

# Real Estate Finance & Investment

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## Starpoint: Gen Y Is Key To Long-Term Multifamily Growth

**Starpoint Properties**, a California-based real estate investment firm, is looking to younger renter demographics to sustain the multifamily housing rally in the face of shifting market trends. With the single family housing market gaining momentum after years of decline following the 2008 crash, some investors worry that the rally in multifamily property could be coming to an end. A glut of new supply is also adding to investors' worries about the sector. "Our greatest concern is supply," said Starpoint CEO **Paul Daneshrad**. "We are now seeing as many as four markets that are experiencing rental rate declines," he added.

Generation Y populations, however, continue to be a stable source of new renters in many markets. Whole neighborhoods are being built on amenities that are geared toward renters in the age range of late 20s to late 30s, and developers and investors are targeting deals that cater to their needs. "The Generation Y renter is highly focused on location. They want pedestrian friendly geographies and a large amenity base," said Daneshrad.

Generation Y renters are also looking for unique types of apartment properties. "We are seeing a huge trend where that demographic will accept much smaller units in order to be in the right geography," he added. Downtown Los Angeles is one such submarket that has seen a general shift that is attracting younger

renters. Daneshrad notes that what used to be a less desirable location has been transformed to include high end amenities targeting young customers.

Starpoint targets value-add and core plus acquisitions with an aim to improve upon and rehabilitate the properties. It is active in Washington, D.C., Utah, Colorado and parts of Texas. Daneshrad notes that the firm funds about 20% of its acquisitions from its balance sheet and the rest are executed with an institutional or high net worth partner. "We'll do anything from 50 to 500 units," he said. "The demand to focus on this demographic is getting higher. Developing for them can always be a challenge."