



The Single-Family Rental Market 21st-Century Land Grab

How big data can unlock the next trillion-dollar real estate investment opportunity

Despite its enormous potential as a major asset class, the U.S. single-family rental market remains one of the hardest nuts for large investors to crack. A lack of reliable and centralized data has made investing in the space feel like trying to find the best lumber in a forest from a mile away. Investors want to buy additional investment properties—but they don't know where to look.

That all will be changing soon. Thanks to innovation in data science and predictive analytics, it will be easier than ever for investors to find the information they need to dip their toes into the single-family rental market. Companies such as HouseCanary, a San Francisco data analytics start-up, are working to unlock the SFR market, and using big data could be the key.

“We believe that making this information widely available will increase transparency, improve the availability of financing, and drive further investment in the single-family rental asset class,” said Jeremy Sicklick, CEO and

Co-founder of HouseCanary.

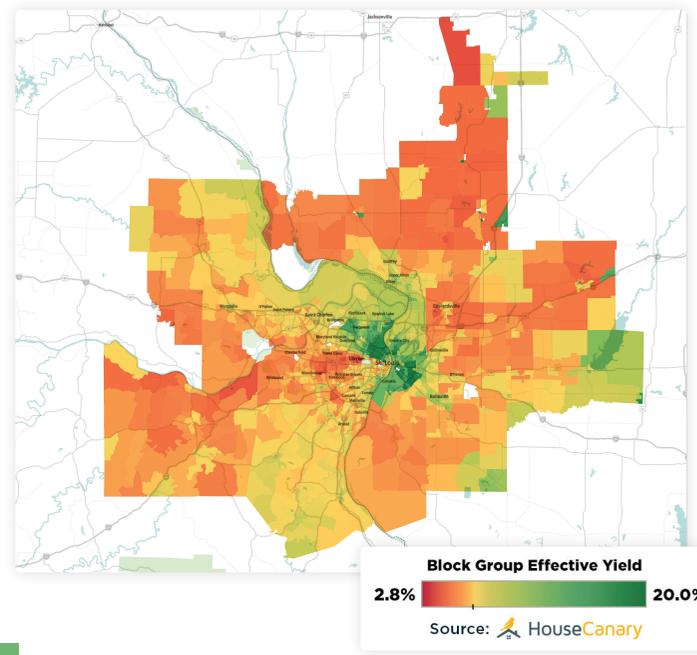
We reached out to the company about the HouseCanary Rental Investment Index (known as the HCRI Index), which shows investors the Effective Gross Yield for every state, top 50 U.S. Metro Statistical Areas (MSAs), ZIP codes, and blocks. Even beyond simply taking the yield temperature in every major MSA, HouseCanary's Match & Append service gives investors access to valuations for nearly 100 million residential properties covering 90%+ of the U.S. market, all available instantly on a spreadsheet with critical data points, such as sales history, value forecast, and rental yield for starters.

This level of transparency is unprecedented in a market notorious for its opacity, and could spark a 21st-century land grab as investors compete for the impressive returns the market can provide. The right information is essential to any smart investment, and this data revolution might finally give investors the chance to see the residential forest for the trees.

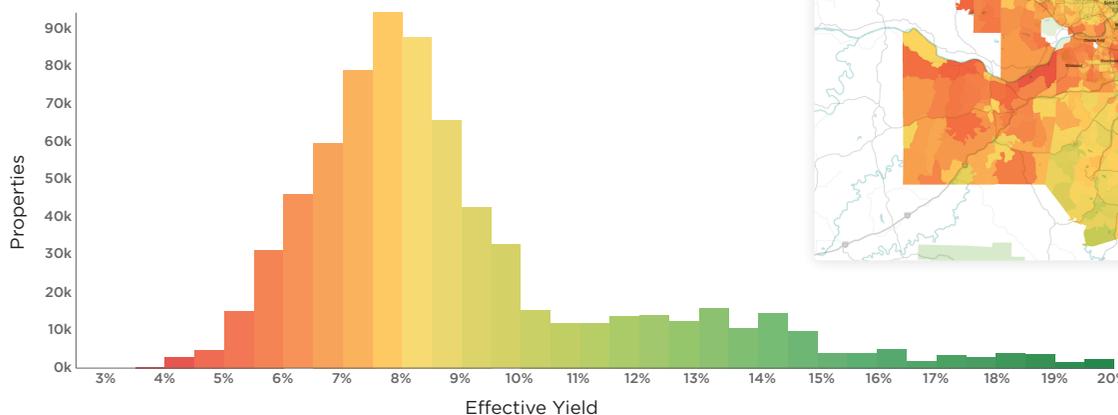
SFR MARKET INSIGHTS

- 1 Acquisition is the clear focus:** Over the last 12 months, investors with >250 properties have collectively purchased over 55,000 homes.
- 2 Yields are still attractive:** 54 percent of 1.5 million current MLS listings underwrite to 8 percent gross yield or better.
- 3 The SFR Market is still fragmented:** In a market of >20 million SFR properties, large owners (holding > 1,000 homes) still represent less than 2 percent of the market.
- 4 “Rentership is the new standard:** The rental market added 7.2MM new renters from 2009 to 2016” – JP Ackerman, VP of Client Development, HouseCanary
- 5 Yields vary greatly within even the most attractive MSAs:** For example, in Atlanta, top zip codes generate 25.1 percent gross yield, while the lowest generate only 4.4 percent.

St. Louis Metro: Single-Family Yield Distribution Heatmap



St. Louis Metro: Single-Family Yield Distribution Histogram



*Defined as [(Annualized HC Rent—Annual Property Tax)/HC Value] by U.S. Census Block Group

More available at www.housecanary.com/investor