

Amherst: The state of single-family rental investments

4 charts break down the market

The single-family rental market is now past 200,000 properties owned by institutional capital. And this is probably a low estimate, with the latest numbers coming out only for the year 2016, according to a new white paper from **Amherst Capital Management**, a **BNY Mellon** investment boutique specializing in U.S. real estate.

This means that total institutional investment in SFR homes is about \$33 billion as of 2016. Nonetheless, while media outlets sometimes refer to the “Wall Street” landlord when discussing SFR, the final data point below proves the market remains very diverse.

Amherst noted in its report that the since the number are derived from county record data based on buyer name tagging, they may not cover all purchases by the listed institutional buyers.

The company tracks properties in the county record and transaction data from **Corelogic** that are owned by institutional pools of capital by identifying buyers allied with each of them.

Using the data, Amherst created the following charts to show how the SFR has shifted geographically



and by investor size.

Sandeep Bordia, head of research and analytics at Amherst Capital, explained, “Institutional activity in the SFR market continues to increase, driven by relatively attractive valuations, modestly strong home price appreciation and stable financing.”

“Our data shows that newer entrants and mid-sized institutions accounted for the majority of institutional SFR home purchases over the last year, compared to a slowdown in buying activity among larger institutional holders,” said Bordia. “We believe that evolving demographics, financial factors

and shifting consumer preferences, will keep demand for SFR homes elevated over the coming years.”

These first two charts break down how the main players in the SFR space have shifted. The biggest institutional players (such as **Blackstone**, **American Homes 4 Rent** [“AH4R”] and **Colony/Starwood**) slowed their purchasing in 2015–2016, while the mid-sized players (such as **Progress**, **Main Street Renewal**, **Altisource** and **Connorex**) were more active in 2015–2016 versus prior years.

The second chart looks at the same data but by market share for year of purchase.

EXHIBIT 2 *Institutional SFR—# of homes by purchase year*

Organization	SFR Holdings (# homes) by purchase year					
	2011	2012	2013	2014	2015	2016
BLACKSTONE	6	11,222	24,180	6,943	3,742	1,191
AMERICAN HOMES 4 RENT	356	9,619	17,974	12,158	5,012	1,364
COLONY STARWOOD	256	5,582	12,919	8,511	2,190	1,052
PROGRESS RESIDENTIAL	2	497	5,278	4,756	4,763	3,938
MAIN STREET RENEWAL		237	1,339	2,390	2,282	2,875
SILVER BAY	438	3,309	2,222	1,205	1,138	12
TRICON AMERICAN HOMES	57	1,228	1,945	1,619	1,035	924
CERBERUS CAPITAL		834	2,347	439	2,387	331
ALTISOURCE RESIDENTIAL		1	51	446	1,022	3,112
CONNOREX-LUCINDA		53	442	1,027	1,078	1,524
HAVENBROOK HOMES	2	47	741	2,650	498	85
GOLDEN TREE	0	57	1,294	1,187	258	57
VINEBROOK HOMES	34	130	131	866	737	128
GORELICK BROTHERS	2		398	440	814	321
LAFAYETTE REAL ESTATE	14	365	69	424	369	18
CAMILLO PROPERTIES	42	110	338	379	169	141
HAVEN HOMES	32	282	724	20	1	5
TRANSCENDENT	18	203	150	230	11	
BROADTREE	3	49	139	211	88	65
REVEN HOUSING REIT		5	156	203	133	
PRAGER	1		13	182	76	4
PINTAR		11	13	11	66	125

Buying More Homes Buying Less Homes

Source: Amherst InsightLabs estimates based on Corelogic County Record and Transaction Data as of Q4 2016

EXHIBIT 3 *Institutional SFR market share (by year)*

Organization	SFR Holdings (% of institutional SFR) by purchase year					
	2011	2012	2013	2014	2015	2016
BLACKSTONE	0%	33%	33%	15%	13%	7%
AMERICAN HOMES 4 RENT	28%	28%	25%	26%	18%	8%
COLONY STARWOOD	20%	16%	18%	18%	8%	6%
PROGRESS RESIDENTIAL	0%	1%	7%	10%	17%	23%
MAIN STREET RENEWAL	0%	1%	2%	5%	8%	17%
SILVER BAY	35%	10%	3%	3%	4%	0%
TRICON AMERICAN HOMES	5%	4%	3%	3%	4%	5%
CERBERUS CAPITAL	0%	2%	3%	1%	9%	2%
ALTISOURCE RESIDENTIAL	0%	0%	0%	1%	4%	18%
CONNOREX-LUCINDA	0%	0%	1%	2%	4%	9%
HAVENBROOK HOMES	0%	0%	1%	6%	2%	0%
GOLDEN TREE	0%	0%	2%	3%	1%	0%
VINEBROOK HOMES	3%	0%	0%	2%	3%	1%
GORELICK BROTHERS	0%	0%	1%	1%	3%	2%
LAFAYETTE REAL ESTATE	1%	1%	0%	1%	1%	0%
CAMILLO PROPERTIES	3%	0%	0%	1%	1%	1%
HAVEN HOMES	3%	1%	1%	0%	0%	0%
TRANSCENDENT	1%	1%	0%	0%	0%	0%
BROADTREE	0%	0%	0%	0%	0%	0%
REVEN HOUSING REIT	0%	0%	0%	0%	0%	0%
PRAGER	0%	0%	0%	0%	0%	0%
PINTAR	0%	0%	0%	0%	0%	1%

Source: Amherst InsightLabs estimates based on Corelogic County Record and Transaction Data as of Q4 2016

