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RentRange Identifies 25 Markets with the Largest Rental Rate Increases

Rust Belt markets showing strength in single-family rental price growth while retaining strong yields in the third quarter of 2016; Florida pricing continues to normalize

LUXEMBOURG, December 7, 2016 – RentRange, one of the premier providers of market data and analytics for the housing industry, today released data ranking the top 25 U.S. Metropolitan Statistical Areas (MSAs) by average rental rate increase for single-family[1] homes between the third quarter (Q3) of 2016 and the same quarter in 2015. The data analysis also identified the average gross yield generated by rental properties within these markets in Q3 2016.

There was a notable departure from the past several quarters' trend of Sun Belt strength. The Q3 RentRange® data identified emerging rental rate increases among the Rust Belt in areas like Pittsburgh, St. Louis and a trio of Ohio markets: Cleveland, Cincinnati and Canton. Interestingly, Florida and California, whose markets have long dominated the ranking of highest increases, saw their top 25 list representation reduced by half in Q3 2016 compared to Q3 2015. Florida, in particular, is seeing rent increases finally stabilize nearly a decade after the housing crisis. One trend that remains the same, however, is the notable single-family rental rate growth in already expensive areas with robust, expanding economies and tight inventory. Seattle, San Francisco

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[1] RentRange pulled data for single-family, three-bedroom homes.

and Portland all moved up on the list despite discussion of rents and real estate markets having plateaued, for example.

Looking at average gross yield,[2] which demonstrates income return from an investment prior to operating costs, the top five performers are all in the Rust Belt with yields ranging from 12.6 percent in Cincinnati to 15.3 percent in Cleveland. This region is followed by Dallas‑Fort Worth at 11.9 percent and several markets in the Southeast, including Winston‑Salem, Atlanta, Knoxville and Charlotte, which are experiencing double‑digit yields.

"The emergence of rental rate increases in several Rust Belt markets is creating a unique opportunity for single‑family rental market investors to pursue both property value increases and high yields," said Wally Charnoff, chief executive officer, RentRange Data Services. "For years, the Rust Belt has produced strong yields, but tepid property price appreciation has kept rents relatively flat, forcing investors to choose between property appreciation or yield. Strengthening economies in those markets combined with below average inventory and home buying challenges, such as home buyers struggling to obtain mortgages, are creating the perfect environment for rental investors. At the same time, markets like Seattle and San Francisco offer less yield than these markets since prices are already very elevated."

Ranking by Year-Over-Year Rental Rate Increase – Q3[3]

Rank	MSA	Change in Rent – Q3	Average Gross Yield – Q3
1	Seattle-Tacoma-Bellevue WA	16.0%	5.9%
2	Deltona-Daytona Beach-Ormond Beach FL	13.4%	9.9%
3	Lake Havasu City-Kingman AZ	13.4%	7.5%
4	San Francisco-Oakland-Hayward CA	11.9%	5.2%
5	Charleston-North Charleston SC	11.7%	9.2%

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[2] The gross yield is the total annual income an investor receives from an investment property divided by the price or value for the property. This figure does not account for any operating expenses, including property taxes.

[3] Historical yields are not a guarantee or otherwise necessarily indicative of current or future yields. All rental and yield data referenced is provided for information purposes only and should not be considered advice or otherwise be relied upon for investment decisions.

6	Charlotte-Concord-Gastonia NC-SC	11.7%	10.0%
7	Myrtle Beach-Conway-North Myrtle Beach SC-NC	11.4%	7.6%
8	Austin-Round Rock TX	11.4%	8.4%
9	Cape Coral-Fort Myers FL	11.4%	8.9%
10	Hickory-Lenoir-Morganton NC	11.3%	9.7%
11	Atlanta-Sandy Springs-Roswell GA	10.8%	11.2%
12	Pittsburgh PA	10.3%	13.7%
13	Stockton-Lodi CA	10.2%	6.6%
14	Sacramento-Roseville-Arden-Arcade CA	10.2%	6.0%
15	Dallas-Fort Worth-Arlington TX	10.1%	11.9%
16	St. Louis MO-IL	9.5%	13.7%
17	Portland-Vancouver-Hillsboro OR-WA	9.4%	6.2%
18	Canton-Massillon OH	9.3%	13.6%
19	Riverside-San Bernardino-Ontario CA	9.3%	7.1%
20	Cincinnati OH-KY-IN	9.2%	12.6%
21	Cleveland-Elyria OH	9.0%	15.3%
22	Phoenix-Mesa-Scottsdale AZ	8.9%	7.2%
23	Santa Rosa CA	8.8%	5.4%
24	Winston-Salem NC	8.8%	11.3%
25	Knoxville TN	8.8%	10.1%

Methodology:

RentRange produced the rankings of three-bedroom homes using metropolitan statistical areas, a standardized method for identifying city centers and immediate suburban areas. RentRange gathers rental data on approximately 250,000 single-family houses per month from a variety of contractual sources, including multiple listing services, property managers, landlords and listing websites. Yields are derived from RentRange's proprietary automated valuation model.

About RentRange Data Services

RentRange Data Services is an innovative marketing services company specializing in U.S. real estate. The company provides marketing services to Investability Real Estate, Inc., Investability and RentRange. RentRange Data Services is headquartered in Denver, Colo.

About RentRange®

RentRange is one of the nation's premier providers of information for the single-family residential sector, delivering address and market-level rental data, analytics and rent-based valuation solutions for a diverse customer base. The RentRange® reports help customers make data-informed decisions about the single-family residential market. The RentRange suite of data solutions includes individual property reports, market metric reports, customized data and analytics and single-family residential investor lists. RentRange is part of the Altisource Portfolio Solutions S.A. (NASDAQ: ASPS) family of businesses.

About Altisource®

Altisource Portfolio Solutions S.A. (NASDAQ: ASPS) is a premier marketplace and transaction solutions provider for the real estate, mortgage and consumer debt industries. Altisource's proprietary business processes, vendor and electronic payment management software and behavioral science-based analytics improve outcomes for marketplace participants. Additional information is available at altisource.com.

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Source: Altisource Portfolio Solutions S.A.