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Tech, the secret to the single-family rental sector's success

By [Karn Dhingra](#)

Recent technological advances have helped make the institutionally backed single-family-rental real estate market in the U.S. a reality, according to industry observers.

While the Great Recession gave investors the opportunity to scoop up thousands of foreclosed single-family homes at very low prices, managing these disparate portfolios observers would have been almost impossible without new technologies, including cloud computing, global positioning systems, data storage and application development.

"They were almost like tech companies from the get-go," said Rick Palacios Jr., director of research at John Burns Real Estate Consulting. "Really, the industry could not exist without the advent of cloud computing and all the different tech advantages that these guys were able to leverage."

The web-based technology used by single-family real estate investment trust [Starwood Waypoint Homes](#) to manage its portfolio has its roots in the hospitality industry, Chief Technology Officer Lawrence Gorman said.

Gorman will oversee the integration of Starwood and [Invitation Homes Inc.](#)'s separate platforms into one entity that will manage the companies' combined portfolio of 82,000 homes after the [merger](#) of the two REITs is complete.

Before joining Starwood Waypoint, Gorman worked at [Choice Hotels International Inc.](#) for 20 years, where he helped develop a web-based property-management system that handled reservations, maintenance requests, room rates and other business operations for the company's 7,000 hotels and 650,000 rooms around the world.

"We thought we were hoteliers, but it turned out we were technologists that managed hotels for a living," Gorman said.

The main focus of Starwood Waypoint's proprietary software is to make the company as operationally efficient as possible, Gorman said. Part of the company's plan is to equip all of Starwood Waypoint's properties with smart-home technology managed from a central location. Currently, half of Starwood Waypoint's properties are outfitted with the technology, he said.

Prospective tenants can visit a smart home without a leasing agent being present by accessing the property through an application that unlocks it, Gorman said. The technology generates "tremendous" savings by allowing agents to cover a much larger portfolio of homes than they could if they had to make site visits, he said.

The technology also lets residents pay their rent, manage their home's internet-connected thermostat and request maintenance service online, Gorman said.

Starwood Waypoint's platform manages maintenance operations as well.

Using GPS, the platform schedules maintenance calls and provides a driving schedule for the company's maintenance contractors that saves on fuel costs and allows them to service more homes, he said.

Starwood Waypoint's maintenance personnel can take photos of rooms in homes that are in need of repair with smartphones and upload them to the platform and request parts and equipment from Home Depot to make the repairs in real time, Gorman added.

Todd Davis, Choice Hotels' chief information officer, who worked with Gorman to develop Choice Hotels' property-management system, said he has always seen a correlation between the management of single-family rentals, multifamily housing and hotels. He also heads SkyTouch Technology, a spinoff of Choice Hotels, which sells the platform to other hotel operators.

Single-family rental companies are now interested in how hotels have used data and algorithms to predict consumer demand to optimize their inventory and prices to increase revenues, Davis said.

Todd Jable, the former chief technology officer of Silver Bay Realty Trust Corp., which was [acquired](#) by [Tricon Capital Group Inc.](#) thinks companies will continue to focus on operational efficiency and standardizing customer service as they grow through acquisitions.

Going forward, Jable, who currently serves as the chair of the National Rental Home Council's technology committee, said he expects single-family operators will use data to optimize rents and home prices when making acquisitions and to predict when tenants' homes will need maintenance, in real time.