# HOUSING HUSTLE

## *How Institutional Investors are Wrecking Havoc on the American Dream of Homeownership*

Across the United States, communities are facing an acute housing affordability crisis. Rents and homelessness are rising while home ownership feels increasingly out of reach for millions.

What's driving that crisis? Increased corporate control over our housing market — by billionaire investors and their for-profit entities. Their ability to purchase large swaths of homes with cash, is driving these trends and placing significant barriers to the preservation and creation of permanently affordable housing.

According to the Fair Housing Center of Central Indiana study in Indiana, investors pay cash for more than 80% of the homes they buy, outcompeting most other buyers who can offer only a traditional mortgage loan to finance the deal. Corporate investors now lease more than 40,000 single-family rental properties in Marion, Hamilton, Hancock, Hendricks and Johnson Counties, a Fair Housing Center of Central Indiana study published this month found. Out-of-state investors, drawn to the Indianapolis area by relatively cheap real estate compared with other cities, own roughly one in four rental homes in those five counties.

You're personally experiencing this crisis if you're among the over 653,000 U.S. residents who are unhoused — or the many more who are doubled-up in crowded housing, unable to leave a bad living situation, or who cannot afford to live independently.

You're experiencing it if you're among the 22.4 million households — half of all renters — who spend more than 30 percent or more of your income on rental housing. You're experiencing it if your wages aren't keeping up with your rent, if your neighborhood is flooded with Airbnbs, or you can't compete with investor home buyers to get a place of your own.

You're experiencing it if you have an absentee corporate landlord, a government-subsidized "affordable" apartment that's increasingly unaffordable, or a long commute because you can't afford decent affordable housing near your work or school. Even if you own a home in a mobile park, you may be worried an investor could buy the park and hike your pad fees or require you to move.

You may blame your housing challenge on your personal failure or a bad local market. But all of us are caught up in a larger housing system that is out of kilter and distorted by the participation of a class of institutional investors.

The reality is that the owners of concentrated wealth – billionaires and institutional investors – are playing a more pronounced role in residential housing, thereby creating price inflation, distortions, and inefficiencies in the market.


That is where a proposed Federal Trade Commission study comes in which seeks to uncover the scale and scope of mega investor single-family rental holdings and their affect on home prices and rents across the single-family rental market.

Mega single-family rental investors are entities that own more than 1,000 single-family rental homes and there are more than 30 mega investors. The FTC is studying the situation and looking into the corporate structure, current and historical housing inventory information, rental and fee income, as well as strategic business plans and other investor information regarding growth plans, competition, prices, and expenses of these mega investors.

"As Americans face a housing shortage and pay soaring rents, it's vital to understand the role played by large institutional investors," said FTC Chair Lina M. Khan. "This proposed study would shed much-needed light on the mega-investors that have amassed huge portfolios of single-family rental units and potentially contributed to the housing challenges that Americans face."

"The rise in mega corporate landlords has deeply troubling implications for renters," said Director of the Office of Policy Planning Hannah Garden-Monheit. "The FTC is committed to uncovering the scope of these large corporations' holdings and their effects on housing costs."

If the potential 6(b) orders are issued, the FTC plans to publish a comprehensive property list that will match individual single-family rental properties to their affiliated owner entities based on information received. In addition, the information obtained would help the FTC understand how the rise of mega investors into single-family rental homes has affected house prices and rental rates, as well as the effects of ongoing consolidation in the industry.

### An Area of Growing Concern

Following the 2007-2008 financial crisis, the single-family rental home market structure changed with the rise of large-scale investors that own large regional single-family rental inventories. Researchers estimate that mega single-family rental investors collectively own and operate 446,000 homes nationwide.

Among these investors is Blackstone Inc., which owns 63,000 single-family homes through its holdings Home Partners of America and Tricon Residential, according to a joint study last year by the Institute for Policy Studies and Popular Democracy.

"In recent years Americans have increasingly faced a shortage of affordable housing and found themselves paying soaring rents," Khan said. "Enforcers and policymakers on both sides of the aisle have raised alarm bells about large institutional investors buying up available rental properties and potentially increasing rents in local housing markets."

As these giant investors gobble up large swaths of houses in certain markets, they allegedly gain the market concentration that allows them to jack up rents. In addition, it appears in some markets these investors have taken so many houses off the market that it has raised prices for home buyers, as well, the commission said.

The FTC's request for public comment on a proposed 6(b) study into mega investors follows growing concern from local, state, and federal policy makers regarding the growth of mega single-family rental investors in local markets.

Members of the public submitted numerous comments specifically identifying large single-family rental investors as responsible for buying up inventories of houses in local markets across the United States. In an FTC listening session in June 2024 for renters in Atlanta, participants expressed concerns about the effects of mega single-family rental investor expansion. Members of Congress also have sent the FTC letters urging that the Commission use its existing authority to require reporting of residential real estate transactions under the Hart-Scott-Rodino Act.

The public will have 60 days to submit comments at Regulations.gov. Once submitted, comments will be posted to Regulations.gov.

***According to the latest figures available from Realtor.com®, 71% of home purchases in Albuquerque, NM were all-cash in October 2024.***

### Top 5 Equity Firms in the U.S. in 2024

Name of equity firm, headquarters location, key people/net worth

1. **Blackstone Inc., New York 45.3 billion**
2. **Kohlberg Kravis Roberts (KKR), New York**
   George Roberts, $16.1 billion
   Henry Kravis $14.5 billion
3. **TPG, Fort Worth, Texas**
   David Bonderman $6.9 billion
   Jim Coulter $5.2 billion
4. **The Carlyle Group, Washington DC**
   William Conway, Jr., $4 billion
   Daniel D'Aniello, $4.5 billion
   David Rubenstein $3.8 billion
5. **Thoma Bravo, Chicago**
   Carl Thoma, $4.3 billion
   Orlando Bravo, $9.8 billion

## Key Findings

**Predatory billionaire investors have bought up an unprecedented share of single-family homes, apartment buildings, and mobile home parks to extract more rents from already economically squeezed residents.**

- For instance, **Blackstone is the largest corporate landlord in the world, with over 300,000 residential units across the United States**. Blackstone owns 149,000 multi-family apartment units, 63,000 single-family homes, 70 mobile home parks with 13,000 lots, and 144,300 beds of student housing in 205 properties. Blackstone also recently acquired 95,000 units of subsidized housing.

**Billionaire investors are entering the short-term rental industry, removing a substantial portion of rental housing from the market.**

- For instance, in one Dallas council district, returning entire home short-term rentals to the housing market would make 62 percent more rental units available.

**Corporate landlords and billionaires are profiting from low-income tenants and mobile home residents by increasing rents while neglecting maintenance and repairs.**

- Through algorithms and exorbitant rent hikes, corporate landlords are inflating rents to artificially higher prices.
- **Rising rents are a primary driver of homelessness.**