

*The growth of*

# BUILD TO RENT

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A strategic opportunity  
in multifamily housing

WALKER & DUNLOP®





# EXECUTIVE SUMMARY

Whether you call it build-for-rent/ built-for-rent (“BFR”) or build-to-rent (“BTR”), in the face of an evolving housing landscape, BFR (or BTR) has emerged as a fast-growing and highly strategic segment within multifamily real estate. Driven by a changing renter profile, limited for-sale inventory, and a rising affordability gap in homeownership, BTR offers renters a new option: purpose-built single-family living with the benefits of rental flexibility.

Walker & Dunlop has been at the forefront of this evolution, facilitating over \$3.4 billion in BFR financing and investment sales and delivering expert guidance to developers and investors navigating this burgeoning asset class. This whitepaper explores the current BFR market, the advantages and challenges of BFR investment, and the ways in which Walker & Dunlop facilitates strategic investment in the BFR space.



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- Single-family detached
- Luxury single-family
- Two-story townhomes and single-level rowhomes
- Horizontal multifamily



# MARKET INSIGHTS: WHY BTR DEMAND IS ACCELERATING

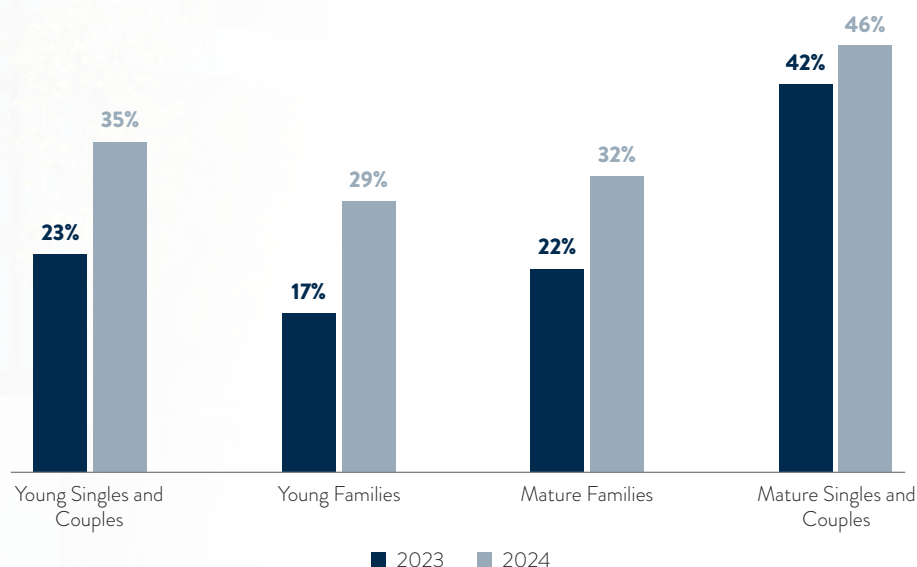
## A SHIFTING RENTER PROFILE

Today's BTR renter is not simply priced out of homeownership—they often choose to rent for lifestyle and flexibility. These “discretionary renters” are attracted to BTR properties that mimic the homeownership experience—offering garages, fenced yards, and dedicated office space for remote

work—while avoiding the long-term commitment of a mortgage. This preference is growing among renters at all life stages, from young professionals and growing families to empty nesters, who value the space and autonomy of a single-family home without the burdens of ownership.