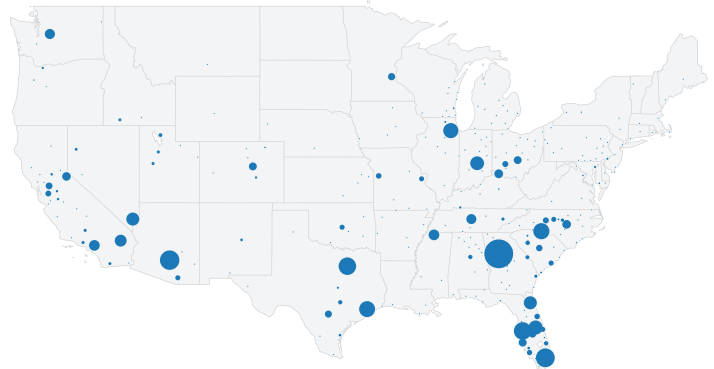
Note: The shares add up to 100% for each year individually

EXHIBIT 6 Geographical shifts in buying behavior

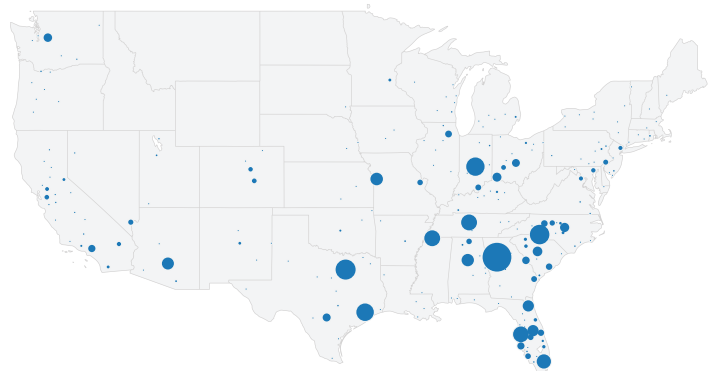
CBSA	2010–2015	# Homes
Atlanta–Sandy Springs–Roswell, GA	15.1%	27,514
Phoenix–Mesa–Scottsdale, AZ	6.8%	12,472
Miami–Fort Lauderdale–West Palm Beach, FL	6.4%	11,668
Tampa–St. Petersburg–Clearwater, FL	5.6%	10,183
Dallas–Fort Worth–Arlington, TX	5.5%	10,130
Charlotte–Concord–Gastonia, NC–SC	4.7%	8,598
Houston–The Woodlands–Sugar Land, TX	4.6%	8,371
Chicago–Naperville–Elgin, IL–IN–WI	4.1%	7,550
Orlando–Kissimmee–Sanford, FL	3.6%	6,569
Indianapolis–Carmel–Anderson, IN	3.4%	6,253
Rest	40.2%	73,332
Total	100.0%	182,640

CBSA	2016	# Homes
Atlanta–Sandy Springs–Roswell, GA	↔ 15.5%	2,682
Dallas–Fort Worth–Arlington, TX	↑ 7.5%	1,293
Charlotte–Concord–Gastonia, NC–SC	↑ 7.1%	1,226
Indianapolis–Carmel–Anderson, IN	↑ 6.3%	1,086
Houston–The Woodlands–Sugar Land, TX	↑ 5.7%	985
Nashville–Davidson–Murfreesboro–Franklin, TN	↑ 4.7%	811
Memphis, TN–MS–AR	↑ 4.7%	807
Tampa–St. Petersburg–Clearwater, FL	↓ 4.6%	792
Miami–Fort Lauderdale–West Palm Beach, FL	↓ 3.8%	650
Kansas City, MO–KS	↑ 2.9%	504
Rest	37.3%	6,436
Total	100.0%	17,272

2010–2015 HOMES BOUGHT BY INSTITUTIONS



2016 HOMES BOUGHT BY INSTITUTIONS



Source: Amherst InsightLabs estimates based on Corelogic County Record and Transaction Data as of Q4 2016

Note: The left half of the exhibit shows top ten areas with institutional purchases in 2010–2015 (top left) and 2016 (bottom left). The right side shows maps with each of the dot showing marketshare in the period. The top right shows holdings bought in 2010–2015 and the bottom right shows holdings bought in 2016

These next two charts show the geographical shift of where institutional investors are buying.

While the West had historically seen interest from early entrants in this space, as those institutions' share of total purchases fell, so did the West's proportion within all in-

stitutional purchases.

As an added noted, the color-coded arrows in the bottom left indicate metro areas where share has increased, fallen or stayed roughly the same in 2016 from prior years.

Overall, while the SFR mar-

ket sits at \$33 billion, it's still only a small drop in the bucket compared to the total value of single-family homes, which is estimated at about \$26 trillion.

This means that even among the 15 million or so single-family rentals, institutions own less than 2%.



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Sandeep Bordia is a Managing Director and Head of Research and Analytics at Amherst Capital Management. He has 15 years of experience working in various roles across the mortgage markets.

Prior to joining Amherst Capital, Sandeep was the Head of Securitized Products Research at Barclays Capital, responsible for all research related to agency/non-agency MBS, CMBS, ABS and European ABS. Before joining Barclays in 2008, he spent six years at Lehman Brothers focusing on agency prepaids, mortgage origination, servicing and subprime.

Sandeep has been ranked top 3 across multiple categories in the Institutional Investor's All-America Fixed Income Research Survey, most recently in non-agency MBS.

Sandeep holds an MBA from Indian Institute of Management and a BTech from Indian Institute of Technology.