

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.

<https://www.wsj.com/articles/rising-home-prices-and-bidding-wars-galore-for-some-renting-vs-buying-is-a-no-brainer-11622742471>

HOMES

Rising Home Prices and Bidding Wars Galore? For Some, Renting vs. Buying Is a No-Brainer

These people can afford to buy a home, but instead are opting for built-to-rent communities that include an array of luxury amenities

By [Robyn A. Friedman](#)

Updated June 3, 2021 1:55 pm ET



Listen to Article (9 minutes)

After selling her family's four-bedroom home in Atlanta and moving to Arizona for her husband's job relocation, Gabrielle Brand toured single-family houses and condominiums, looking for a home for herself, her husband, Trevor Brand, and their 2-year-old daughter. The couple decided on a brand new, four-bedroom, 3½-bath home in Litchfield Park, a suburb of Phoenix. But instead of buying it, they are renting.



Gabrielle and Trevor Brand outside their single-family rental home.

PHOTO: MATT MARTIAN FOR THE WALL STREET JOURNAL

Since their home in Atlanta was custom built, the Brands were “very particular,” Mrs. Brand said, when choosing their new home. They were excited to move into their two-story stucco house in a gated subdivision called Las Casas at Windrose, she said. It has a fenced-in backyard, wood-like luxury vinyl flooring and a kitchen with light-gray granite countertops and stainless-steel appliances. The family is within walking distance of a playground, and they have views of the White Tank Mountains and downtown Phoenix. A major deciding factor: Las Casas is located within a highly rated school district. The Brands pay \$2,969 a month. That is 47% more than the median rent of \$2,018 as of March in metropolitan Phoenix for a four-bedroom, single-family home, according to CoreLogic.

The Brands are typical of the thousands of people—from millennials to empty-nesters—who can afford to buy a house but opt to rent. These renters are seeking out built-to-rent

communities, entire developments of new, single-family homes that developers intend to rent, not sell. These tenants, who may be put off by the high price of single-family homes today, or the bidding wars, are instead drawn to the luxury features and finishes, amenities and good school systems these rental communities offer.

There is a premium for a single-family home that is built for rent compared with an existing single-family home that is eventually rented, said Tim Sullivan, senior managing principal at Zonda, a housing-market research firm. The premium can be 10% to 20% or more, he said, because the built-for-rent homes are new and generally constructed as part of larger, master-planned communities with amenities such as pools, walking trails, playgrounds and fitness centers.



The exterior of the Brands' new four-bedroom, 3½-bath home.

PHOTO: MATT MARTIAN FOR THE WALL STREET JOURNAL

That is one reason traditional home builders are increasingly entering the built-to-rent market; strong demand for the product from multiple demographic groups is another. Lennar Corp., one of the nation's largest home builders, announced in March the formation of Upward America Venture, initially capitalized with an equity commitment of \$1.25 billion by Centerbridge Partners, along with Allianz Real Estate and other institutional investors. The venture will acquire single-family homes for rent in high-growth markets in the U.S. and is positioned to acquire over \$4 billion of new single-family homes and townhomes from Lennar and other home builders.

The Great Gulf Group, a Toronto-based developer, also joined in March with Westdale Real Estate Investment and Management to develop, build, own and operate dedicated built-to-rent, single-family housing communities in the Sunbelt.



The Brands' 2-year-old daughter plays in a model unit similar to their home.

PHOTO: MATT MARTIAN FOR THE WALL STREET JOURNAL

Las Casas, where the Brands live, consists of 133 luxury single-family homes within the Windrose master-planned community and offers residents a private fitness center, resort-style pool, spa, playground, outdoor kitchen, dog park and walking trails. The three- and four-bedroom homes have attached two-car garages and upgraded finishes and features throughout. Current asking rents range from \$2,480 to \$3,097 a month.

