



# **RENTAL HOME COMPANIES AND HOMEOWNERSHIP: EVALUATING THE DATA**

**Market Commentary**

[www.rentalhomecouncil.org](http://www.rentalhomecouncil.org)

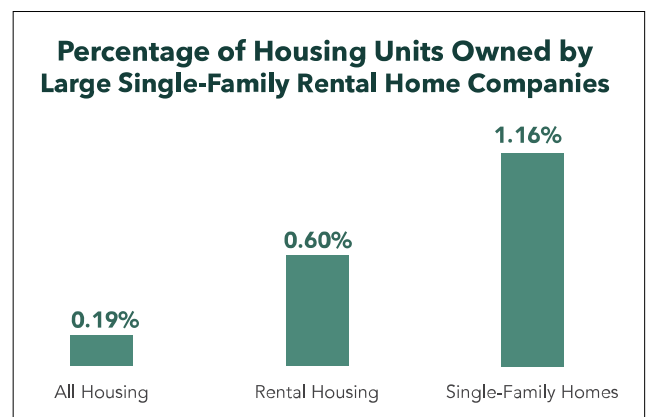
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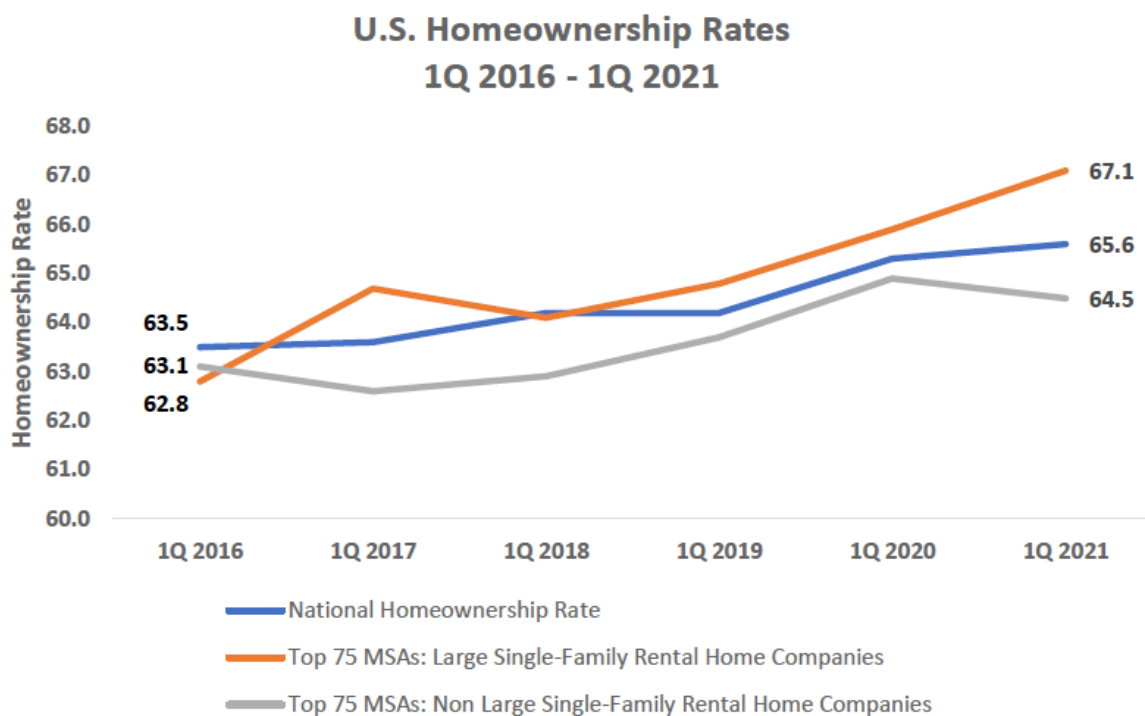
Large single-family rental home companies have attracted attention for the size and scale of their portfolios of homes as well as their home-buying activities. As the story goes, these companies have an outsized presence in neighborhoods and communities across the country and their excessive purchases of homes serve to disadvantage individual homebuyers.

The reality is something very different. According to data from the National Rental Home Council, large single-family rental home companies own about .2% of the residential real estate in the United States, and do not own more than 1% of the homes in any individual state. In the vast majority of markets across the country, individual homebuyers will never encounter a large single-family rental home company when purchasing a home, much less compete against one. In fact, in 2020, a year when over 7.6 million homes were purchased in the U.S. – more than any of the previous 14 years – large single-family rental home companies accounted for less than .1% of net home purchases. This means someone other than large single-family rental home companies purchased 99.9% of the housing in the U.S. in 2020.

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Further, in terms of the impact of large single-family rental home companies on homeownership, data from the U.S. Census Bureau show rates of individual homeownership are higher in markets where these companies are most active. Further, over the last five years homeownership rates have been increasing faster in markets where large single-family rental home companies have a presence than in other markets. And according to “The State of the Nation’s Housing 2021” published by the Joint Center for Housing Studies at Harvard University, the nationwide homeownership rate in the U.S. has increased every year since 2014. Particularly noteworthy is the report’s finding that “households under age 35 made the largest advances over the past year, continuing the uptrend that preceded the pandemic.” These are the very buyers supposedly most impacted by the purchase activities of large single-family rental home companies.



As the numbers show, large single-family rental home companies are not adversely impacting homeownership. What they are doing is bringing needed capital, liquidity, and property management expertise to the rental housing market, in the process providing Americans with more options for quality, affordable housing in neighborhoods that should be accessible to everyone. The fact is, there is as much a shortage of homes in the rental housing market as there is in the home purchase market, perhaps more so: over the last five years

the amount of owner-occupied housing in the U.S. has increased 10% while the amount of rental housing has increased just 1%. In 2020 alone, the amount of rental housing declined by over 275,000 homes, an amount nearly equal to the total number of homes owned nationwide by large single-family rental home companies.

**America needs a viable and sustainable supply of affordable rental housing.** By making long-term commitments to the communities in which they invest, large single-family rental home companies are working diligently to meet the demand. One of the areas where this is most evident is in green building. Many single-family homes are in need of some degree of renovation and rehabilitation. On average, large single-family rental home companies invest over \$40,000 per newly-purchased home in energy efficiency retrofits and in-home upgrades, installing new appliances, digital thermostats, water monitoring sensors, and heating and cooling systems. Additionally, a number of industry companies have demonstrated their commitment to environmentally-friendly business practices through the implementation of formal ESG initiatives and by linking corporate financing activities to the achievement of sustainability-specific performance measures.

Finally, in an effort to meet the growing demand for single-family rental housing, home builders and rental home providers are increasingly pursuing ‘build-for-rent’ developments – new home communities built expressly for the purpose of renting. These developments reflect an innovative effort on the part of the single-family rental home industry to bring new supply into the market for rental housing. At the same time, many build-for-rent developments provide communities with an invaluable source of critically-needed workforce and essential-worker housing.

**Large single-family rental home companies have an important role to play in the continuing evolution of America’s housing market.** By keeping family housing affordable and great neighborhoods accessible, large single-family rental home companies are providing Americans from all walks of life a place to call home.