

Build-to-Rent Narratives That Don't Match the Data

The recent conversation around build-to-rent (BTR) has centered on supply growth and little else. The data tells a more balanced story. Several assumptions shaping the current narrative don't fully match the numbers.

Assumption 1

Lower rates will unlock ownership

Mortgage rates eased to about 6.0%, yet with median home prices near \$410,000, owning still costs roughly \$3,200 per month, about \$1,100 more than the average BTR rent. Since 2023, 1.2 million renter households have formed. Modest mortgage rate relief has not changed the rent-versus-own equation.



Assumption 2

Construction means oversupply

Starts fell 23% in 2025, with the strongest period of activity at the beginning of the year. Deliveries are projected to decline 25% in 2026, easing some of the pressure that kept vacancies elevated and dragged on rents. The pipelines for BTR and for traditional apartments are now thinning.

Assumption 3

Capital has stepped aside

While there is less equity capital available for new construction projects, investors continue to acquire BTR communities, and the lending markets remain competitive. Per-unit pricing inched higher in 2025, although levels are still below the peak recorded in 2022.



THE TAKEAWAY

As deliveries slow, and supply and demand move closer to balance, the fundamentals of the build-to-rent sector are poised to strengthen. The outlook improves if economic conditions hold.

As deliveries slow, demand has room to catch up. From a fundamentals and investment standpoint, 2026 should be a year of improvement for the build-to-rent market.

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