Economic Geography > Volume 94, 2018 - Issue 2

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Constructing a New Asset Class: Propertyled Financial Accumulation after the Crisis

Desiree Fields

Pages 118-140 | Published online: 15 Dec 2017

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https://doi.org/10.1080/00130095.2017.1397492

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abstract

This article is concerned with new modes of property-led financial accumulation emerging in the wake of the 2008 financial crisis. Focusing on the United States, the article traces the creation of an asset class derived from securitizing the rental income of foreclosed homes turned rental properties. The study strategically combines conceptual agendas often pursued separately. Theories of market formation rooted in

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nd to the n, and the Accept All gle-family Essential Only framework e of the SFR Settings ation. The s making it tal market

actors in retraming repossessed single-tamily nomes as rental properties and the role

calculative practices played in this process, and the strategies of issuers and credit rating agencies to frame a novel asset class for institutional investors. The SFR asset class affirms the fundamental role for housing in the ideology of capital, and speaks to new entanglements of financial actors and home life as financial accumulation is adjusted to the postcrisis context. Beyond shedding light on postcrisis housing financialization, the article demonstrates how economic geographers can carefully integrate theoretical perspectives to critically examine both the circumstances of market formation and the social, spatial, and political consequences of markets.

Q Key words: financialization marketization political economy real estate financial assets credit rating agencies

Acknowledgments

This article has been substantially strengthened through constructive feedback and criticism from a number of colleagues. I would like to especially thank David Madden, Martin Jones, and members of the Power, Policy, and Place research cluster at the University of Sheffield. Participants at the Critical Finance Seminar at Goldsmith University's Centre for Research Architecture and members of the Political Economy Research Group in the Department of Politics at the University of Sheffield also provided insightful questions and comments on various versions of this article. Finally, feedback from four anonymous reviewers and helpful guidance from the editor were invaluable in helping me to clarify the core contributions and analytic frame of the article.

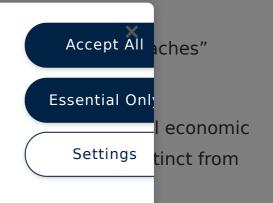
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³ A single-family home is a structure designed to be inhabited by one family, in the United States, typically sitting on its own plot of land and not attached to any other homes.

⁴ As Anderson and colleagues (<u>2012</u>, 187) note, "The relation between the French word agencement and assemblage in English is vexed"; the latter is an imprecise translation that does not fully capture the distributed agency emergent in the arrangement of heterogeneous elements. In this article I rely on the English term assemblage, but I use it in a way that retains "dynamic potential" and "the often uneven and uncomfortable practices of composition" (ibid., 173), that is, without reducing assemblage to a merely formal arrangement.

⁵ Statements about the nature and norms of the SFR market drawn from Savage (<u>1998</u>) are based on the 1995 Property Owners and Managers Survey, the only national survey of US property owners and managers conducted by the US Census.

⁶ For example, the state could have compelled financial institutions to sell repossessed properties to nonprofit ownership or rental schemes that would benefit residents and stabilize neighborhoods while lifting banks' responsibility to maintain physical assets. But such alternatives would undermine, rather than restore, housing's role in financial accumulation, thus dramatically transforming its political economy.

⁷ REO stands for real estate owned, referring to properties repossessed by banks.

⁸ Based on the markets listed on the websites of Invitation Homes, American Homes 4 Rent, and Colony Starwood in May 2016.

9 Across the first twenty-five SFR securitizations, issued between 2013 and June 2016,
 51 percent of the total issuance offered (approximately \$7 billion of \$13.8 billion offered) was rated AAA (author's calculations based on Morningstar rating agency

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¹³ Panel on securitization at the IMN Third Annual SFR Investment Forum (East), April 20–22, 2015, Miami, FL.

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