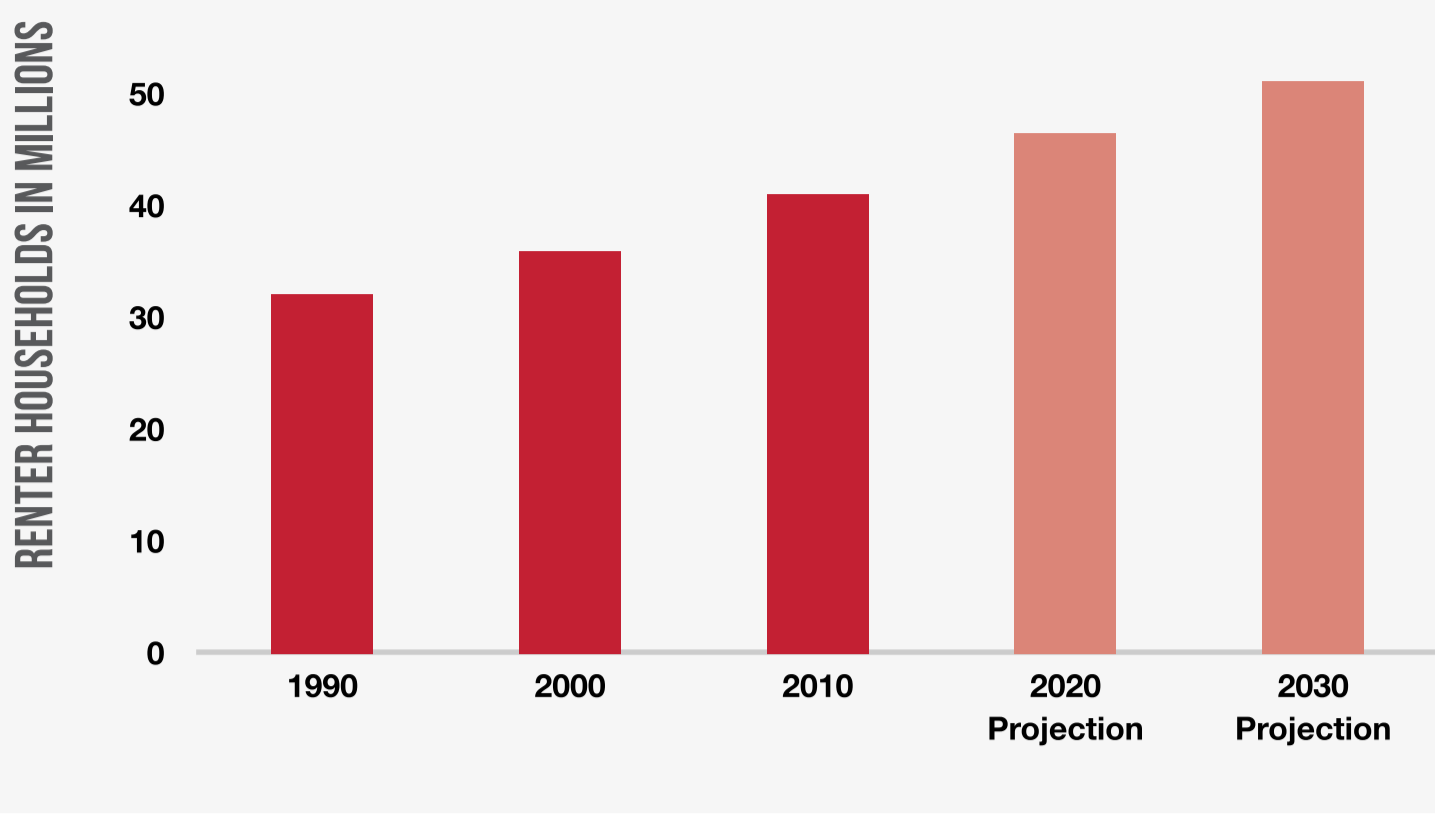


THE SLOWDOWN IN NEW CONSTRUCTION DURING THE DOWNTURN, COUPLED WITH GROWING DEMAND MEANS RENTAL MARKET CONDITIONS ARE TIGHT.



OVER THE NEXT 20 YEARS, DEMAND FOR RENTAL UNITS WILL CONTINUE TO GROW:



FOUR KEY GROUPS DRIVE THE RISING DEMAND:

BABY BOOMERS

A growing number of seniors are looking to downsize and reduce their home maintenance responsibilities.

