

REAL-ESTATE

Subdivision planned in Manor will bring more than 100 townhomes for rent east of Austin



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A firm focused on building homes for rent is expanding across Texas, with plans to launch a fifth community in the Austin region. Beacon Residential said the project, which would be its second subdivision in Manor, will bring more than 100 townhomes to the fast-growing suburb east of Austin.

Beacon Residential's new rental homes will add supply to a market with an ongoing need for more housing of all types in Central Texas.

Beacon is a new build-to-rent brand from Toronto-based Great Gulf Group. In the Austin area, Beacon has existing projects in Kyle, Maxwell, Pflugerville and Manor.

The company builds in rapidly growing areas and has 16 communities in all. Nine are in the leasing stages, with several more expected to break ground this year, including the new one planned for Manor.

Within the past three years, Beacon says the company and its investors have committed \$260 million of their \$400 million target to more than 2,300 for-lease units in those 16 projects, which are in the metro areas of Austin, San Antonio, Houston, Dallas, Charleston, Orlando and Tampa.

More: Townhome rental project underway in Taylor near Samsung expansion. Here's what we know.

What are Beacon's Austin-area projects?

Beacon's next Manor project, yet to be named, would have more than 100 townhomes. Leasing could start before the end of this year, the company said.

Beacon's existing Manor community, Beacon at Presidential Heights, is under construction and will have 92 rental homes.

In Pflugerville, Beacon at Vine Creek will have 101 houses for lease. In Kyle, Beacon at Bunton Creek will have 103 homes. And in Maxwell, located in Caldwell County, Beacon at Hymeadow will have 146 houses for lease.

In those four communities, nearly 300 of the 442 houses have been built and leasing activity has been strong, Beacon Residential President Kiel O'Sullivan said.

Beacon finishes about 10 homes a month per project. Once a home is completed, it is available for occupancy.

What are the rents?

- Beacon at Presidential Heights in Manor: Rents for three-bedroom units start at \$1,819 a month. Five-bedroom units have starting rents of \$2,499 a month.
- Beacon at Vine Creek in Pflugerville: Three-bedroom units start at \$2,050 a month. Five-bedroom units start at \$2,805 a month.
- Beacon at Bunton Creek in Kyle: Three-bedroom units have starting rents of \$2,099 a month. Rents start at \$2,360 a month for units with four bedrooms.
- Beacon at Hymeadow in Maxwell: Rents start at \$1,799 for three-bedroom units, and at \$2,509 for five-bedroom units.

Across the country, rates for build-to-rent units reached an average of over \$2,100 per unit in the fourth quarter of 2022, according to a report by commercial real estate services firm CBRE. Rents have remained strong as these communities benefited from pandemic-era relocations to the suburbs, CBRE said.

More: More affordability: Austin Habitat for Humanity breaks ground on new housing development

What's behind build-to-rent's growth?

Build-to-rent is a growing trend locally and nationwide.

By offering the feel of a neighborhood with yards, parks and other green space, build-to-rent communities can be especially appealing to the young families and empty nesters who make up many of their renters.

Most build-to-rent properties consist of 50 or more homes or townhomes, according to CBRE.

"A defining characteristic of (build-to-rent) is that nobody lives above or below residents," CBRE's report said.

O'Sullivan said Beacon's rental homes provide a maintenance-free lifestyle, along with smart home technology, lawn care, pest control and 24/7 emergency maintenance. Other amenities include pools, dog parks and playgrounds.

Nationwide, a report by John Burns Research & Consulting has identified 1,177 completed and actively leasing build-to-rent subdivisions, with a total of 146,000 rental houses. In addition, there are 708 "coming soon" communities with more than 131,000 rental homes, the report said.

Despite the sector's growth, build-to-rent homes represent a sliver of the overall rental market and less than 1% of all single-family rental units, according to the Urban Institute.