



# Home Warranty M&A March 2026



Mergers & Acquisitions  
Capital Raising  
[coladv.com](http://coladv.com)

# M&A IN THE DIRECT-TO-CONSUMER HOME WARRANTY INDUSTRY

A home is typically a household's largest investment—and one of the most expensive to maintain. Approximately 35% of homeowners have less than \$1,000 saved for home repairs<sup>1</sup>, despite annual home maintenance costs averaging more than \$10,000<sup>2</sup>. Home warranties have emerged as a practical solution, offering protection against the inevitable breakdown of critical systems and appliances.

Unlike homeowners insurance, which covers catastrophic events, home warranties address everyday failures caused by wear and tear. Just as importantly, they simplify the repair process by coordinating service providers, reducing both the financial and logistical burden on homeowners. As repair costs rise and housing stock ages, the value proposition of home warranties has become increasingly clear—particularly in the direct-to-consumer channel.

## AVERAGE OUT OF POCKET COSTS<sup>3</sup>



## DISTRIBUTION CHANNELS: REAL ESTATE VS DTC

The home warranty industry operates through two primary distribution channels: the real estate (broker) channel and the direct-to-consumer (DTC) channel.

The real estate channel has historically been the industry's foundation. In this model, home warranties are purchased during a home sale transaction, often by the seller or negotiated as part of the closing process. Large, scaled providers dominate this channel, leveraging extensive broker networks and national service infrastructures.

In contrast, the DTC channel targets existing homeowners—primarily those who did not receive a warranty at the time of purchase. Unlike broker-driven warranties, which typically have 12-month terms and lower renewal rates, DTC products are often structured with multi-year terms and recurring payment plans.

<sup>1</sup>Today's Homeowner

<sup>2</sup>Thumbtack

<sup>3</sup>Forbes, This Old House

## DTC HOME WARRANTY IS PRIMED FOR M&A

The DTC home warranty segment presents a compelling opportunity for strategic acquirers and investors, driven by several structural advantages:

### **Fragmented Competitive Landscape:**

Despite recent growth, the DTC segment remains highly fragmented, with more than 50 operators—many of which are small to mid-sized platforms.

### **Attractive Cash Flow Characteristics:**

DTC providers typically generate strong recurring revenue streams with high renewal rates and predictable unit economics.

### **Channel Independence:**

Unlike broker-focused providers, DTC companies control their distribution channels, reducing reliance on third-party relationships and mitigating concentration risk.

### **Secular Demand Drivers:**

Aging housing stock and rising repair costs are driving increased demand for home service solutions.

### **Limited Consolidation to Date:**

While the broker channel has seen meaningful consolidation, the DTC segment remains relatively underpenetrated from an M&A perspective.

# THE DTC HOME WARRANTY INDUSTRY IS \$2.7 BILLION

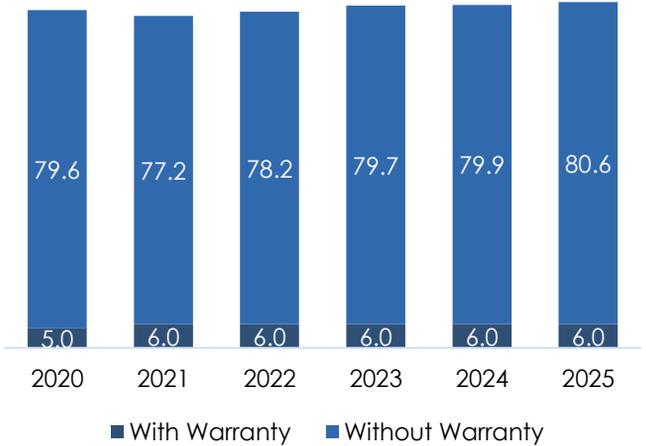
DTC home warranty marketers target the 80 million homeowners who do not currently have a warranty tied to their home purchase. In 2025, total DTC home warranty sales reached \$2.7 billion out of a \$39 billion addressable market.

The average cost of a DTC home warranty is approximately \$4,500, with most buyers opting for a 24-month payment plan. Warranties sold through DTC channels typically have a term of 36 months.

The 5.2% CAGR growth in the DTC channel is driven by declining attachment rates in the real estate channel and increasing demand for home maintenance solutions due to the aging housing stock. The financial benefits of budget protection and inflation hedging, further fuel this expansion.

