

# Next housing trend could be the “build for rent” subdivision

[Laura Kinsler](#)



The next wave of new home construction might be purpose-built rental homes. (Joe Burbank/Orlando Sentinel)

New apartment communities are being announced in Orlando on a near weekly bases, but as the region’s insatiable demand for rental housing persists, there may be a new player in the market: production home builders.

Lennar, D.R. Horton and Toll Brothers are just a few of the builders moving into fast-growing the Build-for-Rent (BFR) single family market.

“We’re working with all the public builders,” said Michael Finch, executive vice president of SVN | SFRhub Advisors, the nation’s first commercial

brokerage dedicated to the single family rental asset class. Finch introduced the company's online sales platform for single family housing portfolios, which debuted in 2018, during the I-4 Commercial Corridor Conference.

Finch said the firm closed \$12.1 billion in transactions in the single family rental and BFR space last year and currently has \$4 billion of product in the pipeline. Finch predicts the BFR subdivision will be the next development wave. [SRFhub](#) already represents a BFR subdivision in Tampa and one in Jacksonville, brokering bulk sales to institutional investors who recognize the value of the steady, risk-mitigated returns.

"In Florida, [ERC Homebuilders](#) is raising \$100 million to go into the space and purpose build for rental communities, and we will be their exclusive representative," Finch said.

In these communities, the builders offer fewer floorplans and exterior elevations than traditional primary residential communities. The home's interior finishes are lower quality than a typical retail consumer product. So a house that might sell for \$250,000 to a retail consumer could be offered to the bulk buyer for \$235,000, and the builder still make the same return -- if not more.

"You have reduced builder warranty expense, so the builders can blow through the homes a lot quicker," he said. "They can triple their production, maybe cut down their land carrying cost. And when you produce the finishes on the home, it's kind of like a Class-A apartment."

The bulk buyer may be an equity partner, developer or they may buy the homes at the Certificate of Occupancy stage. The buyer pre-leases the rental homes during construction and manages the properties.

"Build-for-Rent is going to be the biggest asset class in the country," Finch said. "We're working with our land agents to find land for these builders. We're working with them all."

The third annual I-4 Commercial Corridor Conference was hosted by [Saunders, Ralston Danzler Real Estate](#), which formally announced its new SVN affiliation and the merger of its land and commercial brokerages on Friday.

*Have a tip about Central Florida development? Contact me at [lkinsler@GrowthSpotter.com](mailto:lkinsler@GrowthSpotter.com) or (407)420-6261, or tweet me at [@LKinslerOGrowth](#). Follow GrowthSpotter on [Facebook](#), [Twitter](#) and [LinkedIn](#).*

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