearly identical Q2 2026 blended spreads (~2.7%), but the composition tells the story: renewals ran 3.2%–3.3% while new leases were just 1.1%–1.4%.

Supply Explains the Divide

The South authorizes single-family permits at roughly a 524,000-unit annual rate—about 9.6x the Northeast's ~55,000, and more than the Midwest, Northeast, and West combined. The gap is structural: the South is the only U.S. region gaining residents on net domestic migration, with abundant land and light regulation that turn demand into homes, while the built-out, heavily regulated Northeast and coastal West stay supply-constrained.

Oversupplied Markets Paid the Price; Texas Lags as the Midwest Leads

Institutional SFR communities—the exact product new deliveries compete with head-on—absorbed the supply hit first. All four major Texas metros posted annual rent declines, led by San Antonio (-5.5%), as heavy deliveries of every rental type outpaced absorption. Midwest metros filled four of the top five spots—Grand Rapids, Cleveland-Akron, and Kansas City (+3.3% each), and Chicago (+3.0%)—with Miami (+5.4%) leading overall as the lone Sun Belt exception. The ~9-point spread between the Midwest leaders and San Antonio tracks the broader pattern: The supply-heavy South saw the weakest pricing power, and the constrained Midwest the strongest.

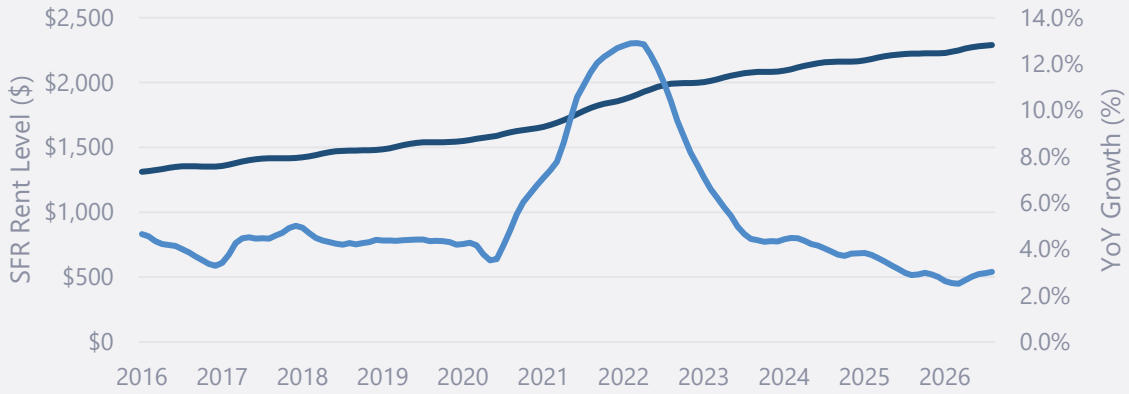
Q2 2026 Lease Spreads: Operator Panel

Operator	New Lease	Renewal	Blended	July Renewal	July Blended
INVH	1.1%	3.3%	2.7%	4.3%	3.4%
AMH	1.4%	3.2%	2.7%	3.3%	2.8%

Sources: Zillow (ZORI, Aug. 2026); Yardi Matrix, Single-Family Build-to-Rent National Report (Aug. 2026); U.S. Census Bureau (Building Permits Survey; Vintage 2024 population estimates) via FRED; Wharton Residential Land Use Regulatory Index; John Burns Research & Consulting; INVH Q2 2026 earnings call (July 30, 2026); AMH Q2 2026 earnings call (Jul. 31, 2026).
Note: Permit figures are the 13-month average (Aug. 2025 – Aug. 2026) of seasonally adjusted annual rates of single-family permits by Census region.

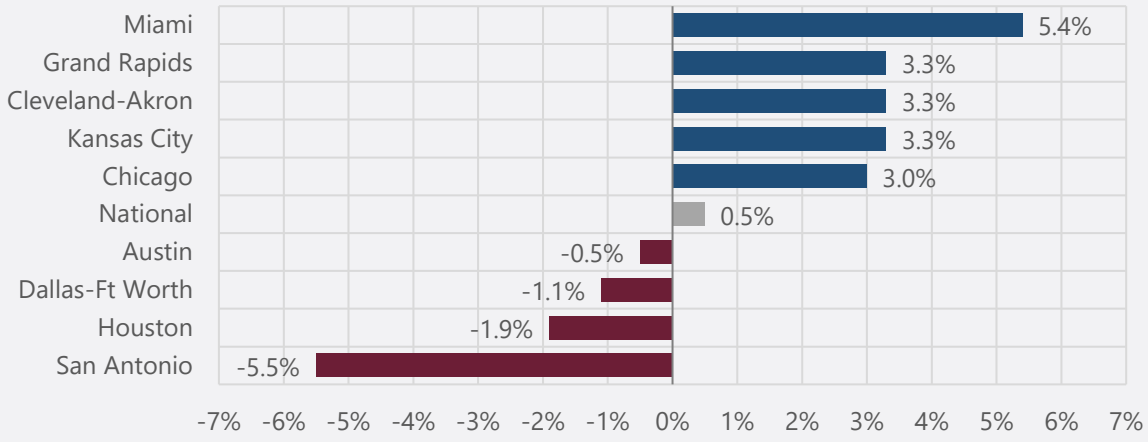
SFR Rent Trends: Price Level and Growth Rate, 2016 to August 2026

Zillow ZORI, national; YoY growth peaked near 13% in 2022 and cooled to 2.51% (March trough) before ticking back up to 3.02% in August.