## FEW HOMEOWNERS HAVE A WARRANTY<sup>4,5</sup>

(homes in millions)



ADDRESSABLE  
DTC MARKET SIZE

\$39.0 billion

## DIRECT-TO-CONSUMER HOME WARRANTY CHANNEL SIZE<sup>4</sup>

(\$ in billions)



<sup>4</sup>Frontdoor Annual Reports, Colonnade Estimates

<sup>5</sup>Bankrate

# DTC HOME WARRANTY ECOSYSTEM

## HOME WARRANTY MARKETERS

- Market home warranty service contracts to consumers via direct mail and digitally
- Marketers sometimes participate in reinsurance (acting as the obligor)
- High margins of 30-45%
- Highly fragmented universe of competitors
- Example: MyHome Protection

## ADMINISTRATORS

- Designs the service contract, manages claims, and often coordinates repairs
- Frequently, the administrator is the obligor - responsible for paying covered claims and ensuring the fulfillment of contract terms
- Limited number of competitors
- Administrators include Integrity Admin Group

## VERTICALLY INTEGRATED COMPANIES

- Many vehicle service contract marketers also offer home warranty service contracts
- Companies are vertically integrated as an administrator, marketer, and/or payment plan provider
- Limited companies with this structure
- Examples: Capital Home and Auto, Evercare Protection, Miramar Financial Holdings (Black Diamond and Warranty Global Group)

## SERVICE PROVIDERS

- Provide repair and maintenance services such as HVAC, plumbing, etc.

## PAYMENT PLAN COMPANIES

- Pursuant to a contractual agreement, company purchases at a discount the right to receive the payment stream; discounts typically 7%-15%. The company funds a portion to the administrator and the marketer. The consumer pays a down payment (typically 5%) and fixed monthly payments ranging from 18 to 24 months
- The payment plan company funds the marketers net of a cash reserve for cancellations, typically 40-55%
- Generally high yielding, short term receivables
- Companies include Sparta, Paylink, and Walco

## MULTI-CHANNEL SELLERS

- Companies selling through real estate brokers and direct-to-consumer
- Example: Choice Home Warranty

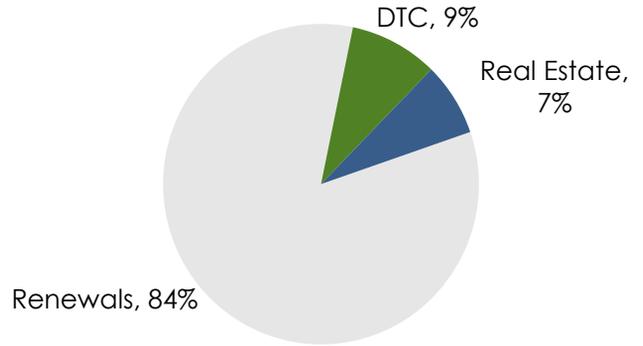
## KEY TRENDS DRIVING M&A IN DTC HOME WARRANTIES

- 1 DTC Growth is Outpacing Broker Growth
- 2 Housing Stock Is Getting Older, Requiring More Maintenance and Repairs
- 3 Budget Protection and Inflation Hedge

# 1 DTC GROWTH IS OUTPACING BROKER GROWTH

Historically, home warranties have been primarily distributed through real estate transactions. These broker-channel products are typically purchased at closing—often by the seller as a marketing tool or negotiated as part of the purchase agreement. Contracts of this type are generally structured as 12-month terms, with first-year renewal rates around 30% due to high customer satisfaction and peace of mind.

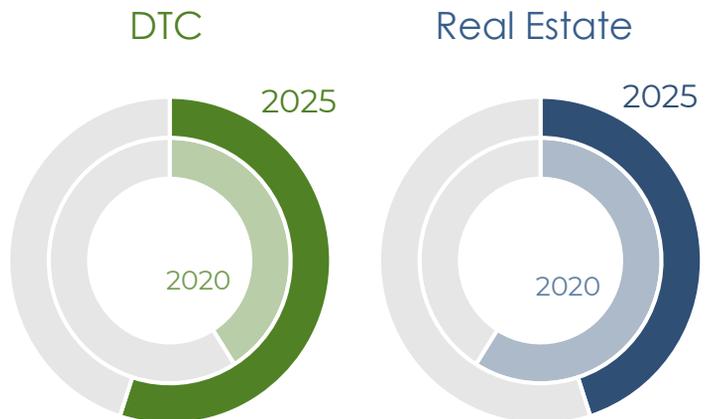
## REVENUE BY CHANNEL<sup>6</sup>



The real estate brokers market is dominated by a few major players leveraging their large-scale operations and strong broker relationships. Frontdoor, Inc. (NASDAQ: FTDR) owns both American Home Shield and 2-10 Home Buyers Warranty, giving it a significant share of the market through its extensive network of real estate agents. Another key player is First American Home Warranty, owned by First American Financial Corporation (NYSE: FAFC).