### Preference to Rent

Share of build-to-rent residents by life stage



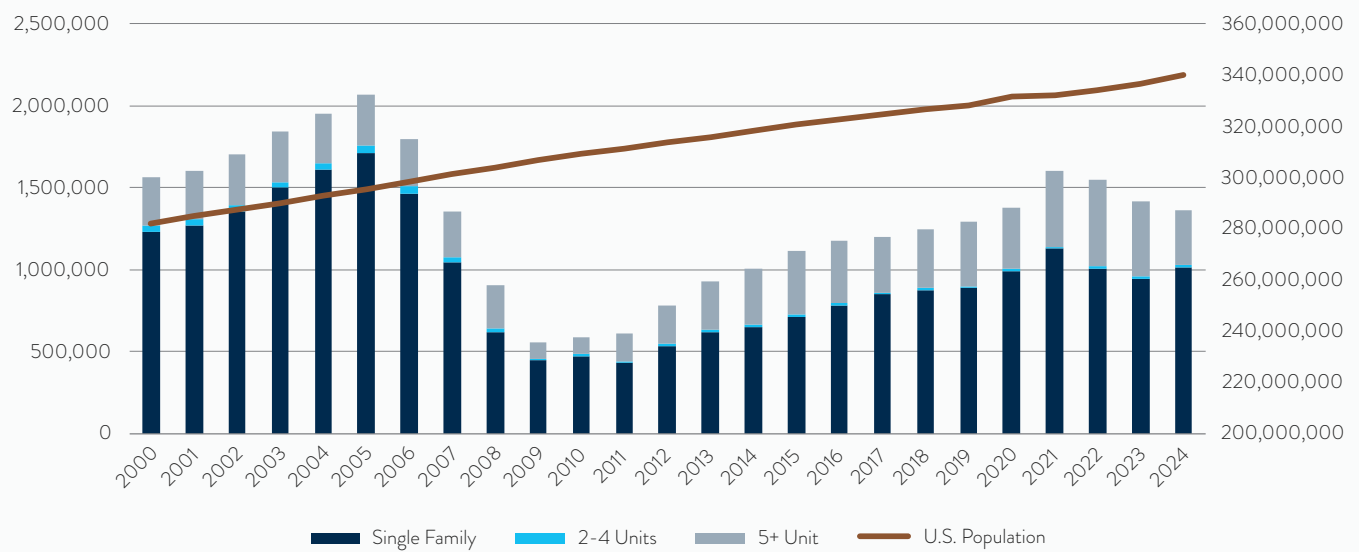
Source: New Home Trends Institute by John Burns Research and Consulting, LLC, May-June 2024 survey of 7,625 build-to-rent residents across the U.S.

# SUPPLY-DEMAND IMBALANCE

The need for rental housing is outpacing supply. U.S. Census data shows that while the population grows, housing starts—especially single-family—have not kept up. This supply gap fuels demand for BTR as a scalable, institutional-grade rental solution.

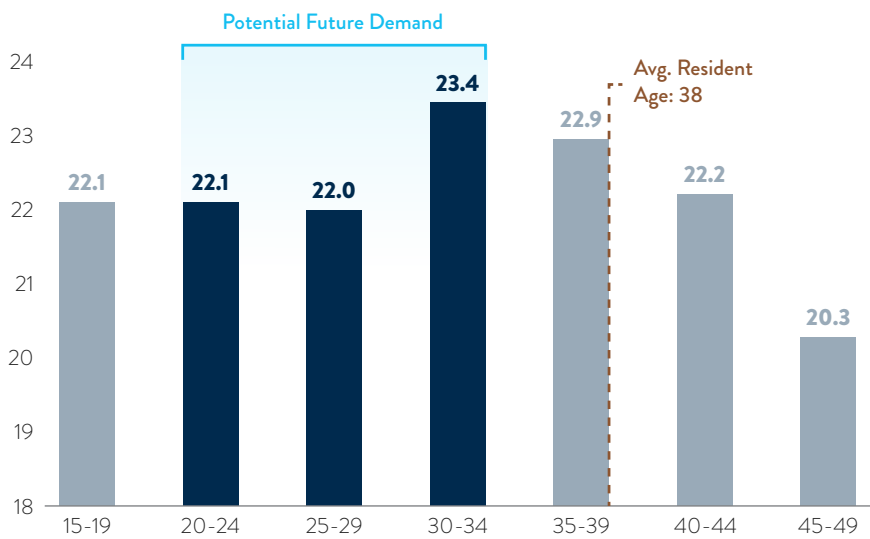


Homebuilding Starts VS. Population in the United States



Source: U.S. Census Bureau

Current U.S. Population Distribution by Age Group  
(Millions of People)



Source: U.S. Census Bureau, as of Dec. 2024

These factors are pushing them toward renter-friendly alternatives, particularly BTR communities that offer the space and privacy of a home without the financial commitment of ownership.

