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# Opportunistic BTR Sector Facing a Reset, But Is Resilient, Promising

Executive panel discusses the current situation and what 'keeps them up at night.'

By [Paul Bergeron \(/author/profile/Paul-Bergeron/\)](#) | March 03, 2023 at 08:22 AM

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The past year has seen the Federal Reserve triple the interest rates and home mortgage rates double, and yet there is a resiliency in the build-to-rent market.

From financing to workmanship to NIMBYism, the leading build-to-rent executives spoke on trends in their sector at IMN's BTR East conference in Nashville.

Panelists included Mark Wolf, CEO, AHV Communities; Gentry Hoyt, chief strategy officer, ARK Homes for Rent; Dan Ganguly, SVP, Mynd; Richard Ross, CEO, Quinn Residences; and Darin Rowe, Taylor Morrison; who presented with moderator John Curry, CEO, Setanta Development Capital.

Wolf is optimistic but showered the audience with a bit of caution, reality, and negativity.

"Rent rolls aren't climbing," he said. "We're in the early stage of an industry reset that I thought would have started sooner. I'm expecting an acceleration of pain.

"The industry is still figuring things out. Financing is choppy. There is more capital available in the first quarter than there was in the fourth quarter."

## Making the Numbers Work

On the challenging lending market, Wolf said, "You're seeing a lot more fiction written in MS Excel than in MS Word.

"But honestly, I'm more confident about the build-to-rent sector over the next 10 years than I was when we started our company 10 years ago. It's going to be way better, way more exciting, and fantastic overall.

"We're all here because we believe in this industry. But, right now, you've gotta be really good at what you're doing. This sector is not frothy as it was in the past few years."

Hoit said the choppy financing most are seeing presents opportunities as long as you stick to your fundamentals.

Rowe said localized information is key in these (and any) market conditions.

"You can't be sitting in New York, buying land in Texas," he said. "We figure about 20% to 25% of a deal is based on localized regulations such as zoning. You can't just do rinse-and-repeat on your deals."

### What Keeps Them Up at Night

Ross said NIMBYism is a persistent, growing concern.

"You see and read all this media crap about the housing industry being the bad guys when it comes to affordability," he said. "We as an industry need to stand up at local city council meetings and tell our story."

Wolf said he's frustrated about the level of quality in construction in all real estate, coming out of the pandemic.

"Workmanship is poor," he said. "There could be so many things behind your walls that you don't know about such as pipes, valves, joists, insulation, under the roof – it can be abysmal at best."

Hoit said that leveraging data is a big focus for ARK in 2023. "At the company level, we need to understand our data," she said. "It's hard. We've made a huge investment to do this and to become more efficient."

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