In recent years, the DTC channel for home warranty sales has grown rapidly, with direct sales now surpassing those through real estate agents. DTC sales expanded from approximately \$2.1 billion in 2020 to \$2.7 billion in 2025, reflecting growing consumer demand. DTC sales are expected to continue to gain market share in upcoming years as their year-to-year renewal rates are over 70%, significantly higher than the broker channel.

## HOME WARRANTY ORIGINATIONS BY CHANNEL AS A PERCENT OF TOTAL HOME SALES<sup>6,7</sup>



<sup>6</sup>Frontdoor Annual Reports, Colonnade Estimates  
<sup>7</sup>Excludes renewals

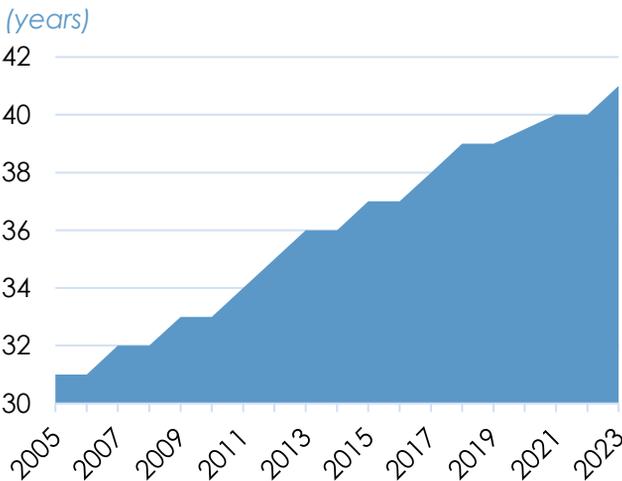
## 2 HOUSING STOCK IS GETTING OLDER, REQUIRING MORE MAINTENANCE AND REPAIRS

The U.S. housing stock continues to age, with the median home age reaching an all-time high of 41 years.<sup>9</sup> As homes age, the frequency and severity of required repairs increase, particularly for major systems such as HVAC, plumbing, and electrical infrastructure.

In 2025, more than 5.7 million homes have surpassed 15 years of age—an important threshold at which major systems often begin to fail. This creates a growing population of homeowners facing elevated maintenance risk.

Home warranties provide a cost-effective solution for managing these risks, allowing homeowners to convert unpredictable repair expenses into fixed, budgetable payments.

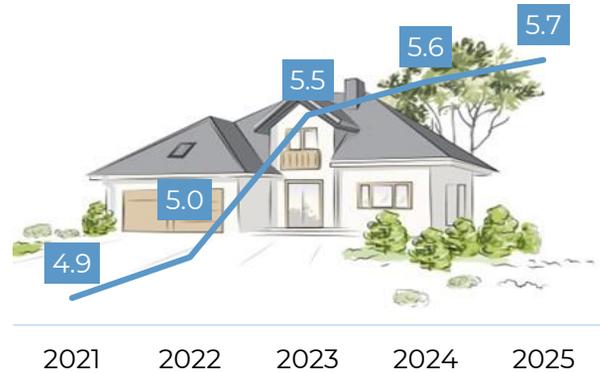
### MEDIAN AGE OF U.S. HOMES<sup>9</sup>



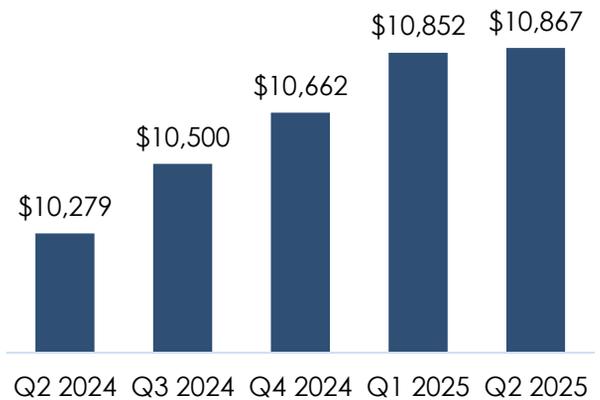
<sup>8</sup>National Association of Realtors  
<sup>9</sup>American Community Survey Estimates  
<sup>10</sup>Thumbtack, excludes financing costs