Single-Family Rent Growth by Metro, YoY, August 2026

Institutional build-to-rent communities (50+ homes); Midwest metros and Miami lead, while all four major Texas metros post declines.



Watch Item: Per John Burns data cited by INVH, the most oversupplied markets are now clearing their excess new-home supply the fastest—a forward-looking sign that pricing power could return to today's softest metros.

Development Discipline Takes Hold

BTR construction has pulled back sharply from its 2024 peak—a supply correction, not a demand one.

The Supply Pullback	TTM BTR starts have fallen ~32% from their Q3 2024 peak of 92,000 to 63,000 by Q2 2026. BTR's share of total single-family starts has eased from 9.0% to 6.9% through Q2 2026—still well above the 2.7% long-run historical average, signaling a cooling-off rather than a retreat from the model. Policy uncertainty added to the pullback: A ResiClub survey found ~6,000 BTR units delayed or canceled in spring 2026 while the Senate's seven-year forced-sale rule was pending. The rule was dropped from the final bill.
Regulatory Reset	The new federal 350-home threshold (effective January 7, 2027) bars large institutional buyers from purchasing additional homes once they hold 350 or more, but grandfathers existing portfolios and exempts build-to-rent entirely—reinforcing the shift already underway toward development over acquisition.
Cost Headwinds	Beyond higher rates, development is harder to pencil as building material prices sit ~50% above pre-pandemic levels (February 2020) and re-accelerated to +5.1% YoY in August 2026, with energy inputs up 46% YoY.

The Demand Backdrop: Why Investors Are Bullish on the Future of BTR

Demand Still Outpacing Supply

Monthly wage growth has outpaced SFR rent growth for 42 straight months (Atlanta Fed wage data vs. Zillow ZORI, since March 2023); rent is decelerating toward income after years of running ahead. The cumulative effect now shows up in the rent burden itself: Rent's share of median household income peaked at 31.5% in 2022 and has eased to 30.0%, though it remains well above the 26.6% pre-pandemic level.

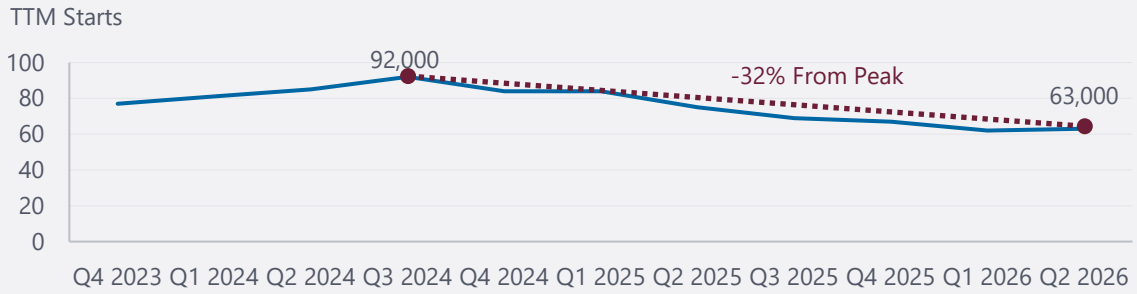
What This Means for Operators

Supply is tightening, even as demand holds firm; rent growth running below wage growth reflects a healthy reset, not weakness, and three and a half years of incomes outgrowing rents have rebuilt renters' capacity to absorb future increases. With starts down one-third from peak and the regulatory framework now favoring BTR development over acquisition, operators face a tightening supply picture just as pricing headroom returns.

Sources: U.S. Census Bureau, NAHB Eye on Housing (Q2 2026; Sept. 2026), U.S. Bureau of Labor Statistics via FRED (Producer Price Index, Aug. 2026), Arbor Realty Trust/Chandan Economics, H.R. 6644, Goodwin, Baker Botts, ResiClub, Zillow Research (August 2026), AMH Q2 2026 earnings call (July 31, 2026); INVH Q2 2026 earnings call (July 30, 2026).