## Millennials are driving BTR future demand

Millennials, now the largest generational cohort in the U.S., are entering their prime years for single-family living—but many face:



STUDENT DEBT BURDENS



HIGH MORTGAGE RATES



LIMITED FOR-SALE HOUSING SUPPLY



PREFERENCE FOR MOBILITY AND FINANCIAL FLEXIBILITY

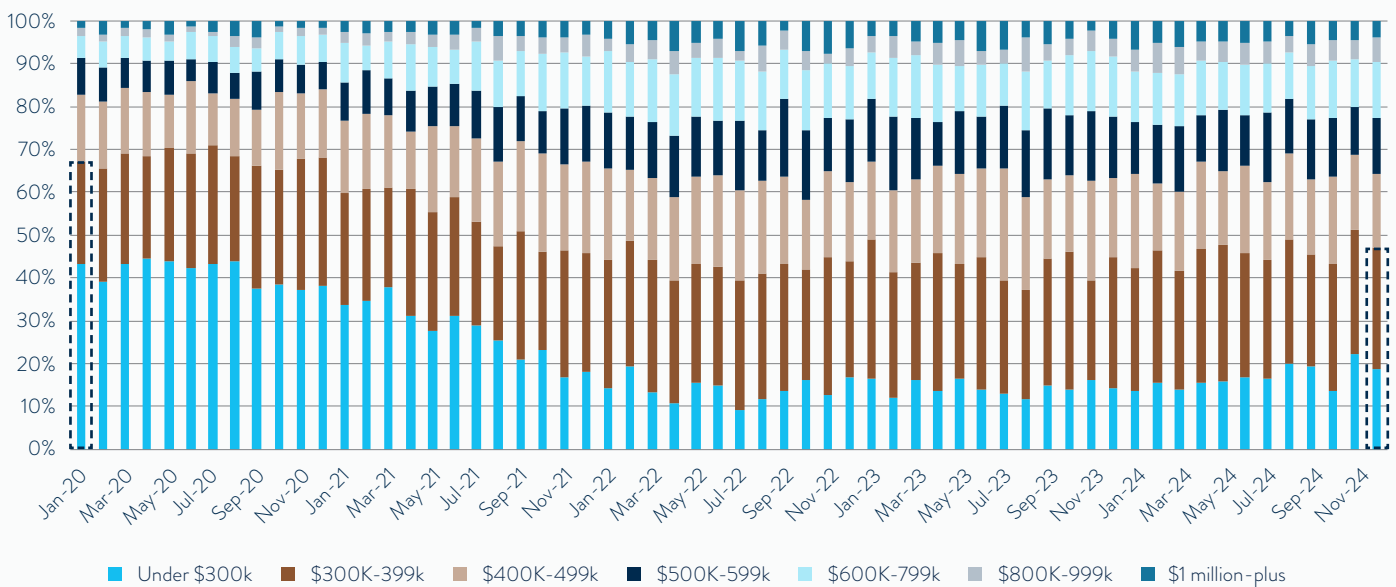




## AFFORDABILITY GAP WIDENS

The cost of homeownership has surged. Driven by rising home prices, elevated mortgage rates, and increased taxes and insurance premiums, homeownership is increasingly out of reach for many would-be buyers. With rising interest rates and inflationary pressures, many households choose BTR communities for cost savings and lifestyle appeal.

**New Home Pricing Increasing**  
(Percentage of New Homes Sold by Price Point)



Source: Zelman, A Walker & Dunlop Company



# RENT VS. OWN: A COMPELLING COST COMPARISON

BTR offers a compelling value proposition for cost-conscious renters seeking home-like living without the burden of ownership.

For example, in Columbus, Ohio, a for-sale home with comparable features to a nearby BTR unit costs \$4,221 per month to own—versus \$3,100 to rent—a 27 percent discount.

BTR - COLUMBUS, OH		1.5 Miles	FOR SALE - COLUMBUS, OH	
Beds:	3		Beds:	3
Baths:	2.5		Baths:	2.5
SF:	2,151		SF:	1,972
Built:	2024		Built:	2025
Rent:	\$3,100		Payment:	\$4,221
Payment/SF:	\$1.44		Payment/SF:	\$2.14

RENT VS. OWN ANALYSIS		SALE
Cost		\$527,000
Loan	91%	\$479,570
Mortgage PMT	7.13%	\$3,233
Taxes	2.00%	\$878
Insurance	0.25%	\$110
Total Monthly Cost of Ownership		\$4,221
BTR Rent		\$3,100
Monthly Discount to Owning		\$1,121
Discount to Owning		27%
Downpayment		\$47,430

