



Rising Interest Rates, Economic Uncertainty Fuel Single-Family Opportunities

There is a huge opportunity in the BTR space in the next five to 10 years, say panelists at the GlobeSt. Multifamily Fall conference on Monday.

By Natalie Dolce | October 19, 2023

LOS ANGELES—With interest rates skyrocketing, and a looming recession at our doorstep, the dream of owning a home seems further out of reach than ever before, however, these economic shifts have also further sealed the success of the single-family BTR Market.

According to insights shared during a single-family panel held on a Monday afternoon at the GlobeSt. Multifamily Fall Conference, the BTR market is brimming with abundant opportunities.

Trevor Koskovich, president of Northmarq and a panelist, acknowledged the challenges within the market, noting that the BTR segment is no exception. He remarked, “Projects that are progressing are those where sellers have navigated unique equity situations, but overall, transaction volumes have seen a significant decline, and we’ve observed an uptick in capitalization rates.”

Brandon Gibson, head of acquisitions at The Steinbridge Group, emphasized that capital and other disruptions can pave the way for strategic value creation in real estate. He pointed to the 2008 financial crisis, which led to a shortage of bank debt and a rise in mezzanine debt. He further explained, “During the current cycle, concerns surrounding COVID, economic uncertainty, and mortgage issues have driven a demand for more living space, fueling single-family rental demand in many metropolitan areas. We’re seeing opportunities aligned with fundamental shifts, particularly in transitioning areas where people can enjoy a higher quality of life.”

Gibson added, “The key is to focus on deals in locations where people genuinely want to reside. When we adhere to this principle, we uncover opportunities to transact and execute deals.”

Doug Faron, Co-Founder and Managing Partner at Shoreham Capital, highlighted the BTR asset class’s unique position relative to other market segments, describing it as a built-in hedge against prevailing market conditions. He emphasized, “There is strong support from numerous economic drivers within this segment, coupled with a constrained supply in the market. We firmly believe there is substantial potential in this space over the next five to 10 years.”