



NRHC Analysis of Data Shows Just 0.74% of Home Purchases in Second Quarter of 2021 Made by Large Investors

Reporting on investor activity in the single-family home market continues at a fevered pace. Stories and articles commenting on what is perceived to be an alarmingly high level of home purchases by investors – especially large institutions – seem to be everywhere, with no shortage of glib commentary on what this must mean for the future of the U.S. housing market.

So we decided to take a look at the data and see if we could determine what’s really happening. How many single-family homes are being purchased by large investors?

We started with a report from real estate firm, Redfin, showing investor purchases surging to record levels in the second quarter of 2021. Given that much of the media’s reporting on the level of investor activity included references to the Redfin data, this is a good place to begin the analysis. The Redfin data shows investors purchased approximately 68,000 homes in the second quarter of 2021, the most since the firm began tracking the data in 2000. In reviewing the data though, we had trouble determining how Redfin defines “investor” which caused us to question what is actually included in the count of 68,000 properties.

It seems that Redfin’s definition of investor encompasses “any buyer whose name includes at least one of the following keywords: LLC, Inc, Trust, Corp, Homes.” Since many individual investors purchase properties through LLCs, we can only assume the 68,000 figure includes both individuals and institutions. Further, the Redfin report includes the following statement as part of its topline summary: “Multifamily properties remain the most popular among investors.” The report doesn’t include much else specific to the multifamily market, but because the reference is so prominently included, we are left wondering whether the 68,000 figure includes *both* multifamily and single-family. Also, we assume – but are not certain – that the 68,000 figure includes purchases of both existing single-family homes and newly-built single-family homes. This will make for an important point later in the analysis.

In the meantime, here’s the Redfin data chart:



Investor Home Purchases Rebound After Pandemic Dip

Number of U.S. homes purchased by investors



Source: Redfin analysis of county records

REDFIN

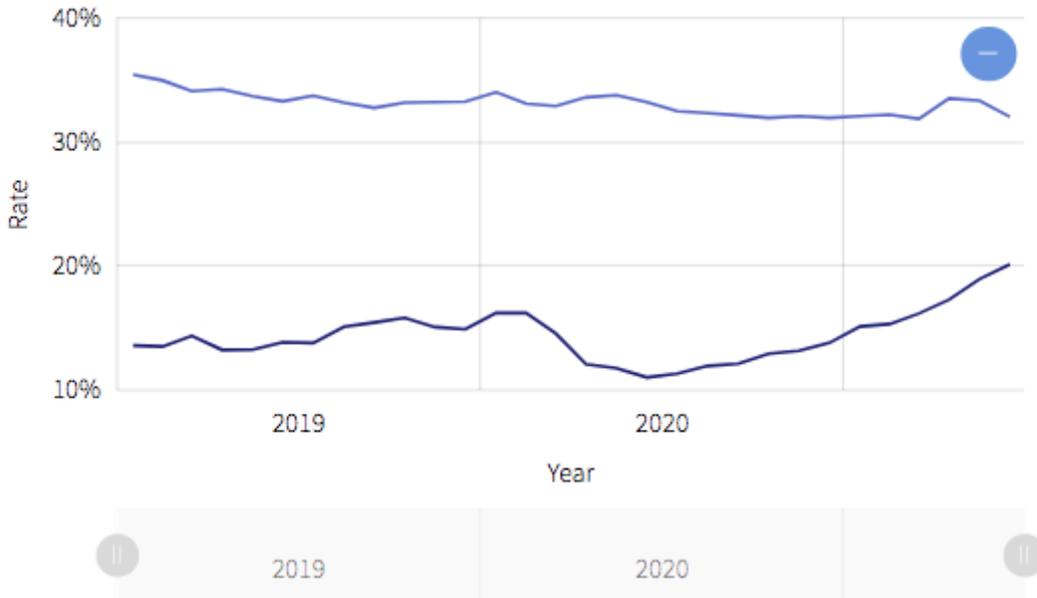
[Click here](#) for the release.

Next, we moved on to a report by CoreLogic also showing a surge in investor activity in the second quarter. Unlike the Redfin report, the CoreLogic release only includes investor purchase activity by share of the total amount of homes purchased according to the following tiers: Large-Sized, Mid-Sized, Small-Sized.

Large-Sized investors are those who “retain” at least 100 properties. We’re not sure if “retain” refers to the size of the investor’s portfolio or the number of properties purchased during the period, but for our analysis, we’ll use the data as presented, which shows Large-Sized investors accounted for 20.2% of investor home purchases in the second quarter.



Figure 2: Share of Total Investor Purchases by Investor Size, Jan 2019 – Jun 2021



Source: CoreLogic

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Large Sized Investor 20.2% **Mid Sized Investor** 32.1%
Small Sized Investor 47.5%

[Click here](#) for the release.

Finally, we looked at data from the U.S. Census Bureau and the National Association of Realtors (as reported by the Federal Reserve Board of St. Louis) showing the total number of new and existing homes purchased during the second quarter:

| | Existing | New | Total |
|--------------|------------------|----------------|------------------|
| April | 513,000 | 74,000 | 587,000 |
| May | 528,000 | 65,000 | 593,000 |
| June | 615,000 | 61,000 | 676,000 |
| Total | 1,656,000 | 200,000 | 1,856,000 |

And now for the analysis. Using the Redfin figure of 68,000 investor homes purchased during the second quarter and multiplying it by the 20.2% of homes purchased by large investors, we are left with a total of 13,736 properties purchased by large investors. Dividing this by the total number of homes purchased in



the quarter, 1,856,000, shows that a grand total of 0.74% of home purchases in the second quarter were made by large investors. Said another way, using this analysis, 99.26% of single-family homes purchased in the second quarter were made by someone, or some entity, other than a large investor.

If this analysis serves as a credible approximation for large investor purchases in the single-family home market, it's hard to see how one can make the case that large investors are in fact exerting any kind of influence on the broader housing ecosystem. Further, it is likely the case that some percentage of purchases by large investors – and probably a large percentage at that – are accounted for by the completion of newly-built single-family rental homes. Admittedly, it's difficult to tell when newly-built rental homes are logged as purchases in county-level home transaction records; but because of the robust amount of build-for-rent activity in the market, particularly among large investors, it is more than safe to assume new homes accounted for a meaningful portion of large investor activity. Which means, the impact of large investors on the market for existing home purchases was probably less than the 0.74% in our analysis.