ECHO BOOMERS

As the economy recovers, more young adults are moving out on their own.

FORMER HOMEOWNERS

Post-foreclosure homeowners prefer to rent single-family homes and may need time to rebuild credit before qualifying for a mortgage.

RECENT IMMIGRANTS

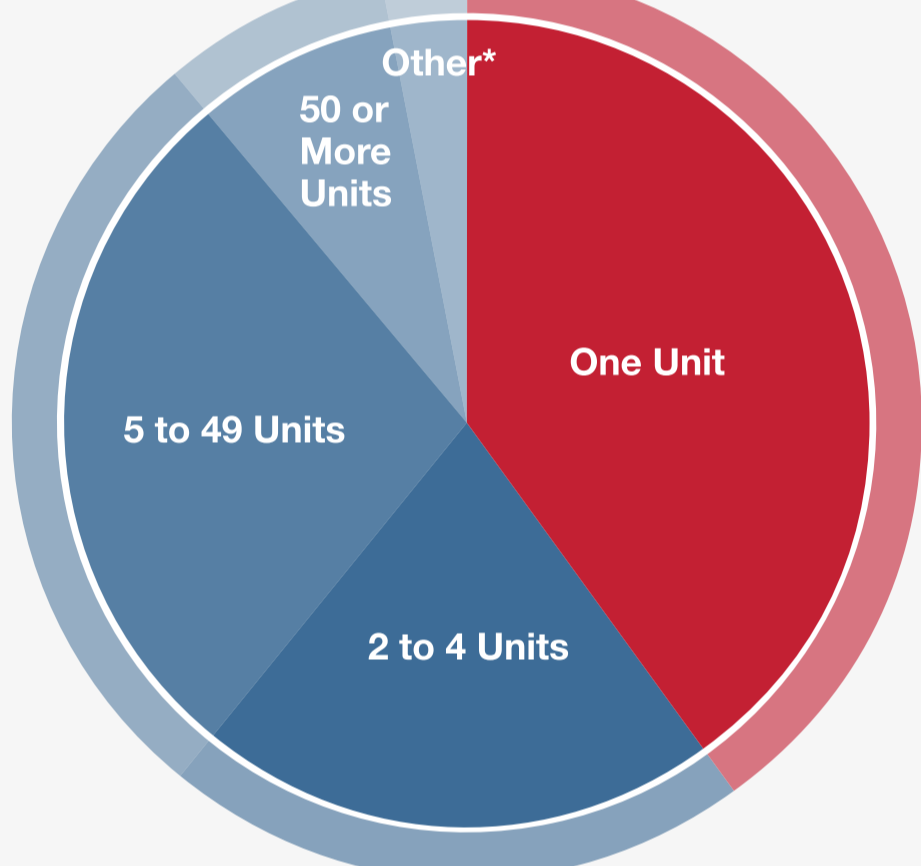
Gateway cities such as New York, Los Angeles, Miami and Houston see increased demand as immigration resumes.

AT THE SAME TIME, THE RENTAL STOCK IS SHIFTING. THREE FORCES IMPACT SUPPLY:

CONVERSION OF SINGLE-FAMILY HOMES

SINGLE-FAMILY HOMES MADE UP 35% OF RENTAL UNITS IN 2011 AND HAVE BEEN THE FASTEST GROWING SEGMENT OF THE RENTAL STOCK SINCE 2005.