Walker & Dunlop Internal Research, Zillow, NAR





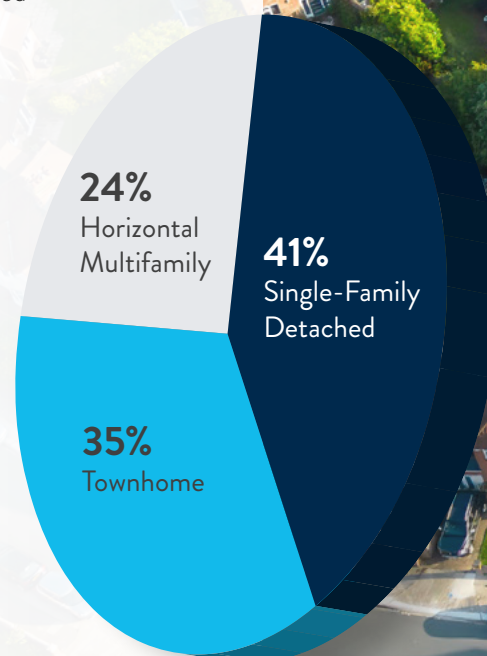
# THE BENEFITS OF BUILD-TO-RENT INVESTMENT

## INSTITUTIONAL-GRADE STABILITY

BTR combines the physical characteristics of single-family homes with the operational and financial structures of multifamily properties. The result: stable cash flow, professional property management, and reduced vacancy rates relative to traditional rentals. According to *Fannie Mae research*, BTR occupancy rates hover at 96 percent, 200 basis points (or two percentage points) above the multifamily occupancy rate.

## DIVERSIFIED PRODUCT TYPES

The sector includes single-family detached homes, townhomes, and horizontal apartments. This diversity allows developers and investors to tailor their BTR strategy to market preferences, site constraints, and return expectations. Walker & Dunlop's research indicates investor preferences are weighted toward single-family detached and townhome built-for-rent products in acquisitions. Among tracked sales, single-family detached units consistently command the highest price per unit as they most closely replicate the feel of traditional homeownership.



### SINGLE-FAMILY DETACHED

Price per unit: \$339k

Price per SF: \$215

Vintage: 2021

Avg. SF: 1,570



### TOWNHOME

Price per unit: \$327k

Price per SF: \$217

Vintage: 2020

Avg. SF: 1,486



### HORIZONTAL MULTIFAMILY

Price per unit: \$316k

Price per SF: \$296

Vintage: 2021

Avg. SF: 1,070

Walker & Dunlop Internal Research





## HOW WALKER & DUNLOP HELPS CLIENTS CAPITALIZE

As one of the leading firms in commercial real estate finance, Walker & Dunlop offers a full suite of capital solutions to support every stage of BTR development, acquisition, and investment strategy. Our integrated platform connects clients to deep market expertise, strategic advisory, and an expansive network of capital providers.

### Agency financing:

Walker & Dunlop has deep experience navigating BTR-specific loan programs from Fannie Mae and Freddie Mac, including forward commitments and lease-up flexibility. As the #1 Fannie Mae DUS® Lender in 2024, we help clients access attractive terms, non-recourse structures, and scalable financing aligned with long-term hold strategies.

### Capital Markets access:

Through our Capital Markets team, clients tap into a broad range of debt solutions, including construction loans, bridge financing, and permanent debt from life insurance companies, regional and national banks, and private debt funds. Our relationships and real-time market insights ensure competitive pricing and optimal structures tailored to BTR assets.

### Equity placement:

Walker & Dunlop has successfully arranged joint venture equity placements with leading institutional investors. Whether launching a programmatic partnership or capitalizing a single asset, we align developers with equity sources seeking exposure to the BTR sector's growth and stability.

### Advisory services:

Our Advisory team delivers customized guidance across the capital stack—from feasibility and capital structuring to exit strategy planning. With a holistic view of the market and deep transactional expertise, we help clients mitigate risk, unlock value, and accelerate execution.

Whether clients are sourcing construction capital, acquiring stabilized assets, or recapitalizing portfolios, Walker & Dunlop delivers seamless execution and a proven track record across the BTR landscape.

## OUR BTR TRACK RECORD

**Over \$3.4  
Billion**

in BTR financings and  
investment sales closed

**\$2.69  
Billion**

in construction  
financing alone

**Transactions Across  
the Entire U.S.**

including joint venture equity  
placements, life company  
executions, and sales

APPRISE BY WALKER & DUNLOP

# Value Your Opportunity



Our experts combine deep local market knowledge with advanced data analytics to deliver the insights you need to navigate today's complex environment.

