



American Residential Properties, Inc. NYU Stern Center for Real Estate Research The Single Family Rental Business & Securitization October 2014



# **THE OPPORTUNITY & FUTURE GROWTH**

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## WHAT ARE THE OPPORTUNITIES FOR FUTURE GROWTH?

## Robust Investment Pipeline, Growing Rental Demand & Potential Housing Shortage

### LONG-ESTABLISHED COMPONENT OF U.S. HOUSING MARKET

- 1 in 8 occupied single-family homes are rentals <sup>(1)</sup>
- ~35% of the total rental market is SFR (~\$2.7 trillion)
- Opportunity may dwarf multi-family public REIT market
- Highly fragmented ownership
- "Mom & pop" and regional owners / operators

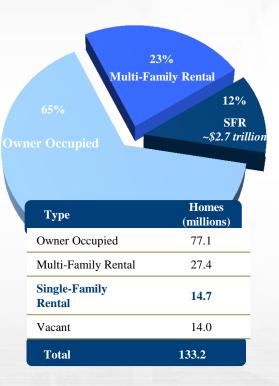
#### **ROBUST SUPPLY PIPELINE**

- Foreclosure inventory- Over 4 MM non-performing mortgages (1)
- Consolidation Sub-scale SFR operators with limited capital access
- Existing SFR market 35% of total rental market (~\$2.7 trillion)<sup>(1)</sup>

#### SOLID AND INCREASING DEMAND

- · Financial crisis- Housing crash created 6 MM+ potential rental households
- Credit challenges -Families unable to afford down payment or obtain mortgage financing
- Millennials Prefer flexibility of renting for job mobility and maintenance services
- Housing Shortage New inventory (2008-2013) has not kept pace with population growth

#### **OCCUPIED HOMES**<sup>(1)</sup>





# SAMPLE PROFILE OF ARPI RESIDENTS

## Average Resident is part of a two-income household with stable income

#### SAMPLE RESIDENT PROFILE<sup>(1)</sup>

- Average tenure at current job is six years
- Typically two-income household
- Average head of household is in late 30s
- Average of two children per household
- Rental rate as percentage of household income approximately 19%



Region	Southwest			South- Central <sup>(4)</sup>	Midwest		Southeast					
Sample Resident Profile Statistics <sup>(1)</sup>	AZ	CA	NV	ТХ	IN	ОН	TN	NC	SC	GA	FL	TOTAL
Average Rental Rate	\$1,036	\$1,304	\$1,033	\$1,430	\$823	\$1,432	\$1,359	\$1,152	\$1,174	\$1,114	\$960	\$1,222
Average Rental Price/SF	\$0.61	\$0.75	\$0.67	\$0.72	\$0.61	\$0.78	\$0.73	\$0.69	\$0.74	\$0.57	\$0.59	\$0.68
Average ARPI Household Income <sup>(2)</sup>	\$62,493	\$69,461	\$59,656	\$87,388	\$50,094	\$79,849	\$92,249	\$71,113	\$54,743	\$69,685	\$51,654	\$77,028
State Median Household Income <sup>(3)</sup>	\$54,000	\$61,752	\$54,545	\$54,762	\$51,551	\$52,139	\$47,631	\$50,762	\$49,523	\$50,901	\$50,711	\$53,159
Ratio of ARPI Household Income to State Median Household Income <sup>(2)</sup>	1.16	1.12	1.09	1.60	0.97	1.53	1.94	1.40	1.11	1.37	1.02	1.45
Average ARPI Income to Rent Ratio <sup>(2)</sup>	5.03	4.44	4.81	5.09	5.07	4.65	5.66	5.14	3.89	5.21	4.48	5.25
Average ARPI Rent to Income Ratio <sup>(2)</sup>	19.89%	22.53%	20.78%	19.64%	19.71%	21.52%	17.68%	19.44%	25.73%	19.18%	22.30%	19.04%
Average Renewal Rent Increase	3.13%	3.64%	3.14%	2.67%	2.80%	7.54%	3.06%	2.97%	3.04%	2.13%	6.34%	3.13%

(1) The averages/ratios are based on information derived from only that portion of leases in ARP's portfolio entered into between approximately May 2013 to June 30, 2014 and does not reflect any lease entered into prior to such date or any lease of a property where such property was acquired by ARPI in a portfolio acquisition.

