SCP RESEARCH · TOWNHOME & BUILD-TO-RENT

Single-family living, multifamily execution.

Townhome and build-to-rent communities have become a meaningful slice of the K-Deal pool as renters seek space without the cost of ownership. SCP Research tracked 50 townhome and BTR loans totaling $1.04B across 20 securitizations closed January–August 2026. Three findings stand out: loans price almost in line with garden apartments, borrowers overwhelmingly choose 5-year terms, and newer purpose-built product trades at a large premium per unit.

50
LOANS TRACKED, 7,732 UNITS

$1.04B
CUT-OFF LOAN BALANCE, 2026 K-DEALS

73%
5-YEAR SHARE OF FIXED-RATE BALANCE

5.49%
WEIGHTED CAP RATE, FIXED-RATE LOANS

01

Loans in the 2026 securitizations

MARKET	SUBTYPE	BUILT	TERM	UNITS	LOAN	PER UNIT	LTV	DSCR	CAP RATE
Orland Park, IL	Townhome	2023	Floating	294	$71.4MM	$243K	66.1%	1.20x	5.47%
Whitehall, OH	Townhome	1953	5-yr	736	$59.8MM	$81.3K	73.1%	1.34x	6.74%
Lenexa, KS	Townhome	1985	5-yr	408	$53.7MM	$132K	64.7%	1.36x	5.59%
Cohoes, NY	Townhome	2014	5-yr	200	$45.4MM	$227K	69.9%	1.25x	5.62%
Hendersonville, TN	Townhome	2021	5-yr	165	$39.8MM	$241K	55.0%	1.64x	4.59%
St. Johns, FL	Townhome	2020	5-yr	216	$39.6MM	$183K	54.7%	1.59x	4.46%
Sandy Springs, GA	Townhome	1972	7-yr	389	$39.3MM	$101K	72.0%	1.29x	6.06%
Puyallup, WA	Townhome	2012	5-yr	147	$38.5MM	$262K	65.0%	1.48x	5.04%
Arlington, TX	Townhome	1998	5-yr	444	$34.8MM	$78.4K	51.8%	1.25x	3.97%
Kissimmee, FL	Townhome	2023	10-yr	176	$33.4MM	$190K	51.1%	1.30x	4.36%
All 50 loans	—	—	—	**7,732**	**$1.04B**	**$135K**	**63.9%**	**1.36x**	**5.48%**

Source: SCP Research; Freddie Mac K-Deal offering materials for 25 securitizations closed Jan–Aug 2026. Largest ten loans by cut-off balance shown, identified by market only. Totals weighted by balance. Units as reported in the tape.

A mix of seasoned and new product. The class spans 1950s townhome communities to post-2020 purpose-built rentals; median vintage is 2005. Ohio (16%) and New York lead by balance.

Short terms dominate. 73% of fixed-rate balance chose 5-year terms, versus 49% for conventional loans — owners of newer BTR communities are keeping exit and refinance options open.

02

Why the demand is durable

$2,246
RECORD AVERAGE BTR RENT, AUGUST 2026

~95%
BTR OCCUPANCY, Q1 2026

~64,000
BTR HOMES UNDER CONSTRUCTION

-19%
BTR STARTS IN 2025 VS 2024

Sources: Yardi Matrix (single-family build-to-rent rents, August 2026, +0.5% y/y); National Apartment Association Build-to-Rent Q1 2026. Rent growth is strongest in the Midwest and weakest in high-supply Texas metros.

03

Pricing and credit vs. conventional

Townhome and BTR loans carried a weighted coupon of 5.20%, only about 11bp over conventional loans of the same term. Leverage (64.0%) and coverage (1.37x) mirror garden apartments.

