

Invitation Homes merges with Starwood Waypoint Homes

Since the mortgage meltdown swept millions of Americans out of their homes, institutional investors have scooped up tens of thousands of these properties and converted them into rentals. Two major players in this [Wall Street rampage](#) — Invitation Homes and Starwood Waypoint Homes — are now merging to create a single-family rental giant valued at approximately \$11 billion.

The combined company, which will operate as Invitation Homes, has 82,000 homes under its wing with about 4,200 homes in each of its 17 markets. With no cash exchanged, the transaction is intended to be tax-free in what the companies are calling “merger of equals.”

Invitation Homes stockholders will own approximately 59 percent of the combined company’s stock, while Starwood Waypoint Homes stockholders will own approximately 41 percent of the combined company’s stock.

CEO of Starwood Waypoint Homes Fred Tuomi will lead Invitation Homes post-merger.

“This merger creates the leading single-family rental company in the United States, which will be uniquely positioned to deliver exceptional service to residents, while also improving operating efficiency,” said Tuomi in the press announcement. “We will have an irreplaceable portfolio of homes focused in select high-growth markets, offering unrivaled service and high-quality housing options for families choosing to rent.”

In February, Invitation Homes raised \$1.54 billion in an initial public offering. The IPO underlined Wall Street’s new role as a national landlord.

Institutional investors only own between 1 and 2 percent of single-family rentals, but they are expected to gain more in the years ahead. Fannie Mae — a government-controlled mortgage guarantor — recently endorsed their market presence by [guaranteeing debt backed by single-family rentals owned by Invitation Homes](#).

The trajectory of Wall Street apartment rental ownership offers a glimpse into what could happen to single-family rentals.

Institutional investors own more than half of U.S. apartment units, [according to Amherst InsightLabs](#). They began gobbling up apartments in the 1980s after a market crash bankrupted banks and developers. Large single-family rental investors built their chops by buying up foreclosed properties from banks.

After the Invitation Homes-Starwood Waypoint merger, Ernie Freedman, Chief Financial Officer of Invitation Homes, will remain CFO; Charles Young, Chief Operating Officer of Starwood Waypoint Homes, will become COO; and Dallas Tanner, Chief Investment Officer of Invitation Homes, will

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