[WalkerDunlop.com/Apprise](https://WalkerDunlop.com/Apprise)

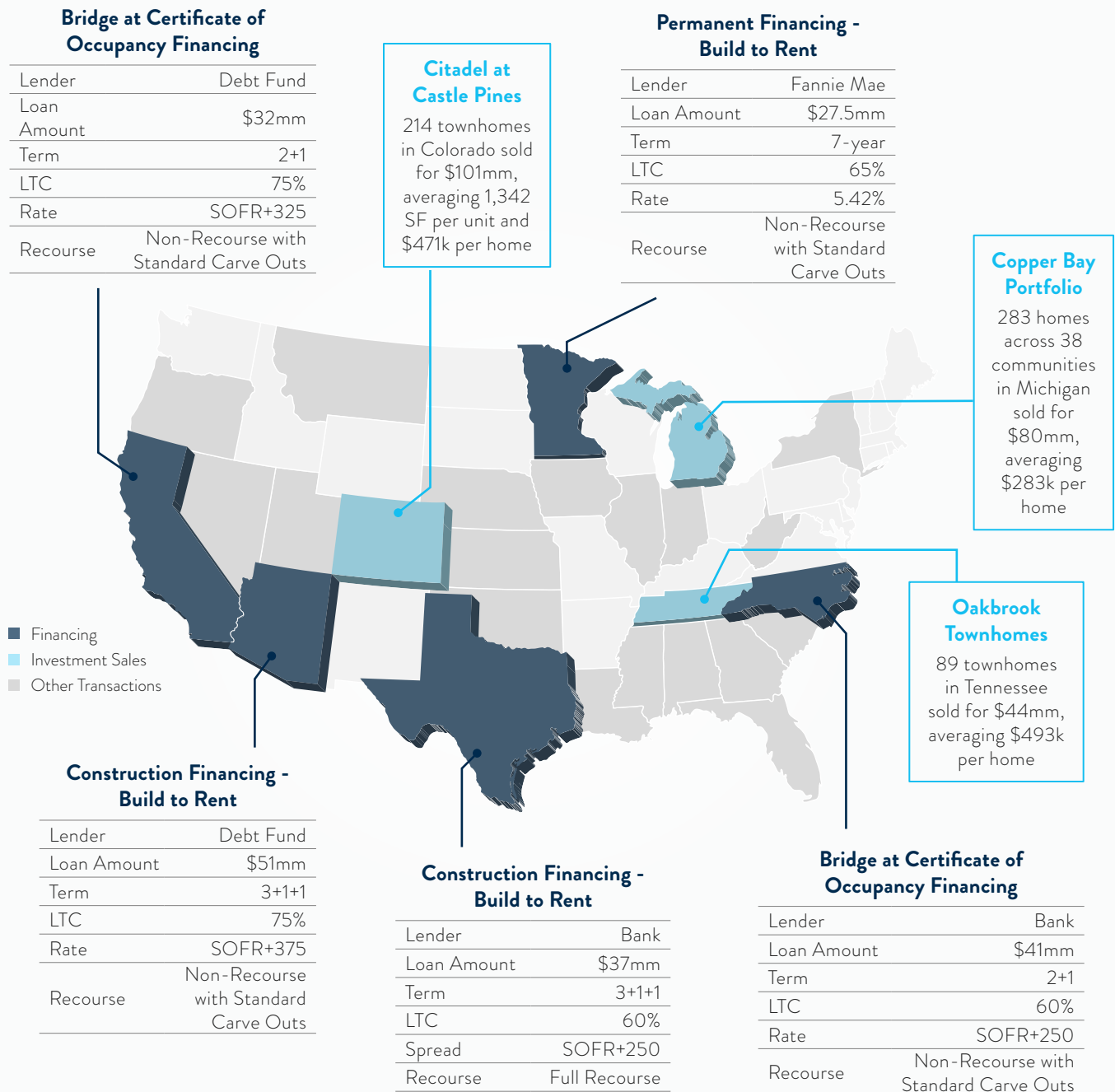
**APPRISE**  
BY WALKER & DUNLOP



# REAL-WORLD EXAMPLES: SUCCESSFUL BTR TRANSACTIONS

Walker & Dunlop's leadership in BTR is demonstrated by notable transactions nationwide.

Here is a quick sampling of some of our work.



Each of these examples underscores the strength and scalability of BTR, as well as Walker & Dunlop's role as a trusted advisor from capital sourcing through disposition.