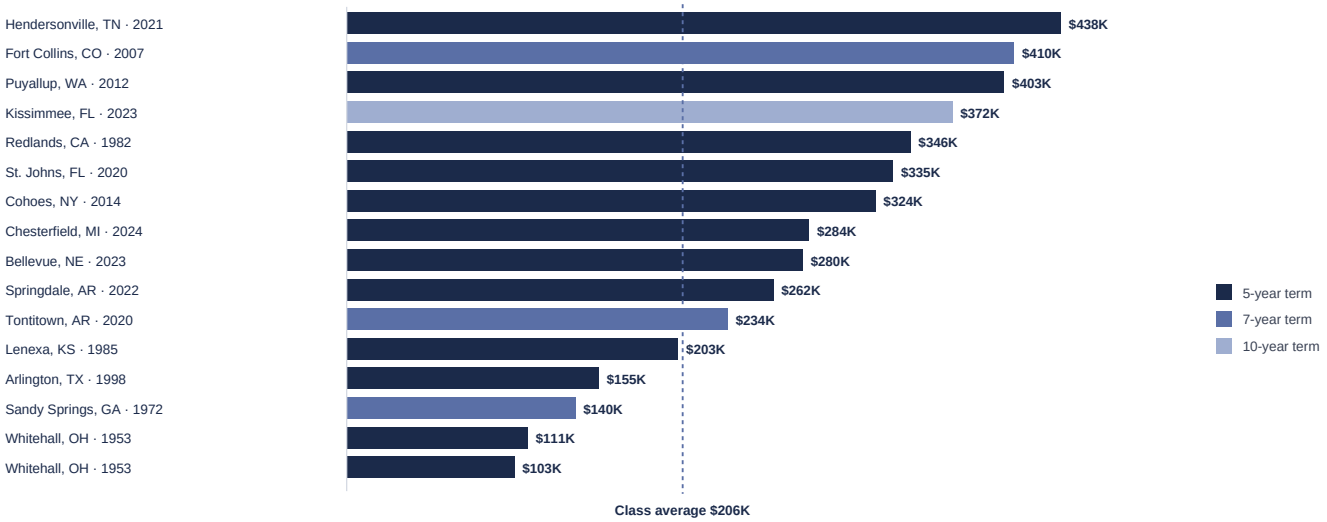
Lenders treat horizontal, professionally managed rental communities as multifamily; scattered-site portfolios fall outside this execution.

2026 K-DEAL TAPE	TOWNHOME & BUILD-TO-RENT	CONVENTIONAL
Fixed-rate loans	48	624
Weighted coupon	5.20%	5.15%
Premium, same loan term	+11bp	—
Cut-off LTV	64.0%	64.7%
UW NCF DSCR	1.37x	1.38x
Debt yield (UW NOI)	8.6%	8.4%
Cap rate (OAR)	5.49%	5.43%
Value per unit	$206K	$220K
Loan per unit	$130K	$141K
10-year term share	12%	33%
Full-term interest-only	21%	26%

Conventional = garden, mid-rise and high-rise loans in the same deals. Balance-weighted; floating-rate loans excluded from pricing.

Appraised value per unit, 16 largest fixed-rate loans

Colored by loan term · dashed line = class average



Source: SCP Research; Freddie Mac K-Deal offering materials. Appraised value at securitization divided by units as reported.

04

Operating profile per unit

UNDERWRITTEN, PER UNIT	LOW	MEDIAN	HIGH	CONV. MEDIAN
Effective gross income	$13,585	$20,154	$29,953	$18,644
Operating expenses	$6,258	$8,173	$10,938	$7,818
Net operating income	$6,148	$10,975	$20,414	$10,788
Expense ratio	33.1%	41.7%	56.2%	42.5%

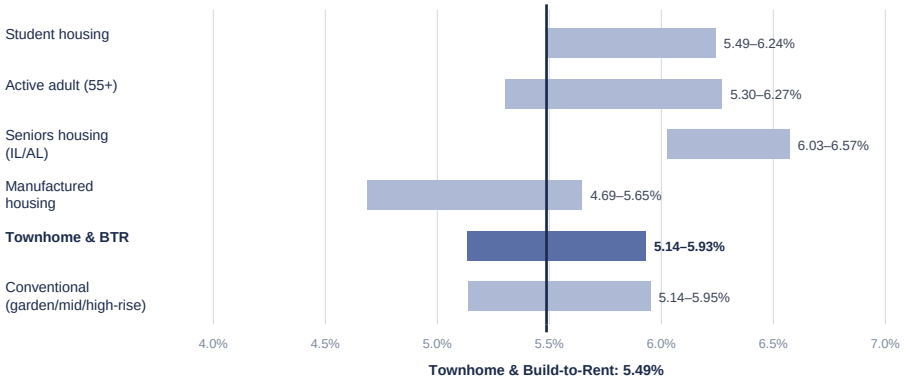
Low / high = 10th / 90th percentile of fixed-rate loans. Source: SCP Research; K-Deal underwriting.

Revenue per unit ($19,776) is close to conventional apartments, and the expense ratio of 43.6% is only slightly higher, reflecting larger units and more exterior maintenance.