2011 RENTER-OCCUPIED PROPERTIES

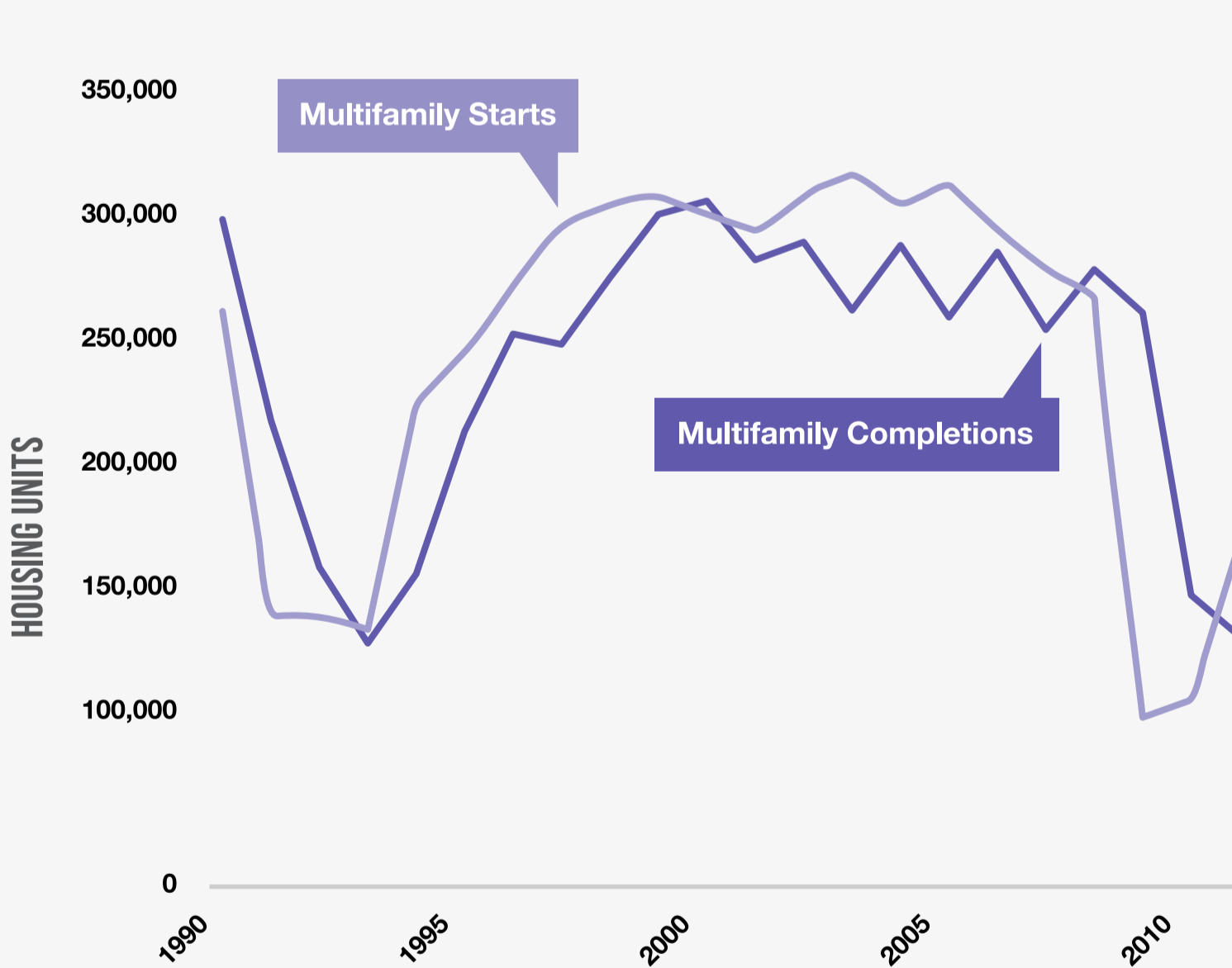


*Manufactured/mobile homes or trailers

MULTIFAMILY CONSTRUCTION

WHILE STARTS HAVE RECENTLY PICKED UP, IT WILL TAKE TIME BEFORE THE APARTMENTS ARE READY FOR OCCUPANCY

HOUSING STARTS AND COMPLETIONS, MULTIFAMILY BUILDINGS OF 5 UNITS OR MORE



LOSSES

OVER THE PAST DECADE, **AN AVERAGE OF 240,000 UNITS**

WERE LOST EACH YEAR

TO CONVERSION FROM RENTAL TO OWNER-OCCUPIED UNITS, DEMOLITION...

...AND PHYSICAL DETERIORATION FROM AGING.

IN 1989, THE MEDIAN RENTAL UNIT WAS 26 YEARS OLD.

IN 2009, THE MEDIAN AGE WAS 38 YEARS OLD.

WHAT DOES THIS MEAN?

IT IS ESTIMATED THAT **5 TO 6 MILLION NEW RENTER HOUSEHOLDS WILL FORM OVER THE NEXT TEN YEARS.** TO MEET THE GROWING DEMAND, IT IS CRITICAL THAT THE MARKET **CONTINUE TO PROVIDE AN ARRAY OF OPTIONS FOR RENTERS AT ALL STAGES OF LIFE.**

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