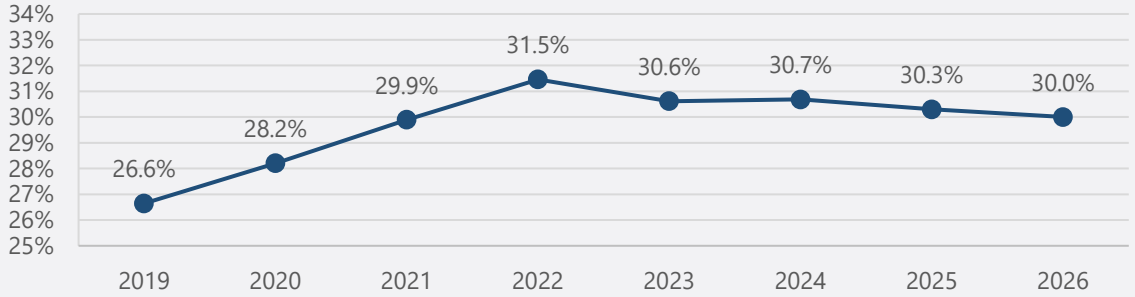
BTR Construction Starts Retreat From Record High

Trailing-12-month single-family build-to-rent starts, Q4 2023 – Q2 2026.



Rent's Share of Income Has Eased Since Its 2022 Peak

SFR rent as a share of median household income; peaked at 31.5% in 2022, then eased to 30.0% by 2026, as incomes outpaced rent for the past 42 months.



Operators Are Already Recycling Capital With Post-Legislation Excitement

- INVH's ResiBuilt pipeline, disrupted by legislative uncertainty earlier this year, is now re-accelerating; ~$350 million in construction loan commitments, ~10% funded, yielding high single digits, with an option to acquire communities at stabilization. As INVH CIO Scott Eisen put it, "Now that the act has been passed, we're seeing some capital start to open up again."
- In Q2 2026, AMH delivered 542 wholly owned homes for approximately $220 million in total investment cost—a ~$406,000-per-home benchmark. With the ROAD Act now law, AMH CEO Bryan Smith noted it "allows the industry to move forward with greater certainty"; the underwriting clarity operators had lacked while the bill was being finalized.
- Pre-leasing is accelerating; 40% of AMH's ~700 homes for 2H 2026 delivery are already rented, and 1H 2026 initial leases outpaced deliveries.

Notes: Median HH income from U.S. Census Bureau (CPS ASEC; 2025 per P60-289, September 2026), 2026 estimated at ~3.6% nominal wage growth (Atlanta Fed). SFR rent (ZORI) from Zillow Research, national; 2026 reflects data through August.

Demographics: The First-Time Buyer Keeps Getting Older

First-time buyers are older, fewer, and increasingly priced out—keeping most Millennials and nearly all of Gen Z in the rental pool for longer.

40
Median First-Time Buyer Age—Record High (NAR 2025)

21%
First-Time Buyer Share—Lowest on Record

26%
All-Cash Buyers—Record High

42.5%
Millennials + Gen Z, Share of U.S. Population

- **The First-Time Buyer Is Vanishing:** The first-time share has halved since 2007 to a record-low 21%; fewer new buyers are entering the market at all.
- **A Market Split in Two:** Under-35 homeownership fell to a recent low of 35.2% in Q2 2026, vs. 78.6% for those 65+.
- **Buying Later, Renting Older:** The median first-time buyer is now **40** (up from 33 in 2021), and the median U.S. renter is now **42** (up from 36 in 2000)—the same shift seen from both sides. The typical renter today is older than the typical first-time buyer.

The Savings Case for Renting

Per John Burns, leasing runs $1,000+/month below owning a comparable home in INVH markets. Over a typical resident's ~40-month stay, that adds up to $40,000+ in savings.

– INVH Q2 2026 earnings call, July 30, 2026

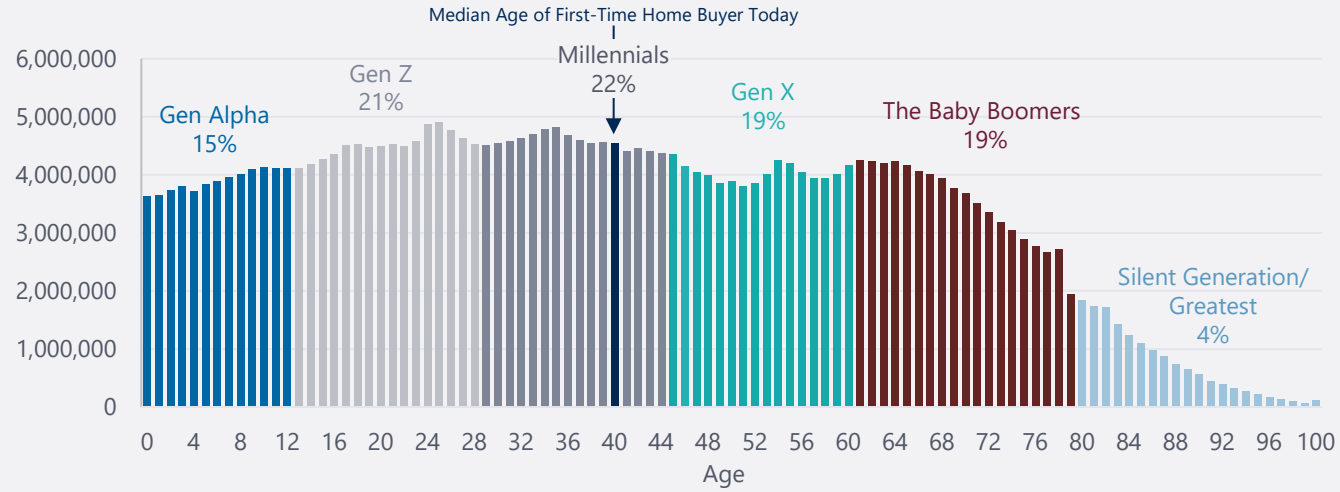
Homeownership Is Lower at Every Age Than Before