# BTR CHALLENGES AND WALKER & DUNLOP'S SOLUTIONS

Despite strong momentum, the build-to-rent sector is not without its complexities. Developers and investors must navigate challenges impacting project feasibility, profitability, and long-term success. These include:



## **Zoning and entitlement hurdles:**

Many municipalities still lack zoning classifications tailored to BTR, often grouping it with either traditional multifamily or for-sale subdivisions—neither of which cleanly aligns with BTR's hybrid nature.



## **Rising land and construction costs:**

Escalating costs for land acquisition, materials, and labor can compress margins and delay timelines, particularly in high-demand growth markets.



## **Market saturation concerns:**

As BTR activity accelerates in hot metros, questions around absorption, long-term rent growth, and tenant demand sustainability are becoming more common.

## HOW WALKER & DUNLOP HELPS CLIENTS OVERCOME THESE CHALLENGES



### **Local market expertise**

Our teams have a deep understanding of regional dynamics and submarket nuances, allowing us to guide site selection, underwriting, and development strategy. We help clients identify locations with favorable zoning environments, strong renter demographics, and long-term growth potential.



### **Proprietary data and analytics**

With access to exclusive market intelligence—including rent comp data, absorption trends, and pipeline tracking—Walker & Dunlop equips clients to make informed, data-driven decisions. This insight is critical for gauging project viability and investor confidence, especially in competitive or emerging markets.



### **Relationships with agencies and municipalities**

Our long-standing connections with Fannie Mae, Freddie Mac, and HUD—as well as local planning authorities—enable us to anticipate regulatory requirements and advocate for more flexible BTR treatment. We help clients navigate entitlements, permitting, and policy barriers that could otherwise delay or derail projects.



### **Comprehensive execution capabilities**

From capital sourcing and equity placement to investment sales and advisory, Walker & Dunlop brings together every piece of the deal lifecycle. This end-to-end support helps clients de-risk execution, accelerate timelines, and optimize capital structure—whether building, acquiring, or recapitalizing BTR assets.

With our national reach and multidisciplinary platform, Walker & Dunlop is uniquely positioned to help clients address today's BTR headwinds while capitalizing on the sector's long-term opportunity.





# CAPITALIZE ON A PIVOTAL MOMENT FOR BTR INVESTORS

Build-to-rent is more than a housing trend; it's a structural shift in how Americans live and invest in residential real estate. As discretionary renters seek more space, flexibility, and affordability, BTR offers an ideal blend of lifestyle and economic advantage.

With \$3.4 billion in BTR deals closed and counting, Walker & Dunlop is uniquely positioned to help investors unlock this opportunity. Our integrated

platform, deep market insight, and capital access make us the premier partner for BTR success.

Ready to capitalize on the BTR opportunity? [Connect with Walker & Dunlop's team of BTR experts](#) to explore financing, investment, and advisory solutions tailored to your goals.

**[WalkerDunlop.com/BTR](https://www.walkeranddunlop.com/BTR)**

# APPENDIX: UNDERSTANDING BTR PRODUCT TYPE

The build-to-rent sector encompasses a diverse range of housing formats designed to meet varied renter preferences and development strategies. Understanding the nuances between these types is key to identifying the right investment or development approach.

## SINGLE-FAMILY DETACHED

**Overview:** Traditional standalone homes built for rental use. These units typically feature private yards, driveways, and garages, offering the closest experience to homeownership.

**Ideal for:** Suburban and exurban locations where land is more available, targeting families and long-term renters who value space and privacy.

## LUXURY SINGLE-FAMILY

**Overview:** High-end, purpose-built detached or attached rental homes on individual lots offering premium finishes, spacious layouts, and upscale community amenities designed to rival custom for-sale housing.

**Ideal for:** Affluent renters-by-choice—such as executives, relocating professionals, and downsizing homeowners—who want flexibility without sacrificing luxury.

## TWO-STORY TOWNHOMES AND SINGLE-LEVEL ROWHOMES

**Overview:** Homes in two to seven-unit building configurations, often with individual entrances and private garages.

**Ideal for:** Urban-adjacent neighborhoods and infill sites where density is important, catering to young professionals with or without children or downsizing households.

## HORIZONTAL MULTIFAMILY

**Overview:** Detached or semi-detached single-story units, typically with a “cottage home” design, arranged within a managed rental community, often with shared amenities such as a clubhouse, pool, or gym.

**Ideal for:** Markets where renters want single-level living with minimal shared walls, catering to young singles/roommates, couples, and renters up to age 54, with a high percentage being pet owners.







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