

Renters, Homeowners & Investors: The Changing Profile of Communities

February 26, 2013 |

Renters, Homeowners & Investors: Sean Dobson

SEAN DOBSON: One of the strategies in our Asset Management arm is a diversified hold to lease single-family portfolio. So we're buying single-family homes, renovating them, leasing them, and managing them for a long-term hold strategy, believing that home prices in today's market are undervalued, and this will correct as the financing markets stabilize. Which should take probably three to five years. But we're -- we're patient capital, and believe that the return that we earn while we hold the assets is -- is a very solid risk-adjusted return, and we think that there's substantial capital appreciation opportunity. What's causing home prices to be low is really a local economic problem. And it might not even be necessarily a lack of housing demand as it is a lack of prospects for housing demand. If you think about our thesis -- is that we'd like to be in those markets where people want to live. And if you're in markets where there are -- where there's a stagnant economy and too much of the housing is subsidized, an investor looks at this and says, okay, this is a different type of transaction. This is really a cash-flow transaction. What I'm looking for as an investor, because capital is limited. Is I'm looking to -- for the similar. If I can get a similar cash-flow return, then I have a lot greater potential, because home prices accelerate because of consumer ownership demand. That's a much more attractive investment than housing inventory that produces some sort of a yield, but isn't likely to see consumers show up to purchase the asset. So it's really those markets that -- that, we're in those markets that we think have a long-term consumer demand. And we're sort of shunning those markets that we're not sure where that employment base is going to come from.