



Why TruAmerica is going all in on this apartment type

Executives and global investors see more demand for these older properties



Built in 2005, The Villas at Old Concord in Billerica, Massachusetts, is the kind of workforce housing complex TruAmerica is targeting. (CoStar)

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Some of the nation's largest apartment owners are investing record amounts in a fast-growing segment of the rental market, reflecting an accelerating shift in U.S. demand.

TruAmerica, for its part, plans to invest nearly \$2 billion in workforce housing, or rentals for Americans earning roughly 80% to 100% of the median area income.

That property type is now "the biggest segment of the rental market," TruAmerica Multifamily Chief Investment Officer Noah Hochman told CoStar News. "We're focused on the renter by necessity — teachers, service workers and police officers."

The multifamily investor is joined by other owners, including BH Properties, Bridge Housing and Standard Real Estate Investments, in snapping up apartments that are older or have fewer amenities — often referred to as Class B properties — with renovations aimed at appealing to the fast-growing middle-income segment of the rental market.

Elevated mortgage rates and high home prices have pushed ownership further out of reach for many Americans, while most new apartment construction over the past decade has skewed toward high-end, Class A buildings, according to CoStar research.



Noah Hochman (TruAmerica Multifamily)

That imbalance has created sustained demand for older, workforce-grade housing that offers lower rents and steadier cash flow, Hochman said.

The Los Angeles-based firm recently closed its second workforce housing fund with \$708 million in commitments, marking its largest housing fund to date. Combined with other investments, TruAmerica now has roughly \$2 billion in purchasing power to acquire up to 30

Class B apartment properties across 25 cities over the next two years. The fund has bought 14 properties, with another dozen or so expected.

This portion of the apartment market has existed for generations, but investor interest has accelerated as rental stress has intensified: A record 50% of U.S. renters are now cost-burdened, spending more than 30% of their income on housing, according to Harvard's State of the Nation's Housing 2025 report.

Still, investors in the workforce segment face headwinds from increasing competition as more buyers vie for these apartments,

operating costs rise, interest rates show volatility, and new rentals — both luxury units and less expensive, fully affordable ones — could undermine rents at older Class B properties.

Demand for cheaper apartments

Hochman said the “renter by necessity” demographic expands in both strong and weak economic cycles: When the economy is strong, renters of Class C apartments — or the most outdated slice of the property — trade up, and in downturns, some tenants of Class A units — the newest or most high-end — trade down, creating what he described as “stickier,” or more resilient, demand.

The separate category of affordable housing, by contrast, typically operates under government income restrictions and subsidy programs that limit rents and tenant eligibility; workforce housing instead can respond to market-driven shifts in renter demand, not regulations.

Workforce housing has not always been treated as a distinct institutional asset class, but it has been gaining more attention as affordability pressures have mounted nationwide.



TruAmerica Multifamily acquired the 236-unit Chase Heritage Apartments in Sterling, Virginia, for \$72 million. (CoStar)

The shift has caught investor interest around the world. While domestic investment accounts for about 65% of TruAmerica's latest fund, the remaining 35% now comes from international sources.

The investors include pension plans, insurance companies and asset managers, and the firm said some overseas partners are making their first U.S. housing investments through the fund.

Hochman said the cross-border interest reflects global capital's view of U.S. rental housing as a long-term structural allocation tied to chronic undersupply.

Preserving workforce housing

Founded in 2013 by industry veteran Bob Hart, TruAmerica operates in nearly 40 markets and manages about 65,000 units nationwide, with workforce housing now its largest investment focus and "bread and butter," according to Alexis Sofyanos, TruAmerica Multifamily's director of investor relations.

When evaluating deals, TruAmerica takes a block-by-block approach, prioritizing the immediate area's resilience — including supply-demand dynamics, job growth and exposure to new construction — over headline pricing, Hochman said.

The fund is targeting acquisitions in major metropolitan areas across the Southeast, Northeast, West Coast, Mountain West and Sun Belt, regions where population growth, job creation and a development pipeline dominated by luxury apartments have tightened supply for middle-income renters.

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Rather than repositioning properties as luxury housing, TruAmerica focuses on preservation. Renovations typically include modest interior upgrades and refreshed amenities aimed at improving the resident experience without driving sharp rent increases.

“We’re not trying to create a luxury product or raise rents \$800 or \$1,000,” Hochman said. “We’re focused on improvements that are sustainable.”

One example is The Villas at Old Concord, a 324-unit property in Billerica, Massachusetts, near Boston. Built in 2005, the complex serves middle-income renters in one of the country’s most expensive rental markets. TruAmerica acquired the property for \$115 million in 2024.

With roughly half the fund still to deploy, the firm plans to move selectively, betting that demand for the middle of the rental market will remain one of real estate’s most highly durable.

Investor interest grows

TruAmerica is not alone in targeting workforce housing, as pension funds, foundations and insurers increase allocations to the sector.

In January, New York City-based banking company Citi launched a five-year, \$60 billion initiative to support the acquisition, construction, rehabilitation and long-term financing of at least 250,000 affordable housing units nationwide, including a focus on homes for essential workers and lower-cost rental options in expensive markets.

“Increasing supply is where our financial capabilities can make the greatest impact” on the nationwide housing shortage, said Edward Skyler, head of enterprise services and public affairs at Citi Foundation, in a statement.

Last year, Los Angeles-based BH Properties [launched Haven Housing](#), a standalone multifamily platform focused on acquiring and operating older income-restricted and workforce housing complexes. The venture debuted with 2,500 units under management and plans to target garden-style properties across the western U.S.

In September, San Francisco-based Bridge Housing launched its first private equity fund [focused on affordable and workforce housing](#) on

the West Coast. The firm plans to raise \$350 million in equity, targeting roughly \$1 billion in total investment capacity across California, Oregon and Washington. KeyBank, BMO and PGIM Real Estate are among the fund's investors.

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The fund “will enable us to move quickly on acquisitions not only to protect long-term affordability but also to add new affordable and workforce housing by converting market-rate units into homes for low- and middle-income earners,” Bridge Housing President and CEO Ken Lombard said in a statement.

Los Angeles-based Standard Real Estate Investments is also active in the sector. Last year, it partnered with Langdon Park Capital to acquire a multifamily property called Langdon Park on Arrow in Azusa, California, for \$21 million and renovate it while keeping it in the price range to appeal to families that work nearby and earn the median income.

Langdon Park plans to replicate the model in other urban markets over the next 18 to 24 months, focusing on California and the Mid-Atlantic.

Standard also recently added to its workforce housing portfolio in Chicago, with the \$93 million purchase of the 420-unit Fox Valley Villages complex in Aurora, Illinois, with local partner The Vistria Group.

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