“If you’re going to rent a 10,000-square-foot house in Palm Beach, obviously we’re not luxury compared to that, but within the single-family built-to-rent market, we’re considered a luxury product,” said Matt Blank, co-founder of BB Living in Scottsdale, Ariz. In 2019, BB Living entered into a partnership with luxury home builder Toll Brothers to build entire communities of luxury homes to rent. They are now developing more than 20

communities in markets such as Tampa, Dallas, Austin, Denver, Boise, Phoenix and Salt Lake City.

Mr. Blank said that his average tenant is 39 years old, earns \$135,000 and has two children. “Our renters are people who make great livings, they’re at the early stages of forming their families and what they really desire is a great school district in a great community,” he said.

Luxury Amenities for Rent



The amenities at Las Casas at Windrose in Litchfield Park, a suburb of Phoenix, Ariz., include cornhole, a playground and a dog park. The gated community also has a resort-style pool and private fitness center. PHOTOS: MATT MARTIAN FOR THE WALL STREET JOURNAL(3)

Chris Boe, owner of an IT-services company, recently moved into a new three-bedroom, 2½-bath townhouse at BB Living at Val Vista, another Toll Brothers joint venture, in Gilbert, Ariz. He lives with his wife, Samantha Harnish, and their two children, 5-year-old Jaxon and 3-year-old Charlotte. Although the family pays \$2,060 a month in rent, current asking rents at the development range from \$2,589 to \$3,199.

After selling their home in nearby Chandler, the couple rented an apartment but needed more space for their growing family. Mr. Boe said they were drawn to Val Vista because the homes are new, located in a good school district and have a lot of outdoor spaces for the family to enjoy. “We spend five nights every week playing with the kids and wearing them out, whether it’s the park, the pool or the grill,” he said. “We’ve really enjoyed it.”

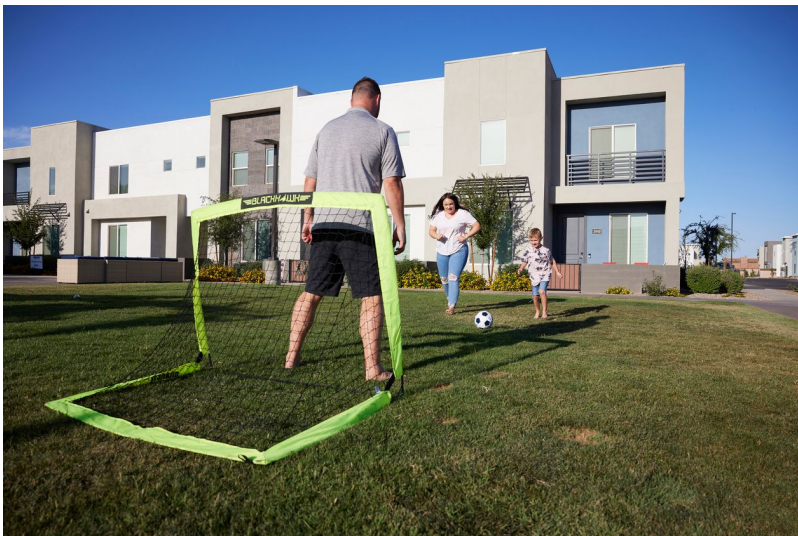
Mr. Boe said the family also feels a sense of community and participates in activities sponsored by the community's management company, such as food-truck evenings and outdoor movies.

"A lot of our customers are renting by choice," said Fred Cooper, senior vice president, finance, international development and investor relations at Toll Brothers. "The average income is in the \$120,000 to \$150,000 range. It's turned out to be a more affluent customer that's very interested in renting."



Chris Boe, Samantha Harnish, their daughter, Charlotte, and son, Jaxon, in a community park across the street from their house at BB Living at Val Vista, in Gilbert, Ariz.

PHOTO: STEVE CRAFT FOR THE WALL STREET JOURNAL



Chris Boe and Samantha Harnish play soccer with their son on a playing field near their house.