### NUMBER OF HOMES AT 15 YEARS OF VINTAGE<sup>8</sup>

(in millions)



### AVERAGE ANNUAL COST OF HOME MAINTENANCE<sup>10</sup>



### 3 BUDGET PROTECTION AND INFLATION HEDGE

Rising costs for appliances, materials, and labor have further increased the financial burden of homeownership. Since 2020, prices for key home systems such as HVAC and refrigeration have increased by approximately 49%, significantly outpacing wage growth of 30% over the same period.

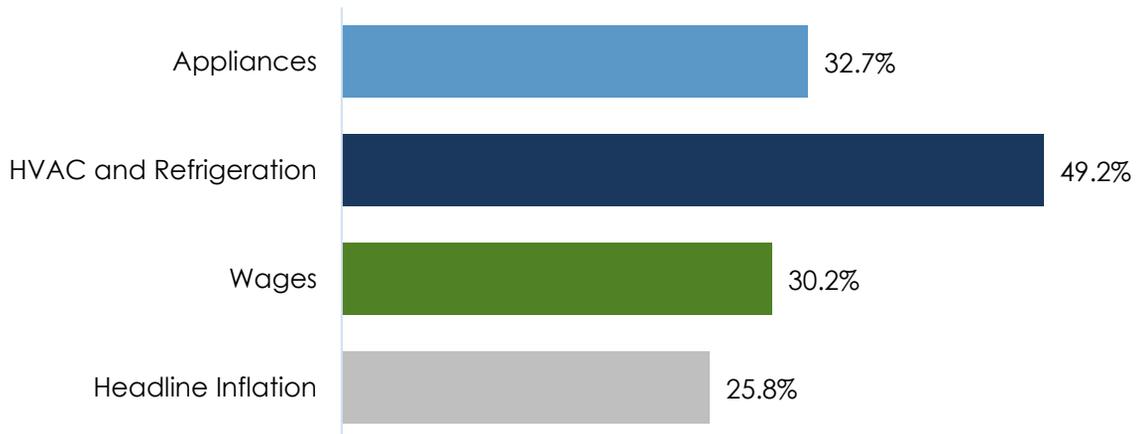
These cost pressures are driven by several factors, including:

- Supply chain disruptions
- Increased input and manufacturing costs
- Skilled labor shortages
- Broader inflationary dynamics

With 35% of U.S. homeowners having less than \$1,000 saved for home repairs, many face significant financial risk. Home warranties serve as a practical hedge against inflation by providing cost certainty and protecting homeowners from large, unexpected expenses.

#### INFLATION OF HOUSEHOLD ITEMS SINCE 2020<sup>11</sup>

(% price increase)



<sup>11</sup>U.S. Bureau of Labor Statistics

## SELECT TRANSACTIONS

	TARGET	BUYER	COMMENTS
November 2025	RELY HOME	H.I.G. Capital	Rely Home, which operates the Choice Home Warranty, Home Warranty of America, and Home Service Club brands, received an investment from H.I.G, with existing management retaining a significant ownership stake
October 2025	THE MANCHESTER GROUP <i>(IGS Energy)</i>	HomeServe <i>(Brookfield Infrastructure Funds)</i>	Provider of home warranty and repair service plans to residential energy customers
September 2025	MYHOME PROTECTION	Private investors	Operates as a DTC platform selling home service contracts
June 2024	2-10 HOME BUYERS WARRANTY <i>(Genstar Capital)</i>	Frontdoor, Inc. <i>(NASDAQ: FTDR)</i>	Diversifies into new home structural warranties complementing existing customer base and enhancing cross-selling initiatives. 13.6x 2023 adjusted EBITDA of \$43 million for a total price of \$585 million
February 2024	CONSUMERS ENERGY APPLIANCE SERVICE PLAN BUSINESS <i>(CMS Energy (NYSE: CMS))</i>	OnCourse Home Solutions <i>(Apax Partners LLP)</i>	Provider of appliance protection and related services, including water line, sewer line, external gas line, external electric line, well line, and septic line protection, to homeowners in Michigan, serving over 150K households
August 2023	TOTALHOME WARRANTY-US <i>(Homeserve PLC owned by Brookfield Infrastructure Funds)</i>	Super Home Warranty <i>(multiple early and growth stage investors)</i>	U.S. warranty business of HomeServe plc
August 2023	AMERICAN HOME GUARDIAN, INC.	Super Home Warranty <i>(multiple early and growth stage investors)</i>	Home warranty and residential service provider in Texas, Nevada, Arizona, Idaho, and Utah
August 2023	NATIONS HOME WARRANTY	Super Home Warranty <i>(multiple early and growth stage investors)</i>	Provides home warranty products for homeowners and services such as pest control and lawn service. Customers in Texas, exclusively
January 2023	GUARDIAN PROTECTION PRODUCTS, INC.	OnPoint Warranty Solutions, LLC	OnPoint, an insurtech, mobile solutions and warranty services company, received an investment from Waterfall Asset Management, Atalaya Capital Management to support the acquisition of Guardian. Guardian is a warranty administrator for furniture retailers