(2) Figures include only leases underwritten by ARPI. These figures do not reflect inherited leases where there is a tenant in place at time of acquisition.

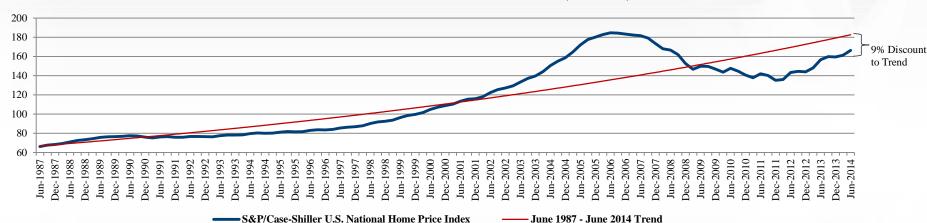
(3) Median Household income based on 2013 US Government Department of Justice, two-income household.

 $(4) \quad Excludes \ Colorado \ (< 5 \ properties).$ 



# WHAT ARE THE CURRENT LEVELS OF HOME PRICES AND RENTAL VACANCIES?

Nationally, home prices are still at a 9% discount to the long-term trend, while in many major markets, rental vacancies continue to decline



S&P/CASE-SHILLER U.S. NATIONAL HOME PRICE INDEX (1987-2014)

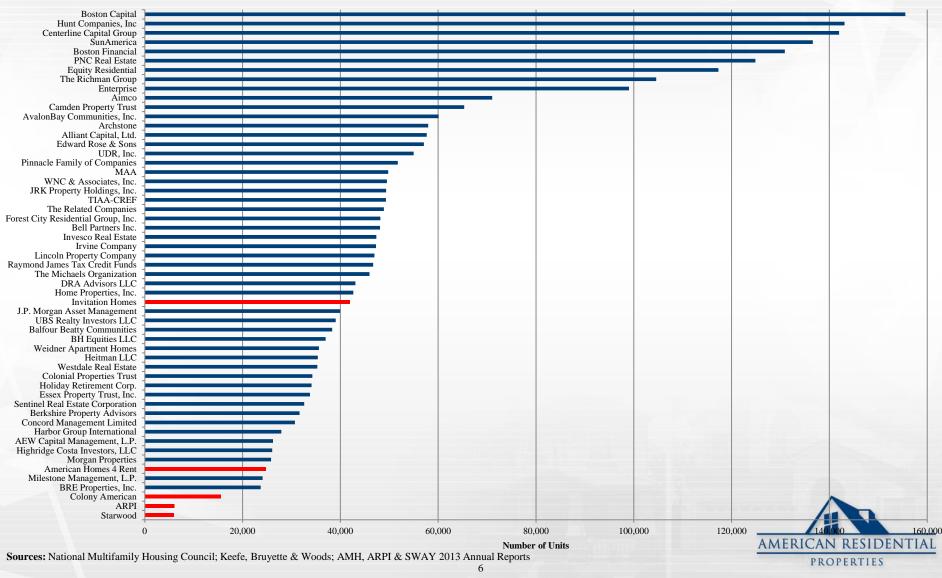






# How Does the Size of SFR Owners Compare with the Multifamily Market?

## Top 50 Apartment Owners & Top 5 Single-Family Rental Owners



## AMERICAN RESIDENTIAL PROPERTIES, INC.





Note: Properties pictured throughout the presentation are sample properties included in the ARPI's portfolio, but not necessarily representative of all properties in the portfolio.