- **At 28:** 38.3% of Gen Z own their home today, vs. 44.4% of baby boomers at the same age—a 6.1-point gap.
- **At 36:** 57.2% of Millennials own, vs. 63.7% of baby boomers at the same age—a 6.5-point gap.

Sources: U.S. Census Bureau, NAR, Redfin, Cato Institute, Zillow, Harvard JCHS, INVH Q2 2026 earnings call.

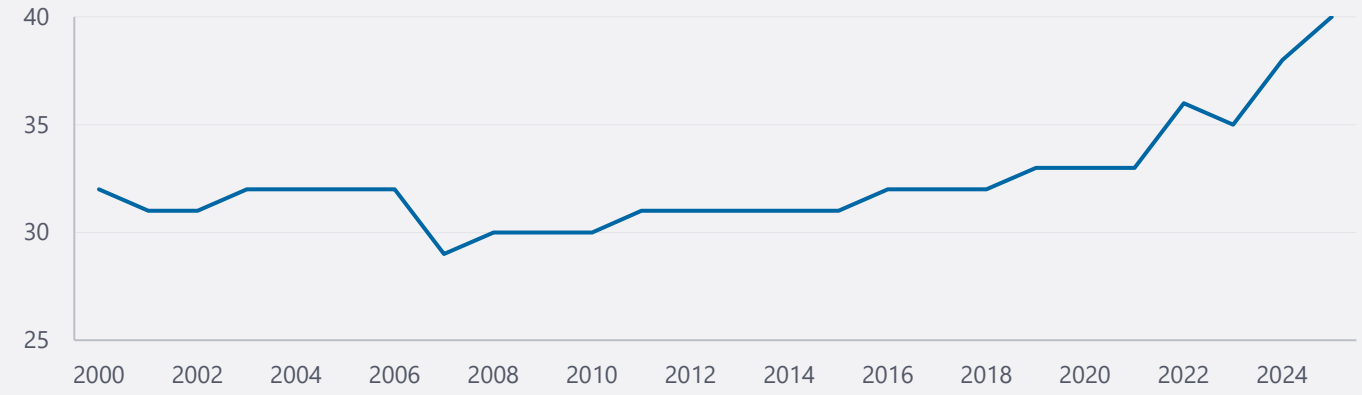
U.S. Population by Age

Gen Z and Millennials form the largest age cohorts in the country—a demographic bulge now moving through peak renting years.



Median First-Time Buyer Age, 2000–2025

Per NAR's survey, the median first-time buyer age held near the low 30s for two decades, then climbed to a record 40 by 2025.



Locked In—But Not All Above Water

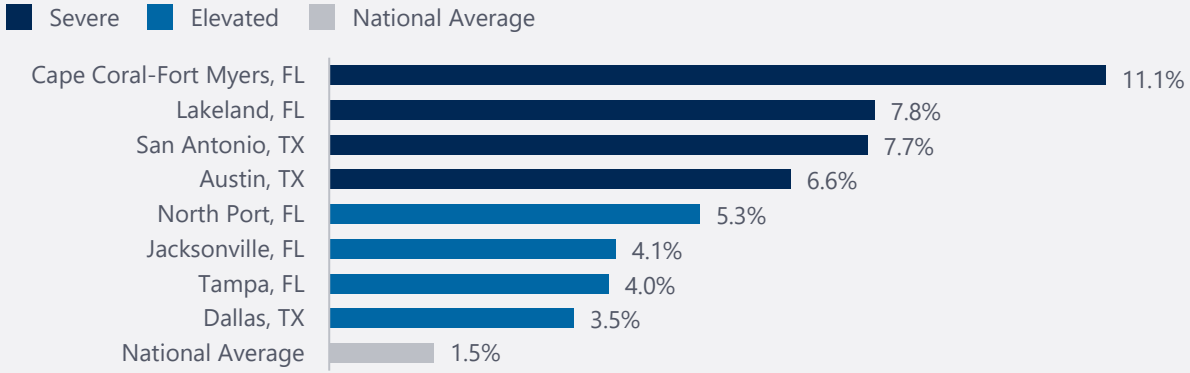
Public REITs and existing individual owners are both overwhelmingly rate-insulated, but a thin-equity cohort of recent Sun Belt buyers and private owners facing a maturity wall is carrying the sector's real risk.