Tenancy is stickier than apartments — households with children and pets renew more often — which supports stable collections through the loan term.

05

Where a 5.49% cap rate sits in the tape



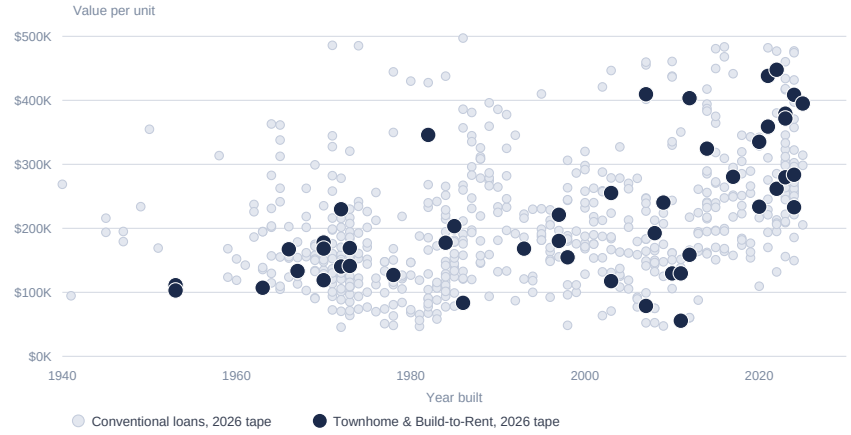
The townhome and BTR interquartile cap range sits right on top of conventional apartments, confirming that lenders and appraisers price the product as multifamily.

The weighted cap rate of 5.49% compares with 5.43% for conventional loans. Median cap rates were 5.37% on communities built since 2010 (20 loans) versus 5.69% on older stock.

Bars show the interquartile (25th–75th percentile) range of underwritten cap rates, fixed-rate loans. Source: SCP Research.

06

Vintage and value per unit



Vintage matters more here than in any other class: communities built since 2010 appraised at a median $304K per unit, versus $168K for older townhome stock — a premium of about 81%.

Purpose-built BTR delivers larger homes with garages and yards at rents older townhome communities cannot achieve.

Source: SCP Research. Axis capped at $500K per unit; 0 loans and 20 conventional loans above the cap not shown.

07

What this means for financing

6.39%	+118bp	$116K	-11%
INDICATIVE FIXED COUPON AT TODAY'S TREASURIES	TREASURY MOVE SINCE H1 2026 PRICING	DSCR-SIZED LOAN PER UNIT AT 1.25X, 30-YR AMORT.	VS. LOAN PER UNIT IN THE 2026 TAPE ($130K)

i. **Present it as multifamily.**

Single-ownership, professionally managed BTR communities qualify for conventional agency execution. Consolidated site plans and unified management are prerequisites.

ii. **Five-year paper matures quickly.**

With 73% of the class on 5-year terms, many owners face an earlier refinance at higher Treasuries. Planning the takeout 12–18 months out preserves options.

iii. **New-build premiums support proceeds.**

Post-2015 product appraises well above older stock; sponsors completing lease-up can capture that value in a fixed-rate take-out or supplemental loan.

Illustrative metrics derived from SCP Research data. Indicative coupon = tape weighted coupon plus the change in the term-matched Treasury from its Jan–May 2026 average (SCP rate file) to the 28 Sep 2026 close (10-yr 5.24%, 5-yr 5.07%; 7-yr interpolated), holding spreads constant. DSCR sizing applies tape UW NCF per unit at an illustrative floor for the property type. For discussion only; does not constitute a valuation opinion, investment advice or an offer to lend.

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01

Where we work

Multifamily & mixed-use
Construction, bridge and permanent debt

Active adult / 55+
Seniors housing and 55+ rental

Behavioral health
Treatment and supportive housing

Special situations
DIP, bridge, rescue and gap capital

Hospitality
Mezzanine and preferred equity

Social infrastructure
Transitional, shelter and government-leased

02

What we do

i. **Debt & structured finance advisory**
Senior, unitranche, mezzanine, preferred equity, bridge and DIP financing across agency, life company, CMBS and private credit channels.

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iv. **Strategic & underwriting advisory**
Institutional-grade financial models, capital structure review, valuation and transaction management, on a standalone basis or as part of a mandate.

Financing, refinancing or recapitalizing a property? Let's discuss what terms are achievable in today's market.

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