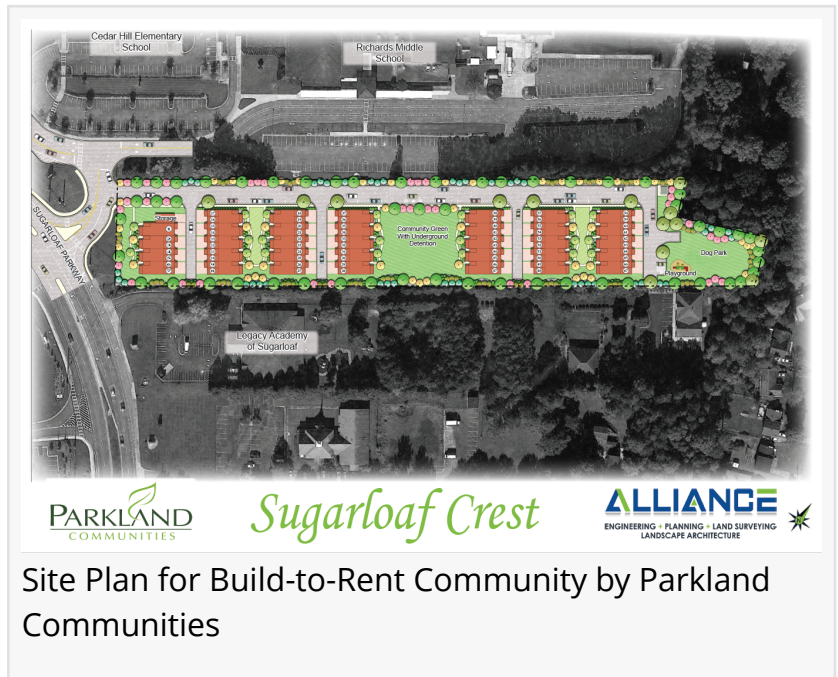


MarketNsight Answers: Lack of Supply, Demographic Shift Fueling Build-to-Rent

Demand for build-to-rent communities continues to grow in Atlanta

ATLANTA, GA, UNITED STATES, June 3, 2022 /EINPresswire.com/ -- The lack of housing supply, paired with the demographic shift of the last decade and how Americans live today, is driving the demand for build-to-rent communities in the Atlanta area, according to MarketNsight Principal and Chief Analyst John Hunt. Like Atlanta's almost historically low levels of housing inventory, build-to-rent communities are a product of both the Great Recession and the COVID-19 pandemic.



“We foreclosed on millions of homes beginning in 2008 until we finally found the bottom in 2011,” Hunt said. “Before that point, the single-family rental market was largely small investors buying one to 20 homes, and then from 2008-2011, the institutional investor entered the market and bought many of those homes.

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MarketNsight Principal and Chief Analyst John Hunt

“After that, we started to recover and as an industry, we thought that the apartments were going to go out of business because surely the millennials were going to decide to buy a house again in 2015 – at least that’s what the national headlines all said.”

From 2009 to 2019, many millennials were forced to rent due to a myriad of factors, but now many are renting by

choice because the apartment industry lead the way in building popular, highly-amenitized communities in sought-after locations, according to Hunt.

“Apartments had the right idea and expanded dramatically, and it wasn’t until 2019 that the millennials finally got back in the game and that’s where we are today, so it does not surprise me that we see a great demand or proclivity for single-family rental options,” Hunt said. “The pandemic proved that most people could work from anywhere, plus the change in the way we live in terms of mobility, in rental being an option.



“Many millennials consider homeownership as more of a cost, rather than an investment, and they want to live where amenities are close by with the option to move at a moment’s notice. “When you have zero inventory, anything and everything is going to fill that blank space.” After a decade of underbuilding, we were at roughly three months of housing supply before the pandemic struck in early 2020, with six months of supply considered “normal.”

“We had two months of pause in the first part of the pandemic, and then May of 2020 hit along with a housing boom,” Hunt said. “So, we went from three months of supply pre-pandemic and in a 12-month period, the entire country is now at around one or less. Atlanta is at 0.7 months of supply – that’s basically zero because some houses will just never sell.

“For us to get back to six months of supply where everybody’s happy, there’s no bidding wars, no buying homes sight unseen, no 20% increase in the price, for us to get back to six months of supply it would take another 90,000 additional homes in the supply pool. At the current absorption rate, that’s new construction and resale combined, they would be gone in 12 months.”

According to Hunt, Atlanta had 30,000 permits for housing starts last year, where in healthy supply years it was 60,000. For new construction to bear the entire weight of filling the housing gap, permit levels would need to increase to 120,000 permits per year. That is impossible.

“We have an infinite amount of demand based on what we can supply, and as long as that’s the case with millennials coming on board and boomers needing to move down, and the supply constraints we’re facing, build-for-rent is attempting to fill that massive gap,” Hunt said.

Everyone is facing the same challenges in terms of higher development and labor costs, and developers and home builders must mitigate prices in some way.

“To develop build-to-rent homes closer inside the perimeter, higher density is the only way to

make the numbers work," Hunt said. "The other option for builders is to go farther out, and everybody's doing both of these options. I think it's just where it makes sense for penciling in for what people can afford."

To learn more or to schedule a demonstration, visit www.MarketNsight.com.

About MarketNsight:

MarketNsight is focused on helping its customers make smart decisions as it relates to purchasing land and pricing product. Its groundbreaking Feasibility Matrix provides a one-stop-shop for gauging new home community feasibility by providing ranking reports, lot and raw land sales data, regression analysis and mortgage data.

MarketNsight currently serves 35+ cities in seven states – Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, Texas and Virginia. Look for the addition of more cities soon!

To schedule a demonstration of the MarketNsight Feasibility Matrix® or Mortgage Matrix®, call 770-419-9891 or email info@MarketNsight.com. For information about MarketNsight and Hunt's upcoming speaking engagements, visit www.MarketNsight.com.

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