Public REIT Debt Structure	Public SFR REITs have locked in fixed-rate financing at scale, shifting their real exposure from payment resets to refinancing timing.	**AMH:** 92.5% fixed-rate (as of June 30, 2026). 100% unencumbered. **INVH:** 92.4% fixed or swapped-to-fixed as of June 30, 2026. ~90% of wholly owned homes unencumbered.
Individual Mortgage Structure	Private homeowners are even more rate-insulated than public REITs. Their real risk is not rate resets or payment shock; it is negative equity.	Most outstanding mortgages are fixed-rate: Only ~4.0% are ARMs (Q1 2026, FHFA), down from ~10% in 2013 and ~20% in mid-2006 (Federal Reserve)—a ~5x decline from pre-crisis levels. 49.9% of mortgage holders carry a rate below 4% (Q1 2026, FHFA)—down from 53.1% a year earlier, the lowest share since Q3 2020, vs. a 30-year rate of ~7.4% (Freddie Mac PMMS, October 2026).
Where the Risk Concentrates	Negative equity remains historically low nationally, but concentrates sharply in recently originated, low-down-payment purchases in corrected Sun Belt metros.	1.5% of mortgaged homes underwater nationally (ICE, Q2 2026). ~75% of underwater loans are FHA/VA-backed. 27% of 2023-24 vintage Cape Coral loans, and 22.4% of 2022-vintage Austin loans are underwater.

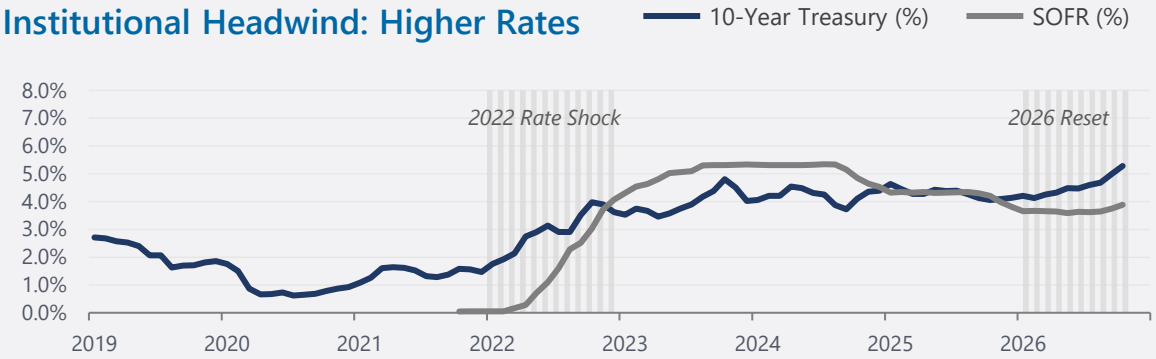
Sources: INVH Q2 2026 10-Q and call (July 30, 2026); AMH Q2 2026 8-K and call (July 31, 2026); FHFA (NMDB); Federal Reserve Board; FRED (GS10, DGS10); NY Fed (SOFR); Freddie Mac (PMMS); KBRA; ICE Mortgage Monitor (August 2026); ResiClub/Fast Company; MBA (CRE Loan Maturity Volumes, February 2026); WSJ (September 21, 2026).
Notes: MBA figure is the share of multifamily mortgages scheduled to mature in 2026. Dollar amounts are MBA data as reported by WSJ. Chart: monthly averages; latest point is the October 2, 2026, close. The ~115 bps change compares that close to the September 2025 average.

Negative Equity Concentrates in the Sun Belt

Share of mortgages underwater by metro, May 2026.



Institutional Headwind: Higher Rates



Rates Reset Higher: Public vs. Private Refinancing

In July 2026, INVH issued $500 million of 4.950% senior notes due 2032, and on July 9, used proceeds to make a $488.0 million voluntary prepayment (plus a $4.9 million prepayment premium) against its 2017-1 securitization—a $988 million balance outstanding as of June 30, 2026, maturing in June 2027.

Takeaway—Extend-and-Pretend, Round Two?