## SELECT TRANSACTIONS (continued...)

	TARGET	BUYER	COMMENTS
November 2022	CLIMATE CONTROL SERVICES, INC.	Right Away Home Services	Warranties on most major home appliances, including air conditioning, electric heaters, dishwashers, dryers, microwaves, water heaters, and provides residential HVAC repairs, service, replacements as well as Plumbing and Appliance repairs. Focused on Palm Beach County, Florida
August 2022	PROFESSIONAL WARRANTY SERVICE CORPORATION (PWSC) (Kingsway Financial Services)	PCF Insurance Services	PWSC is a home warranty company offering protection for homeowners, renters, builders, property managers and more, with a line of structural and appliance warranty products. It was purchased for \$51.2 million plus a one-year earnout. Acquired by Kingsway Financial Services for \$9.9 million from TA Associates in 2017
February 2022	PLATINUM HOME WARRANTY	Super Home Warranty (multiple early and growth stage investors)	Home warranty administrator with a network of third-party contractors and an inhouse team of technicians
February 2022	HOME WARRANTY OF AMERICA	Choice Home Warranty, Inc.	Choice, a DTC seller, adds home warranty service contracts sold through real estate professionals
October 2021	HOMEOWNER SERVICES GROUP (American Water Works Company, INC. NYSE: AWK)	Apax Partners LLP	Rebranded Oncourse Home Solutions. 3 million customer contracts across 43 states. Brands include American Water Resources and Pivotal Home Solutions. Purchase price of \$1.2 billion including a seller's note and earnout
September 2021	AMERICAN HOME PROTECT (AHP)	Porch Group (NASDAQ: PRCH)	AHP is a provider of whole home warranty policies across the U.S. AHP utilizes a direct-to-consumer model to acquire customers for their multi-year warranty plans.
August 2021	NATIONAL HOME WARRANTY GROUP (Aviva Canada INC.)	Hub International Limited	Focus on Western Canada. New home warranty coverage through 3,500 builders to 15,000 homes per year
June 2021	STRUCSURE HOME WARRANTY	Insure Homes Holdings, LLC (Milestone Partners)	Home warranties for new homes

## CONCLUSION

The direct-to-consumer home warranty sector presents a compelling opportunity for M&A. DTC providers generate strong recurring revenue, benefit from high renewal rates, and control their own distribution—producing predictable cash flow profiles attractive to both strategic acquirers and private equity.

Long-term demand tailwinds remain firmly in place. U.S. housing stock has reached a median age of 41 years, driving increased frequency and severity of repairs, while costs for major systems and appliances have risen nearly 50% since 2020—well ahead of wage growth. With 35% of homeowners holding less than \$1,000 in repair savings, the value proposition for home warranties is clear and growing.

Despite these dynamics, the DTC segment remains highly fragmented, with more than 50 operators and limited consolidation to date—creating a durable pipeline of acquisition targets for those with sector expertise.