PHOTO: STEVE CRAFT FOR THE WALL STREET JOURNAL

SHARE YOUR THOUGHTS

Would you consider living in a built-to-rent luxury community? Why or why not? Join the conversation below.

Toll Brothers, which was already in the multifamily rental business, found single-family rentals to be “a very natural segue into another part of the business that we saw had tremendous growth potential,” Mr. Cooper said. The potential stems from the fact that multiple demographic groups are driving demand, from young professionals who can’t afford to buy because they lack a down payment to people relocating who want to test-drive an area before they commit to homeownership to empty-nesters who want a “lock-and-leave” lifestyle without responsibility. There are also the “baby chasers,” grandparents who want to be close to their children and grandchildren but prefer renting, according to Brad Hunter, president of Hunter Housing Economics, a residential housing-market consulting firm in West Palm Beach, Fla.

Mr. Hunter said that the built-to-rent segment of the real-estate industry is growing. Over 60,000 built-to-rent homes were built last year, he said, and he projects over 80,000 this year.



The dining room in the home of Chris Boe and Samantha Harnish, with their dogs Barkley, a pit bull mix and Bruno, a boxer.

Steve Craft for The Wall Street Journal

The open-plan dining and living room in the couple's three-bedroom rental home.

Steve Craft for The Wall Street Journal

The kitchen.

Steve Craft for The Wall Street Journal

The resort-style community pool at BB Living at Val Vista, the single-family rental community where Mr. Boe and Ms. Harnish live with their children.

Steve Craft for The Wall Street Journal

The community includes a playground and sitting area.

Steve Craft for The Wall Street Journal

NEWSLETTER SIGN-UP

Real Estate

From aspirational residences to major commercial deals.

PREVIEW

SUBSCRIBE

The industry began with investors like Mr. Blank, of BB Living, who, after the financial crisis, started buying foreclosures to rent out, for both the revenue stream and future upside potential. “It was a great idea and good while it lasted, but bigger companies with a lot more capital had the same idea,” Mr. Blank said. “We were forced to come up with a solution, and we figured we could buy land and build an entire community of single-family

homes at a great price.” The company provides on-site leasing agents and property managers.

Elaizah Flores, 26, a senior accountant for a baby-food company, recently moved into a three-bedroom home at Pradera, a single-family rental project in San Antonio, with her fiancé, Israel Garcia, and two children. She pays \$1,849 a month, compared with the metro’s median rent of \$1,408 for a three-bedroom home. The couple had been saving to buy a new home, but didn’t feel it was the right time. “Society pressures people our age with kids to buy,” she said. “But there’s still plenty of time for us to buy and, for now, this is perfect—living in a nice home that’s comfortable where we don’t have to worry about things like cutting the grass.”

She said the family enjoys the amenities at Pradera—the fitness center, pool and the internet cafe, which Ms. Flores used to study for her M.B.A. They have a trampoline in their backyard. “I looked at some privately owned homes before this, but when I saw Pradera, it was new and had amenities and the convenience of apartment living,” she said. “So, I stopped looking.”



A model home at Pradera, in San Antonio, similar to the one rented by Elaizah Flores.

PHOTO: AHV COMMUNITIES



The kitchen in a model home at Pradera.

PHOTO: AHV COMMUNITIES

Mark S. Wolf, chief executive officer and founder of AHV Communities, the developer of Pradera, said the average household income at AHV rental communities is over \$100,000.

Mrs. Brand, the Las Casas resident, said she and her husband considered buying a home but didn't want the responsibilities of homeownership at this point in their lives. The challenging real-estate market put them off as well, she said

"My house in Atlanta was about the same size as my home now," she said. "This area is up-and-coming, so all the schools will be really good. We probably don't even have to buy a house."

Appeared in the June 4, 2021, print edition as 'Luxury Without a Mortgage.'

Copyright © 2021 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.