The 2022 rate shock (SOFR from ~0% in December 2021 to ~4.3% in December 2022) exposed a large pool of loans written at 2021 lows that could no longer refinance at the same proceeds. Rather than take losses, lenders largely extended and modified, pushing maturities into 2024 and beyond and keeping loans current on paper. That approach worked because borrowers and lenders expected rates to come back down. They have not. With the 10-year Treasury yield near 5.3%, up ~115 bps since September 2025, and the Fed resuming hikes in September 2026, those extended loans may face the same refinancing gap a second time. Nearly $300 billion of multifamily mortgages (13% of those outstanding) are scheduled to mature in 2026, with another $223 billion in 2027 (MBA; dollar amounts per WSJ). Another round of extensions is likely, and each one makes it harder to argue that the problem is temporary, but lenders may be less willing this time: MBA noted that, in 2025, they were no longer simply extending loan terms. Public REITs locked in long-term fixed-rate debt (INVH and AMH ~92% fixed or swapped) and are largely insulated. The stress, if it comes, will show up first among private platforms with floating-rate debt, where higher debt service could squeeze distributions or force sales.

Why Scale Wins

Access to capital and lower operating costs compound into a widening gap between large operators and everyone else.

Capital Markets Acceptance

Capital is consolidating around BTR platforms, whether the seller is a homebuilder or a rental operator. Berkshire Hathaway agreed to acquire Taylor Morrison for $72.50/share (~$6.8 billion equity, ~$8.5 billion enterprise value, a 24% premium), specifically to capture its Yardly BTR brand.

- RBC's Mike Dahl, Managing Director of Homebuilders & Building Products Equity Research, said that the deal "adds further fuel to the fire" of homebuilding consolidation.

Sumitomo Forestry completed its $4.5 billion acquisition of Tri Pointe Homes, creating a top-five U.S. homebuilder. Homebuilder M&A has averaged 14 deals per year since 2020—well above the historical average of nine.

The same capital is consolidating rental operators directly: INVH acquired BTR developer ResiBuilt (January 2026), securing options on ~1,500 lots, while Progress Residential priced its third BTR securitization in under a year (2026-SFR2, $740.9 million; 2026-SFR3).

- KBRA forecasts $183 billion in private-label CRE securitization for 2026—a post-GFC high.

Property Management Economics

Institutions are the property managers now and are increasingly bringing management in-house rather than outsourcing: AMH is fully internally managed, and INVH has extended its own platform to third parties—a scale capability smaller operators cannot replicate—and one that reshapes the cost structure.

Scale Raises Overhead, Lowers Total Cost

- Institutions carry higher absolute overhead—INVH G&A + property management ~9.0% of revenue; AMH ~11.8%—reflecting call centers, technician fleets, and compliance systems smaller landlords lack.
- That overhead buys lower cost-per-unit at scale: Institutions pay just 1%–2% of rent on insurance vs. 5%–6% for small landlords, via bulk bargaining power (Coven, 2025).
- Operationally, it shows up in service quality: Progress Residential resolved 75% of repair requests on the first visit, with 88% of homes receiving at least one maintenance visit annually (Urban Institute, 2026).
- Takeaway: Institutional portfolios arrive pre-stabilized—premium turnkey targets rather than distressed books.

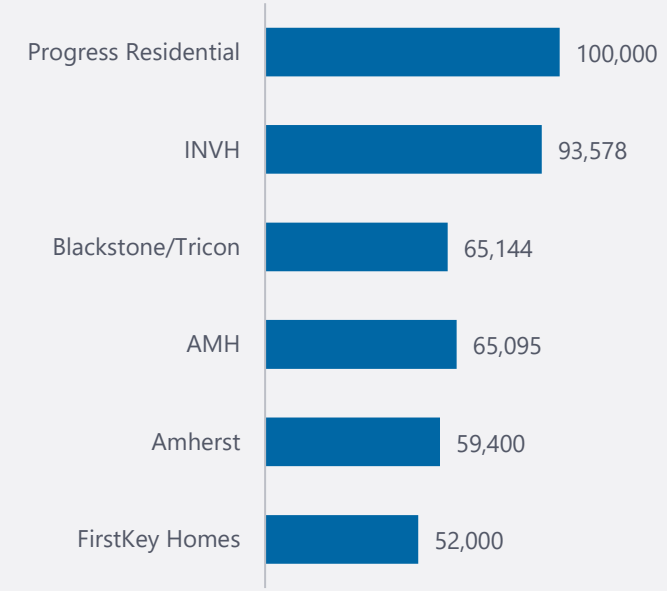
The Cost of Capital Gap

- The same rental home is financed at very different rates depending on who owns it. A small investor financing a single-family rental with a DSCR loan pays roughly 6.5%–8% today, and a ~7.4% 30-year mortgage locks the marginal for-sale buyer out of ownership. INVH's debt book carries a 3.92% weighted average rate (AMH: 4.46%), but marginal cost is the better benchmark: Its July 2026 notes carry a 4.95% coupon and, at their 99.291% issue price, a yield to maturity of ~5.10%. Against a ~5.1% cap rate, institutional leverage is roughly neutral, while it is dilutive for the small buyer. The wider that gap, the more of the priced-out buyer pool BTR absorbs as renters. Scale does not just lower the cost of capital; at today's cap rates, it determines who can transact, and as mortgage rates and BTR debt costs diverge further, it also determines who captures the resulting demand.