# COLONNADE IS A LEADING ADVISOR TO THE WARRANTY INDUSTRY

 **CrystalFusion**  
was sold to  
 **APCO**  
HOLDINGS  
COLONNADE

 Reynolds & Reynolds™  
acquired  
 **XZION**  
COLONNADE

 Reynolds & Reynolds™  
acquired  
 **AGWS**  
COLONNADE

 **SKYAUTO**  
PROTECTION  
was sold to  
 **FORTEGRA**  
COLONNADE

 **PMC** | **PROTECT MY CAR**  
was sold to  
 **Crestview**  
COLONNADE

 **ENDURANCE**  
was sold to  
 **TRP Capital Partners**  
COLONNADE

 **AutoAssure**  
Extended Repair Coverage  
was sold to  
 **ENDURANCE**  
COLONNADE

VSC Marketer  
was sold to  
Strategic  
COLONNADE

 **CALTEX**  
was sold to  
 **SPECTRUM**  
AUTOMOTIVE HOLDINGS  
COLONNADE

 **MILESTONE**  
MARKETING SOLUTIONS  
was sold to  
 **SPECTRUM**  
AUTOMOTIVE HOLDINGS  
COLONNADE

 **smart autocare**  
was sold to  
 **Tiptree Inc.**  
COLONNADE

 **PMC** | **PROTECT MY CAR**  
acquired  
Direct Media Partners, LLC  
COLONNADE

 **APC**  
INTEGRATED SERVICES GROUP  
was sold to  
 **SOUTHFIELD**  
COLONNADE

 **MEPCO**  
was sold to  
 **SEABURY**  
CAPITAL GROUP  
COLONNADE

 **SOUTHFIELD**  
acquired  
 **VANGUARD**  
DEALER SERVICES  
COLONNADE

 **AUTOMOTIVE**  
Development Group  
was sold to  
 **APCO**  
AUTOMOBILE PROTECTION CORPORATION  
COLONNADE

 **OMNISURE**  
was sold to  
 **FORTRESS**  
COLONNADE

 **PACCO**  
Preferred Automobile Credit Co.  
was sold to  
 **AFS ACCEPTANCE**  
SURPRISE AUTOMOBILE FINANCING  
COLONNADE

 **PWI** PREFERRED  
WARRANTIES INC.  
was sold to  
 **KAR** AUCTION  
SERVICES  
COLONNADE

 **PayLink**  
Direct  
was sold to  
 **OXFORD**  
FINANCIAL GROUP, LTD.  
COLONNADE

 **MEPCO**  
insurance premium financing  
was sold to  
 **INDEPENDENT**  
BANK  
COLONNADE

Automotive  
Digital Marketer  
was sold to  
Private Party  
COLONNADE

For more information on the Home Warranty industry, please contact:



Gina  
Cocking  
Managing Director  
312.425.8145  
gcocking@coladv.com



Jeff  
Guylay  
Managing Director  
847.452.8315  
jguylay@coladv.com



Derek  
Spies  
Senior Vice President  
312.544.8541  
dspies@coladv.com



Greg  
Makoid  
Vice President  
312.870.6203  
gmakoid@coladv.com



Jack  
Collins  
Vice President  
312.544.8543  
jcollins@coladv.com



Austin  
Cambas  
Associate  
312.584.4252  
acambas@coladv.com



Colonnade Advisors LLC • 600 Cleveland Street • Suite 272  
Clearwater, FL • 33755  
Investment banking services provided through Colonnade  
Securities LLC, member FINRA

*Colonnade is an independent investment bank focused on the financial services and business services sectors. Colonnade provides expert, objective advice on mergers and acquisitions, private placements, and corporate finance issues for privately held businesses, publicly traded companies and financial sponsors. Our senior bankers bring extensive transaction experience, industry expertise, a process orientation and a sense of urgency to each engagement.*

This advertisement was prepared in March 2026. It is not investment advice, and Colonnade undertakes no obligation to update the information contained herein.

Sources: Today's Homeowner, Forbes, This Old House, American Community Survey, Frontdoor, Bankrate, National Association of Realtors, Thumbtack, IBISWorld, U.S. Bureau of Labor Statistics and Colonnade research

©2026 Colonnade Advisors LLC.

*Copyright and Other Important Information*

This document, including text, graphics, logos, icons, images and the selection and arrangement thereof, is the exclusive property of Colonnade Advisors LLC and is protected by U.S. and international copyright laws. Colonnade hereby permits you, unless you are an investment bank or other financial advisor, to download, copy, distribute, publish, reproduce, cite, link or post this document or its contents subject to the following conditions: 1) you retain on any material all copyright and other proprietary notices and 2) you do not modify this document or its contents in any way. Colonnade reserves all rights not expressly granted. This document and the information that it contains are produced by Colonnade Advisors LLC solely for general background information on the matters described. This document or any of its information may not be used for investment, valuation or accounting purposes. None of Colonnade or its representatives or affiliates has agreed to or has assumed any responsibility to provide you with investment advice, whether in a fiduciary capacity or otherwise.