

What you need to know about Tampa Bay's single-family rental boom

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Mize & Sefair Development, based in Tampa, and Pinellas Park-based Belleair Development Group have secured sites for five communities. The first two locations of The Keys Homes — with Florida Keys-inspired architecture and design — will be in Port Richey and Wildwood.

THE KEYS HOMES



By **Ashley Gurbal Kritzer** – Senior Reporter, Tampa Bay Business Journal

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In the wake of the novel coronavirus pandemic, investors and developers have renewed interest in single-family rental homes.

Single-family rentals are hardly a new investment, but it's an asset class that was almost exclusively the terrain of mom-and-pop landlords until the Great Recession in 2008. In the aftermath of the market crash, Wall Street-backed investment firms moved quickly to scoop up single-family homes and rent them out — while offering a level of professional property management services more typically seen in multifamily communities.

This time around, investors and developers are betting on single-family rental communities — entire communities of detached dwellings, purpose-built as rentals. Here's what you need to know to make sense of this latest building boom.



Who: Publicly traded real estate investment trusts like California-based American Homes 4 Rent Inc. (NYSE: AMH) are major players in this boom. AH4R is bullish on Tampa Bay and recently made two major land acquisitions here – including the former Quail Hollow Golf Course in Wesley Chapel.

But it isn't just big builders chasing these deals; entrepreneurial developers are, too. Mize & Sefair Development of Tampa and Belleair Development Group of Pinellas Park have teamed up to build these communities, with a goal of amassing 3,000 units in the next five years.

Phoenix-based NexMetro is also active in this market.

Why: Single-family rental communities are more efficient from a property management perspective and allow developers to offer the same types of amenity packages seen in for-sale communities and apartment projects.

Developers and investors anticipate a wave of demand for this type of property in the coming years as the pandemic has created an awareness of shared spaces like hallways and elevators.

Where: The spread-out nature of these communities that attract tenants in the first place means they're in far-flung suburban locales – developers can't find large enough infill sites to make these projects work.

What to watch for: Land deals are fiercely competitive right now, and rising prices of both land and construction materials could make the economics of these deals challenging.