

Development

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Builder

BB LIVING FINDS OPPORTUNITY WITH SINGLE-FAMILY RENTALS

In Phoenix, demand for detach rentals is high

By [Lauren Shanesy](#)



After buying foreclosed homes one at a time in an effort to break into the single-family rental business, BB Living principal Matt Blank and his business partners saw the opportunity to make a stronger play in the market with a build-to-rent model in [Phoenix](#). [Read more about the single-family for rent market here](#).

“The institutional investment firms basically came in and priced us out of the market in 2012, so we had to figure out a new business strategy,” Blank says. “We saw that land was still incredibly cheap and building costs were still very low at the time given that there was no home builder activity in the market then. We did the math and found that we could build brand new single-family homes for a cheaper price than buying the houses at foreclosure.”

BB Living has since built six communities in the Phoenix metro area and is close to reaching the 1,000-unit benchmark. The company's first community, Higley Park in Gilbert, Ariz., included 185 detached houses inside a larger 600-home subdivision. When the business first launched, BB Living offered consumers the option to either rent or purchase the homes, a strategy that allowed the company to figure out what the market needed while it got up and running.

“We sold 35 houses that way and rented 35 houses at the same time—the market seemed to want both options, and we saw an equal absorption level of selling and leasing about six to seven homes per month each,” Blank says. “But once we were able to prove the rental market and prove that people actually wanted to rent single-family homes, we were able to secure financing and stop the for-sale effort to focus exclusively on rentals.”

BB Living's communities are located in master planned communities that are already fully outfitted with neighborhood amenities like swim parks, golf courses, and large communal spaces. The company will soon break ground on its first stand-alone community of 217 single-family rental units with a resort-style pool, workout facility, dog park, and walking trails. The units range anywhere from 1,500 to 2,400 square feet and include three to four bedrooms and a two-car garage.

BB Living plans to expand to the [Denver](#) market in 2018.

About the Author



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