Sources: Business Wire, CNBC, ResiClub Analytics, GlobeNewswire, Taylor Morrison SEC filings; KBRA (November 2025); Morningstar DBRS (April 2026 – June 2026); INVH Q2 2026 Form 10-Q; AMH Q2 2026 Form 8-K; Green Street; PeerSense Capital Advisory (DSCR rates, July 2026); Coven, CUNY Baruch; Urban Institute; Wolf Street (February 2026), Federal Reserve Board, Freddie Mac (PMMS).
Note: INVH yield to maturity calculated from the 4.95% coupon, February 1, 2032, maturity, and 99.291% issue price.

Homes Owned by Leading SFR Platforms

INVH and AMH as of Q2 2026 (SEC); others as of February 2026 (Wolf Street).



Note: INVH and AMH reflect wholly owned + JV interests (per SEC filings); other platforms per Wolf Street (February 2026).

The Same Winners, Twice

Progress Residential and INVH—two of the largest platforms shown here—are also among the most active in capital markets and operations. Progress Residential leads securitization issuance and service quality, while INVH leads M&A and developer lending. Scale in ownership, capital access, and operations reinforce rather than compete with each other.

Four Anchors: Retail, Income, Disposition, and Public Market

Four ways to value the same home produce a $180,000 spread—and the gap widens as you move from valuation methods to market pricing.

Four Value Anchors, One National Home

Each anchor answers a different valuation question; the spread between them widens as the analysis moves from derived valuation methods to actual market pricing.

The Bridge: Rent to Value

Monthly SFR rent of ~$2,289 (Zillow ZORI, August 2026) → $27,470 annual revenue

× ~64% NOI margin (derived from INVH/AMH FY2025 disclosures) → $17,581 NOI

÷ 5.12% cap rate (Nationally Recognized RE Survey) → $343,373 income-approach value

Anchor	National/INVH Value per Home
Zillow Home Value Index (Typical Home)	~$370,547
Income Approach @ 5.12% Cap	~$343,373
INVH Actual Disposition Price (YTD Avg)	~$450,000
Public-Market-Implied Value per Wholly Owned Home	~$270,000

The Public Market Anchor

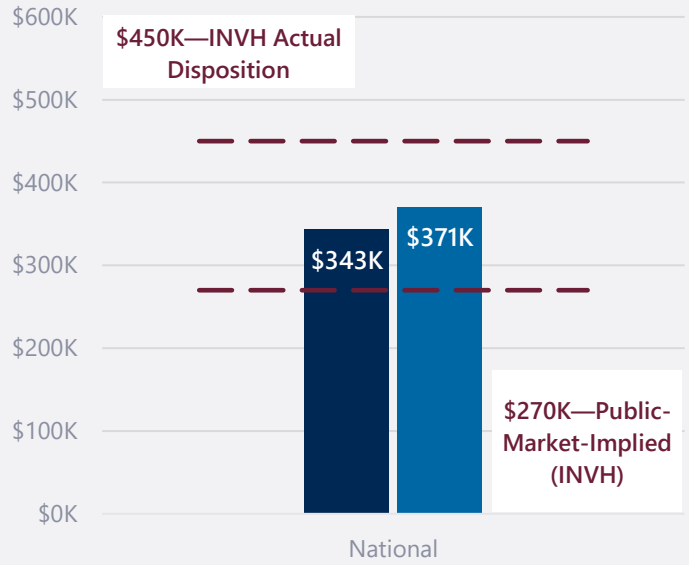
INVH's CFO derived the public-market figure on the Q2 2026 call: Roughly 22.8 million shares repurchased since December at a $26.30 average price (~$600 million total) implies just over $270,000 per wholly owned home—against a year-to-date average disposition price of ~$450,000 per home. That is roughly a 40% discount, or, framed the other way, INVH is monetizing scattered assets at approximately 1.67x the per-home value the public market currently ascribes to them.

> We continue to sell homes at prices well above what is implied by our current stock price.
> – Dallas Tanner, CEO, INVH

Sources: Zillow (ZORI, ZHVI, August 2026); Opendoor, "How Much Does It Cost to Sell a House in 2026?" (April 2026); INVH Q2 2026 earnings release (July 29, 2026) and earnings call (July 30, 2026); AMH Q2 2026 earnings call (July 31, 2026); Yahoo Finance (INVH, July 2025 – July 2026).
Notes: The arbitrage narrowed during Q3 2026: INVH closed at $29.67 on the July 30, 2026, call date (52-week range $24.25–$31.38) versus the $26.30 blended repurchase price, and AMH's CFO noted the stock had begun moving in the right direction. The widest-gap period shown here reflects 1H 2026, not current pricing. Selling costs assumed at ~6%–9% for retail sales (agent commissions ~5%–6% plus seller closing costs ~1%–3%). Bridge figures are shown rounded; the income-approach value is calculated from unrounded inputs (August 2026 ZORI of $2,289.156).

