



Transforming Suburban Living: The Rise of Build-to-Rent Communities | August 2024

I recently discussed our ongoing projects and strategies with the Los Angeles Times. Here's an update on how our developments are impacting suburban living.

The traditional concept of homeownership in suburban areas is being redefined. Build-to-rent (BTR) communities, where homes are designed exclusively for rent, are becoming increasingly popular. At Shopoff Realty Investments, we are involved in this shift by creating rental communities that offer modern amenities and convenience.

As high home prices persist and mortgages hover at rates twice what they were three years ago, a new approach to the American dream is emerging. Nationwide, roughly 90,000 single-family homes that started construction last year—10% of the total—are rentals, according to research by the National Association of Realtors. This percentage has doubled in two years, marking the highest share and number of new rental homes since the U.S. Census Bureau began tracking the statistic in the mid-1970s.

The BTR trend is particularly prominent in Southern California, where high home prices and mortgage rates are pushing more people to consider renting. The flexibility and convenience of rental homes, combined with the amenities typically found in for-sale properties, make these communities attractive to a wide range of residents.

Our SolTerra project in La Quinta, California exemplifies this trend. SolTerra is a 131-home community built exclusively for rent. The three- and four-bedroom homes range from 1,520 to 2,400 square feet and are designed to offer residents a high-quality living experience without the responsibilities of homeownership. Each home features a private garage, patio, quartz countertops, and soaking tubs in the primary bathroom. The community also includes a large pool, clubhouse, and multiple small parks. Sol Terra has seen consistent demand, with 53% of the homes leased since its opening last summer.

Many residents of SolTerra have moved from homeownership due to high maintenance costs and other challenges. By choosing to rent a home in SolTerra, they have been able to clear debts, save money, and enjoy a higher quality of life without the burdens of home maintenance. Residents have highlighted the convenience and quality of life at SolTerra, appreciating features such as open-concept kitchens and maintenance-free living.

The BTR model emerged post-2008 recession and has grown as millennial demand for spacious housing increased. Developers found it more manageable to build rental communities from scratch or convert for-sale subdivisions into rentals, providing a uniform tenant experience. According to an expert in commercial real estate, large providers see BTR as a strategy to meet demand from budget-conscious renters seeking more space.

Long-term trends suggest that rising housing and mortgage costs will continue, with no significant public investment on the horizon to address these issues. This indicates that BTR developments will likely remain a viable and attractive option for many people seeking the suburban lifestyle without the financial strain of homeownership.

[For more detailed insights, please refer to the Los Angeles Times article:](https://www.latimes.com/homeless-housing/story/2024-06-13/build-to-rent-american-dream-homeownership)

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