The Valuation Gap: Four Lenses on Home Value

Bulk/institutional value runs below retail; actual dispositions clear above both, while the public market prices INVH's homes lower still.



Reading the Spread

Four anchors, four answers. Institutional/bulk value runs ~7% below retail nationally—a mechanical gap from cap-rate math—but that gap narrows once selling costs are considered: Retail sales typically cost 6%–9% of the gross price vs. 1%–2% for institutional bulk sales, leaving net proceeds roughly comparable for the average home. Owners can still exit individually on the MLS, where sales to owner-occupants clear at higher values and lower cap rates than bulk trades. INVH's actual dispositions clear at ~$450,000 (~$410,000–$423,000 net of selling costs), still above both valuation methods, while its own buybacks imply just ~$270,000 per home—about 27% below retail. New restrictions are likely to hold this gap open, not close it.

Transactions Track the Trend

Recent deal activity confirms disciplined pricing nationwide, with valuations tiering cleanly by exit channel—retail, portfolio, and single-community sales each clearing at distinct cap rate levels.

What the Recent Transactions Confirm

BTR Community Transactions

12 single-community sales across all four regions from Q1 2024 to Q3 2026 totaled $410.2 million across 1,445 homes (~$284,000 per home), with cap rates ranging 5.00%–6.65% and a weighted average of 5.56%. Western trades priced tightest (5.00%–5.50%), while East comps cleared wider (5.65%–6.50%). Across regions, cap rates clustered in a disciplined 5.00%–6.65% band, underscoring healthy institutional demand for stabilized product at rational pricing.

Scattered BTR or BTR Portfolio Transactions

Four Q3 2025 portfolio sales totaled $342.4 million across 1,163 homes (~$294,000 per home) at cap rates of 4.90%–5.30%, with a weighted average of ~5.1%—roughly 45 bps inside the single-community weighted average. The scale and geographic diversification premium is consistent with the retail MLS data: Pricing compresses progressively from single-community (5.6%) to portfolio (~5.1%) to individual retail exits (~4%), confirming a rational, channel-tiered market rather than indiscriminate bidding.

A Different Channel: Retail MLS Exits

AMH sold more than 1,300 homes in 1H 2026 at cap rates in the 4% area—individual sales to owner-occupants, below the community/portfolio cap rate range shown to the right (4.90%–6.65%). Meanwhile, the REITs are buying at higher yields than they sell at: INVH's Q2 2026 wholly owned acquisitions averaged a 5.1% estimated stabilized cap rate, in line with the ~5.1% portfolio weighted average, and AMH is targeting new development in the 6% range.

BTR Community Transactions

Region	Date	Market	Homes	Price	Year Built	Cap Rate
Midwest	Q3 2025	Belton, MO	89	$14,650,000	2021	5.98%
	Q3 2025	Peculiar, MO	52	$9,278,000	2016	5.93%
	Q3 2024	Greenfield, IN	142	$36,500,000	2023	6.65%
South	Q3 2026	Knoxville, TN	85	$24,400,000	2024	5.80%
	Q1 2026	Monroe, NC	151	$41,250,000	2024	5.00%
	Q3 2024	Rossville, GA	129	$37,603,500	2023	5.85%
West	Q2 2026	Phoenix, AZ	334	$112,500,000	2023	5.00%
	Q2 2026	Waddell, AZ	32	$11,650,000	2021	5.50%
	Q2 2026	Peoria, AZ	140	$45,850,000	2021	5.00%
East	Q1 2026	Clarence Center, NY	77	$21,000,000	2017	6.08%
	Q3 2025	Ruther Glen, VA	66	$18,000,000	2023	5.65%
	Q1 2024	Martinsburg, WV	148	$37,500,000	2022	6.50%
Total/ Weighted Avg.			**1,445**	**$410,181,500**		**5.56%**

Portfolio Sales (Multiple BTR or Scattered SFR)

Date	Market	Homes	Price	Year Built	Cap Rate
Q3 2025	Kansas City, MO	527	$113,000,000	2021	5.13%
Q3 2025	Phoenix, AZ	91	$44,200,000	2022	4.90%
Q3 2025	Woodbury, MN	170	$80,230,000	2022	5.30%
Q3 2025	Multiple	375	$105,000,000	2018	5.00%
Total/ Weighted Avg.		**1,163**	**$342,430,000**		**5.10%**

Sources: CoStar, broker communications (Berkadia, Northmarq, Walker & Dunlop), AMH Q2 2026 earnings call (July 31, 2026), INVH Q2 2026 earnings call (July 30, 2026), INVH Q2 2026 Earnings Release and Supplemental Information (Schedule 8(a)).

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